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

# FORM 10-Q

**(Mark One)**

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

For the quarterly period ended October 28, 2023

**OR**

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

For the transition period from ________ to ________

**Commission File Number: 001-41140**

# SAMSARA INC.
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Delaware** | **47-3100039** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**1 De Haro Street**
**San Francisco, California 94107**
(Address of principal executive offices, including zip code)

**(415) 985-2400**
(Registrant’s telephone number, including area code)

**Not Applicable**

(Former name or former address, if changed since last report)

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, $0.0001 par value per share | IOT | The New York Stock Exchange |

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

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 x No o

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 | x | Accelerated filer | o |
| Non-accelerated filer | o | Smaller reporting company | o |
| | | Emerging growth company | o |

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. o

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

As of November 28, 2023, there were 188,900,633 shares of the registrant's Class A common stock, 351,295,184 shares of the registrant's Class B common stock, and no shares of the registrant's Class C common stock, each with a $0.0001 par value per share, outstanding.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “goal,” “intend,” “may,” “objective,” “ongoing,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “will,” “would,” or the negative of these terms or other comparable expressions that concern our expectations, strategies, plans, or intentions.

Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- our future financial performance, including our expectations regarding our revenue, cost of revenue, operating expenses, other key business metrics and non-GAAP financial measures, our ability to determine reserves, and our ability to achieve and maintain future profitability;
- the sufficiency of our cash, cash equivalents, and investments to meet our liquidity needs;
- our expectations regarding future dividend payments or issuances of additional capital stock;
- our ability to attract, retain, and expand our relationships with customers;
- our ability to develop new products, features, integrations, and enhancements for our solution;
- our ability to compete with existing and new competitors in existing and new markets and offerings;
- our and our customers’ expectations regarding the benefits of our solution;
- our ability to successfully acquire and integrate companies and assets;
- our ability to maintain the security and availability of our solution and business systems;
- our expectations regarding the effects and enforcement of existing and developing laws and regulations, including with respect to taxation, privacy and data protection, and the outcomes of litigation that we may become subject to from time to time;
- our expectations regarding the effects of the Russia-Ukraine conflict, geopolitical tensions involving China, conflict in Israel and Gaza, the emergence of pandemics and epidemics, and similar macroeconomic events, including financial distress caused by bank failures, global supply chain challenges, foreign currency fluctuations, elevated inflation and interest rates, and monetary policy changes, on our and our customers’ and partners’ respective businesses;
- our ability to successfully execute on strategic initiatives and manage risk associated with our business, including as we expand the scope of our business;
- our expectations regarding international expansion efforts;
- our expectations regarding our market opportunities and the evolution and growth of these markets and competition within these markets;
- our ability to develop and protect our brand;
- our expectations and management of future growth;
- our ability to hire, retain, and develop our employees;
- our expectations concerning relationships with third parties;
- our ability to maintain, protect, and enhance our intellectual property;
- our ability to achieve and maintain carbon neutrality; and
- our anticipated tax withholding and remittance obligations in connection with restricted stock unit settlements.

Samsara Inc. (the “Company,” “Samsara,” “our,” or “we”) cautions you that the foregoing list does not contain all of the forward-looking statements made in this Quarterly Report on Form 10-Q.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations, estimates, forecasts, and projections about future events and trends that we believe may affect our business, financial condition, results of operations, and prospects. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report on Form 10-Q, we cannot guarantee that the outcome, future results, levels of activity or growth, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur at all. The outcome of the events described in the forward-looking statements is subject to risks, uncertainties, and other factors, including those described in the section titled “Risk Factors” and elsewhere in our Annual Report on Form 10-K filed on March 21, 2023, as supplemented by our subsequent Quarterly Reports on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. Additionally, changes and volatility in political, economic, or industry conditions, the interest rate environment, or financial and capital markets could result in changes in demand for products or services. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

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

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

You should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed as exhibits to this Quarterly Report on Form 10-Q in conjunction with other documents that we file with the Securities and Exchange Commission (“SEC”) and with the understanding that our actual future results may be materially different from what we expect. We qualify all of the forward-looking statements in this Quarterly Report on Form 10-Q by these cautionary statements.

**Available Information**

Our website address is located at samsara.com and our investor relations website is located at investors.samsara.com. We file electronically with the SEC our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. We make available on our website, free of charge, copies of these reports and other information as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

We announce material information to the public about us, our products, and other matters through a variety of means, including filings with the SEC, press releases, public conference calls, webcasts, our investor relations website, our corporate website (www.samsara.com), and our corporate blog (www.samsara.com/blog) in order to achieve broad, non-exclusionary distribution of information to the public and to comply with our disclosure obligations under Regulation FD. Except as expressly set forth in this Quarterly Report on Form 10-Q, the contents of our websites are not incorporated by reference into, or otherwise to be regarded as part of, this report or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

The information disclosed by the foregoing channels could be deemed to be material information. As such, we encourage investors, the media, and others to follow the channels listed above and review the information disclosed through such channels.

## PART I—FINANCIAL INFORMATION

### Item 1. Financial Statements (Unaudited)

**SAMSARA INC.**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

**(In thousands, except share data)**

**(Unaudited)**

| | As of | |
|---|---|---|
| | October 28, 2023 | January 28, 2023 |
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 208,099 | $ 200,670 |
| Short-term investments | 451,659 | 489,192 |
| Accounts receivable, net | 115,199 | 122,867 |
| Inventories | 27,103 | 40,571 |
| Connected device costs, current | 99,230 | 82,046 |
| Prepaid expenses and other current assets | 39,593 | 22,189 |
| Total current assets | 940,883 | 957,535 |
| Restricted cash | 21,683 | 23,096 |
| Long-term investments | 189,414 | 113,101 |
| Property and equipment, net | 56,635 | 59,278 |
| Operating lease right-of-use assets | 85,491 | 112,624 |
| Connected device costs, non-current | 214,665 | 194,852 |
| Deferred commissions | 161,463 | 140,166 |
| Other assets, non-current | 16,140 | 16,356 |
| Total assets | $ 1,686,374 | $ 1,617,008 |
| **Liabilities and stockholders' equity** | | |
| Current liabilities: | | |
| Accounts payable | $ 38,263 | $ 30,144 |
| Accrued expenses and other current liabilities | 51,930 | 53,824 |
| Accrued compensation and benefits | 28,360 | 36,030 |
| Deferred revenue, current | 367,401 | 300,113 |
| Operating lease liabilities, current | 20,529 | 22,047 |
| Total current liabilities | 506,483 | 442,158 |
| Deferred revenue, non-current | 136,320 | 126,452 |
| Operating lease liabilities, non-current | 83,342 | 100,873 |
| Other liabilities, non-current | 9,298 | 9,506 |
| Total liabilities | 735,443 | 678,989 |
| Commitments and contingencies (Note 9) | | |
| Stockholders' equity: | | |
| Preferred stock, $0.0001 par value—400,000,000 shares authorized as of October 28, 2023 and January 28, 2023; zero shares issued and outstanding as of October 28, 2023 and January 28, 2023 | — | — |
| Class A common stock, $0.0001 par value—4,000,000,000 shares authorized as of October 28, 2023 and January 28, 2023; 188,713,215 and 132,111,095 shares issued and outstanding as of October 28, 2023 and January 28, 2023, respectively | 9 | 7 |
| Class B common stock, $0.0001 par value—600,000,000 shares authorized as of October 28, 2023 and January 28, 2023; 351,455,602 and 392,049,114 shares issued and outstanding as of October 28, 2023 and January 28, 2023, respectively | 23 | 23 |
| Class C common stock, $0.0001 par value—1,200,000,000 shares authorized as of October 28, 2023 and January 28, 2023; zero shares issued and outstanding as of October 28, 2023 and January 28, 2023 | — | — |
| Additional paid-in capital | 2,294,065 | 2,107,013 |
| Accumulated other comprehensive loss | (1,439) | (652) |
| Accumulated deficit | (1,341,727) | (1,168,372) |
| Total stockholders' equity | 950,931 | 938,019 |
| Total liabilities and stockholders' equity | $ 1,686,374 | $ 1,617,008 |

See accompanying notes to condensed consolidated financial statements.

**SAMSARA INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

**(In thousands, except share and per share data)**

**(Unaudited)**

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Revenue | $ 237,534 | $ 169,800 | $ 661,111 | $ 465,968 |
| Cost of revenue | 61,585 | 47,253 | 178,008 | 131,128 |
| Gross profit | 175,949 | 122,547 | 483,103 | 334,840 |
| Operating expenses | | | | |
| Research and development | 60,820 | 49,970 | 185,155 | 132,802 |
| Sales and marketing | 116,780 | 94,056 | 353,643 | 273,347 |
| General and administrative | 48,354 | 41,997 | 139,888 | 127,098 |
| Lease modification, impairment, and related charges | 4,762 | — | 4,762 | 1,056 |
| Total operating expenses | 230,716 | 186,023 | 683,448 | 534,303 |
| Loss from operations | (54,767) | (63,476) | (200,345) | (199,463) |
| Interest income and other income (expense), net | 9,378 | 5,613 | 28,493 | 7,094 |
| Loss before provision for income taxes | (45,389) | (57,863) | (171,852) | (192,369) |
| Provision for income taxes | 142 | 692 | 1,503 | 1,455 |
| Net loss | $ (45,531) | $ (58,555) | $ (173,355) | $ (193,824) |
| Other comprehensive loss: | | | | |
| Foreign currency translation adjustments | (820) | 315 | 276 | 416 |
| Unrealized gains (losses) on investments, net of tax | 382 | (1,304) | (1,063) | (1,304) |
| Other comprehensive loss | (438) | (989) | (787) | (888) |
| Comprehensive loss | $ (45,969) | $ (59,544) | $ (174,142) | $ (194,712) |
| Basic and diluted net loss per share: | | | | |
| Net loss per share attributable to common stockholders, basic and diluted | $ (0.08) | $ (0.11) | $ (0.33) | $ (0.38) |
| Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted | 537,464,892 | 516,551,258 | 531,873,324 | 511,867,718 |

See accompanying notes to condensed consolidated financial statements.

**SAMSARA INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

**(In thousands, except share data)**

**(Unaudited)**

| | Three Months Ended October 28, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Stockholders' Equity |
| | Shares | Amount | | | | |
| Balance at July 29, 2023 | 534,917,397 | $ 31 | $2,233,533 | $ (1,001) | $(1,296,196) | $ 936,367 |
| Issuance of common stock for vesting of restricted stock units ("RSUs") | 5,063,177 | 1 | — | — | — | 1 |
| Issuance of common stock in connection with equity compensation plans | 188,243 | — | 265 | — | — | 265 |
| Stock-based compensation expense | — | — | 60,267 | — | — | 60,267 |
| Other comprehensive loss | — | — | — | (438) | — | (438) |
| Net loss | — | — | — | — | (45,531) | (45,531) |
| Balance at October 28, 2023 | 540,168,817 | $ 32 | $2,294,065 | $ (1,439) | $(1,341,727) | $ 950,931 |

| | Three Months Ended October 29, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive Income (Loss) | Accumulated Deficit | Total Stockholders' Equity |
| | Shares | Amount | | | | |
| Balance at July 30, 2022 | 514,366,270 | $ 29 | $2,009,323 | $ 5 | $(1,056,219) | $ 953,138 |
| Issuance of common stock for vesting of RSUs | 4,219,328 | 1 | — | — | — | 1 |
| Issuance of common stock in connection with equity compensation plans | 287,445 | — | 165 | — | — | 165 |
| Vesting of early exercised stock options | — | — | 75 | — | — | 75 |
| Stock-based compensation expense | — | — | 45,918 | — | — | 45,918 |
| Other comprehensive loss | — | — | — | (989) | — | (989) |
| Net loss | — | — | — | — | (58,555) | (58,555) |
| Balance at October 29, 2022 | 518,873,043 | $ 30 | $2,055,481 | $ (984) | $(1,114,774) | $ 939,753 |

**SAMSARA INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY—CONTINUED**

**(In thousands, except share data)**

**(Unaudited)**

| | Nine Months Ended October 28, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Stockholders' Equity |
| | Shares | Amount | | | | |
| Balance at January 28, 2023 | 524,160,209 | $ 30 | $2,107,013 | $ (652) | $(1,168,372) | $ 938,019 |
| Issuance of common stock for vesting of RSUs | 14,308,592 | 2 | — | — | — | 2 |
| Issuance of common stock in connection with equity compensation plans | 1,700,016 | — | 13,391 | — | — | 13,391 |
| Vesting of early exercised stock options | — | — | 25 | — | — | 25 |
| Stock-based compensation expense | — | — | 173,636 | — | — | 173,636 |
| Other comprehensive loss | — | — | — | (787) | — | (787) |
| Net loss | — | — | — | — | (173,355) | (173,355) |
| Balance at October 28, 2023 | 540,168,817 | $ 32 | $2,294,065 | $ (1,439) | $(1,341,727) | $ 950,931 |

| | Nine Months Ended October 29, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Stockholders' Equity |
| | Shares | Amount | | | | |
| Balance at January 29, 2022 | 505,476,160 | $ 29 | $1,909,964 | $ (96) | $ (920,950) | $ 988,947 |
| Issuance of common stock for vesting of RSUs | 10,711,083 | 1 | — | — | — | 1 |
| Issuance of common stock in connection with equity compensation plans | 2,686,238 | — | 10,877 | — | — | 10,877 |
| Vesting of early exercised stock options | — | — | 253 | — | — | 253 |
| Repurchase of restricted common stock | (438) | — | — | — | — | — |
| Stock-based compensation expense | — | — | 134,387 | — | — | 134,387 |
| Other comprehensive loss | — | — | — | (888) | — | (888) |
| Net loss | — | — | — | — | (193,824) | (193,824) |
| Balance at October 29, 2022 | 518,873,043 | $ 30 | $2,055,481 | $ (984) | $(1,114,774) | $ 939,753 |

See accompanying notes to condensed consolidated financial statements.

**SAMSARA INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In thousands)**

**(Unaudited)**

| | Nine Months Ended | |
|---|---|---|
| | October 28, 2023 | October 29, 2022 |
| **Operating activities** | | |
| Net loss | $ (173,355) | $ (193,824) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 10,839 | 8,350 |
| Stock-based compensation expense | 172,395 | 133,490 |
| Lease modification, impairment, and related charges | 4,762 | 1,056 |
| Other non-cash adjustments | (10,681) | 3,336 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | 3,824 | (13,297) |
| Inventories | 13,467 | (11,434) |
| Prepaid expenses and other current assets | (17,448) | (5,300) |
| Connected device costs | (36,997) | (58,993) |
| Deferred commissions | (21,297) | (10,455) |
| Other assets, non-current | 267 | (1,520) |
| Accounts payable and other liabilities | (206) | (9,398) |
| Deferred revenue | 77,155 | 60,557 |
| Operating lease right-of-use assets and liabilities, net | 7,338 | (1,216) |
| Net cash provided by (used in) operating activities | 30,063 | (98,648) |
| **Investing activities** | | |
| Purchase of property and equipment | (8,858) | (27,237) |
| Purchases of investments | (541,401) | (355,730) |
| Proceeds from sales of investments | 6,174 | — |
| Proceeds from maturities and redemptions of investments | 508,093 | — |
| Other investing activities | (50) | 432 |
| Net cash used in investing activities | (36,042) | (382,535) |
| **Financing activities** | | |
| Proceeds from issuance of common stock in connection with equity compensation plans | 13,435 | 10,868 |
| Payment of offering costs | — | (2,532) |
| Payment of principal on finance leases | (1,416) | (856) |
| Net cash provided by financing activities | 12,019 | 7,480 |
| Effect of foreign exchange rate changes on cash, cash equivalents, and restricted cash | (24) | (471) |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | 6,016 | (474,174) |
| Cash, cash equivalents, and restricted cash, beginning of period | 223,766 | 944,310 |
| Cash, cash equivalents, and restricted cash, end of period | $ 229,782 | $ 470,136 |
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid for income taxes, net of refunds | $ 1,533 | $ 315 |
| **Supplemental disclosures of non-cash investing and financing activities:** | | |
| Property and equipment accrued but not yet paid | $ 109 | $ 1,081 |
| Stock option exercises in transit | $ — | $ 1 |
| Vesting of early exercised stock options | $ 25 | $ 253 |

See accompanying notes to condensed consolidated financial statements.

**SAMSARA INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### 1. Description of Business

Samsara Inc. (“Samsara”) and its subsidiaries (collectively, the “Company”) are the pioneers of the Connected Operations Cloud, which is a system of record that enables businesses that depend on physical operations to harness Internet of Things (“IoT”) data to develop actionable business insights and improve their operations. Samsara was incorporated in Delaware in 2015 as Samsara Networks Inc. and changed its name to Samsara Inc. in February 2021. Samsara’s principal executive offices are located at 1 De Haro Street, San Francisco, California 94107.

### 2. Summary of Significant Accounting Policies

**Basis of Presentation and Fiscal Year** —The accompanying unaudited condensed 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 U.S. Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Accordingly, they do not include all disclosures normally required in annual consolidated financial statements prepared in accordance with GAAP. Therefore, these unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K for the fiscal year ended January 28, 2023, which was filed with the SEC on March 21, 2023.

In management’s opinion, these unaudited condensed consolidated financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the Company’s financial position as of October 28, 2023 and the results of operations for the three and nine months ended October 28, 2023 and October 29, 2022, and cash flows for the nine months ended October 28, 2023 and October 29, 2022. The condensed consolidated balance sheet as of January 28, 2023 was derived from the audited financial statements but does not include all disclosures required by GAAP. The results of operations for the three and nine months ended October 28, 2023 are not necessarily indicative of the results to be expected for the full year or any other future interim or annual period.

The Company’s fiscal year is a 52- or 53-week period ending on the Saturday closest to February 1. Every sixth fiscal year is a 53-week year. Fiscal year 2024 consists of 53 weeks, with the fourth quarter consisting of 14 weeks, and fiscal year 2023 consisted of 52 weeks.

**Principles of Consolidation**—The condensed consolidated financial statements include the accounts of Samsara and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

**Use of Estimates**—The preparation of condensed consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Such management estimates include, but are not limited to, the fair value of stock-based awards, internal-use software development costs, sales return reserve, accrued liabilities and contingencies, depreciation and amortization periods, lease modification, impairment, and related charges, and accounting for income taxes. Actual results could materially differ from the estimates and assumptions made.

**Significant Accounting Policies**—Notwithstanding the addition of policies described below as a result of a recently adopted accounting pronouncement, there were no material changes to the Company’s significant accounting policies during the nine months ended October 28, 2023.

**Accounts Receivable**—Accounts receivable consist of current trade receivables from customers, net of allowance for credit losses. The allowance for credit losses is estimated based on the Company’s assessment of the collectibility of accounts receivable by considering various factors, including customer creditworthiness and the related aging of past-due balances, historical write-off experience, current economic conditions, and reasonable and supportable forecasts of future economic conditions over the life of the receivable. Management evaluates customer accounts periodically, and accounts receivable deemed uncollectible are charged against the allowance for credit losses when identified. An allowance for credit losses balance of $6.7 million was recorded as of October 28, 2023. During the three and nine months ended October 28, 2023, the Company recorded a charge of $3.2 million and $3.8 million, respectively, to operations and wrote off $ 2.7 million and $4.7 million, respectively, against the allowance.

**Investments**—The Company's investments in marketable debt securities have been classified and accounted for as available-for-sale and are recorded at estimated fair value. Credit losses relating to available-for-sale marketable debt securities are recorded through an allowance for credit losses with a corresponding charge in "Interest income and other income (expense), net" on the condensed consolidated statements of operations and comprehensive loss. When identifying and measuring impairment, the Company excludes the applicable accrued interest from both the fair value and amortized cost basis.

**Recently Adopted Accounting Pronouncement**—In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, with further clarifications made in subsequent amendments. This standard changes the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. For trade receivables and other financial instruments, the Company will be required to use a forward-looking expected loss model rather than the incurred loss model for recognizing credit losses which reflects losses that are probable. Credit losses relating to available-for-sale marketable debt securities are required to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. This guidance is effective for the Company for its fiscal year beginning January 29, 2023 and interim periods within that fiscal year. The Company adopted this guidance effective January 29, 2023 and the adoption did not result in a material impact on the Company's condensed consolidated financial statements.

**Recent Accounting Pronouncements Not Yet Adopted**—In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This standard requires disclosure of incremental segment information on an annual and interim basis. This guidance is effective for the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2025, and subsequent interim periods. Early adoption is permitted. The Company is currently evaluating the impact of this ASU on the Company's consolidated financial statements.

The Company has reviewed all other recently issued accounting pronouncements and concluded they were either not applicable or not expected to have a material impact on the Company's condensed consolidated financial statements.

### 3. Cash, Cash Equivalents, Restricted Cash, and Investments

As of October 28, 2023 and January 28, 2023, cash and cash equivalents consist of cash deposited with banks and money market funds, and all highly liquid investments with an original or remaining maturity of 90 days or less when purchased. As of October 28, 2023 and January 28, 2023, short-term and long-term investments in marketable debt securities consist of U.S. government and agency securities, corporate notes and bonds, and commercial paper.

Restricted cash as of October 28, 2023 and January 28, 2023 consists of letters of credit secured as collateral on the Company's office space leases.

Total cash, cash equivalents, and restricted cash consist of the following (in thousands):

| | As of | |
|---|---|---|
| | October 28, 2023 | January 28, 2023 |
| Cash and cash equivalents | $ 208,099 | $ 200,670 |
| Restricted cash | 21,683 | 23,096 |
| Total cash, cash equivalents, and restricted cash | $ 229,782 | $ 223,766 |

The following is a summary of the Company's cash equivalents and available-for-sale marketable debt securities recorded within short-term and long-term investments on the condensed consolidated balance sheets (in thousands):

| | As of October 28, 2023 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| **Cash equivalents:** | | | | |
| Money market funds | $ 8,804 | $ — | $ — | $ 8,804 |
| Commercial paper | 23,245 | — | — | 23,245 |
| U.S. government and agency securities | 3,998 | 1 | — | 3,999 |
| Total cash equivalents | $ 36,047 | $ 1 | $ — | $ 36,048 |
| **Investments:** | | | | |
| Commercial paper | $ 55,344 | $ — | $ — | $ 55,344 |
| Corporate notes and bonds | 286,807 | 30 | (1,036) | 285,801 |
| U.S. government and agency securities | 301,050 | 4 | (1,126) | 299,928 |
| Total investments | $ 643,201 | $ 34 | $ (2,162) | $ 641,073 |

| | As of January 28, 2023 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| **Cash equivalents:** | | | | |
| Money market funds | $ 5,604 | $ — | $ — | $ 5,604 |
| Commercial paper | 36,337 | — | — | 36,337 |
| U.S. government and agency securities | 12,974 | — | (1) | 12,973 |
| Total cash equivalents | $ 54,915 | $ — | $ (1) | $ 54,914 |
| **Investments:** | | | | |
| Commercial paper | $ 182,869 | $ — | $ — | $ 182,869 |
| Corporate notes and bonds | 190,933 | 57 | (437) | 190,553 |
| U.S. government and agency securities | 229,556 | 8 | (693) | 228,871 |
| Total investments | $ 603,358 | $ 65 | $ (1,130) | $ 602,293 |

The Company included $4.3 million and $2.0 million of accrued interest receivable, net of the allowance for credit losses (if any), in " Prepaid expenses and other current assets" on the condensed consolidated balance sheets as of October 28, 2023 and January 28, 2023, respectively.

For available-for-sale marketable debt securities with unrealized loss positions, the Company does not intend to sell any of the securities and the Company considers it more likely than not that the Company will hold these securities until a recovery of the cost basis, which may not occur until maturity. The Company did not recognize an allowance for credit losses on these securities as of October 28, 2023 because such potential losses were not material.

As of October 28, 2023, the contractual maturities of the Company's investments did not exceed 24 months. The estimated fair values of available-for-sale marketable debt securities, by remaining contractual maturity, are as follows (in thousands):

| | As of October 28, 2023 |
|---|---|
| Due within one year | $ 451,659 |
| Due in one year to two years | 189,414 |
| Total | $ 641,073 |

There were no material realized gains or losses that were reclassified out of accumulated other comprehensive loss either individually or in the aggregate, during the three and nine months ended October 28, 2023 and October 29, 2022. There were no material unrealized gains or losses, either individually or in the aggregate, as of October 28, 2023 and January 28, 2023.

**Concentrations of Credit Risk**—The Company maintains its investments in marketable debt securities with high-quality financial institutions with investment-grade ratings.

**4. Fair Value Measurements**

The Company reports financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the condensed consolidated financial statements on a recurring basis. The authoritative guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

***Level 1***—Observable inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities.

***Level 2***—Observable inputs other than quoted prices in active markets for identical assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, 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***—Inputs that are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

The condensed consolidated financial statements as of October 28, 2023 and January 28, 2023 do not include any nonrecurring fair value measurements relating to assets or liabilities.

The following tables present the fair value hierarchy for the Company's assets measured at fair value on a recurring basis as of the periods presented (in thousands):

| | As of October 28, 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Cash equivalents and restricted cash:** | | | | |
| Cash equivalents | | | | |
| Money market funds | $ 120,412 | $ — | $ — | $ 120,412 |
| Commercial paper | — | 23,245 | — | 23,245 |
| U.S. government and agency securities | — | 3,998 | — | 3,998 |
| Restricted cash—letters of credit | 20,439 | — | — | 20,439 |
| Total cash equivalents and restricted cash | $ 140,851 | $ 27,243 | $ — | $ 168,094 |
| **Marketable debt securities:** | | | | |
| Commercial paper | $ — | $ 55,344 | $ — | $ 55,344 |
| Corporate notes and bonds | — | 285,801 | — | 285,801 |
| U.S. government and agency securities | — | 299,928 | — | 299,928 |
| Total marketable debt securities | $ — | $ 641,073 | $ — | $ 641,073 |

| | As of January 28, 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Cash equivalents and restricted cash:** | | | | |
| Cash equivalents | | | | |
| Money market funds | $ 120,751 | $ — | $ — | $ 120,751 |
| Commercial paper | — | 36,337 | — | 36,337 |
| U.S. government and agency securities | — | 12,973 | — | 12,973 |
| Restricted cash—letters of credit | 23,096 | — | — | 23,096 |
| Total cash equivalents and restricted cash | $ 143,847 | $ 49,310 | $ — | $ 193,157 |
| **Marketable debt securities:** | | | | |
| Commercial paper | $ — | $ 182,869 | $ — | $ 182,869 |
| Corporate notes and bonds | — | 190,553 | — | 190,553 |
| U.S. government and agency securities | — | 228,871 | — | 228,871 |
| Total marketable debt securities | $ — | $ 602,293 | $ — | $ 602,293 |

The Company determines the fair value of its security holdings based on pricing from the Company's service providers and market prices from industry-standard independent data providers. Such market prices may be quoted prices in active markets for identical assets (Level 1 inputs) or pricing determined using inputs other than quoted prices that are observable either directly or indirectly (Level 2 inputs), such as yield curve, volatility factors, credit spreads, default rates, loss severity, current market and contractual prices for the underlying instruments or debt, broker and dealer quotes, as well as other relevant economic measures.

There were no transfers between Level 1 or Level 2, or transfers in or out of Level 3, of the fair value hierarchy during the nine months ended October 28, 2023 and October 29, 2022.

### 5. Costs to Obtain and Fulfill a Contract

**Deferred Commissions**—Total deferred commissions as of October 28, 2023 and January 28, 2023 were $ 161.5 million and $140.2 million, respectively.

The following table provides the amounts capitalized and amortized for the Company's commission costs for the periods presented (in thousands):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Capitalized commission costs | $ 20,075 | $ 16,599 | $ 59,564 | $ 47,442 |
| Amortization expense | $ 11,856 | $ 12,477 | $ 38,267 | $ 36,987 |

**Connected Devices**—Total connected device costs, which the Company also refers to as IoT device costs, current and non-current, as of October 28, 2023 and January 28, 2023 were $313.9 million and $276.9 million, respectively.

The following table provides the amounts capitalized and amortized for the Company's connected device costs for the periods presented (in thousands):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Capitalized connected device costs | $ 34,276 | $ 39,244 | $ 105,506 | $ 105,014 |
| Amortization expense | $ 24,942 | $ 17,048 | $ 68,509 | $ 46,020 |

## 6. Property and Equipment, Net

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

| | As of | |
|---|---|---|
| | October 28, 2023 | January 28, 2023 |
| Gross property and equipment | | |
| Computers and equipment | $ 1,563 | $ 1,257 |
| Leasehold improvements | 50,476 | 49,727 |
| Furniture and fixtures | 21,112 | 19,740 |
| Internal-use software development costs [1] | 30,846 | 22,422 |
| Total gross property and equipment | 103,997 | 93,146 |
| Accumulated depreciation and amortization [2] | (47,362) | (33,868) |
| Property and equipment, net | $ 56,635 | $ 59,278 |

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(1) The Company's internal-use software development costs included $0.8 million and $2.0 million of stock-based compensation costs for the three and nine months ended October 28, 2023, respectively, and $0.5 million and $1.1 million of stock-based compensation costs for the three and nine months ended October 29, 2022, respectively. The following table provides the amounts capitalized and amortized for the Company's internal-use software development costs for the periods presented (in thousands):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Capitalized internal-use software development costs | $ 3,310 | $ 2,003 | $ 8,424 | $ 4,554 |
| Amortization expense | $ 1,192 | $ 934 | $ 3,366 | $ 2,911 |

Internal-use software development costs, net, as of the periods presented was as follows (in thousands):

| | As of | |
|---|---|---|
| | October 28, 2023 | January 28, 2023 |
| Internal-use software development costs, net | $ 13,021 | $ 8,744 |

(2) The following table presents the depreciation and amortization of property and equipment included on the Company's condensed consolidated statements of operations and comprehensive loss (in thousands):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Depreciation and amortization expense | $ 3,646 | $ 3,345 | $ 10,839 | $ 8,350 |

## 7. Leases

The Company leases office space under operating lease agreements that are non-cancelable (subject to limited termination rights). These leases have remaining lease terms ranging from one year to approximately eight years. The Company is required to pay property taxes, insurance, and normal maintenance costs for certain of these facilities and will be required to pay any increases over the base year of these expenses on the remainder of the Company's facilities.

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

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Operating lease cost | $ 5,788 | $ 6,333 | $ 18,078 | $ 19,096 |
| Short-term lease cost | 371 | 172 | 1,119 | 486 |
| Sublease income | (345) | (195) | (783) | (581) |
| Total lease cost | $ 5,814 | $ 6,310 | $ 18,414 | $ 19,001 |

Supplemental information related to operating leases was as follows (in thousands, except for weighted-average data):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Cash paid for amounts in the measurement of operating lease liabilities—operating cash flows | $ 6,788 | $ 6,725 | $ 20,215 | $ 20,017 |

During the nine months ended October 28, 2023, the Company recorded no additional operating lease liabilities arising from obtaining right-of-use ("ROU") assets.

| | As of | |
|---|---|---|
| | October 28, 2023 | January 28, 2023 |
| Weighted-average remaining lease term—operating leases (in years) | 6.0 | 6.5 |
| Weighted-average discount rate—operating leases | 4.68 % | 4.53 % |

Future minimum lease payments included in the measurement of operating lease liabilities as of October 28, 2023 were as follows (in thousands):

| Fiscal Years Ending | Amount |
|---|---|
| Remainder of 2024 | $ 6,806 |
| 2025 | 26,959 |
| 2026 | 20,019 |
| 2027 | 14,236 |
| 2028 | 12,596 |
| 2029 and thereafter | 43,652 |
| Total future minimum lease payments [(1)] | 124,268 |
| Less: imputed interest | (17,871) |
| Total operating lease liabilities | $ 106,397 |

(1) The contractual commitment amounts under operating leases in the table above are primarily related to facility leases for the Company's corporate office facilities in San Francisco, California, as well as other offices for the Company's local operations. The table above does not reflect obligations under contracts that the Company can cancel without a significant penalty, the Company's option to exercise early termination rights, or the payment of related early termination fees.

On April 12, 2023, the Company settled a lease dispute, which was primarily related to lease incentives associated with leasehold improvements in the form of a tenant allowance and received $11.3 million. This amount was recognized primarily as a reduction to the corresponding ROU assets on the Company's condensed consolidated balance sheet and was also included in "Operating lease liabilities, net" on the Company's condensed consolidated statement of cash flows. This claim is unrelated to the claim discussed under the caption "*Lease-Related Litigation*" in Note 9, "Commitments and Contingencies."

In August 2023, the Company executed a sublease for certain office space, which resulted in an impairment of the corresponding ROU and fixed assets of $4.8 million. This impairment charge was recorded in “Lease modification, impairment, and related charges” for the three and nine months ended October 28, 2023.

In addition to its operating leases, the Company has entered into non-cancelable finance leases for equipment beginning in 2020. The balances for finance leases were recorded in “Other assets, non-current,” “Accrued expenses and other current liabilities ,” and “Other liabilities, non-current” as the amounts were immaterial as of October 28, 2023 and January 28, 2023.

## 8. Revenue, Deferred Revenue, and Remaining Performance Obligations

**Revenue Recognition**—Subscription revenue is generated from subscriptions to access the Company’s Connected Operations Cloud. Subscription agreements contain multiple service elements for one or more of the Company’s cloud-based Applications via mobile app(s) or a website that enable data collection and provide access to the cellular network, generally one or more wireless gateways, cameras, sensors and other devices (collectively, “connected devices” or “IoT devices”), support services delivered over the term of the arrangement and warranty coverage. The Company’s Connected Operations Cloud and the related connected device access points are highly interdependent and interrelated, and represent a combined performance obligation, which is recognized over the related subscription period.

Other revenue is generally recognized at a point in time and is earned through the sale of replacement gateways, sensors and cameras, as well as related shipping and handling fees, credit card processing fees, and professional services.

Revenue consists of the following (in thousands):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Subscription revenue | $ 232,857 | $ 166,555 | $ 647,520 | $ 457,083 |
| Other revenue | 4,677 | 3,245 | 13,591 | 8,885 |
| Total revenue | $ 237,534 | $ 169,800 | $ 661,111 | $ 465,968 |

**Deferred Revenue**—The following table provides the deferred revenue balances and revenue recognized from beginning deferred revenue balances for the periods presented (in thousands):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Deferred revenue, beginning of period | $ 477,037 | $ 354,570 | $ 426,565 | $ 313,686 |
| Deferred revenue, end of period | 503,721 | 374,243 | 503,721 | 374,243 |
| Revenue recognized in the period from beginning deferred revenue balance | 213,383 | 156,716 | 271,518 | 188,197 |

**Remaining Performance Obligations (“RPO”)**—RPO represents the amount of contracted future revenue that has not yet been recognized, including both deferred revenue and non-cancelable contracted amounts that will be invoiced and recognized as revenue in future periods.

As of October 28, 2023, the Company’s RPO was $1,763.6 million, of which the Company expects to recognize revenue of approximately $ 846.6 million over the next 12 months, with the remaining balance to be recognized thereafter.

**Concentrations of Significant Customers and Credit Risk**—No customer accounted for greater than 10% of the Company’s total revenue for the three and nine months ended October 28, 2023 and October 29, 2022.

There were no customers that individually represented greater than 10% of the Company’s accounts receivable as of October 28, 2023 and January 28, 2023.

## 9. Commitments and Contingencies

**Operating Leases**—See Note 7, “Leases,” for the maturities of operating lease liabilities as of October 28, 2023.

**Purchase Commitments**—The Company's purchase commitments consist of contractual arrangements with software-as-a-service subscription providers and non-cancelable purchase orders based on current inventory needs fulfilled by the Company's suppliers and contract manufacturers. There were no material contractual obligations that were entered into by the Company during the nine months ended October 28, 2023 that were outside of the ordinary course of business.

**Letters of Credit**—As of October 28, 2023 and January 28, 2023, the Company had $ 20.4 million and $23.1 million, respectively, in letters of credit outstanding primarily in favor of certain landlords for office space. These letters of credit renew annually and expire on various dates through 2031.

**Litigation**—From time to time, the Company has been and may become involved in various legal proceedings in the ordinary course of its business and has been and may be subject to third-party intellectual property infringement claims.

The Company continually evaluates uncertainties associated with litigation and records a charge equal to at least the minimum estimated liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the condensed consolidated financial statements indicates that it is probable that a liability has been incurred at the date of the condensed consolidated financial statements and (ii) the loss or range of loss can be reasonably estimated. If the Company determines that a loss is possible and a range of the loss can be reasonably estimated, the Company will disclose the range of the possible loss. The Company evaluates developments in legal matters that could affect the amount of liability that has been previously accrued, if any, and the matters and related ranges of possible losses disclosed and makes adjustments and changes to the disclosures, as appropriate. Significant judgment is required to determine both likelihood of there being, and the estimated amount of, a loss related to such matters. Until the final resolution of such matters, there may be an exposure to loss, and such amounts could be material. For legal proceedings for which there is a reasonable possibility of loss (meaning those losses for which the likelihood is more than remote but less than probable), the Company has determined there is no material exposure on an aggregate basis. The amounts recorded for losses deemed probable as of October 28, 2023 were also not material.

*Lease-Related Litigation*—In March 2019, the Company signed a lease agreement with a landlord for certain premises located in San Francisco, California (the "Premises"). In September 2021, the Company sued the landlord in San Francisco Superior Court to enforce its right to terminate the lease and to recover damages on the grounds that the Premises were never adequately delivered to the Company. The landlord countersued the Company for allegedly breaching the lease. On October 30, 2021, the Company vacated the Premises. On November 17, 2021, the landlord drew down the remaining $8.7 million letter of credit, which the Company accounts for as a receivable in "Other assets, non-current." The outcome of this matter is subject to ongoing litigation and is uncertain at this time.

**Indemnification**—In the normal course of business, the Company has agreed and may continue to agree to indemnify third parties with whom it enters into contractual relationships, including customers, lessors, and parties to other transactions with the Company, with respect to certain matters. The Company has agreed, under certain conditions, to hold these third parties harmless against specified losses, such as those arising from a breach of representations or covenants, claims that the Company's products infringe the intellectual property rights of other parties, or other claims made against certain parties. It is not possible to determine the maximum potential amount of liability under these indemnification obligations due to the Company's limited history of prior indemnification claims and the unique facts and circumstances that are likely to be involved in each particular claim.

## 10. Equity

As of October 28, 2023, there were 188,713,215, 351,455,602, and no shares of Class A, Class B, and Class C common stock issued and outstanding, respectively. As of January 28, 2023, there were 132,111,095, 392,049,114, and no shares of Class A, Class B, and Class C common stock issued and outstanding, respectively.

The Company had reserved shares of common stock for future issuance as of October 28, 2023 and January 28, 2023, as follows:

| | As of | |
|---|---|---|
| | **October 28, 2023** | **January 28, 2023** |
| 2015 Equity Incentive Plan: | | |
| Options outstanding | 6,385,340 | 6,927,540 |
| RSUs outstanding | 8,592,585 | 15,137,385 |
| 2021 Equity Incentive Plan: | | |
| RSUs outstanding | 32,286,795 | 25,658,719 |
| Shares available for future grants | 67,713,580 | 55,891,021 |
| 2021 Employee Stock Purchase Plan: | | |
| Shares available for future issuance | 17,560,555 | 13,471,769 |
| Total shares of common stock reserved for future issuance | 132,538,855 | 117,086,434 |

**Employee Compensation Plans**

The Company currently has two equity incentive plans, the 2015 Equity Incentive Plan (the “2015 Plan”) and the 2021 Equity Incentive Plan (the “2021 Plan”). The 2015 Plan was terminated in connection with the adoption of the 2021 Plan in December 2021 but continues to govern the terms of outstanding stock options and RSUs that were granted prior to the termination of the 2015 Plan. The Company no longer grants equity awards pursuant to the 2015 Plan.

**2021 Equity Incentive Plan**—In December 2021, the Board of Directors adopted and stockholders approved the 2021 Equity Incentive Plan, which became effective in December 2021 in connection with the Company’s initial public offering (“IPO”). The total number of shares of the Company’s Class A common stock reserved for future grants as of October 28, 2023 includes 26,208,010 shares added on the first day of fiscal year 2024 pursuant to the annual automatic evergreen increase provision of the 2021 Plan.

**Options**—A summary of the stock options activity under the 2015 Plan during the nine months ended October 28, 2023 is presented below (the number of options represents shares of Class B common stock exercisable in respect thereof):

| | Number of Shares | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (In Years) | Aggregate Intrinsic Value [(1)] (In Thousands) |
|---|---|---|---|---|
| Balance as of January 28, 2023 | 6,927,540 | $ 4.61 | 6.4 | $ 63,351 |
| Granted | — | $ — | | |
| Exercised | (542,200) | $ 0.83 | | |
| Forfeited, canceled, or expired | — | $ — | | |
| Balance as of October 28, 2023 | 6,385,340 | $ 4.93 | 5.9 | $ 110,298 |
| Exercisable as of October 28, 2023 | 5,622,520 | $ 4.58 | 5.7 | $ 99,145 |

(1) Aggregate intrinsic value for stock options represents the difference between the exercise price and the per share fair value of the Company’s Class A common stock for each period end presented, multiplied by the number of stock options outstanding or exercisable as of each period end presented.

The intrinsic value of stock options exercised was $ 11.7 million and $22.9 million during the nine months ended October 28, 2023 and October 29, 2022, respectively.

As of October 28, 2023, unrecognized stock-based compensation expense related to outstanding unvested stock options for employees that are expected to vest was approximately $3.0 million. The remaining unrecognized stock-based compensation expense is expected to be recognized over a weighted-average period of approximately 0.5 years.

**RSUs**—RSUs granted prior to the IPO had both a service condition and a performance condition (defined under the 2015 Plan as the occurrence of a qualifying liquidity event, which was defined as the earlier of a successful initial public offering or acquisition). Stock-based compensation expense was only recognized for RSUs for which both the service condition and performance condition have been met. The service condition for these awards is generally satisfied over four years. The performance condition was satisfied upon the IPO. Prior to the IPO, the Company did not record expense on RSUs as a liquidity event upon which vesting is contingent was not probable of occurring. Following the closing of the IPO in December 2021, the Company began recording stock-based compensation expense for these RSUs using the accelerated attribution method, based on the grant-date fair value of the RSUs. RSUs granted after the IPO only have a service condition, and the related stock-based compensation expense is recognized on a straight-line basis over the requisite service period. The service condition for these awards is generally satisfied over four years for RSUs granted through fiscal year 2023 and three years for RSUs granted after fiscal year 2023.

A summary of the RSUs activity under the 2015 Plan and 2021 Plan during the nine months ended October 28, 2023 is presented below:

| | Number of Shares | Weighted-Average Grant-Date Fair Value |
|---|---|---|
| Balance as of January 28, 2023 | 40,796,104 | $ 12.20 |
| Granted | 18,585,089 | $ 17.83 |
| Vested | (14,308,592) | $ 12.70 |
| Forfeited | (4,193,221) | $ 13.80 |
| Balance as of October 28, 2023 | 40,879,380 | $ 14.42 |

As of October 28, 2023, unrecognized stock-based compensation expense related to outstanding unvested RSUs for employees that are expected to vest was approximately $497.7 million. The remaining unrecognized stock-based compensation expense is expected to be recognized over a weighted-average period of approximately 1.4 years.

**2021 Employee Stock Purchase Plan**—In December 2021, the Board of Directors adopted and stockholders approved the 2021 Employee Stock Purchase Plan (the “2021 ESPP”), which became effective in December 2021 in connection with the IPO. The total number of shares of the Company’s Class A common stock reserved for future issuance as of October 28, 2023 includes 5,241,602 shares added on the first day of fiscal year 2024 pursuant to the annual automatic evergreen increase provision of the 2021 ESPP.

The price at which Class A common stock is purchased under the 2021 ESPP is equal to 85% of the lower of the fair market value of a share of the Company’s Class A common stock on the enrollment date or on the exercise date. The enrollment date means the first trading day of each offering period, and the exercise date means the last trading day of each purchase period. Offering periods are generally 12 months long, commencing on the first trading day on or after June 11 and December 11 of each year and terminating on the last trading day on or before June 10 and December 10 of each year. Purchase periods are generally six months long, commencing on the first trading day after one exercise date and ending with the next exercise date.

For the nine months ended October 28, 2023 and October 29, 2022, 1,152,816 and 1,109,945 shares of Class A common stock were purchased under the 2021 ESPP, resulting in net cash proceeds of $13.0 million and $10.3 million, respectively.

As of October 28, 2023, unrecognized stock-based compensation expense related to the 2021 ESPP was approximately $ 3.1 million. The remaining unrecognized stock-based compensation expense is expected to be recognized over a weighted-average period of approximately 0.4 years.

**Employee Stock Purchase Plan Valuation**—The Company estimates the fair value of shares to be issued under the 2021 ESPP using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires estimates of highly subjective assumptions, which greatly affect fair value. The weighted-average assumptions used to estimate the fair value of shares to be issued under the 2021 ESPP were as follows:

| | Nine Months Ended | |
|---|---|---|
| | October 28, 2023 | October 29, 2022 |
| Expected volatility | 66.9% – 72.5% | 81.0% – 97.7% |
| Expected term (years) | 0.5 – 1.0 | 0.5 – 1.0 |
| Risk-free interest rate | 5.2% – 5.4% | 2.3% – 2.9% |
| Expected dividend yield | —% | —% |

*Expected volatility*—The expected volatility for the nine months ended October 28, 2023 was based on the historical volatility of the Company. The expected volatility for the nine months ended October 29, 2022 was based on the historical volatility of the Company and similar companies whose stock or option prices are publicly available, after considering the industry, stage of life cycle, size, market capitalization, and financial leverage of the other companies.

*Expected term (years)*—The expected term is approximately 0.5 years for the first purchase period and approximately 1.0 year for the second purchase period.

*Risk-free interest rate*—The risk-free interest rate assumption is based on observed U.S. Treasury yield curve interest rates in effect at the time of grant appropriate for the expected term of the stock-based award.

*Expected dividend yield*—Because the Company has never paid and has no current intention to pay cash dividends on its common stock, the expected dividend yield is zero.

**Stock-Based Compensation Expense**—Stock-based compensation expense, by grant type, was as follows (in thousands):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Stock options | $ 771 | $ 1,081 | $ 2,357 | $ 3,305 |
| RSUs | 55,165 | 41,537 | 160,255 | 120,888 |
| Employee stock purchase plan | 3,855 | 2,920 | 9,783 | 9,297 |
| Total stock-based compensation expense | $ 59,791 | $ 45,538 | $ 172,395 | $ 133,490 |

Stock-based compensation expense included in the following line items of the Company's condensed consolidated statements of operations and comprehensive loss was as follows (in thousands):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Cost of revenue | $ 2,936 | $ 2,589 | $ 8,698 | $ 6,834 |
| Research and development | 21,523 | 17,928 | 64,378 | 45,398 |
| Sales and marketing | 19,253 | 12,292 | 51,832 | 41,159 |
| General and administrative | 16,079 | 12,729 | 47,487 | 40,099 |
| Total stock-based compensation expense | $ 59,791 | $ 45,538 | $ 172,395 | $ 133,490 |

### 11. Income Taxes

The Company had an effective tax rate of (0.3)% and (1.2)% for the three months ended October 28, 2023 and October 29, 2022, respectively, and (0.9)% and (0.8)% for the nine months ended October 28, 2023 and October 29, 2022, respectively. The Company's provision for income taxes was $ 0.1 million and $0.7 million for the three months ended October 28, 2023 and October 29, 2022, respectively, and $ 1.5 million and $1.5 million for the nine months ended October 28, 2023 and October 29, 2022, respectively. The Company has incurred U.S. operating losses and has minimal profits in foreign jurisdictions.

The Company computes its tax provision for interim periods by applying the estimated annual effective tax rate to year-to-date pre-tax income from recurring operations and adjusting for discrete tax items arising in that quarter.

As of October 28, 2023 and January 28, 2023, based on all available objective evidence, including the existence of cumulative losses, the Company determined that it was not more likely than not that the net deferred tax assets were fully realizable for U.S. federal and state tax purposes. Accordingly, the Company established a full valuation allowance against its deferred tax assets for U.S. federal and state tax purposes. The Company intends to maintain a full valuation allowance on net deferred tax assets until sufficient positive evidence exists to support reversal of the valuation allowance for U.S. federal and state tax purposes.

The unrecognized tax benefits as of October 28, 2023, if recognized, would not affect the effective income tax rate due to the valuation allowance that currently offsets the deferred tax assets.

During the nine months ended October 28, 2023, there were no material changes to the total amount of unrecognized tax benefits and the Company does not expect any significant changes in the next 12 months.

The Company files income tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. All periods since inception are subject to examination by U.S. federal, state, and foreign authorities, where applicable.

### 12. Net Loss Per Share, Basic and Diluted

For purposes of calculating net loss per share, the Company continues to use the two-class method. As Class A, Class B, and Class C common stock have identical liquidation and dividend rights, the undistributed earnings are allocated on a proportionate basis to each class of common stock. As a result, the basic and diluted net loss per share attributable to common stockholders are the same for all classes of the Company's common stock, on both an individual and combined basis, and therefore are presented together.

The following table presents the calculation of basic and diluted net loss per share (in thousands, except share and per share data):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Numerator: | | | | |
| Net loss attributable to common stockholders | $ (45,531) | $ (58,555) | $ (173,355) | $ (193,824) |
| Denominator: | | | | |
| Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted | 537,464,892 | 516,551,258 | 531,873,324 | 511,867,718 |
| Net loss per share attributable to common stockholders, basic and diluted | $ (0.08) | $ (0.11) | $ (0.33) | $ (0.38) |

The following potentially dilutive securities were excluded from the computation of diluted net loss per share calculations for the periods presented because the impact of including them would have been antidilutive:

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| Outstanding stock options | 6,385,340 | 7,045,765 | 6,385,340 | 7,045,765 |
| RSUs | 40,879,380 | 40,694,397 | 40,879,380 | 40,694,397 |
| Employee stock purchase rights under the 2021 ESPP | 905,835 | 46,822 | 905,835 | 11,751 |
| Total antidilutive securities | 48,170,555 | 47,786,984 | 48,170,555 | 47,751,913 |

### 13. Segment Information

The Company has a single operating and reportable segment. The Company's chief operating decision maker is its Chief Executive Officer, who reviews financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance, and allocating resources. The Company derives its subscription revenue from customers that leverage the Company's Connected Operations Cloud, which consists of a data platform and set of applications to consolidate data from their physical operations into a single, integrated solution. Amounts derived from subscription and other revenue are summarized in Note 8, "Revenue, Deferred Revenue, and Remaining Performance Obligations."

*Revenue by Geographic Area*

The following table presents the Company's revenue disaggregated by geography, based on the location of the Company's customers (in thousands):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | October 28, 2023 | October 29, 2022 |
| United States | $ 207,949 | $ 151,747 | $ 581,164 | $ 415,871 |
| Other [(1)] | 29,585 | 18,053 | 79,947 | 50,097 |
| Total revenue | $ 237,534 | $ 169,800 | $ 661,111 | $ 465,968 |

(1) No individual country other than the United States exceeded 10% of the Company's total revenue for any period presented.

*Long-Lived Assets, Net, by Geographic Area*

The following table presents the Company's long-lived assets, net, disaggregated by geography, which consist of property and equipment, net, and operating lease ROU assets (in thousands):

| | As of | |
|---|---|---|
| | October 28, 2023 | January 28, 2023 |
| United States | $ 135,187 | $ 163,193 |
| Other [(1)] | 6,939 | 8,709 |
| Total long-lived assets, net | $ 142,126 | $ 171,902 |

(1) No individual country other than the United States exceeded 10% of the Company's total long-lived assets, net, for any period presented.

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

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with (1) our audited consolidated financial statements and the related notes and the discussion under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the fiscal year ended January 28, 2023 included in our Annual Report on Form 10-K filed with the SEC on March 21, 2023, and (2) our unaudited condensed consolidated financial statements and the related notes and other financial information included under Part I, Item 1 of this Quarterly Report on Form 10-Q. Some of the information contained in this discussion and analysis, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the sections titled "Special Note Regarding Forward-Looking Statements" and "Risk Factors" for a discussion of forward-looking statements and important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Our fiscal year ends on the Saturday closest to February 1, resulting in a 52-week or 53-week fiscal year. Our two most recent fiscal years ended on January 28, 2023 and January 29, 2022, and each consisted of 52 weeks. Our fiscal year ending on February 3, 2024 is a 53-week fiscal year, with the fourth quarter consisting of 14 weeks.*

### Overview

Samsara is on a mission to increase the safety, efficiency, and sustainability of the operations that power the global economy.

To realize this vision, we pioneered the Connected Operations Cloud, which is a system of record that enables businesses that depend on physical operations to harness IoT data to develop actionable business insights and improve their operations.

Our Connected Operations Cloud consolidates data from our IoT devices and a growing ecosystem of connected assets and third-party systems, and makes it easy for organizations to access, analyze, and act on data insights, using our cloud dashboard, custom alerts and reports, mobile apps, and workflows. Our differentiated, purpose-built suite of solutions enables organizations to embrace and deploy a digital, cloud-connected strategy across their operations. With Samsara, customers have the ability to drive safer operations, increase business efficiency, and achieve their sustainability goals, all to improve the lives of their employees and the customers they serve.

We were founded in 2015 and have achieved significant growth since our inception. For our three months ended October 28, 2023 and October 29, 2022, our revenue was $237.5 million and $169.8 million, respectively, representing year-over-year growth of 40%. Our net loss was $45.5 million and $58.6 million for the three months ended October 28, 2023 and October 29, 2022, respectively. For our nine months ended October 28, 2023 and October 29, 2022, our revenue was $661.1 million and $466.0 million, respectively, representing year-over-year growth of 42%. Our net loss was $173.4 million and $193.8 million for the nine months ended October 28, 2023 and October 29, 2022, respectively. Our business model focuses on maximizing the lifetime value of our customer relationships, and we continue to make significant investments to grow our customer base.

### Key Business Metrics

The following table shows a summary of our key business metrics as of the periods presented (dollars in thousands):

| | As of | |
|---|---|---|
| | October 28, 2023 | October 29, 2022 |
| Annual recurring revenue ("ARR") | $ 1,002,729 | $ 723,667 |
| Customers > $100,000 ARR | 1,663 | 1,113 |

***ARR***

We believe that ARR is a key indicator of the trajectory of our business performance, enables measurement of the progress of our business initiatives, and serves as an indicator of future growth. We define ARR as the annualized value of subscription contracts that have commenced revenue recognition as of the measurement date. ARR highlights trends that may be less visible from our financial statements due to ratable revenue recognition. ARR does not have a standardized meaning and is not necessarily comparable to similarly titled measures presented by other companies. ARR should be viewed independently of revenue and is not intended to be combined with or replace it. ARR is not a forecast, and the active contracts at the date used in calculating ARR may or may not be extended or renewed.

***Number of Customers Over $100,000 in ARR***

We focus on customers representing over $100,000 in ARR, as this key business metric is indicative of our penetration with larger customers. The number of our customers over $100,000 in ARR has grown over time as we have focused our sales efforts on larger customers, invested in our partner ecosystem, and released more Applications to address the needs of our larger customers.

**Factors Affecting Our Performance**

***Acquiring New Customers***

We believe that we have a substantial opportunity to continue to grow our customer base. We intend to drive new customer acquisition by continuing to invest significantly in sales and marketing to engage our prospective customers, increase brand awareness, and drive adoption of our Connected Operations Cloud. Our ability to attract new customers depends on a number of factors, including the effectiveness of our sales and marketing efforts, macroeconomic factors and their impact on our customers' businesses, and the success of our efforts to expand internationally.

***Expanding Within Our Existing Customer Base***

We believe that there is a significant opportunity to expand sales to existing customers following their initial adoption of our Connected Operations Cloud. We expand within our customer base by selling more Applications and expanding existing Applications across geographies and divisions. Our ability to expand within our customer base will depend on a number of factors, including our customers' satisfaction, pricing, competition, macroeconomic factors, and changes in our customers' spending levels.

***Investments in Innovation and Future Growth***

Our performance is driven by continuous innovation on our Connected Operations Cloud and our ability to scale our headcount to grow our business. We continuously invest in adding new data types to our Connected Operations Cloud and innovate with this growing data asset to introduce new Applications over time. Our performance is also impacted by our ability to scale our headcount across our business to support our growth. We remain committed to investing in our sales and marketing capacity and our research and development organization, and to driving revenue growth globally.

**Macroeconomic Trends**

Unfavorable conditions in the economy, both in the United States and abroad, may negatively affect the growth of our business and our results of operations. For example, our business and results of operations could be affected by global macroeconomic trends and events such as inflationary pressure, interest rate increases and declines in consumer confidence, widespread disruptions of supply chains and freight and shipping channels, increased prices for many goods and services (including fluctuating fuel costs), labor shortages, delayed or reduced spending on information technology ("IT") products, and significant volatility and disruption of financial markets, as well as other conditions arising from international conflicts, such as the ongoing conflict between Russia and Ukraine, geopolitical tensions involving China, and the conflict in Israel and Gaza, and the emergence of pandemics and epidemics. We are continuously monitoring these global events and other macroeconomic developments and how they may impact us directly or indirectly as a result of the effects on our customers and suppliers.

Refer to the section titled "Risk Factors" and elsewhere in our Annual Report on Form 10-K filed on March 21, 2023, as supplemented by our subsequent Quarterly Reports on Form 10-Q, for further discussion of the impacts of macroeconomic trends on our business.

## Components of Results of Operations

### ***Revenue***

We provide access to our Connected Operations Cloud through subscription arrangements, whereby the customer is charged a per-subscription fee for access for a specified term. Subscription agreements contain multiple service elements for one or more of our cloud-based Applications via mobile app(s) or a website that enable data collection and provide access to the cellular network, IoT devices (which we also refer to as connected devices), and support services delivered over the term of the arrangement. Our subscription contracts typically have an initial term of three to five years and are generally non-cancelable and non-refundable, subject to limited exceptions under our standard terms of service and other exceptions for public sector customers, who are often subject to annual budget appropriations cycles. Our Connected Operations Cloud and IoT devices are highly interdependent and interrelated, and represent a combined performance obligation within the context of the contract.

In each of our past two fiscal years, we generated approximately 98% of our revenue from subscriptions to our Connected Operations Cloud. The remaining portion of our revenue not generated from subscriptions to our Connected Operations Cloud is derived from the sale of replacement IoT devices, including gateways, sensors and cameras, related shipping and handling fees, and professional services.

### ***Allocation of Overhead Costs***

Overhead costs that are not substantially dedicated to use by a specific functional group are allocated based on headcount. Such costs include costs associated with office facilities, depreciation of property and equipment, IT and security expenses, and other expenses, such as corporate software, subscription services, and insurance.

### ***Cost of Revenue***

Cost of revenue consists primarily of the amortization of IoT device costs associated with subscription agreements, cellular-related costs, third-party cloud infrastructure expenses, customer support costs, warranty charges, and employee-related costs directly associated with our customer support and operations, including salaries, employee benefits and stock-based compensation, amortization of internal-use software development costs, expenses related to shipping and handling, packaging, fulfillment, warehousing, write-downs of excess and obsolete inventory, and allocated overhead costs.

As our customers expand and increase the use of our Connected Operations Cloud driven by additional IoT devices and Applications, we expect our cost of revenue as a percentage of revenue to remain relatively flat from year to year but may also vary from quarter to quarter as a percentage of our revenue due to the timing and extent of these expenses. We intend to continue to invest additional resources in our Connected Operations Cloud and customer support and operations personnel as we grow our business. The level and timing of investment in these areas will affect our cost of revenue in the future.

### ***Operating Expenses***

*Research and Development*

Research and development expenses consist primarily of employee-related costs, including salaries, employee benefits and stock-based compensation, depreciation and other expenses related to prototyping IoT devices, product initiatives, software subscriptions, hosting used in research and development, and allocated overhead costs. We continue to focus our research and development efforts on adding new features and products and enhancing the utility of our Connected Operations Cloud. We capitalize the portion of our internal-use software development costs that meets the criteria for capitalization.

We expect our research and development expenses to generally increase in absolute dollars for the foreseeable future as we continue to invest in research and development efforts to enhance our Connected Operations Cloud. While we expect our research and development expenses to decrease as a percentage of our revenue over the long term, our research and development expenses may fluctuate as a percentage of our revenue from period to period due to the timing and extent of these expenses.

*Sales and Marketing*

Sales and marketing expenses consist primarily of employee-related costs directly associated with our sales and marketing activities, including salaries, employee benefits and stock-based compensation, and sales commissions. Sales and marketing expenses also include expenditures related to advertising, media, marketing, promotional costs, free trial expenses, brand awareness activities, business development, corporate partnerships, travel, conferences and events, professional services, and allocated overhead costs.

We plan to continue to invest in sales and marketing to grow our customer base and increase our brand awareness. As a result, we expect our sales and marketing expenses to increase in absolute dollars for the foreseeable future. While we expect our sales and marketing expenses to decrease as a percentage of our revenue over the long term, our sales and marketing expenses may fluctuate as a percentage of our revenue from period to period due to the timing and extent of these expenses.

*General and Administrative*

General and administrative expenses consist of employee-related costs for executive, finance, legal, human resources, and facilities personnel, including salaries, employee benefits and stock-based compensation, professional fees for external legal, accounting, recruiting and other consulting services, bad debt, allocated overhead costs, and unallocated lease costs.

We expect our general and administrative expenses to continue to increase in absolute dollars for the foreseeable future to support our growth and because of additional costs associated with legal, accounting, compliance, insurance, investor relations, and other areas associated with being a public company. While we expect our general and administrative expenses to decrease as a percentage of our revenue over the long term, our general and administrative expenses may fluctuate as a percentage of our revenue from period to period due to the timing and extent of these expenses.

*Lease Modification, Impairment, and Related Charges*

Lease modification, impairment, and related charges consist of impairment charges related to the sublease and abandonment of facilities.

We may incur additional lease modification, impairment, and related charges in subsequent periods.

***Interest Income and Other Income (Expense), Net***

Interest income and other income (expense), net, consists primarily of income earned on our money market funds included in cash and cash equivalents, restricted cash, and our short-term and long-term investments, including amortization of premiums and accretion of discounts related to our marketable debt securities, net of associated fees. We also have foreign currency remeasurement gains and losses and foreign currency transaction gains and losses. As we have expanded our global operations, our exposure to fluctuations in foreign currencies has increased, and we expect this to continue.

***Provision for Income Taxes***

Provision for income taxes consists primarily of income taxes in certain foreign jurisdictions in which we conduct business. We maintain a full valuation allowance against our U.S. deferred tax assets because we have concluded that it is more likely than not that the deferred tax assets will not be realized.

**Results of Operations**

**Comparison of the Three and Nine Months Ended October 28, 2023 and October 29, 2022**

***Revenue***

Our total revenue is summarized as follows (in thousands, except percentages):

| | Three Months Ended | | Change | | Nine Months Ended | | Change | |
|---|---|---|---|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | Amount | % | October 28, 2023 | October 29, 2022 | Amount | % |
| Revenue | $ 237,534 | $ 169,800 | $ 67,734 | 40 % | $ 661,111 | $ 465,968 | $ 195,143 | 42 % |

Revenue increased by $67.7 million and $195.1 million, or 40% and 42%, for the three and nine months ended October 28, 2023, respectively, compared to the three and nine months ended October 29, 2022, primarily due to an increase in customer count and increased purchases of our subscription offerings, including subscriptions to additional applications, by existing customers.

***Cost of Revenue, Gross Profit, and Gross Margin***

Our cost of revenue, gross profit, and gross margin are summarized as follows (in thousands, except percentages):

| | Three Months Ended | | Change | | Nine Months Ended | | Change | |
|---|---|---|---|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | Amount | % | October 28, 2023 | October 29, 2022 | Amount | % |
| Cost of revenue | $ 61,585 | $ 47,253 | $ 14,332 | 30 % | $ 178,008 | $ 131,128 | $ 46,880 | 36 % |
| Gross profit | $ 175,949 | $ 122,547 | | | $ 483,103 | $ 334,840 | | |
| Gross margin | 74 % | 72 % | | | 73 % | 72 % | | |

Cost of revenue increased by $14.3 million, or 30%, for the three months ended October 28, 2023 compared to the three months ended October 29, 2022, primarily due to $8.1 million of increased amortization of deferred IoT device costs, $2.3 million of increased employee-related costs primarily due to salaries and benefits and related employer taxes, $1.9 million of increased infrastructure costs associated with our product offerings, $0.9 million of increased warranty costs, and $0.8 million of increased operational costs to support the growth of our subscription offerings. The increases in amortization of deferred IoT device costs and infrastructure costs were driven by increased sales volume year-over-year.

Our gross margin increased to 74% for the three months ended October 28, 2023 compared to 72% for the three months ended October 29, 2022, mainly due to operational efficiencies in infrastructure and direct labor costs.

Cost of revenue increased by $46.9 million, or 36%, for the nine months ended October 28, 2023 compared to the nine months ended October 29, 2022, primarily due to $23.2 million of increased amortization of deferred IoT device costs, $10.7 million of increased employee-related costs, which included a $7.7 million increase in salaries and benefits and related employer taxes and a $3.0 million increase in stock-based compensation expense, $5.4 million of increased infrastructure costs associated with our product offerings, $4.4 million of increased warranty costs, and $2.3 million of increased operational costs to support the growth of our subscription offerings. The increases in amortization of deferred IoT device costs and infrastructure costs were driven by increased sales volume year-over-year.

Our gross margin increased to 73% for the nine months ended October 28, 2023 compared to 72% for the nine months ended October 29, 2022, mainly due to operational efficiencies in infrastructure costs.

***Research and Development***

Research and development expense is summarized as follows (in thousands, except percentages):

| | Three Months Ended | | Change | | Nine Months Ended | | Change | |
|---|---|---|---|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | Amount | % | October 28, 2023 | October 29, 2022 | Amount | % |
| Research and development | $ 60,820 | $ 49,970 | $ 10,850 | 22 % | $ 185,155 | $ 132,802 | $ 52,353 | 39 % |
| Percentage of revenue | 26 % | 29 % | | | 28 % | 29 % | | |

Research and development expense increased by $10.9 million, or 22%, for the three months ended October 28, 2023 compared to the three months ended October 29, 2022, primarily due to a $9.2 million increase in employee-related costs, which included a $5.6 million increase in salaries and benefits and related employer taxes and a $3.6 million increase in stock-based compensation expense, driven primarily by increased headcount to support our research and development organization. A $1.3 million increase in IT-related charges and software subscriptions also contributed to the increase in research and development expense.

Research and development expense increased by $52.4 million, or 39%, for the nine months ended October 28, 2023 compared to the nine months ended October 29, 2022, primarily due to a $44.5 million increase in employee-related costs, which included a $25.5 million increase in salaries and benefits and related employer taxes and a $19.0 million increase in stock-based compensation expense, driven primarily by increased headcount to support our research and development organization. A $5.5 million increase in IT-related charges, rent, and software subscriptions also contributed to the increase in research and development expense.

***Sales and Marketing***

Sales and marketing expense is summarized as follows (in thousands, except percentages):

| | Three Months Ended | | Change | | Nine Months Ended | | Change | |
|---|---|---|---|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | Amount | % | October 28, 2023 | October 29, 2022 | Amount | % |
| Sales and marketing | $ 116,780 | $ 94,056 | $ 22,724 | 24 % | $ 353,643 | $ 273,347 | $ 80,296 | 29 % |
| Percentage of revenue | 49 % | 55 % | | | 53 % | 59 % | | |

Sales and marketing expense increased by $22.7 million, or 24%, for the three months ended October 28, 2023 compared to the three months ended October 29, 2022, primarily due to a $15.3 million increase in employee-related costs, which included a $9.5 million increase in salaries and benefits and related employer taxes and a $7.0 million increase in stock-based compensation expense, primarily driven by increased headcount to support our sales organization, partially offset by a $1.2 million decrease in sales commissions. Our increase in sales and marketing expense was also due to a $3.2 million increase in IT-related charges and software subscriptions, a $1.9 million increase in expenses relating to professional services, and a $0.9 million increase in travel-related expenses and expenses relating to our customer visits, conferences, and other events.

Sales and marketing expense increased by $80.3 million, or 29%, for the nine months ended October 28, 2023 compared to the nine months ended October 29, 2022, primarily due to a $51.2 million increase in employee-related costs, which included a $40.3 million increase in salaries and benefits and related employer taxes and a $10.7 million increase in stock-based compensation expense, primarily driven by increased headcount to support our sales organization. Our increase in sales and marketing expense was also due to a $12.9 million increase in IT-related charges, software subscriptions, and rent, a $6.5 million increase in travel-related expenses and expenses relating to our customer visits, conferences, and other events, a $3.1 million increase in expenses relating to lead generation initiatives, and a $2.2 million increase in expenses relating to professional services.

***General and Administrative***

General and administrative expense is summarized as follows (in thousands, except percentages):

| | Three Months Ended | | Change | | Nine Months Ended | | Change | |
|---|---|---|---|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | Amount | % | October 28, 2023 | October 29, 2022 | Amount | % |
| General and administrative | $ 48,354 | $ 41,997 | $ 6,357 | 15 % | $ 139,888 | $ 127,098 | $ 12,790 | 10 % |
| Percentage of revenue | 20 % | 25 % | | | 21 % | 27 % | | |

General and administrative expense increased by $6.4 million, or 15%, for the three months ended October 28, 2023 compared to the three months ended October 29, 2022, primarily due to a $7.8 million increase in employee-related costs, which included a $4.5 million increase in salaries and benefits and related employer taxes and a $3.4 million increase in stock-based compensation expense, primarily driven by increased headcount to support the growth of our finance, accounting, human resources, and legal functions. Our increase in general and administrative expense was also due to a $1.6 million increase in bad debt expense and a $1.2 million increase in expenses relating to legal fees and professional services. The increases in general and administrative expense were partially offset by a $4.2 million decrease in IT-related charges.

General and administrative expense increased by $12.8 million, or 10%, for the nine months ended October 28, 2023 compared to the nine months ended October 29, 2022, primarily due to a $25.2 million increase in employee-related costs, which included a $17.8 million increase in salaries and benefits and related employer taxes and a $7.4 million increase in stock-based compensation expense, primarily driven by increased headcount to support the growth of our finance, accounting, human resources, and legal functions. Our increase in general and administrative expense was also due to a $3.1 million increase in expenses relating to legal fees and professional services. The increases in g eneral and administrative expense were partially offset by a $15.4 million decrease in IT-related charges and rent.

***Lease Modification, Impairment, and Related Charges***

Lease modification, impairment, and related charges are summarized as follows (in thousands, except percentages):

| | Three Months Ended | | Change | | Nine Months Ended | | Change | |
|---|---|---|---|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | Amount | % | October 28, 2023 | October 29, 2022 | Amount | % |
| Lease modification, impairment, and related charges | $ 4,762 | $ — | $ 4,762 | * | $ 4,762 | $ 1,056 | $ 3,706 | 351 % |

__________

* Not meaningful

Lease modification, impairment, and related charges increased by $4.8 million for the three months ended October 28, 2023 compared to the three months ended October 29, 2022.

Lease modification, impairment, and related charges increased by $3.7 million, or 351%, for the nine months ended October 28, 2023 compared to the nine months ended October 29, 2022.

In the third quarter of fiscal year 2024, we executed a sublease for certain office space that resulted in a $4.8 million impairment to the related right-of-use ("ROU") asset and fixed assets, which we recognized in lease modification, impairment, and related charges for the three and nine months ended October 28, 2023.

In the first quarter of fiscal year 2023, we executed a sublease for certain office space that resulted in a $1.1 million impairment to the related ROU asset, which we recognized in lease modification, impairment, and related charges for the nine months ended October 29, 2022. We did not incur any lease modification, impairment, and related charges in the three months ended October 29, 2022.

***Interest Income and Other Income (Expense), Net***

Interest income and other income (expense), net, are summarized as follows (in thousands, except percentages):

| | Three Months Ended | | Change | | Nine Months Ended | | Change | |
|---|---|---|---|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | Amount | % | October 28, 2023 | October 29, 2022 | Amount | % |
| Interest income and other income (expense), net | $ 9,378 | $ 5,613 | $ 3,765 | 67 % | $ 28,493 | $ 7,094 | $ 21,399 | 302 % |

Interest income and other income (expense), net, increased by $3.8 million, or 67%, for the three months ended October 28, 2023 compared to the three months ended October 29, 2022. The increase was due to an increase in interest income earned due to higher interest yields, a larger investment base, and increased net accretion of discounts for our managed portfolio of marketable debt securities.

Interest income and other income (expense), net, increased by $21.4 million, or 302%, for the nine months ended October 28, 2023 compared to the nine months ended October 29, 2022. $21.2 million of this increase was primarily due to higher net accretion of discounts, higher interest yields on investments and cash, and a larger investment base for our managed portfolio of marketable debt securities.

***Provision for Income Taxes***

Provision for income taxes is summarized as follows (in thousands, except percentages):

| | Three Months Ended | | Change | | Nine Months Ended | | Change | |
|---|---|---|---|---|---|---|---|---|
| | October 28, 2023 | October 29, 2022 | Amount | % | October 28, 2023 | October 29, 2022 | Amount | % |
| Provision for income taxes | $ 142 | $ 692 | $ (550) | (79 %) | $ 1,503 | $ 1,455 | $ 48 | 3 % |
| Effective tax rate | (0.3 %) | (1.2 %) | | | (0.9 %) | (0.8 %) | | |

The provision for income taxes decreased by $0.6 million, or 79%, for the three months ended October 28, 2023 compared to the three months ended October 29, 2022, primarily due to stock-based compensation expense windfalls within our foreign entities.

The provision for income taxes increased by 3% for the nine months ended October 28, 2023 compared to the nine months ended October 29, 2022, primarily due to the growth of our international operations.

### Non-GAAP Financial Measures

To supplement our condensed consolidated financial statements prepared in accordance with generally accepted accounting principles ("GAAP"), we review the following non-GAAP financial measures to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions (in thousands, except percentages):

| | Three Months Ended | |
|---|---|---|
| | October 28, 2023 | October 29, 2022 |
| Non-GAAP gross profit | $ 179,049 | $ 125,232 |
| Non-GAAP gross margin | 75 % | 74 % |
| Non-GAAP income (loss) from operations | $ 12,707 | $ (16,607) |
| Non-GAAP operating margin | 5 % | (10)% |
| Non-GAAP net income (loss) | $ 21,943 | $ (11,686) |

| | Nine Months Ended | |
|---|---|---|
| | October 28, 2023 | October 29, 2022 |
| Free cash flow | $ 21,205 | $ (125,885) |
| Free cash flow margin | 3 % | (27)% |

#### *Limitations and Reconciliations of Non-GAAP Financial Measures*

Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as substitutes for financial information presented under GAAP. There are a number of limitations related to the use of non-GAAP financial measures versus comparable financial measures determined under GAAP. For example, other companies in our industry may calculate these non-GAAP financial measures differently or may use other measures to evaluate their performance. In addition, free cash flow does not reflect our future contractual commitments or the total increase or decrease of our cash balance for a given period. These and other limitations could reduce the usefulness of these non-GAAP financial measures as analytical tools. Investors are encouraged to review the related GAAP financial measures and the reconciliations of these non-GAAP financial measures to their most directly comparable GAAP financial measures and to not rely on any single financial measure to evaluate our business.

#### *Non-GAAP Gross Profit and Non-GAAP Gross Margin*

We define non-GAAP gross profit as gross profit excluding the effect of stock-based compensation expense-related charges, including employer taxes on employee equity transactions, included in cost of revenue. Non-GAAP gross margin is defined as non-GAAP gross profit as a percentage of total revenue. We use non-GAAP gross profit and non-GAAP gross margin in conjunction with traditional GAAP measures to evaluate our financial performance. We believe that non-GAAP gross profit and non-GAAP gross margin provide our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of operations. The following table presents a reconciliation of our non-GAAP gross profit to our GAAP gross profit for the periods presented (in thousands, except percentages):

| | Three Months Ended | |
|---|---|---|
| | October 28, 2023 | October 29, 2022 |
| Gross profit | $ 175,949 | $ 122,547 |
| Add: | | |
| Stock-based compensation expense-related charges [1] | 3,100 | 2,685 |
| Non-GAAP gross profit | $ 179,049 | $ 125,232 |
| GAAP gross margin | 74 % | 72 % |
| Non-GAAP gross margin | 75 % | 74 % |

[1] Stock-based compensation expense-related charges included approximately $0.2 million and $0.1 million of employer taxes on employee equity transactions for the three months ended October 28, 2023 and October 29, 2022, respectively.

***Non-GAAP Income (Loss) from Operations and Non-GAAP Operating Margin***

We define non-GAAP income (loss) from operations, or non-GAAP operating income (loss), as income (loss) from operations excluding the effect of stock-based compensation expense-related charges, including employer taxes on employee equity transactions, and lease modification, impairment, and related charges. Non-GAAP operating margin is defined as non-GAAP operating income (loss) as a percentage of total revenue. We use non-GAAP income (loss) from operations and non-GAAP operating margin in conjunction with traditional GAAP measures to evaluate our financial performance. We believe that non-GAAP income (loss) from operations and non-GAAP operating margin provide our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of operations. The following table presents a reconciliation of our non-GAAP income (loss) from operations to our GAAP loss from operations for the periods presented (in thousands, except percentages):

| | Three Months Ended | |
|---|---|---|
| | October 28, 2023 | October 29, 2022 |
| Loss from operations | $ (54,767) | $ (63,476) |
| Add: | | |
| Stock-based compensation expense-related charges [1] | 62,712 | 46,869 |
| Lease modification, impairment, and related charges | 4,762 | — |
| Non-GAAP income (loss) from operations | $ 12,707 | $ (16,607) |
| GAAP operating margin | (23)% | (37)% |
| Non-GAAP operating margin | 5 % | (10)% |

__________

(1) Stock-based compensation expense-related charges included approximately $2.9 million and $1.3 million of employer taxes on employee equity transactions for the three months ended October 28, 2023 and October 29, 2022, respectively.

***Non-GAAP Net Income (Loss)***

We define non-GAAP net income (loss) as net loss excluding the effect of stock-based compensation expense-related charges, including employer taxes on employee equity transactions, and lease modification, impairment, and related charges. We use non-GAAP net income (loss) in conjunction with traditional GAAP measures to evaluate our financial performance. We believe that non-GAAP net income (loss) provides our management and investors consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations. The following table presents a reconciliation of our non-GAAP net income (loss) to our GAAP net loss for the periods presented (in thousands, except percentages):

| | Three Months Ended | |
|---|---|---|
| | October 28, 2023 | October 29, 2022 |
| Net loss | $ (45,531) | $ (58,555) |
| Add: | | |
| Stock-based compensation expense-related charges, net of applicable taxes | 62,712 | 46,869 |
| Lease modification, impairment, and related charges, net of applicable taxes | 4,762 | — |
| Non-GAAP net income (loss) | $ 21,943 | $ (11,686) |

***Free Cash Flow and Free Cash Flow Margin***

We define free cash flow as net cash provided by (used in) operating activities reduced by cash used for purchases of property and equipment. Free cash flow margin is calculated as free cash flow as a percentage of total revenue. We believe that free cash flow and free cash flow margin, even if negative, are useful in evaluating liquidity and provide information to management and investors about our ability to fund future operating needs and strategic initiatives. The following table presents a reconciliation of free cash flow to net cash provided by (used in) operating activities for the periods presented (in thousands, except percentages):

| | Nine Months Ended | |
|---|---|---|
| | October 28, 2023 | October 29, 2022 |
| Net cash provided by (used in) operating activities | $ 30,063 | $ (98,648) |
| Purchase of property and equipment | (8,858) | (27,237) |
| Free cash flow [(1)] | $ 21,205 | $ (125,885) |
| Net cash provided by (used in) operating activities margin | 5 % | (21)% |
| Free cash flow margin [(1)] | 3 % | (27)% |
| Net cash used in investing activities | $ (36,042) | $ (382,535) |
| Net cash provided by financing activities | $ 12,019 | $ 7,480 |

__________

(1) Includes net cash paid (received) for non-recurring capital expenditures associated with the build-out of our corporate office facilities in San Francisco, California, net of tenant allowances (in thousands):

| | Nine Months Ended | |
|---|---|---|
| | October 28, 2023 | October 29, 2022 |
| Purchase of property and equipment for build-out of corporate office facilities, net of tenant allowances [(2)] | $ (10,179) | $ 21,874 |

(2) In April 2023, we settled a lease dispute which was primarily related to lease incentives associated with leasehold improvements in the form of a tenant allowance and received $11.3 million. This claim is unrelated to the claim discussed under the caption "*Lease-Related Litigation*" in Note 9, "Commitments and Contingencies," to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

**Liquidity and Capital Resources**

Liquidity is a measure of our ability to access sufficient cash flows to meet the short-term and long-term cash requirements of our business operations.

Since our founding, we have financed our operations primarily through the sale of equity securities and payments received from our customers. In December 2021, we completed our initial public offering ("IPO"), which resulted in aggregate net proceeds of $846.7 million, including proceeds from the underwriters' exercise of their option to purchase additional shares of our Class A common stock in January 2022 and net of underwriting discounts and commissions. We have generated significant operating losses from our operations, as reflected in our accumulated deficit of $1,341.7 million as of October 28, 2023. While we achieved positive free cash flow beginning in the first quarter of fiscal year 2024, we intend to continue making investments in our business, and as a result, we may require additional capital resources to execute on our strategic initiatives to grow our business, particularly if we generate negative cash flows in future quarters. We believe that our existing cash, cash equivalents, and short-term and long-term investments will be sufficient to support working capital, including our non-cancelable arrangements, and capital expenditure requirements for at least the next 12 months.

As of October 28, 2023, our principal sources of liquidity were cash, cash equivalents, and short-term and long-term investments of $849.2 million. Cash and cash equivalents consisted of cash on deposit with banks as well as highly liquid investments with an original maturity of 90 days or less, when purchased. Our investments primarily consisted of U.S. government and agency securities, corporate notes and bonds, and commercial paper. Our primary uses of cash include personnel-related costs, third-party cloud infrastructure expenses, sales and marketing expenses, overhead costs, and funding other working capital requirements, such as inventory and connected device costs to meet our performance obligations related to our Connected Operations Cloud.

Our future capital requirements will depend on many factors, including, but not limited to, our growth, our ability to attract and retain customers, the continued market acceptance of our solution, the timing and extent of spending necessary to support our efforts to develop our Connected Operations Cloud and meet our performance obligations related to our Connected Operations Cloud, the expansion of sales and marketing activities, and the impact of macroeconomic conditions on our and our customers' and partners' businesses. Further, we may in the future enter into arrangements to acquire or invest in businesses, products, services, and technologies. We may be required to seek additional equity or debt financing. In the event that additional financing is required, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, financial condition, and results of operations could be adversely affected.

***Cash Flows***

The following table shows a summary of our cash flows for the periods presented (in thousands):

| | Nine Months Ended | |
|---|---|---|
| | October 28, 2023 | October 29, 2022 |
| Net cash provided by (used in) operating activities | $ 30,063 | $ (98,648) |
| Net cash used in investing activities | $ (36,042) | $ (382,535) |
| Net cash provided by financing activities | $ 12,019 | $ 7,480 |

*Operating Activities*

Our largest source of operating cash is payments received from our customers. Our primary uses of cash from operating activities are for employee-related expenses, sales and marketing expenses, inventory and connected device costs, third-party cloud and cellular infrastructure expenses, and overhead expenses. We have generated negative cash flows from operations in each of the past two fiscal years, and have supplemented working capital through net proceeds from the sale of equity securities.

Cash provided by (used in) operating activities mainly consists of our net loss adjusted for certain non-cash items, including stock-based compensation, net accretion of discounts on marketable debt securities, depreciation and amortization of property and equipment, lease modification, impairment, and related charges, and non-cash operating lease costs, and changes in operating assets and liabilities during each period.

Cash provided by operating activities was $30.1 million for the nine months ended October 28, 2023. This consisted of a net loss of $173.4 million, adjusted for non-cash charges of $177.3 million, and changes in our operating assets and liabilities of $26.1 million. The non-cash charges were primarily comprised of stock-based compensation expense of $172.4 million, depreciation and amortization of $10.8 million, and lease modification, impairment, and related charges of $4.8 million, partially offset by net accretion of discounts on marketable debt securities of $12.7 million. Changes in our operating assets and liabilities during the nine months ended October 28, 2023 reflect increases in deferred revenue due to the growth of our business, lower inventories due to operating efficiencies in our order fulfillment processes, and lower operating lease ROU assets, partially offset by higher connected device costs, higher deferred commissions, and higher prepaid expenses and other current assets during the nine months ended October 28, 2023.

Cash used in operating activities was $98.6 million for the nine months ended October 29, 2022. This consisted of a net loss of $193.8 million, adjusted for non-cash charges of $146.2 million, and changes in our operating assets and liabilities of $51.1 million. The non-cash charges were primarily comprised of stock-based compensation expense of $133.5 million, depreciation and amortization of $8.4 million, bad debt expense of $4.5 million, and lease modification, impairment, and related charges of $1.1 million.

*Investing Activities*

Cash used in investing activities was $36.0 million for the nine months ended October 28, 2023, which primarily consisted of $541.4 million of purchases of investments and $8.9 million of capital expenditures for internal-use software development costs and our office facilities, partially offset by $508.1 million of proceeds from maturities and redemptions of investments and $6.2 million of proceeds from sales of investments.

Cash used in investing activities was $382.5 million for the nine months ended October 29, 2022, which primarily consisted of $355.7 million of purchases of investments and 27.2 million of capital expenditures for additional office facilities.

*Financing Activities*

Cash provided by financing activities was $12.0 million for the nine months ended October 28, 2023, which primarily consisted of $13.4 million of proceeds from purchases under the 2021 Employee Stock Purchase Plan (the "2021 ESPP") and exercises of stock options, partially offset by $1.4 million in payments of principal on finance leases.

Cash provided by financing activities was $7.5 million for the nine months ended October 29, 2022, which primarily consisted of $10.9 million of proceeds from purchases under the 2021 ESPP and exercises of stock options, partially offset by $2.5 million in payments of offering costs.

***Contractual Obligations and Commitments***

Our estimated future obligations consist of leases and non-cancelable purchase commitments as of October 28, 2023. For additional discussion on our leases and other commitments, refer to Notes 7, “Leases,” and 9, “Commitments and Contingencies,” to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

**Critical Accounting Policies and Estimates**

Our condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q are prepared in accordance with GAAP.

The preparation of our condensed consolidated financial statements in conformity with GAAP requires us to make estimates and judgments that affect the amounts reported in those financial statements and accompanying notes. Although we believe that the estimates we use are reasonable, due to the inherent uncertainty involved in making those estimates, actual results reported in future periods could differ from those estimates.

There were no material changes to our critical accounting policies and estimates during the nine months ended October 28, 2023.

**Recent Accounting Pronouncements**

For information on recently issued accounting pronouncements, see Note 2 to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

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

We are exposed to market risks in connection with our business, which primarily relate to fluctuations in interest rates and foreign exchange and inflation risks.

***Interest Rate Risk***

As of October 28, 2023, we had $849.2 million of cash, cash equivalents, and short-term and long-term investments in a variety of marketable debt securities, including U.S. government and agency securities, corporate notes and bonds, and commercial paper. In addition, we had $21.7 million of restricted cash primarily due to outstanding letters of credit. Our cash, cash equivalents, and short-term and long-term investments are held for working capital purposes. We do not enter into investments for trading or speculative purposes. Our cash equivalents and our portfolio of marketable debt securities are subject to market risk due to changes in interest rates. A hypothetical 100 basis point increase or decrease in interest rates would have resulted in a decrease or an increase of $4.4 million in the market value of our cash equivalents, and short-term and long-term investments as of October 28, 2023.

***Foreign Currency Exchange Risk***

Our reporting currency is the U.S. dollar. The functional currency of our wholly-owned foreign subsidiaries is the U.S. dollar or the Mexican peso. A substantial majority of our sales are denominated in U.S. dollars, and therefore our revenue is not currently subject to significant foreign currency risk. Our operating expenses are denominated in the currencies of the countries in which our operations are located, which are primarily in the United States and the United Kingdom. Our condensed consolidated results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates. To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative financial instruments, although we may choose to do so in the future. We do not believe that a hypothetical 10% increase or decrease in the relative value of the U.S. dollar to other currencies during any of the periods presented would have had a material impact on our condensed consolidated financial statements.

***Inflation Risk***

We do not believe that inflation has had a material impact on our condensed consolidated financial statements. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could have a material impact on our condensed consolidated financial statements.

## Item 4. Controls and Procedures

### Evaluation of Disclosure Controls and Procedures

Our management, with the participation and supervision of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q.

Based on that evaluation, our principal executive officer and principal financial officer have concluded that as of the end of the period covered by this report, our disclosure controls and procedures are designed to, and are effective to, provide reasonable assurance that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures.

### Changes in Internal Control Over Financial Reporting

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our most recently completed fiscal quarter. Based on that evaluation, our principal executive officer and principal financial officer concluded that there has not been any material change in our internal control over financial reporting during the fiscal quarter ended October 28, 2023 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### Limitations on Effectiveness of Controls and Procedures and Internal Control Over Financial Reporting

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and fraud. A control system, no matter how well designed 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, 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 an 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. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions or the degree of compliance with policies or procedures may deteriorate. Due to inherent limitations in a control system, misstatements due to error or fraud may occur and may not be detected.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings

We are involved in various legal proceedings arising from the normal course of business activities. We are not presently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows, or financial condition. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors. For additional information on legal proceedings, refer to the section titled “Litigation” under Note 9, “Commitments and Contingencies,” to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

### Item 1A. Risk Factors

Our business, operations, and financial condition are subject to various risks and uncertainties that could materially adversely affect our business, results of operations, financial condition, growth prospects, and the trading price of our Class A common stock. You should carefully consider the risks and uncertainties described under the section “Risk Factors” in (1) Part 1, Item 1A of our Annual Report on Form 10-K filed with the SEC on March 21, 2023, (2) Part II, Item 1A of our Quarterly Report on Form 10-Q filed with the SEC on June 6, 2023, and (3) Part II, Item 1A of our Quarterly Report on Form 10-Q filed with the SEC on September 5, 2023, together with all of the other information contained in this Quarterly Report on Form 10-Q, including the sections titled “Special Note Regarding Forward-Looking Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q. These factors, among others not currently known by us or that we currently do not believe are material, could cause our actual results to differ materially from historical results and those expressed in forward-looking statements made by us or on our behalf in filings with the SEC, press releases, communications with investors, and oral and other statements.

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

***Unregistered Sales of Equity Securities***

None.

***Use of Proceeds***

On December 17, 2021, we completed our IPO. The offer and sale of the shares in the IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-261204), which was declared effective by the SEC on December 14, 2021.

There has been no material change in the planned use of proceeds from the IPO as described in our final prospectus dated December 14, 2021 and filed on December 15, 2021 with the SEC pursuant to Rule 424(b) under the Securities Act.

***Issuer Purchases of Equity Securities***

None.

### Item 3. Defaults Upon Senior Securities

Not applicable.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

***Rule 10b5-1 Trading Arrangements***

Sanjit Biswas, our Chief Executive Officer and Director, entered into trading plans on behalf of affiliated family trusts that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). The plans provide for the sale of an aggregate of up to 5,000,000 shares of our Class A common stock. The plans were adopted on September 29, 2023 and will terminate on December 28, 2024, subject to early termination for certain specified events set forth in the plans.

John Bicket, our Executive Vice President, Chief Technology Officer and Director, entered into trading plans on behalf of affiliated family trusts that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). The plans provide for the sale of an aggregate of up to 5,000,000 shares of our Class A common stock. The plans were adopted on September 29, 2023 and will terminate on December 28, 2024, subject to early termination for certain specified events set forth in the plans.

Jonathan Chadwick, one of our Directors, entered into a trading plan that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). The plan provides for the sale of up to 61,030 shares of our Class A common stock. The plan was adopted on June 27, 2023 and will terminate on September 29, 2024, subject to early termination for certain specified events set forth in the plan.

Adam Eltoukhy, our Executive Vice President, Chief Legal Officer and Corporate Secretary, entered into a trading plan that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). The plan provides for the sale of up to 286,051 shares of our Class A common stock (less any shares that may be withheld by us or separately sold by a broker to generate funds to cover the withholding taxes associated with the vesting of his Samsara equity awards). The plan was adopted on September 11, 2023 and will terminate on December 13, 2024, subject to early termination for certain specified events set forth in the plan.

James Andrew Munk, our Chief Accounting Officer, entered into a trading plan that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). The plan provides for the sale of up to 30,910 shares of our Class A common stock (less any shares that may be withheld by us or separately sold by a broker to generate funds to cover the withholding taxes associated with the vesting of his Samsara equity awards). In addition, up to 25% of the net shares of Class A common stock received by Mr. Munk after taxes in connection with the vesting of any newly granted Samsara equity awards may be sold under the plan. The plan was adopted on September 27, 2023 and will terminate on December 27, 2024, subject to early termination for certain specified events set forth in the plan.

During the quarterly period ended October 28, 2023, no other director or officer, as defined in Rule 16a-1(f), adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” each as defined in Regulation S-K, Item 408.

**Item 6. Exhibits**

**EXHIBIT INDEX**

| | | Incorporated by Reference | | | |
|---|---|---|---|---|---|
| **Exhibit Number** | **Description** | **Form** | **File Number** | **Exhibit** | **Filing Date** |
| 3.1 | Amended and Restated Certificate of Incorporation of the registrant, as amended and currently in effect. | S-1 | 333-261204 | 3.2 | 11/19/2021 |
| 3.2 | Amended and Restated Bylaws of the registrant, effective November 30, 2022. | 10-Q | 001-41140 | 3.2 | 12/6/2022 |
| 31.1* | Section 302 Certification of Principal Executive Officer. | | | | |
| 31.2* | Section 302 Certification of Principal Financial Officer. | | | | |
| 32.1*# | Section 906 Certification of Principal Executive Officer. | | | | |
| 32.2*# | Section 906 Certification of Principal Financial Officer. | | | | |
| 101.INS | Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. | | | | |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document | | | | |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document | | | | |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document | | | | |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document | | | | |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document | | | | |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) | | | | |

* Filed herewith.

\# The certifications attached as Exhibit 32.1 and 32.2 accompany this Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed “filed” by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any of the Registrant’s filings under the Securities Act of 1933, as amended, irrespective of any general incorporation language contained in any such filing.

## SIGNATURES

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

**SAMSARA INC.**

| | | |
|---|---|---|
| Date: December 5, 2023 | By: | /s/ Sanjit Biswas |
| | | Sanjit Biswas |
| | | Chief Executive Officer |
| | | *(Principal Executive Officer)* |
| Date: December 5, 2023 | By: | /s/ Dominic Phillips |
| | | Dominic Phillips |
| | | Chief Financial Officer |
| | | *(Principal Financial Officer)* |

**Exhibit 31.1**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**

**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sanjit Biswas, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Samsara 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2023

By: /s/ Sanjit Biswas

Sanjit Biswas

Chief Executive Officer

*(Principal Executive Officer)*

**Exhibit 31.2**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**
**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Dominic Phillips, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Samsara 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2023

By: /s/ Dominic Phillips
Dominic Phillips
Chief Financial Officer
*(Principal Financial Officer)*

**Exhibit 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**

I, Sanjit Biswas, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Samsara Inc. for the period ended October 28, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Samsara Inc.

| | | |
|---|---|---|
| Date: December 5, 2023 | By: | /s/ Sanjit Biswas |
| | | Sanjit Biswas |
| | | Chief Executive Officer |
| | | *(Principal Executive Officer)* |

**Exhibit 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**

I, Dominic Phillips, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Samsara Inc. for the period ended October 28, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Samsara Inc.

Date: December 5, 2023

By: /s/ Dominic Phillips
Dominic Phillips
Chief Financial Officer
*(Principal Financial Officer)*