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DELTA REPORT

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SMAR - SMARTSHEET INC

10-K - JANUARY 31, 2024 COMPARED TO 10-K - JANUARY 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 4702

█ **CHANGES** 352

█ **DELETIONS** 2685

█ **ADDITIONS** 1665

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended **January 31, 2023** **January 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 No. 001-38464

Smartsheet Inc.

(Exact name of Registrant as specified in its charter)

Washington

20-2954357

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

500 108th Ave NE, Suite 200

Bellevue, WA

98004

(Address of principal executive offices)

(Zip Code)

(844) 324-2360

Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, no par value per share	SMAR	The New York Stock Exchange

None.

Securities registered pursuant to Section 12(g) of the Act: (Title of Class)

Indicate by check mark if the **Registrant** is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the **Registrant** is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

Indicate by check mark whether the **Registrant** has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the **Registrant** included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that require a recovery analysis of incentive-based compensation received by any of the **Registrant's** executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the stock of the Registrant as of **July 29, 2022** **July 31, 2023** (based on a closing price of **\$30.06** **\$44.40** per share) held by non-affiliates was approximately **\$3.8 billion** **\$5.8 billion**. As of **March 15, 2023** **March 13, 2024**, there were **132,525,556** **137,424,128** shares of the **Registrant's** common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain sections of the **Registrant's** definitive proxy statement for its **2023** **2024** Annual Meeting of Shareholders ("Proxy Statement"), are incorporated herein by reference in Part II and Part III of this Annual Report on Form 10-K. The Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the **Registrant's** fiscal year ended **January 31, 2023** **January 31, 2024**.

SMARTSHEET INC.
Form 10-K
For the Fiscal Year Ended January 31, 2023 January 31, 2024

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Unless the context otherwise requires, references in this Annual Report on Form 10-K ("Annual Report") to "Smartsheet," "Company," "our," "us," and "we" refer to Smartsheet Inc. and where appropriate, its consolidated subsidiaries.

This Annual Report contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. All statements contained in this Annual Report other than statements of historical fact, including but not limited to, statements regarding our future operating results and financial position, our business plan and strategy, and market positioning, are forward-looking statements. We based these forward-looking statements on current expectations, estimates, forecasts, and projections as well as the beliefs and assumptions of management. Words including, but not limited to, "expect," "anticipate," "should," "believe," "continue," "target," "project," "goals," "estimate," "potential," "predict," "may," "will," "might," "could," "intend," "would," "shall" and variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. The These forward-looking statements are contained principally in "Management's Discussion and Analysis of Financial Condition and Result of Operations" and "Risk Factors." Forward-looking statements contained in this Annual Report include, but are not limited to, statements about:

- the effect of uncertainties related to macroeconomic and geopolitical factors such as inflation, ~~rising~~ fluctuating interest rates, adverse developments that affect financial institutions or the financial services industry generally, increased volatility in the equity and debt capital markets, and the risk of expansion of the Russia/Ukraine conflict regional conflicts on the U.S. and global markets, our business, operations, and customers;
- the highly competitive nature of collaborative work management software and product introductions, promotional activity by our competitors, and our ability to differentiate our platform and applications;
- our ability to introduce new and enhanced product offerings and the continued market adoption of our platform;
- the effect of litigation, complaints, or adverse publicity on our business;
- our ability to attract new customers and retain and expand sales to existing customers;
- our ability to provide effective customer support;
- our ability to execute our "land, expand, and climb" strategy;
- our ability to address security threats that may affect our platform, services, corporate and production technological infrastructure, and the vendors and public cloud infrastructure that we use;
- our ability to expand our sales force to address effectively the new industries, geographies, and types of organizations we intend to target;
- our ability to forecast and maintain an adequate rate of revenue growth and appropriately plan our expenses;
- our liquidity and working capital requirements;
- our ability to attract and retain qualified employees and key personnel;
- our ability to protect and enhance our brand and intellectual property;
- the costs related to defending intellectual property infringement and other claims;
- our ability to comply with applicable privacy and data protection laws, and any actual or perceived privacy or data breaches, other data security incidents, or the loss of data;
- future regulatory, judicial, and legislative changes in our industry; and

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- future arrangements with, or investments in, other entities or associations, products, services or technologies.

These and other factors that could cause actual results to differ from those implied by the forward-looking statements in this Form 10-K are more fully described in the section titled "Risk Factors" and elsewhere in this Annual Report. The risks described in the section titled "Risk Factors" are not exhaustive. Other sections of this Annual Report describe additional factors that could adversely affect our business, financial condition, or results of operations. New risks emerge from time to time and it is not possible for us to predict all risks, nor can we assess the impact of all risks on our business, or the extent to which any risk or combination of risks may cause actual results to differ materially from those contained in any forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. We undertake no obligations to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance, or events and circumstances reflected in the forward-looking statements will be achieved or will occur. We undertake no obligation to update any of these forward-looking statements for any reason after the date of this Annual Report or to conform these statements to actual results or revised expectations.

You should read this Annual Report and the documents that we reference with the understanding that our actual future results, performance, and events and circumstances may be materially different from what we expect.

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Part I

Item 1. Business

Overview

We are Smartsheet, the enterprise platform for modern work management enabling teams platform, empowers organizations to innovate and organizations of all sizes to plan, capture, manage, automate, achieve results quickly and report on work securely at scale resulting in more through effective collaboration and streamlined workflows. By uniting people, content, and work, Smartsheet provides powerful capabilities that revolutionize the way teams operate. Smartsheet makes outcomes reliable, keeps customer data safe, and ensures users are on the same page, making it ideal for organizations seeking efficient, processes and better business outcomes, impactful collaborative work management.

Smartsheet was founded in 2005 with a vision to build a universal software platform for managing work that does not require coding capabilities. We are different than many enterprise IT systems that Building, testing, and evolving Smartsheet solutions does not require heavier IT high-cost and lengthy IT-led implementation and management. management to achieve time to value for many of our customers. Business users need technology solutions they can set up and modify on their own. Our platform empowers teams of all sizes to create manage custom processes, programs, and portfolios that fit the way they work. Once implemented, a Smartsheet solution serves as a single source of truth, integrating with the other tools teams are using, which empowers empowering accountability and engagement, ultimately leading to faster, more efficient decision-making and better business outcomes. We provide solutions that eliminate the obstacles to capturing information, propelled by a familiar and intuitive interface as well as easily customizable forms. Our reporting and automation capabilities reduce time spent on administration and repetitive work. We make it easy for teams to apply business logic to automate repetitive actions using an extensive list of conditions. Business users, with little or no training, can set up and modify our platform to customize workflows to suit their needs. Our familiar and intuitive user interface and functionality allow users to realize the benefits of our platform without changing the behaviors developed using everyday productivity tools.

People across organizations have similar responsibilities no matter where they work or what they do. They need to manage workflows across teams; gain visibility into progress on company-wide programs, processes, and portfolios in real-time; capture inputs; track and report on deliverables; prioritize actions; and provide consistency in processes. Smartsheet is adaptable to manage virtually any type of work. Our customers use Smartsheet for thousands of documented use cases, including software migration planning, vendor IT project management, business project management offices, services delivery, campaign management, creative operations, and contract management, brand launches, compliance reporting, event planning, customer onboarding, budget approvals, patent application processing, talent acquisition management, benefit mergers and retirement tracking, sales enablement, pipeline management, sales operations, commissions calculations, marketing programs management, investor relations tracking, and website management, acquisitions, among others.

Our customers are in approximately over 190 countries and territories and include 90 companies in the Fortune 100, and over 80% 85% of the companies in the Fortune 500. As of January 31, 2023 January 31, 2024, our Fortune 100 and Fortune 500 customers had annualized contract values recurring revenue ("ACVs" ARR") ranging from less than \$200 to over \$4.0 million. \$6.0 million. Our customers typically begin using our platform for a single initiative, process, or project. Over time, as users realize the benefits of improved execution, adoption of our platform expands horizontally across an organization through new use cases and teams, as well as expands vertically to increasingly sophisticated and mission-critical uses.

We have a blended go-to-market model that allows us to serve a larger, diverse user base without incurring excessive costs. We deliver our cloud-based software platform through a subscription model globally. Our digital sales model enables self-service licensing and adoption through our website. We employ an efficient inside sales team that utilizes machine learning and lead scoring to respond to and convert other interested users within new and existing organizations. We have a targeted field sales team dedicated to expanding our presence within existing enterprise customers where we have identified significant opportunity for growth. We have developed partner relationships to support new customers, use cases, and markets. The breadth of solutions we offer reflects the flexibility our users desire to purchase and use our platform in a way that most closely aligns with their needs and level of adoption.

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Our Platform

Our platform is purpose-built to transform transforms work execution for organizations and teams of all sizes. It is designed to scale up to the most demanding enterprise-grade work management needs and delivers the scalability, compliance, and security required by the world's largest organizations. We provide our customers with a robust set of capabilities to plan, capture, manage, automate, and report on work at scale - from an individual project to thousands tens-of-thousands of concurrently running projects, programs, and portfolios. Our platform enhances delivers visibility and accountability in work execution and eliminates behaviors and processes that hinder productivity. It is designed to be accessible and valuable to all work managers, their teams, and their team members and stakeholders, executive stakeholders who need to understand the current status of business-critical work. Business users with no coding ability can create and share solutions that track their most important work processes in Smartsheet across internal and external teams, and create and modify workflows to address specific use cases. From here, Smartsheet solutions can scale to enterprise-wide workflow enablement, meeting the needs of the largest enterprises to manage their business-critical workflows. Our platform offers multiple ways for enables our users to plan and manage their work using tables, plans, projects, cards, Gantt charts, and calendars, and users can easily toggle between views to support their team's preferred way of working. The integration of the Smartsheet platform and the Brandfolder digital asset management and Outfit platform allows customers to align marketing and creative work with templating template-driven scale to seamlessly manage campaigns from ideation to launch, and measurement all in one place.

We also offer capabilities and functionality to enable teams to accelerate execution while maintaining the flexibility to apply our platform to thousands of documented use cases. Smartsheet Advance provides components capabilities that enable customers to implement solutions for a specific use case or for large scale projects, initiatives, or processes.

These **components** **capabilities** include Control Center, Dynamic View, Data Shuttle, Connectors, and Bridge by Smartsheet ("Bridge"). These **components** **capabilities** deliver on the sophisticated needs of our customers to provision and manage thousands of projects with consistency and repeatability, to integrate data from third-party systems, and to build more complex automations. Certain **components** **capabilities** are available for standalone purchase and are monetized based on the value they create for customers, not on a per seat basis.

Customers can add additional subscriptions, such as Resource Management by Smartsheet ("Resource Management"), a resource planning solution that helps businesses find and schedule appropriate project teams, track and manage time, and forecast hiring needs; and Brandfolder, a digital asset management platform with templating scale that enables workers to intuitively store, customize, and share digital assets.

Benefits of our Platform

Ease of use enables broad adoption

Our platform is designed for broad adoption within and across organizations for virtually any use case. Users can begin using Smartsheet within minutes and configure our platform for their needs with limited or no training. As of **January 31, 2023** **January 31, 2024**, we had over **12 million** **14 million** Smartsheet users. Our strategy is designed to monetize those seeking to enjoy the complete functionality of our platform or to enjoy tailored experiences while promoting greater usage within and across organizations. Teams and organizations buy into our platform because the productivity benefits derived through visibility, accountability, repeatability, and continuous improvement are provided to all stakeholders. All team members can access the latest project information from a single location and can be held accountable without manual effort.

Enterprise features and functionality for scalable adoption within businesses

Organizations rely on Smartsheet to manage a diverse set of business processes. We provide the scalability, compliance, and security needed to operate reliably for our customers. Our platform provides consistent execution, enabling teams and organizations to administer programs, processes, and portfolios with management, visibility, and reporting at scale. Our professional services offerings help customers to create and administer programs for specific use cases. We also provide user management and compliance features to control user access and audit account activity within our platform. We provide enterprise-grade security controls and data governance to enable customer compliance with applicable privacy regulations and data handling requirements.

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Automation across the organization saves time and minimizes manual processing

We enable users to organize their work and apply business logic to automate actions that shorten work execution timelines without the need to write code. Business logic is used to determine the conditions under which the following types of automated actions occur: update requests, intake and collection of information, distribution of information, notifications, approval requests, and automated actions across systems. This automation reduces errors and time spent by teams on administration.

Real-time visibility drives more informed, faster decision-making

Our platform is designed to provide a single source of truth for all stakeholders. We break down information silos across teams and provide real-time visibility into the status of work and the actions required by each stakeholder. Teams feel empowered to take action, leading to stronger engagement and faster time to completion. Managers benefit from visibility into progress against goals, allowing them to react quickly to real-time information and enabling faster and more informed decision-making.

Content collaboration produces better content, faster

We enable marketing, creative, and other functional teams to easily manage creative production and marketing work, as well as review, deliver, store, share, design, template, manipulate, and analyze the content they produce across hundreds of formats. We help global brands create compelling, timely, and consistent brand experiences.

Multiple levels of integration to garner the most benefit from Smartsheet and other systems

We enable business users to engage with our platform through systems they currently use. Through Connectors either built by Smartsheet or developed in collaboration with our partners, we extend the reach and consistency of data from other systems, such as those offered by Salesforce, Adobe, UiPath, Workday, DocuSign, Atlassian, ServiceNow, and Microsoft. Smartsheet components, Bridge and Data Shuttle, enable customers to connect Smartsheet with most other systems for enhanced reach and cross system data consistency. Our platform, coupled with these capabilities, applies business logic and automates workflows, adding value to our users. We also integrate our platform into popular document and communication applications such as those from Google, Microsoft, and Slack. This enables our users to incorporate documents directly into our platform or access our platform through the application of their choice. We also offer extensible application programming interfaces ("APIs") that enable a broad ecosystem of partners and customers to integrate directly into our platform, increasing the value of existing custom-built applications and improving the experience for our users.

Our Growth Strategies

Our goal is to make our platform accessible for every organization, team, and worker relying on collaborative work to achieve successful outcomes.

Attract more customers to Smartsheet

We believe that there is a broad need for a collaborative work management platform such as ours, and we believe there is significant opportunity to grow our paid user base. We will continue to invest in our digital sales model, direct sales force, brand, product, and partner marketing to land new customers and increase enterprise adoption. We also will continue to grow our professional services function, and develop new and enhanced premium solutions based on Smartsheet Advance and our standalone offerings to land larger accounts and increase the scale of our deployments with customers.

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Expand within our existing customer base

Our customers frequently increase their use of our platform as they realize the value they derive from adopting Smartsheet. As a result, we work with customers to help them define new use cases within existing deployments, and expand usage of Smartsheet to additional teams in their organizations that would benefit from our platform. In addition to broader deployments, we enable our customers to enhance the value they derive from Smartsheet through premium capabilities such as Data Shuttle, Control Center, Dynamic View, and Bridge. Our professional services, customer success, and training teams provide our customers with implementation, training, and support services to help them expand their use of, and realize the full benefit of, Smartsheet.

Expand internationally

For the year ended **January 31, 2023** **January 31, 2024**, we derived approximately 16% of our revenue from customers outside the United States. We believe that there is significant opportunity to acquire new customers internationally and accelerate expansion with our existing international customers. Our platform is available in eight languages. We plan to further grow our international sales by continuing to invest in our direct and indirect sales force focused outside of the United States, establishing international sales territories, and partnering with strategic resellers. We have **opened international offices** **expanded our team internationally with go-to-market teams in the U.K., Australia, Germany, and Australia Japan**, to focus on expanding our position in **Western Europe EMEA** and the **Australia/APAC regions, respectively APJ regions**. We also launched Smartsheet Regions and host data in the European Union to meet customer compliance, privacy, and governance requirements. In November 2021, we established an operations center in Costa Rica to support various functions within the Company.

Expand into government

Smartsheet Gov has achieved Provisional Authority to Operate ("P-ATO") under the Federal Risk and Authorization Management Program ("FedRAMP"). This means the Smartsheet platform has been approved for use by federal agencies and government contractors, giving them the ability to plan, capture, manage, automate, and report on work at scale. Additionally, Smartsheet can be found on the AWS Gov Cloud Marketplace. This marketplace lists FedRAMP authorized offerings to help agencies research and select secure and compliant cloud providers available for federal use. Smartsheet Gov has obtained the U.S. Department of Defense ("DoD") Impact Level 4 P-ATO per the Security Requirements Guide for cloud computing by the Defense Information Systems Agency. This means that customers within the DoD can also use the Smartsheet Gov platform for managing work that requires DoD Impact Level 4 security controls.

Expand product features and functionality

We intend to increase the value we provide to our customers by investing in extending the capabilities of our platform. We have made, and will continue to make, significant investments in research and development to bolster our existing technology, **utilize artificial intelligence**, and enhance usability to improve our customers' productivity. We further place continued emphasis on enterprise management platform features, including account administration, security, and permissioning.

Make additional investments in partnerships and integrations

To help drive adoption of Smartsheet and deliver value to our customers, we offer extensive embedded functionality to complement and enhance the use of the most common productivity tools from providers such as Microsoft, Google, Slack, Box, DocuSign, and Dropbox. We offer the ability to upload or offload data between Smartsheet and other platforms via our Data Shuttle product while also providing powerful out-of-the-box integrations with Salesforce, Adobe, Atlassian, and Microsoft that we sell for an additional fee on top of our user-based pricing. We intend to continue to invest in such integrations and develop new partnerships with leading enterprise vendors to increase the value, awareness, and adoption of our platform.

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Pursue strategic acquisitions

We plan to pursue strategic acquisitions that we believe complement our existing offering, enhance our technology, and increase our value proposition. For example, our acquisitions of Brandfolder and Outfit complemented our existing product capabilities. Brandfolder offered a solution for digital asset management so that our customers can **create solutions to manage workflows around content and collaboration**. Outfit's design automation and templating capabilities extended the content experience for Brandfolder customers.

Our Technology

We believe our collective domain knowledge, technical expertise, and extensive software development experience differentiates our platform from the competition. Our scalable multi-tenant architecture provides our customers with highly usable, secure, and reliable functionality.

Extensible technology platform

Our solutions are built on a public cloud platform that allows us to leverage shared components and services, enabling us to rapidly develop new features and functionalities. This also enables our products to seamlessly integrate with one another and provide our customers with a better user experience while leveraging our platform. We also offer a broad set of APIs that allow our customers and partners to integrate with other systems, or build their own applications on top of our extensible platform.

Integrated mobile capabilities

We have invested in our public cloud framework and mobile development teams to extend the high-performance functionality of our platform to smartphones and tablets. Our native mobile applications are built for both iOS and Android, and are designed to provide mobile optimized functionality of our platform while also supporting mobile-first use cases.

Enterprise-Grade Security and Privacy

Our customers frequently use our platform to store and manage highly sensitive or proprietary information. We prioritize security in every aspect of our service, from software development to the customer experience. Our approach to security includes a comprehensive information security program, governing the processing and security of customer information, and the appropriate physical, organizational, and technical controls designed to ensure the security of customer information collected, accessed, stored, or transmitted to or by Smartsheet. We use external auditors to verify the adequacy of security measures and controls according to the American Institute of Certified Public Accountants SOC2 standards as well as the International Organization for Standardization information security management systems standard 27001. At least annually, we use external security experts to conduct penetration testing and application security testing and make these test reports available to customers. In parallel, Smartsheet takes a global approach to privacy that aligns with international standards and practices for data processing and recognized privacy principles. Our privacy notice describes how Smartsheet collects, uses, and discloses personal and other information we gather through our websites, our mobile applications, and the Smartsheet collaborative work management platform. Smartsheet is committed to respecting privacy rights and treating personal data with the utmost care.

Our Products

Smartsheet

The Smartsheet product is the core of our offerings to customers. Smartsheet is offered in a number of packages to meet the needs of customers looking to manage their programs, projects, and portfolios. Smartsheet scales from individual users looking to track their own work to large deployments of over 10,000 licensed users and hundreds of thousands of ~~free~~ collaborators. Smartsheet core product packages may include a combination of features such as Dashboards, Cardview, Grid, Reports, Projects, Calendar, Forms, Automations, and Integrations. We differentiate the capabilities of our different user subscription plans to allow customers to select the right package for their needs.

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WorkApps

WorkApps enables customers to build user-friendly apps in a few minutes using Smartsheet and external content without writing a single line of code. WorkApps is designed to support a broad range of business workflows and can be tailored to support multiple user roles. Building WorkApps is restricted to specific Smartsheet plan types.

Smartsheet Advance

In addition to our core Smartsheet offering we sell additional product offerings, collectively referred to as Premium Apps and Connectors, so customers can build more complex solutions to address the most demanding business work management needs, while enabling scale and connections to systems of record across the enterprise.

Previously sold only as standalone offerings, based on customer feedback we launched Smartsheet Advance, which combines our Premium Apps and Connectors with new Smartsheet capabilities in packages that match our customers' solution maturity. Customers can start with an entry level Advance package to enable high-scale solutions to manage portfolios, programs, and projects. They can then move to a different Advance tier to connect to other systems of record and orchestrate work management across the enterprise as well as add data governance and advanced security capabilities to Smartsheet solutions.

Smartsheet Safeguard

Our customers working with sensitive data or in regulated industries have stringent information security and governance requirements. To meet the needs of these customers, we launched Smartsheet Safeguard, which enables customers to manage the encryption keys used to protect their data in Smartsheet, apply policies for data egress and data retention, and audit events in Smartsheet via feeds to Security Incident and Event Management ("SIEM") systems deployed by our customers. Smartsheet Safeguard is available as a standalone offering and within our Smartsheet Advance Platinum level offering.

Connectors

Connectors provide embedded integrations with industry-leading systems of record, including those from Salesforce, Atlassian, ServiceNow, and Microsoft. Connectors enable data to be synchronized in real-time, fostering visibility and interoperability across these business platforms. We also provide extensible APIs to build custom applications and deep integrations with line of business systems.

Control Center

Control Center enables organizations to achieve consistent work execution at the individual user level across large scale programs, projects, and portfolios while reducing operational risk. Control Center provides enterprises with real-time visibility so they can react quickly to changing conditions. Without burdening the team with manual reporting, executives and managers can review the status of projects at scale without disrupting the speed of execution.

Dynamic View

Dynamic View enables business users to collaborate using the same data set while maintaining confidentiality when working with vendors or across inter- or intra-departmental teams. This ~~solution~~ capability simplifies views into complex processes so each individual stakeholder has a partial view of the overall work. Dynamic View is ideal for managing departmental requests like business intelligence requests, marketing creative services, and sales tickets.

Data Shuttle

Data Shuttle allows business users to upload or offload data between Smartsheet and other existing systems and databases, so that a team's key data sources live together where work gets done. Data Shuttle automates the data upload process to centralize the disparate data, drive collaboration, provide real-time visibility into multiple business systems, and empower teams to be more efficient through effective work execution.

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Bridge

Bridge enables organizations to build intelligent workflows and automate business processes across platforms. Bridge's no-code user interface makes it easy to apply business logic to data-driven actions that reduce time spent on manual and repetitive tasks and drive overall efficiency and accuracy.

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Calendar App

Calendar App extends customer capabilities beyond those of the calendar view included in Smartsheet's core offering. Calendar App is a flexible, configurable calendar add-on that allows customers to build shareable calendars with custom details. Customers can create, update, and discuss events directly from the Calendar App.

Pivot App

Pivot App enables customers to create Smartsheet pivot tables to analyze data and make better decisions, faster. Pivot App slices and dices data to create meaningful summary sheets, and enables creation of charts in dashboards with report data. Smartsheet pivot tables update summary sheets as data changes, helping customers access and organize their data quickly.

DataMesh

DataMesh provides lookup functionality between sheets and reports, making it easy to keep data consistent. DataMesh helps customers scale work in Smartsheet by eliminating typos, duplicative data entry, and unnecessary work.

Resource Management

Resource Management enables businesses to plan and allocate resources across their programs, projects, and portfolios. Users can optimize resource allocation by function or skill set, track time against forecast, and gain real-time portfolio level visibility into the status of budgets and deliverables. This premium solution combined with the core Smartsheet platform provides customers an end-to-end solution for work execution and resource management that balances top down strategic planning with bottom up work management.

Brandfolder

Brandfolder is a digital asset management solution that provides a centralized platform to easily organize, discover, control, distribute, and measure all forms of digital content. Brandfolder provides insights and analyses on the discoverability and reusability of assets throughout the entire content lifecycle for internal and external stakeholders. Combining Brandfolder's digital asset management capabilities with the core Smartsheet platform through a robust integration creates a dynamic solution for customers to manage workflows around content and collaboration.

Human Capital

At Smartsheet, our mission is to empower anyone to drive meaningful change. This starts with our own team.

As of **January 31, 2023** **January 31, 2024**, Smartsheet and its wholly owned subsidiaries employed **3,191** **3,330** people full time, with **2,676** **2,563** in the United States and **515** **767** internationally. Of the **515** **767** international employees, **280** **301** are located in Europe, **130** EMEA, **139** in Asia Pacific, APJ, and **105** **327** in Americas other than the United States. Furthermore, of our global workforce who chose to self-identify as of **January 31, 2023** **January 31, 2024**, **68%** **63%** identify as White, **17%** **19%** identify as Asian, **7%** **14%** identify as Hispanic or Latino, **6%** **5%** identify as Black, **<1%** **identify as** Alaska Native or Native American or Indigenous, **<1%** **Native Hawaiian or Pacific Islander**, and **<1%** **identify as** two or more races, **races**, and **<1%** **identify as** Native Hawaiian or Pacific Islander. Further, **62%** **are men**, **38%** **are women**, **62%** **are men**, and **<1%** **identify as** other genders (including genderqueer, intersex, transgender, and gender fluid). None of our employees are represented by a labor union or covered by a collective bargaining agreement. We have not experienced any work stoppages and we consider our relations with our employees to be positive.

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Our leadership team is composed of seven executive officers, 14% of whom are women and 43% of whom are persons of color. Leadership regularly updates our board of directors ("Board") and its committees on the operation and status of overall human capital trends and the employee-focused activities and initiatives of the Company.

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Engaging our team

With a vision to be the dynamic platform to empower everyone, everywhere, to change the way the world works, we are dedicated to investing in and supporting our employees in their achievements.

To ensure we are continuously improving, we regularly conduct surveys to seek feedback from our employees on a variety of topics, including but not limited to, leadership effectiveness and company confidence, competitiveness of our total rewards offerings, and career growth opportunities, and work-life balance opportunities.

Starting with the COVID-19 pandemic in March 2020, we transitioned to remote work to safeguard the health of our employees and their families, succeed by providing flexibility in where and how they work. For many years, Smartsheet has embraced a hybrid approach to enable our customers, and the community at large. While we temporarily closed our physical offices in 2020, we ensured our workforce was enabled to work remotely beyond these initial closures. Now, using or from one of our offices. Using Smartsheet to enable collaborative work across geographic locations, we continue to operate in a believe this hybrid capacity, which also allows approach can increase employee empowerment, satisfaction and productivity, drive efficiency, and enable us to expand our talent hire from a broader and more diverse pool and give employees flexibility in how they work. of talent.

Growth and development

To help our team members succeed, we continually emphasize and invest in talent development and training, provide career pathing, and promote internal mobility opportunities.

Along with an online learning management system that hosts virtual content ranging from compliance training to security protocols, we subscribe to multiple platforms for continuous learning and professional development, and offer instructor-led training on topics such as leadership and communication. We also support the development of our people leaders through various leadership training opportunities and access to certified coaches. Finally, our talent management cycle includes regular check-ins to encourage more frequent conversations between employees and their leaders regarding their development and career opportunities, as well as to enable and support internal mobility readiness.

Total rewards

We invest in our employees by offering compelling and competitive compensation packages designed to attract, retain, motivate, and reward. Our total rewards packages include base and variable compensation, new hire and retentive stock awards for all eligible roles, an employee stock purchase plan in most some jurisdictions, and comprehensive benefits. Our benefit programs are responsive to our geographies, while also providing a consistent focus on comprehensive healthcare. Examples of global benefits include bonding leave for all parents, flexible time away for exempt employees in addition to and numerous paid holidays, a monthly flex work stipend and additional commuter support, employer and retirement contributions, and subsidized dependent care. contributions. We continually assess the current business environment and labor markets and solicit employee feedback as we work to refine evolve our total rewards packages and ensure they remain compelling and equitable.

We view well-being as a fundamental part of our employees' lives, and emphasize this with a robust suite of offerings. We support holistic well-being with our online mental health counseling and well-being services, financial wellness workshops, and a comprehensive wellness dashboard (powered by Smartsheet), which includes resources for employees on a wide range of topics.

Diversity, equity, and inclusion

We strive to create a culture of belonging that is rooted in respect and opportunity for all people. We believe that by celebrating amplifying diverse voices and experiences, and fostering equity for our team, customers, and communities, we enable people to do and be their best.

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Our Diversity, Equity, and Inclusion ("DEI") framework centers on culture, people, practices, and markets. Our strategy and initiatives are led by our Vice President of DEI. In addition, we have several working committees, including our Global DEI Committee, which brings together a cross section of the global organization to support and amplify our DEI initiatives, as well as department-specific groups such as our DEI in Marketing Committee. We continue to invest in hiring practices that attract underrepresented talent, including focused sourcing of underrepresented populations on university campuses, specialized conferences, and organizations. We also offer ongoing DEI education at all levels and strive to ensure that we have diverse representation in various aspects, from hiring panels to company meetings and events.

Further, we have seven employee resource groups ("ERGs") whose aim is to foster a diverse and inclusive workplace, including Asian Pacific Islander at Smartsheet, Black at Smartsheet, Hispanic/LatinX, Military at Smartsheet, Parents & Caregivers, Rainbow Collab, and Women & Gender Minorities. ERGs are based on providing support and personal development in the work environment, however each group has its own goals and purpose designed in collaboration with the Vice President of DEI. Currently, 15% 22% of Smartsheet employees are ERG members, and in the Employee Pulse Survey conducted in July 2022, 88% nearly a quarter of ERG member respondents agree that ERGs contribute these members belong to an overall sense of belonging at Smartsheet. more than one ERG.

As part of our DEI strategy, we have developed a five-year plan to increase representation of underrepresented groups (specifically women and gender minorities, as well as people of color) at Smartsheet, both at the organization level and within leadership. While this is a long-term goal, we evaluate where we are tracking against this goal annually, developing short-term milestones focused primarily on hiring and retention for the fiscal year. To ensure our achievement of the five-year representation goals, leaders at or above the Vice President level are held accountable to annual goals, which comprise 5% of their annual bonus. Our quarterly workforce planning process highlights progress toward our current metrics, enabling leaders to achieve success on these goals.

Corporate social responsibility

At Smartsheet, we are committed to harnessing the power of our people, resources, and technology to support causes that reflect our vision of empowering human achievement. We encourage our employees to volunteer in their communities by offering paid volunteer time off. Each year, we make donations to nonprofit organizations which focus on causes that are meaningful to our business, customers, employees, and communities. We also support nonprofit organizations by offering discount pricing. These nonprofit organizations utilize Smartsheet to improve visibility and accountability, help run mission-oriented organizations, and achieve more.

Environmental, social, and governance ("ESG") impact

Smartsheet is committed to driving sustainable business practices by promoting change for our stakeholders, customers, and communities. In the fiscal year ending January 31, 2024, Smartsheet will publish our first Smartsheet's inaugural Corporate Social Responsibility report ("CSR Report"), drafted through was published in June 2023. The CSR Report highlighted Smartsheet's pursuit of progress and approach related to empowering our people, caring for communities, supporting the planet, and acting with integrity. Smartsheet's ESG initiatives are overseen by a cross-functional working group within the Company. Our ESG initiatives Company, and are guided through Board oversight, with the Nominating and Corporate Governance Committee tasked through their charter with the review of Smartsheet's programs, strategy, and public disclosures addressing ESG matters. Additionally, the Board's Compensation Committee provides oversight of certain human capital management items, including through assessment of diversity and inclusion as a component of the Company's workforce composition. Smartsheet intends to publish a subsequent report for the fiscal year ended January 31, 2024 to provide updates on its ESG initiatives.

Sales and Marketing

Our marketing and sales teams work closely together to provide multiple ways for potential users to discover, try, adopt, and expand usage of Smartsheet over time.

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Marketing

Our marketing organization is responsible for corporate brand reputation and management, increasing brand awareness and demand generation for our platform, and fostering our community of users. We target potential users across a wide variety of departments and functions in organizations of all sizes and industries. We employ a range of techniques to increase brand awareness, product interest, and traffic to our website, where we engage prospects throughout the buyer's journey and encourage new users to sign up for a 30-day free trial and purchase our subscription services online. online, or to make contact with our team directly. These marketing techniques include advertising, brand marketing, content marketing, search marketing, social marketing, digital marketing, events, communications, and more. We frequently engage with respected industry analyst firms to educate them on the benefits of our platform and accelerate the maturation of an appropriate market category.

We have also built marketing relationships with a number of technology companies to help promote and grow our user base and footprint. These partners offer access to our platform through links on their websites and expand our marketing reach.

In September 2022, 2023, we hosted our annual global customer conference, Smartsheet ENGAGE, to provide current and prospective users a better understanding of our platform through interactions with peers and training, and to highlight customer successes, use cases, and best practices.

Sales

Our sales organization is responsible for driving customer expansion and new customer opportunities. Our sales force is organized into separate teams focused on new customers, small to medium-sized businesses, large enterprises, geographic regions, and industries. Our assisted sales model relies on machine learning and lead scoring to identify users based on their likelihood to purchase our platform. Further, once we identify an opportunity for meaningful expansion within a customer organization, we can assign a customer success manager and an expansion sales representative to that customer. When an organization reaches a certain level of usage, we typically assign a field sales representative who is focused on growing adoption in these large accounts and expanding usage to a broader set of use cases.

Customer Success

Our customer success organization enables our customers through user onboarding, feature discovery, realizing value, building sponsorship, and managing renewals. These motions span a range of engagement methods, from pure digital delivery to in person motions, each maximizing our net dollar retention.

Professional Services

Our professional services team provides our customers with solution, training, and consulting services to help them realize the full benefits of Smartsheet. Our training programs include a mix of virtual and in-person offerings to onboard teams of users quickly and help individuals achieve certification-level subject matter expertise. Our consulting and solution services teams provide configuration, use case optimization, integration, and process automation services.

Customer Support

Our platform is designed to minimize the need for customer support, as users can easily sign up and begin using it without assistance. We provide significant self-help resources including our extensive help portal and our active online community. Additionally, we provide free support channels for users based on their plan type with additional paid support offerings available. These include ticket submission for all users at no cost, along with access to phone support and subject matter expert appointments as part of our paid plans. We also allocate support team member time to accounts for continuity of care through specialized paid offerings such as Technical Account Managers.

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Customers

Our scalable collaborative work management platform helps teams and organizations of all sizes get work done quickly and efficiently. As of January 31, 2023 January 31, 2024, we had domain-based customers with ACVsARR ranging from less than \$200 \$200 to over \$4.0 million\$6.0 million. We define a domain-based customer as an organization with at least one paid user account associated with a unique domain name such as @cisco. An ISP customer is typically a small team or an individual that registers for our services with an email address hosted on a widely used domain such as @gmail, @outlook, or @yahoo. @smartsheet.

Our domain-based customers include organizations across virtually all sectors, including aerospace, automotive, biotechnology, consumer, e-commerce, education, finance, government, healthcare, IT and professional services, marketing, media, non-profit, publishing, software, technology, and travel.

Backlog

The majority of our invoiced customers sign up for subscription terms of one year and are invoiced for the full subscription term upfront. A small subset of customers sign multi-year subscription contracts but receive annual invoicing terms. Another smaller subset of customers with annual contract terms are invoiced on a quarterly or a semi-annual basis. When contract terms exceed invoicing terms, portions of those contracts which at a point in time remain uninvoiced, are not recorded in revenue, deferred revenue, or elsewhere in our consolidated financial statements. Those contracted but uninvoiced amounts are considered by us to be backlog. As of January 31, 2023 January 31, 2024 and January 31, 2022 January 31, 2023, we had backlog of approximately \$69.1 million \$143.3 million and \$53.9 million \$69.1 million, respectively. As the majority of our contracts are annual, and as invoicing terms on the majority of our contracts are also upfront annual, most of our customer contracts have no impact on backlog and therefore we do not utilize backlog as a key management metric internally.

Research and Development

Our research and development team consists of our engineering, user experience, design, and product management teams. These groups are responsible for the design, development, testing, and delivery of new technologies and features for our platform. Our research and development team is also responsible for continuous availability, scalability, performance, and security of our platform and maintaining the underlying public cloud infrastructure. We invest substantial resources in research and development to drive core technology innovation and bring new products to market.

Intellectual Property

Smartsheet and its subsidiaries rely on a combination of patents, trademarks, and trade secrets, as well as contractual provisions and restrictions, to protect their intellectual property. As of January 31, 2023 January 31, 2024, Smartsheet and its subsidiaries held a number of pending patent applications issued and active patents as well as issued and active patents. Additionally, as of January 31, 2023, Smartsheet and its subsidiaries held a number of U.S. and international trademark registrations, as well as pending trademark applications. registrations.

These intellectual property protections and applications seek to protect proprietary inventions and marks relevant to Smartsheet's business. While we believe that, in the aggregate, these patents patent applications, and trademarks and trademark applications are important to Smartsheet's and its subsidiaries' competitive positions, no single patent, trademark, or application is material. Smartsheet intends to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost effective.

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Compliance with Government Regulations

Our business is subject to various U.S. federal, state, local, as well as foreign laws and regulations, including those relating to privacy, data security, intellectual property, employment and labor, workplace safety, immigration, federal securities, consumer protection, anti-bribery, import and export controls, immigration, federal securities, tax, and tax, anti-bribery. Additionally, we may currently or in the future be subject to various laws and regulations relating to the contractual commitments with our customers in heavily regulated industries and the public sector, which could affect how we and our partners do business with such customers. Our failure to comply with these laws and regulations could have an adverse effect on our business and operating results.

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The legal environment of internet-based businesses is evolving rapidly in the U.S. and globally. New and evolving laws and regulations, and changes in their enforcement and interpretation, may require changes to our platform, products, services, or business practices, and may significantly increase our compliance costs and otherwise adversely affect our business and results of operations. As our business expands to include additional products and services, and our operations continue to expand internationally, our compliance requirements may increase, and we may be subject to increased regulatory scrutiny. We believe we are currently in material compliance with laws and regulations to which we are subject and do not expect continued compliance to have a material impact on our capital expenditures, earnings, or competitive position. We continue to monitor existing and pending laws and regulations and while the impact of regulatory changes cannot be predicted with certainty, we do not expect compliance with these laws and regulations to have a material adverse effect on our business or operations.

Competition

The market for collaborative work management software is fragmented, increasingly competitive, and subject to rapidly changing technology and evolving standards. We face competition from a number of vendors with a variety of product offerings. Our competitors range in size from diversified global companies with significant research and development and marketing resources to smaller startups building on new technology platforms whose narrower offerings may allow them to be more efficient in deploying technical, marketing, and financial resources. Our primary competition remains a combination of manual, email- and spreadsheet-based processes from providers that users have historically relied on to manage work such as Google and Microsoft, who offer a range of productivity solutions. While we currently collaborate with Adobe, Google and Microsoft, they may develop and introduce, or acquire, products that directly or indirectly compete with our platform. Certain of our features compete with current or potential products and services offered by Asirtable, Asana, Atlassian, ClickUp, Monday.com, Planview, Wrike, and others. Larger software vendors with substantial resources and smaller upstarts building on new technology platforms may also decide to enter our market by building or acquiring products that compete with our platform. We believe that the principal competitive factors in our market include:

- ease of deployment and use of applications;
- product features, quality, and functionality;
- enterprise-grade security, scalability, compliance, and administration capabilities;
- ability to support mission critical workloads at scale;
- size of customer base and level of user adoption;
- ability to automate multi-step processes;
- ability to integrate with other applications and systems;
- vision for the market and product innovation;
- pricing and total cost of ownership;
- strength of sales and marketing efforts;

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- brand awareness and reputation; and
- customer experience, including support.

We believe we are positioned favorably against our competitors based on our enterprise-grade capabilities, focus on business user empowerment, and ability to support mission critical workflows at scale. Our ability to remain competitive will largely depend on our ongoing performance and the quality of our platform.

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Corporate Information

We were incorporated as Navigo Technologies, Inc. in Washington in June 2005. We changed our name to Smartsheet.com, Inc. in February 2006 and to Smartsheet Inc. in February 2017. Our principal executive offices are located at 500 108th Ave NE Suite 200, Bellevue, Washington 98004. Our telephone number is (844) 324-2360. Our website address is www.smartsheet.com. Information contained on, or that can be accessed through, our website does not constitute part of this Annual Report.

Additional Information

We file annual, quarterly, and current reports, proxy statements, and other documents with the Securities and Exchange Commission (the "SEC"). Our reports filed with or furnished to the SEC pursuant to Section 13(a) and 15(d) of the Exchange Act of 1934, as amended (the "Exchange Act"), are available, free of charge, on our Investor Relations website at investors.smartsheet.com as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers, including us, that file electronically with the SEC. The public can obtain any documents that we file with the SEC at www.sec.gov.

We webcast our quarterly earnings calls and provide notifications of news or announcements regarding our financial performance, including SEC filings, press releases, blogs, and certain events we participate in or host with members of the investment community on our Investor Relations website. We have used, and intend to continue to use, our website, [Instagram](#), [LinkedIn](#), [Facebook](#), [X \(formerly known as Twitter\)](#), and [Twitter TikTok](#) account (@Smartsheet) as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. The information disclosed by the foregoing channels could be deemed to be material. As such, we encourage investors, the media, and others to review the information disclosed through such channels.

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Item 1A. Risk Factors

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" before deciding whether to invest in our Class A common stock. The occurrence of any of the events or developments described below could materially and adversely

affect our business, financial condition, operating results, and growth prospects. These factors could also cause our actual business and financial results to differ materially from those contained in forward-looking statements made by management from time-to-time. In such an event, the market price of our Class A common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently believe are not material may also impair our business, financial condition, operating results, and growth prospects.

Risk Factor Summary

The following summarizes certain of the most material risks that make an investment in our Class A common stock uncertain, risk laden, or speculative. If any of the following risks occur, our business, financial condition, operating results, and growth prospects may be impaired, the market price of our Class A common stock could decline, and you may lose all or part of your investment.

Industry, Infrastructure, data security, and privacy risks

- Security threats and attacks are common, increasing globally, and may result in significant liabilities.
- Our or our vendors' failure to sufficiently secure our products and services may result in unauthorized access to and use of customer data, a negative impact on our customer attraction and retention, and significant liabilities.
- We depend on public cloud service providers and computing infrastructure operated by third parties, and any disruptions in these operations could harm our business and operating results.
- If our platform fails to perform or if we fail to architect our platform to deliver on customer demand for scale, performance, and sophisticated use cases, then we could be subject to liability and our market share could decline.
- If we fail to manage our services infrastructure, or our platform experiences outages, interruptions, or delays in updates to meet customers' needs, we may be subject to liabilities and our operating results may be harmed.

Business, industry, and product and infrastructure risks

- The market in which we participate is highly competitive, and if we do not compete effectively, our operating results could be harmed.
- Our business depends on a strong brand, and if we are unable to develop, maintain, and enhance our brand, our business and results may be harmed.
- Our forecasts of market growth may prove to be inaccurate, and our business may not grow at a pace similar to market growth.
- Security threats and attacks are common, increasing globally, and may result in significant liabilities.
- Our or our vendors' failure to sufficiently secure our platform and services may result in unauthorized access to and use of customer data, a negative impact on our customer attraction and retention, and significant liabilities.
- We depend on public cloud service providers and computing infrastructure operated by third parties, and any disruptions in these operations could harm our business and results.
- If our platform fails to perform or if we fail to architect our platform to deliver on customer demand for scale, performance, and sophisticated use cases, then our market share could decline and we could be subject to liability.
- If we fail to manage our services infrastructure, or our platform experiences outages, interruptions, or delays in updates to meet customers' needs, we may be subject to liabilities and our operating results may be harmed.
- Failure to establish and maintain partnerships with complementary technology offerings and integrations could limit our ability to grow our business.
- Our platform and internal business operations use third-party software and services that may be difficult to replace or may cause errors or failures that could lead to a loss of customers or harm our operating results.

Commercial and financial risks

- It is difficult to predict future operating results.

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- We have a history of cumulative losses, and we cannot assure you that we will achieve and sustain profitability in the future.
- If we are unable to attract new customers and maintain and expand sales to existing customers, our growth could be slower than we expect and our business may be harmed.
- We derive substantially all of our revenue from a single offering.
- We recognize revenue over the term of the relevant service period, and downgrades, new sales, or renewals may not be immediately reflected in our results.

Operational and other risks

- We have recently experienced rapid growth and expect our growth to continue; failure to manage our growth effectively may harm our business.
- Our sales cycle may become longer, more complex, and more expensive as we continue to target enterprise and government customers, which could harm our business or results.
- Our growth depends on the expansion and effectiveness of our sales force domestically and internationally, and the failure to expand or maintain the effectiveness of our sales force may harm our business and results.
- We may not receive significant revenue from our current development efforts for several years, if at all.
- Contractual disputes or commitments, including indemnity obligations, may be costly, time consuming, and could harm our reputation.
- Catastrophic events may disrupt our business.

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Risks Related to Our Industry, Platform and Infrastructure

The market in which we participate is highly competitive, and if we do not compete effectively, our operating results could be harmed.

The market for collaborative work management software is fragmented, increasingly competitive, and subject to rapidly changing technology and evolving standards. Our competitors range in size from diversified global companies with significant research and development and marketing resources to smaller startups building on new technology platforms whose narrower offerings may allow them to be more efficient in deploying technical, marketing, and financial resources.

Certain of our features compete with current or potential products and services offered by Airtable, Asana, Atlassian, ClickUp, Monday.com, Planview, Wrike, and others. We also face competition from Google and Microsoft, who offer a range of productivity solutions including spreadsheets and email that have traditionally been used for work management. While we currently collaborate with Adobe, Google, and Microsoft, they may develop and introduce, or acquire, products that directly or indirectly compete with our platform. For example, Adobe owns Workfront, a company whose product and service offerings compete with ours. As we continue to sell products and services to potential customers with existing internal solutions, we must convince their stakeholders that our platform is superior to the solutions that their organization has previously adopted and deployed. With the introduction of new technologies and market entrants, and the growth of existing market participants, we expect competition to continue to intensify in the future.

Many of our current and potential competitors, particularly large software companies, have longer operating histories, greater name recognition, more established customer bases, and significantly greater financial, operating, technical, marketing, and other resources than we do. As a result, our competitors may be able to leverage their existing relationships with distribution partners and customers to gain business in a manner that discourages users from purchasing our platform, including by selling at zero or negative margins, by using product bundling or integrated functionality, or by providing products or services for free. Further, our competitors may respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, or customer requirements. We could lose customers if our competitors consolidate, introduce new collaborative work management products, add new features to their current product offerings, acquire competitive products, reduce prices, form strategic alliances with other companies, or are acquired by third parties with greater available resources. If our competitors' products or services are more widely adopted than ours, if they are successful in bringing their products or services to market sooner than ours, if their pricing is more competitive, or if their products or services are more technologically capable than ours, then our business, operating results, and financial condition may be harmed.

If we do not keep pace with technological changes, our platform may become less competitive and our business may suffer.

Our industry is marked by rapid technological developments and innovations (such as the use of artificial intelligence and machine learning) and evolving industry standards. If we are unable to provide enhancements and new features and integrations for our existing platform, develop new products that achieve market acceptance, or innovate quickly enough to keep pace with these rapid technological developments, our business could be harmed.

In addition, because our platform is designed to operate on a variety of systems, we will need to continuously modify, enhance, and improve our platform to keep pace with changes Internet-related hardware; mobile operating systems; and other software, communication, browser, and database technologies. We may not be successful in either developing these modifications, enhancements, and improvements, or in bringing them to market quickly or cost-effectively in response to market demands. Furthermore, uncertainties about the timing and nature of new or modified network platforms or technologies could increase our research and development expenses. Any failure of our products or services to keep pace with technological changes or operate effectively with future network platforms and technologies, or to do so in a timely and cost-effective manner, could reduce the demand for our platform, result in customer dissatisfaction, reduce our competitive advantage, and harm our business.

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Our business depends on a strong brand, and if we are not able to develop, maintain, and enhance our brand, our business and operating results may be harmed.

We believe that developing, maintaining, and enhancing our brand is critical to achieving widespread acceptance of our platform, attracting new customers, retaining existing customers, persuading existing customers to expand their relationships with us, and hiring and retaining employees. We believe that the importance of our brand will increase as competition in our market further intensifies. Successful promotion of our brand depends on a number of factors, including: the effectiveness of our marketing efforts; our ability to

provide a high-quality, reliable, and cost-effective platform; the perceived value of our platform; our ability to provide a quality customer success experience; and our ability to control or influence perception of our brand regardless of customer use cases.

Brand promotion activities require us to make substantial expenditures. We have made, and continue to make, significant investments in the promotion of our brand; however, the success of these investments is uncertain. Our brand promotion may not generate customer awareness or increase revenue, and any revenue increase may not offset the expenses we incur in building and maintaining our brand. If we fail to successfully promote and maintain our brand, or if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, we may fail to realize a sufficient return on our brand-building efforts or fail to achieve the widespread brand awareness that is critical for broad customer adoption of our platform, which could harm our business and operating results.

Our forecasts of market growth may prove to be inaccurate, and even if the markets in which we compete achieve the forecasted growth, we cannot assure you that our business will grow at similar rates, if at all.

Growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Our forecasts, including the size and expected growth in the addressable market for collaborative work management platforms, may prove to be inaccurate, or may decline rapidly as a result of unforeseen or unanticipated events and their ongoing effects, sharp increases in inflation and interest rates, or sudden market changes. Even if these addressable markets experience the forecasted growth, we may not grow our business at similar rates, or at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties.

Security threats and attacks are common, increasing globally, and they may result in significant liabilities.

Our platform and our internal corporate information technology systems have in the past been, and will in the future be, subject to cyber-attacks, credential stuffing, account takeover attacks, denial or degradation of service attacks, phishing attacks, ransomware attacks, malicious software programs, supply chain attacks, and other **Cyber security** threats, any of which may result in adverse effects on the confidentiality, integrity, or availability of our information systems (collectively, "Cyber **Cybersecurity Threats**"). Further, we engage service providers to store and otherwise process some of our and our customers' data, including sensitive and personal information, and these service providers are also targets of **Cyber Cybersecurity Threats**.

Cyber Cybersecurity Threats have been increasing in frequency and sophistication globally and may be accompanied by demands for payment in exchange for resolution, restoration of functionality, or return of data. Sources of **Cyber Cybersecurity Threats** range from individuals to sophisticated organizations, including state-sponsored actors and organizations. These attackers use a wide variety of methods to exploit vulnerabilities and gain access to corporate assets, including networks, information, or credentials. The types and methods of **Cyber Cybersecurity Threats** are constantly evolving and becoming more complex, and we may not be able to detect, combat, or successfully defend against **Cyber Cybersecurity Threats**. Attackers initiating **Cyber Cybersecurity Threats** may gain access to our corporate assets. Any vulnerabilities in our infrastructure or the success of any **Cyber Cybersecurity Threats** against us may not be discovered in a timely fashion or at all, and the impact of vulnerabilities may be exacerbated the longer **these vulnerabilities** they persist or remain undetected. While we utilize security measures and architecture designed to protect the integrity of our platform and corporate information technology environment, systems, we remain subject to ongoing and evolving **Cyber Cybersecurity Threats**, and we anticipate that we will need to expend significant resources in an effort to protect against **Cyber Cybersecurity Threats**. We may not be able to deploy, allocate, or retain sufficient resources to keep pace with the persistent and evolving **Cyber Cybersecurity Threat** landscape.

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Moreover, many of our employees work remotely, and many of our vendors and other third parties we engage with utilize remote workers in various jurisdictions throughout the world, which may involve relying on less secure systems and may increase the risk of and susceptibility to **Cyber Cybersecurity Threats**. We cannot guarantee that remote work environments and electronic connections to our work environment and **information** technology systems have the same security measures as those deployed in our physical offices.

Further, our ability to monitor the data security of our vendors is limited, and **Cyber Cybersecurity Threats** initiated by third parties may successfully circumvent our vendors' security measures, resulting in the unauthorized access to, or misuse, disclosure, loss, or destruction of our and our customers' data. Additionally, certain of the features of our products and services have been, and may in the future be, used by third-party attackers to pursue **Cyber Cybersecurity Threats** against others in violation of our terms of service, including by leveraging the **email** functionality within our platform for phishing campaigns. Any actual or perceived failure by us or our vendors to prevent or defend against **Cyber Cybersecurity Threats**, actual or perceived vulnerabilities in our products or services, misuse of our products or services in furtherance of **Cyber Cybersecurity Threats** against others, or unauthorized access to corporate assets may lead to claims against us and may result in significant data loss, significant costs and liabilities, and could reduce our revenue, harm our reputation, and compromise our competitive position.

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Our failure to sufficiently secure our platform products and services may result in unauthorized access to customer data, a negative impact on our customer attraction and retention, and significant liabilities.

Our products and services involve **business involves** the storage, transmission, and processing of our customers' large quantity of customer data, including confidential and sensitive and proprietary information. Our failure to sufficiently secure our **platform products** and services may result in unauthorized access to customer data, a negative impact on our customer attraction and retention, and significant liabilities. Even if our security measures are appropriately engineered and implemented to secure our **platform products** and services against external threats, we may be subject to inadvertent disclosures as a result of employee actions or system misconfigurations. Unauthorized use of or access to customer data could result in the loss, compromise, corruption, or destruction of our or our customers' sensitive and proprietary information and could lead to litigation, regulatory

investigations and claims, indemnity obligations, reputational harm, loss of authorization under the Federal Risk and Authorization Management Program ("FedRAMP") or other authorizations, and other liabilities.

Our customers, especially our larger enterprise customers, increasingly prioritize the security of their digital assets and information when making decisions regarding purchasing Internet-based products and services. Additionally, we serve government customers; customers in regulated industries such as financial services, health care, and education; and other customers that process large quantities of sensitive information or personal data. These customers often seek platforms that offer enhanced or specialized security measures and data back-up procedures. Attracting and retaining these types of customers may require enhancements to or additional engineering of our platform to meet these requirements. Committing to these kinds of changes could be costly and time consuming and could divert the attention of our management and key personnel from other business operations; investments and efforts in furtherance of these changes may not take place in a timely manner, or at all.

Our agreements with third parties, including customers, contain contractual commitments related to our information security practices and data privacy compliance. If we experience an incident that triggers a breach of these contractual commitments, we could be exposed to significant liability or cancellation of service under these agreements. The damages payable to the counterparty, as well as the impact to our products and services, could be substantial and create substantial result in significant costs and loss of business. There can be no assurance that any limitation of liability provisions in our contracts will be enforceable or adequate or will otherwise protect us from these liabilities or damages with respect to any particular claim.

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Many U.S. and foreign laws and regulations, including those promulgated by the SEC, require companies to provide notice of data security breaches cybersecurity incidents based on specific criteria. Certain of these notice or disclosure obligations are contingent upon the findings of complex analyses, including in some cases a determination of materiality. The nature of cybersecurity incidents involving certain types makes it difficult to quickly and comprehensively assess an incident's overall impact to our business, and we may make errors in our evaluations. If we are unable to appropriately assess a cybersecurity incident in the context of personal data required analyses then we could face compliance issues under these laws and regulations, and we could be subject to individuals, the media, government authorities, lawsuits, regulatory fines or investigations, or other third parties. Security compromises liabilities, any or all of which could adversely affect our business and operating results. Furthermore, cybersecurity incidents experienced by us, or by our customers or by us may vendors, that lead to public disclosures which may also lead to widespread negative publicity, publicity and increased government or regulatory scrutiny. Any security compromise in our industry, whether actual or perceived, could harm our reputation; erode customer confidence in our security measures; negatively affect our ability to attract new customers; cause existing customers to not to renew their subscriptions; or subject us to third-party lawsuits, regulatory fines or investigations, or other liability, any or all of which could adversely affect our business and operating results. Even the perception of inadequate security may damage our reputation and negatively impact our ability to win new customers and retain existing customers.

Additionally, we could be required to expend significant capital and other resources to investigate and address any actual Cybersecurity Threats or suspected data security incident or breach incidents or to prevent further or additional security incidents or breaches. We incidents. To maintain business relationships, we may find it necessary or desirable to incur costs to provide remediation and incentives to customers or other business partners following a security breach, or other an actual or suspected security incident, to maintain business relationships. incident. We also cannot be sure that our existing cybersecurity insurance will continue to be available on acceptable terms, in sufficient amounts to cover any claims we submit, or at all. Further, we cannot be sure that insurers will not deny coverage as to any claim, and some security breaches incidents may be outside the scope of our coverage, including if in instances where they are considered force majeure events. Security breaches The premiums for cybersecurity insurance can vary and increase substantially from year-to-year, and any security incidents that we may experience may result in increased premium costs for cybersecurity insurance. One or more large, successful claims against us in excess of our available insurance coverage, or changes in our insurance policies, including premium increases or large deductible or co-insurance requirements, could have an adverse effect on our business, operating results, and financial condition.

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We depend on public cloud service providers and computing infrastructure operated by third parties, and any service outages, delays, or disruptions in these operations could harm our business and operating results.

We host our platform and serve our customers through public cloud service providers. As a result, we are vulnerable to service interruptions, delays, and outages attributable to their platforms. Our public cloud service providers ("Cloud Providers") may experience events such as natural disasters, fires, power loss, telecommunications failures, or similar events. The systems, infrastructure, and services of our Cloud Providers may also be subject to human or software errors, viruses, Cyber Cybersecurity Threats, fraud, spikes in customer usage, break-ins, sabotage, acts of vandalism, acts of terrorism, and other misconduct. Our Cloud Providers may also experience other unanticipated problems, including but not limited to financial difficulties and bankruptcy. The occurrence of any of the foregoing events could result in lengthy interruptions or delays in our products and services and may impact us via product or service outages and noncompliance with our contractual obligations or business requirements.

Further, we have experienced in the past, and may experience in the future, periodic interruptions, delays, and outages in service and availability with our Cloud Providers due to a variety of factors, including Internet connectivity failures, infrastructure changes, human or software errors, website hosting disruptions, and capacity constraints. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time.

Our Cloud Providers have no obligation to renew their agreements with us on commercially reasonable terms, or at all. If we are unable to renew agreements with our Cloud Providers on commercially reasonable terms, if our agreements with our Cloud Providers are prematurely terminated for any reason, or if our Cloud Providers are acquired or cease business, then we may be required to transfer our infrastructure to new public cloud facilities, and we may incur significant costs, diversion of resources and management attention, and possible service interruptions in connection with doing so.

Additionally, there are limited options for public cloud service providers capable of effectively supporting our infrastructure. Consolidation through a single, or select few, service provider(s) may result in a dependency on the selected provider(s). Consolidation may also negatively impact customer acquisition or expansion as because customers because they may object to certain providers for a variety of reasons, including that these provider(s) do not meet their hosting requirements or that the providers operate in a competitive space. The foregoing objections could result in lost or decreased sales or decreased expansion of existing customer relationships, which could harm our business and operating results.

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Any issues with our Cloud Providers may result in errors, defects, disruptions, or other performance problems with our platform, which could harm our reputation and may damage our and our customers' businesses. Interruptions in our platform's operation might reduce our revenue, cause us to issue credits or refunds to customers, subject us to potential liability, cause customers to terminate their subscriptions, harm our renewal rates, and affect our reputation. Any of these events could harm our business and operating results.

If our platform fails to perform properly, or if we are unable to architect our platform to deliver on customer demand for scale, performance, and sophisticated use cases, then our reputation could be harmed, our market share could decline, and we could be subject to liability, claims, and our market share could decline.

Our platform is inherently complex and may contain material defects or errors. Additionally, we provide regular updates to our platform, which may contain undetected defects when first introduced or released. Any defects in functionality or interruptions in the availability of our platform could result in:

- loss of, or delayed, market acceptance and sales;
- breach of contract or warranty claims;
- issuance of credits or other compensation for downtime;
- termination of subscription agreements, loss of customers, and issuance of refunds;

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- diversion of development, customer service, and other company resources; and
- harm to our reputation.

The costs incurred in correcting any material defects or errors might be substantial and could harm our operating results.

Because of the large amount of data that we handle, hardware failures, errors in our systems, user errors, or Internet outages could result in data loss or corruption that our customers may regard as significant, and our current data back-up procedures may not be sufficient to prevent the loss of data. Furthermore, the availability and performance of our platform could be diminished or otherwise impacted by a number of factors, which may damage the perception of its reliability and reduce our revenue. These factors include, but are not limited to customers' inability to access the Internet; customers' use of firewalls or security systems that may prevent or limit certain of our platform's functionalities, including email capabilities; the failure of our network or software systems, including backup systems; simultaneous development efforts causing reallocation of resources; computing vulnerabilities; security breaches; incidents; capacity issues or service failures experienced by our service providers; or variability in the amount of user traffic on our platform. We monitor vulnerabilities that may impact our business and the availability of our platform. Any impact resulting from vulnerabilities, and the costs incurred in addressing or correcting these vulnerabilities, may harm our operating results, harm our reputation, or cause us to lose customers.

We may be required to issue credits or refunds, or otherwise be liable to our customers for damages they may incur resulting from certain of these events. Our insurance coverage may be inadequate to sufficiently cover these potential liabilities and may not be available in the future on acceptable terms, or at all. In addition, our policy may not cover all claims made against us, and defending a lawsuit, regardless of its merit, could be costly and divert management's attention.

Furthermore, we will need to ensure that our platform is designed so that it can scale and perform to meet the evolving needs of our customers, particularly as we continue to focus on larger enterprise customers with novel or complex use cases. We regularly monitor and update our platform to fix errors, add functionality, and improve scaling; however, our customers have occasionally experienced outages and latency issues, sometimes during peak usage periods. If our platform is unable to scale and perform at the levels needed by our customers, or if we are unable to correct any platform functionality defects and capacity limitations, then potential customers may not adopt our platform and product offerings and existing customers may not renew their agreements with us.

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If we fail to manage our services infrastructure at the levels expected by our customers, including due to factors such as service outages, interruptions, or delays in updates to our platform to meet customers' needs, then we may be subject to liabilities and our operating results may be harmed.

We have experienced significant growth in the number of users and data that our platform supports. It is critical that we maintain sufficient excess service capacity to ensure that our platform is accessible and functioning with an acceptable latency, that we meet the needs of existing and new customers and users, that we meet the needs required to support customer and user expansion, and that we meet our own internal needs. To do this, we must manage our services infrastructure to support software updates and the evolution of our platform features and capabilities. The provision and implementation of any new service infrastructure requires significant cost expenditures and management. If we do not accurately predict or manage our service infrastructure requirements, if our existing providers are unable to keep up with our needs for capacity or if they are unwilling or unable to allocate sufficient capacity to us, or if we are unable to contract with additional providers on commercially reasonable terms, our customers may experience service interruptions, delays, or outages that may subject us to financial penalties, cause us to issue credits or other compensation to customers, or result in other liabilities and customer losses. If our services and infrastructure fail platform fails to scale, customers may experience delays as we seek to obtain additional capacity or make architectural changes, which could damage our reputation and our business. We may also be required to move or transfer our and our customers' data. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery and performance of our platform and may harm our operating results.

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Failure to establish and maintain relationships with partners that can provide complementary technology offerings and software integrations could limit our ability to grow our business.

Our growth strategy includes expanding the use of our platform through complementary technology offerings and software integrations, such as third-party application programming interfaces ("APIs"). While we have established relationships with providers of complementary technologies and software integrations, we cannot assure you that we will be successful in maintaining relationships with these providers or establishing relationships with new providers. For example, we currently collaborate with Google and Microsoft; however, we may be unable to maintain these collaborative relationships if those entities develop and introduce, or acquire products that directly or indirectly compete with our platform. Third-party providers of complementary technology offerings and software integrations may take any of the following actions: decline to enter into, or later terminate, relationships or agreements with us; change their features or platforms; restrict our access to their applications and platforms; or alter the terms governing use of and access to their applications and APIs in an adverse manner. These actions could functionally limit or terminate our ability to use these third-party technology offerings and software integrations with our platform, which could negatively impact our offerings and harm our business.

Further, if we fail to integrate our platform with new third-party applications and platforms that our customers use, or to adapt to the data transfer requirements of these third-party applications and platforms, we may not be able to offer the functionality that our customers need, which would negatively impact our offerings products and services and, as a result, could negatively affect our business, operating results, and financial condition. In addition, we may benefit from these partners' brand recognition, reputations, referrals, and customer bases. Any losses or shifts in the referrals from, or the market positions of, these partners could lead to a loss of relationships or customers or require us to find and transition to alternative channels for marketing or enhancing our platform.

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Our platform and internal business operations use third-party software and services that may be difficult to replace or may cause errors or failures that could lead to a loss of customers or harm to our reputation and our operating results.

We license third-party software and depend on services from various third parties to operate our platform. In the future, this software or these services may not be available to us on commercially reasonable terms, or at all. Any loss of the right to use any such software or services could harm our business, and it could result in decreased functionality of our platform until we either develop or acquire equivalent technology. In addition, any errors or defects in or failures of the third-party software or services could result in errors or defects in, or failure of, our platform, which could harm our business and be costly to correct. Such platform errors, defects, or failures could also harm our reputation and result in liability to third parties, including customers. Many of these providers attempt to limit their liability for errors, defects, and failures, which could limit our ability to recover from them and increase our potential liabilities and operating costs.

Further, we use technologies and services from third parties to operate critical internal functions of our business, including cloud infrastructure services, customer relationship management services, business management services, and customer support and consulting staffing services. Our internal operations would be disrupted if any of these third-party software or service offerings were unavailable due to extended outages or interruptions or if they are no longer available on commercially reasonable terms or at all. Additionally, any misuse, misconfiguration, or errors in the operation of these software or service offerings may result in a disruption of our internal business operations and create issues with the accuracy of our critical business information. These disruptions may adversely affect our ability to operate our websites, process and fulfill transactions, respond to customer inquiries, maintain corporate records, ensure the accuracy of business information, and generally maintain cost-efficient operations. In the event of disruption, we may be required to seek replacement technologies or services from other parties, or to develop these components ourselves, either of which could result in increased costs, diversion of management's attention, delays in the release of new product offerings, developments, and reduced efficiencies in the operations of our impacted departments until such time as suitable technology can be identified and integrated. These disruptions, if they occur, could result in customer dissatisfaction, and harm our operating results and financial condition.

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The use of artificial intelligence in our products and services could adversely affect our business and operating results.

Our platform utilizes artificial intelligence ("AI"), including third-party generative AI models. The use of AI within our platform inherently carries a broad range of risks typical to emerging technologies, and requires an investment of resources in the development and integration of the technology. These investments may be costly and could impact our operating results as we continue to incorporate AI into our products and services.

In addition, the integration of third-party AI models with our products and services relies on certain safeguards implemented by the third-party developers of the underlying AI models, including those related to the accuracy, bias, and other variables of the data, and these safeguards may be insufficient. Developing, testing and deploying such AI models may also increase the costs associated with our products and services due to the nature of the pricing arrangements with the AI model providers, costs which we may not be able to pass through to our customers and which could adversely impact our business. Further, the probabilistic nature of AI technologies can result in unwanted or offensive outputs and may cause our products and services not to operate as expected. While we endeavor to provide AI tools in our platform in a manner that ensures security and fairness, we may need to disable user access to such AI tools in certain circumstances if we detect or suspect unwanted or offensive outputs, and although our terms of service permit these mitigation efforts, they may not be timely or adequate.

The AI tools in our platform could also generate content that infringes upon or misappropriates third-party intellectual property rights. This risk is intensified by the current trend of entities seeking patents and other intellectual property protections in AI to gain a competitive edge. While we have made efforts to mitigate risk under our terms of service, our deployment of AI tools may still expose us to increased litigation risk associated with intellectual property infringement claims.

Additionally, potential government regulation related to AI may also increase the risks and costs in this area. For example, the EU recently approved the Artificial Intelligence Act, which requires that users of AI technology must be made aware that they are interacting with AI or that they are facing an AI generated output, among other regulatory obligations. Continued legal and regulatory updates related to AI may occur quickly and could restrict our ability to utilize AI in our products and services, require significant cost and resources to support compliance, and harm our operating results.

Our use of open source software could negatively affect our ability to offer and sell our products and subject us to possible litigation.

We use open source software in our platform and expect to continue to use open source software in the future. There are uncertainties regarding the proper interpretation of and compliance with open source licenses, and there is a risk that open source licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to use such open source software and to provide or distribute our platform.

Additionally, we may face claims from third parties alleging infringement of certain intellectual property rights resulting from our use of open source software or seeking to enforce the terms of an open source license, including by demanding public release of the open source software, derivative works, or our proprietary source code. These claims could result in litigation and could require us to make our software source code freely available, devote additional research and development resources to change make changes to our platform, or incur additional costs and expenses. Any of the foregoing outcomes would adversely affect our business, reputation, financial condition, and operating results.

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In addition, if the license terms change for the open source software we utilize, then we may be forced to re-engineer our platform or incur additional costs to comply with the changed license terms or to replace the affected open source software. Further, use of certain open source software can lead to greater risks than use of third-party commercial software because open source licensors generally do not provide updates, warranties, or assurances of performance or title, or controls on the origin of the software. title. Certain versions and libraries of open source software allow for any individuals to make contributions and updates, and this may introduce or amplify certain security vulnerabilities depending on how, and with which systems, the software is implemented. Although we have established policies to regulate the use and incorporation of open source software into our platform, we cannot be certain that we have not incorporated open source software in our platform in a manner that is inconsistent with these policies **Risks Related to our Business, Industry, and Product**

The market in which we participate is highly competitive, and if we do not compete effectively, our operating results could be harmed.

The market for collaborative work management software is fragmented, increasingly competitive, and subject to rapidly changing technology and evolving standards. Our competitors range in size from diversified global companies with significant research and development and marketing resources to smaller startups building on new technology platforms whose narrower offerings may allow them to be more efficient in deploying technical, marketing, and financial resources.

Certain of our features compete with current or potential products and services offered by Airtable, Asana, Atlassian, ClickUp, Monday.com, Wrike, and others. We also face competition from point solution software providers who offer industry or use case specific solutions, such as construction management or professional services automation. Additionally, we face competition from Google and Microsoft, who offer a range of productivity solutions including spreadsheets and email that have traditionally been used for work management. While we currently collaborate with Google, Microsoft, and Adobe, they may develop and introduce, or acquire, products that directly or indirectly compete with our platform. For example, Adobe owns Workfront, a company whose product and service offerings compete with ours. As we continue to sell products and services to potential customers with existing internal solutions we must convince their stakeholders that our platform is superior to the solutions that their organization has previously adopted and deployed. With the introduction of new technologies and market entrants, and the growth of existing market participants, we expect competition to continue to intensify in the future.

Many of our current and potential competitors, particularly large software companies, have longer operating histories, greater name recognition, more established customer bases, better developed international sales motions, and significantly greater financial, operating, technical, marketing, and other resources than we do. As a result, our competitors may be able to leverage relationships with distribution partners and customers to gain business in a manner that discourages users from purchasing our platform, including by selling at zero or negative margins, by using product bundling or integrated functionality, or by providing products or services for free. Further, our competitors may respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, or customer requirements. We could lose customers if our competitors consolidate, introduce new collaborative work management products, add new features to their current product offerings, acquire competitive products, reduce prices, form strategic alliances with other companies, or are acquired by third parties with greater resources. If our competitors' products or services are more widely adopted than ours, if they are successful in

bringing their products or services to market sooner than ours, if their pricing is more competitive, or if their products or services are more technologically capable than ours, then our business, operating results, and financial condition may be harmed.

If we do not keep pace with technological changes, our platform may become less competitive and our business may suffer.

Our industry is marked by rapid technological developments and innovations (such as the use of AI) and evolving industry standards. If we are unable to provide enhancements and new features and integrations for our existing platform, develop new products that achieve market acceptance, or innovate quickly enough to keep pace with these rapid technological developments, our business could be harmed.

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In addition, because our platform is designed to operate on a variety of systems, we will need to continuously modify, enhance, and improve our platform to keep pace with changes to Internet-related hardware; mobile operating systems; and other software, communication, browser, and database technologies. We may not be successful in either developing these modifications, enhancements, and improvements, or in bringing them to market quickly or cost-effectively in response to market demands. Furthermore, uncertainties about the timing and nature of new or modified network platforms or technologies could increase our research and development expenses. Any failure of our products or services to keep pace with technological changes or operate effectively with future network platforms and technologies, or to do so in a timely and cost-effective manner, could reduce the demand for our platform, result in customer dissatisfaction, reduce our competitive advantage, and harm our business.

Our business depends on a strong brand, and if we are not able to develop, maintain, and enhance our brand, our business and operating results may be harmed.

We believe that developing, maintaining, and enhancing our brand is critical to achieving widespread acceptance of our products and services, attracting new customers, retaining existing customers, persuading existing customers to expand their relationships with us, and hiring and retaining employees. We believe that the importance of our brand will increase as competition in our market further intensifies. Successful promotion of our brand depends on a number of factors, including the effectiveness of our marketing efforts; our ability to provide a high-quality, reliable, and cost-effective products and services; the perceived value of our products and services, including our platform; our ability to provide a quality customer success experience; and our ability to control or influence perception of our brand regardless of customer use cases.

Brand promotion activities require us to make substantial expenditures. We have made, and continue to make, significant investments in the promotion of our brand; however, the success of these investments is uncertain. Our brand promotion may not generate customer awareness or increase revenue, and any revenue increase may not offset the expenses we incur in building and maintaining our brand. If we fail to successfully promote and maintain our brand, or if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, we may fail to realize a sufficient return on our brand-building efforts or fail to achieve the widespread brand awareness that is critical for broad customer adoption of our products and services, which could harm our business and operating results.

Our forecasts of market growth may prove to be inaccurate, and even if the markets in which we compete achieve the forecasted growth, we cannot assure you that our business will grow at similar rates, if at all.

Growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Our forecasts, including the size and expected growth in the total addressable market for collaborative work management platforms, may prove to be inaccurate, or may decline rapidly as a result of unforeseen or unanticipated events and their ongoing effects, sharp increases in inflation and interest rates, or sudden market changes. Even if these addressable markets experience the forecasted growth, we may not grow our business at similar rates, or at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties.

Risks Related to Our Commercial and Financial Operations

It is difficult to predict our future operating results.

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Our ability to accurately forecast our future operating results is limited and subject to a number of uncertainties, including planning for and modeling future growth. We have encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If our the assumptions regarding these risks and uncertainties which that we use to plan our business are incorrect or change due to industry or market developments, or if we do not address these risks successfully, our operating results could differ materially from our expectations and our business could suffer.

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We have a history of cumulative losses and we cannot assure you that we will achieve and sustain profitability in the foreseeable future.

Under the U.S. Generally Accepted Accounting Principles ("GAAP"), we have incurred losses in each period since we incorporated in 2005. We incurred net losses of \$215.6 million \$104.6 million, \$171.1 million \$215.6 million, and \$115.0 million \$171.1 million during the years ended January 31, 2023 January 31, 2024, 2022, 2023, and 2021, 2022,

respectively. As of **January 31, 2023** January 31, 2024, we had an accumulated deficit of **\$758.2 million** \$862.8 million. These losses and accumulated deficit reflect the substantial investments we made to develop our products and services, acquire new customers, and maintain and expand relationships with existing customers. We expect our operating expenses to increase in absolute dollars in the future due to anticipated increases in sales and marketing expenses, research and development expenses, **operations costs**, and general and administrative **costs**, **expenses**, and we **expect our** may continue to incur losses to continue for the foreseeable future, in future periods. Furthermore, to the extent we are successful in increasing and expanding our customer base, we may also incur increased losses due to associated upfront costs, particularly as a result of the nature of subscription revenue, which is generally recognized ratably over the term of the subscription period. You should not consider our recent revenue growth as indicative of our future performance. Our revenue growth could slow or our revenue could decline for a number of reasons, **including: including** slowing demand for our **subscription solutions** or **professional products and services**; reduced conversion from our free trial users or collaborators to paid users; **increased losses**; increasing competition; the impact of macroeconomic conditions, including inflation, **and** rising interest rates, and changes to buying patterns; or our failure to capitalize on growth opportunities. Accordingly, we cannot assure you that we will achieve profitability in the foreseeable future, nor that, if we do become profitable, we will sustain profitability.

If we are unable to attract new customers and maintain and expand sales to existing customers, our growth could be slower than we expect and our business may be harmed.

Our future growth depends, in part, upon increasing our customer base and expanding sales to, and renewing subscriptions with, our existing customers. Our ability to achieve significant growth in revenue in the future will depend **upon** **upon** the effectiveness of our sales and marketing efforts, both domestically and internationally; the effectiveness of our research and development efforts; our ability to predict customer demands; our ability to continue to attract new customers; and our ability to expand our relationship with existing customers by addressing new use cases, increasing the number of users, or selling additional products and services. These endeavors may be particularly challenging where an organization is reluctant to try, or invest further in, a cloud-based collaborative work management platform or where an organization has already invested significantly in an existing third-party solution. Additionally, we continue to monitor how current macroeconomic conditions, including inflation, **adjustment** **adjustments** to interest rates, and general economic and political uncertainty may affect the adoption or expansion of cloud-based solutions and our success in engaging with new customers and expanding relationships with existing customers. If we fail in our marketing or research and development efforts, to predict customer demand, to understand the impact of macroeconomic conditions, or to attract new customers and maintain and expand those and existing customer relationships, then our revenue may grow more slowly than expected, may not grow at all, or may decline, and our business may be harmed.

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Moreover, many of our subscriptions are sold for a one-year term. While most of our subscriptions provide for automatic renewal, our customers have no obligation to renew their subscription after the expiration of the term, and automatic renewal clauses may not be enforceable against certain customers. We cannot assure you that our customers will renew subscriptions with a similar contract period, with the same or greater number of users or premium **solutions**, **capabilities**, or that they will renew at all. Our customers' renewal rates may decline or fluctuate as a result of a number of factors, including their satisfaction with our platform or services, our pricing or pricing structure, the pricing or capabilities of our competitors' products and services, the effects of economic conditions, or reductions in our customers' spending levels. If our customers do not renew their agreements with us, or renew on terms less favorable to us, our revenue may decline.

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Our quarterly operating results may fluctuate significantly and may not fully reflect the underlying performance of our business.

Our quarterly operating results, including the levels of our revenue, **calculated billings**, **ARR**, gross margin, profitability, cash flow, and deferred revenue may vary significantly in the future, and period-to-period comparisons of our operating results may not be meaningful. Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. Our quarterly operating results may fluctuate **as a result of** **due to** a variety of factors, many of which are outside of our control, and, as a result, **they** may not fully reflect the underlying performance of our business. Fluctuations in quarterly operating results may reduce the value of our Class A common stock. Factors that may cause fluctuations in our quarterly results include, but are not limited to:

- our ability to attract new customers and expand existing customers, domestically and internationally;
- interest rate increases, which may negatively impact our customers' income or access to capital;
- the addition or loss of large customers, including through acquisitions or consolidations;
- the mix of customers obtained through self-service on our website and sales-assisted channels;
- customer renewal rates and the extent to which customers purchase services and subscribe for additional users and products;
- the ongoing impact of, including any market volatility and economic disruption caused by, geopolitical instability, or global health concerns;
- customers impacted by macroeconomic downturns and seeking bankruptcy protection or other similar relief;
- the impact of rising inflation rates, particularly in the U.S. where the majority of our customers are located;
- customers' failure to pay amounts due, customers' extending the time to pay amounts due, our inability to collect amounts due, and the cost of enforcing the terms of our contracts, including litigation costs;

- the timing and growth of our business, in particular through hiring new employees and international expansion;
- our ability to hire, train, and maintain our sales force and other employees in customer-facing roles;
- the length and timing of sales cycles, with a significant portion of our larger transactions occurring in the last few days and weeks of each quarter;
- the timing of recognition of revenue;
- the amount and timing of operating expenses;
- the amount and timing of share-based compensation expense;
- changes in our pricing policies or offerings, or those of our competitors;

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- the timing and success of new product and service introductions by us or our competitors, or any other change in the competitive dynamics of our industry, including consolidation or new entrants among competitors, customers, or strategic partners;
- customers delaying purchasing decisions for any reason, including in anticipation of new products or product enhancements capabilities by us or our competitors or otherwise; competitors;
- the timing and effectiveness of new and existing sales and marketing initiatives;

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- the timing of expenses related to the development or acquisition of technologies or businesses, and potential future charges for impairment of goodwill from acquired companies;
- network or service outages, Internet disruptions, actual or perceived security breaches impacting us directly or indirectly via our third-party vendors, and the costs associated with responding to and addressing outages or breaches;
- changes in laws and regulations that affect our business, the costs to maintain or achieve compliance with changes in laws and regulations, and any lawsuits or other proceedings involving us or our competitors;
- changes in foreign currency exchange rates or addition of currencies in which our sales are denominated; and
- general economic, industry, and market conditions.

We derive substantially all of our revenue from a single offering.

Although we offer and continue to develop additional solutions, we currently derive, and expect to continue to derive, substantially all of our revenue from the sale of subscriptions to our cloud-based collaborative work management platform. As a result, the continued growth in market demand for our platform is critical to our continued success. Demand for our platform is affected by a number of factors, including: including continued market acceptance; the timing of development and release of competing products and services; price or product changes by us or by our competitors; technological changes; growth or contraction in the markets we serve; and general economic conditions and trends. In addition, some current and potential customers, particularly large organizations, may develop or acquire their own internal collaborative work management tools or continue to rely on traditional tools that would reduce or eliminate the demand for our platform. If demand for our platform declines for any of these or other reasons, our business could be adversely affected.

Because we recognize revenue from subscriptions and support services over the term of the relevant service period, downturns or upturns in new sales or renewals may not be immediately reflected in our operating results and may be difficult to discern.

We recognize subscription revenue from customers ratably over the terms of their subscription agreements, which are typically one year. As a result, most of the subscription revenue we report in each quarter is derived from the recognition of deferred revenue relating to subscriptions entered into during previous quarters. A decline in new or renewed subscriptions in any single quarter will likely only have a minor effect on our revenue for that quarter, but such a decline will reduce our revenue in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our platform, and potential changes in our pricing policies or customer retention rates may not be fully reflected in our operating results until future periods. We may be unable to adjust our cost structure to reflect the changes in revenue. Our subscription model also makes it difficult for us to rapidly increase our revenue through additional sales in any period as because subscription revenue from new customers is recognized over the applicable subscription term.

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We may need additional capital, and we cannot be certain that additional financing will be available on favorable terms, or at all.

We have funded our operations since inception primarily through equity financings, including registered offerings, subscription and services fees from our customers, and proceeds from option exercises and the sale of our capital stock pursuant to our 2018 Employee Stock Purchase Plan. Even if Although we currently generate sufficient cash to fund our ongoing operations, we may be unable to maintain generation this in future periods. In the future, we may also require additional capital to respond to business opportunities, challenges, acquisitions, declines in subscriptions for our platform, or unforeseen circumstances. A deterioration of current conditions Deteriorations in worldwide credit markets, increases in inflation, and fluctuations in interest rates, and instability in the global banking sector could limit our ability to obtain external financing to fund our operations and capital expenditures. We may not be able to timely secure debt or equity financing on favorable terms, or at all. Any debt financing agreement could involve include restrictive covenants relating to that limit our capital raising activities and or other financial and operational operation matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. Additionally, Furthermore, we may not be able to generate sufficient cash to service any debt financing, which may force us to sell assets or reduce or delay capital expenditures or sell assets or operations expenditures. If we raise additional funds through further issuances of equity, convertible debt securities, or other securities convertible into equity, then our existing shareholders could suffer significant dilution in their percentage ownership of our company, and any new equity securities we issue could have rights, preferences, and privileges senior to those of holders of our Class A common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, necessary, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited.

We may face exposure to foreign currency exchange rate fluctuations.

We have historically transacted in U.S. dollars transact with the majority of our customers and vendors in U.S. dollars, but we have also transacted transact in certain foreign currencies and may transact in more additional foreign currencies in the future. Accordingly, changes in the value of foreign currencies relative to the U.S. dollar can affect our revenue and operating results due to transactional and translational re-measurement that is reflected in our earnings. Foreign currency exchange rate fluctuations may be materially impacted by macroeconomic conditions, including increases in inflation, fluctuations in interest rates, instability in the global banking sector, and any global events, wars, or conflicts, including the current Russia/Ukraine conflict. regional conflicts.

As a result of foreign currency exchange rate fluctuations, it could be more difficult to detect underlying trends in our business and operating results. In addition, to the extent that fluctuations in currency exchange rates cause our operating results to differ from our expectations or the expectations of our investors, the trading price of our Class A common stock could decrease. Our foreign currency exchange policy approves the use of certain hedging instruments, including spot transactions, forward contracts, swap contracts, and purchased options with maturity of up to eighteen months. The use, if any, of approved hedging instruments may not offset any (or more than a portion) of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges. them effectively.

Our sales are generally more heavily weighted toward the end of each fiscal quarter and towards the end of our fiscal year, which could have an impact on the timing of our billings, revenue, collections, and the reporting of these metrics for any given quarter, and for subsequent quarters. quarters, or for a subsequent fiscal year.

Our sales cycles are generally more heavily weighted toward the end of each fiscal quarter, with a high volume of sales in the last few weeks and days of the quarter, and our sales are more weighted in the latter half of our fiscal year. Sales can otherwise be dependent on customer purchasing patterns and the timing of particularly large transactions. Any of the foregoing may have an impact on the timing of revenue recognition, calculated billings, and cash collections; may cause significant fluctuations in our operating results and cash flows; may make it challenging for an investor to predict our performance on a quarterly or annual basis; and may prevent us from achieving our quarterly or annual forecasts.

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Compression of sales activity to the end of the quarter and fiscal year also greatly increases the likelihood that sales cycles will extend beyond the quarter or fiscal year in which they are forecasted to close for some sizable transactions, which may harm forecasting accuracy and adversely impact new customer acquisition metrics for the quarter or fiscal year in which they are forecasted to close. Further, the concentration of business and contract negotiations in the last few weeks and days of the quarter and towards the end of our fiscal year may require us to expend more in the form of compensation for allocate additional sales operations, legal, and finance employees and resources.

Risks Related to Our General Operations

We have recently experienced rapid growth and expect our growth to continue. If we fail to manage our growth effectively, we may be unable to execute our business plan, maintain high levels of service and operational controls, or adequately address competitive challenges.

We have recently experienced a period of rapid growth in our personnel headcount and operations and expect to continue to invest in our growth in the future. During the period from January 31, 2019 to January 31, 2023 January 31, 2024 we grew from 1,101 employees to 3,191 3,330 employees. In addition, we have engaged temporary workers and contractors in various jurisdictions throughout the world to supplement our employee base. This growth has made our operations more complex and has placed, and future growth will place, a significant strain on our management, and on our administrative, operational, and financial infrastructure. Our success will depend, in part, on our ability to effectively manage this growth and complexity.

We anticipate that we will continue to expand our operations and personnel headcount in the near term. To manage the expected growth of our operations and personnel, we will need to continue to improve our operational, financial, and management controls, processes, and documentation, and our reporting systems and procedures. Failure to effectively manage growth or complexity could result in difficulties growing and maintaining our customer base; cost increases; inefficient and ineffective responses to customer needs; delays in developing and deploying new features, integrations, or services; violations of law; breaches of contract; or other operational difficulties. Any of these difficulties could harm our business and operating results.

As a substantial portion of our sales efforts are targeted at enterprise and government customers, our sales cycles may become more complex, we may encounter implementation and configuration challenges, and we may have to delay revenue recognition for more complicated transactions, all of which could harm our business and operating results.

Our ability to increase revenue and achieve and maintain profitability largely depends on widespread acceptance of our platform by large enterprises, government agencies, and other organizations. Sales efforts targeted at enterprise and government customers require acceptance by and support of the customers' knowledge workers and senior management and involve greater costs; longer sales cycles, including complex customer procurement and budgeting considerations; greater competition; increased operational burden; potential reseller or other third-party involvement; and less predictability. In the large enterprise and government agency markets, the customer's decision to use our platform products and services can sometimes be an organization-wide decision, in which case, we will likely be required to provide greater levels of customer education, training, and support to familiarize potential customers with the use and benefits of our platform and services.

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In addition, larger enterprises, and government agencies customers in regulated industries such as financial services, health care, and education, may demand more features, configuration options, and integration services. They may also expect operational changes to satisfy Customers in these industries have increasingly prioritized the security of their digital assets and information when making decisions regarding purchasing Internet-based products and services, often process large quantities of sensitive information or personal data, and routinely have complex supplier requirements. As a result, these customers often seek platforms that offer enhanced or specialized security measures and data back-up procedures. Attracting and retaining customers in these industries may require enhancements to or additional engineering of such factors, our platform to meet these sales opportunities requirements, may require us to devote greater sales support, research and development, engineering, customer support, professional services resources, and other internal resources and processes to these customers, resulting such efforts may result in increased costs, lengthened sales cycles, and a disproportionate diversion of sales and professional services resources to a smaller number of customers. This resource allocation and commitment to any changes to our platform could be costly and time consuming and could divert the attention of our management and key personnel from other business operations; investments and efforts in furtherance of changes to our platform may not take place in a timely manner, or at all. Moreover, some of these larger transactions may require us to delay revenue recognition until the technical or implementation requirements have been met. Any of the foregoing effects could harm our business and operating results.

Our growth depends on the expansion and effectiveness of our sales force, domestically and internationally.

To increase our revenue and achieve profitability, we must increase the effectiveness and efficiency of our global sales force. We intend to further increase our number of sales personnel in the future, but we may not be successful in doing so and any increase may occur at a slower pace than intended.

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We believe that there is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve revenue growth will depend, in large part, on our success in recruiting, training, and retaining sufficient numbers of sales personnel to support our growth. New hires require significant training and may take considerable time before they achieve full productivity, particularly in new sales territories. Our recent and planned future hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business, which may necessitate that we require us to explore new markets to find talent or increase sales targets for existing sales personnel. In addition, as we continue to grow, a large percentage larger number of our sales personnel may be new to our company, our platform, or the collaborative work management industry, which may adversely affect our sales if we cannot train these personnel quickly or effectively. Attrition rates may increase and we may face integration challenges as when we seek to expand our sales force. If we are unable to hire, train, and retain sufficient numbers of effective sales personnel, or the sales personnel are not successful in obtaining new customers or increasing sales to our existing customer base, then our business could be adversely affected.

Our failure to attract, integrate, and retain highly qualified personnel could harm our business.

Our growth strategy depends on our ability to staff our organization with highly skilled personnel. Identifying, recruiting, training, and integrating qualified individuals requires significant time, expense, and attention. In addition to hiring new employees and contractors, we must continue to focus on retaining our best employees. Competition for highly skilled personnel is intense, especially in emerging areas of focus such as AI and machine learning. We compete with many other companies for software developers engineers with high levels of experience in designing, developing, and managing cloud-based software, as well as for skilled product development, marketing, sales, and operations professionals. We may not be successful in attracting and retaining the professionals we need particularly in the greater Seattle area where our headquarters are located. We and we have experienced, and we expect to continue to experience, difficulty in hiring and retaining contractors employees and employees contractors with appropriate qualifications. Our

We have supplemented our employee workforce with contractors, and our engagements with contractors could expose us to claims that we have misclassified the contractors, these workers, which could subject us to liability. In addition, immigration laws and travel bans restrictions may restrict or limit our ability to recruit individuals outside their countries of citizenship. Any changes to immigration or travel policies that restrain the flow of technical and professional talent may inhibit our ability to recruit and retain highly qualified employees.

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Further, many of the companies that we compete with for experienced personnel have greater resources than we do. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees, alone or with our inducement, have breached their legal obligations, resulting in a diversion of our time and resources. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived or actual value of our equity awards declines, it may reduce our ability to recruit and retain highly skilled employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects could be harmed.

If we cannot maintain our corporate culture as we grow and work in a hybrid working environment, we could lose the innovation, teamwork, and passion that we believe contribute to our success, and our business may be harmed.

We believe that a critical component of our success has been our corporate culture. We have invested substantial time and resources in building our team. As we continue to expand globally and continue to operate in a hybrid working environment, we will need to preserve and maintain our corporate culture among a larger number of employees who are dispersed **globally** in various geographic regions, **internationally** both in our offices and remotely. Any failure to preserve our culture could negatively affect our future success, including our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives.

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We may not receive significant revenue from our current development efforts for several years, if at all.

Developing our **platform products and services** is expensive and the investment in **such** technological development often involves a long return on investment cycle. We incurred research and development expenses of **\$215.2 million** **\$234.1 million**, **\$165.4 million** **\$215.2 million**, and **\$118.7 million** **\$165.4 million** during the years ended **January 31, 2023** **January 31, 2024**, **2022**, **2023**, and **2021**, **2022**, respectively. We have made, and expect to continue to make, significant investments in **product** development, infrastructure, security, and related opportunities. Accelerated product introductions and short product life cycles require high levels of expenditures that could adversely affect our operating results if they are not offset by revenue increases. We believe that we must continue to dedicate significant resources to our development efforts to maintain and improve our customer engagement and competitive position. However, we may not receive significant revenue from these investments for several years, if at all.

We may experience difficulties in accurately predicting optimal pricing necessary to attract new customers and retain existing customers.

We have changed, and expect in the future that we will **need** **continue** to change, our published and unpublished pricing and packaging models. We have previously deployed, and may continue to deploy, multiple structures and models of pricing and packaging to serve our wide variety of customers, including trial and free versions of our platform. As the market for our **platform products** and services matures, as competitors introduce new products or platforms that compete with ours, and as we continue to expand into **new** international markets, we may be unable to attract and retain customers at the same price or based on the same pricing and packaging models as we have historically, if at all, and some of our competitors may offer their products at a lower price.

Further, we may have difficulty attracting and retaining customers based on new or existing pricing and packaging models, **(especially especially** in the event that we increase our **prices**, **prices or make changes to the models** that result in higher or more dynamic costs to customers, and any new models may inhibit the **organic growth** that we value from individuals who have traditionally used our products and services as free collaborators. Pricing and packaging decisions, **including a failure to optimally price and package our products and services**, may also **affect the mix negatively impact customer adoption** of adoption among our **subscription plans** **platform** and **reduce capabilities**, **result in difficulties modeling our overall revenue**, **financial results**, and **may harm our operating results**. Moreover, larger enterprises may demand substantial price concessions. As a result, in the future we may be required to reduce our prices, which could harm our operating results.

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The loss of one or more of our key customers, or a failure to renew our subscription agreements with one or more of our key customers, could negatively affect our ability to market our platform.

We rely on our reputation and recommendations from key customers in order to promote and sell subscriptions to our platform. The loss of, or failure to renew by, any of our key customers could have a **significant** **negative** effect on our revenue, reputation, and our ability to obtain new customers. In addition, if our customers are acquired by other companies, it could lead to cancellation of such customers' contracts, thereby reducing the number of our existing and potential customers.

If we fail to offer high-quality customer support, our business and reputation may be harmed.

Our customers rely on our customer support organization to respond to inquiries about, and resolve issues with, their use of our platform. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services. Increased customer demand for these services could increase costs and harm our operating results. Customers who elect not to purchase enhanced support may be unable to sufficiently address their support issues through self-service, and their support requests may not be prioritized once received by us; this may result in a poor customer experience. In addition, our sales process is highly dependent on the ease of use of our platform, our business reputation, and positive recommendations from our existing customers. Any failure to maintain a high-quality customer support organization, or a market perception that we do not maintain high-quality customer support, could harm our reputation, our ability to sell to existing and prospective customers, and our business.

Our long-term growth depends in part on being able to expand internationally on a profitable basis.

Historically, we have generated **the a** majority of our revenue from customers in the **U.S. United States**. We **expect** are expanding internationally and plan to continue **to expand internationally** **expanding our international operations** as part of our growth strategy. There are certain risks inherent in conducting international business, including:

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- fluctuations in foreign currency exchange rates or adding additional currencies in which our sales are denominated;
- new, or changes in existing, regulatory requirements;
- health or similar issues, including epidemics or pandemics;
- tariffs, export and import restrictions, restrictions on foreign investments, sanctions, and other trade barriers or protection measures;
- costs of localizing our platform and services;
- lack of **or delayed** (**or delayed**) acceptance of localized versions of our platform and services;
- difficulties in and costs of staffing, managing, and operating our international operations, including compliance with local labor and employment laws and customs and enforcement of contractual obligations outside the U.S.;
- tax issues, including restrictions on repatriating earnings, and with respect to corporate operating structures and intercompany arrangements;
- weaker intellectual property protection;
- the ongoing uncertainty, difficulty of, and burden and expense involved with, compliance with shifting global privacy, data protection, and cyber and information security laws and regulations, such as the General Data Protection Regulation 2016/679 ("GDPR") and related cross-border data transfer requirements, **the California Consumer Privacy Act (the "CCPA")**, **the California Privacy Rights Act ("CPRA")**, and other **recently enacted and emerging U.S. state privacy laws**;
- economic weakness or currency-related crises;

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- the burden of complying with a wide variety of U.S. and global laws and regulations applicable to foreign operations, including, import and export control laws and regulations, anti-corruption laws, tariffs, trade barriers, economic sanctions and other regulatory, legal, or contractual limitations on our ability to sell products and services in certain foreign markets, and the risks and costs of non-compliance;
- generally longer payment cycles and greater difficulty in collecting accounts receivable;
- our ability to adapt to sales practices and customer requirements in different cultures;
- lack of brand recognition and increased competition;
- the impact of wars and conflicts in **certain** foreign **jurisdictions**, such as the current Russia/Ukraine conflict; **jurisdictions**;
- political instability, uncertainty, or change;
- security risks in the countries where we are doing business; and
- our ability to maintain our relationship with resellers to distribute our products and services internationally.

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Any of these risks could adversely affect our business. For example, compliance with laws and regulations applicable to our international operations increases our cost of doing business in foreign jurisdictions. We may be unable to keep current with government requirements as they change from time to time. Failure to comply with these laws or regulations could have adverse effects on our business. In addition, in many foreign countries it is common for others to engage in business practices that are prohibited by our internal policies and procedures or applicable U.S. laws and regulations. As we grow, we continue to implement compliance procedures designed to prevent violations of these laws and regulations. There can be no assurance that all of our employees, contractors, resellers, and agents will comply with our compliance policies or with applicable laws and regulations. Violations

of laws or compliance policies by our employees, contractors, resellers, or agents could result in delays in revenue recognition; financial reporting misstatements; fines; penalties; breaches of contractual obligations; or the prohibition of the import or export of our products and services, any of which could have a material adverse effect on our business and operating results.

Further, our limited experience in operating our business internationally increases the risk that any potential future expansion efforts that we may undertake will not be successful. We expect that our international activities will continue to grow as we pursue further opportunities in existing and new markets and that our expansion efforts into new markets may accelerate, which will require significant management attention, financial resources, and compound the risks inherent to international expansion. If we invest substantial time and resources to expand our international operations and are unable to do so successfully, or in a timely manner, our business and operating results will suffer.

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Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand.

Our success and ability to compete depend, in part, upon our intellectual property. Failure to protect our intellectual property, including the unauthorized use of our intellectual property or a violation of our intellectual property rights by third parties may damage our brand and our reputation. In addition to certain patents and patent applications, we primarily rely on a combination of copyright, trademark, and trade secret protections, and confidentiality and license agreements with our employees, customers, partners, and others to protect our intellectual property rights. However, the steps we take to protect our intellectual property rights may be inadequate. In addition, the laws of some foreign countries do not protect proprietary rights to the same extent as the laws of the U.S. We make business decisions about when to seek patent protection for a particular technology and when to rely upon trade secret protection, and the approach we select may ultimately prove to be inadequate. Even in cases where we seek patent protection, there is no assurance that patents will be granted or that awarded patents will effectively protect every significant feature of our products and services. We also believe that the protection of our trademark rights is an important factor in product recognition, protecting our brand, and maintaining goodwill. If we do not adequately protect our rights in our trademarks from infringement and unauthorized use, any goodwill that we have developed in those trademarks could be lost or impaired, which could harm our brand and our business.

We may be required to spend significant resources to monitor and protect our intellectual property rights. Litigation to protect and enforce our intellectual property rights could be costly, time-consuming, and distracting to management, and it could result in the impairment or loss of portions of our intellectual property rights. Any efforts to enforce our intellectual property rights may be met with actions attacking the validity and enforceability of our intellectual property such rights. Accordingly, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. Remedies following any infringement or misappropriation, including injunctive relief, may be insufficient to prevent the infringement or misappropriation or otherwise address the damages sustained. Our failure to secure, protect, and enforce our intellectual property rights could significantly damage our brand and our business.

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We may be sued by third parties for alleged infringement of their proprietary rights.

There is considerable patent and other intellectual property development activity in our industry. Our future success depends on our technology, platform, products, and services not infringing upon the intellectual property rights of others. Our competitors, and other entities, including non-practicing entities and individuals, may own or claim to own, intellectual property relating to our industry. Our competitors or other third parties may claim that we are infringing upon or misappropriating their intellectual property rights, and we may be found to be infringing upon these rights. Additionally, we rely on the feedback provided by our customers and users to inform decisions on potential changes to our products and services, and we negotiate agreements with our customers that may include license rights to intellectual property developed while performing professional services. This feedback and these license rights may provide a customer or user a basis for competing against us, demanding royalties for use of intellectual properties, or contesting ownership and seeking to enjoin our use of current or future intellectual property.

Third parties have occasionally alleged that our technology infringes upon their intellectual property rights. In the future others may raise the same or similar claims and may assert claims against us, even if we are unaware of their intellectual property rights. Any of these claims or this and related litigation could cause us to incur significant expenses, and, if successfully asserted against us, could require that we pay substantial damages, settlement fees, or ongoing license or royalty payments; cease offering our platform or services or cease using certain technologies; implement expensive workarounds; or comply with other unfavorable conditions.

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We may also be required to issue customer refunds and be obligated, without contractual limitation of liability provisions to limit our exposure, to indemnify our customers or business partners for intellectual property claims or litigation. Even if we were to prevail in any intellectual property dispute, any litigation regarding our intellectual property could be costly and time consuming and divert the attention of our management and key personnel from our business operations. During any litigation, we may make announcements regarding the results of hearings and motions and other interim developments, which could cause the market price of our Class A common stock to decline if securities analysts and investors view those announcements negatively.

The requirements of being a public company, including maintaining adequate internal control over our financial and management systems, may strain our resources and divert management's attention.

As a public company we incur significant legal, accounting, and other expenses. We are subject to reporting requirements of the Securities Exchange Act of 1934, as amended, ("Exchange Act"), the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act"), the rules subsequently implemented by the U.S. Securities and Exchange Commission ("SEC"), SEC, the rules and regulations of the listing standards of the New York Stock Exchange ("NYSE"), and other applicable securities rules and regulations. Compliance with these rules and regulations strains our financial and management systems, internal controls, and employees.

To comply with the Sarbanes-Oxley Act and to maintain and, if required, improve our disclosure controls, procedures, and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. If we have material weaknesses or deficiencies in our internal control over financial reporting, we may not detect errors on a timely basis and our consolidated financial statements may be materially misstated. Effective internal control is necessary for us to produce reliable financial reports and is important to prevent fraud.

In addition, we are required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. We will continue to incur significant expenses and devote substantial management effort toward ensuring compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. As a result of the complexity involved in complying with the rules and regulations applicable to public companies, our management's attention may be diverted from other business concerns, which could harm our business, operating results, and financial condition. To assist us in complying with these requirements we may need to hire more employees or engage outside consultants, which will increase our operating expenses.

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We intend to evaluate acquisitions or investments in third-party technologies and businesses, but we may not realize the anticipated benefits from, and may have to pay substantial costs related to, any acquisitions, mergers, joint ventures, or investments that we undertake.

As part of our business strategy, we continually evaluate acquisitions of, or investments in, a wide array of potential strategic opportunities, including third-party technologies and businesses. We may be unable to identify suitable transaction candidates in the future or to complete these transactions on a commercially reasonable basis, or at all. The evaluation of potential acquisitions and investments requires diversion of time and resources from normal business operations and may cause us to incur fees from outside advisors. Any transactions that we enter into could be material to our financial condition and operating results. These transactions may not result in the intended benefits to our business, and we may not successfully evaluate or utilize any acquired technology, offerings, or personnel, or accurately forecast the financial effect of a transaction. Although we conduct reasonably extensive due diligence of any transaction target entity, our due diligence may not reveal every concern that may exist with the target entity, the proposed transaction, and any subsequent integration. The process of acquiring a company or integrating an acquired company, business, technology, or the associated personnel into our own company is subject to various risks and challenges, including:

- diverting management time and focus from operating our business to acquisition integration;
- disrupting our respective ongoing business operations;
- customer and industry acceptance of the acquired company's offerings;

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- implementing or remediating the controls, procedures, and policies of the acquired company;
- integrating acquired technologies into our own platform and technologies, including ensuring that we acquire the necessary intellectual property rights required to implement the integration;
- our ability to ensure that we maintain quality, security, and data privacy standards for the acquired technology consistent with our brand;
- retaining and integrating acquired employees;
- failing to maintain important business relationships and contracts;
- failing to realize any anticipated synergies;
- using cash or equity that we may need in the future to operate our business or incurring debt on terms unfavorable to us or that we are unable to pay;
- liability for activities of the acquired company before the acquisition;
- liability arising from contracts entered into by the acquired company before the acquisition, which may include contracts that are in active breach by the company or another party, or contracts which may not align with our acceptable contracting principles or liability limitations;
- litigation or other claims arising in connection with the acquired company;

- impairment charges associated with goodwill and other acquired intangible assets; and
- other unforeseen operating difficulties and expenditures.

Our limited experience acquiring companies may increase these risks. Our inability to address these risks or other problems that we encounter with our acquisitions and investments could result in a failure to realize the anticipated benefits of these acquisitions or investments, unanticipated liabilities, and harm to our business.

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Risks Related to Ownership of Our Common Stock

The market price of our Class A common stock has been, and will likely continue to be, volatile, and you could lose all or part of your investment.

The market price of our Class A common stock has been, and will likely continue to be, volatile. Since our IPO in April 2018, our stock price has ranged from \$18.06 to \$85.65 through March 15, 2023 March 13, 2024. In addition to the factors discussed in this Annual Report on Form 10-K, the trading prices of the securities of technology companies in general have been highly volatile.

The market price of our Class A common stock may continue to fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- price and volume fluctuations in the overall stock market or in the trading volume of our shares or the size of our public float;
- negative publicity related to the real or perceived quality of our platform, as well as the failure to timely launch new features, integrations, or services that gain market acceptance;
- actual or anticipated fluctuations in our revenue or other operating metrics;
- changes in the financial projections we provide to the public or our failure to meet financial projections;
- failure of securities analysts to initiate or maintain coverage of our company, changes in financial estimates by any securities analysts who follow our company, or our failure to meet the estimates or the expectations of investors;

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- recruitment or departure of key personnel;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- global macroeconomic factors and the market conditions in our industry, including inflation and variations in interest rates;
- rumors and market speculation involving our company or other companies in our industry;
- actual or perceived failures or breaches of security or privacy, and the costs associated with responding to and addressing any such actual or perceived failures or breaches;
- announcements by us or our competitors of significant innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- indemnity demands or lawsuits threatened or filed against us;
- other events or factors, including those resulting from wars and conflicts, incidents of terrorism, public health concerns or epidemics, or responses to these events;
- sales of our Class A common stock held by our large institutional shareholders; and
- sales of additional shares of our Class A common stock by us, our directors and executive officers, or our other shareholders.

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In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities. In particular, the stock markets have been volatile in response to **the Russia/Ukraine conflict**, macroeconomic conditions such as inflation, **Instability in the global banking sector**, and adjustments to interest rates, **geopolitical wars and conflicts**, the COVID-19 pandemic, and for companies in the technology industry generally; extreme volatility has also resulted for companies that have been targeted for "short squeeze" opportunities. Stock prices of many companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, shareholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and harm our business.

Sales of a substantial amount of our Class A common stock in the public markets, particularly sales by our directors, executive officers, and significant shareholders, or the perception that these sales may occur, may cause the market price of our Class A common stock to decline.

Shares held by our employees, executive officers, directors, and the majority of our security holders are currently tradeable in the public market, subject in certain cases to volume limitations under Rule 144 of the Securities Act of 1933, as amended (the "Securities Act"), various vesting agreements, as well as our insider trading policy. Sales of a substantial number of shares, or the perception that sales may occur, could cause our market price to fall or make it more difficult for you to sell your Class A common stock at a time and price that you deem appropriate.

In addition, we have filed a registration statement to register shares reserved for future issuance under our equity compensation plans. Subject to the satisfaction of vesting conditions, the shares issued upon exercise of outstanding stock options or settlement of outstanding restricted stock units ("RSUs") or performance stock units ("PSUs") will be available for immediate resale in the U.S. in the open market.

Further, certain holders of our Class A common stock are, subject to certain conditions, entitled under contracts providing for registration rights, to require us to register shares owned by them for public sale in the U.S.

We may also issue our shares of common stock or securities convertible into shares of our common stock in connection with a financing, acquisition, investment, or otherwise. Any further issuance could result in substantial dilution to our existing shareholders and cause the market price of our Class A common stock to decline.

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

The trading market for our Class A common stock will depend, in part, on the research and reports that securities or industry analysts publish about our company, our market, and our competitors. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our Class A common stock or publish inaccurate or unfavorable research about our business, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on our company on a regular basis, demand for our Class A common stock could decrease, which might cause our market price or trading volume to decline.

Provisions in our corporate charter documents and under Washington law could make an acquisition of our company, which may be beneficial to our shareholders, more difficult and may prevent attempts by our shareholders to replace or remove our current management.

Provisions in our amended and restated articles of incorporation and bylaws may discourage, delay, or prevent a merger, acquisition, or other change in control of our company that shareholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our Class A common stock, thereby depressing the market price. In addition, because our **board of directors** Board is responsible for appointing the members of our senior management team, these provisions may frustrate or prevent any attempts by our shareholders to replace or remove our current management by making it more difficult for shareholders to replace members of our **board of directors** Board. Among other things, these provisions:

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- established a classified board of directors so that not all members of our board are elected at one time;
- permit only the board of directors to establish the number of directors and fill vacancies on the board;
- eliminated the ability of our shareholders to call special meetings of shareholders;
- prohibit shareholder action by written consent unless the consent is unanimous, which requires all shareholder actions to be taken at a meeting of our shareholders;
- established advance notice **requirements and informational and procedural** requirements for nominations for election to our board or for proposing matters that can be acted upon by shareholders at annual shareholder meetings;
- prohibit cumulative voting;
- provide that directors may only be removed "for cause" and only with the approval of two-thirds of the voting power of our outstanding shares;
- require supermajority voting to amend some provisions in our amended and restated articles of incorporation and amended and restated bylaws; and
- authorized the issuance of "blank check" preferred stock that our board could use to implement a shareholder rights plan, also known as a "poison pill."

In addition, under Washington law, shareholders of public companies can act by written consent only by obtaining unanimous written consent. This limit on the ability of our shareholders to act by less than unanimous consent may lengthen the amount of time required to take shareholder action.

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Moreover, because we are incorporated in the State of Washington, we are governed by the provisions of the Revised Code of Washington Chapter 23B.19, the Washington Business Corporation Act ("WBCA"), which prohibits a "target corporation" from engaging in any of a broad range of business combinations with any "acquiring person," which is defined as a person or group of persons who beneficially owns 10% or more of the voting securities of the "target corporation," for a period of five years following the date on which the shareholder became an "acquiring person."

Any of these provisions of our charter documents or Washington law could, under certain circumstances, depress the market price of our Class A common stock. See Exhibit 4.3 to this Annual Report on Form 10-K for the fiscal year ended ~~January 31, 2023~~ January 31, 2024, titled "Description of Securities Under Section 12 of the Securities Exchange Act of 1934, as amended."

Our amended and restated articles of incorporation designate the federal and state courts located within the State of Washington as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees, or agents.

Our amended and restated articles of incorporation provide that, unless we consent in writing to an alternative forum: the federal courts located in the State of Washington are the sole and exclusive forum for claims under the Securities Act; and the federal and state courts located within the State of Washington ("Washington Courts") are the sole and exclusive forum for any internal corporate proceedings (as defined in the WBCA), subject to the Washington Courts having personal jurisdiction over the indispensable parties named as defendants and the claim not being one that is vested in the exclusive jurisdiction of a court or forum other than the Washington Courts, or for which the Washington Courts do not have subject matter jurisdiction. Any person purchasing or otherwise acquiring any interest in any shares of our capital stock shall be deemed to have notice of and to have consented to this provision of our amended and restated articles of incorporation.

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This choice of forum provision may limit our shareholders' ability to bring a claim in a judicial forum that it finds favorable for internal corporate proceedings, which may discourage lawsuits even though an action, if successful, might benefit our shareholders. Shareholders who do bring a claim in Washington Courts could face additional litigation costs in pursuing the claim, particularly if they do not reside in or near the State of Washington. Washington Courts may also reach different judgments or results than would other courts, including courts where a shareholder considering an action may be located or would otherwise choose to bring the action, and any judgments or results may be more favorable to us than to our shareholders. Alternatively, if a court were to find this provision of our amended and restated articles of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving these matters in other jurisdictions, which could have an adverse effect on our business, financial condition or operating results.

Risks Related to Governmental Regulation

We are subject to actual or perceived failure to comply with laws, regulations, and regulations commitments affecting our business, including those related to marketing, advertising, privacy, data protection, marketing, advertising, and information security. Our actual or perceived failure to comply with laws or regulations could harm our business. Complying with these laws and regulations could also result in additional costs and liabilities to us or inhibit sales of our platform and services.

We receive, store, and process personal information and other data from and about customers, potential customers, our employees, partners, and service providers. In addition, customers use our products and solutions to obtain and store personal information, health information (including protected health information), and personal financial information. Our handling of data is thus subject to a variety of laws and regulations including regulation by various government agencies, such as in the U.S. Federal Trade Commission (the "FTC"), and internationally, including those applicable to the collection, processing, disclosure, transfer, and security of certain types of data.

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These laws impose stringent data privacy, data protection, and cybersecurity requirements, and could increase our risk of non-compliance and increase the costs of providing our services in a compliant manner. Further, developments related to new and revised laws can occur very quickly, and we expect that new laws, regulations, and industry standards will continue to be proposed and enacted relating to privacy, data protection, marketing, advertising, consumer communications, and information security in the U.S. Department and internationally. We cannot currently determine the impact these existing and future laws, regulations, and standards may have on our business. Though we endeavor to maintain comprehensive compliance processes and procedures, we cannot guarantee that we will be able to fully comply with these continuously evolving, and potentially conflicting, laws in the jurisdictions in which we operate. The dynamic landscape of, Health and Human Services Office for Civil Rights ("OCR") uncertainty related to, these laws, regulations, and standards may lead to additional costs and increase our overall risk exposure. Any failure or perceived failure by us to comply with such laws, regulations, policies, legal or

contractual obligations, industry standards, or regulatory guidance may result in governmental investigations and enforcement actions or notices, litigation, significant fines and penalties, sanctions, orders to cease or change our processing of data, assessment notices (for a compulsory audit), adverse publicity, loss of trust with our customers and various state, local, partners, civil litigation claims by customers and foreign agencies data subjects, and other authorities. Our could jeopardize our ability to sell products and services to customers in certain jurisdictions, and loss of trust with our customers and partners. Any of the foregoing results could have an adverse effect on our reputation and business results.

In addition, our data handling also is subject to contractual obligations and industry standards.

In addition, standards, and we have internal policies and publicly posted public documentation regarding our collection, processing, use, disclosure, deletion, and security of information. Although we endeavor to comply with our these contracts, standards, policies, and documentation, we may at times fail to do so or face allegations of failure to do so. The publication of our privacy practices and other documentation that include commitments about data privacy and security may also subject us to potential actions if they are found to be deceptive, unfair, or otherwise misrepresent our actual practices, which could materially and adversely affect our business, financial condition, and operating results.

In the U.S., we are subject to various laws, regulations, and agency rules and opinions that apply to the collection, processing, disclosure, and security of certain types of data, including: the Electronic Communications Privacy Act; the Computer Fraud and Abuse Act; the Gramm Leach Bliley Act ("GLBA"); the Health Insurance Portability and Accountability Act ("HIPAA"); and various state laws relating to privacy and data security, including the CCPA and the CPRA.

Internationally, many countries have established data privacy and security legal frameworks with which we, our customers, and our partners may need to comply. For example, we are subject to the GDPR, U.K. General Data Protection Regulation ("U.K. GDPR"), and U.K. Data Protection Act 2018, all of which impose stringent data protection and cybersecurity requirements and could increase the risk of non-compliance and the costs of providing our services in a compliant manner. A breach of these statutes could result in regulatory investigations, reputational damage, fines and sanctions, orders to cease or change our processing of our data, enforcement notices, or assessment notices (for a compulsory audit), and civil litigation claims by customers and data subjects. We may also face civil claims including representative actions and other class action-type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, as well as associated costs, diversion of internal resources, and reputational harm.

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The GDPR and U.K. GDPR also impose strict rules on the transfer of personal data out of the EU or U.K. (as applicable) to a "third country," including the U.S. Recent legal developments in Europe have created complexity and uncertainty regarding transfers of personal data from the EU and the U.K. to the U.S. While we endeavor to appropriately safeguard these data transfers, we may not be able to do so in compliance with the evolving framework of data privacy laws and data transfer requirements, and any failure to do so would jeopardize our ability to sell products and services to customers in certain jurisdictions, could lead to significant penalties or liabilities, and could have an adverse effect on our business, financial condition or operating results. Additionally, the relationship between the U.K. and the EU in relation to certain aspects of data protection law remains unclear, and it is unclear how U.K. data protection laws and regulations, including those regarding data transfers to and from the U.K., will develop in the medium to longer term. This uncertainty may lead to additional costs and increase our overall risk exposure.

We expect that new laws, regulations, and industry standards will continue to be proposed and enacted relating to privacy, data protection, marketing, advertising, consumer communications, and information security in the U.S., the EU, and other jurisdictions, and we cannot currently determine the impact these future laws, regulations, and standards may have on our business. Any failure or perceived failure by us to comply with laws, regulations, policies, legal or contractual obligations, industry standards, or regulatory guidance relating to privacy or data security may result in: governmental investigations and enforcement actions (including, for example, a ban by EU data protection authorities on the processing of EU personal data under the GDPR); litigation; fines and penalties; adverse publicity; and loss of trust with our customers and partners. Any of the foregoing results could have an adverse effect on our reputation and business.

Changes in laws and regulations related to the Internet or changes in the Internet infrastructure itself may diminish the demand for our platform and services and could harm our business.

U.S. federal, state, and foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations relating to Internet usage. The adoption of any laws or regulations that could reduce the growth, popularity, or use of the Internet, including laws or practices regarding Internet neutrality, could decrease the demand for, or the usage of, our platform and services, increase our cost of doing business, and harm our operating results. Changes in these laws or regulations, or changes in the application of existing laws and regulations to the Internet and services provided via the Internet, could also require us to modify, in some instances substantially, our platform to maintain compliance. In addition, government agencies or private organizations may begin to impose taxes, fees, or other charges for accessing the Internet or for commerce conducted via the Internet. These laws or charges could limit the growth of Internet-related commerce or communications or reduce demand for Internet-based services and platforms such as ours.

Further, we use email as part of our platform for communication and workflow management. Internet service providers continually develop new technologies to filter messages deemed to be unwanted before they reach users' inboxes, which may interfere with the deliverability of email messages from our platform. Government regulations and laws regarding electronic communications, evolving practices regarding the use of email, or misuse of our email features by customers, could restrict our use of email. Any deliverability issues or restrictions on our use of email would reduce functionality of our platform, impact user adoption, and harm our business.

In addition, the use of the Internet and, in particular, cloud-based solutions, could be adversely affected by 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 has been adversely affected by "viruses," "worms," and similar malicious programs; businesses have experienced a variety of outages and other delays as a result of damage to Internet infrastructure. These issues could diminish the overall attractiveness of, and demand for, our platform.

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We could be subject to additional sales tax or other tax liabilities.

State, local, and foreign taxing jurisdictions have differing rules and regulations governing sales, use, value added, and other taxes, and these rules and regulations are subject to varying interpretations that may change over time. In particular, the applicability of sales taxes to our platform in various jurisdictions is unclear. It is possible that we could face tax audits and that our liability for these taxes could exceed our estimates as taxing authorities could still assert that we are obligated to collect additional amounts as taxes from our customers and remit those taxes to those authorities. Additionally, we do not collect transaction taxes in all jurisdictions in which we have sales based on our understanding that these taxes are not applicable or that an exemption applies. If we become subject to tax audits in these jurisdictions and a successful assertion is made that we should be collecting sales, use, value added, or other taxes where we have not historically done so, it could result in substantial tax liabilities for past sales; customers deciding not to purchase our products; or harm to our business, operating results, and financial condition.

Further, an increasing number of states and foreign jurisdictions have considered or adopted laws or administrative practices, with or without notice, that impose new taxes on all or a portion of gross revenue or other similar amounts or impose additional obligations on remote sellers to collect transaction taxes such as sales, consumption, value added, or similar taxes. If new laws are adopted in a jurisdiction where we do not collect these taxes, we may not have sufficient lead time to implement systems and processes to collect these taxes. Failure to comply with these laws or administrative practices, or a successful assertion by jurisdictions requiring us to collect taxes where we do not, could result in substantial tax liabilities, including for past sales, as well as penalties and interest. In addition, if the tax authorities in jurisdictions where we are already subject to sales tax or other indirect tax obligations were to successfully challenge our positions, our tax liability could increase substantially.

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

As of **January 31, 2023** **January 31, 2024**, we had U.S. federal net operating loss carryforwards ("NOLs"), of approximately **\$473.8 million**, **\$388.6 million**. In general, under Section 382 of the Internal Revenue Code of 1986, as amended ("Code"), a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its NOLs to offset future taxable income. As a result, our existing NOLs **are**, and may **continue to be**, subject to limitations arising from previous ownership changes.

Future changes in our stock ownership, the causes of which may be outside of our control, could result in an ownership change under Section 382 of the Code. Our NOLs may also be impaired under state laws. Furthermore, our ability to utilize NOLs of companies that we may acquire in the future may be subject to limitations. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. For these reasons, we may not be able to realize any tax benefit from the use of our NOLs.

Changes in tax laws or regulations could be enacted or existing tax laws or regulations could be applied to us or our customers in a manner that could increase the costs of our platform and services and harm our business.

Income, sales, use, value added, or other tax laws, statutes, rules, regulations, or ordinances could be enacted or amended at any time, possibly with retroactive effect, and could be applied solely or disproportionately to products and services provided over the Internet. These enactments or amendments could reduce our sales activity by increasing gross sales prices, inclusive of tax, and ultimately harm our operating results and cash flows.

Global In addition, global tax developments applicable to multinational businesses could have an adverse impact on our financial condition, results of operations, and cash flows. Such developments, for example, include without limitation certain Organization for Economic Cooperation and Development proposals regarding the implementation of the global minimum tax under the Pillar Two model rules. We are continuing to evaluate the impact of these tax developments as new guidance and regulations are published. Given these developments, we believe that tax authorities in the U.S. and other jurisdictions are likely to increase audit efforts, which could increase the amount of taxes we incur in those jurisdictions, and in turn, increase our global effective tax rate.

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The application of U.S. federal, state, local, and international tax laws to services provided electronically is unclear and continuously evolving. Existing tax laws, statutes, rules, regulations, or ordinances could be interpreted or applied adversely to us, possibly with retroactive effect, which could require us or our customers to pay additional tax amounts, as well as require us or our customers to pay fines, penalties, or interest for past amounts. If we are unsuccessful in collecting these taxes due from our customers, we could be held liable for outstanding amounts, which could adversely affect our operating results and harm our business.

Failure to comply with Federal Acquisition Regulation clauses or anti-corruption and anti-money laundering laws, including the FCPA and similar laws associated with our activities outside of the U.S., could subject us to penalties and other adverse consequences.

We are subject to contractual clauses promulgated under the Federal Acquisition Regulations ("FAR"), the Foreign Corrupt Practices Act ("FCPA"), the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the U.K. Bribery Act 2010, and other anti-corruption and anti-money laundering laws in countries in which we conduct activities. We face significant risks if we fail to comply with the FCPA and other anti-corruption and anti-money laundering laws that prohibit companies and their employees and third-party intermediaries from promising, authorizing, offering, or providing, directly or indirectly, improper payments or anything of value to foreign government officials, political parties, and private-sector recipients for the purpose of obtaining or retaining business, directing business to any person, or securing any advantage. In many foreign countries, particularly in countries with developing economies, it may be a local custom that businesses engage in practices that are prohibited by the FCPA or other

applicable anti-corruption and anti-money laundering laws and regulations. As we seek to expand our international business activities, our potential liabilities under these laws and regulations will could increase.

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In addition, we use various third parties to sell our products and services and conduct our business abroad internationally and with the U.S. federal government. We or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners, and agents, even though these activities would violate our internal policies and even if we do not explicitly authorize these activities. We have implemented an anti-corruption compliance program and adopted an anti-corruption policy, but we cannot assure you that all of our employees and agents, as well as those companies to which we outsource certain of our business operations, will comply with our policies and applicable law, and we may be ultimately held responsible for any non-compliance.

Any breach of applicable FAR clauses or violation of the FCPA, the laws underlying the applicable FAR clauses, or other applicable anti-corruption laws or anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, and suspension or debarment from eligibility for U.S. government contracts, any of which could have a materially adverse effect on our reputation, business, operating results, and prospects. In addition, responding to any enforcement action may result in a significant diversion of management's attention and resources and significant defense costs and other professional fees.

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Governmental export or import controls could limit our ability to compete in foreign markets and subject us to liability if we violate them.

Our products and services may be subject to U.S. export controls, including U.S. Export Administration Regulations administered by the Department of Commerce's Bureau of Industry and Security, and we incorporate encryption technology into certain features. U.S. export controls may require submissions classifying our products and annual or semi-annual reports. Governmental regulation of encryption technology and regulation of imports or exports of encryption products, or our failure to obtain required import or export authorization or licenses for our products and services, when applicable, could harm our international sales and adversely affect our revenue. Compliance with applicable regulatory requirements regarding the export of our products and services may create delays in the introduction of our feature releases in international markets, prevent our customers with international operations from using our platform and services, or, in some cases, prevent the use of our products and services in some countries or regions altogether. If we fail to comply with these regulations, then we may be subject to criminal and civil penalties.

Furthermore, economic sanctions prohibit the distribution of certain products and the provisioning of technology and services to countries, governments, and persons identified by government sanction programs, including trade sanctions regulations maintained by the U.S. Department of Treasury's Office of Foreign Assets Control. If we fail to comply with these economic sanctions or fail to maintain controls sufficient to monitor our sanctions compliance on an ongoing basis, we may suffer reputational harm and the government may fine or impose other civil or criminal penalties on us, including a denial of certain export privileges. While our controls and policies are designed to prevent the use of certain products and services in sanctioned countries, or by governments or persons identified by government sanction programs, we may not be able to prevent distribution or use in violation of these sanctions from occurring, and these controls may not be fully effective. Additionally, trade sanctions and similar regulations may experience periods of rapid and complex change, and we may experience difficulties or delays implementing updated compliance protocols.

Moreover, any new export or import restrictions, trade sanctions, new legislation, or shifting approaches in the enforcement or scope of existing regulations could result in decreased use of our products or services by, or in our decreased ability to export or sell our services or access to our platform to, existing or potential customers with international operations. Any decreased use of our products or services, or limitation on our ability to export or sell our services or access to our platform, would likely adversely affect our business.

General Risk Factors

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The loss of one or more of our key personnel could harm our business.

Our success depends largely upon the continued service of our senior management team, which provides leadership and contributions in the areas of product development, operations, security, marketing, sales, customer support, human resources, finance and accounting, legal, and compliance. From time to time, there may be changes in our senior management team resulting from the hiring, promotion, or departure of executives, which could disrupt our business.

We do not have employment agreements with any member of our senior management team, and we do not maintain key person life insurance for any employee. The loss of one or more of our key employees or members of our senior management team, especially our President and Chief Executive Officer, Mark P. Mader, may be disruptive to our business.

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Contractual disputes or commitments, including indemnity obligations, may be costly, time-consuming, may result in contract or relationship terminations, and could harm our reputation.

The sale of our products and services to customers, and our engagements with other vendors and partners, are contract intensive and we are a party to contracts globally. Contract terms with these counterparties are not always standardized and may be subject to differing interpretations, which could result in contractual disputes. Our contracts with customers contain a wide variety of operational commitments, including security, and privacy, obligations and regulatory compliance obligations. These commitments are memorialized both in legal agreements and documentation describing the features and functionality of our platform. If we fail to meet our commitments, then our counterparties could notify us of an alleged contract breach; make claims or demands for damages arising from their use of our platform; or otherwise dispute any contractual provision or the accuracy of our documentation; and the resolution of these failures, disputes, claims, or demands in a manner adverse to us could negatively affect our operating results. Even the existence of these issues, or resolution in a manner favorable to us could negatively affect our operating results due to the loss of customer goodwill, termination of revenue-generating contracts, or the costs associated with defending or enforcing our contractual rights.

Further, certain of our customer agreements contain service level commitments. If we are unable to meet the stated service level commitments, including uptime requirements, we may be contractually obligated to provide these affected customers with service credits or refunds which could significantly affect our revenue in the period in which the uptime failure occurs or the period in which the credits are due. We could also face subscription terminations, which may significantly affect both our current and future revenue. We have issued credits and other recompense to customers in the past based on outages experienced by our platform. Additional service level failures could damage our reputation, which would also affect our future revenue and operating results.

Our agreements with customers, vendors, and partners may also include provisions under which we agree to provide certain defense and indemnity obligations for losses suffered or incurred as a result of third-party claims of intellectual property infringement or other commitments or liabilities relating to or arising from our contractual obligations. Indemnity payments and defense costs may be substantial and could harm our business, operating results, and financial condition. Any dispute involving a customer and relating to our indemnity obligations could have adverse effects on our relationship with that customer and other existing or potential customers and may harm our business and operating results. There can be no assurance that contractual provisions will protect us from liability for damages in the event we are sued by parties with which we contract, or if we are called upon to fulfill indemnification obligations.

We may be subject to litigation or regulatory proceedings for a variety of claims, which could adversely affect our operating results, harm our reputation, or otherwise negatively impact our business.

We may be involved as a party to, or an indemnitor in, disputes or regulatory inquiries that arise in the ordinary course of business. These may include alleged demands, claims, lawsuits, and arbitration, or regulatory proceedings regarding labor and employment issues, commercial disagreements, securities law violations, merger and acquisition activity, and other matters. For example, we recently settled a lawsuit seeking indemnification from the Company in connection with a lawsuit against a former director and shareholder to which we are not a party. We expect that the number and significance of these potential disputes may increase as our business expands and our company grows larger.

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Although we carry general liability, employment practices, and director and officer liability insurance coverage, our insurance may not cover all potential claims to which we are exposed or may not be adequate to indemnify us for all liability that may be imposed. Any claims made against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time, and result in the diversion of significant operational resources. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, financial condition, operating results, and prospects.

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

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our Class A common stock.

Adverse economic and market conditions and reductions in productivity spending may harm our business.

Our business depends on the overall demand for cloud-based collaborative work management platforms and on the economic health of our current and prospective customers. The U.S. has experienced and may currently be experiencing, cyclical downturns resulting in a significant weakening of the economy, more limited availability of credit, a reduction

in business confidence and activity, increased inflation and interest rates, and other difficulties that may affect one or more of the industries to which we sell products and services.

In addition, events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions or the financial services industry generally, or concerns or rumors about any events of these kind or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank ("SVB") was closed by the California Department of Financial Protection and Innovation. While the Company's deposits with SVB are not a significant percentage of its cash and cash equivalents and short-term investments, the Company will maintain deposits at financial institutions as a part of doing business that could be at risk if another similar event were to occur. Our ongoing cash management strategy is to maintain diversity in our deposit accounts at multiple financial institutions, but there can be no assurance that this strategy will be successful. If any of our or other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, then our ability to access our cash and cash equivalents may be threatened and could have a material adverse effect on our business and financial condition.

Further, our operations expose us to risks associated with public health crises, such as the COVID-19 pandemic, which could harm our business and cause our operating results to suffer. International events such as the Russia/Ukraine conflict have created significant worldwide operational and economic volatility, uncertainty, and disruption, and the extent to which these events will adversely impact our business in the future is highly uncertain, rapidly changing, and cannot be accurately predicted.

Continued uncertainty due to general macroeconomic conditions makes it difficult for us and our customers to accurately forecast and plan future business activities, which could cause customers to delay or reduce their information technology spending. This could result in reductions in sales of our platform and services, longer sales cycles, reductions in subscription duration and value, slower adoption of new technologies, and increased price competition. Any of these events could harm our business and operating results. In addition, there can be no assurance that cloud-based collaborative work management and productivity spending levels will increase following any recovery.

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Political developments, including wars and conflicts, and their associated effects may harm our business.

Political developments, wars and conflicts, other governmental changes, and trade disputes and tariffs may negatively impact markets and cause weaker macroeconomic conditions. These conditions have created and may in the future create economic, operational, and political uncertainty, including volatility in global financial markets and the value of foreign currencies. The current Russia/For example, the ongoing conflicts in the Middle East and Ukraine conflict, have had a negative impact on global economic and market conditions, and any resulting laws, sanctions, or regulations impacts resulting from these conflicts may impact our ability to do business in certain jurisdictions; we continue to monitor the conflict for potential and actual impact to our business. The persistence jurisdictions. Any geopolitical wars or escalation of the Russia/Ukraine conflict conflicts could adversely affect our business in those involved jurisdictions and more broadly in the geographic area surrounding the war or conflict. As we monitor the developments related to and resulting from wars and conflicts, we may be required to adjust our business plans to achieve compliance with applicable law, sanctions, regulations, and, as necessary, to support our customers and employees.

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The impact of wars, conflicts, domestic and international political developments, and governmental changes may not be fully realized for several years or more. Uncertainty about these impacts may cause some of our customers or potential customers to curtail spending and may ultimately result in new regulatory, operational, and cost challenges to our global operations. These adverse conditions could result in reductions in sales of our platform products and services, longer sales cycles, reductions in subscription duration and value, slower adoption of new technologies, and increased price competition. Any of these events would likely have an adverse effect on our business, operating results, and financial position.

Investors' expectations Expectations of our performance relating to environmental, social, and governance factors may impose additional costs and expose us to new risks.

There is an increasing focus from regulatory bodies, investors, customers, employees, and other stakeholders on corporate responsibility, specifically related to environmental, social, and governance ("ESG") factors. In addition, the The SEC has proposed recently adopted additional disclosure requirements regarding ESG factors, including the impact our business has on the environment, making it important for reporting companies to increase transparency regarding ESG data. A number of other recently enacted and emerging U.S. state and international laws are set to require substantive disclosures regarding greenhouse gas emissions and climate related risks and may become applicable to us. Some investors may use these ESG factors to guide their investment strategies and, in some cases, may choose not to invest in us and instead invest in our competitors if they believe our policies and practices relating to corporate responsibility are inadequate. Third-party providers of corporate responsibility ratings and reports on companies have increased to meet growing investor demand for measurement of corporate responsibility performance, and implementation of these tools can be costly both financially and in terms of human capital. The criteria by which companies' corporate responsibility practices are assessed may change, including as a result of the SEC's recent proposals, recently adopted rules, which would may require us to establish additional internal controls, engage additional consultants, and incur additional costs related to evaluating our environmental impact and preparing any newly required disclosures. If we elect not to or are unable to satisfy new criteria, investors may conclude that our corporate responsibility policies are inadequate. We may face reputational damage in the event that our corporate responsibility procedures or standards do not meet the standards set by various constituencies.

Furthermore, if our competitors' corporate responsibility performance is perceived to be greater than ours, potential or current investors may elect to invest with our competitors instead of with us. In addition, in the event that we communicate certain initiatives and goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of these initiatives or goals, or we could be criticized for the scope of the initiatives or goals. If we fail to satisfy the expectations of investors, employees, and other stakeholders, or, if our initiatives are not executed as planned, our reputation and business, operating results, and financial condition could be adversely impacted.

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Catastrophic events may disrupt our business.

Natural disasters or other catastrophic events may cause damage or disruptions to our operations. Our corporate headquarters are located in the greater Seattle area, which is an earthquake-prone region. We also rely on our network and third-party infrastructure and enterprise applications, internal technology systems, and our website for our development, marketing, operational support, and sales activities. In addition, we utilize banking and financial services to manage our business and financial operations. In the event of a major earthquake, hurricane, or catastrophic event such as fire, power loss, telecommunications failure, a failure of banking or other financial institutions, social unrest, cyber-attack, war, or terrorist attack, our disaster recovery and business continuity plans may be inadequate and we may **endure**: **endure** system interruptions; reputational harm; delays in our product development; lengthy interruptions in our platform and services; breaches of data security; loss of critical data; delays in payment processing or the inability to access financial assets; and inability to continue our operations, all of which could harm our operating results. In addition, the long-term effects of climate change on general economic conditions and the technology industry are unclear, and this may heighten or intensify existing risk of natural **disasters**. **disasters** that could negatively impact our business.

Item 1B. Unresolved Staff Comments

None.

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Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

Our business involves the storage, transmission, and processing of a large quantity of customer data, including confidential and sensitive information. Our management team and Board recognize the significance of maintaining the trust of our customers and business partners, including the importance of managing cybersecurity risks as part of our larger risk management strategy. While everyone at our company plays a part in managing these risks, oversight responsibility for cybersecurity is shared by our management team and our Board, including its Audit Committee.

We have adopted a variety of data security controls, and we have a defined protocol for identifying, containing, and remediating cybersecurity incidents. Our cybersecurity program is aligned with our overall enterprise risk management strategy and leverages the National Institute of Standards and Technology security framework to drive strategic direction and maturity improvement. This program is led by our Chief Information Security Officer ("CISO"), who has served in the role since 2020, has over 10 years of experience leading cybersecurity programs at large enterprise organizations, and holds a Ph.D. and master's degree in Information Assurance and Security. We also utilize our Information Security Steering Committee ("ISSC"), a cross-functional group of senior internal stakeholders responsible for identifying and addressing significant security risks that could impact customers, our platform, or our corporate environment. The ISSC makes recommendations to escalate risks to senior leadership and our Board, and also determines, and reviews annually, our security risk tolerance including setting acceptance criteria for security related risks.

We follow a documented risk management procedure that involves creating and monitoring remediation plans with the aim of mitigating our exposure to cybersecurity risks. Our Active Defense and Response Team ("ADRT") is designed to monitor and detect threats to our customers, platform, and our corporate environment, and provides a regular security briefing to the ISSC on relevant threat items. This information is used to escalate items to the appropriate threat level as necessary. ADRT members also regularly test the incident response capability of our information systems, using tests and exercises to determine their effectiveness.

Additionally, we have adopted a Third Party Risk Management Policy ("TPRM Policy") to provide an integrated framework for the review and selection of our prospective or current third-party contractors and providers. The goal of the TPRM Policy is to identify and analyze risks before engaging in or continuing business with such third parties, so that these risks can be mitigated, monitored, and managed on an ongoing basis. In addition, our Supply Chain Review Board, composed of a cross-functional group of internal management team members, uses a risk-based due diligence approach to evaluate third-party providers. We endeavor to only engage third-party providers after completing a review of the risks associated with such engagement and in accordance with the TPRM Policy. We routinely monitor these third-party engagements, including, among other measures, by requesting regular updates to the provider's security documentation and by reviewing the scope of our agreements with the provider.

Further, we have achieved certifications for internationally recognized information security and data privacy standards developed by the International Organization for Standardization ("ISO"), including ISO/IEC 27001:2013; ISO/IEC 27017:2015; ISO/IEC 27018:2019; and ISO/IEC 27701:2019. We also maintain certifications through a variety of other data security standards, including SOC2 and FedRAMP. These certifications demonstrate our commitment to industry-leading security and privacy best practices.

To ensure adherence to our cybersecurity policies and compliance with information security standards, independent third parties audit our practices each year and conduct infrastructure and application security assessments and penetration testing. We also mandate regular cybersecurity training for our employees. Further, our security incident response policies and procedures are documented and provided to all authorized personnel to guide them in detecting, responding to, and recovering from security events and incidents.

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Though we have previously experienced, and may experience in the future, cybersecurity incidents, we do not believe that any of these incidents have materially affected our business operations, financial condition or operating results. In the future, we may experience a material Cybersecurity Threat that could adversely affect our business operations, financial condition or operating results. For more information regarding our cybersecurity risks and the related potential impacts on our business, see the risk factor titled "Our failure to sufficiently secure our products and services may result in unauthorized access to customer data, a negative impact on our customer attraction and retention, and significant liabilities."

Governance

Our Board engages in risk oversight on a broad range of matters related to cybersecurity. They demonstrate independence from management and exercise oversight for the development and performance of our internal information security controls. Our CISO provides quarterly updates to the Audit Committee and meets regularly with our Chief Executive Officer and other senior management members to discuss cybersecurity matters. Our Audit Committee regularly reviews metrics and updates related to Cybersecurity Threat response preparedness, program maturity milestones, risk mitigation status, and the current and emerging threat landscape. Additionally, we consider director and Audit Committee member Alissa Abdullah to be a cybersecurity expert because of her background and experience, with a Ph.D. in information technology management, current service as Mastercard Incorporated's deputy chief security officer, and prior service in high level information and technology management roles.

Item 2. Properties

Our corporate headquarters are located in Bellevue, Washington, where we currently lease approximately 123,000 square feet under lease agreements that expire at various times from 2026 through 2029. We also lease facilities on a long-term basis in Boston, Massachusetts; London, England; and Sydney, Australia; and in several other locations on a short-term basis. We believe that our facilities are suitable to meet our current needs, and that, should it be needed, adequate additional or alternative space will be available to accommodate any expansion of our operations.

Item 3. Legal Proceedings

From time to time in the normal course of business, we may be subject to various legal matters such as threatened or pending claims or proceedings. For further information on our legal proceedings, see Note 14, *Commitments and Contingencies*, in the notes to our consolidated financial statements included in this Annual Report on Form 10-K.

Item 4. Mine Safety Disclosures

Not applicable.

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Part II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Market information

Our Class A common stock is listed on the New York Stock Exchange under the symbol "SMAR." Our Class B common stock is not listed or traded on any stock exchange.

Holders of record

As of **March 15, 2023** **March 13, 2024**, we had **110** **98** holders of record of our Class A common stock. Because many of our shares of Class A common stock are held by brokers and other institutions on behalf of shareholders, we are unable to estimate the total number of beneficial owners of our Class A common stock represented by these holders.

Dividend policy

We currently do not intend to declare or pay any cash dividends in the foreseeable future.

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Stock performance graph

This stock performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of Smartsheet Inc. under the Securities Act or the Exchange Act.

We have presented below the cumulative total return to our shareholders from April 27, 2018 (the date our Class A common stock commenced trading on the New York Stock Exchange) through **January 31, 2023** **January 31, 2024** in comparison to the Standard & Poor's ("S&P") 500 Index and Standard & Poor S&P Information Technology Index. All values assume a \$100 initial investment and data for the Standard & Poor's S&P's 500 Index and Standard & Poor S&P Information Technology Index assume reinvestment of dividends. The comparisons are based on historical data and are not indicative of, nor intended to, forecast the future performance of our Class A common stock.

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Securities authorized for issuance under equity compensation plans

The information required by this item with respect to our equity compensation plans is incorporated by reference to our Proxy Statement for the 2023 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission within 120 days of the fiscal year ended January 31, 2023.

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Recent sales of unregistered securities

None.

Issuer purchases of equity securities

None.

Item 6. [Reserved]

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Item 7. 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 together with our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. In addition to historical financial information, the following discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. These statements are often identified by the use of words including, but not limited to, "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue," and similar expressions or variations. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including but not limited to those discussed in the section titled "Risk Factors" and in other parts of this Annual Report on Form 10-K. Our fiscal year ends January 31. A discussion and analysis of our financial condition, results of operations, and cash flows for the year ended January 31, 2022 compared to the year ended January 31, 2021 is included in Item 7 of Part II, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended January 31, 2022 filed with the SEC on March 25, 2022.

Overview

Smartsheet, is the enterprise work management platform, empowers organizations to innovate and achieve results quickly and securely at scale through effective collaboration and streamlined workflows. By uniting people, content, and work, Smartsheet provides powerful capabilities that revolutionize the way teams operate. Smartsheet makes outcomes reliable, keeps customer data safe, and ensures users are on the same page, making it ideal for modern organizations seeking efficient, impactful collaborative work management. By aligning people and technology, so organizations can move faster and drive innovation, Smartsheet enables its millions of users across teams of all sizes to plan, capture, manage, automate, and report on work at scale, resulting in more efficient processes and better business outcomes. It serves as a single source of truth, integrating with the other tools teams are using, which fosters accountability and engagement, ultimately leading to more efficient decision-making and better business outcomes. We were founded in 2005 with a vision to build a universal application for work management that does not require coding capabilities.

We generate revenue primarily from the sale of subscriptions to our cloud-based platform for work management. For subscriptions, customers select the plan that meets their needs and can begin using Smartsheet within minutes. We offer three paid subscription levels to new customers: Pro, Business, and Enterprise, the pricing for which varies by the features provided. Customers can also purchase capabilities a la carte or in a bundle through our Smartsheet Advance package options with Enterprise subscriptions, which provides components that in combination, enable customers to implement solutions for a specific use case or for large scale projects, initiatives, or processes. These components include Control Center, Dynamic View, Data Shuttle, Connectors, Bridge, and Bridge. Data Table. Customers with additional security and governance needs can purchase Smartsheet Safeguard, which provides capabilities to support oversight, security, and ongoing policy management. Safeguard is available as an add-on to Enterprise plans and as a part of Smartsheet Advance Platinum level. Additional subscriptions that can be integrated with our cloud-based platform include Resource Management, a resource planning solution that helps businesses plan and allocate resources across their programs, track and manage time, and forecast hiring needs; and Brandfolder, a digital asset management platform that enables workers to easily organize, discover, control, distribute, and share digital assets. Professional services are offered to help customers create and administer work management solutions for specific use cases and for training purposes.

Customers can begin using our platform by purchasing a subscription directly from our website, through our sales force, starting a free trial, or working as a collaborator on a project. Smartsheet also offers a free subscription plan for new customers looking to get started with task and project management.

COVID-19

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Macroeconomic Conditions and Other Macroeconomic Conditions Factors

Our results of operations may be significantly influenced by general macroeconomic conditions, including, but not limited to, the impact of the coronavirus ("COVID-19") pandemic, the current Russia/Ukraine conflict, geopolitical conflicts, interest rates, inflation, instability in the global banking sector, and foreign currency exchange rate fluctuations. Inflationary factors, such as increases in our operating expenses, may adversely affect our results of operations, as our customers primarily purchase products and services from us on a subscription basis over a period of time. We monitor the direct and indirect impacts of these circumstances on our business and financial results. The implications of the COVID-19 pandemic and these macroeconomic events on our business, results of operations and overall financial outlook remain uncertain over the long term and may have an adverse impact in future periods. Refer to Part I, Item 1A, "Risk Factors" for further discussion of the potential impact of the COVID-19 pandemic and other these general macroeconomic factors and other risks on our business.

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Key Business Metrics

We review the following key business metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions.

In the fourth quarter of fiscal year ended January 31, 2024, management re-evaluated its key business metrics and as a result annualized contract value ("ACV") will now be referred to as annualized recurring revenue ("ARR"). We believe the change will result in key business metrics that more closely align with our industry peers and with how management views growth in the business and evaluates financial performance. The change from ACV to ARR did not have a material impact to our key business metrics in the current or any prior reporting period. The definition and calculation of the key business metrics discussed below may differ from other similarly titled metrics used by other companies.

The following table summarizes our key business metrics:

	January 31,		
	2023	2022	2021
Average annualized contract value per domain-based customer	\$ 8,377	\$ 6,977	\$ 5,103
Dollar-based net retention rate for all customers (trailing 12 months)	125 %	134 %	123 %
Customers with annualized contract values of \$100 thousand or more	1,484	1,026	588
Customers with annualized contract values of \$50 thousand or more	3,206	2,354	1,515
Customers with annualized contract values of \$5 thousand or more	18,093	15,150	11,874

	January 31,		
	2024	2023	2022
Annualized recurring revenue (in millions)	\$ 1,031	\$ 854	\$ 639
Average ARR per domain-based customer	\$ 9,672	\$ 8,377	\$ 6,977
Dollar-based net retention rate for all customers (trailing 12 months)	116 %	125 %	134 %
Customers with ARR of \$100 thousand or more	1,904	1,484	1,026
Customers with ARR of \$50 thousand or more	3,924	3,206	2,354
Customers with ARR of \$5 thousand or more	19,818	18,093	15,150

Annualized recurring revenue

We define annualized recurring revenue, or ARR, as the annualized recurring value of all active subscription contracts at the end of a reporting period. We exclude the value of non-recurring revenue streams, such as our professional services revenue, that are recognized at a point in time. We use ARR as one of our operating measures to assess the strength of the Company's subscription services. ARR is a performance metric and should be viewed independently of revenue and deferred revenue, and is not intended to be a substitute for, or combined with, any of these items. Both multi-year contracts and contracts with terms less than one year are annualized by dividing the total committed contract value by the number of months in the subscription term and then multiplying by twelve. Annualizing contracts with terms less than one year results in amounts being included in our ARR calculation that are in excess of the total contract value for those contracts at the end of the reporting period. The value of subscription contracts that are sold through third-party resellers, wherein we do not have visibility into the pricing provided, is based on the list price.

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Average **ACV** **ARR** per domain-based customer

We use average **annualized contract value ("ACV")** **ARR** per domain-based customer to measure customer commitment to our platform and sales force productivity. We define average **ACV** **ARR** per domain-based customer as total outstanding **ACV** **ARR** for domain-based subscriptions as of the end of the reporting period divided by the number of domain-based customers as of the same date. We define domain-based customers as organizations with a unique email domain name.

Dollar-based net retention rate

We calculate dollar-based net retention rate as of a period end by starting with the **ACV** **ARR** from the cohort of all customers as of the 12 months prior to such period end ("Prior Period **ACV** **ARR**"). We then calculate the **ACV** **ARR** from these same customers as of the current period end ("Current Period **ACV** **ARR**"). Current Period **ACV** **ARR** includes any upsells and is net of contraction or attrition over the trailing 12 months, but excludes subscription revenue from new customers in the current period. We then divide the total Current Period **ACV** **ARR** by the total Prior Period **ACV** **ARR** to arrive at the dollar-based net retention rate. Any **ACV** **ARR** obtained through merger and acquisition transactions does not affect the dollar-based net retention rate until one year from the date on which the transaction closed.

The dollar-based net retention rate is used by us to evaluate the long-term value of our customer relationships and is driven by our ability to retain and expand the subscription revenue generated from our existing customers.

Components of Results of Operations

Revenue

Subscription revenue

Subscription revenue primarily consists of fees from customers for access to our cloud-based platform. We recognize subscription revenue ratably over the subscription contract term beginning on the date access to our platform is provided, as no implementation work is required, assuming all other revenue recognition criteria have been met.

Professional services revenue

Professional services revenue primarily includes fees for consulting and training services. Our consulting services typically consist of platform configuration and use case optimization, and are primarily invoiced on a time and materials basis, with some smaller engagements being provided for a fixed fee. We recognize revenue for our consulting services as those services are delivered. Our training services are delivered either remotely or at the customer site. Training services are charged for on a fixed-fee basis and we recognize revenue as the training program is delivered. Our consulting and training services are generally considered to be distinct, for accounting purposes, and we recognize revenue as services are performed or upon completion of work.

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Cost of revenue and gross margin

Cost of subscription revenue

Cost of subscription revenue primarily consists of expenses related to hosting our services and providing support, including employee-related costs, such as salaries, wages, share-based compensation expense, and related benefits, third-party hosting fees, software-related costs, amortization of capitalized software, amortization of acquisition-related intangibles, and payment processing fees, costs of outside services to supplement our internal teams, allocated overhead, costs of Connectors between Smartsheet and third-party applications, and travel-related costs, fees.

Cost of professional services revenue

Cost of professional services revenue consists primarily of employee-related costs for our consulting and training teams, costs of outside services to supplement our internal teams, allocated overhead, software-related costs, travel-related costs, and billable expenses.

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Gross margin

Gross margin is calculated as gross profit expressed as a percentage of total revenue. Our gross margin may fluctuate from period to period as we continue to invest in and optimize our technology and infrastructure.

Operating expenses

Research and development

Research and development expenses consist primarily of employee-related costs, software-related costs, allocated overhead, costs of outside services used to supplement our internal staff, and travel-related expenses, costs. We consider continued investment in our development talent and our platform to be important for our growth. We expect our

research and development expenses to increase in absolute dollars as our business grows and to **gradually** decrease over the long-term as a percentage of total revenue due to economies of scale.

Sales and marketing

Sales and marketing expenses consist primarily of employee-related costs, brand awareness and demand generation costs, allocated overhead, costs of outside services used to supplement our internal staff, travel-related **expenses, costs, software-related costs, and** amortization of acquisition-related **intangibles, and amortization of capitalized software, intangibles**. Commissions earned by our sales force that are incremental to each customer contract, along with related fringe benefits and taxes, are capitalized and amortized over an estimated useful life of four years. We expect that sales and marketing expenses will increase in absolute dollars as we continue to invest in **employee-related costs, brand awareness and demand generation costs, generation**. We expect sales and marketing costs to **gradually** decrease as a percentage of total revenue over the long-term due to economies of scale.

General and administrative

General and administrative expenses consist primarily of employee-related costs for accounting, finance, legal, IT, and human resources personnel. In addition, general and administrative expenses include costs of outside services to supplement our internal staff **software-related costs, non-personnel costs, such as accounting and legal other professional services, software-related costs, allocated overhead, certain tax, license, and insurance-related expenses, amortization of capitalized software, bank charges, and bad debt expense**. We expect our general and administrative expenses to increase in absolute dollars as our business grows, and to **gradually** decrease over the long-term as a percentage of total revenue due to economies of scale.

Interest income

Interest income primarily consists of interest income from our investment holdings.

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Other income (expense), net

Other income (expense), net consists of **foreign currency exchange gains and losses, interest expense, and other non-operating income and expenses**.

Income tax provision (benefit)

Income tax provision **(benefit)** consists primarily of U.S. federal and state income taxes as well as foreign income taxes. We maintain a valuation allowance on our U.S. federal and state deferred tax assets as we have concluded that it is not more likely than not that the deferred assets will be realized.

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Results of Operations

The following table sets forth our results of operations for the periods presented:

		Year Ended January 31,		Year Ended January 31,	
				2024	2023
		Year Ended January 31,			
		2023	2022		
		(in thousands)			
Revenue		(in thousands)			
Subscription		(in thousands)			
Subscription	Subscription	\$ 713,735	\$ 507,375		
Professional services	Professional services	53,180	43,457		
Total revenue	Total revenue	766,915	550,832		

Cost of revenue	Cost of revenue		
Subscription ⁽¹⁾	Subscription ⁽¹⁾	114,384	77,460
Subscription ⁽¹⁾			
Subscription ⁽¹⁾			
Professional services ⁽¹⁾	Professional services ⁽¹⁾	50,901	39,013
Total cost of revenue	Total cost of revenue	165,285	116,473
Gross profit	Gross profit	601,630	434,359
Operating expenses	Operating expenses		
Research and development ⁽¹⁾	Research and development ⁽¹⁾		
Research and development ⁽¹⁾	Research and development ⁽¹⁾	215,205	165,440
Sales and marketing ⁽¹⁾	Sales and marketing ⁽¹⁾	479,250	329,751
General and administrative ⁽¹⁾	General and administrative ⁽¹⁾	128,811	109,204
Total operating expenses	Total operating expenses	823,266	604,395
Loss from operations	Loss from operations	(221,636)	(170,036)
Interest income	Interest income	7,742	48
Other income (expense), net	Other income (expense), net	1,104	(813)
Net loss before income tax provision	Net loss before income tax provision	(212,790)	(170,801)
Loss before income tax provision	Loss before income tax provision		
Income tax provision	Income tax provision	2,849	296
Net loss	Net loss	\$ (215,639)	\$ (171,097)

(1) Amounts include share-based compensation expense as follows:

	Year Ended January 31,	
	2023	2022
<i>(in thousands)</i>		
Cost of subscription revenue	\$ 11,248	\$ 6,274
Cost of professional services revenue	6,404	3,788
Research and development	62,165	41,218
Sales and marketing	63,224	40,632
General and administrative	33,514	22,988
Total share-based compensation expense	\$ 176,555	\$ 114,900

	Year Ended January 31,	
	2024	2023
<i>(in thousands)</i>		
Cost of subscription revenue	\$ 13,069	\$ 11,248
Cost of professional services revenue	7,469	6,404
Research and development	71,341	62,165
Sales and marketing	73,545	63,224

General and administrative	40,782	33,514
Total share-based compensation expense	\$ 206,206	\$ 176,555

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The following table sets forth the components of our results of operations, for each of the periods presented, as a percentage of total revenue:

		Year Ended January 31,							
		2023	2022						
		Year Ended January 31,				2024			
Revenue	Revenue					2023			
Subscription	Subscription								
Subscription	Subscription	93	%	92	%	94	%		
Professional services	Professional services	7		8		93	%		
Total revenue	Total revenue	100		100					
Cost of revenue	Cost of revenue								
Subscription	Subscription	15		14					
Subscription	Subscription								
Professional services	Professional services	7		7					
Total cost of revenue	Total cost of revenue	22		21					
Gross profit	Gross profit	78		79					
Operating expenses	Operating expenses								
Research and development	Research and development								
Research and development	Research and development								
Research and development	Research and development	28		30					
Sales and marketing	Sales and marketing	62		60					
General and administrative	General and administrative	17		20					
Total operating expenses	Total operating expenses	107		110					
Loss from operations	Loss from operations	(29)		(31)					
Interest income	Interest income	1		—					
Other income (expense), net	Other income (expense), net	—		—					

Net loss before income tax provision	(28)	(31)				
Loss before income tax provision						
Income tax provision	Income tax provision	—	—			
Net loss	Net loss	(28)	%	(31)	%	
				Net loss	(11)	%
					(28)	%
<i>Note: Certain amounts may not sum due to rounding</i>						
<i>Note: Certain amounts may not sum due to rounding.</i>						

Comparison of the years ended **January 31, 2023** **January 31, 2024** and **2022**

Revenue

	Year Ended January 31,		Change			
	2023		2022		Amount	
	(dollars in thousands)				%	
Revenue						
Subscription	\$ 713,735		\$ 507,375	\$ 206,360	41 %	
Professional services	53,180		43,457	9,723	22 %	
Total revenue	\$ 766,915		\$ 550,832	\$ 216,083	39 %	
Percentage of total revenue						
Subscription revenue	93 %		92 %			
Professional services revenue	7 %		8 %			

	Year Ended January 31,		Change			
	2024		2023		Amount	
	(dollars in thousands)				%	
Revenue						
Subscription	\$ 904,031		\$ 713,735	\$ 190,296	27 %	
Professional services	54,307		53,180	1,127	2 %	
Total revenue	\$ 958,338		\$ 766,915	\$ 191,423	25 %	
Percentage of total revenue						
Subscription revenue	94 %		93 %			
Professional services revenue	6 %		7 %			

Subscription revenue increased **\$206.4 million** **\$190.3 million**, or **41% 27%**, for the year ended **January 31, 2023** **January 31, 2024** compared to the year ended **January 31, 2022** **January 31, 2023**. The Sales of user-based subscription plans and capabilities-based products contributed \$100.9 million and \$89.4 million, respectively, to the increase in revenue between periods was driven by increased sales of user-based subscription plans, which contributed \$119.1 million of the increase, followed by sales of pre-configured capabilities, which contributed \$87.3 million of the increase, periods.

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Professional services revenue increased **\$9.7 million** **\$1.1 million**, or **22% 2%**, for the year ended **January 31, 2023** **January 31, 2024** compared to the year ended **January 31, 2022** **January 31, 2023**. The increase in professional services revenue was primarily driven by an increase in demand for our consulting and training services.

Cost of revenue, gross profit, and gross margin

	Year Ended January 31,		Year Ended January 31,		Change	
	2024		2023		Amount	%
	Year Ended January 31,	Change	Year Ended January 31,	Change		

	2023	2022	Amount	%
(dollars in thousands)				
(dollars in thousands)				
(dollars in thousands)				
(dollars in thousands)				
Cost of revenue	Cost of revenue			
Subscription				
Subscription	Subscription	\$ 114,384	\$ 77,460	\$ 36,924 48 %
Professional services	Professional services	50,901	39,013	11,888 30 %
Total cost of revenue	Total cost of revenue	\$ 165,285	\$ 116,473	\$ 48,812 42 %
Gross profit	Gross profit	\$ 601,630	\$ 434,359	\$ 167,271 39 %
Gross margin	Gross margin			
Subscription	Subscription	84 %	85 %	
Subscription				
Professional services				
Professional services	Professional services	4 %	10 %	
Total gross margin	Total gross margin	78 %	79 %	
Total gross margin				
Total gross margin				

Cost of subscription revenue increased **\$36.9 million** **\$20.3 million**, or **48% 18%**, for the year ended **January 31, 2023** **January 31, 2024** compared to the year ended **January 31, 2022** **January 31, 2023**. The increase **This** was primarily due to an increase driven by increases of **\$16.4 million** **\$7.5 million** in employee-related expenses due to increased headcount, of which **\$5.0 million** **\$1.8 million** was related to share-based compensation expense, an increase of **\$13.5 million** **\$7.0 million** in hosting fees, an increase of **\$2.7 million** **\$2.2 million** in amortization of capitalized software, an increase of **\$2.4 million** **\$1.8 million** in software-related costs, an increase of **\$0.9 million** **\$0.7 million** in credit card processing fees, an increase of **\$0.6 million** **\$0.6 million** in costs of **Connectors** connectors with third-party applications, an increase of **\$0.6 million** in cost of **\$0.4 million** in allocated overhead costs, an increase of **\$0.3 million** **outside services** used to supplement our internal staff, and **\$0.4 million** in amortization of acquisition-related intangibles, and an increase of **\$0.1 million** in travel-related costs. This was partially offset by a decrease of **\$0.4 million** **\$0.6 million** in costs of **outside services** to supplement our internal staff, allocated overhead.

Our gross margin for subscription revenue was **84% 85%** and **85% 84%** for the years ended **January 31, 2023** **January 31, 2024** and **2022, 2023**, respectively. The **decrease increase** in gross margin **during the year ended January 31, 2023** was primarily driven primarily by an increase in **employee-related expenses and hosting fees** **subscription revenue** that outpaced the **related increase in subscription revenue**. **employee-related expenses**.

Cost of professional services revenue increased **\$11.9 million** **\$0.9 million**, or **30% 2%**, for the year ended **January 31, 2023** **January 31, 2024** compared to the year ended **January 31, 2022** **January 31, 2023**. The increase **This** was primarily due to an increase driven by increases of **\$9.7 million** **\$2.5 million** in employee-related expenses due to increased labor costs, of which **\$2.7 million** **\$1.1 million** was related to share-based compensation expense, an increase of **\$0.2 million** in software-related costs, and **\$0.2 million** in billable expenses. This was partially offset by decreases of **\$1.8 million** **\$1.5 million** in costs of **outside services** to supplement our internal staff an increase of **\$0.3 million** and **\$0.7 million** in travel-related costs, an increase of **\$0.2 million** in billable expenses, and an increase of **\$0.1 million** in expenses related to providing trainings and certifications to customers during the Smartsheet ENGAGE conference. This was partially offset by a decrease of **\$0.1 million** in both allocated overhead and software costs. **overhead**.

Our gross margin for professional services revenue was **4% 5%** and **10% 4%** for the year ended **January 31, 2023** **January 31, 2024** and **2022, 2023**, respectively. The **decrease increase** in gross margin **during the year ended January 31, 2023** was primarily driven primarily by decreases in **outside services** used to supplement our internal staff and allocated overhead. This was partially offset by an increase in **employee-related expenses**.

Research and costs of outside services to supplement our internal staff that outpaced the related increase in service revenue, development expenses

	Year Ended January 31,		Change	
	2024	2023	Amount	%
(dollars in thousands)				

Research and development	\$ 234,071	\$ 215,205	\$ 18,866	9 %
Percentage of total revenue	24 %	28 %		

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Operating expenses

Research and development expenses

	Year Ended January 31,		Change	
	2023	2022	Amount	%
			(dollars in thousands)	
Research and development	\$ 215,205	\$ 165,440	\$ 49,765	30 %
Percentage of total revenue	28 %	30 %		

Research and development expenses increased \$49.8 million \$18.9 million, or 30% 9%, for the year ended January 31, 2023 January 31, 2024 compared to the year ended January 31, 2022 January 31, 2023. This was primarily due to an increase driven by increases of \$45.9 million \$21.3 million in employee-related expenses due to increased headcount and labor costs, of which \$20.9 million \$9.2 million was related to share-based compensation expense, an increase of \$3.4 million and \$0.5 million in software-related costs, an increase of \$0.4 million in travel-related costs, and an increase of \$0.2 million in allocated overhead costs. This was partially offset by a decrease of \$0.1 million \$1.6 million in amortization allocated overhead and \$1.1 million in costs of capitalized software costs, outside services to supplement our internal staff.

Sales and marketing expenses

	Year Ended January 31,		Change	
	2023	2022	Amount	%
			(dollars in thousands)	
Sales and marketing	\$ 479,250	\$ 329,751	\$ 149,499	45 %
Percentage of total revenue	62 %	60 %		

	Year Ended January 31,		Change	
	2024	2023	Amount	%
			(dollars in thousands)	
Sales and marketing	\$ 510,576	\$ 479,250	\$ 31,326	7 %
Percentage of total revenue	53 %	62 %		

Sales and marketing expenses increased \$149.5 million \$31.3 million, or 45% 7%, for the year ended January 31, 2023 January 31, 2024 compared to the year ended January 31, 2022 January 31, 2023. This was primarily due to an increase driven by increases of \$106.0 million \$32.0 million in employee-related expenses due to increased headcount, labor costs, of which \$22.5 million \$10.4 million related to increased share-based compensation expense, an increase of \$18.9 million \$10.4 million in brand awareness sponsorships, and demand generation costs, an increase of \$9.4 million in travel-related costs, an increase of \$5.1 million \$2.2 million in software-related costs, an increase and \$0.2 million in amortization of \$3.6 million acquisition-related intangibles. This was partially offset by decreases of \$5.4 million in allocated overhead, costs, an increase of \$3.4 million \$5.3 million in costs of outside services used to supplement our internal staff, an increase \$1.8 million in travel-related costs, \$0.4 million in amortization of \$3.4 million in ENGAGE conference-related capitalized software costs, and an increase of \$0.2 million \$0.3 million in costs related to taxes and insurance. This was partially offset by a decrease of \$0.6 million in amortization of capitalized software.

General and administrative expenses

	Year Ended January 31,		Change	
	2023	2022	Amount	%
			(dollars in thousands)	
General and administrative	\$ 128,811	\$ 109,204	\$ 19,607	18 %
Percentage of total revenue	17 %	20 %		

	Year Ended January 31,		Change	
	2024	2023	Amount	%
			(dollars in thousands)	
General and administrative	\$ 147,525	\$ 128,811	\$ 18,714	15 %
Percentage of total revenue	15 %	17 %		

General and administrative expenses increased \$19.6 million \$18.7 million, or 18% 15%, for the year ended January 31, 2023 January 31, 2024 compared to the year ended January 31, 2022 January 31, 2023. This was primarily due to an increase driven by increases of \$33.9 million \$11.7 million in employee-related expenses due to

increased **headcount**, **labor costs**, of which **\$10.5 million** **\$7.3 million** related to **increased** share-based compensation expense, **\$8.8 million** in legal costs, of which **\$4.5 million** related to an **increase** insurance recovery for an indemnification claim included in the prior period, **\$3.2 million** in bad debt expense, **\$0.4 million** in travel-related costs, and **\$0.3 million** in bank charges. This was partially offset by decreases of **\$2.5 million** in allocated overhead costs, an increase of **\$2.3 million** in software-related costs, an increase of **\$1.1 million** **\$2.7 million** in costs of outside services used to supplement our internal staff, an increase of **\$0.6 million** **\$1.6 million** in travel-related allocated overhead, **\$0.8 million** in software-related costs, **\$0.3 million** in tax, license, and an increase of **\$0.3 million** in costs related to accounting insurance-related expenses, and tax services. This was partially offset by a decrease of **\$19.7 million** in legal fees, of which **\$8.4 million** related to insurance recoveries for an indemnification claim, a decrease of **\$1.0 million** in taxes, licenses, and insurance, a decrease of **\$0.5 million** in bad debt expense, and a decrease of **\$0.1 million** **\$0.3 million** in amortization of capitalized software.

Interest income

	Year Ended January 31,		Change	
	2024	2023	Amount	%
	(dollars in thousands)			
Interest income	\$ 25,641	\$ 7,742	\$ 17,899	231 %
Percentage of total revenue	3 %	1 %		

Interest income increased **\$17.9 million**, or 231%, for the year ended January 31, 2024 compared to the year ended January 31, 2023. This was primarily driven by the overall growth and performance of our short-term investments portfolio.

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Interest Other income

	Year Ended January 31,		Change	
	2023	2022	Amount	%
	(dollars in thousands)			
Interest income	\$ 7,742	\$ 48	\$ 7,694	16,029 %
Percentage of total revenue	1 %	— %		
(expense), net				

For

	Year Ended January 31,		Change	
	2024	2023	Amount	%
	(dollars in thousands)			
Other income (expense), net	\$ (1,501)	\$ 1,104	\$ (2,605)	(236)%

Other income (expense), net decreased **\$2.6 million**, or 236%, for the year ended **January 31, 2023** **January 31, 2024** compared to the year ended **January 31, 2022**, the increase in interest income of **\$7.7 million** was driven by an increase in interest income related to our short-term investments.

Other income (expense), net

	Year Ended January 31,		Change	
	2023	2022	Amount	%
	(dollars in thousands)			
Other income (expense), net	\$ 1,104	\$ (813)	\$ 1,917	*N/M
Percentage of total revenue	— %	— %		
*N/M = Not meaningful				

For the year ended **January 31, 2023** compared to the year ended **January 31, 2022**, the **change in other income (expense), net** was primarily driven by a **\$2.0 million** change from an unrealized foreign currency loss to a gain and an increase of **\$0.9 million** in other income largely **\$1.8 million** decrease due to a gain related to from the termination of an operating lease. This was partially lease included in the prior period, a **\$1.2 million** decrease due to net unrealized and realized foreign currency losses, offset by a decrease of **\$0.8 million** in other income primarily **\$0.5 million** due to a loss decreases in losses on the disposal of assets related to lease restructuring, property and equipment.

Income tax provision (benefit)

	Year Ended January 31,		Change	
	2023	2022	Amount	%
	(dollars in thousands)			

	(dollars in thousands)				
Income tax provision	\$	2,849	\$	296	\$
Percentage of total revenue		— %		— %	
Year Ended January 31,					
	2024		2023		Change
				Amount	%
	(dollars in thousands)				
Income tax provision	\$	8,489	\$	2,849	\$
Effective tax rate		(0.42)%		(6.38)%	

The income tax provision increased \$2.6 million \$5.6 million, or 198%, for the year ended January 31, 2023 January 31, 2024 compared to the year ended January 31, 2022 January 31, 2023. This The change in income tax provision was primarily driven by an increase of \$2.0 million in U.S. federal Base Erosion and Anti-Abuse Tax, state income tax expense related primarily to the capitalization of research taxes, and experimental expenditures under IRC Section 174, which were not offset by net operating loss or tax credit carryforwards. There was also a \$0.6 million increase in income taxes in foreign jurisdictions.

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Non-GAAP Financial Measures

In addition to our results determined in accordance with generally accepted accounting principles in the United States ("GAAP"), we believe the following non-GAAP financial measures are useful in evaluating our operating performance. We use non-GAAP financial measures in conjunction with traditional GAAP measures as part of our overall assessment of our performance and liquidity, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies, and to communicate with our board of directors Board concerning our financial performance. We believe that non-GAAP financial measures, when taken collectively, may be helpful to investors because they provide consistency and comparability with past financial performance, and assist in comparisons with other companies, some of which use similar non-GAAP financial measures to supplement their GAAP results. The non-GAAP financial measures are presented for supplemental informational purposes only, should not be considered a substitute for financial measures presented in accordance with GAAP, and may be different from similarly-titled similarly titled non-GAAP measures used by other companies. A reconciliation is provided below for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures.

Limitations of non-GAAP financial measures

Our non-GAAP financial measures have limitations as analytical tools and you should not consider them in isolation or as a substitute for an analysis of our results under GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. First, free cash flow and calculated billings are not substitutes for net cash used in inflows (outflows) from operating activities and total revenue, respectively. Similarly, non-GAAP gross profit and non-GAAP operating loss income (loss) are not substitutes for gross profit and operating loss, respectively. Second, other companies may calculate similar non-GAAP financial measures differently or may use other measures as tools for comparison. Additionally, the utility of free cash flow as a measure of our financial performance and liquidity is further limited as it does not represent the total increase or decrease in our cash balance for a given period. Furthermore, as calculated billings are affected by a combination of factors, including the timing of sales and renewals, the mix of monthly and annual subscriptions sold, and the relative duration of subscriptions sold, and each of these elements has unique characteristics in the relationship between calculated billings and total revenue, our calculated billings activity is not closely correlated to revenue except over longer periods of time.

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Non-GAAP gross profit and non-GAAP gross margin

We define non-GAAP gross profit as gross profit adjusted for share-based compensation expense, amortization of acquisition-related intangible assets, one-time acquisition costs, and lease restructuring costs, as applicable. Non-GAAP gross margin represents non-GAAP gross profit as a percentage of total revenue.

	Year Ended January 31,			Year Ended January 31,		
	2024	2023	2022	2024	2023	2022
	Year Ended January 31,					
	2023	2022	2021			
	(dollars in thousands)			(dollars in thousands)		
	(dollars in thousands)			(dollars in thousands)		

(dollars in thousands)						
Gross profit	Gross profit	\$ 601,630	\$ 434,359	\$ 299,974		
Add:	Add:					
Share-based compensation expense ⁽¹⁾						
Share-based compensation expense ⁽¹⁾						
Share-based compensation expense ⁽¹⁾	Share-based compensation expense ⁽¹⁾	18,972	10,776	6,531		
Amortization of acquisition-related intangible assets ⁽²⁾	Amortization of acquisition-related intangible assets ⁽²⁾	5,340	5,080	3,656		
Lease restructuring costs ⁽³⁾	Lease restructuring costs ⁽³⁾	410	—	—		
Non-GAAP gross profit	Non-GAAP gross profit	\$ 626,352	\$ 450,215	\$ 310,161		
Gross margin	Gross margin	78 %	79 %	78 %		
Gross margin					81 %	
Gross margin						78 %
Non-GAAP gross margin	Non-GAAP gross margin	82 %	82 %	80 %	83 %	82 %
						82 %

(1) Includes amortization related to share-based compensation expense that was capitalized in internal-use software and other assets in previous periods.

(2) Consists entirely of amortization of intangible assets that were recorded as part of purchase accounting and contribute to revenue generation. The amortization of intangible assets related to acquisitions will recur in future periods until such intangible assets have been fully amortized.

(3) Includes charges related to the reassessment of our real estate lease portfolio.

Non-GAAP operating loss income (loss) and non-GAAP operating margin

We define non-GAAP operating loss income (loss) as loss income (loss) from operations adjusted for share-based compensation expense, amortization of acquisition-related intangible assets, one-time acquisition costs, lease restructuring costs, and litigation expenses and settlements related to matters that are outside the ordinary course of business, as applicable. Non-GAAP operating margin represents non-GAAP operating loss income (loss) as a percentage of total revenue.

Year Ended January 31,							Year Ended January 31,						
2024			2023			2024		2023					
Year Ended January 31,							Year Ended January 31,						
(dollars in thousands)													
(dollars in thousands)													
(dollars in thousands)													
(dollars in thousands)													
Loss from operations	Loss from operations	\$ (221,636)	\$ (170,036)	\$ (120,472)									
Add:	Add:												
Share-based compensation expense ⁽¹⁾													
Share-based compensation expense ⁽¹⁾													
Share-based compensation expense ⁽¹⁾	Share-based compensation expense ⁽¹⁾	177,966	115,704	72,022									

Amortization of acquisition- related intangible assets ⁽²⁾	Amortization of acquisition- related intangible assets ⁽²⁾	10,310	10,059	6,266
One-time acquisition costs	One-time acquisition costs	622	27	977
Litigation expenses and settlements ⁽³⁾	Litigation expenses and settlements ⁽³⁾	(8,400)	10,000	—
Lease restructuring costs ⁽⁴⁾	Lease restructuring costs ⁽⁴⁾	5,144	—	—
Non-GAAP operating loss		\$ (35,994)	\$ (34,246)	\$ (41,207)
Non-GAAP operating income (loss)				
Operating margin	Operating margin	(29) %	(31) %	(31) %
Operating margin				
Operating margin				
Non-GAAP operating margin	Non-GAAP operating margin	(5) %	(6) %	(11) %
Non-GAAP operating margin	Non-GAAP operating margin	(13) %	(29) %	(31) %
Non-GAAP operating margin	Non-GAAP operating margin	11 %	(5) %	(6) %

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(1) Includes amortization related to share-based compensation expense that was capitalized in internal-use software and other assets in previous periods.

(2) Consists entirely of amortization of intangible assets that were recorded as part of purchase accounting and contribute to revenue generation. The amortization of intangible assets related to acquisitions will recur in future periods until such intangible assets have been fully amortized.

(3) Relates to matters that are outside the ordinary course of our business.

(4) Includes charges related to the reassessment of our real estate lease portfolio.

Non-GAAP net loss income (loss)

We define non-GAAP net loss income (loss) as net loss adjusted for share-based compensation expense, amortization of acquisition-related intangible assets, one-time acquisition costs, lease restructuring costs, litigation expenses and settlements related to matters that are outside the ordinary course of our business, and non-recurring income tax adjustments associated with acquisitions, as applicable.

Year Ended January 31,			Year Ended January 31,					
2024			2024					
Year Ended January 31,			2023					
			2022					
			2021					
(in thousands)								
(in thousands)								
(in thousands)								
(in thousands)								
Net loss	Net loss	\$ (215,639)	\$ (171,097)	\$ (114,979)				
Add:	Add:							
Share-based compensation expense ⁽¹⁾								
Share-based compensation expense ⁽¹⁾								

Share-based compensation expense ⁽¹⁾	Share-based compensation expense ⁽¹⁾	177,966	115,704	72,022
Amortization of acquisition-related intangible assets ⁽²⁾	Amortization of acquisition-related intangible assets ⁽²⁾	10,310	10,059	6,266
One-time acquisition costs	One-time acquisition costs	622	27	977
Litigation expenses and settlements ⁽³⁾	Litigation expenses and settlements ⁽³⁾	(8,400)	10,000	—
Release of valuation allowance ⁽⁴⁾	—	—	—	(4,014)
Lease restructuring costs ⁽⁵⁾	5,899	—	—	—
Non-GAAP net loss	\$ (29,242)	\$ (35,307)	\$ (39,728)	
Non-GAAP net loss per share, basic and diluted	\$ (0.22)	\$ (0.28)	\$ (0.33)	
Lease restructuring costs ⁽⁴⁾	—	—	—	—
Non-GAAP net income (loss)				

(1) Includes amortization related to share-based compensation expense that was capitalized in internal-use software and other assets in previous periods.

(2) Consists entirely of amortization of intangible assets that were recorded as part of purchase accounting and contribute to revenue generation. The amortization of intangible assets related to acquisitions will recur in future periods until such intangible assets have been fully amortized.

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(3) Relates to matters that are outside the ordinary course of our business.

(4) Relates to a non-recurring income tax adjustment associated with the Brandfolder acquisition.

(5) Includes charges related to the reassessment of our real estate lease portfolio.

Free cash flow

We define free cash flow as net cash provided by (used in) operating activities less cash used for purchases of property and equipment and capitalized internal-use software, and principal payments on finance lease obligations, as applicable. We believe free cash flow facilitates period-to-period comparisons of liquidity. We consider free cash flow to be a key performance metric because it measures the amount of cash we generate from our operations after our capital expenditures.

	Year Ended January 31,		
	2023	2022	2021
(in thousands)			
Net cash provided by (used in) operating activities	\$ 23,588	\$ (3,512)	\$ (15,648)
Less:			
Purchases of property and equipment	(6,137)	(10,563)	(4,176)
Capitalized internal-use software	(7,660)	(6,706)	(7,608)
Payments on principal of finance leases	—	—	(4,129)
Free cash flow	\$ 9,791	\$ (20,781)	\$ (31,561)

	Year Ended January 31,		
	2024	2023	2022

	(in thousands)			
Net cash provided by (used in) operating activities	\$ 157,878	\$ 23,588	\$ (3,512)	
Less:				
Purchases of property and equipment	(2,563)	(6,137)	(10,563)	
Capitalized internal-use software	(10,775)	(7,660)	(6,706)	
Payments on principal of finance leases	(34)	—	—	
Free cash flow	<u>\$ 144,506</u>	<u>\$ 9,791</u>	<u>\$ (20,781)</u>	

Calculated billings

We define calculated billings as total revenue plus the change in deferred revenue in the period. Because we recognize subscription revenue ratably over the subscription term, calculated billings can be used to measure our subscription sales activity for a particular period, to compare subscription sales activity across particular periods, and as an indicator of future subscription revenue.

Because we generate most of our revenue from customers who are invoiced on an annual basis, and because we have a wide range of customers, from those who pay us less than \$200 per year to those who pay us more than \$4.0 million per year, we experience seasonality and variability that is tied to typical enterprise buying patterns and contract renewal dates of our largest customers. We expect that our billings trends will continue to vary in future periods based on new bookings and renewals, changes to the economic environment, and other factors.

	Year Ended January 31,			
	2024			2023
	Year Ended January 31,			2022
	2023			(in thousands)
	(in thousands)			(in thousands)
	(in thousands)			(in thousands)
	(in thousands)			(in thousands)
Total revenue	Total revenue	\$ 766,915	\$ 550,832	\$ 385,513
Add:	Add:			
Deferred revenue (end of period)	Deferred revenue (end of period)	459,729	334,662	223,997
Deferred revenue (end of period)				
Deferred revenue (end of period)				
Less:	Less:			
Deferred revenue (beginning of period)	Deferred revenue (beginning of period)	334,662	223,997	158,809
Deferred revenue (beginning of period)				
Deferred revenue (beginning of period)				
Calculated billings	Calculated billings	<u>\$ 891,982</u>	<u>\$ 661,497</u>	<u>\$ 450,701</u>

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Liquidity and Capital Resources

As of January 31, 2023 January 31, 2024, our principal sources of liquidity were cash and cash equivalents totaling \$223.2 million \$282.1 million and short-term investments totaling \$233.2 million \$346.7 million, which were held for working capital and general corporate purposes. Our cash equivalents and short-term investments are comprised of money market funds, U.S. Treasury securities, corporate bonds, agency securities, and commercial paper.

We finance our operations primarily through payments received from customers for subscriptions and professional services, and net proceeds received through sales of equity securities, option exercises, and contributions from our 2018 Employee Stock Purchase Plan ("ESPP").

, and interest income from our short-term investments portfolio.

A significant majority of our customers pay in advance for annual subscriptions. Therefore, a substantial source of our cash is from our deferred revenue, which is included on our consolidated balance sheets as a liability. Deferred revenue consists of customer billings and payments in advance of revenue being recognized from the Company's contracts. As of January 31, 2023 January 31, 2024, we had deferred revenue of \$459.7 million \$570.5 million, of which \$457.5 million \$568.7 million was recorded as a current liability and was expected to be recognized as revenue in the subsequent 12 months, provided all recognition criteria are met.

Our material cash requirements from known contractual and other obligations consist of the following:

Leases

We have non-cancelable operating and finance leases that expire at various dates through 2029. As of January 31, 2023 January 31, 2024, we had fixed minimum lease payments of \$74.5 million \$55.8 million, of which \$19.7 million \$16.8 million is due in the next 12 months. Refer to Note 13, Leases, to the consolidated financial statements contained within this Annual Report on Form 10-K for additional information on our operating and finance leases.

Other contractual obligations

In the ordinary course of business, we enter into contracts with vendors for goods and services, some of which are non-cancelable. As of January 31, 2023 January 31, 2024, we had material contractual obligations of \$160.1 million \$118.1 million, of which \$49.4 million \$67.6 million is due in the next 12 months. These contractual obligations primarily consist of purchase commitments with our cloud-based hosting and data service providers. See Note 14, Commitments and Contingencies, to the consolidated financial statements contained within this Annual Report on Form 10-K for additional information on our commitments with our cloud-based hosting and data service providers.

We believe our existing cash, cash equivalents, and cash provided by sales of our products and services will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months. Our future capital requirements will depend on many factors, including our subscription growth rate, subscription renewal activity, billing frequency, bookings and renewals, the timing of our collections, the introduction of new and enhanced product offerings, and the continued market adoption of our product, product. Our capital requirements will also depend on the timing and extent of spending to support our development efforts, the expansion of sales and marketing activities, and employee-related expenditures. We may, in the future, enter into arrangements to acquire or invest in complementary businesses, services, and technologies, including intellectual property rights. We may be required to seek additional equity or debt financing in order to meet these future capital requirements. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us, or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in new technologies, our ability to compete successfully could be reduced, and this could harm our results of operations.

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Cash flows

The following table summarizes our cash flows for the periods indicated:

Year Ended January 31,			Year Ended January 31,		
2024			2023		
Year Ended January 31,			2022		
(in thousands)					
Net cash provided by (used in) operating activities	\$ 23,588	\$ (3,512)			
(in thousands)					
Net cash provided by operating activities					
Net cash used in investing activities					
Net cash provided by financing activities					

Effects of changes in foreign currency exchange rates on cash, cash equivalents, and restricted cash	Effects of changes in foreign currency exchange rates on cash, cash equivalents, and restricted cash	
		334
		(1,197)
Net increase (decrease) in cash, cash equivalents, and restricted cash	Net increase (decrease) in cash, cash equivalents, and restricted cash	
		\$ (225,923)
		\$ 7,332

Operating activities

Our largest sources of operating cash are cash collections from our customers for sales of subscriptions and professional services. Our primary uses of cash from operating activities are for employee-related expenditures, costs related to brand awareness and sales demand generation, and marketing expenses. costs related to hosting our platform.

During the year ended January 31, 2024, net cash provided by operating activities was \$157.9 million, driven by adjustments for non-cash charges of \$292.4 million to our net loss of \$104.6 million. This was partially offset by net cash outflows of \$29.9 million provided by changes in our operating assets and liabilities. Non-cash charges primarily consisted of share-based compensation expense, amortization of deferred commissions, depreciation and amortization, non-cash operating lease costs, and net amortization of discounts on investments. Fluctuations in operating assets and liabilities included increases in deferred revenue of \$110.8 million, deferred commissions of \$80.7 million, accounts receivable of \$43.9 million, accounts payable and accrued expenses of \$12.2 million, prepaid expenses and other current assets of \$9.5 million, and other long-term assets of \$3.0 million. This was partially offset by a decrease in operating lease liabilities of \$16.0 million.

During the year ended January 31, 2023, net cash provided by operating activities was \$23.6 million, driven by adjustments for non-cash charges of \$264.6 million to our net loss of \$215.6 million. This was partially offset by net cash outflows of \$25.3 million provided by changes in our operating assets and liabilities. Non-cash charges primarily consisted of share-based compensation expense, amortization of deferred commissions, depreciation and amortization, and non-cash operating lease costs. Fluctuations in operating assets and liabilities included an increase in deferred revenue of \$123.9 million and an increase in accounts receivable of \$47.6 million, both due to an increase in billings. Additionally, there was an increase in deferred commissions of \$77.6 million, an increase in prepaid expenses and other current assets of \$21.4 million, a decrease in operating lease liabilities of \$14.4 million, an increase in accounts payable and accrued expenses of \$12.3 million primarily due to vendor and employee-related payments, and an increase in other long-term assets of \$0.6 million.

During Investing activities

Net cash used in investing activities during the year ended January 31, 2022 January 31, 2024 of \$113.7 million consisted of purchases of short-term investments of \$513.5 million, net cash used in operating activities was \$3.5 million, driven by our net loss spend on capitalized internal-use software development of \$171.1 million, adjusted for non-cash charges of \$196.3 million \$10.8 million, and net cash outflows purchases of \$28.7 million provided property and equipment of \$2.6 million. This was partially offset by changes in our operating assets and liabilities. Non-cash charges primarily consisted maturities of share-based compensation expense, amortization short-term investments of deferred commissions, depreciation and amortization, and non-cash operating lease costs. Fluctuations in operating assets and liabilities included an increase in deferred revenue of \$110.7 million and an increase in accounts receivable of \$48.6 million, both due to an increase in billings. Additionally, there was an increase in deferred commissions of \$74.5 million, an increase in accounts payable and accrued expenses of \$20.5 million primarily due to the timing of employee-related payments, an increase in prepaid expenses and other current assets of \$19.9 million, a decrease in operating lease liabilities of \$13.5 million, a decrease in other long-term liabilities of \$3.9 million, and a decrease in other long-term assets of \$0.5 million \$413.1 million.

Investing activities

Net cash used in investing activities during the year ended January 31, 2023 of \$263.9 million consisted of purchases of short-term investments of \$456.6 million, payment of \$20.3 million for the acquisition of Outfit, net of cash and restricted cash acquired, spend on capitalized internal-use software development of \$7.7 million, and purchases of property and equipment of \$6.1 million. This was partially offset by maturities of short-term investments of \$226.0 million, proceeds from the liquidation of a long-term investment of \$0.6 million, and proceeds from the sale of property and equipment of \$0.2 million.

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Financing activities

Net cash used in investing provided by financing activities during the year ended January 31, 2022 January 31, 2024 of \$18.3 million \$14.5 million consisted of purchases proceeds from both our ESPP and exercise of property stock options of \$20.0 million and equipment \$1.7 million, respectively. This was partially offset by taxes paid

related to net share settlement of \$10.6 million, spend on capitalized internal-use software development RSUs of \$6.7 million, and purchases of long-term investments of \$1.0 million \$7.1 million.

Financing activities

Net cash provided by financing activities during the year ended January 31, 2023 of \$14.1 million consisted of proceeds from our ESPP of \$12.6 million and proceeds from the exercise of stock options of \$5.6 million, partially offset by taxes paid related to net share settlement of restricted stock units RSUs of \$4.2 million.

Net cash provided by financing activities during the year ended January 31, 2022 of \$30.3 million was due to \$19.1 million in proceeds from the exercise of stock options and \$17.4 million in proceeds from our ESPP, partially offset by taxes paid related to net share settlement of restricted stock units of \$6.2 million.

Indemnification Agreements

In the ordinary course of business, we enter into agreements of varying scope and terms pursuant to which we agree to indemnify customers, vendors, lessors, business partners, and other parties with respect to certain matters, including, but not limited to, losses arising out of the breach of such agreements. products or services to be provided by us, or from intellectual property infringement claims made by third parties. In addition, we have entered into indemnification agreements with our directors and certain officers and employees that will require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers, or employees. During the year ended January 31, 2021 January 31, 2022, we paid \$10.0 million as part of an overall settlement related to an indemnification claim was made to the Company related to litigation in which a former director and shareholder are parties. On January 29, 2021, Ryan Hinkle and Insight Venture Partners VII, L.P. and certain affiliates filed a complaint against Smartsheet Inc. in the Superior Court of Washington, King County, for the advancement of legal fees, costs, and expenses incurred related to this indemnification claim. During the year ended January 31, 2022, we paid \$10.0 million as part of an overall settlement of these matters, were parties, as described in Note 14, Commitments and Contingencies, in this Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, costs and operating expenses, and related disclosures. Generally, we base our estimates on historical experience and on various other assumptions in accordance with GAAP that we believe to be reasonable under the circumstances. circumstances, and we evaluate these estimates on an ongoing basis. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and our actual results, our financial condition or results of operations would be affected. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Revenue recognition

We derive our revenue primarily from subscription services and professional services. Revenue is recognized when control of these services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those services, net of any sales taxes.

We determine revenue recognition through the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, we satisfy a performance obligation.

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Subscription revenue

Subscription revenue primarily consists of fees from customers for access to our cloud-based platform and involves a significant volume of transactions. The Company uses automated systems to process and record these transactions. Subscription revenue is recognized on a ratable basis over the subscription contract term, beginning on the date the access to our platform is provided, as no implementation work is required, if consideration we are entitled to receive is considered probable of collection. Subscription contracts generally have terms of one year, or one month, are billed in advance, and are non-cancelable. The subscription arrangements do not allow the customer the contractual right to take possession of the platform; as such, the arrangements are considered to be service contracts.

Certain of our subscription contracts contain performance guarantees related to service continuity. To date, refunds related to such guarantees have been immaterial in all periods presented.

On occasion, we sell our subscriptions to third-party resellers. The price at which we sell to the reseller is typically discounted, as compared to the price at which we would sell to an end customer, in order to enable the reseller to realize a margin on the eventual sale to the end customer. As our pricing to the reseller is fixed, and we do not have visibility into the pricing provided by the reseller to the end customer, the revenue is recorded net of any reseller margin.

Professional services revenue

Professional services revenue primarily includes revenue recognized from fees for consulting and training services. Our consulting services consist of platform configuration and use case optimization, and are primarily invoiced on a time and materials basis, monthly in arrears. Services revenue is recognized over time, as service hours are delivered. **Smaller** **Occasionally**, consulting engagements are **on occasion** provided for a fixed fee. **These smaller consulting arrangements are typically of short duration (less than three months).** In these cases, revenue is recognized over time, based on the proportion of hours of work performed, compared to the total hours expected to complete the engagement. Configuration and use case optimization services do not result in significant customization or modification of the software platform or user interface.

Training services are billed in advance, on a fixed-fee basis, and revenue is recognized after the training program is delivered, or after the customer's right to receive training services expires.

Associated out-of-pocket travel expenses related to the delivery of professional services are typically reimbursed by the customer. Out-of-pocket expense reimbursements are recognized as revenue at the point in time, or as, the distinct performance obligation to which they relate is delivered. Out-of-pocket expenses are recognized as cost of professional services as incurred.

Contracts with multiple performance obligations

Some of our contracts with customers contain multiple performance obligations. We account for individual performance obligations separately, as they have been determined to be distinct, i.e., the services are separately identifiable from other items in the arrangement and the customer can benefit from them on their own or with other resources that are readily available to the customer. The transaction price is allocated to the distinct performance obligations on a relative stand-alone selling price basis. Stand-alone selling prices are determined based on the prices at which we separately sell subscription, consulting, and training services, and based on our overall pricing objectives, taking into consideration market conditions, value of our contracts, the types of offerings sold, customer demographics, and other factors.

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Deferred commissions

The majority of sales commissions earned by our sales force are considered incremental and recoverable costs of obtaining a contract with a customer. Sales commissions are **primarily** paid on initial contracts and on any upsell contracts with a customer. **No sales commissions are paid on customer renewals.** Sales commissions and related payroll taxes and **incremental** fringe benefits are deferred and then amortized on a straight-line basis over a period of benefit that we have determined to be four years. The Company determined the period of benefit by taking into consideration its customer contracts, expected customer life, the expected life of our technology and other factors. Amortization expense is included in sales and marketing expense in the accompanying **consolidated** statements of operations. The Company evaluates the period of benefit and tests for impairment on a quarterly basis and whenever events or changes in circumstances occur that could impact the recoverability of these assets.

During the year ended January 31, 2023, the Company completed an assessment of the amortization period for deferred sales commission costs and determined that it should increase the period over which we amortize deferred commissions from three years to four years. This change in accounting estimate was effective August 1, 2022 and is being accounted for prospectively in the consolidated financial statements. For the year ended **January 31, 2024**, the change in amortization period resulted in a benefit to both sales and marketing expense and net loss of approximately 1% of total revenue, or \$0.07 per basic and diluted share. For the year ended January 31, 2023, the change in amortization period resulted in a benefit to both sales and marketing expense and net loss of approximately 2% of total revenue, or \$0.09 per basic and diluted share. The effect of this change in estimate is based on the carrying value of deferred commissions included in the Company's consolidated balance sheets as of July 31, 2022 and those deferred during **the six months ended January 31, 2023**, subsequent periods.

Deferred commissions were \$121.8 million \$148.9 million and \$91.3 million \$121.8 million as of **January 31, 2023** **January 31, 2024** and **2022**, 2023, respectively. Amortization expense for deferred commissions was \$47.1 million \$53.6 million, \$43.7 million \$47.1 million, and \$30.7 million \$43.7 million for the years ended **January 31, 2023** **January 31, 2024**, **2022**, 2023, and **2021**, 2022, respectively. No **significant** **material** impairments of commissions assets were recorded during the years ended **January 31, 2023** **January 31, 2024**, **2022**, 2023 or **2021**, 2022.

Share-based compensation

The Company measures and recognizes compensation expense for all share-based awards granted to employees and directors, based on the estimated fair value of the award on the date of grant. We use the Black-Scholes option pricing model to measure the fair **value** **values** of stock option awards and shares granted under our ESPP. The fair **value** **values** of restricted stock units ("RSUs") **is** RSUs are measured using the closing market price of the Company's common stock on the date of the grant. The Company uses the Monte Carlo simulation technique to calculate the fair **value** **values** of market-based awards, which include our **performance** **share** units ("PSUs"). PSUs.

We make several estimates in determining share-based compensation expense using the Black-Scholes pricing model and Monte Carlo simulation technique, and these estimates generally require significant analysis and judgment to develop. These assumptions and estimates are as follows:

Expected term. The expected term of options represents the period that share-based awards are expected to be outstanding. We estimate the expected term for stock options using the simplified method due to the lack of historical exercise activity for our company. The expected term for the ESPP purchase rights is estimated using the offering period, which is typically six months. The expected term for PSUs is estimated by using the related performance period.

Risk-free interest rate. For options and our shares granted under our ESPP, the risk-free interest rate is based on the implied yield available at the time of the grant in the U.S. Treasury securities at maturity with a term equivalent to the expected term. The risk-free rate used for PSUs is the continuously compounded yield on zero-coupon U.S. Treasury bonds that corresponds with the longest expected term.

Expected volatility. For options and PSUs, the expected volatility is based on an average volatility of stock prices for a group of publicly traded peer companies. In considering peer companies, we assess characteristics such as industry, state of development, size, and financial leverage. We estimate the volatility of our ESPP purchase rights using our

own volatility history.

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Dividend yield. We have never declared or paid any cash dividends and do not plan to pay cash dividends in the foreseeable future, and, therefore, use an expected dividend yield of zero.

If any assumptions used in the Black-Scholes option pricing model or Monte Carlo simulation technique were to change significantly, share-based compensation for future awards may differ materially compared with the awards granted previously.

In addition to the assumptions described above, we must also estimate a forfeiture rate to calculate the share-based compensation expense for awards. Our forfeiture rate is derived from historical employee termination behavior. If the actual number of forfeitures differs from these estimates, additional adjustments to compensation expense will be required.

For awards that vest solely based on continued service, the fair value of the award is recognized as an expense over the requisite service period on a straight-line basis. For awards that contain market conditions, we recognize share-based compensation expense over the requisite service period using the graded-vesting method. The Company recognizes share-based compensation expense related to shares issued pursuant to our ESPP plan on a straight-line basis over the offering period, period including estimated forfeitures.

Total share-based compensation expense was \$176.6 million \$206.2 million, \$114.9 million \$176.6 million, and \$72.0 million \$114.9 million for the years ended January 31, 2023 January 31, 2024, 2022, 2023, and 2021, 2022, respectively. As of January 31, 2023 January 31, 2024, there was a total of \$491.8 million \$381.3 million of unrecognized share-based compensation expense, which is expected to be recognized over a weighted-average period of 2.7 2.1 years. Share-based compensation expense is included in cost of revenue and operating expenses within our consolidated statements of operations based on the department of the individual earning the award.

Recent accounting pronouncements

For further information on recent accounting pronouncements, refer to Note 2, *Summary of Significant Accounting Policies*, in the notes to our consolidated financial statements included in this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Interest rate risk

We had cash and cash equivalents and short-term investments totaling \$456.4 million \$628.8 million and \$456.4 million as of January 31, 2024 and January 31, 2023, respectively, of which \$409.7 million was \$431.5 million and \$409.7 million, were invested in money market funds, U.S. Treasury Securities, securities, agency securities, corporate bonds, and commercial paper. We had cash and cash equivalents totaling \$449.1 million as of January 31, 2022, of which \$415.1 million was invested in money market funds, paper, respectively. Our cash and cash equivalents and short-term investments are held for working capital and general corporate purposes. We do not enter into investments for trading or speculative purposes.

Our cash equivalents and our short-term investments are subject to market risk due to changes in interest rates. Fixed rate securities may have their market value adversely affected due to a rise in interest rates. Due in part to these factors, our future investment income may fall short of our expectations due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates. As our short-term investments are classified as available-for-sale, no gains are recognized due to changes in interest rates. As losses due to changes in interest rates are generally not considered to be credit related, no losses in such investments are recognized due to changes in interest rates unless we intend to sell, it is more likely than not that we will be required to sell, we sell prior to maturity, or we otherwise determine that all or a portion of the decline in fair value is due to credit related factors.

As of January 31, 2023 January 31, 2024, a hypothetical increase of 100-basis points in interest rates would not have a material impact on the value of our cash equivalents or short-term investments in our consolidated financial statements. This estimate is based on a sensitivity model that measures market value changes when changes in interest rates occur.

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Foreign currency exchange risk

Due to our international operations, although our sales contracts are primarily denominated in U.S. dollars, we have foreign currency risks related to revenue denominated in other currencies, such as the British Pound Sterling, Euro, pound sterling, Australian dollar, and Canadian dollar, and European Union euro, as well as expenses denominated in the British Pound Sterling, pound sterling, Australian dollar, and Costa Rican Colón, and European Union euro. We are also exposed to certain foreign exchange rate risks related to our foreign subsidiaries. Changes in the relative value of the U.S. dollar to other currencies may negatively affect revenue and other operating results as expressed in U.S. dollars. We do not believe that an immediate 10% increase or decrease in the relative value of the U.S. dollar to other currencies would have a material effect on our operating results.

We have experienced and will continue to experience fluctuations in net loss as a result of transaction gains or losses related to remeasuring certain asset and liability balances that are denominated in foreign currencies. These exposures may change over time as business practices evolve and economic conditions change. We have not engaged in the hedging of foreign currency transactions to date as our exposure to foreign currency exchange rates has historically been partially hedged by both our U.S. dollar and foreign

currency denominated inflows covering our U.S. dollar and foreign currency denominated outflows, respectively. We may enter into derivative or hedging transactions in the future if our exposure to foreign currency should become more significant.

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Item 8. Financial Statements and Supplementary Data

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Report

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Smartsheet Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Smartsheet Inc. and subsidiaries (the "Company") as of **January 31, 2023** **January 31, 2024** and **2022**, 2023, the related consolidated statements of operations, comprehensive loss, changes in shareholders' equity, and cash flows, for each of the three years in the period ended **January 31, 2023**, **January 31, 2024**, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of **January 31, 2023** **January 31, 2024**, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of **January 31, 2023** **January 31, 2024** and **2022**, 2023, and the results of its operations and its cash flows for each of the three years in the period ended **January 31, 2023** **January 31, 2024**, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of **January 31, 2023** **January 31, 2024**, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by COSO.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Subscription Revenue — Refer to [Notes 2 and Note 3](#) to the financial statements

Critical Audit Matter Description

The Company derives its revenues predominantly from subscription services. Subscription revenue primarily consists of fees from customers for access to the Company's cloud-based platform and involves a significant volume of transactions. The Company recognizes subscription revenue on a ratable basis over the subscription contract term, beginning on the date the access to their platform is provided, assuming all other revenue recognition criteria have been met. The Company uses [certain](#) automated systems to process and record subscription revenue transactions. [For the year ended January 31, 2023, subscription revenue was \\$713.7 million.](#)

We identified subscription revenue as a critical audit matter given the significant volume of transactions. This required increased auditor judgment and extent of audit effort, including the need to involve professionals with expertise in data analytics and information technology (IT).

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Company's subscription revenue included the following, among others:

- We tested [the](#) effectiveness of certain controls within the subscription revenue business processes.
- With the assistance of our IT specialists, we identified the [significant relevant](#) systems used to process subscription revenue transactions and tested the effectiveness of [certain](#) general IT controls over the [relevant](#) systems, including testing of user access controls, change management controls, and IT operations controls.
- With the assistance of our data analytics specialists, we performed a recalculation of subscription revenue recorded through the Company's relevant systems utilizing [certain](#) key attributes of subscription revenue transaction data, including the transaction price and revenue recognition timing, among others. We compared our recalculation of expected subscription revenue to the Company's recorded subscription revenue.
- For a sample of subscription revenue transactions, we evaluated the accuracy of the data used in our recalculation of subscription revenue by comparing [certain](#) key attributes utilized in our recalculation to source documents.
- We tested the completeness of the subscription revenue transaction data by selecting [a sample of](#) transactions from independent sources and evaluated whether those transactions were included in the subscription revenue transaction data.

/s/ Deloitte & Touche LLP

Portland, Oregon

March 22, 2023 20, 2024

We have served as the Company's auditor since fiscal 2021.

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SMARTSHEET INC.								
Consolidated Statements of Operations								
(in thousands, except per share data)								
			Year Ended January 31,					
			2023		2022	2021		
			Year Ended January 31,					
			Year Ended January 31,					
			Year Ended January 31,					
			Year Ended January 31,					
			2024					
Revenue								
Revenue								
Revenue	Revenue							
Subscription	Subscription	\$	713,735	\$	507,375	\$		
Subscription						352,782		
Subscription								
Professional services								
Professional services								
Professional services	Professional services		53,180		43,457			
Professional services						32,731		
Total revenue	Total revenue		766,915		550,832			
Total revenue						385,513		
Total revenue								
Cost of revenue								
Cost of revenue								
Cost of revenue	Cost of revenue							
Subscription	Subscription		114,384		77,460			
Subscription						59,374		
Subscription								
Professional services								
Professional services								
Professional services	Professional services		50,901		39,013			
Professional services						26,165		
Total cost of revenue	Total cost of revenue		165,285		116,473			
Total cost of revenue						85,539		
Total cost of revenue								
Gross profit								
Gross profit								
Gross profit	Gross profit		601,630		434,359			
Gross profit						299,974		
Operating expenses	Operating expenses							
Operating expenses								
Operating expenses								
Research and development								

Research and development				
Research and development	Research and development	215,205	165,440	118,722
Sales and marketing	Sales and marketing	479,250	329,751	230,281
Sales and marketing				
Sales and marketing				
General and administrative				
General and administrative				
General and administrative	General and administrative	128,811	109,204	71,443
Total operating expenses	Total operating expenses	823,266	604,395	420,446
Total operating expenses				
Total operating expenses				
Loss from operations				
Loss from operations				
Loss from operations	Loss from operations	(221,636)	(170,036)	(120,472)
Interest income	Interest income	7,742	48	1,444
Interest income				
Interest income				
Other income (expense), net	Other income (expense), net	1,104	(813)	296
Loss before income tax provision (benefit)				
Income tax provision (benefit)				
Other income (expense), net		(212,790)	(170,801)	(118,732)
Income tax provision		2,849	296	(3,753)
Income tax provision				
Income tax provision				
Net loss				
Net loss				
Net loss	Net loss	\$ (215,639)	\$ (171,097)	\$ (114,979)
Net loss per share, basic and diluted	Net loss per share, basic and diluted	\$ (1.66)	\$ (1.36)	\$ (0.95)
Net loss per share, basic and diluted				
Net loss per share, basic and diluted				
Weighted-average shares outstanding used to compute net loss per share, basic and diluted	Weighted-average shares outstanding used to compute net loss per share, basic and diluted	130,071	125,632	120,663
Weighted-average shares outstanding used to compute net loss per share, basic and diluted				
Weighted-average shares outstanding used to compute net loss per share, basic and diluted				

See notes to consolidated financial statements.

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SMARTSHEET INC.

Consolidated Statements of Comprehensive Loss
(in thousands)

		Year Ended January 31,		
		2023	2022	2021
		Year Ended January 31,		
		2024	2024	2023
Net loss	Net loss	\$(215,639)	\$(171,097)	\$(114,979)
Other comprehensive income				
Net unrealized losses on available-for-sale securities		(169)	—	—
Other comprehensive income (loss)				
Net unrealized gains (losses) on available-for-sale securities				
Net unrealized gains (losses) on available-for-sale securities				
Net unrealized gains (losses) on available-for-sale securities				
Foreign currency translation adjustments	Foreign currency translation adjustments	270	—	—
Other comprehensive income		101	—	—
Total other comprehensive income (loss)				
Comprehensive loss	Comprehensive loss	\$(215,538)	\$(171,097)	\$(114,979)

See notes to consolidated financial statements.

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SMARTSHEET INC.

Consolidated Balance Sheets
(in thousands, except share data)

		January 31,	
		2023	2022
		January 31,	January 31,
		January 31,	January 31,
		2024	2024
		2024	2024
Assets	Assets		
Current assets			
Assets			
Assets			
Current assets:			
Current assets:			
Current assets:			
Cash and cash equivalents			
Cash and cash equivalents			
Cash and cash equivalents			
Cash and cash equivalents	Cash and cash equivalents	\$ 223,156	\$ 449,074

Short-term investments	Short-term investments	233,225	—	
Accounts receivable, net of allowances of \$6,285 and \$7,561, respectively		198,643		151,138
Short-term investments				
Short-term investments				
Accounts receivable, net of allowances of \$6,560 and \$6,285, respectively				
Accounts receivable, net of allowances of \$6,560 and \$6,285, respectively				
Accounts receivable, net of allowances of \$6,560 and \$6,285, respectively				
Prepaid expenses and other current assets				
Prepaid expenses and other current assets				
Prepaid expenses and other current assets	Prepaid expenses and other current assets	55,063		34,390
Total current assets	Total current assets	710,087		634,602
Total current assets				
Total current assets				
Restricted cash				
Restricted cash				
Restricted cash	Restricted cash	197		17
Deferred commissions	Deferred commissions	121,785		91,312
Deferred commissions				
Deferred commissions				
Property and equipment, net				
Property and equipment, net				
Property and equipment, net	Property and equipment, net	39,395		36,835
Operating lease right-of-use assets	Operating lease right-of-use assets	54,278		67,171
Operating lease right-of-use assets				
Operating lease right-of-use assets				
Intangible assets, net				
Intangible assets, net				
Intangible assets, net	Intangible assets, net	39,069		44,096
Goodwill	Goodwill	142,415		125,605
Goodwill				
Goodwill				
Other long-term assets				
Other long-term assets				
Other long-term assets	Other long-term assets	2,983		3,194
Total assets	Total assets	\$ 1,110,209		\$ 1,002,832
Total assets				
Total assets				
Liabilities and shareholders' equity	Liabilities and shareholders' equity			
Current liabilities				
Liabilities and shareholders' equity				
Liabilities and shareholders' equity				
Current liabilities:				
Current liabilities:				
Current liabilities:				
Accounts payable				
Accounts payable				
Accounts payable	Accounts payable	\$ 2,125		\$ 1,506

Accrued compensation and related benefits	Accrued compensation and related benefits	68,347	66,744
Accrued compensation and related benefits			
Other accrued liabilities			
Other accrued liabilities			
Other accrued liabilities	Other accrued liabilities	27,437	18,901
Operating lease liabilities, current	Operating lease liabilities, current	19,220	18,003
Operating lease liabilities, current			
Operating lease liabilities, current			
Finance lease liabilities, current			
Finance lease liabilities, current			
Finance lease liabilities, current			
Deferred revenue			
Deferred revenue			
Deferred revenue	Deferred revenue	457,534	332,285
Total current liabilities	Total current liabilities	574,663	437,439
Total current liabilities			
Total current liabilities			
Operating lease liabilities, non-current	Operating lease liabilities, non-current	47,564	58,237
Operating lease liabilities, non-current			
Operating lease liabilities, non-current			
Finance lease liabilities, non-current			
Finance lease liabilities, non-current			
Finance lease liabilities, non-current			
Deferred revenue, non-current			
Deferred revenue, non-current			
Deferred revenue, non-current	Deferred revenue, non-current	2,195	2,377
Other long-term liabilities	Other long-term liabilities	129	—
Other long-term liabilities			
Other long-term liabilities			
Total liabilities			
Total liabilities			
Total liabilities	Total liabilities	624,551	498,053
Commitments and contingencies (Note 14)	Commitments and contingencies (Note 14)		
Commitments and contingencies (Note 14)			
Commitments and contingencies (Note 14)			
Shareholders' equity:	Shareholders' equity:		
Preferred stock, no par value; 10,000,000 shares authorized, no shares issued or outstanding as of January 31, 2023 and January 31, 2022		—	—
Class A common stock, no par value; 500,000,000 shares authorized, 131,845,028 shares issued and outstanding as of January 31, 2023; 500,000,000 shares authorized, 127,809,525 shares issued and outstanding as of January 31, 2022		—	—
Class B common stock, no par value; 500,000,000 shares authorized, no shares issued and outstanding as of January 31, 2023; 500,000,000 shares authorized, no shares issued and outstanding as of January 31, 2022		—	—
Shareholders' equity:			
Shareholders' equity:			

Preferred stock, no par value; 10,000,000 shares authorized, no shares issued or outstanding as of January 31, 2024 and January 31, 2023

Preferred stock, no par value; 10,000,000 shares authorized, no shares issued or outstanding as of January 31, 2024 and January 31, 2023

Preferred stock, no par value; 10,000,000 shares authorized, no shares issued or outstanding as of January 31, 2024 and January 31, 2023

Class A common stock, no par value; 500,000,000 shares authorized, 136,884,011 shares issued and outstanding as of January 31, 2024; 500,000,000 shares authorized, 131,845,028 shares issued and outstanding as of January 31, 2023

Class A common stock, no par value; 500,000,000 shares authorized, 136,884,011 shares issued and outstanding as of January 31, 2024; 500,000,000 shares authorized, 131,845,028 shares issued and outstanding as of January 31, 2023

Class A common stock, no par value; 500,000,000 shares authorized, 136,884,011 shares issued and outstanding as of January 31, 2024; 500,000,000 shares authorized, 131,845,028 shares issued and outstanding as of January 31, 2023

Class B common stock, no par value; 500,000,000 shares authorized, no shares issued and outstanding as of January 31, 2024 and January 31, 2023

Class B common stock, no par value; 500,000,000 shares authorized, no shares issued and outstanding as of January 31, 2024 and January 31, 2023

Class B common stock, no par value; 500,000,000 shares authorized, no shares issued and outstanding as of January 31, 2024 and January 31, 2023

Additional paid-in capital	Additional paid-in capital	1,243,730	1,047,313	
Accumulated other comprehensive income		101	—	
Additional paid-in capital				
Additional paid-in capital				
Accumulated other comprehensive income (loss)				
Accumulated other comprehensive income (loss)				
Accumulated other comprehensive income (loss)				
Accumulated deficit				
Accumulated deficit				
Accumulated deficit	Accumulated deficit	(758,173)	(542,534)	
Total shareholders' equity	Total shareholders' equity	485,658	504,779	
Total shareholders' equity				
Total shareholders' equity				
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	\$ 1,110,209	\$ 1,002,832	
Total liabilities and shareholders' equity				
Total liabilities and shareholders' equity				

See notes to consolidated financial statements.

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SMARTSHEET INC.
Consolidated Statements of Changes in Shareholders' Equity
(dollars in thousands)

Common Stock (Class A and B)	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other	Total Shareholders' Equity

	Shares	Amount	Comprehensive Income	
Balances at January 31, 2020	118,194,159	\$ —	\$ 770,518	\$ (256,458) \$ — \$ 514,060
Issuance of common stock under employee stock plans	4,435,143	—	30,330	—
Taxes paid related to net share settlement of equity awards	—	—	(2,150)	—
Issuance of restricted stock awards, net of cancellations	92,318	—	—	—
Issuance of common stock for acquisition	551,282	—	25,872	—
Share-based compensation expense	—	—	73,796	—
Net loss and comprehensive loss	—	—	(114,979)	—
			(114,979)	
Common Stock (Class A and B)			Common Stock (Class A and B)	Additional Paid-in Capital
	Shares			Accumulated Deficit
Balances at January 31, 2021				Accumulated Other Comprehensive Income (Loss)
Balances at January 31, 2021	Balances at January 31, 2021			Total Shareholders' Equity
Balances at January 31, 2021	Balances at January 31, 2021	123,272,902	—	898,366 (371,437) 526,929
Issuance of common stock under employee stock plans	Issuance of common stock under employee stock plans	4,536,623	—	38,248 — — 38,248
Taxes paid related to net share settlement of equity awards	—	—	(6,171)	— — (6,171)
Taxes paid related to net share settlement of restricted stock units				
Share-based compensation expense	Share-based compensation expense	—	—	116,870 — — 116,870
Net loss and comprehensive loss	Net loss and comprehensive loss	—	—	— (171,097) — (171,097)
Balances at January 31, 2022	Balances at January 31, 2022	127,809,525	—	1,047,313 (542,534) 504,779
Issuance of common stock under employee stock plans	Issuance of common stock under employee stock plans	4,035,503	—	20,577 — — 20,577
Taxes paid related to net share settlement of equity awards	—	—	(4,177)	— — (4,177)

Taxes paid related to net share settlement of restricted stock units							
Share-based compensation expense	Share-based compensation expense	—	—	180,017	—	—	180,017
Comprehensive income		—	—	—	—	101	101
Other comprehensive income (loss)							
Net loss	Net loss	—	—	—	(215,639)	—	(215,639)
Balances at January 31, 2023	Balances at January 31, 2023	<u>131,845,028</u>	<u>\$</u>	<u>—</u>	<u>\$1,243,730</u>	<u>\$</u>	<u>(758,173)</u>
Issuance of common stock under employee stock plans						101	\$ 485,658
Taxes paid related to net share settlement of restricted stock units							
Share-based compensation expense							
Other comprehensive income (loss)							
Net loss							
Balances at January 31, 2024							

See notes to consolidated financial statements.

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SMARTSHEET INC.

Consolidated Statements of Cash Flows (in thousands)

	Year Ended January 31,		
	2023	2022	2021
		Year Ended January 31,	
		Year Ended January 31,	
		Year Ended January 31,	
	2024		
Cash flows from operating activities			
Cash flows from operating activities			
Cash flows from	Cash flows from		
operating activities	operating activities		

Net loss	Net loss	\$ (215,639)	\$ (171,097)	\$ (114,979)
Net loss				
Net loss				
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Share-based compensation expense	Share-based compensation expense	176,555	114,900	71,750
Share-based compensation expense				
Share-based compensation expense				
Depreciation and amortization	Depreciation and amortization	24,856	21,765	17,255
Net amortization of premiums (discounts) on investments		(2,768)	—	—
Depreciation and amortization				
Depreciation and amortization				
Net amortization of discounts on investments				
Net amortization of discounts on investments				
Net amortization of discounts on investments				
Amortization of deferred commission costs				
Amortization of deferred commission costs				
Amortization of deferred commission costs	Amortization of deferred commission costs	47,093	43,680	30,691
Unrealized foreign currency (gain) loss	Unrealized foreign currency (gain) loss	(1,198)	1,048	(161)
Loss on disposal of assets		779	—	268
Unrealized foreign currency (gain) loss				
Unrealized foreign currency (gain) loss				
Non-cash operating lease costs				
Non-cash operating lease costs				
Non-cash operating lease costs	Non-cash operating lease costs	18,914	14,905	11,924
Impairment of long-lived assets	Impairment of long-lived assets	1,544	—	—
Impairment of long-lived assets				
Impairment of long-lived assets				
Other, net				
Other, net				
Other, net	Other, net	(1,208)	—	—
Changes in operating assets and liabilities:				
Changes in operating assets and liabilities:				
Accounts receivable				
Accounts receivable				
Accounts receivable	Accounts receivable	(47,597)	(48,575)	(43,112)
Prepaid expenses and other current assets	Prepaid expenses and other current assets	(21,437)	(19,884)	(3,678)
Prepaid expenses and other current assets				

Prepaid expenses and other current assets				
Other long-term assets				
Other long-term assets				
Other long-term assets	Other long-term assets	(590)	467	(5,819)
Accounts payable	Accounts payable	154	(1,331)	(4,915)
Accounts payable				
Accounts payable				
Other accrued liabilities				
Other accrued liabilities				
Other accrued liabilities	Other accrued liabilities	8,432	1,950	5,543
Accrued compensation and related benefits	Accrued compensation and related benefits	3,739	19,906	5,811
Accrued compensation and related benefits				
Accrued compensation and related benefits				
Deferred commissions				
Deferred commissions				
Deferred commissions	Deferred commissions	(77,566)	(74,463)	(42,965)
Deferred revenue	Deferred revenue	123,853	110,664	60,534
Deferred revenue				
Deferred revenue				
Other long-term liabilities				
Other long-term liabilities				
Other long-term liabilities	Other long-term liabilities	89	(3,904)	3,904
Operating lease liabilities	Operating lease liabilities	(14,417)	(13,543)	(7,699)
Operating lease liabilities				
Operating lease liabilities				
Net cash provided by (used in) operating activities				
Net cash provided by (used in) operating activities				
Net cash provided by (used in) operating activities				
Net cash provided by (used in) operating activities	Net cash provided by (used in) operating activities	23,588	(3,512)	(15,648)
Cash flows from investing activities	Cash flows from investing activities			
Cash flows from investing activities				
Purchases of short-term investments				
Purchases of short-term investments				
Purchases of short-term investments	Purchases of short-term investments	(456,649)	—	—
Maturities of short-term investments	Maturities of short-term investments	226,048	—	—
Proceeds from early termination of short-term investments	—	—	—	50,532
Maturities of short-term investments				
Maturities of short-term investments				
Purchases of long-term investments				
Purchases of long-term investments				
Purchases of long-term investments	Purchases of long-term investments	—	(1,000)	—
Purchases of property and equipment	Purchases of property and equipment	(6,137)	(10,563)	(4,176)

Purchases of property and equipment				
Purchases of property and equipment				
Proceeds from sale of property and equipment				
Proceeds from sale of property and equipment				
Proceeds from sale of property and equipment	Proceeds from sale of property and equipment	217	—	1,250
Proceeds from liquidation of a long-term investment	Proceeds from liquidation of a long-term investment	622	—	—
Proceeds from liquidation of a long-term investment				
Proceeds from liquidation of a long-term investment				
Capitalized internal-use software development costs				
Capitalized internal-use software development costs				
Capitalized internal-use software development costs	Capitalized internal-use software development costs	(7,660)	(6,706)	(7,608)
Purchases of intangible assets	Purchases of intangible assets	—	(31)	—
Purchases of intangible assets				
Purchases of intangible assets				
Payments for business acquisitions, net of cash and restricted cash acquired				
Payments for business acquisitions, net of cash and restricted cash acquired				
Payments for business acquisitions, net of cash and restricted cash acquired	Payments for business acquisitions, net of cash and restricted cash acquired	(20,342)	—	(125,055)
Net cash used in investing activities	Net cash used in investing activities	(263,901)	(18,300)	(85,057)
Net cash used in investing activities				
Net cash used in investing activities				
Cash flows from financing activities	Cash flows from financing activities			
Payments on principal of finance leases		—	—	(4,129)
Payments of deferred offering costs		—	—	(59)
Cash flows from financing activities				
Cash flows from financing activities				
Proceeds from exercise of stock options				
Proceeds from exercise of stock options				
Proceeds from exercise of stock options	Proceeds from exercise of stock options	5,633	19,132	17,373
Taxes paid related to net share settlement of restricted stock units	Taxes paid related to net share settlement of restricted stock units	(4,177)	(6,171)	(2,150)
Taxes paid related to net share settlement of restricted stock units				
Taxes paid related to net share settlement of restricted stock units				
Proceeds from contributions to Employee Stock Purchase Plan	Proceeds from contributions to Employee Stock Purchase Plan	12,600	17,380	14,758

Proceeds from contributions to Employee Stock Purchase Plan				
Proceeds from contributions to Employee Stock Purchase Plan				
Payments on principal of finance leases				
Payments on principal of finance leases				
Payments on principal of finance leases				
Net cash provided by financing activities				
Net cash provided by financing activities				
Net cash provided by financing activities	Net cash provided by financing activities	14,056	30,341	25,793
Effects of changes in foreign currency exchange rates on cash, cash equivalents, and restricted cash	Effects of changes in foreign currency exchange rates on cash, cash equivalents, and restricted cash	334	(1,197)	471
Effects of changes in foreign currency exchange rates on cash, cash equivalents, and restricted cash				
Effects of changes in foreign currency exchange rates on cash, cash equivalents, and restricted cash				
Net increase (decrease) in cash, cash equivalents, and restricted cash				
Net increase (decrease) in cash, cash equivalents, and restricted cash				
Net increase (decrease) in cash, cash equivalents, and restricted cash	Net increase (decrease) in cash, cash equivalents, and restricted cash	(225,923)	7,332	(74,441)
Cash, cash equivalents, and restricted cash at beginning of period	Cash, cash equivalents, and restricted cash at beginning of period	449,680	442,348	516,789
Cash, cash equivalents, and restricted cash at beginning of period				
Cash, cash equivalents, and restricted cash at beginning of period				
Cash, cash equivalents, and restricted cash at end of period	Cash, cash equivalents, and restricted cash at end of period	\$ 223,757	\$ 449,680	\$ 442,348
Cash, cash equivalents, and restricted cash at end of period				
Cash, cash equivalents, and restricted cash at end of period				

Supplemental disclosures					
Cash paid for interest		\$	—	\$	—
Cash paid for income tax			551	196	168
Right-of-use assets obtained in exchange for new operating lease liabilities			7,230	994	35,415
Right-of-use assets reductions related to operating leases			4,696	—	—
Accrued purchases of property and equipment, including internal-use software			1,271	1,164	1,080
Share-based compensation capitalized in internal-use software development costs			3,359	1,970	1,986
Fair value of shares issued as consideration for acquisition			—	—	25,872

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Supplemental disclosures

Cash paid for interest	\$ 11	\$ —	\$ —
Cash paid for income tax	12,085	551	196
Accrued purchases of property and equipment, including internal-use software	1,445	1,271	1,164
Share-based compensation capitalized in internal-use software development costs	4,567	3,359	1,970
Right-of-use assets obtained in exchange for new operating lease liabilities	1,666	7,230	994
Right-of-use assets reductions related to operating leases	4,451	4,696	—
Purchases of fixed assets under finance leases	693	—	—

See notes to consolidated financial statements.

SMARTSHEET INC.

Notes to Consolidated Financial Statements

1. Overview and Basis of Presentation

Description of business

Smartsheet Inc. (the "Company," "we," "our") was incorporated in the State of Washington in 2005, and is headquartered in Bellevue, Washington. The Company is Smartsheet, the enterprise platform for modern work management enabling teams platform, empowers organizations to innovate and organizations of all sizes to plan, capture, manage, automate, achieve results quickly, securely, and report on work at scale resulting in more through effective collaboration and streamlined workflows. By uniting people, content, and work, Smartsheet provides powerful capabilities that revolutionize the way teams operate. Smartsheet makes outcomes reliable, keeps customer data safe, and ensures users are on the same page, making it ideal for organizations seeking efficient, processes and better business outcomes. impactful collaborative work management. Customers access their accounts via a web-based interface or a mobile application. Some customers The Company also purchase the Company's offers professional services, which primarily consist of consulting and training services.

Basis of presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding financial reporting. Certain prior period amounts have been reclassified to conform to current period presentation. These amounts were not material to any of the periods presented. The Company's fiscal year ends on January 31.

The consolidated financial statements include the results of Smartsheet Inc. and its wholly owned subsidiaries, including those located in the United States, the United Kingdom, Germany, Australia, Japan, and Costa Rica. All intercompany balances and transactions have been eliminated upon consolidation.

In the opinion of management, the information contained herein reflects all adjustments necessary for a fair presentation of our consolidated financial statements. All such adjustments are of a normal, recurring nature.

Use of estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities, 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. The Company bases its estimates on historical experience and on other assumptions that its management believes are reasonable under the circumstances. circumstances, and we evaluate these estimates on an ongoing basis. Actual results could differ from those estimates. The Company's most significant estimates and judgments involve the measurement of fair values of share-based compensation award grants; determination of the amortization period for capitalized sales commission costs; and revenue recognition with respect to the allocation of transaction consideration for the Company's offerings, among others.

The During the year ended January 31, 2023, the Company completed an assessment of the amortization period for deferred sales commission costs and determined that it should increase the period over which we amortize deferred commissions from three years to four years. This change in accounting estimate was effective August 1, 2022 and is being accounted for prospectively in the consolidated financial statements. For the year ended January 31, 2024, the change in amortization period resulted in a benefit to both sales and marketing expense and net loss of approximately 1% of total revenue or \$0.07 per basic and diluted share. For the year ended January 31, 2023, the change in amortization period resulted in a benefit to both sales and marketing expense and net loss of approximately 2% of total revenue or \$0.09 per basic and diluted share. The effect of this change in estimate is based on the carrying value of deferred commissions included in the Company's consolidated balance sheets as of July 31, 2022 and those deferred during the six months ended January 31, 2023, subsequent periods.

Liquidity

The Company continues to be subject to the risks and challenges associated with companies at a similar stage of development, including the ability to raise additional capital to support future growth. Since inception through January 31, 2023, the Company has incurred losses from operations and accumulated a deficit of \$758.2 million. The Company finances its operations primarily through payments received from customers for subscriptions and professional services, net proceeds received through sales of equity securities,

option exercises, and contributions from our 2018 Employee Stock Purchase Plan ("ESPP"). The Company believes its existing cash will be sufficient to meet its working capital and capital expenditure needs for at least the next 12 months.

2. Summary of Significant Accounting Policies

Segment information

The Company operates as one operating segment. The Company's chief operating decision maker is its Chief Executive Officer, who reviews consolidated financial information for purposes of making operating decisions, assessing financial performance, and allocating resources.

Revenue recognition

The Company derives its revenue primarily from subscription services and professional services. Revenue is recognized when control of these services is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services, net of any sales taxes.

The Company determines revenue recognition through the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, the Company satisfies a performance obligation.

Subscription revenue

Subscription revenue primarily consists of fees from customers for access to the Company's cloud-based platform and involves a significant volume of transactions. The Company uses automated systems to process and record these transactions. Subscription revenue is recognized on a ratable basis over the subscription contract term, beginning on the date the access to the Company's platform is provided, as no implementation work is required, if consideration the Company is entitled to receive is probable of collection. Subscription contracts generally have terms of one year, **or one month**, are billed in advance, and are non-cancelable. The subscription arrangements do not allow the customer the contractual right to take possession of the platform; as such, the arrangements are considered to be service contracts.

Certain of the Company's subscription contracts contain performance guarantees related to service continuity. To date, refunds related to such guarantees have been immaterial in all periods presented.

On occasion, the Company sells its subscriptions to third-party resellers. The price at which the Company sells to the reseller is typically discounted, as compared to the price at which the Company would sell to an end customer, in order to enable the reseller to realize a margin on the eventual sale to the end customer. As our pricing to the reseller is fixed, and the Company does not have visibility into the pricing provided by the reseller to the end customer, the revenue is recorded net of any reseller margin.

Professional services revenue

Professional services revenue primarily includes **revenue recognized from** fees for consulting and training services. The Company's consulting services consist of platform configuration and use case optimization, and are primarily invoiced on a time and materials basis, monthly in arrears. **Services Consulting services** revenue is recognized over time, as service hours those services are delivered. **Smaller Occasionally**, consulting engagements are **on occasion**, provided for a fixed fee. **These smaller consulting arrangements are typically of short duration (less than three months)**. In these cases, revenue is recognized over time, based on the proportion of hours of work performed, compared to the total hours expected to complete the engagement. Configuration and use case optimization services do not result in significant customization or modification of the software platform or user interface.

Training services are billed in advance, on a fixed-fee basis, and revenue is recognized after the training program is delivered, or after the customer's right to receive training services expires.

Associated out-of-pocket travel expenses related to the delivery of professional services are typically reimbursed by the customer. Out-of-pocket expense reimbursements are recognized as revenue at the point in time, or as the distinct performance obligation to which they relate is delivered. Out-of-pocket expenses are recognized as cost of professional services **and are expensed** as incurred.

Contracts with multiple performance obligations

Some of the Company's contracts with customers contain multiple performance obligations. The Company accounts for individual performance obligations separately, as they have been determined to be distinct, i.e., the services are separately identifiable from other items in the arrangement and the customer can benefit from them on their own or with other resources that are readily available to the customer. The transaction price is allocated to the distinct performance obligations on a relative stand-alone selling price basis. Stand-alone selling prices are determined based on the prices at which the Company separately sells subscription, consulting, and training services, and based on the Company's overall pricing objectives, taking into consideration market conditions, value of the Company's contracts, the types of offerings sold, customer demographics, and other factors.

Accounts receivable and allowance for doubtful accounts

Accounts receivable are primarily comprised of trade receivables that are recorded at the invoice amount, net of an allowance for doubtful accounts. Subscription fees billed in advance of the related subscription term represent contract liabilities and are presented as accounts receivable and deferred revenues upon establishment of the unconditional right to invoice, typically upon signing of the non-cancelable service agreement. Our typical payment terms provide for customer payment within 30 days of the invoice date.

The allowance for doubtful accounts is based on the Company's estimated expected credit losses derived upon assessment of various factors including historical trends on collectibility, composition of accounts receivable by aging, current market conditions, reasonable and supportable forecasts of future economic conditions, and other factors. The estimated credit losses are recorded to the allowance for doubtful accounts in the consolidated balance sheets, with an offsetting decrease in related deferred revenue and a reduction of revenue or charge to general and administrative expense in the consolidated statements of operations.

Activity related to the Company's allowance for doubtful accounts was as follows (in thousands):

	January 31,		
	2023	2022	2021
Beginning balance	\$ 7,561	\$ 6,933	\$ 2,989
Additions	5,440	7,700	6,540
Write-offs	(6,716)	(7,072)	(2,596)
Ending balance	\$ 6,285	\$ 7,561	\$ 6,933

	January 31,		
	2024	2023	2022
Beginning balance	\$ 6,285	\$ 7,561	\$ 6,933
Additions	8,631	5,440	7,700
Write-offs	(8,356)	(6,716)	(7,072)
Ending balance	\$ 6,560	\$ 6,285	\$ 7,561

Deferred revenue

Deferred revenue consists of customer billings and payments in advance of revenue being recognized from the Company's contracts. The Company typically invoices its customers annually in advance for its subscription-based contracts. Deferred revenue and accounts receivable are recorded at the beginning of a new subscription term. For some customers, the Company invoices in monthly, quarterly, semi-annual, or multi-year installments and, therefore, the deferred revenue balance does not necessarily represent the total contract value of all non-cancelable subscription agreements. Deferred revenue anticipated to be recognized during the succeeding 12-month period is recorded as **deferred revenue** a current liability and the remaining portion is recorded as deferred revenue, non-current in our consolidated balance sheets.

Deferred commissions

The majority of sales commissions earned by the Company's sales force are considered incremental and recoverable costs of obtaining a contract with a customer. Sales commissions are primarily paid on initial contracts and on any upsell contracts with a customer. **No sales commissions are paid on customer renewals.** Sales commissions and related payroll taxes and incremental fringe benefits are deferred and then amortized on a straight-line basis over a period of benefit that the Company has determined to be four years. The Company determined the period of benefit by taking into consideration its customer contracts, expected customer life, the expected life of its technology, and other factors. Amortization expense is included in sales and marketing expense in the consolidated statements of operations. The Company evaluates the period of benefit and tests for impairment on a quarterly basis and whenever events or changes in circumstances occur that could impact the recoverability of these assets.

Overhead allocations

The Company allocates shared costs, such as facilities (including lease costs, utilities, and depreciation on equipment shared by all departments) and information technology, to all departments based on headcount. As such, allocated shared costs are reflected in each cost of revenue and operating expense category in the consolidated statements of operations.

Cash, cash equivalents, and restricted cash

The Company considers all highly liquid investments with an original maturity of three months or less from date of purchase to be cash equivalents. Cash and cash equivalents are recorded at cost, which approximates fair value. Interest earned on cash and cash equivalents is recorded in interest income in the consolidated statements of operations.

Restricted The Company's restricted cash

Restricted cash, which primarily relates to Australian employee contributions to our ESPP, was \$0.6 million, \$0.6 million, and \$0.1 million as of January 31, 2023, 2022, and 2021, respectively.

ESPP. See Note 17, *Cash as reported on the consolidated statements of cash flows includes the aggregate amounts of cash and cash equivalents and Supplemental Consolidated Financial Statement Information*, for more information related to our restricted cash as shown on the consolidated balance sheets. Cash as reported on the consolidated statements of cash flows consists of the following (in thousands): cash.

	January 31,		
	2023	2022	2021
Cash and cash equivalents	\$ 223,156	\$ 449,074	\$ 442,200
Restricted cash included in prepaid expenses and other current assets	404	589	130
Restricted cash	197	17	18
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	\$ 223,757	\$ 449,680	\$ 442,348

Short-term investments

The Company's short-term investments primarily consist of U.S. Treasury securities, corporate bonds, commercial paper, and agency securities that have original maturities greater than three months at the time of purchase. These investments are classified as available-for-sale securities and we reevaluate re-evaluate such classification as of each balance sheet date. The Company considers all investments as available for use in current operations, including those with maturity dates beyond one year, and therefore classifies these securities as current assets in its consolidated balance sheets.

Available-for-sale securities are recorded at fair value each reporting period. For unrealized losses in securities that the Company intends to hold and will not be more likely than not required to sell before recovery, the Company further evaluates whether declines in fair value below amortized cost are due to credit or non-credit related factors. The Company considers credit related impairments to be changes in value that are driven by a change in the creditor's ability to meet its payment obligations, and records an allowance and recognizes a corresponding loss in other income (expense), net in the consolidated statements of operations when the impairment is incurred. Unrealized non-credit related losses and unrealized gains are reported as a separate component of accumulated other comprehensive loss income (loss) in the consolidated balance sheets until realized. Realized gains and losses are determined based on the specific identification method and are reported in other income (expense), net in the consolidated statements of operations.

Business combinations

When we acquire a business, the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. Any residual purchase price is recorded as goodwill. The allocation of the purchase price requires management to make significant estimates in determining the fair values of the assets acquired and liabilities assumed, especially with respect to the identifiable intangible assets. These estimates can include, but are not limited to, the cash flows that an asset is expected to generate in the future, the appropriate weighted-average cost of capital, the cost savings expected to be derived from acquiring an asset, its expected remaining economic useful life, and the appropriate discount rate to employ in the valuation analyses in order to properly account for the risk associated with the asset's expected future cash flows. These estimates are inherently uncertain. During the measurement period, which may be up to one year from the acquisition date, adjustments to the fair value values of these tangible and intangible assets acquired and liabilities assumed may be recorded, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the fair value values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of operations and consolidated statements of comprehensive loss operations.

Acquisition costs, such as legal and consulting fees, are expensed as incurred.

Goodwill and acquired intangible assets

The Company evaluates goodwill for impairment at the reporting unit level on an annual basis (September 1), or whenever events or changes in circumstances indicate that impairment may exist. Events or changes in circumstances which could trigger an impairment review include, but are not limited to, a significant adverse change in customer demand or business climate or a significant decrease in expected cash flows. When evaluating goodwill for impairment, the Company may first perform a qualitative assessment to determine whether it is more likely than not that a reporting unit is impaired. If the Company does not perform a qualitative assessment, or if the Company determines that it is not more likely than not that the fair value of the reporting unit exceeds its carrying amount, the Company calculates the estimated fair value of the reporting unit. If the carrying amount of the reporting unit exceeds the estimated fair value, an impairment charge is recorded to reduce the carrying value to the estimated fair value. No impairment charges were recorded for the years ended January 31, 2023 January 31, 2024, 2022, 2023, or 2021.2022.

Acquired intangible assets consist of identifiable intangible assets, primarily software technology and customer relationships, resulting from our acquisitions. Intangible assets are recorded at fair value on the date of acquisition and amortized over their estimated useful lives.

Property and equipment

Property and equipment are recorded at cost, net of accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the following estimated useful lives:

Computer equipment	3 years
Computer software	3 years
Furniture and fixtures	5-7 years

Leasehold improvements are amortized over the shorter of the expected useful lives of the assets or the related lease term. Maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Internal-use software development costs

The Company capitalizes certain qualifying costs incurred during the application development stage in connection with the development of internal-use software. Costs related to preliminary project activities and post-implementation activities are expensed in research and development ("R&D") as incurred. R&D expenses consist primarily of employee-related costs, software-related costs, allocated overhead, and costs of outside services used to supplement our internal staff.

Internal-use software costs of **\$11.0 million** \$15.9 million and **\$8.6 million** \$11.0 million were capitalized in the years ended **January 31, 2023** January 31, 2024 and **2022**, 2023, respectively. All capitalized costs related to costs incurred during the application development stage of software development for the Company's platform to which subscriptions are sold.

Capitalized internal-use software costs are included within property and equipment, net on the consolidated balance sheets, and are amortized over the estimated useful life of the software, which is typically we have determined to be three years. The related amortization expense is recognized in the consolidated statements of operations within the function that receives the benefit of the developed software. Amortization expense of capitalized internal-use software costs totaled **\$7.7 million** \$9.5 million, **\$5.7 million** \$7.7 million, and **\$3.6 million** \$5.7 million for the years ended **January 31, 2023** January 31, 2024, **2022**, 2023, and **2021**, 2022, respectively.

Leases

The Company determines if an arrangement is a lease at inception, and leases are classified at commencement as either operating or finance leases. All of the Company's existing leases Finance lease assets are classified as operating leases, included in property and equipment, net on our consolidated balance sheets.

Right-of-use ("ROU") assets and lease liabilities are recognized at commencement date based on the present value of the future minimum lease payments over the lease term. ROU assets also include any lease payments made. As our operating leases do not provide an implicit rate, we estimate our incremental borrowing rate based on information available at the commencement date in determining the present value of future payments. This rate is an estimate of the collateralized borrowing rate the Company would incur on its future lease payments over a similar term based on the information available at commencement date. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. At **January 31, 2023** January 31, 2024, we did not include any options to extend leases in our lease terms as we were not reasonably certain to exercise them. The Company's lease agreements do not contain residual value guarantees or covenants.

The Company utilizes certain practical expedients and policy elections available under the lease accounting standard. Leases with a term of one year or less are not recognized on our consolidated balance sheets; we recognize our operating lease expense for these leases on a straight-line basis over the lease term. Additionally, we have elected to include non-lease components with lease components for the purpose of calculating lease ROU assets and liabilities, to the extent that they are fixed. Non-lease components that are not fixed are expensed as incurred as variable lease payments. Our operating leases typically include non-lease components such as common-area common area maintenance costs.

The Company accounts for subleases from the perspective of a lessor. The Company has two various subleases, which are both classified as operating leases. The Company records sublease income as a reduction of lease expense using the straight-line method over the term of the sublease.

Impairment of long-lived assets

Long-lived assets, such as property and equipment, intangible assets, operating lease ROU assets, and internal-use software development costs, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of an asset group is measured by comparing the carrying amount to the estimated undiscounted future cash flows expected to be generated. When the carrying amount exceeds the undiscounted cash flows, the assets are adjusted to their estimated fair value and an impairment charge is recognized as the amount by which the carrying amount exceeds its fair value. We recorded an impairment charge of \$1.4 million and \$1.5 million during the years ended January 31, 2024 and 2023, respectively, related to the ROU assets and underlying property and equipment associated with our subleased office spaces as described further in Note 13, Leases, to the consolidated financial statements.

Self-funded health insurance

The Company's health insurance plan is partially self-funded. To reduce its risk related to high-dollar claims, the Company maintains individual and aggregate stop-loss insurance. The Company estimates its exposure for claims incurred but not yet paid at the end of each reporting period and uses historical claims data to estimate its self-insurance liability. As of January 31, 2023 and 2022, the Company's net self-insurance reserve estimate was \$2.3 million and \$2.3 million, respectively, which was included in other accrued liabilities in the accompanying consolidated balance sheets.

Advertising expenses

Advertising and marketing costs are expensed as incurred, and are included in sales and marketing expense in the consolidated statements of operations. Advertising and marketing expenses, inclusive of lead brand awareness and demand generation costs were \$77.9 million, \$55.6 million, and \$31.6 million for the years ended January 31, 2023 January 31, 2024, 2022, and 2021, respectively.

Share-based compensation

The Company measures and recognizes compensation expense for all share-based awards granted to employees and directors, based on the estimated fair value of the award on the date of grant. We use the Black-Scholes option pricing model to measure the fair value of stock option awards and shares granted under our ESPP. The fair value of restricted stock units ("RSUs") is measured using the closing market price of the Company's common stock on the date of the grant. The Company uses the Monte Carlo simulation technique to calculate the fair value of market-based awards, which include our performance share units ("PSUs").

For awards that vest solely based on continued service, the fair value of an award is recognized as an expense over the requisite service period on a straight-line basis. For awards that contain market-conditions, we recognize share-based compensation expense over the requisite service period using the graded-vesting method. The Company recognizes share-based compensation expense related to shares issued pursuant to our ESPP on a straight-line basis over the offering period. We recognize share-based compensation expense based on period including estimated forfeitures. Share-based compensation expense is included in cost of revenue and operating expenses within our consolidated statements of operations based on the department of the individual earning the award. The Company makes several estimates in determining share-based compensation and these estimates generally require significant analysis and judgment to develop.

Income taxes

Income taxes are accounted for using the asset and liability method. Under this method, the Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The Company records a valuation allowance to reduce deferred tax assets to an amount for which realization is more likely than not.

The Company evaluates and accounts for uncertain tax positions using a two-step approach. The first step is to evaluate if the weight of available evidence indicates that it is more likely than not that the tax position will be sustained in an audit. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. The Company reflects interest and penalties related to income tax liabilities as a component of income tax expense.

Concentrations of risk and significant customers

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash, cash equivalents, short-term investments, and accounts receivable. The Company maintains its cash accounts with financial institutions where deposits, at times, exceed the Federal Deposit Insurance Corporation ("FDIC") limits.

No individual customer represented more than 10% of accounts receivable as of **January 31, 2023** **January 31, 2024** or **2022**, **January 31, 2023**. No individual customer represented more than 10% of revenue for the years ended **January 31, 2023** **January 31, 2024**, **2022**, **2023**, or **2021**, **2022**.

Net loss per share

The Company calculates basic net loss per share by dividing net loss by the weighted-average number of the Company's common stock shares outstanding during the respective period. For periods where we report net income, the Company will use the treasury stock method to calculate diluted net income per share by adjusting basic net income per share for the potential dilutive impacts of outstanding stock options, RSUs, PSUs, and shares issuable pursuant to our ESPP. Since we have reported a net loss for all periods presented, all potentially dilutive shares are antidilutive and therefore no adjustment to the denominator is made. Diluted net loss per share and basic net loss per share are the same number for all periods presented.

Foreign currency translation

The functional currency of the Company's foreign operations is primarily the U.S. dollar, while a few of our wholly owned subsidiaries use their respective local currency as their functional currency. We present our consolidated financial statements in U.S. dollar. For subsidiaries where the functional currency is a foreign currency, the Company translates the foreign currency financial statements to U.S. dollar using the exchange rates at the balance sheet date for assets and liabilities, the period average exchange rates for revenues and expenses, and the historical exchange rates for equity. The effects of foreign currency translation adjustments are recorded in accumulated other comprehensive income (loss) as a component of shareholders' equity in the consolidated balance sheets and the related periodic movements are presented in the consolidated statements of comprehensive loss. Foreign currency transaction gains and losses are included in other income (expense), net, in the consolidated statements of operations for the period.

Recently adopted accounting pronouncements

There were no recent accounting pronouncements, changes in accounting pronouncements, or recently adopted accounting guidance during the year ended **January 31, 2024** that had a material impact on our consolidated financial statements.

Recent accounting pronouncements not yet adopted

In **October 2021**, **November 2023**, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update **2021-08**, ("ASU") **2023-07**, **Business Combinations - Accounting for Contract Assets and Contract Liabilities from Contracts with Customers Segment Reporting (Topic 805) 280: Improvements to Reportable Segment Disclosures**. The new guidance requires **contract assets** public entities to disclose information about their reportable segments' significant expenses and **contract liabilities** acquired **other segment items** on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in **a business combination to be recognized** ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in accordance with Accounting Standards Codification ("ASC") Topic 606 as if the acquirer had originated the contracts. ASC 280, on an interim and annual basis. The standard is effective for fiscal years beginning after **December 15, 2022** **December 15, 2023**, including and for interim periods within those fiscal years, years beginning after **December 15, 2024**. Early adoption **was** is permitted. The Company adopted this standard. We are currently evaluating the impact of adopting ASU 2023-07.

In December 2023, the FASB issued ASU 2023-09, **Income Taxes (Topic 740): Improvements to Income Tax Disclosures**, which requires public entities, on an annual basis, to provide disclosure of specific categories in the rate reconciliation, as well as disclosure of income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective **August 1, 2022** for fiscal years beginning after December 15, 2024. The Early adoption is permitted. We are currently evaluating the impact of this standard did not have a material effect on the Company's consolidated financial statements, adopting ASU 2023-09.

3. Revenue from Contracts with Customers

During the years ended **January 31, 2023** **January 31, 2024**, **2022**, **2023**, and **2021** **2022** the Company recognized **\$328.1 million** **\$448.1 million**, **\$216.6 million** **\$328.1 million**, and **\$155.2 million** **\$216.6 million** of subscription revenue, respectively, and **\$4.7 million** **\$7.0 million**, **\$4.8 million** **\$4.7 million**, and **\$3.4 million** **\$4.8 million** of professional services revenue, respectively, which were included in the deferred revenue balance as of **January 31, 2022** **January 31, 2023**, **2021**, **2022**, and **2020**, **2021**, respectively.

As of **January 31, 2023** **January 31, 2024**, approximately **\$528.9 million** **\$713.7 million** of revenue, including amounts already invoiced and amounts contracted but not yet invoiced, was expected to be recognized from remaining performance obligations, of which **\$520.5 million** **\$704.0 million** related to subscription services and **\$8.4 million** **\$9.7 million** related to professional services. Approximately **92%** **86%** of revenue related to remaining performance obligations is expected to be recognized in the next 12 months.

4. Deferred Commissions

Deferred commissions were **\$121.8 million** **\$148.9 million** and **\$91.3 million** **\$121.8 million** as of **January 31, 2023** **January 31, 2024** and **2022**, **2023**, respectively.

Amortization expense for deferred commissions was **\$53.6 million**, **\$47.1 million**, **\$43.7 million**, and **\$30.7 million** **\$43.7 million** for the years ended **January 31, 2023** **January 31, 2024**, **2022**, **2023**, and **2021**, **2022**, respectively. Prior to August 1, 2022, deferred commissions were amortized over a period of three years. Effective as of August 1, 2022, deferred commissions are amortized over a period of four years. The amortization expense is recorded in sales and marketing on the Company's consolidated statements of operations. No significant material impairments of commissions assets were recorded during the years ended **January 31, 2023** **January 31, 2024**, **2022**, **2023**, or **2021** **2022**.

5. Net Loss Per Share

The following table presents calculations for basic and diluted net loss per share (in thousands, except per share data):

Year Ended January 31,		
2023	2022	2021

Year Ended January 31,						Year Ended January 31,		
2024			2023		2022			
Numerator:	Numerator:							
Net loss								
Net loss								
Net loss	Net loss	\$ (215,639)	\$ (171,097)	\$ (114,979)				
Denominator:	Denominator:							
Weighted-average shares outstanding	Weighted-average shares outstanding	130,071	125,632	120,663				
Weighted-average shares outstanding								
Weighted-average shares outstanding								
Net loss per share, basic and diluted	Net loss per share, basic and diluted	\$ (1.66)	\$ (1.36)	\$ (0.95)				

The following outstanding shares of common stock equivalents as of the periods presented were excluded from the computation of diluted net loss per share for the periods presented because the impact of including them would have been anti-dilutive (in thousands):

Year Ended January 31,			Year Ended January 31,			Year Ended January 31,		
			2024		2023	2024		2023
Shares subject to outstanding common stock awards	Shares subject to outstanding common stock awards							
15,045	11,855	11,299						
Shares issuable pursuant to the 2018 Employee Stock Purchase Plan	Shares issuable pursuant to the 2018 Employee Stock Purchase Plan							
386	52	162						
Total potentially dilutive shares	Total potentially dilutive shares							
15,431	11,907	11,461						

6. Investments

All cash equivalents and short-term investments were designated as available-for-sale securities as of January 31, 2023 January 31, 2024. The following table presents the amortized costs, unrealized gains and losses, and estimated fair values of the Company's cash equivalents and short-term investments as of January 31, 2023 (in thousands):

January 31, 2023				
Description	Amortized Cost*	Unrealized Gains	Unrealized Losses	Estimated Fair Value

Cash equivalents:					
Money market funds	\$ 137,490	\$ —	\$ —	\$ —	\$ 137,490
Agency securities	3,497	—	—	—	3,497
Total cash equivalents	140,987	—	—	—	140,987
Short-term investments:					
Corporate bonds	66,051	46	(79)	—	66,018
U.S. Treasury securities	62,520	2	(144)	—	62,378
Commercial paper	78,454	—	—	—	78,454
Agency securities	26,369	12	(6)	—	26,375
Total short-term investments	233,394	60	(229)	—	233,225
Total	\$ 374,381	\$ 60	\$ (229)	\$ —	\$ 374,212

*Excludes interest receivable of \$1.1 million, which is included in Prepaid expenses and other current assets on the consolidated balance sheets.

	January 31, 2024				
	Amortized Cost*	Unrealized Gains	Unrealized Losses	Estimated Fair Value	
Cash equivalents:					
Money market funds	\$ 79,082	\$ —	\$ —	\$ —	\$ 79,082
Commercial paper	4,497	—	—	—	4,497
Total cash equivalents	83,579	—	—	—	83,579
Short-term investments:					
Corporate bonds	99,547	158	(9)	—	99,696
U.S. Treasury securities	169,825	123	—	—	169,948
Commercial paper	57,755	—	—	—	57,755
Agency securities	19,282	21	(1)	—	19,302
Total short-term investments	346,409	302	(10)	—	346,701
Total	\$ 429,988	\$ 302	\$ (10)	\$ —	\$ 430,280

*Excludes interest receivable of \$1.5 million, which is included in Prepaid expenses and other current assets on the consolidated balance sheets.

	January 31, 2023				
	Amortized Cost*	Unrealized Gains	Unrealized Losses	Estimated Fair Value	
Cash equivalents:					
Money market funds	\$ 137,490	\$ —	\$ —	\$ —	\$ 137,490
Agency securities	3,497	—	—	—	3,497
Total cash equivalents	140,987	—	—	—	140,987
Short-term investments:					
Corporate bonds	66,051	46	(79)	—	66,018
U.S. Treasury securities	62,520	2	(144)	—	62,378
Commercial paper	78,454	—	—	—	78,454
Agency securities	26,369	12	(6)	—	26,375
Total short-term investments	233,394	60	(229)	—	233,225
Total	\$ 374,381	\$ 60	\$ (229)	\$ —	\$ 374,212

*Excludes interest receivable of \$1.1 million, which is included in Prepaid expenses and other current assets on the consolidated balance sheets.

The Company does not intend to sell, nor is it more likely than not that we will be required to sell, any investments in unrealized loss positions before recovery of their amortized cost basis. We did not recognize any credit losses related to our investments during the years ended January 31, 2023, January 31, 2024 or 2023. The unrealized losses on our short-term investments were primarily due to unfavorable changes in interest rates subsequent to initial purchase. There were no material realized gains or losses from available-for-sale securities that were reclassified out of accumulated other comprehensive income (loss) during the years ended January 31, 2024 or 2023. None of the short-term investments held as of January 31, 2023 January 31, 2024 or 2023 were in a continuous unrealized loss position for greater than 12 months. There were no material realized gains or losses from available for sale securities that were reclassified out of accumulated other comprehensive income during January 31, 2022, the year ended January 31, 2023. Company did not hold any available-for-sale securities.

The following table presents the contractual maturities of the Company's short-term investments as of January 31, 2023 (in thousands):

	January 31, 2023	
	Amortized Cost	Estimated Fair Value
Due within one year	\$ 207,487	\$ 207,325
Due between one to five years	25,907	25,900
Total	\$ 233,394	\$ 233,225

As of January 31, 2022, the Company did not hold any available-for-sale securities.

	January 31, 2024	
	Amortized Cost	Estimated Fair Value
Due within one year	\$ 312,314	\$ 312,508
Due between one to five years	34,095	34,193
Total	\$ 346,409	\$ 346,701

7. Fair Value Measurements

Assets and liabilities recorded at fair value in the consolidated financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The lowest level of significant input determines the placement of the fair value measurement within the following hierarchical levels:

- *Level 1:* Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- *Level 2:* Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- *Level 3:* Unobservable inputs that are supported by little or no market activity.

Assets and liabilities measured at fair value on a recurring basis

The following tables present information about the Company's financial assets and liabilities that are measured at fair value and indicates the fair value hierarchy of the valuation inputs used (in thousands):

January 31, 2023					January 31, 2024				
	Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Assets	Assets								
Cash	Cash								
equivalents:	equivalents:								
Cash equivalents:									
Cash equivalents:									
Money market funds	Money market funds	\$ 137,490	\$ —	\$ —	\$ 137,490				
Agency securities		3,497		3,497					
Money market funds									

Money market funds					
Commercial paper					
Total cash equivalents	Total cash equivalents	137,490	3,497	—	140,987
Short-term investments:	Short-term investments:				
Corporate bonds					
Corporate bonds					
Corporate bonds	Corporate bonds	—	66,018	—	66,018
U.S. Treasury securities	U.S. Treasury securities	—	62,378	—	62,378
Commercial paper	Commercial paper	—	78,454	—	78,454
Agency securities	Agency securities	—	26,375	—	26,375
Total short-term investments	Total short-term investments	—	233,225	—	233,225
Total assets	Total assets	\$ 137,490	\$ 236,722	\$ —	\$ 374,212

January 31, 2022					
		Level 1	Level 2	Level 3	January 31, 2023
		Level 1	Level 1	Level 2	Level 3
Assets	Assets				
Cash equivalents:	Cash equivalents:				
Cash equivalents:	Cash equivalents:				
Money market funds	Money market funds	\$378,294	\$ —	\$ —	\$378,294
Money market funds					
Money market funds					
Agency securities					
Total cash equivalents					
Short-term investments:					
Corporate bonds					
Corporate bonds					
Corporate bonds					
U.S. Treasury securities					
Commercial paper					
Agency securities					

Total short-term investments	
Total assets	Total assets \$378,294 \$ — \$ — \$378,294

The carrying amounts of certain financial instruments, including cash held in banks, accounts receivable, and accounts payable, approximate fair value due to their short-term maturities and are excluded from the fair value tables above.

It is the Company's policy to recognize transfers of assets and liabilities between levels of the fair value hierarchy at the end of a reporting period. The Company does not transfer out of Level 3 and into Level 2 until observable inputs become available and reliable. There were no transfers between fair value measurement levels during the years ended January 31, 2023, 2024 or 2022, 2023.

Assets and liabilities measured at fair value on a non-recurring basis

See Note 9, *Business Combinations*, and Note 10, *Goodwill and Net Intangible Assets*, of these notes to our consolidated financial statements for fair value measurements of certain assets and liabilities recorded at fair value on a non-recurring basis.

The Company's long-lived assets are measured at fair value on a non-recurring basis and are reduced if the assets are determined to be impaired. The fair value values of the operating lease ROU assets and associated property and equipment was were estimated as of the sublease execution date using an income approach by converting future sublease cash inflows and outflows to a single present value. Estimated cash flows were discounted at a rate commensurate with the inherent risks associated with the asset group to arrive at an estimate of fair value. See Note 13, *Leases*, of these notes to the our consolidated financial statements for further details on the impairment charges we recorded. As a result of the subjective nature of unobservable inputs used, these assets are classified within Level 3 of the fair value hierarchy.

8. Property and Equipment, Net

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

		January 31,			
		2023	2022		
		January 31,		January 31,	
2024				2024	2023
Computer equipment	Computer equipment	\$ 12,954	\$ 13,728		
Computer software, purchased and developed		33,260	27,663		
Computer software, developed					
Furniture and fixtures	Furniture and fixtures	6,526	9,082		
Leasehold improvements	Leasehold improvements	9,612	9,969		
Total property and equipment	Total property and equipment	62,352	60,442		
Less: accumulated depreciation	Less: accumulated depreciation	(22,957)	(23,607)		
Total property and equipment, net	Total property and equipment, net	\$ 39,395	\$ 36,835		

Depreciation expense was \$13.7 million \$15.2 million, \$10.9 million \$13.7 million, and \$11.0 million \$10.9 million for the years ended January 31, 2023 January 31, 2024, 2023, and 2022, respectively.

Property and 2021, respectively, equipment, net includes \$0.7 million of computer equipment purchased under a finance lease as of January 31, 2024. Depreciation expense and accumulated depreciation related to these leased assets were each less than \$0.1 million for the year ended and as of January 31, 2024. These leased assets are included in the computer equipment category in the table above.

9. Business Combinations

Outfit

On September 1, 2022, the Company acquired 100% of the outstanding equity of On Brand Holdings, Inc. and its subsidiaries, collectively doing business as Outfit, pursuant to an Agreement and Plan of Merger. The Company acquired Outfit to enhance Brandfolder's templating and creative automation solution. We incurred acquisition costs of \$0.6 million during the year ended January 31, 2023. The total purchase consideration for the acquisition of Outfit was \$20.6 million in cash, net of customary purchase price adjustments.

The transaction was accounted for as a business combination and accordingly, the total fair value of purchase consideration was allocated to the tangible and intangible assets acquired and liabilities assumed based on their respective estimated fair values on the acquisition date. Fair values were determined using income and cost approaches. The fair value measurements of the intangible assets were based primarily on significant unobservable inputs and thus represent a Level 3 measurement. The **fair values assigned to assets acquired and liabilities assumed were based on management's best estimates and assumptions and are considered final**. The following table summarizes the **preliminary final** fair values of assets acquired and liabilities assumed as of the date of acquisition (in thousands):

	September 1, 2022
Cash and restricted cash	\$ 266
Intangible assets	5,190
Goodwill	16,434
Other net tangible assets and liabilities assumed	(1,283)
Total	\$ 20,607

The excess purchase price consideration was recorded as goodwill, and is primarily attributable to the acquired assembled workforce and expected synergies with Brandfolder's product offerings. **The goodwill is not deductible for income tax purposes. The purchase price allocation was prepared on a preliminary basis and may be subject to further adjustments as additional information becomes available concerning the fair value of the assets acquired and liabilities assumed. The primary areas that remain preliminary as of January 31, 2023 relate to the fair values of intangible assets acquired, certain tangible assets and liabilities acquired, income taxes, and goodwill. The Company expects to finalize the fair value measurements as soon as practicable, but not later than one year from the acquisition date.**

We engaged a third-party valuation specialist to aid our analysis of the fair value of the acquired intangibles. All estimates, key assumptions, and forecasts were either provided by or reviewed by us. While we chose to utilize a third-party valuation specialist for assistance, the fair value analysis and related valuations reflect the conclusions of management and not those of any third party.

The estimated useful lives and fair values of the identifiable intangible assets at acquisition date were as follows (dollars in thousands):

	Fair Value	Expected Useful Life	Discount Rate
Software technology	\$ 3,200	5 years	14.7 %
Customer relationships	1,990	7 years	14.7 %
Total intangible assets	\$ 5,190		

The identified intangible assets, software technology and customer relationships, were valued as follows:

Software technology - we valued the finite-lived software technology using the relief-from-royalty method under the income approach. This method estimates fair value by forecasting avoided royalties, reducing them by maintenance-related research and development expenses and taxes, and discounting the resulting net cash flows to a present value using an appropriate discount rate. We applied judgment which involved the use of assumptions with respect to the future revenue forecast, technology life, royalty rate, and the discount rate.

Customer relationships - we valued the finite-lived customer relationships using the multi-period excess-earnings method. This method involves forecasting the net earnings expected to be generated by the asset, reducing them by appropriate returns on contributory assets, and then discounting the resulting net cash flows to a present value using an appropriate discount rate. We applied judgment which involved the use of the assumptions with respect to the future cash flows forecast, base year **annual annualized** recurring revenue, customer churn rate, and the discount rate.

The related software technology amortization expense is recognized over its useful life within cost of revenue in the consolidated statements of operations. The amortization expense related to the customer relationship intangible asset is recognized over the useful life within sales and marketing in the consolidated statements of operations. The weighted-average amortization period of the acquired intangible assets is 5.8 years.

We have included the financial results of Outfit in our consolidated financial statements from the date of acquisition. Separate financial results and pro forma financial information for Outfit have not been presented as the effect of this acquisition was not significant to our financial results.

Brandfolder

On September 14, 2020, we acquired 100% of the outstanding equity of Brandfolder, Inc. ("Brandfolder"), pursuant to an Agreement and Plan of Merger (the "Brandfolder Merger Agreement"). Combining Brandfolder capabilities with Smartsheet creates dynamic solutions that manage workflows around content and collaboration. The Company has included the financial results of Brandfolder in our consolidated financial statements from the acquisition date. We incurred acquisition costs of \$1.0 million during the year ended January 31, 2021, and less than \$0.1 million during the year ended January 31, 2022. These costs included legal and accounting fees and other costs directly related to the acquisition and are recognized within general and administrative expense in the consolidated statements of operations. The acquisition date fair value of the consideration transferred for Brandfolder was approximately \$152.5 million, which consisted of the following (in thousands):

	Fair Value
Cash	\$ 126,589
Class A Common Stock	25,872
Total	\$ 152,461

The fair value of the Class A common stock issued as part of the consideration paid for Brandfolder was determined on the basis of the closing market price of Smartsheet's Class A common stock on the acquisition date.

Of the cash paid at closing, \$0.7 million was held in a third-party escrow account after closing to secure our indemnification rights under the Brandfolder Merger Agreement, all of which was released from escrow during the year ended January 31, 2022.

Additionally, we granted certain continuing Brandfolder employees restricted stock awards with service conditions, which total 96,620 shares of our Class A common stock with an aggregate grant date fair value of \$4.5 million that will be accounted for as post-acquisition share-based compensation expense over the vesting period. We incurred share-based compensation expense related to these awards of \$1.2 million, \$1.5 million, and \$0.5 million during the years ended January 31, 2023, January 31, 2022, and January 31, 2021, respectively.

We accounted for the transaction as a business combination using the acquisition method of accounting. We allocated the purchase price to the tangible and identifiable intangible assets acquired and liabilities assumed based on their respective estimated fair values on the acquisition date. The excess purchase price consideration was recorded as goodwill, and is primarily attributable to the acquired assembled workforce and expanded market opportunities. The goodwill recognized upon acquisition is not deductible for U.S. federal income tax purposes. Fair values were determined using income and cost approaches. The fair value measurements of the intangible assets were based primarily on significant unobservable inputs and thus represent a Level 3 measurement as defined in ASC 820.

We engaged a third-party valuation specialist to aid our analysis of the fair value of the acquired intangibles. All estimates, key assumptions, and forecasts were either provided by or reviewed by us. While we chose to utilize a third-party valuation specialist for assistance, the fair value analysis and related valuations reflect the conclusions of management and not those of any third party.

The fair values assigned to assets acquired and liabilities assumed are based on management's best estimates and assumptions as of the reporting date and are considered final. The following table presents the final allocation of the purchase price at the acquisition date (in thousands):

	September 14, 2020
Cash	\$ 2,530
Accounts receivable	2,649
Contract assets	1,620
Right-of-use assets	895
Other assets	991
Intangible assets	45,270
Goodwill	109,108
Accounts payable, accrued expenses, and other current liabilities	(1,411)
Deferred revenue	(4,655)
Lease liabilities, non-current	(522)
Net deferred tax liability	(4,014)
Total	\$ 152,461

The estimated useful lives and fair values of the identifiable intangible assets at acquisition date were as follows (dollars in thousands):

	Fair Value	Expected Useful Life	Discount Rate
Software technology	\$ 17,400	5 years	10.0 %
Customer relationships	16,590	7 years	11.0 %
Customer relationships - reseller	7,280	7 years	13.0 %

Trade name	4,000	9 years	13.8 %
Total intangible assets	\$ 45,270		

The identifiable intangible assets were valued as follows:

Software technology - we valued the finite-lived software technology using a relief-from-royalty method under the income approach. This method estimates fair value by forecasting avoided royalties, reducing them by maintenance-related research and development expenses and taxes, and discounting the resulting net cash flows to a present value using an appropriate discount rate. We applied judgment which involved the use of significant assumptions with respect to the future revenue forecast, technology life, royalty rate, and the discount rate.

Customer relationships - we valued the finite-lived customer relationships using the multi-period excess earnings method. This method involves forecasting the net earnings expected to be generated by the asset, reducing them by appropriate returns on contributory assets, and then discounting the resulting net cash flows to a present value using an appropriate discount rate. We applied judgment which involved the use of the significant assumptions with respect to the future cash flows forecast, base year annual recurring revenue, customer churn rate, and the discount rate.

Customer relationships - reseller - we valued the finite-lived reseller-related customer relationships using an incremental cash flow approach. This method involves forecasting the incremental revenues expected to be generated by having the existing reseller relationship in place at acquisition, reducing them by appropriate operating expenses, taxes, and returns on contributory assets, and then discounting the resulting net cash flows to a present value using an appropriate discount rate. We applied judgment which involved the use of significant assumptions with respect to the future cash flows forecast and the discount rate.

Trade name - we valued the finite-lived trade name using the relief-from-royalty method under the income approach. This method involves forecasting avoided royalties, reducing them by income taxes, and then discounting the resulting net cash flows to a present value using an appropriate discount rate. We applied judgment which involved the use of significant assumptions with respect to our income forecast.

The related software technology amortization expense is recognized over its useful life within cost of revenues in the consolidated statements of operations. The amortization expense related to customer relationships and trade name intangible assets are recognized over their useful lives within sales and marketing in our consolidated statements of operations. The weighted-average amortization period of the acquired intangible assets is 6.4 years.

The amounts of revenue and earnings of Brandfolder included in the Company's consolidated statements of operations from the acquisition date of September 14, 2020 to January 31, 2021 are as follows (in thousands):

	January 31, 2021	
Revenue	\$	5,683
Loss before income tax benefit		(4,758)

The following unaudited pro forma financial information is for illustrative purposes only and summarizes the combined results of operations for Smartsheet Inc. and Brandfolder, as though the companies were combined as of the beginning of the Company's fiscal year 2020. The unaudited pro forma financial information was as follows (in thousands):

	January 31,	
	2021	2020
Revenue	\$ 397,160	\$ 278,200
Loss before income tax provision (benefit)	(122,148)	(112,351)
Net loss	(122,410)	(107,374)

The pro forma financial information for all periods presented above has been calculated after adjusting the results of Brandfolder to reflect the business combination accounting effects resulting from this acquisition. It includes pro forma adjustments related to the amortization of acquired intangible assets, acquisition costs, share-based compensation expense, alignment of accounting policies, deferred revenue fair value adjustment, and the related income tax effects. The unaudited pro forma results have been prepared based on estimates and assumptions, which we believe are reasonable; however, they are not necessarily indicative of the consolidated results of operations had the acquisition occurred on February 1, 2019, or of future results of operations.

10. Goodwill and Net Intangible Assets

The changes in the carrying amount of goodwill during the years ended January 31, 2023 January 31, 2024 and 2022 2023 were as follows (in thousands):

Goodwill balance as of January 31, 2021	\$	125,605
Additions and measurement period adjustments		
Goodwill balance as of January 31, 2022	\$	125,605
Additions and measurement period adjustments - acquisition of Outfit		
Effects of foreign currency translation		16,434
Goodwill balance as of January 31, 2023		376
Effects of foreign currency translation		142,415
Goodwill balance as of January 31, 2024	\$	(938)
		<u>142,415</u>
		<u>141,477</u>

No goodwill impairments were recorded during the years ended January 31, 2023 January 31, 2024, 2022, 2023, or 2021, 2022.

The following table presents the components of net intangible assets (in thousands):

	As of January 31, 2023			As of January 31, 2022			January 31, 2024	
	Gross		Net Carrying Amount	Gross		Net Carrying Amount		
	Carrying Amount	Accumulated Amortization		Carrying Amount	Accumulated Amortization			
Acquired software technology	\$ 28,673	\$ (14,547)	\$ 14,126	\$ 25,400	\$ (9,195)	\$ 16,205		
Acquired customer relationships	34,186	(12,265)	21,921	32,150	(7,735)	24,415		
	January 31, 2024							
	Gross			Net			Gross	
	Carrying Amount			Carrying Amount			Carrying Amount	
Software technology								
Customer relationships								
Trade names	4,100	(1,157)	2,943	4,100	(711)	3,389		
Patents	170	(135)	35	170	(127)	43		
Domain name	44	—	44	44	—	44		
Domain names								
Total	Total	\$ 67,173	\$ (28,104)	\$ 39,069	\$ 61,864	\$ (17,768)	\$ 44,096	

The components of intangible assets acquired as of the periods presented were as follows (dollars in thousands):

	As of January 31, 2023		As of January 31, 2022		January 31, 2024	
	Weighted		Weighted			
	Net Carrying Amount	Average Life (Years)	Net Carrying Amount	Average Life (Years)		
Acquired software technology	\$ 14,126	2.8	\$ 16,205	3.3		
Acquired customer relationships	21,921	4.7	24,415	5.5		
	January 31, 2024					
	Net			Weighted		
	Carrying			Average Life		
Software technology			Software technology			
Customer relationships			Customer relationships			
	Amount			(Years)		
Software technology			\$ 8,260	2.1	\$ 14,126	
Customer relationships			17,131	3.7	21,921	

Trade names	Trade names	2,943	6.6	3,389	7.6 names	Trade names	2,499	5.6	5.6	
Total	Total	\$ 38,990	4.2	\$ 44,009	4.9	Total	\$ 27,890	3.4	3.4	\$ 31,890

Amortization expense related to intangible assets was \$10.3 million \$10.8 million, \$10.1 million \$10.3 million, and \$6.3 million \$10.1 million for the years ended January 31, 2023 January 31, 2024, 2022, 2023, and 2021, 2022, respectively. As of January 31, 2023 January 31, 2024, estimated remaining amortization expense for the finite-lived intangible assets by fiscal year is as follows (in thousands):

2024	\$	10,887
2025		9,686
2026		7,969
2027		5,803
2028		3,491
Thereafter		1,189
Total	\$	39,025
 Fiscal 2025	\$	9,633
Fiscal 2026		7,916
Fiscal 2027		5,750
Fiscal 2028		3,454
Fiscal 2029		721
Thereafter		442
Total	\$	27,916

11. Share-Based Compensation

The Company has issued incentive and non-qualifying stock options to employees and non-employee directors under the 2005 Stock Option/Restricted Stock Plan, (2005 Plan), the 2015 Equity Incentive Plan (2015 (the 2015 Plan)), and the 2018 Equity Incentive Plan (2018 (the 2018 Plan)). Employee stock options are granted with exercise prices at the fair value of the underlying common stock on the grant date, generally vest based on continuous employment over three or four years, and expire 10 years from the date of grant.

The Company has also issued restricted stock units (RSUs) RSUs to employees and non-employee directors pursuant to the 2015 Plan and the 2018 Plan. Employee RSUs are measured based on the grant date fair value of the awards and generally vest based on continuous employment over three or four years.

The Company has issued restricted stock awards (RSAs) to certain Brandfolder employees subject to vesting conditions. These shares were issued in a private placement transaction. As vesting of these RSAs is dependent on continuous employment, these were not considered part of the purchase price in accounting for the September 2020 acquisition. The RSAs are measured based on the grant date fair value of the awards and vest based on continuous employment over three years.

The Company issued market-based performance share units (PSUs) PSUs to certain executives pursuant to the 2018 Plan during the year years ended January 31, 2023, January 31, 2024 and 2023. The target number of market-based PSUs granted was 251,027, were 195,948 and 251,027 during the years ended January 31, 2024 and January 31, 2023, respectively. The number of shares that can be earned under each grant range from 0% to 200% of the target number of shares, based on the relative growth of the Company's total shareholder return as compared to the total shareholder return of the S&P Software and Services Select Index. These The awards granted during the year ended January 31, 2024 have a two-year performance period ending on the second anniversary of the date of grant. The awards granted during the year ended January 31, 2023 have two separate performance periods. The first tranche of awards has a one year one-year performance period starting on the date of grant and ending on the first anniversary of the date of grant. The second tranche of awards has a two year two-year performance period starting on the date of grant and ending on the second anniversary of the date of grant. These awards also Both grants include a service condition and vest on a graded vesting schedule, subject to continuous employment, over a three year three-year period. The fair value values of the PSUs granted was were determined using a Monte Carlo simulation approach.

The Company issued restricted stock awards (RSAs) to certain employees as part of the Brandfolder acquisition which were subject to vesting conditions. These shares were issued in a private placement transaction. As vesting of these RSAs was dependent on continuous employment, these were not considered part of the purchase price in accounting for the September 2020 acquisition. The RSAs were measured based on the grant date fair value of the awards and vested based on continuous employment over three years.

Stock options

The following table includes a summary of the option activity during the year ended **January 31, 2023** **January 31, 2024**:

	Weighted-Average					
	Options Outstanding	Weighted-Average Exercise Price	Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)		
				Options Outstanding	Weighted-Average Exercise Price	Remaining Contractual Term (years)
Outstanding at January 31, 2022	4,573,482	\$ 20.87	6.2	\$ 192,982		
Outstanding at January 31, 2023						
Granted	Granted	253,049	36.34			
Exercised	Exercised	(859,115)	9.46			
Exercised						
Forfeited or canceled	Forfeited or canceled	(148,128)	47.80			
Outstanding at January 31, 2023		<u>3,819,288</u>	23.42	5.7	90,985	
Exercisable at January 31, 2023		<u>3,050,682</u>	15.72	4.9	88,960	
Vested and expected to vest at January 31, 2023		<u>3,701,994</u>	22.44	5.6	90,641	
Forfeited or canceled						
Forfeited or canceled						
Outstanding at January 31, 2024						
Outstanding at January 31, 2024						
Outstanding at January 31, 2024						
Exercisable at January 31, 2024						
Vested and expected to vest at January 31, 2024						

No stock options were granted during the year ended January 31, 2024. The weighted-average grant date fair value per share of stock options granted during the years ended January 31, 2023, 2022, and **2021** 2022 was \$18.16 and \$29.71, and \$18.95, respectively.

The total grant date fair value of stock options vested was \$9.1 million, \$10.1 million, and \$11.1 million during the years ended **January 31, 2023** **January 31, 2024**, 2023, and 2022 was \$7.7 million, \$9.1 million, and **2021**, \$10.1 million, respectively.

The intrinsic value of options exercised was \$10.9 million, \$27.0 million, \$141.1 million, and \$141.3 million \$141.1 million during the years ended **January 31, 2023** **January 31, 2024**, 2023, and 2022, and 2021, respectively.

Restricted stock units

The following table includes a summary of the RSU activity during the year ended **January 31, 2023** **January 31, 2024**:

	Number of Shares Underlying Outstanding RSUs	Weighted- Average Grant- Date Fair Value per RSU
Outstanding at January 31, 2022		
	7,281,232	\$ 60.95
Outstanding at January 31, 2023		
Granted	Granted	7,965,718 39.16
Vested	Vested	(2,813,339) 57.03
Forfeited or canceled	Forfeited or canceled	(1,458,454) 57.82
Outstanding at January 31, 2023		
	<u>10,975,157</u>	<u>46.56</u>
Outstanding at January 31, 2024		

An RSU award entitles the holder to receive shares of the Company's common stock as the award vests, which is based on continued service. Non-vested RSUs do not have non-forfeitable rights to dividends or dividend equivalents.

The weighted-average grant date fair value of RSUs granted during the years ended **January 31, 2023** **January 31, 2024**, 2023, and 2022 was \$43.33, \$39.16, and 2021 was \$39.16, \$68.21, and \$43.19, respectively. The total fair value of RSUs vested during the years ended **January 31, 2023** **January 31, 2024**, 2023, and 2022 and 2021 was \$193.9 million, \$160.4 million, \$78.0 million, and \$48.1 \$78.0 million, respectively.

Performance Share Units share units

The following table includes a summary of the PSU activity during the year ended **January 31, 2023** **January 31, 2024**:

	Number of Shares	Weighted- Average Grant-Date Fair Value per Share
Outstanding at January 31, 2022		
	—	\$ —
Granted	251,027	53.34
Outstanding at January 31, 2023		
Granted*	—	—
Vested	Vested	— —

Forfeited or canceled	Forfeited or canceled	—	—
Outstanding at January 31, 2023		251,027	53.34
Outstanding at January 31, 2024			
*This represents awards granted at 100% attainment.			

The weighted-average grant date fair value of PSUs granted during the **year** years ended **January 31, 2023** **January 31, 2024** and **2023** was **\$53.34**, **\$48.74** and **\$53.34**, respectively.

Restricted stock awards

The following table includes a summary of RSA activity during the year ended **January 31, 2023** **January 31, 2024**:

		Number of Shares	Weighted-Average Grant-Date Fair Value per Share
Outstanding at January 31, 2022		56,288	\$ 46.93
Granted		—	—
Vested		(28,144)	46.93
Forfeited or canceled		(8,249)	46.93
Outstanding at January 31, 2023		19,895	46.93

		Number of Shares	Weighted-Average Grant-Date Fair Value per Share
Outstanding at January 31, 2023		19,895	\$ 46.93
Granted		—	—
Vested		(19,895)	46.93
Forfeited or canceled		—	—
Outstanding at January 31, 2024		—	—

The weighted-average grant date fair value of RSAs granted during the year ended January 31, 2021 was \$46.93. No RSAs were granted during the years ended January 31, 2024, 2023, or 2022. The total fair value of RSAs vested during the years ended **January 31, 2023** **January 31, 2024**, 2023, and 2022 was \$0.9 million, \$1.3 million, and \$1.6 million, respectively. **No RSAs vested during the year ended January 31, 2021.**

2018 Employee Stock Purchase Plan

In April 2018, we adopted our ESPP. The ESPP became effective on April 26, 2018, with the effective date of our IPO.

Initial Public Offering. Under our ESPP, eligible employees are able to acquire shares of the **Company's** Class A common stock by accumulating funds through payroll deductions of up to 15% of their compensation, subject to plan limitations. Purchases are accomplished through participation in discrete offering periods. Each offering period is six months (commencing each January 1 and July 1) and consists, with a purchase date following the end of one six-month purchase period, unless otherwise determined by our board of directors or our compensation committee. Prior to January 2022, each offering period commenced on March 25 and September 25. The change in offering periods required an abbreviated, one-time purchase period from September 25, 2021 through December 31, 2021 to align to the new offering periods. The purchase price for shares of **our** common stock purchased under our ESPP is 85% of the lesser of the fair market value of our common stock on (i) the first trading day of the applicable offering period or (ii) the last trading day of the purchase period in the applicable offering period.

The following table includes a summary of the activity of shares available for issuance under our 2018 Plan and our ESPP during the year ended **January 31, 2023** **January 31, 2024**:

		Shares Available for Issuance		Shares Available for Issuance	
		2018 Plan		2018 ESPP	
		2018 Plan	ESPP		
Balance at January 31, 2022		15,067,025	4,040,430		
Shares Available for Issuance				Shares Available for Issuance	
	2018 Plan			2018 Plan	
Balance at January 31, 2023					
Authorized	Authorized	6,390,477	1,278,096		
Granted	Granted	(8,469,794)	(467,751)		
Forfeited	Forfeited	1,606,582	—		
Balance at January 31, 2023		14,594,290	4,850,775		
Balance at January 31, 2024					

The aggregate number of shares reserved for issuance under our ESPP will increase automatically on February 1 of each of the first 10 calendar years after the first offering date under the ESPP by the number date. The increase of shares is equal to 1% of the total outstanding shares of our Class A common stock and Class B common stock as of the immediately preceding January 31 (rounded to the nearest whole share) or such lesser number of shares as may be determined by our board of directors in any particular year. The aggregate number of shares issued over the term of our ESPP, subject to stock-splits, recapitalizations, or similar events, may not exceed 20,400,000 shares of our Class A common stock.

As of January 31, 2023 January 31, 2024, \$2.0 million \$2.6 million has been withheld on behalf of our employees for a future purchase under the ESPP and is recorded in accrued compensation and related benefits in the consolidated balance sheet.

Valuation assumptions

The fair value values of employee stock options and ESPP purchase rights was were estimated using a Black-Scholes option pricing model. The fair value values of the PSUs was were estimated using a Monte Carlo simulation valuation model. The fair values of the Company's stock options, ESPP purchase rights, and PSUs granted during the years ended January 31, 2023 January 31, 2024, 2022, 2023, and 2021 2022 were estimated using the following assumptions:

		Year Ended January 31,					
		2023	2022	2021			
		Year Ended January 31,			Year Ended January 31,		
Employee Stock Options	Employee Stock Options				2024	2023	2022
Risk-free interest rate	Risk-free interest rate	1.8%-3.7%	1.0%-1.4%	0.6%-0.7%	—	%	1.8%-3.7%
Expected volatility	Expected volatility	44.2%-46.3%	43.1%-43.5%	43.0%-43.5%	Expected volatility	— %	44.2%-46.3%
Expected term (in years)	Expected term (in years)	6.25	6.25	6.25	Expected term (in years)	— 6.25	6.25
Expected dividend yield	Expected dividend yield	— %	— %	— %	Expected dividend yield	— %	— %
Employee Stock Purchase Plan	Employee Stock Purchase Plan						

Risk-free interest rate	Risk-free interest rate	0.2%-2.5%	0.0%-0.1%	0.1%-1.9%					
Risk-free interest rate					4.8%-5.5%		0.2%-2.5%	0.0%-0.1%	
Expected volatility	Expected volatility	50.0%-72.8%	46.9%-68.0%	39.9%-68.0%	Expected volatility	57.3%-70.7%	50.0%-72.8%	46.9%-68.0%	
Expected term (in years)	Expected term (in years)	0.50	0.27-0.50	0.50	Expected term (in years)	0.49	0.50	0.27-0.50	
Expected dividend yield	Expected dividend yield	—	%	—	Expected dividend yield	—	%	—	
Performance Share Units	Performance Share Units								
Risk-free interest rate	Risk-free interest rate	4.3	%	—					
Risk-free interest rate					4.7	%	4.3	%	
Expected volatility	Expected volatility	52.5	%	—	Expected volatility	50.6	%	52.5	%
Expected volatility (S&P Software and Services Select Index)	Expected volatility (S&P Software and Services Select Index)	31.8	%	—	Expected volatility (S&P Software and Services Select Index)	32.4	%	31.8	%
Expected term (in years)	Expected term (in years)	1.00-2.00	—	—					
Expected dividend yield	Expected dividend yield	—	%	—	Expected dividend yield	—	%	—	

The risk-free interest rate used in the Black-Scholes option pricing model is based on the U.S. Treasury yield that corresponds with the expected term at the time of grant. The risk-free rate used in the Monte Carlo simulation valuation model is the continuously compounded yield on zero-coupon U.S. Treasury bonds that corresponds with the longest expected term. The expected term of an option is determined using the simplified method, which is calculated as the average of the contractual life and the vesting period. The expected term for the ESPP purchase rights is estimated using the offering period, which is typically six months. The expected term for the PSUs is estimated by using the related performance period. We estimate volatility for options and PSUs using volatilities of a group of public companies in a similar industry, stage of life cycle, and size; and volatility of ESPP purchase rights using our own volatility history. The Company does not currently pay dividends and does not expect to for the foreseeable future. In addition to the assumptions used in the Black-Scholes option pricing and the Monte Carlo simulation models, we must also estimate a forfeiture rate to calculate the share-based compensation expense for awards. Our forfeiture rate is derived from historical employee termination behavior. If the actual number of forfeitures differs from these estimates, additional adjustments to compensation expense will be required.

Share-based compensation expense

Share-based compensation expense included in the consolidated statements of operations was as follows (in thousands):

		Year Ended January 31,					
		2023	2022	2021			
		Year Ended January 31,			Year Ended January 31,		
		2024	2023	2022	2024	2023	2022
Cost of subscription revenue	Cost of subscription revenue	\$ 11,248	\$ 6,274	\$ 4,385			
Cost of professional services revenue	Cost of professional services revenue	6,404	3,788	2,146			

Research and development	Research and development	62,165	41,218	25,072
Sales and marketing	Sales and marketing	63,224	40,632	25,921
General and administrative	General and administrative	33,514	22,988	14,498
Total share-based compensation	Total share-based compensation	\$ 176,555	\$ 114,900	\$ 72,022

We have excluded \$3.5 million for the year ended January 31, 2023, \$4.9 million, \$3.5 million, and \$2.0 million for each of the years ended January 31, 2022 and 2021, of capitalized software development costs from stock-based compensation expense, expense for the years ended January 31, 2024, 2023 and 2022, respectively.

As of January 31, 2023 January 31, 2024, there was a total of \$491.8 million \$381.3 million of unrecognized share-based compensation expense, which is expected to be recognized over a weighted-average period of 2.7 2.1 years.

12. Income Taxes

The components of loss before income tax provision (benefit) were as follows (in thousands):

Year Ended January 31,			Year Ended January 31,		
2023			2021		
Year Ended January 31,					
2024	2024	2024	2023	2023	2022
United States	United States	\$ (216,167)	\$ (174,043)	\$ (120,958)	
Foreign	Foreign	3,377	3,242	2,226	
Loss before income tax provision (benefit)		\$ (212,790)	\$ (170,801)	\$ (118,732)	
Loss before income tax provision					

The income tax provision (benefit) consisted of the following (in thousands):

Year Ended January 31,			Year Ended January 31,		
2023			2021		
Year Ended January 31,					
2024	2024	2024	2023	2023	2022
Current: Federal	Current: Federal	\$ 876	\$ —	\$ —	
State	State	1,239	175	115	
Foreign	Foreign	1,085	49	63	
Total current tax provision (benefit)		3,200	224	178	
Total current tax provision					
Deferred and other: Federal	Deferred and other: Federal	—	—	(3,117)	
State	State	—	—	(898)	

Foreign	Foreign	(351)	72	84
Total	Total			
deferred	deferred			
tax	tax			
provision	provision			
(benefit)	(benefit)	(351)	72	(3,931)
Total income tax provision (benefit)		\$ 2,849	\$ 296	\$ (3,753)
Total income tax provision				

Income tax expense for the year ended January 31, 2024 was primarily related to taxable profits in the U.S. as a result of the capitalization of research and experimental expenditures under IRC Section 174, Base Erosion and Anti-Abuse Tax, and income taxes in foreign jurisdictions.

Income tax expense for the year ended January 31, 2023 was primarily related to taxable profits in the U.S. as a result of the capitalization of research and experimental expenditures under IRC Section 174 as well as income taxes in foreign jurisdictions.

Income tax expense for the year ended January 31, 2022 was recognized primarily due to income taxes in foreign jurisdictions and state income taxes.

Income tax benefit for the year ended January 31, 2021 was recognized primarily due to a release of the Company's federal and state valuation allowance on deferred tax assets as a result of the deferred tax liabilities established for definite lived intangible assets from the acquisition of Brandfolder, offset by income taxes in foreign jurisdictions and state income taxes.

The reconciliation of federal statutory income tax to the Company's provision for income taxes is as follows (in thousands):

		Year Ended January 31,				
		2023	2022	2021		
		Year Ended January 31,			Year Ended January 31,	
		2024	2024	2023	2024	2022
Income tax at statutory federal rate	Income tax at statutory federal rate	\$ (44,686)	\$ (35,868)	\$ (24,934)		
Tax credits	Tax credits	(7,660)	(5,697)	(5,657)		
Intangible basis adjustment						
Change in valuation allowance	Change in valuation allowance	44,898	71,738	51,296		
Non-deductible executive compensation						
Base Erosion Anti-Avoidance Tax						

Share-based compensation	Share-based compensation	7,558	(30,092)	(24,057)
Global intangible low taxed income inclusion		2,276	—	—
State taxes				
Foreign earnings taxed in the U.S.				
Other	Other	463	215	(401)
Total income tax provision (benefit)		\$ 2,849	\$ 296	\$ (3,753)
Total income tax provision				

Deferred income taxes reflect the net tax effects of loss and credit carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The tax effects of temporary differences and related deferred tax assets and liabilities as of January 31, 2023 and 2022, were as follows (in thousands):

		January 31,		
		2023	2022	
		January 31,		January 31,
		2024	2024	2023
Deferred tax assets:	Deferred tax assets:			
Deferred revenue				
Deferred revenue				
Deferred revenue				
Net operating loss carryforwards	Net operating loss carryforwards	\$ 121,171	\$ 147,348	
Deferred revenue		117,579	82,904	
Capitalized research & experimental expenditures	Capitalized research & experimental expenditures	45,906	—	
Tax credits	Tax credits	29,267	23,677	
Lease liabilities	Lease liabilities	17,273	19,379	
Share-based compensation	Share-based compensation	17,282	16,595	
Accrued compensation	Accrued compensation	8,983	5,711	
Other	Other	982	1,097	
Total deferred tax assets	Total deferred tax assets	358,443	296,711	
Valuation allowance	Valuation allowance	(302,196)	(247,130)	
Total deferred tax assets, net	Total deferred tax assets, net	56,247	49,581	

Deferred tax liabilities:	Deferred tax liabilities:		
Capitalized commissions	Capitalized commissions	(30,836)	(23,242)
Capitalized commissions	Capitalized commissions		
Lease right-of-use assets	Lease right-of-use assets	(14,320)	(17,023)
Property and equipment			
Intangibles	Intangibles	(7,637)	(8,265)
Property and equipment		(2,250)	(1,186)
Other	Other	(989)	—
Total deferred tax liabilities	Total deferred tax liabilities	(56,032)	(49,716)
Net deferred tax assets (liabilities)		\$ 215	\$ (135)
Net deferred tax assets			

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended **January 31, 2023** **January 31, 2024**. Such objective evidence limits the ability to consider other subjective evidence, such as the Company's projections for future growth. On the basis of this evaluation, the Company has established a full valuation allowance equal to its U.S. net deferred tax assets due to the uncertainty of future realization of the net deferred tax assets. The valuation allowance increased by **\$55.1** **\$26.9** million during the year ended **January 31, 2023** **January 31, 2024**. The increase in the valuation allowance was primarily related to an increase in deferred tax assets related to deferred revenue and capitalization of research and experimental expenditures required under IRC Section 174, offset by a decrease in deferred tax assets related to net operating losses.

As of **January 31, 2023** **January 31, 2024**, we had net operating loss carryforwards ("NOLs") NOLs of **\$473.8** **\$388.6** million for U.S. federal income taxes and **\$307.8** **\$291.7** million for state and local income taxes. The U.S. federal NOLs of **\$419.3** million may be carried forward indefinitely, and U.S. federal NOLs of \$54.5 million will expire on various dates starting in 2025, indefinitely. The state NOL carryforwards will begin to expire in 2025.

As of **January 31, 2023** **January 31, 2024**, the Company's tax credit carryforwards for income tax purposes were approximately **\$29.2** **\$37.7** million net of uncertain tax positions for research and development credits. If not used, the tax credit carryforwards will begin to expire in 2038.

The Company's operations in Costa Rica are located in a Free Trade Zone ("FTZ") which entitles the Company to certain tax incentives including a tax holiday from corporate income tax or a reduced corporate tax rate. The FTZ benefits are conditional on the Company meeting certain employment and investment thresholds. These tax incentives are effective into 2034 and may be extended if additional requirements are satisfied. The impact of the tax holiday was not material.

Accounting guidance for income taxes requires a deferred tax liability to be established for the U.S. tax impact of undistributed earnings of foreign subsidiaries unless it can be shown that these earnings will be permanently reinvested outside the U.S. If the Company's foreign earnings were to be repatriated in the future, the estimated U.S. tax liability would be insignificant.

The calculation of the Company's tax obligations involves dealing with uncertainties in the application of complex tax laws and regulations. ASC 740, *Income Taxes*, provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits. The Company has assessed its income tax positions and recorded tax benefits for all years subject to examination, based upon its evaluation of the facts, circumstances, and information available at each period end. For those tax positions where the Company has determined there is a greater than 50% likelihood that a tax benefit will be sustained, the Company has recorded the largest amount of tax benefit that may potentially be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is determined there is less than 50% likelihood that a tax benefit will be sustained, no tax benefit has been recognized.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits: benefits (in thousands):

Year Ended January 31,			
2023	2022	2021	

		Year Ended January 31,		
		2024	2023	2022
Balance, beginning of the year	Balance, beginning of the year	\$ 7,204	\$ 5,283	\$ 3,339
Increases to tax positions taken during the current year	Increases to tax positions taken during the current year	2,218	2,010	2,046
Increases to tax positions taken in prior years	Increases to tax positions taken in prior years	461	—	11
Decreases to tax positions taken in prior years	Decreases to tax positions taken in prior years	—	(89)	(113)
Balance, end of year	Balance, end of year	\$ 9,883	\$ 7,204	\$ 5,283

Although the Company believes that it has adequately reserved for its uncertain tax positions, it can provide no assurance that the final tax outcome of these matters will not be materially different. The Company makes adjustments to its reserves when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made.

No liability was recorded for uncertain tax positions, or related interest or penalties, as of January 31, 2023 January 31, 2024 or 2022 2023. As of January 31, 2023 January 31, 2024 and 2022 2023, the Company had \$9.9 \$12.9 million and \$7.2 \$9.9 million of unrecognized tax benefits, respectively, of which the total amount that would impact the effective tax rate, if recognized, is \$9.9 \$12.9 million and \$7.2 \$9.9 million, respectively. Any impact on the effective tax rate for unrecognized tax benefits would be offset by the impact of the Company's full valuation allowance on its U.S. federal and state deferred tax assets.

In the U.S., the Company's tax years from 2005 to present remain effectively open to examination by the Internal Revenue Service, as well as various state and foreign jurisdictions.

Interest or penalties, if incurred, are recognized as a component of income tax expense. Penalties and interest recognized were not material for the years ended January 31, 2023 January 31, 2024, 2022 2023, and 2021.

On August 16, 2022, the Inflation Reduction Act (the "IRA") was signed into law. The IRA contains a number of tax related provisions including a 15% minimum corporate income tax on certain large corporations as well as an excise tax on stock repurchases. The Company evaluated the IRA and concluded it does not have a material impact on the Company's consolidated financial statements.

2022.

13. Leases

The Company has operating leases primarily related to corporate offices, and certain equipment. During the year ended January 31, 2021, the Company had finance leases primarily related to data center computer equipment. Our finance lease ROU assets related to computer equipment which were paid off are included in that year.

property and equipment, net in the consolidated balance sheets. Our leases have remaining lease terms of less than one year to six five years, some of which include options to extend the leases for up to five years.

The components of lease expense recorded in the consolidated statements of operations were as follows (in thousands):

	Year Ended January 31,		
	2023	2022	2021
Operating lease cost	\$ 22,508	\$ 18,739	\$ 15,586
Finance lease cost:	—	—	3,093
Amortization of assets	—	—	114
Interest on lease liabilities	—	—	—

Short-term lease cost	950	371	1,493
Variable lease cost	2,833	2,850	2,606
Sublease income	(527)	—	—
Total lease costs	\$ 25,764	\$ 21,960	\$ 22,892

	Year Ended January 31,		
	2024	2023	2022
Operating lease cost	\$ 15,486	\$ 22,508	\$ 18,739
Finance lease cost:			
Amortization of assets	73	—	—
Interest on lease liabilities	23	—	—
Short-term lease cost	509	950	371
Variable lease cost	3,318	2,833	2,850
Sublease income	(2,294)	(527)	—
Total lease costs	\$ 17,115	\$ 25,764	\$ 21,960

Other information related to leases was as follows (in thousands):

Supplemental cash flow information:	Year Ended January 31,		
	2023	2022	2021
	Year Ended January 31,		
Supplemental cash flow information	2024	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows related to operating leases*	\$ 19,735	\$ 17,610	\$ 14,249
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows related to operating leases			
Operating cash flows related to operating leases			
Operating cash flows related to operating leases			
Operating cash flows related to finance leases	Operating cash flows related to finance leases	—	114
Financing cash flows related to finance leases	Financing cash flows related to finance leases	—	4,129

Right-of-use assets obtained in exchange for new operating lease liabilities	7,230	994	35,415
Right-of-use assets obtained in exchange for new lease liabilities:			
Operating leases			
Operating leases			
Operating leases			
Finance leases			
Right-of-use assets reductions related to operating leases			
Right-of-use assets reductions related to operating leases	4,696	—	—

Supplemental balance sheet information related to our operating leases was as follows:

	January 31,			January 31,	
	2023	2022		2024	2023
January 31,					
Weighted-average remaining lease term (in years)	4.5	5.3			
Operating leases					
Operating leases					
Operating leases				3.9	4.5
Finance leases				2.7	0.0
Weighted-average discount rate	5.3	%	5.0	%	
Operating leases					
Operating leases				5.5	%
Operating leases				5.3	%
Finance leases				—	%

As of January 31, 2023 January 31, 2024, the reconciliation remaining maturities of the undiscounted cash flows to the total operating lease liabilities were as follows (in thousands):

Operating Leases		
Fiscal 2024	\$	19,683
Fiscal 2025		17,029
Fiscal 2026		14,577
Fiscal 2027		10,868
Fiscal 2028		6,078
Thereafter		6,235
Total payments		74,470
Less: imputed interest		(7,686)
Total operating lease liabilities	\$	66,784

	Operating Leases	Finance Leases
Fiscal 2025	\$ 16,531	\$ 270
Fiscal 2026	14,724	270
Fiscal 2027	10,769	225
Fiscal 2028	6,341	—
Fiscal 2029	5,296	—
Thereafter	1,357	—
Total lease payments	55,018	765
Less: imputed interest	(5,878)	(94)
Total	<u>\$ 49,140</u>	<u>\$ 671</u>

As of **January 31, 2023** **January 31, 2024**, the future total minimum sublease payments to be received were as follows (in thousands):

	Sublease Receipts
Fiscal 2024 2025	\$ 1,495 2,732
Fiscal 2025	1,592
Fiscal 2026	1,645 2,154
Fiscal 2027	700
Fiscal 2028	—
Fiscal 2029	—
Thereafter	—
Total	<u>\$ 5,432</u> <u>5,586</u>

During the year ended January 31, 2023, the Company reassessed its real estate footprint which resulted in real estate restructuring activities. The Company has vacated certain of its previous corporate offices and entered into two sublease agreements for certain fully furnished floors in Bellevue, Washington, floors. We evaluated the associated asset groups for impairment, which included the ROU assets and underlying property and equipment on each subleased floor. We compared the expected future undiscounted cash flows for each subleased floor to its carrying value and determined that the respective asset groups were not recoverable. We compared then calculated the estimated fair value, values based on the present value of the estimated cash flows from each sublease for the remaining lease term. We compared the estimated fair values to its carrying value, values, which resulted in a \$1.4 million impairment charge during the year ended January 31, 2024, and a \$1.5 million consolidated impairment charge, charge during the year ended January 31, 2023. The impairment charges were included in general and administrative expenses in the consolidated statements of operations.

During the year ended January 31, 2023, the Company also abandoned certain floors in Bellevue, Washington for which there was no intent or ability to sublease. The remaining lease cost was accelerated between the decision date sublease, and abandonment date. Additionally, the Company terminated the operating lease in connection with its Denver, Colorado office facility, Colorado. These two real estate restructuring activities led to lease charges of \$3.5 million, which were allocated based on headcount to each cost of revenue and operating expense category in the consolidated statements of operations.

14. Commitments and Contingencies

Lease commitments

We have entered into various non-cancelable lease agreements related to our corporate offices and certain equipment. For additional information regarding our lease agreements, see Note 13, *Leases*.

Purchase commitments

We have entered into certain non-cancelable multi-year agreements with third-party providers primarily for our use of cloud-based hosting and data services. As of **January 31, 2023**, our future estimated purchase commitments related to these contracts by fiscal year are as follows (in thousands):

Fiscal 2024	\$	49,390
Fiscal 2025	\$	67,664
Fiscal 2026	\$	46,366 48,700
Fiscal 2027	\$	1,750
Fiscal 2028	\$	—
Fiscal 2029	\$	—
Thereafter	\$	—
Total	\$	160,106 118,114

Legal matters

An indemnification claim was made against the Company by a former director, Ryan Hinkle, and Insight Venture Partners VII, L.P. and certain affiliated entities that are former shareholders of the Company (together with Hinkle, the "IVP Parties"), relating to a purported class action litigation in which the IVP Parties are defendants. On January 29, 2021 During the year ended January 31, 2021, the IVP Parties filed a complaint against the Company in the Superior Court of Washington, King County, for the advancement of legal fees, costs, and expenses incurred in defending the purported class action claim. In December 2021, During the year ended January 31, 2022, we paid \$10.0 million as part of an overall settlement of these matters. We do not expect any additional losses related to this that would have a material impact on our financial position, results of operations, or cash flows. During the year ended January 31, 2023, we recovered \$4.5 million related to insurance coverage of this claim. In February 2023, we claim and settled an additional insurance reimbursement claim related to this case. As a result of this settlement, the case, which we have recorded included as an insurance reimbursement receivable of \$3.9 million in prepaid and other current assets in our consolidated balance sheets as of January 31, 2023. During the year ended January 31, 2024, the \$3.9 million was collected. The impact of these insurance recoveries is included in general and administrative expenses in our consolidated statement of operations.

From time-to-time, in the normal course of business, the Company may be subject to various other legal matters such as threatened or pending claims or proceedings. Although management currently believes that resolution of such matters, individually and in the aggregate, will not have a material impact on our financial position, results of operations, or cash flows, these matters are subject to inherent uncertainties, and management's view of these matters may change in the future.

15. 401(k) and Pension Plans

In March 2008, the Company initiated a 401(k) plan for the benefit of all United States employees. In the second quarter of fiscal 2021, we began to match 50% of each participant's contribution up to a maximum of 6% of the participant's eligible pay during the period. We recognized an expense of \$9.9 million, \$9.5 million, \$6.7 million, and \$4.4 \$6.7 million related to matching contributions during the years ended **January 31, 2023**, **January 31, 2024**, **2022**, **2023**, and **2021** **2022**, respectively.

In January 2018, the Company began contributing to a pension plan for the benefit of its employees based in the United Kingdom. In January 2020, the Company began contributing to a pension plan for the benefit of its employees based in Australia. We recognized an expense related to employer contributions of \$2.5 million, \$1.6 \$3.0 million, \$2.5 million, and \$1.0 \$1.6 million during the years ended **January 31, 2023**, **January 31, 2024**, **2022**, **2023**, and **2021**, respectively.

16. Related Party Transactions

Certain members of the board of directors serve as directors of, or are executive officers of, and in some cases are investors in, companies that are customers or vendors of the Company. Certain of the Company's executive officers also serve as directors of, or serve in an advisory capacity to, companies that are customers or vendors of the Company. Related-party transactions were not material as of and for the years ended January 31, 2023, 2022, and 2021.

17. 16. Geographic Information

Revenue

Revenue by geographic location is determined by the location of the Company's customers. The following table sets forth revenue by geographic area (in thousands):

Year Ended January 31,

	2023	2022	2021			
	Year Ended January 31,			Year Ended January 31,		
	2024			2024	2023	2022
United States	United States	\$ 640,604	\$ 454,246	\$ 314,177		
EMEA	EMEA	65,574	51,603	37,463		
Asia Pacific		29,946	21,326	15,325		
APJ						
Americas	Americas					
other than the other than the						
United States	United States	30,791	23,657	18,548		
Total	Total	\$ 766,915	\$ 550,832	\$ 385,513		

No individual country other than the United States contributed more than 10% of total revenue during any of the periods presented.

Long-lived assets

Long-lived assets by geographic location is based on the location of the legal entity that owns the asset. The following table sets forth long-lived assets by geographic area (in thousands):

	January 31,			
	2023	2022	2024	2023
January 31,				
United States	United States	\$ 60,246	\$ 79,278	
EMEA	EMEA	5,583	3,828	
Asia Pacific		4,510	1,153	
APJ				
Americas	Americas			
other than the other than the				
United States	United States	274	28	
Total	Total	\$ 70,613	\$ 84,287	

The table above includes property and equipment, net and operating lease right-of-use assets and excludes capitalized internal-use software costs and intangible assets.

18. Subsequent Events 17. Supplemental Consolidated Financial Statement Information

In February 2023, we settled an insurance reimbursement claim related to the IVP Parties indemnification claim described in Note 14, Commitments and Contingencies. As a result of this settlement, an insurance reimbursement receivable of \$3.9 million was recorded in prepaid Prepaid and other current assets in

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

	January 31,	
	2024	2023
Prepaid expenses	\$ 57,685	\$ 45,877
Other current assets	6,681	9,186
Total prepaid expense and other current assets	\$ 64,366	\$ 55,063

Restricted cash

Restricted cash, which primarily relates to Australian employee contributions to our ESPP, was \$0.3 million, \$0.6 million, and \$0.6 million as of January 31, 2024, 2023, and 2022, respectively.

Cash as reported on the consolidated statements of cash flows includes the aggregate amounts of cash, cash equivalents and restricted cash as shown on the consolidated balance sheets as and consists of January 31, 2023. For further information on our legal proceedings, see Note 14, Commitments and Contingencies, in the notes to our consolidated financial statements included in this Annual Report on Form 10-K, following (in thousands):

	January 31,		
	2024	2023	2022
Cash and cash equivalents	\$ 282,094	\$ 223,156	\$ 449,074
Restricted cash included in prepaid expenses and other current assets	329	404	589
Restricted cash	19	197	17
Total cash, cash equivalents, and restricted cash	\$ 282,442	\$ 223,757	\$ 449,680

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of disclosure controls and procedures

Under the supervision and Our management, with the participation and supervision of our management, including our principal executive officer (Chief Executive Officer) and principal financial officer (Chief Financial Officer), we conducted an evaluation (pursuant to Rule 13a-15(b) of the Exchange Act) of have evaluated the effectiveness of our disclosure controls and procedures as (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of January 31, 2023.

the end of the period covered by this Annual Report on Form 10-K.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of January 31, 2023 January 31, 2024 at the reasonable assurance level.

Management's report on internal control over financial reporting

Our management, including our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of January 31, 2023 January 31, 2024, based on the framework in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation our Chief Executive Officer and Chief Financial Officer have concluded that as of January 31, 2023 January 31, 2024, our internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of January 31, 2023 January 31, 2024 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is included in Item 8 of this Annual Report on Form 10-K.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended January 31, 2023 January 31, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent limitations on effectiveness of controls

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

Item 9B. Other Information

None.

(a) Entrance into Independent Contractor Agreement with Michael Arntz

On March 19, 2024, the Company and Michael Arntz entered into an Independent Contractor Agreement (the "IC Agreement"), pursuant to which he will serve as an advisor to the Company following his resignation as Chief Revenue Officer and Executive Vice President of Worldwide Field Operations. The IC Agreement provides that in consideration of Mr. Arntz's services, he will continue to vest the equity awards he received during his time as an employee of the Company, in accordance with the pre-existing terms and vesting schedules as set forth at the time of each applicable grant. The foregoing summary of the material terms of the IC Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the IC Agreement, a copy of which is filed herewith as Exhibit 10.16.

(b) Rule 10b5-1 Plan Elections

During the fiscal quarter ended January 31, 2024, our Chief Financial Officer, Pete Godbole, and a member of our Board, Brent Frei, each adopted a "Rule 10b5-1 trading arrangement" as defined in Regulation S-K, Item 408, intended to satisfy the affirmative defense conditions of Rule 10b5-1(c), as amended (the "Rule").

The Rule 10b5-1 trading arrangements included representations from each of Mr. Godbole and Mr. Frei to the broker administering the plan that they were not in possession of any material nonpublic information regarding the Company or the securities subject to the plan. Similar representations were made to the Company in connection with the adoption of the plan, as required under the Company's insider trading policy. Those representations were made as of the date of adoption of the Rule 10b5-1 trading arrangement, and speak only as of that date. In making those representations, there is no assurance with respect to any material nonpublic information of which the adopting individuals was unaware, or with respect to any material nonpublic information acquired by the adopting individuals or the Company after the date of the representation.

Name & Title	Date Adopted	Aggregate Number of Shares of Class A Common Stock to be Purchased or Sold Pursuant to Trading			Date Terminated	
		Arrangement ⁽¹⁾	Duration ⁽²⁾			
			Duration ⁽²⁾	Duration ⁽²⁾		
Pete Godbole - Chief Financial Officer	January 5, 2024	38,910 ⁽³⁾	January 5, 2024 - June 21, 2024		N/A	
Brent Frei - Director	December 20, 2023	665,000	December 20, 2023 - February 17, 2025		N/A	

(1) The volume of sales is determined, in part, based on pricing triggers outlined in the trading arrangement.

(2) The Rule 10b5-1 trading arrangement permits transactions through and including the earlier to occur of (a) the completion of all purchases or sales or (b) the date listed in the table. The arrangement also provides for automatic expiration in the event of liquidation, dissolution, bankruptcy, insolvency, or death, of the adopting person.

(3) The Rule 10b5-1 trading arrangement provides for the sale of a percentage of shares to be received upon future vesting of certain outstanding equity awards, net of any shares withheld by us to satisfy applicable taxes. The number of shares to be withheld, and thus the exact number of shares to be sold pursuant to Mr. Godbole's Rule 10b5-1 trading arrangement, can only be determined upon the occurrence of the future vesting events. For purposes of this disclosure, we have reported the maximum aggregate number of shares to be sold without subtracting any shares to be withheld upon future vesting events.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated by reference to our Proxy Statement relating to our 2023 2024 Annual Meeting of Shareholders. The Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the fiscal year ended **January 31, 2023** **January 31, 2024**.

Item 11. Executive Compensation

The information required by this item is incorporated by reference to our Proxy Statement relating to our 2023 2024 Annual Meeting of Shareholders. The Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the fiscal year ended **January 31, 2023** **January 31, 2024**.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

The information required by this item is incorporated by reference to our Proxy Statement relating to our 2023 2024 Annual Meeting of Shareholders. The Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the fiscal year ended **January 31, 2023** **January 31, 2024**.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required by this item is incorporated by reference to our Proxy Statement relating to our 2023 2024 Annual Meeting of Shareholders. The Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the fiscal year ended **January 31, 2023** **January 31, 2024**.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated by reference to our Proxy Statement relating to our 2023 2024 Annual Meeting of Shareholders. The Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the fiscal year ended **January 31, 2023** **January 31, 2024**.

Part IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as a part of this Annual Report on Form 10-K:

(a) Financial Statements

The information concerning our financial statements, and Report of Independent Registered Public Accounting Firm required by this Item is incorporated by reference herein to the section of this Annual Report on Form 10-K in Item 8, entitled "Financial Statements and Supplementary Data."

(b) Financial Statement Schedules

All schedules have been omitted because the required information is not present or not present in amounts sufficient to require submission of the schedules, or because the information required is included in Item 8, entitled "Financial Statements and Supplementary Data."

(c) Exhibits

Incorporated by Reference						
Exhibit Number	Exhibit Number	Exhibit Title	File Form	Filing No.	Filed Exhibit Date	Filed Herewith
Incorporated by Reference						
Exhibit Number	Exhibit Title	File Form	File No.	Filing Exhibit Date	Filed Herewith	Filed
3.1						
3.1	Amended and Restated Articles of Incorporation	10-Q	001-38464	3.1	June 12, 2018	
3.2	Amended and Restated Bylaws	10-Q	001-38464	3.2	June 12, 2018	
3.2						
3.2						
4.1						
4.1						
4.1	Form of Class A common stock certificate	S-1/A	333-223914	4.1	April 16, 2018	

		Amended and Restated Investors' Rights Agreement by and among the Registrant and certain security holders of the				
4.2	4.2	Registrant dated May 19, 2017, as amended by the First Amendment to Amended and Restated Investors' Rights Agreement October 26, 2017	S-1 223914	333- 4.2	March 26, 2018	
		Description of Securities Under Section 12 of the Securities Exchange Act of 1934, as amended	10-K 38464	001- 4.3	March 31, 2020	
	4.2					
	4.2					
	10.11					
	10.11	Form of Indemnification Agreement	S- 1/A	333- 223914	10.1	April 16, 2018
10.21	10.21	2005 Stock Option/Restricted Stock Plan, and forms of award agreements thereunder	S-1 223914	333- 10.2	March 26, 2018	
	10.21					
	10.21					
	10.31					
10.31	10.31	2015 Equity Incentive Plan, and forms of award agreements thereunder	S- 1/A	333- 223914	10.3	April 16, 2018
10.41	10.41	2018 Equity Incentive Plan, and forms of award agreements thereunder			X	
	10.41					
	10.41					
	10.51					
	10.51					

10.51	10.51	2018 Employee Stock Purchase Plan, as amended	10-Q	001-38464	10.1	September 8, 2021
10.61	10.61	Offer Letter by and between the Registrant and Mark P. Mader, dated January 11, 2006	S-1	333-223914	10.6	March 26, 2018
	10.61					
	10.61					
	10.71					
	10.71					
10.71	10.71	Offer Letter by and between the Registrant and Michael Arntz, dated September 5, 2016	S-1	333-223914	10.8	March 26, 2018
10.81	10.81	Offer Letter by and between the Registrant and Praerit Garg, dated January 13, 2019	10-K	001-38464	10.19	April 1, 2019
	10.81					
	10.81					
	10.91					
	10.91					
10.91	10.91	Offer Letter by and between the Registrant and Pete Godbole, dated November 6, 2020	10-K	001-38464	10.22	March 25, 2021
10.101	10.101	Offer Letter by and between the Registrant and Andrew Bennett, dated November 11, 2021	10-K	001-38464	10.12	March 25, 2022
	10.101					
	10.101					
	10.111					
	10.111					
10.111	10.111	Offer Letter by and between the Registrant and Stephen Branstetter, dated November 11, 2021	10-K	001-38464	10.13	March 25, 2022
10.121	10.121	Offer Letter by and between the Registrant and Jolene Marshall, dated November 11, 2021	10-K	001-38464	10.14	March 25, 2022
	10.121					
	10.121					

10.121							
10.131	10.131	Form of Change in Control Severance Agreement	S-1	333- 223914	10.13	March 26, 2018	
10.131							
10.131						Offer Letter by and between the Registrant and Maxwell Long, dated January 5, 2024	X
10.141							
10.151							
10.151							
10.151							
10.141	2019	8- 001- 10.1					
	Amended	K 38464					
	and					October	
	Restated					13,	
	Annual					2020	
	Incentive						
	Plan						
10.15	City Center						
	Bellevue						
	Building						
	Office Lease						
	by and	10- 001- 10.18	March				
	between the	K 38464				25,	
	Registrant					2022	
	and AAT CC						
	Bellevue,						
	LLC, as						
	amended						
10.161			10.161			Independent Contractor Agreement by and between the Registrant and Michael Arntz, dated March 19, 2024	X
10.17							
21.1							
21.1							
21.1	21.1	List of Subsidiaries	X				X
23.1	23.1	Consent of Deloitte & Touche LLP, independent registered public accounting firm	X	23.1			X
24.1	24.1	Power of Attorney	X	24.1		Consent of Deloitte & Touche LLP, independent registered public accounting firm Power of Attorney	X

31.1	31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X	31.1		X
31.2	31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X	31.2		X
32.1*	32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X	32.1*		X

32.2*	32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X	32.2*		X
97.1	97.1	Compensation Recovery Policy		97.1		X
101.INS	101.INS	Inline XBRL Instance Document	X	101.INS	Inline XBRL Instance Document	X
101.SCH	101.SCH	Inline XBRL Taxonomy Extension Schema Document	X	101.SCH	Inline XBRL Taxonomy Extension Schema Document	X
101.CAL	101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X	101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X
101.DEF	101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X	101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X
101.LAB	101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X	101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X
101.PRE	101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X	101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X

104	104	The cover page from the Registrant's Annual Report on Form 10-K for the year ended January 31, 2024, formatted in Inline XBRL (included in Exhibit 101)	X	104	The cover page from the Registrant's Annual Report on Form 10-K for the year ended January 31, 2024, formatted in Inline XBRL (included in Exhibit 101)	X
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¹ Indicates a management contract or compensatory plan.

* This certification is deemed not filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

SMARTSHEET INC.

By: /s/ Mark P. Mader
 Name: Mark P. Mader
 Title: President and Chief Executive Officer
(Principal Executive Officer)

Date: March 22, 2023

SMARTSHEET INC.

By: /s/ Pete Godbole
 Name: Pete Godbole
 Title: Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

Date: March 22, 2023

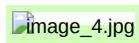
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Mark P. Mader and Pete Godbole, and each of them, as his or her true and lawful attorneys-in-fact, proxies, and agents, with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, proxies, and agents, or substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Name	Title	Date
/s/ Mark P. Mader Mark P. Mader	Chief Executive Officer and President (<i>Principal Executive Officer</i>)	March 22, 2023 20, 2024
/s/ Pete Godbole Pete Godbole	Chief Financial Officer and Treasurer (<i>Principal Financial and Accounting Officer</i>)	March 22, 2023 20, 2024
/s/ Michael Gregoire Michael Gregoire	Chair of the Board of Directors	March 22, 2023 20, 2024
/s/ Alissa Abdullah Alissa Abdullah	Director	March 22, 2023 20, 2024
/s/ Geoffrey T. Barker Geoffrey T. Barker	Director	March 22, 2023 20, 2024
/s/ Brent Frei Brent Frei	Director	March 22, 2023 20, 2024
/s/ Elena Gomez Elena Gomez	Director	March 22, 2023 20, 2024
/s/ Matthew McIlwain Matthew McIlwain	Director	March 22, 2023 20, 2024
/s/ Khozema Shipchandler Khozema Shipchandler	Director	March 20, 2024
/s/ Rowan Trollope Rowan Trollope	Director	March 22, 2023 20, 2024
/s/ James N. White James N. White	Director	March 22, 2023 20, 2024
/s/ Magdalena Yesil Magdalena Yesil	Director	March 22, 2023 20, 2024

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SMARTSHEET INC.
2018 EQUITY INCENTIVE PLAN January 5, 2024

Max Long
via email

Dear Max:

Smartsheet Inc. (the "Company") is pleased to offer you employment with the Company on the terms described below.

1. **PURPOSE Position.** The purpose of this Plan is to provide incentives to attract, retain, You will start in a full-time position as President, Go-to-Market and motivate eligible persons whose present and potential contributions are important will report to the success of Company's CEO. By signing this letter, you confirm with the Company and any Parents, Subsidiaries, and Affiliates that exist now you are under no contractual or in other legal obligations that would prohibit you from performing your duties with the future, by offering them an opportunity to participate in the Company's future performance through the grant of Awards. Capitalized terms not defined elsewhere in the text are defined in Section 28. Company.

2. **SHARES SUBJECT TO THE PLAN.**

2.1. **Number of Shares Available.** Subject to Sections 2.6 and 21 and any other applicable provisions hereof, the total number of Shares reserved and available for grant and issuance pursuant to this Plan as of the date of adoption of the Plan by the Board, is Six Million Seven Hundred Thousand (6,700,000) Shares, plus (a) any reserved shares not issued or subject to outstanding grants under the Company's 2015 Equity Incentive Plan on the Effective Date (as defined below), (b) shares that are subject to awards granted under the Company's 2005 Stock Option/Restricted Stock Plan and the Company's 2015 Equity Incentive Plan (collectively, the "Prior Plans") that cease to be subject to such awards by forfeiture or otherwise after the Effective Date, (c) shares issued under the Prior Plans before or after the Effective Date pursuant to the exercise of stock options that are, after the Effective Date, forfeited, (d) shares issued under the Prior Plans that are repurchased by the Company at the original issue price, and (e) shares that are subject to stock options or other awards under the Prior Plans that are used to pay the exercise price of an option or withheld to satisfy the tax withholding obligations related to any award. Any of the Company's Class B common stock that become available for grant pursuant to this Section 2.1 will be issued only as Shares.

2.2. **Lapsed, Returned Awards.** Shares subject to Awards, and Shares issued under the Plan under any Award, will again be available for grant and issuance in connection with subsequent Awards under this Plan to the extent such Shares: (a) are subject to issuance upon exercise of an Option or SAR granted under this Plan but which cease to be subject to the Option or SAR for any reason other than exercise of the Option or SAR, (b) are subject to Awards granted under this Plan that are forfeited or are repurchased by the Company at the original issue price, (c) are subject to Awards granted under this Plan that otherwise terminate without such Shares being issued, or (d) are surrendered pursuant to an Exchange Program. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Shares used to pay the exercise price of an Award or withheld to satisfy the tax withholding obligations related to an Award will become available for future grant or sale under the Plan. For the avoidance of doubt, Shares that otherwise become available for grant and issuance because of the provisions of this Section 2.2 will not include Shares subject to Awards that initially became available because of the substitution clause in Section 21.2 hereof.

2.3. **Minimum Share Reserve.** At all times the Company will reserve and keep available a sufficient number of Shares as will be required to satisfy the requirements of all outstanding Awards granted under this Plan.

2.4. **Automatic Share Reserve Increase.** The number of Shares available for grant and issuance under the Plan will be increased on February 1 of each of the first ten (10) calendar years during the term of the Plan by the lesser of (a) five percent (5%) of the sum of the number of shares of the Company's Class A common stock and the Company's Class B common stock issued and outstanding on each January 31 immediately prior to the date of increase, or (b) such number of Shares determined by the Board.

2.5. **ISO Limitation.** No more than Sixty Million (60,000,000) Shares will be issued pursuant to the exercise of ISOs.

2.6. **Adjustment of Shares.** If the number of outstanding Shares is changed by a stock dividend, extraordinary dividends or distributions (whether in cash, shares, or other property, other than a

regular cash dividend), recapitalization, stock split, reverse stock split, subdivision, combination, consolidation, reclassification, spin-off, or similar change in the capital structure of the Company, without consideration, then (a) the number and class of Shares reserved for issuance and future grant under the Plan set forth in Section 2.1, including shares reserved under sub-clauses (a)-(e) of Section 2.1, (b) the Exercise Prices of and number and class of Shares subject to outstanding Options and SARs, (c) the number and class of Shares subject to other outstanding Awards, (d) the maximum number and class of Shares that may be issued as ISOs set forth in Section 2.5, and (e) the maximum number and class of Shares that may be issued to an individual or to a new Employee in any one calendar year set forth in Section 3, will be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and in compliance with applicable securities laws; provided that fractions of a Share will not be issued. Cash Compensation.

If, by reason (a) **Base Salary**. You will be paid a starting base salary for all hours worked at the rate of an adjustment pursuant to this Section 2.6, a Participant's Award Agreement or other agreement related to any Award, or \$500,000 per year, payable on the **Shares** Company's regular payroll dates. This position is classified as exempt and is not subject to such Award, covers additional **federal** and state overtime or different shares of stock or securities, then such additional or different shares, and the Award Agreement or such other agreement in respect thereof, will be subject to all of the terms, conditions, and restrictions which were applicable to the Award or the Shares subject to such Award prior to such adjustment.

3. ELIGIBILITY. ISOs may be granted only to Employees. All other Awards may be granted to Employees, Consultants, Directors, and Non-Employee Directors; provided such Consultants, Directors, and Non-Employee Directors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. **minimum wage requirements.**

4. ADMINISTRATION.

4.1. Committee Composition; Authority. This Plan will be administered by the Committee or by the Board acting as the Committee. Subject to the general purposes, terms, and conditions of this Plan, and to the direction of the Board, the Committee will have full power to implement and carry out this Plan, except, however, the Board will establish the terms for the grant of an Award to Non-Employee Directors. The Committee will have the authority to:

- (a) construe and interpret this Plan, any Award Agreement, and any other agreement or document executed pursuant to this Plan;
- (b) prescribe, amend, and rescind rules and regulations relating to this Plan or any Award;
- (c) **Annual Bonus** select persons to receive Awards;
- (d) determine the form and terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the Exercise Price, the time or times when Awards may vest and be exercised (which may be based on performance criteria) or settled, any vesting acceleration or waiver of forfeiture restrictions, the method to satisfy tax withholding obligations or any other tax liability legally due, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Committee will determine;
- (e) determine the number of Shares or other consideration subject to Awards;
- (f) determine the Fair Market Value in good faith and interpret the applicable provisions of this Plan and the definition of Fair Market Value in connection with circumstances that impact the Fair Market Value, if necessary;
- (g) determine whether Awards **You** will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, other Awards under this Plan or any other incentive or compensation plan of the Company or any Parent, Subsidiary, or Affiliate;
- (h) grant waivers of Plan or Award conditions;

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- (i) determine the vesting, exercisability, and payment of Awards;
- (j) correct any defect, supply any omission or reconcile any inconsistency in this Plan, any Award or any Award Agreement;
- (k) determine whether an Award has been vested and/or earned;
- (l) determine the terms and conditions of any, and to institute any Exchange Program;
- (m) reduce, waive or modify any criteria with respect to Performance Factors;
- (n) adjust Performance Factors to take into account changes in law and accounting or tax rules as the Committee deems necessary or appropriate to reflect the impact of extraordinary or unusual items, events, or circumstances to avoid windfalls or hardships;
- (o) adopt terms and conditions, rules, and/or procedures (including the adoption of any subplan under this Plan) relating to the operation and administration of the Plan to accommodate requirements of local law and procedures outside of the United States or to qualify Awards for special tax treatment under laws of jurisdictions other than the United States;
- (p) exercise discretion with respect to Performance Awards;

- (q) make all other determinations necessary or advisable for the administration of this Plan; and
- (r) delegate any of the foregoing to one or more executive officers pursuant to a specific delegation as permitted by applicable law.

4.2. Committee Interpretation and Discretion. Any determination made by the Committee with respect to any Award will be made in its sole discretion at the time of grant of the Award or, unless in contravention of any express term of the Plan or Award, at any later time, and such determination will be final and binding on the Company and all persons having an interest in any Award under the Plan. Any dispute regarding the interpretation of the Plan or any Award Agreement will be submitted by the Participant or Company to the Committee for review. The resolution of such a dispute by the Committee will be final and binding on the Company and the Participant. The Committee may delegate to one or more executive officers the authority to review and resolve disputes with respect to Awards held by Participants who are not Insiders, and such resolution will be final and binding on the Company and the Participant.

4.3. Section 16 of the Exchange Act. Awards granted to Participants who are subject to Section 16 of the Exchange Act must be approved by two or more "non-employee directors" (as defined in the regulations promulgated under Section 16 of the Exchange Act).

4.4. Documentation. The Award Agreement for a given Award, the Plan, and any other documents may be delivered to, and accepted by, a Participant or any other person in any manner (including electronic distribution or posting) that meets applicable legal requirements.

4.5. Foreign Award Recipients. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws and practices in other countries in which the Company, its Subsidiaries, and Affiliates operate or have Employees or other individuals eligible for Awards, the Committee, in its sole discretion, will have the power and authority to: (a) determine which Subsidiaries and Affiliates will be covered by the Plan; (b) determine which individuals outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to individuals outside the United States or foreign nationals to comply with applicable foreign laws, policies, customs, and practices; (d) establish subplans and modify exercise procedures, vesting conditions, and other terms and procedures to the extent the Committee determines such actions to be necessary or advisable (and such

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subplans and/or modifications shall be attached to this Plan as appendices, if necessary); and (e) take any action, before or after an Award is made, that the Committee determines to be necessary or advisable to obtain approval or comply with any local governmental regulatory exemptions or approvals; provided, however, that no action taken under this Section 4.5 shall (i) increase the share limitations contained in Section 2.1 hereof, or (ii) cause a violation of the Exchange Act or any other applicable securities law, the Code, or any other applicable governing statute or law.

5. OPTIONS. An Option is the right but not the obligation to purchase a Share, annual bonus, subject to certain conditions, if applicable. The Committee may grant Options to eligible Employees, Consultants, and Directors and will determine whether such Options will be Incentive Stock Options within the meaning of the Code ("ISOs") or Nonqualified Stock Options ("NSOs"), the number of Shares subject to the Option, the Exercise Price of the Option, the period during which the Option may vest and be exercised, and all other terms and conditions of the Option, subject to the following terms of this section.

5.1. Option Grant. Each Option granted under this Plan will identify the Option as an ISO or an NSO. An Option may be, but need not be, awarded upon satisfaction of such Performance Factors during any Performance Period as are set out in advance in the Participant's individual Award Agreement. If the Option is being earned upon the satisfaction of Performance Factors, then the Committee will: (a) determine the nature, length, and starting date of any Performance Period for each Option; and (b) select from among the Performance Factors to be used to measure the performance, if any. Performance Periods may overlap and Participants may participate simultaneously with respect to Options that are subject to different performance goals and other criteria.

5.2. Date of Grant. The date of grant of an Option will be the date on which the Committee makes the determination to grant such Option, or a specified future date. The Award Agreement and a copy of this Plan will be delivered to the Participant within a reasonable time after the granting of the Option.

5.3. Exercise Period. Options may be vested and exercisable within the times or upon the conditions as set forth in the Award Agreement governing such Option; provided, however, that no Option will be exercisable after the expiration of ten (10) years from the date the Option is granted; and provided further that no ISO granted to a person who, at the time the ISO is granted, directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Parent or Subsidiary ("Ten Percent Stockholder") will be exercisable after the expiration of five (5) years from the date the ISO is granted. The Committee also may provide for Options to become exercisable at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares as the Committee determines.

5.4. Exercise Price. The Exercise Price of an Option will be determined by the Committee when the Option is granted; provided that: (a) the Exercise Price of an Option will be not less than one hundred percent (100%) of the Fair Market Value of the Shares on the date of grant, and (b) the Exercise Price of any

ISO granted to a Ten Percent Stockholder will not be less than one hundred ten percent (110%) of the Fair Market Value of the Shares on the date of grant. Payment for the Shares purchased may be made in accordance with Section 11 and the Award Agreement and in accordance with any procedures established by the Company.

5.5. Method of Exercise. Any Option granted hereunder will be vested and exercisable according to the terms of the Plan Company's annual bonus plan, targeted at 100% of your base salary contingent on achievement of Company objectives. Your bonus will be prorated for FY25.

(c) **Signing Bonus.** You will be paid a signing bonus of \$400,000, less all applicable deductions and at such times and under such conditions as determined by withholdings. This bonus will be paid in quarterly installments of \$100,000 with the Committee and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share. An Option first installment paid approximately 30 days after your start date. This bonus will be deemed exercised when earned upon execution of this letter but will be subject to 100% reimbursement in the Company receives: (a) notice of exercise (in such form as the Committee may specify from time to time) event that you voluntarily resign from the person entitled to exercise the Option (and/or via electronic execution through the authorized third party administrator), and (b) full payment for the Shares with respect to which the Option is exercised (together with applicable withholding taxes). Full payment may consist of any consideration and method of payment authorized by the Committee and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares, notwithstanding the

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exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 2.6 of the Plan. Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

5.6. Termination of Service. If the Participant's Service terminates for any reason except for Cause or the Participant's death or Disability, then the Participant may exercise such Participant's Options only to the extent that such Options would have been exercisable by the Participant on the date Participant's Service terminates no later than three (3) within 12 months after the date Participant's Service terminates (or such shorter time period not less than thirty (30) days or longer time period as may be determined by the Committee, with any exercise beyond three (3) months after the date Participant's Service terminates deemed to be the exercise of an NSO), but in any event no later than the expiration date of the Options.

(a) **Death.** If the Participant's Service terminates because of the Participant's death (or the Participant dies within three (3) months after Participant's Service terminates other than for Cause or because of the Participant's Disability), then the Participant's Options may be exercised only to the extent that such Options would have been exercisable by the Participant on the date Participant's Service terminates and must be exercised by the Participant's legal representative, or authorized assignee, no later than twelve (12) months after the date Participant's Service terminates (or such shorter time period not less than six (6) months or longer time period as may be determined by the Committee), but in any event no later than the expiration date of the Options.

(b) **Disability.** If the Participant's Service terminates because of the Participant's Disability, then the Participant's Options may be exercised only to the extent that such Options would have been exercisable by the Participant on the date Participant's Service terminates and must be exercised by the Participant (or the Participant's legal representative or authorized assignee) no later than twelve (12) months after the date Participant's Service terminates (or such shorter time period not less than six (6) months or longer time period as may be determined by the Committee, with any exercise beyond (a) three (3) months after the date Participant's Service terminates when the termination of Service is for a Disability that is not a "permanent and total disability" as defined in Section 22(e)(3) of the Code, or (b) twelve (12) months after the date Participant's Service terminates when the termination of Service is for a Disability that is a "permanent and total disability" as defined in Section 22(e)(3) of the Code, deemed to be exercise of an NSO), but in any event no later than the expiration date of the Options.

(c) **Cause.** If the Participant's Service terminates for Cause, then Participant's Options will expire on the date of termination of Participant's Service, or at such later time and on such conditions as are determined by the Committee, but in any event no later than the expiration date of the Options. Unless otherwise provided in an employment agreement, Award Agreement, or other applicable agreement, Cause will have the meaning set forth in the Plan.

5.7. Limitations on Exercise. The Committee may specify a minimum number of Shares that may be purchased on any exercise of an Option, provided that such minimum number will not prevent any Participant from exercising the Option for the full number of Shares for which it is then exercisable.

5.8. Limitations on ISOs. With respect to Awards granted as ISOs, to the extent that the aggregate Fair Market Value of the Shares with respect to which such ISOs are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars (\$100,000), such Options will be treated as NSOs. For purposes of this Section 5.8, ISOs will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted. In the event that the Code or the regulations promulgated thereunder are amended after the Effective Date to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISOs, such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

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5.9. Modification, Extension or Renewal. The Committee may modify, extend, or renew outstanding Options and following your start date. You authorize the grant of new Options in substitution therefor, provided that any such action may not, without the written consent of a Participant, impair any of such Participant's rights under any Option previously granted. Any outstanding ISO that is modified, extended, renewed, or otherwise altered will be treated in accordance with Section 424(h) of the Code. Subject to Section 18 of this Plan, by written notice to affected Participants, the Committee may reduce the Exercise Price of outstanding Options without the consent of such Participants; provided, however, that the Exercise Price may not be reduced below the Fair Market Value on the date the action is taken to reduce the Exercise Price.

5.10. No Disqualification. Notwithstanding any other provision in this Plan, no term of this Plan relating to ISOs will be interpreted, amended, or altered, nor will any discretion or authority granted under this Plan be exercised, so as to disqualify this Plan under Section 422 of the Code or, without the consent of the Participant affected, to disqualify any ISO under Section 422 of the Code.

6. RESTRICTED STOCK AWARDS. A Restricted Stock Award is an offer by the Company to sell to an eligible Employee, Consultant, or Director Shares that are subject to restrictions ("Restricted Stock"). The Committee will determine to whom an offer will be made, withhold the number of Shares the Participant may purchase, the Purchase Price, the restrictions under which the Shares will be subject, and all other terms and conditions of the Restricted Stock Award, subject to the Plan.

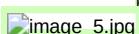
6.1. Restricted Stock Purchase Agreement. All purchases under a Restricted Stock Award will be evidenced by an Award Agreement. Except as may otherwise be provided in an Award Agreement, a Participant accepts a Restricted Stock Award by signing and delivering entire amount reimbursable to the Company an Award Agreement with full payment from any amounts otherwise due and payable to you upon termination of employment (as permitted by law), and if any amount remains unpaid, you agree to promptly repay the Company such amount in full.

3. Equity Compensation. Management will recommend to the Compensation Committee of the Purchase Price, within thirty (30) days from the date the Award Agreement was delivered Company's Board of Directors (the "Committee") that you be granted new hire equity with a target value of \$15,000,000 as follows:

(a) **Initial RSU Grant.** Management will recommend to the Participant. If the Participant does not accept such Award within thirty (30) days, then the offer Committee that you be granted an initial restricted stock unit ("RSU") award with a target value of such Restricted Stock Award will terminate, unless the Committee determines otherwise.

6.2. Purchase Price \$7,500,000 ("Initial RSU Grant"). The Purchase Price for a Restricted Stock Award number of shares will be determined by dividing the award value by the average closing price over the 30 day period ending on the last day of the month prior to your start date (or such trading days as the company has been publicly traded), rounded down to the nearest whole share. Assuming continuous service, the Initial RSU Grant will vest over 4 years with approximately 25% vesting on the 15th day of the month in which the one year anniversary of your start date occurs and approximately 6.25% vesting quarterly thereafter.

(b) **Initial PSU Grant.** Management will recommend to the Committee and may that you be less than Fair Market Value granted a performance stock unit ("Initial PSU Grant") award with a target value of \$7,500,000. The number of shares will be determined by dividing the award value by the average closing price over the 30 day period ending on the date the Restricted Stock Award is granted. Payment last day of the Purchase Price must month prior to your start date (or such trading days as the company has been publicly traded), rounded down to the nearest whole share. The Initial PSU Grant will have a 2



year performance period and will vest over 3 years with approximately 50% vesting at the end of the performance period and approximately 12.5% vesting quarterly thereafter.

(c) **Equity Terms.** All equity awards will be made subject to the terms and conditions applicable to equity grants awarded under the Company's 2018 Stock Plan (the "Plan"), as described in accordance with Section 11 of the Plan and the Award Agreement applicable restricted stock unit award or performance stock unit award agreement. The grant of any equity awards is subject to the Committee's approval and in accordance with this recommendation of approval is not a commitment of compensation and does not create any procedures established obligation on the part of the Company. Further details on the Plan and any specific award granted to you will be provided upon approval of such award by the Company Committee.

6.3.4. Terms of Restricted Stock Awards Severance Benefits. Restricted Stock Awards You will be eligible for severance benefits pursuant to the Company's standard Change In Control Severance Agreement.

5. Employee Benefits. As a full-time employee of the Company you will be eligible to participate in a number of Company-sponsored benefits, including a Company-funded health benefits plan, flexible workplace allowance, and 401(k) plan. You will have access to our flexible Time Away program, as well as company paid holidays.

6. Compensation Generally. The Company may modify compensation (including benefits) from time-to-time as it deems necessary. All forms of compensation described in this letter are subject to such restrictions applicable withholdings and taxes.

7. Employee Obligation Agreement. Like all Company employees, you will be required, as the Committee may impose or are required by law. These restrictions may be based on completion a condition of a specified number of years of service your employment with the Company, or upon completion of Performance Factors, if any, during any Performance Period as set out in advance in to sign the Participant's Award Company's enclosed standard Employee Obligation Agreement. Prior to the grant of a Restricted Stock Award, the Committee will: (a) determine the nature, length, and starting date of any Performance Period for the Restricted Stock Award; (b) select from among the Performance Factors to be used to measure performance goals, if any; and (c) determine the number of Shares that may be awarded to the Participant. Performance Periods may overlap and a Participant may participate simultaneously with respect to Restricted Stock Awards that are subject to different Performance Periods and having different performance goals and other criteria.

6.4. Termination of Service. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such date Participant's Service terminates (unless determined otherwise by the Committee).

7.8. STOCK BONUS AWARDS Employment Relationship. A Stock Bonus Award is an award to an eligible Employee, Consultant, or Director of Shares for Services to be rendered or for past Services already rendered to the Company or any Parent, Subsidiary, or Affiliate. All Stock Bonus Awards will be made pursuant to an Award Agreement. No payment from the Participant will be required for Shares awarded pursuant to a Stock Bonus Award.

7.1. Terms of Stock Bonus Awards. The Committee will determine the number of Shares to be awarded to the Participant under a Stock Bonus Award and any restrictions thereon. These restrictions may be based upon completion of a specified number of years of service Employment with the Company is for no specific period of time. Your employment with the Company will be "at will," meaning that either you or upon

satisfaction of performance goals based the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations which may have been made to you are superseded by this offer. This is the full and complete agreement between you and the Company on Performance Factors during any Performance Period this term. Although your job duties, title, compensation and benefits, as set out in advance well as the

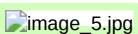
Company's personnel policies and procedures (as detailed in the Participant's Stock Bonus Agreement. Prior Company's Employee Handbook), may change from time to the grant of any Stock Bonus Award the Committee will: (a) determine the nature, length, and starting date of any Performance Period for the Stock Bonus Award; (b) select from among the Performance Factors to be used to measure performance goals; and (c) determine the number of Shares that may be awarded to the Participant. Performance Periods may overlap and a Participant may participate simultaneously with respect to Stock Bonus Awards that are subject to different Performance Periods and different performance goals and other criteria.

7.2. Form of Payment to Participant. Payment may be made in the form of cash, whole Shares, or a combination thereof, based on the Fair Market Value of the Shares earned under a Stock Bonus Award on the date of payment, as determined time, in the sole discretion of the Committee. Company, the "at will" nature of your employment may only be changed in an express written agreement signed by you and the Company's President.

9. Outside Activities. Unless otherwise prohibited by applicable law, during the period of your employment, you will at all times devote your best efforts to the interests of the Company, and will not, without the prior written consent of the Company, engage in, or encourage or assist others to engage in, any other employment or activity that: (a) would divert from the Company any business opportunity in which the Company can reasonably be expected to have an interest; (b) would directly compete with, or involve preparation to compete with, the current or future business of the Company; or (c) would otherwise conflict with the Company's interests or could cause a disruption of its operations or prospects.

10. Withholding Taxes. All forms of compensation referred to in this letter are subject to applicable withholding and payroll taxes.

11. Background Check; Authorization to Work. This offer is contingent upon successful completion of a reference and background check. As required by law, your employment with the Company is contingent upon your providing legal proof of your identity and authorization to work in the United States.



12. Entire Agreement. This offer letter constitutes the entire agreement between you and the Company regarding the matters described in this letter, and supersedes and replaces any prior understandings or agreements, whether oral, written or implied, between you and the Company relating to such subject matter.

If you wish to accept this offer, please sign and date this letter and the enclosed Employee Obligation Agreement. This offer, if not accepted, will expire at the close of business on January 11, 2024. Your start date will be March 1, 2024. We look forward to having you join us!

Sincerely,
 Smartsheet Inc.

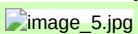
7.3. /s/ Mark Mader
Mark Mader, CEO

I have read and accept this employment offer.

/s/ Max Long

Max Long

Attachment: Termination Employee Obligation Agreement



SMARTSHEET INC.
INDEPENDENT CONTRACTOR AGREEMENT

This Independent Contractor Agreement ("Agreement") is entered into by and between Smartsheet Inc., with offices at 500 108th Ave NE #200, Bellevue WA 98004 ("Smartsheet"), and Michael Arntz, with an address at [REDACTED] ("Contractor"). This Agreement is effective as of Service the date of last signature below (the "Effective Date").

1. Services; Relationship of the Parties

1.1 **Services.** Except During the period of April 1, 2024 to May 17, 2024 ("Service Period"), Contractor will provide services to Smartsheet in the nature of executive transition support ("Services"). Specifically, Contractor will be on call to answer questions, discuss information, attend meetings, etc. as requested by Smartsheet.

1.2 **Relationship of the Parties.** Contractor is an independent contractor of Smartsheet with respect to the Services. The parties hereby disclaim any intention to create an employment relationship or any relationship other than that of independent contractors. If Contractor is an individual, Contractor will not represent himself or herself to be an employee of Smartsheet, and Contractor will not enter into any agreement on Smartsheet's behalf. Other than as specified in Section 2 (Compensation) below, Contractor is not entitled to, and waives any claim to, health insurance, vacation, sick time, benefits under any retirement, pension or profit sharing plan, or similar benefits that may be available to employees of Smartsheet. Smartsheet will not control or direct the details and means by which Contractor performs work, except to the extent necessary to coordinate Contractor's work with Smartsheet's personnel and/or the general requirements of each Statement of Work.

2. Compensation

2.1 **Fees.** During the Service Period, Contractor will be deemed to be providing Service as defined under the Smartsheet 2018 Equity Incentive Plan (the "2018 EIP") and will not have ceased to provide services for purposes of the 2015 Equity Incentive Plan (the "2015 EIP"), thus allowing the continuation the vesting and exercise provisions related to Smartsheet equity awards received by Contractor during their time as an employee of Smartsheet. At the conclusion of the Service Period, Contractor's Service under both the 2018 EIP and 2015 EIP will terminate, causing (a) the post-termination exercise window to begin for any vested stock option awards, (b) vesting to cease for, and forfeiture of, any restricted stock units, and (c) vesting to cease for, and forfeiture of, any performance stock units. For the avoidance of doubt, all equity awards will continue to be subject to the 2018 EIP and 2015 EIP, as applicable. The equity award continuance shall be the only compensation payable to Contractor during the Service Period.

2.2 **Expenses.** Smartsheet will also reimburse Contractor, at actual cost with no mark up, for Contractor's reasonable expenses incurred in connection with providing the Services, provided that such expenses are either specifically authorized in a Statement of Work or separately pre-approved by Smartsheet in writing. Contractor shall be responsible for all other costs incurred in connection with providing Services or conducting business, including but not limited to any city, county, state and federal licenses, permits, taxes and assessments, self-employment taxes, income taxes, and taxes imposed on amounts payable under this Agreement. Contractor shall indemnify, defend and hold harmless Smartsheet from and against any claim or action arising in connection with Contractor's failure to pay such costs and taxes.

2.3 **Invoices.** Contractor will invoice Smartsheet monthly for expenses due from the previous month, with each invoice to include or be accompanied by substantiating documentation for expenses as reasonably requested by Smartsheet. Unless otherwise set forth in the Participant's Award Agreement, vesting ceases an applicable Statement of Work, Smartsheet will pay Contractor all undisputed invoiced amounts within thirty (30) days after receipt of Contractor's invoice.

3. Confidentiality and Trading Restrictions

3.1 **Restrictions on such date Participant's Service terminates (unless determined otherwise by the Committee).**

8. **STOCK APPRECIATION RIGHTS Use and Disclosure of Confidential Information.** A Stock Appreciation Right ("SAR") is an award to an eligible Employee, Consultant, Contractor will hold all Confidential Information (as defined below) in strict confidence, and will not disclose, duplicate, publish, release, transfer or Director that may be settled otherwise make available Confidential Information in cash or Shares (which may consist of Restricted Stock) having a value equal to (a) the difference between the Fair Market Value on the date of exercise over the Exercise Price multiplied by (b) the number of Shares with respect to which the SAR is being settled (subject any form to any maximum number person or entity without Smartsheet's express prior written consent. Contractor will not use the Confidential Information for any purpose other than to provide Services. "Confidential Information" means all information and materials not generally known outside of Shares Smartsheet that may be issuable as specified are disclosed to or learned by Contractor. Confidential Information applies to information disclosed or learned in an Award Agreement). All SARs will be made pursuant to an Award Agreement.

8.1. **Terms of SARs.** The Committee will determine writing, electronically, orally, or by observation, before and after the terms of each SAR including, Effective Date and whether or not during working hours. Confidential Information includes, without limitation: (a) the number of Shares subject Inventions (as defined in Section 4.1 below) and all notes, sketches, diagrams, and other written records related to Inventions, (b) technical data, trade secrets, know-how,

research, ideas or plans for products and services, software code and designs, developments, inventions, laboratory notebooks, processes, formulas, techniques, and engineering designs and drawings, (c) price lists, pricing methodologies, cost data, market share data, marketing plans, licenses, contract information, business plans, financial forecasts, historical financial data, budgets or other business information, (d) information relating to Smartsheet's employees and consultants (including, but not limited to, the SAR, (b) the Exercise Price names, contact information, jobs, compensation, and the time expertise of such employees and consultants), (e) lists of, or times during which the SAR may be settled, (c) the consideration information relating to, be distributed on settlement suppliers and customers of the SAR, Smartsheet, and (d) the effect of the Participant's termination of Service on each SAR. The Exercise Price of the SAR will be determined by the Committee when the SAR is granted and may not be less than Fair Market Value on the date of grant. A SAR may be awarded upon satisfaction of Performance Factors, if any, during any Performance Period as are set out in advance in the Participant's individual Award Agreement. If the SAR is being earned upon the satisfaction of Performance Factors, then the Committee will: (i) determine the nature, length, and starting date of any Performance Period for each SAR; and (ii) select from among the Performance Factors to be used to measure the performance, if any. Performance Periods may overlap and Participants may participate simultaneously with respect to SARs that are subject to different Performance Factors and other criteria.

8.2. Exercise Period and Expiration Date. A SAR will be exercisable within the times or upon the occurrence of events determined by the Committee and set forth in the Award Agreement governing such SAR. The SAR Agreement will set forth the expiration date; provided that no SAR will be exercisable after the expiration of ten (10) years from the date the SAR is granted. The Committee may also provide for SARs to become exercisable at one time or from time to time, periodically or otherwise (including, without limitation, upon the attainment during a Performance Period of performance goals based on Performance Factors), in such number of Shares or percentage of the Shares subject to the SAR as the Committee determines. Except as may be set forth in the Participant's Award Agreement, vesting ceases on the date Participant's Service terminates (unless determined otherwise by the Committee). Notwithstanding the foregoing, the rules of Section 5.6 also will apply to SARs.

8.3. Form of Settlement. Upon exercise of a SAR, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying (a) the difference between the Fair Market Value of a Share on the date of exercise over the Exercise Price, times (b) the number of Shares with respect to which the SAR is exercised. At the discretion of the Committee, the payment from the Company for the SAR exercise may be in cash, in Shares of equivalent value, or in some combination thereof. The portion of a SAR being settled may be paid currently or on a deferred basis with such interest or Dividend Equivalent Right, if any, as the Committee determines, provided that (f) the terms and conditions of the SAR and any deferral satisfy the requirements of Section 409A of the Code to the extent applicable. this Agreement.

Smartsheet Confidential 1

8.4. 3.2 Termination of Service Other Responsibilities. Except as may be set forth If Contractor becomes aware of any compromise, loss, or disclosure of Smartsheet's Confidential Information, whether or not resulting from a breach of this Section, Contractor will immediately notify Smartsheet in the Participant's Award Agreement, vesting ceases on writing and provide Smartsheet with all reasonably requested assistance in connection with addressing or mitigating such date Participant's Service terminates (unless determined otherwise by the Committee). compromise or loss.

9.1. 3.3 RESTRICTED STOCK UNITS Return of Materials. A Restricted Stock Unit ("RSU") is an award On request and/or on termination of this Agreement for any reason, Contractor will return or destroy any and all physical materials containing or embodying Confidential Information to an eligible Employee, Consultant, Smartsheet, according to Smartsheet's reasonable instructions. On Smartsheet's request, Contractor will certify in writing that all such Confidential Information has been so returned or Director covering a number of Shares that may be settled in cash, or by issuance of those Shares (which may consist of Restricted Stock). All RSUs will be made pursuant to an Award Agreement. destroyed.

9.1. 3.4 Terms of RSUs Trading Restrictions. The Committee will determine During the terms of an RSU including, without limitation: (a) Service Period and until the number of Shares subject to the RSU, (b) the time or times during which the RSU may be settled, (c) the consideration to be distributed on settlement, and (d) the effect commencement of the Participant's termination of Service on each RSU; provided that no RSU will have a term longer than ten (10) years. An RSU may next open trading window (to be awarded upon satisfaction of such performance goals based on Performance Factors during any Performance Period as are set out in advance in the Participant's Award Agreement. If the RSU is being earned upon satisfaction of Performance Factors, then the Committee will: (i) determine the nature, length, and starting date of any Performance Period for the RSU; (ii) select from among the Performance Factors to be used to measure the performance, if any; and (iii) determine the number of Shares deemed subject to the RSU. Performance Periods may overlap and Participants may participate simultaneously with respect to RSUs that are subject to different Performance Periods and different performance goals and other criteria.

9.2. Form and Timing of Settlement. Payment of earned RSUs will be made as soon as practicable after the date(s) determined by the Committee and set forth in the Award Agreement. The Committee, in its sole discretion, may settle earned RSUs in cash, Shares, or a combination of both. The Committee may also permit a Participant to defer payment under a RSU to a date or dates after the RSU is earned provided that the terms of the RSU and any deferral satisfy the requirements of Section 409A of the Code.

9.3. Termination of Service. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such date Participant's Service terminates (unless determined otherwise by the Committee).

10. PERFORMANCE AWARDS. A Performance Award is an award to an eligible Employee, Consultant, or Director of the Company or any Parent, Subsidiary, or Affiliate that is based upon the attainment of performance goals, as established by the Committee, and other terms and conditions specified by the Committee, and may be settled in cash, Shares (which may consist of, without limitation, Restricted Stock), other property, or any combination thereof. Grants of Performance Awards will be made pursuant to an Award Agreement.

10.1. Types of Performance Awards. Performance Awards will include Performance Shares, Performance Units, and cash-based Awards as set forth in Sections 10.1(a), 10.1(b), and 10.1(c) below.

(a) **Performance Shares.** The Committee may grant Awards of Performance Shares, designate under Smartsheet's Insider Trading Policy) following the Participants to whom Performance Shares are to be awarded, and determine the number of Performance Shares and the terms and conditions of each such Award. Performance Shares shall consist of a unit valued by reference to a designated number of Shares, the value of which may be paid to the Participant by delivery of Shares or, if set forth in the instrument evidencing the Award, of such property as the Committee shall determine, including, without limitation, cash, Shares, other property, or any combination thereof, upon the attainment of performance goals, as established by the Committee, and other terms and conditions specified by the Committee. The amount to be paid under an Award of Performance Shares may be adjusted on the basis of such further consideration as the Committee shall determine in its sole discretion.

(b) **Performance Units.** The Committee may grant Awards of Performance Units, designate the Participants to whom Performance Units are to be awarded, and determine the number of Performance Units and the terms and conditions of each such Award. Performance Units shall consist of a unit valued by reference to a designated amount of property other than Shares, which value may be paid

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to the Participant by delivery of such property as the Committee shall determine, including, without limitation, cash, Shares, other property, or any combination thereof, upon the attainment of performance goals, as established by the Committee, and other terms and conditions specified by the Committee.

(c) **Cash-Settled Performance Awards.** The Committee may also grant cash-based Performance Awards to Participants under the terms of this Plan. Such awards will be based on the attainment of performance goals using the Performance Factors within this Plan that are established by the Committee for the relevant performance period.

10.2. Terms of Performance Awards. Performance Awards will be based on the attainment of performance goals using the Performance Factors within this Plan that are established by the Committee for the relevant performance period. The Committee will determine, and each Award Agreement will set forth, the terms of each Performance Award including, without limitation: (a) the amount of any cash bonus, (b) the number of Shares deemed subject to an award of Performance Shares, (c) the Performance Factors and Performance Period that will determine the time and extent to which each award of Performance Shares will be settled, (d) the consideration to be distributed on settlement, and (e) the effect conclusion of the Participant's termination of Service on each Performance Award. In establishing Performance Factors and the Performance Period, the Committee will: (i) determine the nature, length, and starting date of any Performance Period; (ii) select from among the Performance Factors to be used; and (iii) determine the number of Shares deemed subject to the award of Performance Shares. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant. Prior to settlement the Committee will determine the extent to which Performance Awards have been earned. Performance Periods may overlap and Participants may participate simultaneously with respect to Performance Awards that are subject to different Performance Periods and different performance goals and other criteria.

10.3. Termination of Service. Except as may be set forth in the Participant's Award Agreement, vesting ceases on the date Participant's Service terminates (unless determined otherwise by the Committee).

11. PAYMENT FOR SHARE PURCHASES. Payment from a Participant for Shares purchased pursuant to this Plan may be made in cash or by check or, where expressly approved for the Participant by the Committee and where permitted by law (and to the extent not otherwise set forth in the applicable Award Agreement):

- (a) by cancellation of indebtedness of the Company to the Participant;
- (b) by surrender of shares of the Company held by the Participant that have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Award will be exercised or settled;
- (c) by waiver of compensation due or accrued to the Participant for services rendered or to be rendered to the Company or a Parent or Subsidiary;

- (d) by consideration received by the Company pursuant to a broker-assisted or other form of cashless exercise program implemented by the Company in connection with the Plan;
- (e) by any combination of the foregoing; or
- (f) by any other method of payment as is permitted by applicable law.

The Committee may limit the availability of any method of payment, to the extent the Committee determines, in its discretion, such limitation is necessary or advisable to comply with applicable law or facilitate the administration of the Plan.

12. GRANTS TO NON-EMPLOYEE DIRECTORS. Non-Employee Directors are eligible to receive any type of Award offered under this Plan except ISOs. Awards pursuant to this Section 12 may be automatically made pursuant to policy adopted by the Board, or made from time to time as determined

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in the discretion of the Board. No Non-Employee Director may receive Awards under the Plan that, when combined with cash compensation received for service as a Non-Employee Director, exceeds \$750,000 in value (as described below) in any calendar year, increased to \$1,000,000 in value (as described below) in the calendar year of his or her initial services as a Non-Employee Director. The value of Awards for purposes of complying with this maximum Contractor shall be determined as follows: (a) for Options and SARs, grant date fair value will be calculated using the Black-Scholes valuation methodology on the date of grant of such Option or SAR, and (b) for all other Awards other than Options and SARs, grant date fair value will be determined by either (i) calculating the product of the Fair Market Value per Share on the date of grant and the aggregate number of Shares subject to the Award, or (ii) calculating the product using an average of the Fair Market Value over a number of trading days and the aggregate number of Shares subject to the Award as determined by the Committee. Awards granted to an individual while he or she was serving in the capacity as an Employee or while he or she was a Consultant but not a Non-Employee Director will not count for purposes of the limitations set forth in this Section 12.1.

12.1. Eligibility. Awards pursuant to this Section 12 will be granted only to Non-Employee Directors. A Non-Employee Director who is elected or re-elected as a member of the Board will be eligible to receive an Award under this Section 12.

12.2. Vesting, Exercisability and Settlement. Except as set forth in Section 21, Awards will vest, become exercisable, and be settled as determined by the Board. With respect to Options and SARs, the exercise price granted to Non-Employee Directors will not be less than the Fair Market Value of the Shares at the time that such Option or SAR is granted.

12.3. Election to Receive Awards in Lieu of Cash. A Non-Employee Director may elect to receive his or her annual retainer payments and/or meeting fees from the Company in the form of cash or Awards or a combination thereof, as determined by the Committee. Such Awards will be issued under the Plan. An election under this Section 12.3 will be filed with the Company on the form prescribed by the Company.

13. WITHHOLDING TAXES.

13.1. Withholding Generally. Whenever Shares are to be issued in satisfaction of Awards granted under this Plan or a tax event occurs, the Company may require the Participant to remit to the Company, or to the Parent, Subsidiary, or Affiliate, as applicable, employing the Participant an amount sufficient to satisfy applicable U.S. federal, state, local, and international tax or any other tax or social insurance liability (the "Tax-Related Items") required to be withheld from the Participant prior to the delivery of Shares pursuant to exercise or settlement of any Award. Whenever payments in satisfaction of Awards granted under this Plan are to be made in cash, such payment will be net of an amount sufficient to satisfy applicable withholding obligations for Tax-Related Items. Unless otherwise determined by the Committee, the Fair Market Value of the Shares will be determined as of the date that the taxes are required to be withheld and such Shares will be valued based on the value of the actual trade or, if there is none, the Fair Market Value of the Shares as of the previous trading day.

13.2. Stock Withholding. The Committee, or its delegate(s), as permitted by applicable law, in its sole discretion and pursuant to such procedures as it may specify from time to time and to limitations of local law, may require or permit a Participant to satisfy such Tax Related Items legally due from the Participant, in whole or in part by (without limitation) (a) paying cash, (b) having the Company withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the Tax-Related Items to be withheld, (c) delivering to the Company already-owned shares having a Fair Market Value equal to the Tax-Related Items to be withheld, or (d) withholding from the proceeds of the sale of otherwise deliverable Shares acquired pursuant to an Award either through a voluntary sale or through a mandatory sale arranged by the Company. The Company may withhold or account for these Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum permissible statutory tax rate for the applicable tax jurisdiction, to the extent consistent with applicable laws.

14.1. Transfer Generally. Unless determined otherwise by the Committee or pursuant to Section 14.2, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution. If the Committee makes an Award transferable, including, without limitation, by instrument to an inter vivos or testamentary trust in which the Awards are to be passed to beneficiaries upon the death of the trustor (settlor) or by gift or by domestic relations order to a Permitted Transferee, such Award will contain such additional terms and conditions as the Committee deems appropriate. All Awards will be exercisable: (a) during the Participant's lifetime only by the Participant or the Participant's guardian or legal representative; (b) after the Participant's death, by the legal representative of the Participant's heirs or legatees; and (c) in the case of all awards except ISOs, by a Permitted Transferee.

14.2. Award Transfer Program. Notwithstanding any contrary provision of the Plan, the Committee will have all discretion and authority to determine and implement the terms and conditions of any Award Transfer Program instituted pursuant to this Section 14.2 and will have the authority to amend the terms of any Award participating, or otherwise eligible to participate in, the Award Transfer Program, including (but not limited to) the authority to (a) amend (including to extend) the expiration date, post-termination exercise period, and/or forfeiture conditions of any such Award; (b) amend or remove any provisions of the Award relating to the Award holder's continued Service to the Company or any Parent, Subsidiary, or Affiliate; (c) amend the permissible payment methods with respect to the exercise or purchase of any such Award; (d) amend the adjustments to be implemented in the event of changes in the capitalization of the Company and other similar events with respect to such Award; and (e) make such other changes to the terms of such Award as the Committee deems necessary or appropriate in its sole discretion.

15. PRIVILEGES OF STOCK OWNERSHIP; RESTRICTIONS ON SHARES.

15.1. Voting and Dividends. No Participant will have any of the rights of a stockholder with respect to any Shares until the Shares are issued to the Participant, except for any Dividend Equivalent Rights permitted by an applicable Award Agreement. Any Dividend Equivalent Rights will be subject to the same vesting or performance conditions as the underlying Award. In addition, the Committee may provide that any Dividend Equivalent Rights permitted by an applicable Award Agreement will be deemed to have been reinvested in additional Shares or otherwise reinvested. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares; **provided**, that if such Shares are Restricted Stock, then any new, additional, or different securities the Participant may become entitled to receive with respect to such Shares by virtue of a stock dividend, stock split, or any other change in the corporate or capital structure of the Company will be **remain** subject to the same restrictions (including trade windows) that they were subject to as an Access Person under Smartsheet's Insider Trading Policy. Upon the **Restricted Stock**; **provided, further**, that commencement of Smartsheet's next open trading window following the **Participant** conclusion of the Service Period, Contractor will have no right to retain such stock dividends or stock distributions with respect to Shares that are repurchased at the Participant's Purchase Price or Exercise Price, as the case may **longer** be pursuant to Section 15.2. The Committee, in its discretion, may provide in any Award Agreement that the Participant will be entitled to Dividend Equivalent Rights with respect to the payment of cash dividends on Shares underlying an Award during the period beginning on the date the Award is granted and ending, with respect to each Share subject to the Award, on Access Person trading restrictions, but will remain subject to all applicable federal securities laws (including those related to insider trading, opposite-way transactions, and affiliate sales).

4. Ownership of Inventions

4.1. Inventions. Subject to Section 4.2 below and except as explicitly otherwise agreed by the **earlier** parties in the applicable Statement of Work, Smartsheet will own exclusively all right, title and interest in and to all developments, concepts, designs, ideas, know how, improvements, inventions, trade secrets, works of authorship, and materials that are conceived, discovered, written or created by Contractor, alone or jointly with Smartsheet or third parties, in connection with the **date on which the Award is exercised** Services, whether completed or **settled** or the date on which it is forfeited. Such Dividend Equivalent Rights, if any, works-in-progress ("Inventions"). All Inventions will be **credited** deemed "work made for hire" for Smartsheet for all purposes of copyright law. To the extent that any such Inventions do not fall within the specifically enumerated works that constitute works made for hire under United States copyright laws, and to the **Participant** extent such Inventions include materials subject to copyright, patent, trade secret or other proprietary right protection, Contractor hereby irrevocably assigns to Smartsheet all right, title and interest that he or she may be deemed to have in and to the Inventions, including and all copyrights, patents, trade secrets and other proprietary rights therein (and renewals thereof). Contractor waives all claims for infringement that he or she may have in connection with such Inventions. Contractor agrees to provide all assistance reasonably requested by Smartsheet to secure intellectual property or proprietary rights for Smartsheet in the **form** of additional whole Shares as of the date of payment of such cash dividends on Shares. Notwithstanding the foregoing, dividends and Dividend Equivalent Rights may accrue with respect to unvested Awards, but will not be paid or issued until such Award is fully vested and the Shares are issued to Participant and such Shares are no longer subject to any vesting requirements or repurchase rights on behalf of the Company. **Inventions.**

15.2.4.2 Restrictions on Shares Pre-Existing Inventions. All "Inventions" do not include, and Contractor is not obligated to assign to Smartsheet, any pre-existing software, inventions, copyrights, patents, trade secrets, trademarks and other proprietary rights of Contractor that Contractor can document existed before the discretion of Effective Date and that are listed on Exhibit B to this Agreement (collectively, the Committee, the Company may reserve to itself and/or its assignee(s) a right to repurchase (a "Right of Repurchase Pre-Existing Inventions"). Contractor hereby grants to Smartsheet a portion of any non-exclusive, worldwide, perpetual, irrevocable, fully paid, royalty-free license to use the Pre-Existing Inventions to the extent they are included in, or all Unvested Shares held by a Participant following such Participant's termination of Service at any time within ninety (90) days (or such longer or shorter time determined by the Committee) after the later of the date Participant's Service terminates are necessary to use and the date the Participant purchases Shares under this Plan, for cash and/or cancellation of purchase money indebtedness, at the Participant's Purchase Price or Exercise Price, exploit, deliverables provided as the case may be.

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16. CERTIFICATES. All Shares or other securities whether or not certificated, delivered under this Plan will be subject to such stock transfer orders, legends, and other restrictions as the Committee may deem necessary or advisable, including restrictions under any applicable U.S. federal, state, or foreign securities law, or any rules, regulations, and other requirements of the SEC or any stock exchange or automated quotation system upon which the Shares may be listed or quoted, and any non-U.S. exchange controls or securities law restrictions to which the Shares are subject.

17. ESCROW; PLEDGE OF SHARES. To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all certificates representing Shares, together with stock powers or other instruments of transfer approved by the Committee, appropriately endorsed in blank, with the Company or an agent designated by the Company to hold in escrow until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificates. Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under this Plan will be required to pledge and deposit with the Company all or part of the Shares so purchased as collateral to secure the payment of the Participant's obligation to the Company under the promissory note; Services.

4.3 provided, however, that the Committee may require or accept other or additional forms of collateral to secure the payment of such obligation and, in any event, the Company will have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, the Participant will be required to execute and deliver a written pledge agreement in such form as the Committee will from time to time approve. The Shares purchased with the promissory note may be released from the pledge on a pro rata basis as the promissory note is paid.

18. REPRICING; EXCHANGE AND BUYOUT OF AWARDS Third Party Materials. Without prior stockholder approval the Committee may (a) reprice Options or SARs (and where such repricing is a reduction in the Exercise Price of outstanding Options or SARs, the consent of the affected Participants is not required provided written notice is provided to them, notwithstanding any adverse tax consequences to them arising from the repricing), and (b) with the consent of the respective Participants (unless not required pursuant to Section 5.9 of the Plan), pay cash or issue new Awards in exchange for the surrender and cancellation of any, or all, outstanding Awards.

19. SECURITIES LAW AND OTHER REGULATORY COMPLIANCE. An Award Contractor will not be effective include any materials created by third parties in Inventions unless such Award is in compliance with Contractor has all applicable U.S. and foreign federal and state securities and exchange control laws, rules, and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the Award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver certificates for Shares under this Plan prior to: (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; rights, licenses, consents, releases and/or (b) completion of any registration or other qualification of such Shares under any state, federal, or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register the Shares with the SEC or to effect compliance with the registration, qualification, or listing requirements of any foreign or state securities laws, exchange control laws, stock exchange, or automated quotation system, and the Company will have no liability for any inability or failure permissions to do so. To the extent third party materials are included in Inventions, Contractor will ensure that Smartsheet has an irrevocable, royalty free license to use such materials as necessary to use and exploit the Inventions for any purpose.

20.5. NO OBLIGATION TO EMPLOY. Nothing in this Plan or any Award granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Parent, Subsidiary, or Affiliate or limit in any way the right of the Company or any Parent, Subsidiary, or Affiliate to terminate Participant's employment or other relationship at any time. Term and Termination

21. CORPORATE TRANSACTIONS.

21.1.5.1 Assumption or Replacement of Awards by Successor. In the event of a Corporate Transaction any or all outstanding Awards may be assumed, converted, replaced, or substituted by the successor corporation, which will be binding on all Participants. In the event of a substitution, the successor corporation may

Participants as was provided to stockholders (after taking into account the existing provisions of the Awards). The successor corporation may also issue, as replacement of outstanding Shares of the Company held by the Participant, substantially similar shares or other property subject to repurchase restrictions no less favorable to the Participant. In the event such successor or acquiring corporation (if any) refuses to assume, convert, replace, or substitute Awards, as provided above, pursuant to a Corporate Transaction, then notwithstanding any other provision in this Plan to the contrary, such Awards will have their vesting accelerate as to all shares subject to such Award (and any applicable right of repurchase fully lapse) immediately prior to the Corporate Transaction. In addition, in the event such successor or acquiring corporation (if any) refuses to assume, convert, replace, or substitute Awards, as provided above, pursuant to a Corporate Transaction, the Committee will notify the Participant in writing or electronically that such Award will be exercisable for a period of time determined by the Committee in its sole discretion, and such Award will terminate upon the expiration of such period. Awards need not all be treated in the same manner in a Corporate Transaction, and treatment may vary from Award to Award and/or from Participant to Participant.

21.2. Assumption of Awards by the Company. The Company, from time to time, also may substitute or assume outstanding awards granted by another company, whether in connection with an acquisition of such other company or otherwise, by either: (a) granting an Award under this Plan in substitution of such other company's award, or (b) assuming such award as if it had been granted under this Plan if the terms of such assumed award could be applied to an Award granted under this Plan. Such substitution or assumption will be permissible if the holder of the substituted or assumed award would have been eligible to be granted an Award under this Plan if the other company had applied the rules term of this Plan to such grant. In the event the Company assumes an award granted by another company, the terms and conditions of such award Agreement will remain unchanged (except that the Purchase Price or the Exercise Price, as the case may be, and the number and nature of Shares issuable upon exercise or settlement of any such Award will be adjusted appropriately pursuant to Section 424(a) of the Code). In the event the Company elects to grant a new Option in substitution rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price. Substitute Awards will not reduce the number of Shares authorized for grant under the Plan or authorized for grant to a Participant in a calendar year.

21.3. Non-Employee Directors' Awards. Notwithstanding any provision to the contrary herein, in the event of a Corporate Transaction, the vesting of all Awards granted to Non-Employee Directors will accelerate and such Awards will become exercisable (as applicable) in full prior to the consummation of such event at such times and on such conditions as the Committee determines.

22. ADOPTION AND STOCKHOLDER APPROVAL. This Plan will be submitted for the approval of the Company's stockholders, consistent with applicable laws, within twelve (12) months before or after the date this Plan is adopted by the Board.

23. TERM OF PLAN/GOVERNING LAW. Unless earlier terminated as provided herein, this Plan will become effective begin on the Effective Date and will terminate ten (10) years from continue in effect until the date Services specified in the Statement of Work have been completed, unless earlier terminated in accordance with this Plan is adopted Section. This Agreement may be renewed or extended if mutually agreed by the Board. This Plan parties in writing.

5.2 Termination for Cause. Either party may terminate this Agreement, upon fifteen (15) days' written notice, for the other party's uncured breach of any material provision of this Agreement. If the breaching party fails to cure its breach within the fifteen (15) day notice period, the Agreement will automatically terminate without any requirement of further notice.

5.3 Termination for Convenience. Either party may terminate this Agreement at any time, for any reason or no reason, on thirty (30) days' prior written notice to the other party; provided, however, that Contractor may not terminate this Agreement under this Section 5.3 while any Statement of Work is then in effect.

5.4 Survival. The terms and conditions of this Agreement that by their sense and context are intended to survive termination will survive, including the following Sections: 1.2, 2 (with respect to amounts accrued but unpaid as of termination), 3, 4, 5.3, 6, and 8 through 10.

6. Non-Solicitation of Customers. During the term of this Agreement and for a period of twelve (12) months thereafter, Contractor will not use any Confidential Information of Smartsheet to (a) dissuade or negatively influence any of Smartsheet's customers or clients from purchasing Smartsheet products or services, or (b) attempt to solicit or influence any customer, client

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or person, directly or indirectly, to direct any purchase of products or services to any person, firm, corporation or institution that is in competition with the business or proposed business of Smartsheet.

7. Network Security; Use of Smartsheet Systems. To the extent that Contractor has physical or electronic access to Smartsheet's computer network or systems, Contractor will comply with all network access and security requirements communicated by Smartsheet to Contractor from time to time. Contractor recognizes and agrees that he or she has no expectation of privacy with respect to use of Smartsheet's telecommunications, networking, or information processing systems (including without limitation stored computer files, email messages and voice messages) and that Contractor's activity, and any files or messages, on those systems may be monitored by Smartsheet.

8. Representations and Warranties. Contractor represents and warrants to Smartsheet that: (a) Contractor's performance of his, her or its obligations under this Agreement will not breach any agreement between Contractor and a third party (including without limitation any confidentiality obligation); (b) Contractor will comply with all applicable laws, rules, regulations and orders of any governmental authority in performing obligations under this Agreement; (c) Contractor will provide the Services in a competent and professional manner in accordance with industry standards; and (d) neither the Services and/or the Inventions, nor the use of the Services and/or Inventions by Smartsheet in accordance with the applicable Statement of Work, will infringe or misappropriate any third party's intellectual property or proprietary rights.

9. Indemnification. Contractor will indemnify, defend and hold harmless Smartsheet and its directors, employees and agents from and against any and all Awards granted hereunder will be damages, liabilities, penalties, fines, losses, costs and expenses, including reasonable attorneys' fees, arising from or relating to (i) any claim for wages or benefits and/or related taxes against Smartsheet by Contractor or any subcontractor of Contractor, (ii) the gross negligence or willful misconduct of Contractor, or (iii) any third party claim that arises out of Contractor's breach of any representations, warranties or obligations under this Agreement.

10. Miscellaneous

10.1 Governing Law and Waiver of Jury Trial. This Agreement is governed by and construed in accordance with the laws of the State of Washington, (excluding excluding its conflict conflicts of laws rules). law rules. Exclusive venue for any action hereunder will lie in the state and federal courts located in Seattle, King County, Washington, and both parties hereby submit to the jurisdiction of such courts.

10.2. AMENDMENT OR TERMINATION OF PLAN Assignment and Subcontracting. The Board Contractor may at not assign or transfer this Agreement, in whole or in part, or subcontract any time terminate rights or amend obligations under this Plan Agreement, without Smartsheet's prior written consent. Any assignment in any respect, including, without limitation, amendment of any form of Award Agreement or instrument to be executed pursuant to this Plan; provided, however, that the Board will not, without the approval of the stockholders of the Company, amend this Plan in any manner that requires such stockholder approval; provided further, that a Participant's Award shall be governed by the version contravention of this Plan then in effect at the time such Award was granted. No termination or amendment of the Plan will affect any then-outstanding Award unless expressly provided by the Committee. In any event, no termination or amendment of the Plan or any outstanding Award may adversely affect any then outstanding Award without the consent of the Participant, unless such termination or amendment is necessary to comply with applicable law, regulation, or rule.

25. NONEXCLUSIVITY OF THE PLAN. Neither the adoption of this Plan by the Board, the submission of this Plan to the stockholders of the Company for approval, nor any provision of this Plan

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will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock awards null and bonuses otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

26. INSIDER TRADING POLICY. Each Participant who receives an Award will comply with any policy adopted by the Company from time to time covering transactions in the Company's securities by Employees, officers, and/or Directors of the Company, as well as with any applicable insider trading or market abuse laws to which the Participant may be subject.

27. ALL AWARDS SUBJECT TO COMPANY CLAWBACK OR RECOUPMENT POLICY. All Awards, subject to applicable law, void. This Agreement will be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of Participant's employment or other service with the Company that is applicable to officers, Employees, Directors or other service providers of the Company, binding

on all permitted assignees and successors in addition to any other remedies available under such policy interest, and applicable law, may require the cancellation of outstanding Awards and the recoupment of any gains realized with respect to Awards.

28. DEFINITIONS. As used in this Plan, and except as elsewhere defined herein, the following terms will have the following meanings:

28.1. "Affiliate" means (a) any entity that, directly or indirectly, is controlled by, controls, or is under common control with, the Company, and (b) any entity in which the Company has a significant equity interest, in either case as determined by the Committee, whether now or hereafter existing.

28.2. "Award" means any award under the Plan, including any Option, Performance Award, Restricted Stock, Stock Bonus, Stock Appreciation Right, or Restricted Stock Unit.

28.3. "Award Agreement" means, with respect to each Award, the written or electronic agreement between the Company and the Participant setting forth the terms and conditions of the Award, and country-specific appendix thereto for grants to non-U.S. Participants, which Contractor will be in substantially a form (which need not be the same responsible for each Participant) that the Committee (or in the case of Award agreements that are not used for Insiders, the Committee's delegate(s)) has from time to time approved, and will comply with and be subject to the terms and conditions of this Plan.

28.4. "Award Transfer Program" means any program instituted by the Committee which would permit Participants the opportunity to transfer any outstanding Awards to a financial institution or other person or entity approved by the Committee.

28.5. "Board" means the Board of Directors of the Company.

28.6. "Cause" means Termination because of Participant's commission of any act of fraud, embezzlement, or dishonesty; any unauthorized use or disclosure of confidential information or trade secrets of the Company (or any Parent, Subsidiary, or Affiliate); Participant's conviction of or plea of nolo contendere to a felony or a crime involving moral turpitude; or any intentional misconduct by Participant adversely affecting the business or affairs of the Company (or any Parent, Subsidiary, or Affiliate) in any material manner. The determination as to whether a Participant is being terminated for Cause will be made in good faith by the Company and will be final and binding on the Participant. This definition will not restrict in any way the Company's or any Parent's, Subsidiary's, or Affiliate's right to discharge Participant for any other reason, nor will this definition be deemed to be inclusive of all the acts or omissions which constitute "Cause" for purposes of any subcontractors who provide Services on its behalf (whether or not authorized by Smartsheet in accordance with this Section 10.2).

10.3 Entire Agreement/Amendments. This Agreement, including each Statement of Work and all other than this Plan. Notwithstanding exhibits that are incorporated herein by reference, contains the foregoing, entire agreement of the foregoing definition of "Cause" may, in part parties regarding the subject matter described herein, and all other promises, representations, understandings, arrangements and prior agreements related thereto are merged herein and superseded hereby (including any Contractor documentation that contains terms different from or in whole, addition to this Agreement). The provisions of this Agreement may not be modified or replaced amended except by an agreement in each individual employment agreement, Award writing signed by both parties.

10.4 Notices. Except as may be otherwise set forth herein, all notices, requests, demands and other communications under this Agreement or other applicable agreement with any Participant, provided that such document supersedes will be in writing and will be deemed to have been duly given: (i) on the definition provided in this Section 28.6.

28.7. "Code" means the United States Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

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28.8. "Committee" means the Compensation Committee of the Board or those persons to whom administration of the Plan, or part of the Plan, has been delegated as permitted by law.

28.9. "Common Stock" means the Class A common stock of the Company.

28.10. "Company" means Smartsheet Inc., a Washington corporation, or any successor corporation.

28.11. "Consultant" means any natural person, including an advisor or independent contractor, engaged by the Company or a Parent, Subsidiary, or Affiliate to render services next day if delivered personally to such entity.

28.12. "Corporate Transaction" means the occurrence of any of the following events: (a) any "Person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company's then-outstanding voting securities; provided, however, that for purposes of this subclause (a) the acquisition of additional securities by any one Person who is considered to own more than fifty percent (50%) of the total voting power of the securities of the Company will not be considered a Corporate Transaction; (b) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; (c) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation; (d) any other transaction which qualifies as a "corporate transaction" under Section 424(a) of the Code wherein the stockholders of the Company give up all of their equity interest in the Company (except for the acquisition, sale or transfer of all or substantially all of the outstanding shares of capital stock of the Company), or (e) a change in the effective control of the Company that occurs party; (ii) on the date that a majority of members of three (3) days after mailing if mailed by registered or certified mail; or (iii) on the Board is replaced during any twelve (12) month period next day if delivered by members of the Board whose appointment, election or removal is not endorsed by a majority of the members of the Board prior email. All notices will be sent to the date of the appointment or election. For purpose of this subclause (e), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered applicable address for a Corporate Transaction. For purposes of this definition, Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase, or acquisition of stock, or similar business transaction with the Company. Notwithstanding the foregoing, to the extent that any amount constituting deferred compensation (as defined in Section 409A of the Code) would become payable under this Plan by reason of a Corporate Transaction, such amount will become payable only if the event constituting a Corporate Transaction would also qualify as a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, each as defined within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and IRS guidance that has been promulgated or may be promulgated thereunder from time to time.

28.13. "Director" means a member of the Board.

28.14. "Disability" means in the case of incentive stock options, total and permanent disability as defined in Section 22(e)(3) of the Code party first set forth above and, in the case of other Awards, that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.

28.15. "Dividend Equivalent Right" means the right of a Participant, granted at the discretion of the Committee or as otherwise provided by the Plan, to receive a credit for the account of such Participant in an amount equal to the cash, stock, or other property dividends in amounts equal equivalent to cash, stock, or other property dividends for each Share represented attention of "Legal." Such addresses may be changed by an Award held notice given by such Participant.

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28.16. "Effective Date" means the day immediately prior one party to the date of the underwritten initial public offering of the Company's common stock pursuant to a registration statement that is declared effective by the SEC.

28.17. "Employee" means any person, including officers and Directors, providing services as an employee to the Company or any Parent, Subsidiary, or Affiliate. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

28.18. "Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

28.19. "Exchange Program" means a program pursuant to which (a) outstanding Awards are surrendered, cancelled, or exchanged for cash, the same type of Award, or a different Award (or combination thereof); or (b) the exercise price of an outstanding Award is increased or reduced.

28.20. "Exercise Price" means, with respect to an Option, the price at which a holder may purchase the Shares issuable upon exercise of an Option and with respect to a SAR, the price at which the SAR is granted to the holder thereof.

28.21. "Fair Market Value" means, as of any date, the value of a share of the Company's Common Stock determined as follows:

(a) if such Common Stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in *The Wall Street Journal* or such other source as

the Committee deems reliable;

(b) if such Common Stock is publicly traded but is neither listed nor admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in *The Wall Street Journal* or such other source as the Committee deems reliable;

(c) in the case of an Option or SAR grant made on the Effective Date, the price per share at which Shares are initially offered for sale to the public by the Company's underwriters in the initial public offering of the Company's Common Stock pursuant to a registration statement filed with the SEC under the Securities Act; or

(d) if none of the foregoing is applicable, by the Board or the Committee in good faith.

28.22. "*Insider*" means an officer or Director of the Company or any other person whose transactions in the Company's Common Stock are subject to Section 16 of the Exchange Act.

28.23. "*IRS*" means the United States Internal Revenue Service.

28.24. "*Non-Employee Director*" means a Director who is not an Employee of the Company or any Parent, Subsidiary, or Affiliate.

28.25. "*Option*" means an award of an option to purchase Shares pursuant to Section 5.

28.26. "*Parent*" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if each of such corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

28.27. "*Participant*" means a person who holds an Award under this Plan.

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28.28. "*Performance Award*" means cash or Shares granted pursuant to Section 10 or Section 12 of the Plan.

28.29. "*Performance Factors*" means any of the factors selected by the Committee and specified in an Award Agreement, from among the following measures, either individually, alternatively or in any combination, applied to the Company as a whole or any business unit or Subsidiary, either individually, alternatively, or in any combination, on a GAAP or non-GAAP basis, and measured, to the extent applicable on an absolute basis or relative to a pre-established target, to determine whether the performance goals established by the Committee with respect to applicable Awards have been satisfied:

(a) profit before tax;

(b) billings;

(c) revenue;

(d) net revenue;

(e) earnings (which may include earnings before interest and taxes, earnings before taxes, net earnings, stock-based compensation expenses, depreciation, and amortization);

(f) operating income;

(g) operating margin;

(h) operating profit;

(i) controllable operating profit or net operating profit;

(j) net profit;

(k) gross margin;

- (l) operating expenses or operating expenses as a percentage of revenue;
- (m) net income;
- (n) earnings per share;
- (o) total stockholder return;
- (p) market share;
- (q) return on assets or net assets;
- (r) the Company's stock price;
- (s) growth in stockholder value relative to a pre-determined index;
- (t) return on equity;
- (u) return on invested capital;
- (v) cash flow (including free cash flow or operating cash flows);
- (w) cash conversion cycle;

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- (x) economic value added;
- (y) individual confidential business objectives;
- (z) contract awards or backlog;
- (aa) overhead or other expense reduction;
- (bb) credit rating;
- (cc) strategic plan development and implementation;
- (dd) succession plan development and implementation;
- (ee) improvement in workforce diversity;
- (ff) customer indicators and/or satisfaction;
- (gg) new product invention or innovation;
- (hh) attainment of research and development milestones;
- (ii) improvements in productivity;
- (jj) bookings;
- (kk) attainment of objective operating goals and employee metrics;
- (ll) sales;
- (mm) expenses;
- (nn) balance of cash, cash equivalents, and marketable securities;

- (oo) completion of an identified special project;
- (pp) completion of a joint venture or other corporate transaction;
- (qq) employee satisfaction and/or retention;
- (rr) research and development expenses;
- (ss) working capital targets and changes in working capital; and
- (tt) any other metric that is capable of measurement as determined by the Committee.

The Committee may, in recognition of unusual or non-recurring items such as acquisition-related activities or changes in applicable accounting rules, provide for one or more equitable adjustments (based on objective standards) to the Performance Factors to preserve the Committee's original intent regarding the Performance Factors at the time of the initial award grant. It is within the sole discretion of the Committee to make or not make any such equitable adjustments.

28.30. "Performance Period" means one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more Performance Factors will be measured for the purpose of determining a Participant's right to, and the payment of, a Performance Award.

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28.31. "Performance Share" means an Award as defined in Section 10 and granted under the Plan.

28.32. "Performance Unit" means an Award as defined in Section 10 and granted under the Plan.

28.33. "Permitted Transferee" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships) of the Employee, any person sharing the Employee's household (other than a tenant or employee), a trust in which these persons (or the Employee) have more than 50% of the beneficial interest, a foundation in which these persons (or the Employee) control the management of assets, and any other entity in which these persons (or the Employee) own more than 50% of the voting interests.

28.34. "Plan" means this Smartsheet Inc. 2018 Equity Incentive Plan.

28.35. "Purchase Price" means the price to be paid for Shares acquired under the Plan, other than Shares acquired upon exercise of an Option or SAR.

28.36. "Restricted Stock Award" means an Award as defined in Section 6 and granted under the Plan, or issued pursuant to the early exercise of an Option.

28.37. "Restricted Stock Unit" means an Award as defined in Section 9 and granted under the Plan.

28.38. "SEC" means the United States Securities and Exchange Commission.

28.39. "Securities Act" means the United States Securities Act of 1933, as amended.

28.40. "Service" will mean service as an Employee, Consultant, Director, or Non-Employee Director, to the Company or a Parent, Subsidiary, or Affiliate, subject to such further limitations as may be set forth in the Plan or the applicable Award Agreement. An Employee will not be deemed to have ceased to provide Service in the case of (a) sick leave, (b) military leave, or (c) any other leave of absence approved by the Company; provided, that such leave is for a period of not more than ninety (90) days unless reemployment upon the expiration of such leave is guaranteed by contract or statute. Notwithstanding anything to the contrary, an Employee will not be deemed to have ceased to provide Service if a formal policy adopted from time to time by the Company and issued and promulgated to employees in writing provides otherwise. In the case of any Employee on an approved leave of absence or a reduction in hours worked (for illustrative purposes only, a change in schedule from that of full-time to part-time), the Committee may make such provisions respecting suspension or modification of vesting of the Award while on leave from the employ of the Company or a Parent, Subsidiary, or Affiliate or during such change in working hours as it may deem appropriate, except that in no event may an Award be exercised after the expiration of the term set forth in the applicable Award Agreement. In the event of military or other protected leave, if required by applicable laws, vesting will continue for the longest period that vesting continues under any other statutory or Company approved leave of absence and, upon a Participant's returning from military leave, he or she will be given vesting credit with respect to Awards to the same extent as would

have applied had the Participant continued to provide Service to the Company throughout the leave on the same terms as he or she was providing Service immediately prior to such leave. An employee will have terminated employment as of the date he or she ceases to provide Service (regardless of whether the termination is in breach of local employment laws or is later found to be invalid) and employment will not be extended by any notice period or garden leave mandated by local law, provided, however, that a change in status from an employee to a consultant or advisor will not terminate the service provider's Service, unless determined by the Committee, in its discretion. The Committee will have sole discretion to determine whether a Participant has ceased to provide Service and the effective date on which the Participant ceased to provide Service.

28.41. **"Shares"** means shares of the Company's Class A common stock and the common stock of any successor entity.

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28.42. **"Stock Appreciation Right"** means an Award defined in Section 8 and granted under the Plan.

28.43. **"Stock Bonus"** means an Award defined in Section 7 and granted under the Plan.

28.44. **"Subsidiary"** means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

28.45. **"Treasury Regulations"** means regulations promulgated by the United States Treasury Department.

28.46. **"Unvested Shares"** means Shares that have not yet vested or are subject to a right of repurchase in favor of the Company (or any successor thereto).

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SMARTSHEET INC.
2018 EQUITY INCENTIVE PLAN
NOTICE OF STOCK OPTION GRANT

Unless otherwise defined herein, the terms defined in the Smartsheet Inc. (the **"Company"**) 2018 Equity Incentive Plan (the **"Plan"**) will have the same meanings in this Notice of Stock Option Grant and the electronic representation of this Notice of Stock Option Grant established and maintained by the Company or a third party designated by the Company (this **"Notice"**).

Name:

Address:

You (the **"Participant"**) have been granted an option to purchase shares of Common Stock of the Company (the **"Option"**) under the Plan subject to the terms and conditions of the Plan, this Notice, and the Stock Option Award Agreement (the **"Option Agreement"**), including any applicable country-specific provisions in the appendix attached hereto (the **"Appendix"**), which constitutes part of the Option Agreement.

Grant Number:

Date of Grant:

Vesting Commencement Date:

Exercise Price per Share:

Total Number of Shares:

Type of Option: Non-Qualified Stock Option

Incentive Stock Option

Expiration Date: _____, 20____; the Option expires earlier if Participant's Service terminates earlier, as described in the Option Agreement.

Vesting Schedule: Subject to the limitations set forth in this Notice, the Plan, and the Agreement, the Option will vest in accordance with the following schedule: [insert applicable vesting schedule]

By accepting (whether in writing, electronically, or otherwise) the Option, Participant acknowledges and agrees to the following:

- 1) Participant understands that Participant's Service with the Company or a Parent, Subsidiary, or Affiliate is for an unspecified duration, can be terminated at any time (i.e., is "at-will") except where otherwise prohibited by applicable law, and that nothing in this Notice, the Option Agreement, or the Plan changes the nature of that relationship. Participant acknowledges that the vesting of the Option pursuant to this Notice is subject Section or by other form of notice agreed to Participant's continuing Service as an Employee, Director, or Consultant. Participant agrees and acknowledges that the Vesting Schedule may change prospectively in the event that Participant's Service status changes between full- and part-time and/or in the event the Participant is on a leave of absence, in accordance with Company policies relating to work schedules and vesting of Awards or as determined by the Committee. Furthermore, parties.

10.5 Severability. If any provision of this Agreement is invalid or unenforceable in any jurisdiction, the period during which Participant may exercise other provisions herein will remain in full force and effect in such jurisdiction and will be liberally construed to effectuate the Option after termination purpose and intent of Service, if any, will commence on the Termination Date (as defined in the Option Agreement).

- 2) This grant is made under and governed by the Plan, the Agreement, and this Notice, and this Notice is subject to the terms and conditions of the Agreement, and the Plan, both invalidity or unenforceability of which are incorporated herein by reference. Participant has read the Notice, the Option Agreement and, the Plan.
- 3) Participant has read the Company's Insider Trading Policy, and agrees to comply with such policy, as it may be amended from time to time, whenever Participant acquires or disposes of the Company's securities.
- 4) By accepting the Option, Participant consents to electronic delivery and participation as set forth in the Option Agreement.

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PARTICIPANT

Signature:

Print Name:

SMARTSHEET INC.

By:

Its:

SMARTSHEET INC.
2018 EQUITY INCENTIVE PLAN
STOCK OPTION AWARD AGREEMENT

Unless otherwise defined in this Stock Option Award Agreement (this "**Option Agreement**"), any capitalized terms used herein will have the meaning ascribed to them in the Smartsheet Inc. 2018 Equity Incentive Plan (the "**Plan**").

Participant has been granted an option to purchase Shares (the "**Option**") of Smartsheet Inc. (the "**Company**"), subject to the terms, restrictions, and conditions of the Plan, the Notice of Stock Option Grant (the "**Notice**"), and this Option Agreement, including any applicable country-specific provisions in the appendix attached hereto (the "**Appendix**"), which constitutes part provision of this Option Agreement. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of the Notice or this Option Agreement the terms and conditions of the Plan shall prevail.

1. **Vesting Rights.** Subject to the applicable provisions of the Plan and this Option Agreement, the Option may be exercised, in whole or in part, in accordance with the Vesting Schedule set forth in the Notice. Participant acknowledges and agrees that the Vesting Schedule may change prospectively in the event Participant's Service status changes between full and part-time and/or in the event Participant is on a leave of absence, in accordance with Company policies

relating to work schedules and vesting of Awards or as determined by the Committee. Participant acknowledges that the vesting of the Option pursuant to this Notice and Agreement is subject to Participant's continuing Service as an Employee, Director, or Consultant.

2. Grant of Option. Participant has been granted an Option for the number of Shares set forth in the Notice at the exercise price per Share in U.S. Dollars set forth in the Notice (the "Exercise Price"). If designated in the Notice as an Incentive Stock Option ("ISO"), the Option is intended to qualify as an Incentive Stock Option under Section 422 of the Code. However, if the Option is intended to be an ISO, to the extent that it exceeds the U.S. \$100,000 rule of Code Section 422(d) it shall be treated as a Nonqualified Stock Option ("NSO").

3. Termination Period.

(a) **General Rule.** If Participant's Service terminates for any reason except death or Disability, and other than for Cause, then the Option will expire at the close of business at Company headquarters on the date three (3) months after Participant's Termination Date (as defined below) (or such shorter time period not less than thirty (30) days or longer time period as may be determined by the Committee, with any exercise beyond three (3) months after the date Participant's Service terminates deemed to be the exercise of an NSO). If Participant's Service is terminated for Cause, the Option will expire upon the date of such termination. The Company determines when Participant's Service terminates for all purposes under this Option Agreement.

(b) **Death; Disability.** If Participant dies before Participant's Service terminates (or Participant dies within three (3) months of Participant's termination of Service other than for Cause), then the Option will expire at the close of business at Company headquarters on the date twelve (12) months after the date of death (or such shorter time period not less than six (6) months or longer time period as may be determined by the Committee, subject to the expiration details in Section 7). If Participant's Service terminates because of Participant's Disability, then the Option will expire at the close of business at Company headquarters on the date twelve (12) months after Participant's Termination Date (or such shorter time period not less than six (6) months or longer time period as may be determined by the Committee, subject to the expiration details in Section 7).

(c) **No Notification of Exercise Periods.** Participant is responsible for keeping track of these exercise periods following Participant's termination of Service for any reason. The Company jurisdiction will not provide further notice of such periods. In no event shall affect the Option be exercised later than the Expiration Date set forth in the Notice.

(d) **Termination.** For purposes of the Option, Participant's Service will be considered terminated (regardless of the reason for such termination and whether validity or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), as of the date Participant is no longer actively providing Services to the Company, its Parent or one of its Subsidiaries or Affiliates regardless enforceability of any notice period (i.e., such provision in any other jurisdiction).

Participant's period 10.6 Waiver of Service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any) (the "Termination Date"). Unless otherwise provided in the Option Agreement or determined by the Company, Participant's right to vest in the Option under the Plan, if any, will terminate as of the Termination Date and Participant's right to exercise the Option after termination of Service, if any, will be measured from the Termination Date.

In case of any dispute as to whether and when a termination of Service has occurred, the Committee will have sole discretion to determine whether such termination of Service has occurred and the effective date of such termination (including whether Participant may still be considered to be actively providing services while on a leave of absence).

If Participant does not exercise the Option within the termination period set forth in the Notice or the termination periods set forth above, the Option shall terminate in its entirety. In no event, may any Option be exercised after the Expiration Date of the Option as set forth in the Notice.

4. Exercise of Option.

(a) **Right to Exercise Breach.** The Option is exercisable during its term in accordance with the Vesting Schedule set forth in the Notice and the applicable provisions of the Plan and this Option Agreement. In the event of Participant's death, Disability, termination for Cause, or other cessation of Service, the exercisability of the Option is governed by the applicable provisions of the Plan, the Notice, and this Option Agreement. The Option may not be exercised for a fraction of a Share.

(b) **Method of Exercise.** The Option is exercisable by delivery of an exercise notice in a form specified by the Company (the "Exercise Notice"), which will state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "Exercised Shares"), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice will be delivered in person, by mail, via electronic mail or facsimile or by other authorized method to the Secretary of the Company or other person designated by the Company. The Exercise Notice will be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares together with any applicable Tax-Related Items (as defined in Section 8 below). The Option will be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price and payment of any applicable Tax-Related Items. No Shares will be issued pursuant to the exercise of the Option unless such issuance and exercise complies with all relevant provisions of law and the requirements of any stock exchange or quotation service upon which the Shares are then listed. Assuming such compliance, for United States income tax purposes the Exercised Shares will be considered transferred to Participant on the date the Option is exercised with respect to such Exercised Shares.

(c) **Exercise by Another.** If another person wants to exercise the Option after it has been transferred to him or her in compliance with this Option Agreement, that person must prove to the Company's satisfaction that he or she is entitled to exercise the Option. That person must also complete the proper Exercise Notice form (as described above) and pay the Exercise Price (as described below) and any applicable Tax-Related Items (as described below).

5. Method of Payment. Payment of the aggregate Exercise Price will be by any of the following, or a combination thereof, at the election of Participant:

(a) Participant's personal check (or readily available funds), wire transfer, or a cashier's check;

(b) certificates for shares of Company stock that Participant owns, along with any forms needed to effect a transfer of those shares to the Company; the value of the shares, determined as of the effective date of the Option exercise, will be applied to the Exercise Price. Instead of surrendering shares of Company stock, Participant may attest to the ownership of those shares on a form provided by the Company and have the same number of shares subtracted from the Option shares issued to Participant. However, Participant may not surrender, or attest to the ownership of, shares of Company stock in payment of the Exercise Price of Participant's Option if Participant's action would cause the Company to recognize compensation expense (or additional compensation expense) with respect to this Option for financial reporting purposes;

(c) cashless exercise through irrevocable directions to a securities broker approved by the Company to sell all or part of the Shares covered by the Option and to deliver to the Company from the sale proceeds an amount sufficient to pay the Exercise Price and any applicable Tax-Related Items. The balance of the sale proceeds, if any, will be delivered to Participant. The directions must be given by signing a special notice of exercise form provided by the Company; or

(d) other method authorized by the Company;

provided, however, that the Company may restrict the available methods of payment due to facilitate compliance with applicable law or administration of the Plan. In particular, if Participant is located outside the United States, Participant should review the applicable provisions of the Appendix for any such restrictions that may currently apply.

6. Non-Transferability of Option. The Option may not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of other than by will or by the laws of descent or distribution or court order and may be exercised during the lifetime of Participant only by Participant or unless otherwise permitted by the Committee on a case-by-case basis. The terms of the Plan and this Option Agreement will be binding upon the executors, administrators, heirs, successors, and assigns of Participant.

7. Term of Option. The Option will in any event expire on the expiration date set forth in the Notice, which date is ten (10) years after the Date of Grant (five (5) years after the Date of Grant if this option is designated as an ISO in the Notice of Stock Option Grant and Section 5.3 of the Plan applies).

8. Taxes.

(a) **Responsibility for Taxes.** Participant acknowledges that, regardless of any action taken by the Company or a Parent, Subsidiary, or Affiliate employing or retaining Participant (the "**Employer**"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account, or other tax related items related to Participant's participation in the Plan and legally applicable to Participant ("**Tax-Related Items**") is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer, if any. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Option, including, but not limited to, the grant, vesting, or exercise of this Option; the subsequent sale of Shares acquired pursuant to such exercise; and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of this Option to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. **PARTICIPANT SHOULD CONSULT A TAX ADVISER APPROPRIATELY QUALIFIED IN THE COUNTRY OR COUNTRIES IN WHICH PARTICIPANT RESIDES OR IS SUBJECT TO TAXATION.**

(b) **Withholding.** Prior to any relevant taxable or tax withholding event, as applicable, Participant agrees to make arrangements satisfactory to the Company and/or the Employer to fulfill all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any withholding obligations for Tax-Related Items by one or a combination of the following:

- (i) withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer; or
- (ii) withholding from proceeds of the sale of Shares acquired at exercise of this Option either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization and without further consent);
- (iii) withholding Shares to be issued upon exercise of the Option, provided the Company only withholds the amount of Shares necessary to satisfy no more than the maximum statutory withholding amounts;
- (iv) Participant's payment of a cash amount (including by check representing readily available funds or a wire transfer); or
- (v) any other arrangement approved by the Committee and permitted under applicable law;

all under such rules as may be established by the Committee and in compliance with the Company's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable; provided however, that if Participant is a Section 16 officer of the Company under the Exchange Act, then the Committee (as constituted in accordance with Rule 16b-3 under the Exchange Act) shall establish the method of withholding from alternatives (i)-(v) above, and the Committee shall establish the method prior to the Tax-Related Items withholding event.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum permissible statutory rate for Participant's tax jurisdiction(s) in which case Participant will have no entitlement to the equivalent amount in Shares and will receive a refund of any over-withheld amount in cash in accordance with applicable law. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Exercised Shares; notwithstanding that a number of the Shares are held back solely for the purpose of satisfying the withholding obligation for Tax-Related Items.

Finally, Participant agrees to pay to the Company and/or the Employer any amount of Tax-Related Items that the Company and/or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

(c) **Notice of Disqualifying Disposition of ISO Shares.** If Participant is subject to Tax-Related Items in the United States and sells or otherwise disposes of any of the Shares acquired pursuant to an ISO on or before the later of (i) two (2) years after the grant date, or (ii) one (1) year after the exercise date, Participant will immediately notify the Company in writing of such disposition. Participant agrees that he or she may be subject to income tax withholding by the Company on the compensation income recognized from such early disposition of ISO Shares by payment in cash or out any wages or other cash compensation paid to Participant by the Company and/or the Employer.

9. Nature of Grant. By accepting the Option, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Option is exceptional, voluntary, and occasional, and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;

(c) all decisions with respect to future options or other grants, if any, will be at the sole discretion of the Company;

(d) Participant is voluntarily participating in the Plan;

(e) the Option and Participant's participation in the Plan will not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company or the Employer, and shall not interfere with the ability of the Company or the Employer, as applicable, to terminate Participant's employment or service relationship (if any);

(f) the Option and the Shares subject to the Option, and the income and value of same, are not intended to replace any pension rights or compensation;

(g) the Option and the Shares subject to the Option, and the income and value of same, are not part of normal or expected compensation for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement, or welfare benefits or similar payments;

(h) unless otherwise agreed with the Company, the Option, and the Shares subject to the Option, and the income and value of same, are not granted as consideration for, or in connection with, the service Participant may provide as a director of a Parent, Subsidiary, or Affiliate;

(i) the future value of the Shares underlying the Option is unknown, indeterminable, and cannot be predicted with certainty; if the underlying Shares do not increase in value, the Option will have no value; if Participant exercises the Option and acquires Shares, the value of such Shares may increase or decrease, even below the Exercise Price;

(j) no claim or entitlement to compensation or damages will arise from forfeiture of the Option resulting from Participant's termination of Service (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and in consideration of the grant of the Option to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Employer, the Company, and any Parent, Subsidiary, or Affiliate; waives his or her ability, if any, to bring any such claim; and releases the Employer, the Company, and any Parent, Subsidiary, or Affiliate from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant will be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(k) unless otherwise provided in the Plan or by the Company in its discretion, the Option and the benefits evidenced by this Option Agreement do not create any entitlement to have the Option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any Corporate Transaction affecting the Shares; and

(l) neither the Employer, the Company, or any Parent, Subsidiary or Affiliate will be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Option or of any amounts due to Participant pursuant to the exercise of the Option or the

subsequent sale of any Shares acquired upon exercise.

10. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan or Participant's acquisition or sale of the underlying Shares. Participant acknowledges, understands, and agrees that he or she should consult with his or her own personal tax, legal, and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

11. Data Privacy. Participant understands that the Employer and/or the Company need to collect and use certain personal information about the Participant (known as "personal data") in order to administer and manage Participant's participation in the Plan. For the purposes of data protection law, Participant's Employer and/or the Company will be the relevant data controllers. This personal data may include, but may not be limited to, Participant's name, home address and telephone number, email address, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of the Options or any other entitlement to Shares awarded, canceled, vested, unvested, or outstanding in Participant's favor, for the purpose of implementing, administering, and managing the Plan ("Data"). The Data will be processed for the purposes of managing Participant's participation in the Plan, for example, to maintain a record of outstanding settled/vested awards, to provide shares on vesting/settlement of awards, to enable relevant information to be supplied to taxation authorities, to enable relevant tax deductions to be made in relation to share awards, and to contact Participant in relation to events which affect Participant's participation in the Plan ("Share Plan Purposes"). The Data processed for Share Plan Purposes will be gathered: (i) from Participant directly, and/or (ii) by the Company and/or the Employer from Participant's human resources or personnel files. Participant understands that the Data may also be held by the Employer, the Company, and its Parent, Subsidiaries, or Affiliates for other purposes associated with Participant's employment (which are or will be described in separate privacy notices or policies). Processing the Data for Share Plan Purposes is, in most respects, necessary in order to perform this Option Agreement. In certain cases, processing will instead be based on the legitimate interests of one or more of the Employer, the Company, and its Parent, Subsidiaries, or Affiliates in processing the Data for the Share Plan Purposes, in order to deliver a benefit to incentivize and reward employees. Finally, the Employer, the Company, and its Parent, Subsidiaries, or Affiliates may be required to carry out certain processing activities in order to

comply with legal obligations to which they are subject. Participant understands that Data may be transferred between the Employer, the Company, and its Parent, Subsidiaries, or Affiliates, and to third parties assisting in the implementation, administration and management of the Plan (such as brokers and share plan administrators). These recipients may be located in Participant's country or elsewhere, and the recipient's country may have different or less stringent data privacy laws and protections than Participant's country. Where required by law (for example, when Data is transferred outside of the European Economic Area), the Employer, the Company, and its Parent, Subsidiaries, or Affiliates will put in place arrangements (for example, data transfer agreements) to ensure the adequate protection of the Data; non-proprietary or confidential details of such safeguards will be made available to Participant upon Participant's written request to the Company. Participant understands that Data will be held by the Employer, the Company, or its Parent, Subsidiaries, or Affiliates for the period specified in its records retention policy. Participant understands that he or she has certain rights in respect of the Data, including to access the data, to request erasure of the Data (where no legal basis to continue processing it exists) or to limit or object to processing, to request corrections to inaccurate Data, and to data portability. To exercise any of these rights, or where Participant has any queries about the processing of their Data, he or she should contact: privacy@smartsheet.com. The data protection contact for the Company and its Parent, Subsidiaries, and Affiliates can be contacted directly: jolene_marshall@smartsheet.com. Participant further understand that he or she has the right to lodge a complaint with a supervisory authority in connection with the violation of the foregoing rights by the Employer, the Company, and its Parent, Subsidiaries, or Affiliates.

12. Language. If Participant has received this Option Agreement, or any other document related to the Option and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

13. Appendix. The Option will be subject to any special terms and conditions set forth in any appendix to this Option Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Option Agreement.

14. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Option, and on any Shares purchased upon exercise of the Option, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

15. Acknowledgement. The Company and Participant agree that the Option is granted under and governed by the Notice, this Option Agreement and the Plan (incorporated herein by reference). Participant: (a) acknowledges receipt of a copy of the Plan including the Plan prospectus, (b) represents that Participant has carefully read and is familiar with their provisions, and (c) hereby accepts the Option subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

16. Entire Agreement; Enforcement of Rights. This Option Agreement, the Plan, and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments, or negotiations concerning the purchase of the Shares hereunder are superseded. No adverse modification of, or adverse amendment to, this Option Agreement, nor any waiver of any rights under breach of any provision of this Option Agreement will be effective unless only if in writing and signed by the parties to this Option Agreement (which writing and signing may be electronic). The failure by either party to enforce any rights under this Option Agreement writing. No such waiver will not operate or be construed as a waiver of any rights of such party.

17. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state, federal, and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Shares may be listed or quoted at the time of such issuance or transfer. Participant understands that the Company is under no obligation to register or qualify the Common Stock with any state, federal, or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, Participant agrees that the Company shall have unilateral authority to amend the Plan and this Option Agreement without Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance subsequent breach.

of Shares. Finally, the Shares issued pursuant to this Option Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

18.10.7 Severability Interpretation. If one or more provisions As used in this Agreement, including Statements of this Option Agreement are held to be unenforceable under applicable law, then such provision will be enforced to Work, the maximum extent possible given the intent use of the parties hereto. If such clause or provision cannot be so enforced, then (a) such provision will be excluded from this Option Agreement, (b) term "including" is illustrative and not limiting.

10.8 Order of Precedence. To the balance of this Option Agreement will be interpreted as if such provision were so excluded, and (c) the balance of this Option Agreement will be enforceable in accordance with its terms.

19. Governing Law and Venue. This Option Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto will be governed, construed and interpreted in accordance with the laws of the State of Washington, without giving effect to such state's conflict of laws rules.

Any and all disputes relating to, concerning or arising from this Option Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the Plan or this Option Agreement, will be brought and heard exclusively in the United States District Court for the District of Western Washington or the Superior Court of King County, Washington. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning, or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning, or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

20. No Rights as Employee, Director or Consultant. Nothing in this Option Agreement will affect in any manner whatsoever any right or power of the Employer or the Company to terminate Participant's Service, for any reason, with or without Cause.

21. Consent to Electronic Delivery of All Plan Documents and Disclosures. By Participant's acceptance of the Notice (whether in writing or electronically), Participant and the Company agree that the Option is granted under and governed by the terms and conditions of this Agreement conflict with the Plan, the Notice, and terms set forth in each Statement of Work, this Option Agreement. Participant has reviewed the Plan, the Notice, and this Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Notice and Agreement, and fully understands all provisions of the Plan, the Notice, and this Option Agreement. Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice, and this Option Agreement. Participant further agrees to notify the Company upon any change in Participant's residence address. By acceptance of the Option, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company and consents to the electronic delivery of the Notice, this Option Agreement, the Plan, account statements, Plan prospectuses required by the SEC, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements), or other communications or information related to the Option and current or future participation in the Plan. Electronic delivery may include the delivery of a link to the Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail, or such other delivery determined at the Company's discretion. Participant acknowledges that Participant may receive from the Company a paper copy of any documents delivered electronically at no cost if Participant contacts the Company by telephone, through a postal service, or electronic mail to Stock Administration. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service, or electronic mail to Stock Administration.

22. Insider Trading Restrictions/Market Abuse Laws. Participant acknowledges that, depending on Participant's country, Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect Participant's ability to acquire or sell the Shares or rights to Shares under the Plan during such times as Participant is considered to have "inside information" regarding the control.

Company (as defined by the laws in Participant's country)10.9 **Counterparts.** Any restrictions under these laws or regulations are separate from and in addition to any restrictions that This Agreement may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility executed in two or more counterparts, each of which will be deemed to comply with any applicable restrictions and understands that Participant should consult his or her personal legal advisor on such matters. In addition, Participant acknowledges that he or she has read the Company's Insider Trading Policy, and agrees to comply with such policy, as it may be amended from time to time, whenever Participant acquires or disposes an original, but all of the Company's securities.

23. Foreign Asset/Account, Exchange Control and Tax Reporting. Participant may which together will be subject to foreign asset/account, exchange control, and/or tax reporting requirements as a result of the acquisition, holding, and/or transfer of Shares or cash resulting from his or her participation in the Plan.

Participant may be required to report such accounts, assets, the balances therein, the value thereof, and/or the transactions related thereto to the applicable authorities in Participant's country and/or repatriate funds received in connection with the Plan within certain time limits or according to specified procedures. Participant acknowledges that he or she is responsible for ensuring compliance with any applicable foreign asset/account, exchange control, and tax reporting requirements and should consult his or her personal legal and tax advisors on such matters.

24. Award Subject to Company Clawback or Recoupment. The Option shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of Participant's employment or other Service that is applicable to Participant. In addition to any other remedies available under such policy, applicable law may require the cancellation of Participant's Option (whether vested or unvested) considered one and the recoupment of any gains realized with respect to Participant's Option.

BY ACCEPTING THIS OPTION, PARTICIPANT AGREES TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

APPENDIX

SMARTSHEET INC.
2018 EQUITY INCENTIVE PLAN
STOCK OPTION AWARD AGREEMENT

COUNTRY SPECIFIC PROVISIONS FOR EMPLOYEES OUTSIDE THE U.S.

Terms and Conditions

This Appendix includes additional terms and conditions that govern the Option granted to Participant under the Plan if Participant resides and/or works in one of the countries below. This Appendix forms part of the Option Agreement. Any capitalized term used in this Appendix without definition will have the meaning ascribed to it in the Notice, the Option Agreement, or the Plan, as applicable.

If Participant is a citizen or resident of a country, or is considered resident of a country, other than the one in which Participant is currently working, or Participant transfers employment and/or residency between countries after the Date of Grant, the Company will, in its sole discretion, determine to what extent the additional terms and conditions included herein will apply to Participant under these circumstances.

Notifications

This Appendix also includes information relating to exchange control, securities laws, foreign asset/account reporting, and other issues of which Participant should be aware with respect to Participant's participation in the Plan. The information is based on the securities, exchange control, foreign asset/account reporting, and other laws in effect in the respective countries as of March 2018. Such laws are complex and change frequently. As a result, Participant should not rely on the information herein as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date at the time that Participant exercises the Option, sells Shares acquired under the Plan, or takes any other action in connection with the Plan.

In addition, the information is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in Participant's country may apply to Participant's situation.

Finally, if Participant is a citizen or resident of a country, or is considered resident of a country, other than the one in which Participant is currently working and/or residing, or Participant transfers employment and/or residency after the Date of Grant, the information contained herein may not apply to Participant in the same manner.

APPENDIX

SMARTSHEET INC.
2018 EQUITY INCENTIVE PLAN
STOCK OPTION AWARD AGREEMENT

COUNTRY SPECIFIC PROVISIONS FOR EMPLOYEES OUTSIDE THE U.S.

UNITED KINGDOM

Securities Disclaimer

The grant of the Options is exempt from the requirement to publish a prospectus under the EU Prospectus Directive as implemented in the UK.

The Option Agreement is not an approved prospectus for the purposes of section 85(1) of the Financial services and Markets Act 2000 ("FSMA") and no offer of transferable securities to the public (for the purposes of section 102B of FSMA) is being made in connection with the Plan. The Plan and the Options are exclusively available in the UK to bona fide employees and former employees of the Company and any UK Employer.

Labor / Employment

The Plan shall not form part of the contract of employment of any UK Participant. The rights and obligations of any UK Participant under the terms of his office or employment with the Company or the UK Employer shall not be affected by his participation in the Plan or any right which he may have to participate in it.

Section 431 Election

UK Participants agree that, if so requested by the Company, they shall, on vesting of the Options or on such earlier date as may be specified by the Company, enter into an irrevocable joint election with either the UK Employer or the Company, as applicable, pursuant to section 431 of Income Tax (Earnings & Pensions) Act 2003 ("ITEPA") in a form specified by the Company that for the relevant tax purposes the market value of the Shares acquired (or to be acquired) by the UK Participant on exercise of the Options is to be calculated as if the Shares were not restricted securities (as defined in section 423 of ITEPA) and section 425 to 430 of ITEPA are not to apply to such Shares.

**SMARTSHEET INC.
2018 EQUITY INCENTIVE PLAN
NOTICE OF RESTRICTED STOCK UNIT AWARD**

Unless otherwise defined herein, the terms defined in the Smartsheet Inc. (the "Company") 2018 Equity Incentive Plan (the "Plan") will have the same meanings in this Notice of Restricted Stock Unit Award and the electronic representation of this Notice of Restricted Stock Unit Award established and maintained by the Company or a third party designated by the Company (this "Notice").

Name:

Address:

You (the "Participant") have been granted an award of Restricted Stock Units ("RSUs") under the Plan subject to the terms and conditions of the Plan, this Notice and the attached Restricted Stock Unit Award Agreement (the "Agreement"), including any applicable country-specific provisions in the appendix attached hereto (the "Appendix"), which constitutes part of the Agreement.

Grant Number: agreement.

Number of RSUs:

Date of Grant:

Vesting Commencement Date:

Expiration Date: Smartsheet Confidential The earlier to occur of: (a) the date on which settlement of all RSUs granted hereunder occurs, and (b) the tenth anniversary of the Date of Grant. This RSU expires earlier if Participant's Service terminates earlier, as described in the Agreement.³

Vesting Schedule: Subject to the limitations set forth in this Notice, the Plan, and the Agreement, the RSUs will vest in accordance with the following schedule: [insert applicable vesting schedule]

By accepting (whether in writing, electronically or otherwise) the RSUs, Participant acknowledges and agrees to the following:

- 1) Participant understands that Participant's Service with the Company or a Parent, Subsidiary, or Affiliate is for an unspecified duration, can be terminated at any time (i.e., is "at-will"), except where otherwise prohibited by applicable law, and that nothing in this Notice, the Agreement, or the Plan changes the nature of that relationship. Participant acknowledges that the vesting of the RSUs pursuant to this Notice is subject to Participant's continuing Service as an Employee, Director or Consultant. Participant agrees and acknowledges that the Vesting Schedule may change prospectively in the event that Participant's Service status changes between full- and part-time and/or in the event the Participant is on a leave of absence, in accordance with Company policies relating to work schedules and vesting of Awards or as determined by the Committee.
- 2) This grant is made under and governed by the Plan, the Agreement, and this Notice, and this Notice is subject to the terms and conditions of the Agreement and the Plan, both of which are incorporated herein by reference. Participant has read the Notice, the Agreement, and the Plan.
- 3) Participant has read the Company's Insider Trading Policy, and agrees to comply with such policy, as it may be amended from time to time, whenever Participant acquires or disposes of the Company's securities.
- 4) By accepting the RSUs, Participant consents to electronic delivery and participation as set forth in the Agreement.

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5) If you do not wish to receive this Restricted Stock Unit Award and/or you do not consent and agree to the terms and conditions on which this Award is offered, as set forth in the Grant Notice, the Plan and

The parties hereto have caused this Agreement then you must reject the Restricted Stock Unit Award to be executed by notifying the Company no later than 30 days prior to the earliest vesting date identified in the Vesting Schedule section of this Notice, in which case the Award will be cancelled. Your failure to notify the Company of your rejection their duly authorized representatives as of the Restricted Stock Unit Award within this specified period will constitute your acceptance of the Award and your agreement with all terms and conditions of the Award, as set forth in the Grant Notice, the Plan and this Agreement

Effective Date.

SMARTSHEET INC.

MICHAEL ARNTZ

By: s/ Mark Mader

By: s/ Michael Arntz

Name: Mark Mader

Name: Michael Arntz

Title: President & Chief Executive Officer

Title:

Date: March 19, 2024

Date: March 19, 2024

PARTICIPANT

Signature:

By:

Print Name:

Its:

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SMARTSHEET INC.

2018 EQUITY INCENTIVE PLAN RESTRICTED STOCK UNIT AWARD AGREEMENT

Unless otherwise defined in this Restricted Stock Unit Award Agreement (this "**Agreement**"), any capitalized terms used herein will have the same meaning ascribed to them in the Smartsheet Inc. 2018 Equity Incentive Plan (the "Confidential **Plan**").

Participant has been granted Restricted Stock Units ("RSUs") subject to the terms, restrictions, and conditions of the Plan, the Notice of Restricted Stock Unit Award (the "**Notice**"), and this Agreement, including any applicable country-specific provisions in the appendix attached hereto (the "**Appendix**"), which constitutes part of this Agreement. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of the Notice or this Agreement, the terms and conditions of the Plan shall prevail.

1. Settlement. Settlement of RSUs will be made within thirty (30) days following the applicable date of vesting under the Vesting Schedule set forth in the Notice. Settlement of RSUs will be in Shares. No fractional RSUs or rights for fractional Shares shall be created pursuant to this Agreement.

2. No Stockholder Rights. Unless and until such time as Shares are issued in settlement of vested RSUs, Participant will have no ownership of the Shares allocated to the RSUs and will have no rights to dividends or to vote such Shares.

3. Dividend Equivalents. Dividends, if any (whether in cash or Shares), will not be credited to Participant.

4. Non-Transferability of RSUs. The RSUs and any interest therein will not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of in any manner other than by will or by the laws of descent or distribution or court order or unless otherwise permitted by the Committee on a case-by- case basis.

5. Termination. If Participant's Service terminates for any reason, all unvested RSUs will be forfeited to the Company forthwith, and all rights of Participant to such RSUs will immediately terminate without payment of any consideration to Participant. Participant's Service will be considered terminated (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any) as of the date Participant is no longer actively providing services regardless of any notice period (i.e., Participant's period of Service would not include a period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any). Participant acknowledges and agrees that the Vesting Schedule may change prospectively in the event Participant's Service status changes between full- and part- time and/or in the event Participant is on a leave of absence, in accordance with Company policies relating to work schedules and vesting of Awards or as determined by the Committee. Participant acknowledges that the vesting of the RSUs pursuant to this Notice and Agreement is subject to Participant's continued Service. In case of any dispute as to whether and when a termination of Service has occurred, the Committee will have sole discretion to determine whether such termination of Service has occurred and the effective date of such termination (including whether Participant may still be considered to be actively providing services while on a leave of absence).

6. Taxes.

(a) Responsibility for Taxes. Participant acknowledges that, regardless of any action taken by the Company or a Parent, Subsidiary or Affiliate employing or retaining Participant (the "**Employer**"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("**Tax-Related Items**") is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer, if any. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including, but not limited to, the grant, vesting or settlement of the RSUs and the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends, and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. **PARTICIPANT SHOULD CONSULT A TAX ADVISER APPROPRIATELY QUALIFIED IN THE COUNTRY OR COUNTRIES IN WHICH PARTICIPANT RESIDES OR IS SUBJECT TO TAXATION.**

(b) Withholding. Prior to any relevant taxable or tax withholding event, as applicable, Participant agrees to make arrangements satisfactory to the Company and/or the Employer to fulfill all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any withholding obligations for Tax-Related Items by one or a combination of the following:

- (i) withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer; or
- (ii) withholding from proceeds of the sale of Shares acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization and without further consent);
- (iii) withholding Shares to be issued upon settlement of the RSUs, provided the Company only withholds the amount of Shares necessary to satisfy no more than the maximum statutory withholding amounts;
- (iv) Participant's payment of a cash amount (including by check representing readily available funds or a wire transfer); or
- (v) any other arrangement approved by the Committee and permitted under applicable law;

all under such rules as may be established by the Committee and in compliance with the Company's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable; provided however, that if Participant is a Section 16 officer of the Company under the Exchange Act, then the Committee (as constituted in accordance with Rule 16b-3 under the Exchange Act) shall establish the method of withholding from alternatives (i)-(v) above, and the Committee shall establish the method prior to the Tax-Related Items withholding event.

If Participant is a Section 16 officer of the Company under the Exchange Act, unless determined otherwise by the Committee in advance of a Tax-Related Items withholding event, the method of withholding for this RSU will be (iii) above.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum permissible statutory rate for Participant's tax jurisdiction(s) in which case Participant will have no entitlement to the equivalent amount in Shares and will receive a refund of any over-withheld amount in cash in accordance with applicable law. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of satisfying the withholding obligation for Tax-Related Items.

Finally, Participant agrees to pay to the Company and/or the Employer any amount of Tax-Related Items that the Company and/or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

7. Nature of Grant. By accepting the RSUs, Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) the grant of the RSUs is exceptional, voluntary, and occasional, and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;
- (c) all decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;
- (d) Participant is voluntarily participating in the Plan;
- (e) the RSUs and Participant's participation in the Plan will not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company or the Employer and shall not interfere with the ability of the Company or the Employer, as applicable, to terminate Participant's employment or service relationship (if any);
- (f) the RSUs and the Shares subject to the RSUs, and the income and value of same, are not intended to replace any pension rights or compensation;
- (g) the RSUs and the Shares subject to the RSUs, and the income and value of same, are not part of normal or expected compensation for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement, or welfare benefits or similar payments;
- (h) unless otherwise agreed with the Company, the RSUs, and the Shares subject to the RSUs, and the income and value of same, are not granted as consideration for, or in connection with, the service Participant may provide as a director of a Parent, Subsidiary, or Affiliate;

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(i) the future value of the underlying Shares is unknown, indeterminable, and cannot be predicted with certainty;

(j) no claim or entitlement to compensation or damages will arise from forfeiture of the RSUs resulting from Participant's termination of Service (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and in consideration of the grant of the RSUs to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Employer, the Company, and any Parent, Subsidiary or Affiliate; waives his or her ability, if any, to bring any such claim; and releases the Employer, the Company, and any Parent, Subsidiary, or Affiliate from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant will be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(k) unless otherwise provided in the Plan or by the Company in its discretion, the RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any Corporate Transaction affecting the Shares; and

(l) neither the Employer, the Company, or any Parent, Subsidiary, or Affiliate will be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to Participant pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.

8. No Advice Regarding Grant. The Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant

acknowledges, understands and agrees he or she should consult with his or her own personal tax, legal, and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

9. Data Privacy. Participant understands that the Employer and/or the Company need to collect and use certain personal information about the Participant (known as 'personal data') in order to administer and manage Participant's participation in the Plan. For the purposes of data protection law, the Employer and/or the Company will be the relevant data controllers. This personal data may include, but may not be limited to, Participant's name, home address and telephone number, email address, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of the RSUs or any other entitlement to Shares awarded, canceled, vested, unvested, or outstanding in Participant's favor, for the purpose of implementing, administering, and managing the Plan ("Data"). The Data will be processed for the purposes of managing Participant's participation in the Plan, for example, to maintain a record of outstanding settled/vested awards, to provide shares on vesting/settlement of awards, to enable relevant information to be supplied to taxation authorities, to enable relevant tax deductions to be made in relation to share awards, and to contact Participant in relation to events which affect Participant's participation in the Plan ("Share Plan Purposes"). The Data processed for Share Plan Purposes will be gathered: (i) from Participant directly, and/or (ii) by the Company and/or the Employer from Participant's human resources or personnel files. Participant understands that the Data may also be held by the Employer, the Company, and its Parent, Subsidiaries, or Affiliates for other purposes associated with Participant's employment (which are or will be described in separate privacy notices or policies). Processing the Data for Share Plan Purposes is, in most respects, necessary in order to perform this Agreement. In certain cases, processing will instead be based on the legitimate interests of one or more of the Employer, the Company, and its Parent, Subsidiaries, or Affiliates in processing the

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Data for the Share Plan Purposes, in order to deliver a benefit to incentivize and reward employees. Finally, the Employer, the Company, and its Parent, Subsidiary, or Affiliates may be required to carry out certain processing activities in order to comply with legal obligations to which they are subject. Participant understands that Data may be transferred between the Employer, the Company, and its Parent, Subsidiaries, or Affiliates, and to third parties assisting in the implementation, administration and management of the Plan (such as brokers and share plan administrators). These recipients may be located in Participant's country or elsewhere, and the recipient's country may have different or less stringent data privacy laws and protections than Participant's country. Where required by law (for example, when Data is transferred outside of the European Economic Area), the Employer, the Company, and any Parent, Subsidiaries, or Affiliates will put in place arrangements (for example, data transfer agreements) to ensure the adequate protection of the Data; non-proprietary or confidential details of such safeguards will be made available to Participant upon Participant's written request to the Company. Participant understands that Data will be held by the Employer, the Company, or its Parent, Subsidiaries, or Affiliates for the period specified in its records retention policy. Participant understands that he or she has certain rights in respect of the Data, including to access the data, to request erasure of the Data (where no legal basis to continue processing it exists) or to limit or object to processing, to request corrections to inaccurate Data, and to data portability. To exercise any of these rights, or where Participant has any queries about the processing of their Data, he or she should contact: legal.privacy@smartsheet.com. The data protection contact for the Company and its Parent, Subsidiaries, and Affiliates can be contacted directly: legal.privacy@smartsheet.com. Participant further understands that he or she has the right to lodge a complaint with a supervisory authority in connection with the violation of the foregoing rights by the Employer, the Company, and its Parent, Subsidiaries, and Affiliates.

10. Language. If Participant has received this Agreement or any other document related to the RSU and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

11. Appendix. The RSUs will be subject to any special terms and conditions set forth in any appendix to this Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

12. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

13. Acknowledgement. The Company and Participant agree that the RSUs are granted under and governed by the Notice, this Agreement, and the Plan (incorporated herein by reference). Participant: (a) acknowledges receipt of a copy of the Plan including the Plan prospectus, (b) represents that Participant has carefully read and is familiar with their provisions, and (c) hereby accepts the RSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

14. Entire Agreement; Enforcement of Rights. This Agreement, the Plan, and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments, or negotiations concerning the purchase of the Shares hereunder are superseded. No adverse modification of or adverse amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing and signed by the parties to this Agreement (which writing and signing may be electronic). The failure by either

party to enforce any rights under this Agreement will not be construed as a waiver of any rights of such party.

15. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state, federal, and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Shares may be listed or quoted at the time of such issuance or transfer. Participant understands that the Company is under no obligation to register or qualify the Common Stock with any state, federal, or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, Participant agrees that the Company shall have unilateral authority to amend the Plan and this RSU Agreement without Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares. Finally, the Shares issued pursuant to this RSU Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

16. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, then such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such clause or provision cannot be so enforced, then (a) such provision will be excluded from this Agreement, (b) the balance of this Agreement will be interpreted as if such provision were so excluded, and (c) the balance of this Agreement will be enforceable in accordance with its terms.

17. Governing Law and Venue. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto will be governed, construed, and interpreted in accordance with the laws of the State of Washington, without giving effect to such state's conflict of laws rules.

Any and all disputes relating to, concerning or arising from this Agreement, or relating to, concerning, or arising from the relationship between the parties evidenced by the Plan or this Agreement, will be brought and heard exclusively in the United States District Court for the District of Western Washington or the Superior Court of King County, Washington. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning, or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning, or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

18. No Rights as Employee, Director or Consultant. Nothing in this Agreement will affect in any manner whatsoever any right or power of the Employer or the Company to terminate Participant's Service, for any reason, with or without Cause.

19. Consent to Electronic Delivery of All Plan Documents and Disclosures. By Participant's acceptance of the Notice (whether in writing or electronically), Participant and the Company agree that the RSUs are granted under and governed by the terms and conditions of the Plan, the Notice, and this Agreement. Participant has reviewed the Plan, the Notice, and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and Agreement, and fully understands all provisions of the Plan, the Notice, and this Agreement. Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice, and this Agreement. Participant further agrees to notify the Company upon any change in Participant's residence address.

By acceptance of the RSUs, Participant agrees to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company and consents to the electronic delivery of the Notice, this Agreement, the

Plan, account statements, Plan prospectuses required by the SEC, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements), or other communications or information related to the RSUs and current or future participation in the Plan. Electronic delivery may include the delivery of a link to the Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail, or such other delivery determined at the Company's discretion. Participant acknowledges that Participant may receive from the Company a paper copy of any documents delivered electronically at no cost if Participant contacts the Company by telephone, through a postal service, or electronic mail to Stock Administration. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service, or electronic mail to Stock Administration.

20. Insider Trading Restrictions/Market Abuse Laws. Participant acknowledges that, depending on Participant's country, Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect Participant's ability to acquire or sell the Shares or rights to Shares under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in Participant's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to comply with any applicable restrictions and understands that Participant should consult his or her personal legal advisor on such matters. In addition, Participant acknowledges that he or she read the Company's Insider Trading Policy, and agrees to comply with such policy, as it may be amended from time to time, whenever Participant acquires or disposes of the Company's securities.

21. Foreign Asset/Account, Exchange Control and Tax Reporting. Participant may be subject to foreign asset/account, exchange control, and/or tax reporting requirements as a result of the acquisition, holding, and/or transfer of Shares or cash resulting from his or her participation in the Plan. Participant may be required to report such accounts, assets, the balances therein, the value thereof, and/or the transactions related thereto to the applicable authorities in Participant's country and/or repatriate funds received in connection with the Plan within certain time limits or according to specified procedures. Participant acknowledges that he or she is responsible for ensuring compliance with any applicable foreign asset/account, exchange control, and tax reporting requirements and should consult his or her personal legal and tax advisors on such matters.

22. Code Section 409A. For purposes of this Agreement, a termination of employment will be determined consistent with the rules relating to a "separation from service" as defined in Section 409A of the Internal Revenue Code and the regulations thereunder ("Section 409A"). Notwithstanding anything else provided herein, to the extent any payments provided under this RSU Agreement in connection with Participant's termination of employment constitute deferred compensation subject to Section 409A, and Participant is deemed at the time of such termination of employment to be a "specified employee" under Section 409A, then such payment shall not be made or commence until the earlier of (a) the expiration of the six (6) month period measured from Participant's separation from service to the Employer or the Company, or (b) the date of Participant's death following such a separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Participant including, without limitation, the additional tax for which Participant would otherwise be liable under Section 409A(a)(1)(B) in the absence of such a deferral. To the extent any payment under this RSU

Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this section are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

23. Award Subject to Company Clawback or Recoupment. The RSUs shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of Participant's employment or other Service that is applicable to Participant. In addition to any other remedies available under such policy, applicable law may require the cancellation of Participant's RSUs (whether vested or unvested) and the recoupment of any gains realized with respect to Participant's RSUs.

BY ACCEPTING THIS AWARD OF RSUS, PARTICIPANT AGREES TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

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APPENDIX

SMARTSHEET INC.

2018 EQUITY INCENTIVE PLAN RESTRICTED STOCK UNIT AWARD AGREEMENT

COUNTRY SPECIFIC PROVISIONS FOR EMPLOYEES OUTSIDE THE U.S.

Terms and Conditions

This Appendix includes additional terms and conditions that govern the RSUs granted to Participant under the Plan if Participant resides and/or works in one of the countries below. This Appendix forms part of the Agreement. Any capitalized term used in this Appendix without definition will have the meaning ascribed to it in the Notice, the Agreement, or the Plan, as applicable.

If Participant is a citizen or resident of a country, or is considered resident of a country, other than the one in which Participant is currently working, or Participant transfers employment and/or residency between countries after the Date of Grant, the Company will, in its sole discretion, determine to what extent the additional terms and conditions included herein will apply to Participant under these circumstances.

Notifications

This Appendix also includes information relating to exchange control, securities laws, foreign asset/account reporting, and other issues of which Participant should be aware with respect to Participant's participation in the Plan. The information is based on the securities, exchange control, foreign asset/account reporting, and other laws in effect in the respective countries as of March 2018. Such laws are complex and change frequently. As a result, Participant should not rely on the information herein as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date at the time that Participant vests in the RSUs, sells Shares acquired under the Plan, or takes any other action in connection with the Plan.

In addition, the information is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in Participant's country may apply to Participant's situation.

Finally, if Participant is a citizen or resident of a country, or is considered resident of a country, other than the one in which Participant is currently working and/or residing, or Participant transfers employment and/or residency after the Date of Grant, the information contained herein may not apply to Participant in the same manner.

APPENDIX

SMARTSHEET INC.

2018 EQUITY INCENTIVE PLAN RESTRICTED STOCK UNIT AWARD AGREEMENT

COUNTRY SPECIFIC PROVISIONS FOR EMPLOYEES OUTSIDE THE U.S.

Terms and Conditions

Offer Document. This document sets out information regarding the grant of RSUs under the Plan to Australian resident employees of the Company and certain of its Subsidiaries and Affiliates ("Australian Participants"). This information is provided by the Company to ensure compliance of the Plan with Australian Securities and Investments Commission ("ASIC") Class Order 14/1000 and relevant provisions of the Corporations Act 2001.

Additional Documents

In addition to the information set out in the Notice and the Agreement, including this Appendix, Australian Participants are also being provided with copies of the following documents:

- (1) the Plan;
- (2) the Plan Prospectus; and
- (3) the RSU employee tax supplement for Australia.

(collectively, the "Additional Documents").

The Additional Documents set out, amongst other details, the nature of the RSUs and the consequences of a change in the nature or status of Service. Neither the Plan nor the Plan Prospectus is a prospectus for purposes of the Australian Corporations Act 2001 and has not been modified for Australia.

Australian Participants should not rely upon any oral statements made in relation to the grant of RSUs. Australian Participants should rely only upon the statements contained in the Agreement, including this Appendix, and the Additional Documents when considering participation in the Plan.

General Information Only

The information herein is general information only. It is not advice or information that takes into account Australian Participants' objectives, financial situation and needs.

Australian Participants should consider obtaining their own financial product advice from a person who is licensed by ASIC to give such advice.

Acquisition Price

No acquisition price is payable by the Participant for the Company to grant him or her the number of RSUs set forth in the Notice or for him or her to acquire Shares upon vesting and settlement of the RSUs.

Risk Factors for Australian Residents

- 1) **Price of Shares may fluctuate.** Australian Participants should have regard to risk factors relevant to investment in securities generally and, in particular, to holding Shares. Before accepting the Award, Australian Participants should satisfy themselves that they have a sufficient understanding of these matters and should consider whether shares of Common Stock are a suitable investment for them, having regard to their own investment objectives, financial circumstances and taxation position.

For example, the price at which an individual Share is quoted on the New York Stock Exchange ("NYSE") may increase or decrease due to a number of factors. There is no guarantee that the price of a Share will increase. Factors that may affect the price of an individual Share include, without limitation, fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, the nature of the markets in which the Company operates and general operational and business risks.

More information about potential factors that could affect the Company's business and financial results are included in the Company's most recent Annual Report on Form 10-K and the Company's Quarterly Report on Form 10-Q. Copies of these reports are available at <http://www.sec.gov>, on the Company's "Investors" page at <https://investors.smartsheet.com/home/default.aspx>, and upon request to the Company.

In addition, Australian Participants should be aware that the Australian dollar ("AUD") value of any Shares acquired under the Plan will be affected by the United States dollar / AUD exchange rate. Participation in the Plan involves certain risks related to fluctuations in this rate of exchange.

- 2) **Trading in Shares May Not be Liquid.** There can be no guarantee that an active market in Shares will continue or that the price of such Shares will increase. The number of potential buyers or sellers of the Common Stock on the NYSE may vary at any time. This may increase the volatility of the market price of the Common Stock. It may also affect the prevailing market price at which stockholders are able to sell their Shares. This may result in stockholders receiving a market price for their Shares that is less than the price that stockholders paid.
- 3) **Risk of Dilution.** In the future, the Company may elect to issue stock (or securities convertible into stock) including in connection with fundraisings for acquisitions that the Company may decide to make. Stockholders may be diluted as a result of such issues of stock or securities or such issues may reduce the market price of the Common Stock.
- 4) **Dividends on Shares.** Payment of dividends (if any), and the timing and amount of any dividends the Company determines to pay, is at the discretion of the Board.

Common Stock in a U.S. Corporation

Common stock of a U.S. corporation is analogous to ordinary shares of an Australian corporation. Each holder of a Share is entitled to one vote. Further, Shares are not liable to any further calls for payment of capital or for other assessment by the Company and have no sinking fund provisions, pre-emptive rights, conversion rights or redemption provisions.

Ascertaining the Market Price of Shares

Australian Participants may ascertain the current market price of an individual Share as traded on the NYSE under the symbol "SMAR" at: <https://www.nyse.com/quote/XNYS:SMAR>. The AUD equivalent of that price can be obtained at: <https://www.rba.gov.au/Statistics/frequency/exchange-rates.html>.

This will not be a prediction of the market price of an individual Share when such Shares are issued under the Plan or of the applicable exchange rate on the vesting date

Notifications

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

Exchange Control Information. It is Participant's sole responsibility to investigate and comply with any applicable exchange control laws in connection with the inflow to Australia of funds from the sale of any Shares received pursuant to the Award and any dividends (if any), including to report any inbound international fund transfers as required under applicable law. Participant is encouraged to seek appropriate professional advice as to how the exchange control regulations apply to Participant's specific situation.

GERMANY

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. In case of payments in connection with securities (such as the Shares), the report must generally be made electronically by the fifth day of the month following the month in which the payment was received. The form of report ("Allgemeine Meldeportal Statistik") can be accessed at www.bundesbank.de. In addition, Participant may be required to report the acquisition of Shares to the Bundesbank in the same manner and by the same deadline as described above if the value of the Shares acquired exceeds €12,500.

JAPAN

Notifications

Exchange Control Information. If Participant acquires Shares valued at more than ¥100,000,000 in a single transaction, Participant must file a "Securities Acquisition Report" with the Ministry of Finance through the Bank of Japan within twenty (20) days of the acquisition of such shares.

Foreign Asset/Account Reporting Information. If Participant holds assets (e.g., Shares acquired under the Plan, proceeds from the sale of Shares and, possibly, RSUs) outside of Japan with a value exceeding ¥50 million as of December 31st of any calendar year, Participant is required to report such assets to the Japanese tax authorities by March 15th of the following year. Participant should consult with his or her personal tax advisor regarding the details of this reporting obligation.

UNITED KINGDOM

Terms and Conditions

Taxes. The following provision supplements Section 6 of the Agreement:

Participant agrees to be liable for any Tax-Related Items and hereby covenants to pay any such Tax-Related Items, as and when requested by the Company or, if different, the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). Participant also agrees to indemnify and keep indemnified the Company and, if different, the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on Participant's behalf.

Notwithstanding the foregoing, if Participant is an executive officer or director of the Company (within the meaning of Section 13(k) of the Exchange Act), Participant acknowledges that he or she may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by Participant, as it may be considered a loan. In this case, the amount of any income tax not collected within ninety (90) days of the end of the U.K. tax year event giving rise to the Tax-Related Item(s) occurs may constitute a benefit to Participant on which additional income tax, National Insurance Contributions ("NICs") and Health and Social Care levy may be payable. Participant understands that he or she will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Employer (as appropriate) the amount of any NICs and employee Health and Social Care levy due on this additional benefit, which may also be recovered from Participant at any time by any of the means referred to in Section 6(b) of the Agreement.

SMARTSHEET INC.
2018 EQUITY INCENTIVE PLAN
NOTICE OF PERFORMANCE STOCK UNIT AWARD

Unless otherwise defined herein, the terms defined in the Smartsheet Inc.(the "Company") 2018 Equity Incentive Plan (the "Plan") will have the same meanings in this Notice of Performance Stock Unit Award and the electronic representation of this Notice of Performance Stock Unit Award established and maintained by the Company or a third party designated by the Company (this "Notice").

Name:

Address:

You (the "Participant") have been granted an award of Performance Stock Units ("PSUs") under the Plan subject to the terms and conditions of the Plan, this Notice and the attached Performance Stock Unit Award Agreement (the "Agreement"), including the vesting and performance terms set forth in Appendix A attached hereto (the "Vesting Appendix") and any applicable country-specific provisions set forth Appendix A attached to the Agreement (the "Country Appendix"), both of which constitute part of this Agreement.

Grant Number:

Target Number of PSUs:

Maximum Number of PSUs:

Date of Grant:

Vesting Commencement Date: As included in the Vesting Appendix.

Expiration Date: The earlier to occur of: (a) the date on which settlement of all PSUs granted hereunder occurs, and (b) determination by the Committee that the Performance Metric (as defined on the Vesting Appendix) has not been satisfied as of the end of the Tranche 2 Performance Period (as defined on the Vesting Appendix) and (c) the fourth (4th) anniversary of the Date of Grant. This PSU expires earlier if Participant's Service terminates earlier, as described in the Agreement.

Vesting Schedule: Subject to the limitations set forth in this Notice, the Plan, and the Agreement, the PSUs will vest as set forth in the Vesting Appendix.

By accepting (whether in writing, electronically or otherwise) the PSUs, Participant acknowledges and agrees to the following:

- 1) Participant understands that Participant's Service with the Company or a Parent, Subsidiary, or Affiliate is for an unspecified duration, can be terminated at any time (i.e., is "at-will"), except where otherwise prohibited by applicable law, and that nothing in this Notice, the Agreement, or the Plan changes the nature of that relationship. Participant acknowledges that the vesting of the PSUs pursuant to this Notice is subject to achievement of the Performance Metric(s) and Participant's continuing Service. Furthermore, the Committee shall have the sole and absolute discretion to determine when Participant is no longer actively providing Service for purposes of the PSUs (including whether Participant may still be considered to be providing Service while on a leave of absence).
- 2) Participant also understands that this Notice is subject to the terms and conditions of both the Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the Agreement and the Plan.

- 3) Participant has read the Company's Insider Trading Policy, and agrees to comply with such policy, as it may be amended from time to time, whenever Participant acquires or disposes of the Company's securities.
- 4) By accepting the PSUs, Participant consents to electronic delivery and participation as set forth in the Agreement.

PARTICIPANT

Signature:

Print Name:

SMARTSHEET INC.

By:

Its:

APPENDIX A**PERFORMANCE AND VESTING TERMS****SMARTSHEET INC.****2018 EQUITY INCENTIVE PLAN****PERFORMANCE STOCK UNIT AWARD AGREEMENT**

Unless otherwise defined in this Performance Stock Unit Award Agreement (this "**Agreement**"), any capitalized terms used herein will have the same meaning ascribed to them in the Smartsheet Inc.2018 Equity Incentive Plan (the "**Plan**").

Participant has been granted Performance Stock Units ("**PSUs**") subject to the terms, restrictions, and conditions of the Plan, the Notice of Performance Stock Unit Award (the "**Notice**"), and this Agreement, including the Vesting Appendix and the Country Appendix (each as defined in the Notice), both of which constitute part of this Agreement. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of the Notice or this Agreement, the terms and conditions of the Plan shall prevail.

1. Settlement. Settlement of PSUs will be made within thirty (30) days following the applicable date of vesting under the Vesting Appendix, and in any event no later than March 15 of the calendar year following the calendar year in which the applicable date of vesting occurs. Settlement of PSUs will be in Shares. No fractional PSUs or rights for fractional Shares shall be created pursuant to this Agreement.

2. No Stockholder Rights. Unless and until such time as Shares are issued in settlement of vested PSUs, Participant will have no ownership of the Shares allocated to the PSUs and will have no rights to dividends or to vote such Shares.

3. Dividend Equivalents. Dividends, if any (whether in cash or Shares), will not be credited to Participant.

4. Non-Transferability of PSUs. The PSUs and any interest therein will not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of in any manner other than by will or by the laws of descent or distribution or court order or unless otherwise permitted by the Committee on a case-by-case basis.

5. Termination. If Participant's Service terminates for any reason, all unvested PSUs will be forfeited to the Company forthwith, and all rights of Participant to such PSUs will immediately terminate without payment of any consideration to Participant. Participant's Service will be considered terminated (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any) as of the date Participant is no longer actively providing services regardless of any notice period (i.e., Participant's period of Service would not include a period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any). Participant acknowledges and agrees that the Vesting Schedule may change prospectively in the event Participant's Service status changes between full- and part-time and/or in the event Participant is on a leave of absence, in accordance with Company

policies relating to work schedules and vesting of Awards or as determined by the Committee. Participant acknowledges that the vesting of the PSUs pursuant to this Notice and Agreement is subject to achievement of the Performance Metric(s) and Participant's continued Service. In case of any dispute as to whether and when a termination of Service has occurred, the Committee will have sole discretion to determine whether such termination of Service has occurred and the effective date of such termination (including whether Participant may still be considered to be actively providing Services while on a leave of absence).

6. Taxes.

(a) **Responsibility for Taxes.** Participant acknowledges that, regardless of any action taken by the Company or a Parent, Subsidiary or Affiliate employing or retaining Participant (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items") is and remains Participant's responsibility and may exceed the amount actually

withheld by the Company or the Employer, if any. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PSUs, including, but not limited to, the grant, vesting or settlement of the PSUs and the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends, and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the PSUs to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. **PARTICIPANT SHOULD CONSULT A TAX ADVISER APPROPRIATELY QUALIFIED IN THE COUNTRY OR COUNTRIES IN WHICH PARTICIPANT RESIDES OR IS SUBJECT TO TAXATION.**

(b) **Withholding.** Prior to any relevant taxable or tax withholding event, as applicable, Participant agrees to make arrangements satisfactory to the Company and/or the Employer to fulfill all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any withholding obligations for Tax-Related Items by one or a combination of the following:

- (i) withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer; or
- (ii) withholding from proceeds of the sale of Shares acquired upon settlement of the PSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization and without further consent);
- (iii) withholding Shares to be issued upon settlement of the PSUs, provided the Company only withholds the amount of Shares necessary to satisfy no more than the maximum statutory withholding amounts;
- (iv) Participant's payment of a cash amount (including by check representing readily available funds or a wire transfer); or
- (v) any other arrangement approved by the Committee and permitted under applicable law;

all under such rules as may be established by the Committee and in compliance with the Company's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable; provided however, that if Participant is a Section 16 officer of the Company under the Exchange Act, then the Committee (as constituted in accordance with Rule 16b-3 under the Exchange Act) shall establish the method of withholding from alternatives (i)-(v) above, and the Committee shall establish the method prior to the Tax-Related Items withholding event.

If Participant is a Section 16 officer of the Company under the Exchange Act, unless determined otherwise by the Committee in advance of a Tax-Related Items withholding event, the method of withholding for this PSU will be (iii) above.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum permissible statutory rate for Participant's tax jurisdiction(s) in which case Participant will have no entitlement to the equivalent amount in Shares and will receive a refund of any over-withheld amount in cash in accordance with applicable law. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to the vested PSUs, notwithstanding that a number of the Shares are held back solely for the purpose of satisfying the withholding obligation for Tax-Related Items.

Finally, Participant agrees to pay to the Company and/or the Employer any amount of Tax-Related Items that the Company and/or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

7. Nature of Grant. By accepting the PSUs, Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

- (b) the grant of the PSUs is exceptional, voluntary, and occasional, and does not create any contractual or other right to receive future grants of PSUs, or benefits in lieu of PSUs, even if PSUs have been granted in the past;
- (c) all decisions with respect to future PSUs or other grants, if any, will be at the sole discretion of the Company;
- (d) Participant is voluntarily participating in the Plan;
- (e) the PSUs and Participant's participation in the Plan will not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company or the Employer and shall not interfere with the ability of the Company or the Employer, as applicable, to terminate Participant's employment or service relationship (if any);
- (f) the PSUs and the Shares subject to the PSUs, and the income and value of same, are not intended to replace any pension rights or compensation;
- (g) the PSUs and the Shares subject to the PSUs, and the income and value of same, are not part of normal or expected compensation for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement, or welfare benefits or similar payments;
- (h) unless otherwise agreed with the Company, the PSUs, and the Shares subject to the PSUs, and the income and value of same, are not granted as consideration for, or in connection with, the service Participant may provide as a director of a Parent, Subsidiary, or Affiliate;
- (i) the future value of the underlying Shares is unknown, indeterminable, and cannot be predicted with certainty;
- (j) no claim or entitlement to compensation or damages will arise from forfeiture of the PSUs resulting from Participant's termination of Service (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and in consideration of the grant of the PSUs to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Employer, the Company, and any Parent, Subsidiary or Affiliate; waives his or her ability, if any, to bring any such claim; and releases the Employer, the Company, and any Parent, Subsidiary, or Affiliate from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant will be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;
- (k) unless otherwise provided in the Plan or by the Company in its discretion, the PSUs and the benefits evidenced by this Agreement do not create any entitlement to have the PSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any Corporate Transaction affecting the Shares; and
- (l) neither the Employer, the Company, or any Parent, Subsidiary, or Affiliate will be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the PSUs or of any amounts due to Participant pursuant to the settlement of the PSUs or the subsequent sale of any Shares acquired upon settlement.

8. No Advice Regarding Grant. The Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant acknowledges, understands and agrees he or she should consult with his or her own personal tax, legal, and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

9. Data Privacy. Participant understands that the Employer and/or the Company need to collect and use certain personal information about the Participant (known as 'personal data') in order to administer and manage Participant's participation in the Plan. For the purposes of data protection law, the Employer and/or the Company will be the relevant data controllers. This personal data may include, but may not be limited to, Participant's name, home address and telephone number, email address, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of the PSUs or any other entitlement to Shares awarded, canceled, vested, unvested, or outstanding in Participant's favor, for the purpose of implementing, administering, and managing the Plan ("Data"). The Data will be processed for the purposes of managing Participant's participation in the Plan, for example, to maintain a record of outstanding settled/vested awards, to provide shares on vesting/settlement of awards, to enable relevant information to be supplied to taxation authorities, to enable relevant tax deductions to be made in relation to share awards, and to contact Participant in relation to events which affect Participant's participation in the Plan ("Share Plan Purposes"). The Data processed for Share Plan Purposes will be gathered: (i) from Participant directly, and/or (ii) by the Company and/or the Employer from Participant's human resources or personnel files. Participant understands that the Data may also be held by the Employer, the Company, and its Parent, Subsidiaries, or Affiliates for other purposes associated with Participant's employment (which are or will be described in separate privacy notices or policies). Processing the Data for Share Plan Purposes is, in most respects, necessary in order to perform this Agreement. In certain cases, processing will instead be based on the legitimate interests of one or more of the Employer, the Company, and its Parent, Subsidiaries, or Affiliates in processing the Data for the Share Plan Purposes, in order to deliver a benefit to incentivize and reward employees. Finally, the Employer, the Company, and its Parent, Subsidiary, or Affiliates may be required to carry out certain processing activities in order to comply with legal obligations to which they are subject. Participant understands that Data may be transferred between the Employer, the Company, and its Parent, Subsidiaries, or Affiliates, and to third parties assisting in the implementation, administration and management of the Plan (such as brokers and share plan administrators). These recipients may be located in Participant's country or elsewhere, and the recipient's country may have different or less stringent data privacy laws and protections than Participant's country. Where required

by law (for example, when Data is transferred outside of the European Economic Area), the Employer, the Company, and any Parent, Subsidiaries, or Affiliates will put in place arrangements (for example, data transfer agreements) to ensure the adequate protection of the Data; non-proprietary or confidential details of such safeguards will be made available to Participant upon Participant's written request to the Company. Participant understands that Data will be held by the Employer, the Company, or its Parent, Subsidiaries, or Affiliates for the period specified in its records retention policy. Participant understands that he or she has certain rights in respect of the Data, including to access the data, to request erasure of the Data (where no legal basis to continue processing it exists) or to limit or object to processing, to request corrections to inaccurate Data, and to data portability. To exercise any of these rights, or where Participant has any queries about the processing of their Data, he or she should contact: privacy@smartsheet.com. The data protection contact for the Company and its Parent, Subsidiaries, and Affiliates can be contacted directly: jolene_marshall@smartsheet.com. Participant further understands that he or she has the right to lodge a complaint with a supervisory authority in connection with the violation of the foregoing rights by the Employer, the Company, and its Parent, Subsidiaries, and Affiliates.

10. Language. If Participant has received this Agreement or any other document related to the PSU and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

11. Country Appendix. Notwithstanding any provisions in this Agreement, the PSU grant, the PSUs will be subject to any special terms and conditions set forth in any appendix to this Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Country

Appendix, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Country Appendix constitutes part of this Agreement.

12. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the PSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

13. Acknowledgement. The Company and Participant agree that the PSUs are granted under and governed by the Notice, this Agreement, and the Plan (incorporated herein by reference). Participant: (a) acknowledges receipt of a copy of the Plan and the Plan prospectus, (b) represents that Participant has carefully read and is familiar with their provisions, and (c) hereby accepts the PSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

14. Entire Agreement; Enforcement of Rights. This Agreement, the Plan, and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments, or negotiations concerning the purchase of the Shares hereunder are superseded. No adverse modification of or adverse amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing and signed by the parties to this Agreement (which writing and signing may be electronic). The failure by either party to enforce any rights under this Agreement will not be construed as a waiver of any rights of such party.

15. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state, federal, and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Shares may be listed or quoted at the time of such issuance or transfer. Participant understands that the Company is under no obligation to register or qualify the Common Stock with any state, federal, or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, Participant agrees that the Company shall have unilateral authority to amend the Plan and this PSU Agreement without Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares. Finally, the Shares issued pursuant to this PSU Agreement shall be endorsed with appropriate legends, if any, determined by the Company.

16. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, then such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such clause or provision cannot be so enforced, then (a) such provision will be excluded from this Agreement, (b) the balance of this Agreement will be interpreted as if such provision were so excluded, and (c) the balance of this Agreement will be enforceable in accordance with its terms.

17. Governing Law and Venue. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto will be governed, construed, and interpreted in accordance with the laws of the State of Washington, without giving effect to such state's conflict of laws rules.

Any and all disputes relating to, concerning or arising from this Agreement, or relating to, concerning, or arising from the relationship between the parties evidenced by the Plan or this Agreement, will be brought and heard exclusively in the United States District Court for the District of Western Washington or the Superior Court of King County, Washington. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning, or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning, or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

18. No Rights as Employee, Director or Consultant. Nothing in this Agreement will affect in any manner whatsoever any right or power of the Employer or the Company to terminate Participant's Service, for any reason, with or without Cause.

19. Consent to Electronic Delivery of All Plan Documents and Disclosures. By Participant's acceptance (whether in writing or electronically) of the Notice, Participant and the Company agree that the PSUs are granted under and governed by the terms and conditions of the Plan, the Notice, and this Agreement. Participant has reviewed the Plan, the Notice, and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Agreement, and fully understands all provisions of the Plan, the Notice, and this Agreement. Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice, and this Agreement. Participant further agrees to notify the Company upon any change in Participant's residence address. By acceptance of the PSUs, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company and consents to the electronic delivery of the Notice, this Agreement, the Plan, account statements, Plan prospectuses required by the SEC, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements), or other communications or information related to the PSUs and current or future participation in the Plan. Electronic delivery may include the delivery of a link to the Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail, or such other delivery determined at the Company's discretion. Participant acknowledges that Participant may receive from the Company a paper copy of any documents delivered electronically at no cost if Participant contacts the Company by telephone, through a postal service, or electronic mail to Stock Administration. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service, or electronic mail to Stock Administration.

20. Insider Trading Restrictions/Market Abuse Laws. Participant acknowledges that, depending on Participant's country, Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect Participant's ability to acquire or sell the Shares or rights to Shares under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in Participant's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to comply with any applicable restrictions and understands that Participant should consult his or her personal legal advisor on such matters. In addition, Participant acknowledges that he or she read the Company's Insider Trading Policy, and agrees to comply with such policy, as it may be amended from time to time, whenever Participant acquires or disposes of the Company's securities.

21. Foreign Asset/Account, Exchange Control and Tax Reporting. Participant may be subject to foreign asset/account, exchange control, and/or tax reporting requirements as a result of the acquisition, holding, and/or transfer of Shares or cash resulting from his or her participation in the Plan. Participant may be required to report such accounts, assets, the balances therein, the value thereof, and/or the transactions related thereto to the applicable authorities in Participant's country and/or repatriate funds received in connection with the Plan within certain time limits or according to specified procedures. Participant acknowledges that he or she is responsible for ensuring compliance with any applicable foreign asset/account, exchange control, and tax reporting requirements and should consult his or her personal legal and tax advisors on such matters.

22. Code Section 409A. For purposes of this Agreement, a termination of employment will be determined consistent with the rules relating to a "separation from service" as defined in Section 409A of the Internal Revenue Code and the regulations thereunder ("**Section 409A**"). Notwithstanding anything else provided herein, to the extent any payments provided under this PSU Agreement in connection with Participant's termination of employment constitute deferred compensation subject to Section 409A, and Participant is deemed at the time of such termination of employment to be a "specified employee" under Section 409A, then such payment shall not be made or commence until the earlier of (a) the expiration of the six (6) month period measured from Participant's separation from service to the Employer or the Company, or (b) the date of Participant's death following such a separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Participant including, without limitation, the additional tax for which Participant would otherwise be liable under Section 409A(a)(1)(B) in the absence of such a deferral. To the extent any payment under this PSU Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this section are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

23. Award Subject to Company Clawback or Recoupment. The PSUs shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of Participant's employment or other Service that is applicable to Participant. In addition to any other remedies available under such policy, applicable law may require the cancellation of Participant's PSUs (whether vested or unvested) and the recoupment of any gains realized with respect to Participant's PSUs.

BY ACCEPTING THIS AWARD OF PSUS, PARTICIPANT AGREES TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

APPENDIX A

**SMARTSHEET INC.
2018 EQUITY INCENTIVE PLAN
PERFORMANCE STOCK UNIT AWARD AGREEMENT**

COUNTRY SPECIFIC PROVISIONS FOR EMPLOYEES OUTSIDE THE U.S.

Terms and Conditions

This Country Appendix includes additional terms and conditions that govern the PSUs granted to Participant under the Plan if Participant resides and/or works in one of the countries below. This Country Appendix forms part of the Agreement. Any capitalized term used in this Country Appendix without definition will have the meaning ascribed to it in the Notice, the Agreement, or the Plan, as applicable.

If Participant is a citizen or resident of a country, or is considered resident of a country, other than the one in which Participant is currently working, or Participant transfers employment and/or residency between countries after the Date of Grant, the Company will, in its sole discretion, determine to what extent the additional terms and conditions included herein will apply to Participant under these circumstances.

Notifications

This Country Appendix also includes information relating to exchange control, securities laws, foreign asset/account reporting, and other issues of which Participant should be aware with respect to Participant's participation in the Plan. The information is based on the securities, exchange control, foreign asset/account reporting, and other laws in effect in the respective countries as of March 2018. Such laws are complex and change frequently. As a result, Participant should not rely on the information herein as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date at the time that Participant vests in the PSUs, sells Shares acquired under the Plan, or takes any other action in connection with the Plan.

In addition, the information is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in Participant's country may apply to Participant's situation.

Finally, if Participant is a citizen or resident of a country, or is considered resident of a country, other than the one in which Participant is currently working and/or residing, or Participant transfers employment and/or residency after the Date of Grant, the information contained herein may not apply to Participant in the same manner.

UNITED KINGDOM

Securities Disclaimer

The grant of the PSUs is exempt from the requirement to publish a prospectus under the EU Prospectus Directive as implemented in the UK.

The Agreement is not an approved prospectus for the purposes of section 85(1) of the Financial services and Markets Act 2000 ("FSMA") and no offer of transferable securities to the public (for the purposes of section 102B of FSMA) is being made in connection with the Plan. The Plan and the PSUs are exclusively available in the UK to bona fide employees and former employees of the Company and any UK Employer.

Labor / Employment

The Plan shall not form part of the contract of employment of any UK Participant. The rights and obligations of any UK Participant under the terms of his office or employment with the Company or the UK Employer shall not be affected by his participation in the Plan or any right which he may have to participate in it.

Section 431 Election

UK Participants agree that, if so requested by the Company, they shall, on vesting of the PSUs or on such earlier date as may be specified by the Company, enter into an irrevocable joint election with either the UK Employer or the Company, as applicable, pursuant to section 431 of Income Tax (Earnings & Pensions) Act 2003 ("ITEPA") in a form specified by the Company that for the relevant tax purposes the market value of the Shares acquired (or to be acquired) by the UK Participant on settlement of the PSUs is to be calculated as if the Shares were not restricted securities (as defined in section 423 of ITEPA) and section 425 to 430 of ITEPA are not to apply to such Shares.

Subsidiaries of Smartsheet Inc.

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation or Organization</u>
Artefact Product Group, LLC	Washington, USA
Brandfolder, Inc.	Delaware, USA
On Brand Holdings Inc	Delaware, USA
On Brand Australia Pty Ltd	Australia
On Brand Investments Pty Ltd	Australia
On Brand Investments Ltd	United Kingdom
Smartsheet Australia Pty Ltd	Australia
Smartsheet Costa Rica Ltda.	Costa Rica
Smartsheet Germany GmbH	Germany
Smartsheet Japan K.K.	Japan
Smartsheet UK Limited	United Kingdom
TernPro Inc.	Delaware, USA

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-270748, 333-263857, 333-254865, 333-237510, 333-230773 and 333-224501 on Form S-8 and No. 333-232041 on Form S-3 of our report dated **March 22, 2023** **March 20, 2024**, relating to the financial statements of Smartsheet Inc. and the effectiveness of Smartsheet Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended **January 31, 2023** **January 31, 2024**.

/s/ Deloitte & Touche LLP

Portland, Oregon

March 22, 2023 **20, 2024**

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

I, Mark P. Mader, certify that:

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

5. The registrant's other certifying officer 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.

By: /s/ Mark P. Mader
Mark P. Mader
Chief Executive Officer and President
(Principal Executive Officer)

Date: **March 22, 2023** March 20, 2024

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

I, Pete Godbole, certify that:

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

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

By:

/s/ Pete Godbole

Pete Godbole

Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

Date: **March 22, 2023** **March 20, 2024**

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

In connection with the Annual Report of Smartsheet Inc. (the "Company") on Form 10-K for the fiscal year ended **January 31, 2023** **January 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark P. Mader, Chief Executive Officer and President of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, 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.

By:

/s/ Mark P. Mader

Mark P. Mader

Chief Executive Officer and President
(Principal Executive Officer)

Date: **March 22, 2023** **March 20, 2024**

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

In connection with the Annual Report of Smartsheet Inc. (the "Company") on Form 10-K for the fiscal year ended **January 31, 2023** **January 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Pete Godbole, Chief Financial Officer and Treasurer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, 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.

By:

/s/ Pete Godbole

Pete Godbole

Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

Date: **March 22, 2023** **March 20, 2024**

Smartsheet Inc.

Compensation Recovery Policy

(Adopted August 24, 2023)

The Board has determined that it is in the best interests of the Company and its shareholders to adopt this Policy enabling the Company to recover from specified current and former Company executives certain incentive-based compensation in the event of an accounting restatement resulting from material noncompliance with any financial reporting requirements under the federal securities laws. Capitalized terms are defined in Section 14.

This Policy is designed to comply with Rule 10D-1 of the Exchange Act and shall become effective on the Effective Date and shall apply to Incentive-Based Compensation Received by Covered Persons on or after the Listing Rule Effective Date.

1. Administration

This Policy shall be administered by the Administrator. The Administrator is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. The Administrator may retain, at the Company's expense, outside legal counsel and such compensation, tax, or other consultants as it may determine are advisable for purpose of administering this Policy.

2. Covered Persons and Applicable Compensation

This Policy applies to any Incentive-Based Compensation Received by a person (a) after beginning service as a Covered Person; (b) who served as a Covered Person at any time during the performance period for that Incentive-Based Compensation; and (c) was a Covered Person during the Clawback Period.

However, recovery is not required under this Policy with respect to:

- i. Incentive-Based Compensation Received prior to an individual becoming a Covered Person, even if the individual served as a Covered Person during the Clawback Period.
- ii. Incentive-Based Compensation Received prior to the Listing Rule Effective Date.
- iii. Incentive-Based Compensation Received prior to the Clawback Period.
- iv. Incentive-Based Compensation Received while the Company did not have a class of listed securities on a national securities exchange or a national securities association, including the Exchange.

The Administrator will not consider the Covered Person's responsibility or fault or lack thereof in enforcing this Policy with respect to recoupment under the Final Rules. Notwithstanding anything to the contrary in this Section 2, other Company policies, including the Executive Compensation Recovery Policy, adopted on April 16, 2020 (the "2020 Clawback Policy"), may

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require or permit the Company to pursue recovery of certain Incentive Based Compensation for time periods prior to the Listing Rule Effective Date. In the event of any conflict between this Policy and the 2020 Clawback Policy in relation to Incentive-Based Compensation Received after the Listing Rule Effective Date, this Policy shall prevail.

3. Triggering Event

Subject to and in accordance with the provisions of this Policy, if there is a Triggering Event, the Administrator shall require a Covered Person to reimburse or forfeit to the Company the Recoupment Amount applicable to such Covered Person. A Company's obligation to recover the Recoupment Amount is not dependent on if or when the restated financial statements are filed.

4. Calculation of Recoupment Amount

The Recoupment Amount will be calculated in accordance with the Final Rules, as provided in the Calculation Guidelines attached hereto as [Exhibit B](#).

5. Method of Recoupment

Subject to compliance with the Final Rules and applicable law, the Administrator will determine, in its sole discretion, the method for recouping the Recoupment Amount hereunder which may include, without limitation:

- i. Requiring reimbursement or forfeiture of the pre-tax amount cash Incentive-Based Compensation previously paid;
- ii. Offsetting the Recoupment Amount from any compensation otherwise owed by the Company to the Covered Person, including without limitation, any prior cash incentive payments, executive retirement benefits, wages, equity grants or other amounts payable by the Company to Covered Person in the future;
- iii. Seeking recovery of any gain realized on the vesting, exercise, settlement, cash sale, transfer, or other disposition of any equity-based awards; or iv. Taking any other remedial and recovery action permitted by law, as determined by the Administrator.

6. Arbitration

To ensure rapid and economical resolution of any and all disputes that might arise in connection with this Policy, Covered Person and the Company agree that any and all disputes, claims, and causes of action, in law or equity, arising from or relating to this Policy or its enforcement, performance, breach, or interpretation ("Arbitrable Claims"), will be resolved solely and exclusively by final, binding, and confidential arbitration, by a single arbitrator, in King County, WA, and conducted by the American Arbitration Association under its then-existing employment rules and procedures.

All claims, whether in arbitration or otherwise, must be brought solely in Covered Person's individual capacity, and not as a plaintiff or class member in any purported class or collective proceeding.

ANY RIGHTS THAT COVERED PERSON MAY HAVE TO TRIAL BY JURY IN REGARD TO ARBITRABLE CLAIMS ARE WAIVED. ANY RIGHTS THAT COVERED PERSON MAY HAVE TO PURSUE OR PARTICIPATE IN A CLASS OR COLLECTIVE ACTION PERTAINING TO ANY CLAIMS BETWEEN COVERED PERSON AND THE COMPANY ARE WAIVED.

Nothing in this section, however, is intended to prevent either party from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. In addition, Covered Person is not restricted from filing administrative claims that may be brought before any government agency where, as a matter of law, Covered Person's ability to file such claims may not be restricted. However, to the fullest extent permitted by law, arbitration shall be the exclusive remedy for the subject matter of such administrative claims. Each party to an arbitration or litigation hereunder shall be responsible for the payment of its own attorneys' fees.

The arbitrator shall issue a written decision that contains the essential findings and conclusions on which the decision is based. If, for any reason, any term of this Section 6 is held to be invalid or unenforceable, all other valid terms and conditions herein shall be severable in nature and remain fully enforceable.

7. Recovery Process; Impracticability

Actions by the Administrator to recover the Recoupment Amount will be reasonably prompt.

The Administrator must cause the Company to recover the Recoupment Amount unless the Administrator shall have previously determined that recovery is impracticable and one of the following conditions is met:

- i. The direct expense paid to a third party to assist in enforcing the policy would exceed the amount to be recovered; before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange;
- ii. Whether recovery would violate home country law where that law was adopted prior to November 28, 2022; before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange; or
- iii. Whether recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

8. Non-Exclusivity

The Administrator intends that this Policy will be enforced to the fullest extent of the law. Without limitation to any broader or alternate compensation recovery authorized in any written document with a Covered Person, (i) the Administrator may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Person to agree to abide by the terms of this Policy, and (ii) this Policy will nonetheless apply to Incentive-Based Compensation as required by the Final Rules, whether or not specifically referenced in those arrangements. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies or regulations available or applicable to the Company (including SOX 304). If recovery is required under both SOX 304 and this Policy, any amounts recovered pursuant to SOX 304 may be credited toward the amount recovered under this Policy, or vice versa.

9. No Indemnification

Notwithstanding the terms of any other agreement between a Covered Person and the Company, the Company shall not indemnify any Covered Persons against (i) the loss of erroneously awarded Incentive-Based Compensation or any adverse tax consequences associated with any incorrectly awarded Incentive-Based Compensation or any recoupment under this Policy, or (ii) any claims relating to the Company enforcement of its rights under this Policy. For the avoidance of doubt, this prohibition on indemnification will also prohibit the Company from reimbursing or paying any premium or payment of any third-party insurance policy to fund potential recovery obligations obtained by the Covered Person directly. No Covered Person will seek or retain any such prohibited indemnification or reimbursement.

Further, the Company shall not enter into any agreement that exempts any Incentive-Based Compensation from the application of this Policy or that waives the Company's right to recovery of any erroneously awarded Incentive-Based Compensation and this Policy shall supersede any such agreement (whether entered into before, on or after the Effective Date).

10. Covered Person Acknowledgement and Agreement

All Covered Persons subject to this Policy must acknowledge their understanding of, and agreement to comply with, the Policy by executing the certification attached hereto as Exhibit A. Notwithstanding the foregoing, this Policy, including amendments thereto, will apply to Covered Persons whether or not they execute such certification.

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11. Successors

This Policy shall be binding and enforceable against all Covered Persons and their beneficiaries, heirs, executors, administrators, or other legal representatives and shall inure to the benefit of any successor to the Company.

12. Interpretation of Policy

To the extent there is any ambiguity between this Policy and the Final Rules, this Policy shall be interpreted so that it complies with the Final Rules. If any provision of this Policy, or the application of such provision to any Covered Person or circumstance, shall be held invalid, the remainder of this Policy, or the application of such provision to Covered Persons or circumstances other than those as to which it is held invalid, shall not be affected.

In the event any provision of this Policy is inconsistent with any requirement of any Final Rules, the Administrator, in its sole discretion, shall amend and administer this Policy and bring it into compliance with such rules.

Any determination under this Policy by the Administrator shall be conclusive and binding on the applicable Covered Person. Determinations of the Administrator need not be uniform with respect to Covered Persons or from one payment or grant to another.

13. Amendments; Termination

The Administrator may make any amendments to this Policy as required under applicable law, rules and regulations, or as otherwise determined by the Administrator in its sole discretion.

The Administrator may terminate this Policy at any time, provided that termination of this Policy does not cause the Company to be in violation of any applicable law.

14. Definitions

"Administrator" means the Compensation Committee of the Board, or in the absence of a committee of independent directors responsible for executive compensation decisions, a majority of the independent directors serving on the Board.

"Board" means the Board of Directors of the Company.

"Clawback Measurement Date" is the earlier to occur of:

- i. The date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement as described in this Policy; or
- ii. The date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement as described in this Policy.

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"Clawback Period" means the three (3) completed fiscal years immediately prior to the Clawback Measurement Date and any transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year (that results from a change in the Company's fiscal year) within or immediately following such three (3)-year period; provided that any transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of 9 to 12 months will be deemed a completed fiscal year.

"Company" means Smartsheet Inc., a Washington corporation, or any successor corporation.

"Covered Person" means any Executive Officer (as defined in the Final Rules), including, but not limited to, those persons who are or have been determined to be "officers" of the Company within the meaning of Section 16 of Rule 16a-1(f) of the rules promulgated under the Exchange Act, and "executive officers" of the Company within the meaning of Item 401(b) of Regulation S-K, Rule 3b-7 promulgated under the Exchange Act, and Rule 405 promulgated under the Securities Act of 1933, as amended; provided that the Administrator may identify additional employees who shall be treated as Covered Persons for the purposes of this Policy with prospective effect, in accordance with the Final Rules.

"Effective Date" means August 24, 2023, the date the Policy was adopted by the Board or authorized Board committee.

"Exchange" means the New York Stock Exchange or any other national securities exchange or national securities association in the United States on which the Company has listed its securities for trading.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Final Rules" means the final rules promulgated by the SEC under Section 954 of the Dodd-Frank Act, Rule 10D-1 and Exchange listing standards, as may be amended from time to time.

"Financial Reporting Measure" are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and TSR are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the SEC.

"Incentive-Based Compensation" means compensation that is granted, earned, or vested based wholly or in part on the attainment of any Financial Reporting Measure. Examples of "Incentive-Based Compensation" include, but are not limited to: non-equity incentive plan awards that are earned based wholly or in part on satisfying a Financial Reporting Measure performance goal; bonuses paid from a "bonus pool," the size of which is determined based wholly or in part on satisfying a Financial Reporting Measure performance goal; other cash awards based on satisfaction of a Financial Reporting Measure performance goal; restricted stock, restricted stock units, performance share units, stock options, and SARs that are granted or become vested based wholly or in part on satisfying a Financial Reporting Measure goal; and proceeds received upon

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the sale of shares acquired through an incentive plan that were granted or vested based wholly or in part on satisfying a Financial Reporting Measure goal. "Incentive-Based Compensation" excludes, for example, time-based awards such as stock options or restricted stock units that are granted or vest *solely* upon completion of a service period; awards based on non-financial strategic or operating metrics such as the consummation of a merger or achievement of non-financial business goals; service-based retention bonuses; discretionary compensation; and salary.

"**Listing Rule Effective Date**" means the effective date of the listing standards of the Exchange on which the Company's securities are listed.

"**Policy**" means this Compensation Recovery Policy.

Incentive-Based Compensation is deemed "**Received**" in the Company's fiscal period during which the relevant Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, irrespective of whether the payment or grant occurs on a later date or if there are additional vesting or payment requirements, such as time-based vesting or certification or approval by the Compensation Committee or Board, that have not yet been satisfied.

"**Recoupment Amount**" means the amount of Incentive-Based Compensation received by the Covered Person based on the financial statements prior to the restatement that exceeds the amount such Covered Person would have received had the Incentive-Based Compensation been determined based on the financial restatement, computed without regard to any taxes paid (i.e., gross of taxes withheld).

"**SARs**" means stock appreciation rights.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**SOX 304**" means Section 304 of the Sarbanes-Oxley Act of 2002.

"**Triggering Event**" means any event in which the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

"**TSR**" means total stockholder return.

EXHIBIT A

Compensation Recovery Policy Certification

I certify that:

1. I have read and understand the Company's Compensation Recovery Policy (the "**Policy**"). I understand that the Chief Legal Officer is available to answer any questions I have regarding the Policy.
2. I understand that the Policy applies to all my existing and future compensation-related agreements with the Company, whether or not explicitly stated in those agreements.

3. I agree that, notwithstanding the Company's certificate of incorporation, bylaws, and any agreement I have with the Company, including any indemnity agreement I have with the Company, I will not be entitled to, and will not seek indemnification from the Company for, any amounts recovered or recoverable by the Company in accordance with the Policy.
4. I understand and agree that in the event of a conflict between the Policy and the foregoing agreements and understandings on the one hand, and any prior, existing or future agreement, arrangement or understanding, whether oral or written, with respect to the subject matter of the Policy and this Certification, on the other hand, the terms of the Policy and this Certification shall control, and the terms of this Certification shall supersede any provision of such an agreement, arrangement or understanding to the extent of such conflict with respect to the subject matter of the Policy and this Certification.
5. I understand and agree that the Administrator may amend the Policy from time to time, and that the Policy as amended will continue to apply to me regardless of whether I execute a subsequent certification.
6. I agree to abide by the terms of the Policy, including, without limitation, by returning any erroneously awarded Incentive-Based Compensation to the Company to the extent required by, and in a manner permitted by, the Policy.

Signature:

Name:

Title:

Date:

EXHIBIT B

Calculation Guidelines

For purposes of calculating the Recoupment Amount:

- i. For cash awards, the erroneously awarded compensation is the difference between the amount of the cash award (whether payable as a lump sum or over time) that was received and the amount that should have been received applying the restated Financial Reporting Measure.
- ii. For cash awards paid from bonus pools, the erroneously awarded compensation is the pro rata portion of any deficiency that results from the aggregate bonus pool that is reduced based on applying the restated Financial Reporting Measure.
- iii. For equity awards, if the shares, options, restricted stock units, or SARs are still held at the time of recovery, the erroneously awarded compensation is the number of such securities received in excess of the number that should have been received applying the restated Financial Reporting Measure (or the value of that excess number). If the options or SARs have been exercised, but the underlying shares have not been sold, the erroneously awarded compensation is the number of shares underlying the excess options or SARs (or the value thereof). If the underlying shares have been sold, the Company may recoup proceeds received from the sale of shares.
- iv. For Incentive-Based Compensation based on stock price or TSR, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement:
 - a. The amount must be based on a reasonable estimate of the effect of the accounting restatement on the stock price or TSR upon which the Incentive-Based Compensation was Received; and

- b. The Company must maintain documentation of the determination of that reasonable estimate and the Company must provide such documentation to the Exchange in all cases.

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