

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

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2024
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number: 001-40550

Intapp, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization)	46-1467620 (I.R.S. Employer Identification No.)
3101 Park Blvd Palo Alto, California (Address of principal executive offices)	94306 (Zip Code)
Registrant's telephone number, including area code: (650) 852-0400	

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	INTA	The Nasdaq Global Select Market

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

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

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

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

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

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

As of April 30, 2024, the registrant had 73,430,522 shares of common stock, \$0.001 par value per share, outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, particularly in the sections captioned "Risk Factors" under Part II, Item 1A, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" under Part I, Item 2, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including statements regarding our future operating results and financial position, our business strategy and plans, potential acquisitions, market growth and trends, and our objectives for future operations, are forward-looking statements. You can identify these forward-looking statements by the use of forward-looking words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "objective," "ongoing," "plan," "predict," "project," "potential," "should," "will," or "would," or the negative version of those words or other comparable words. Any forward-looking statements contained in this Quarterly Report on Form 10-Q are based upon our historical performance and on our current plans, estimates and expectations in light of information currently available to us. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to our operations, financial results, financial condition, business, prospects, growth strategy, and liquidity. Accordingly, there are, or will be, important factors that could cause our actual results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to:

- our ability to continue our growth at or near historical rates;
- our future financial performance and ability to be profitable;
- the effect of global events on the United States ("U.S.") and global economies, our business, our employees, results of operations, financial condition, demand for our products, sales and implementation cycles, and the health of our clients' and partners' businesses;
- our ability to prevent and respond to data breaches, unauthorized access to client data or other disruptions of our solutions;
- our ability to effectively manage U.S. and global market and economic conditions, including inflationary pressures, economic and market downturns and volatility in the financial services industry, particularly adverse to our targeted industries;
- the length and variability of our sales cycle;
- our ability to attract and retain clients;
- our ability to attract and retain talent;
- our ability to compete in highly competitive markets, including artificial intelligence ("AI") products;
- our ability to manage additional complexity, burdens, and volatility in connection with our international sales and operations;
- the successful assimilation or integration of the businesses, technologies, services, products, personnel or operations of acquired companies;
- our ability to incur indebtedness in the future and the effect of conditions in credit markets;
- the sufficiency of our cash and cash equivalents to meet our liquidity needs; and
- our ability to maintain, protect, and enhance our intellectual property rights.

These statements are based upon information available to us as of the date of this report, 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 the section titled "Risk Factors" set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q and in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended June 30, 2023 for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties. As a result of these factors, we cannot assure you that the forward-looking statements in this Quarterly Report on Form 10-Q will prove to be accurate. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

You should read this Quarterly Report on Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

PART I—FINANCIAL INFORMATION
Item 1. Financial Statements

INTAPP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)
(unaudited)

	March 31, 2024	June 30, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 187,426	\$ 130,377
Restricted cash	200	808
Accounts receivable, net of allowance of \$1,702 and \$994 as of March 31, 2024 and June 30, 2023, respectively	80,420	92,973
Unbilled receivables, net	16,465	10,661
Other receivables, net	2,136	878
Prepaid expenses	8,437	7,335
Deferred commissions, current	13,057	11,807
Total current assets	308,141	254,839
Property and equipment, net	18,282	16,366
Operating lease right-of-use assets	22,211	17,180
Goodwill	278,883	278,890
Intangible assets, net	35,323	43,257
Deferred commissions, noncurrent	17,043	16,529
Other assets	4,319	1,846
Total assets	<u>\$ 684,202</u>	<u>\$ 628,907</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 15,359	\$ 6,018
Accrued compensation	35,970	39,761
Accrued expenses	11,423	11,626
Deferred revenue, net	195,502	191,042
Other current liabilities	12,880	10,902
Total current liabilities	271,134	259,349
Deferred tax liabilities	1,098	1,422
Deferred revenue, noncurrent	1,828	1,355
Operating lease liabilities, noncurrent	20,395	16,195
Other liabilities	3,775	9,378
Total liabilities	298,230	287,699
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred stock, \$0.001 par value per share, 50,000 shares authorized; no shares issued or outstanding as of March 31, 2024 and June 30, 2023, respectively	—	—
Common stock, \$0.001 par value per share, 700,000 shares authorized; 73,386 and 68,574 shares issued and outstanding as of March 31, 2024 and June 30, 2023, respectively	73	69
Additional paid-in capital	873,834	797,639
Accumulated other comprehensive loss	(1,350)	(1,339)
Accumulated deficit	(486,585)	(455,161)
Total stockholders' equity	385,972	341,208
Total liabilities and stockholders' equity	<u>\$ 684,202</u>	<u>\$ 628,907</u>

See accompanying notes to unaudited condensed consolidated financial statements.

INTAPP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Revenues				
SaaS and support	\$ 80,817	\$ 66,051	\$ 230,987	\$ 184,469
Subscription license	16,520	13,577	44,566	36,804
Total recurring revenues	97,337	79,628	275,553	221,273
Professional services	13,302	12,396	40,594	34,981
Total revenues	110,639	92,024	316,147	256,254
Cost of revenues				
SaaS and support	14,902	13,644	43,731	38,498
Total cost of recurring revenues	14,902	13,644	43,731	38,498
Professional services	15,679	14,846	49,192	42,111
Total cost of revenues	30,581	28,490	92,923	80,609
Gross profit	80,058	63,534	223,224	175,645
Operating expenses:				
Research and development	27,319	25,281	83,796	68,352
Sales and marketing	35,256	34,946	104,944	99,796
General and administrative	24,929	21,552	66,977	62,715
Lease modification and impairment	—	—	—	1,601
Total operating expenses	87,504	81,779	255,717	232,464
Operating loss	(7,446)	(18,245)	(32,493)	(56,819)
Interest and other income (expense), net	758	(253)	1,872	(836)
Net loss before income taxes	(6,688)	(18,498)	(30,621)	(57,655)
Income tax benefit (expense)	(202)	351	(803)	(300)
Net loss	\$ (6,890)	\$ (18,147)	\$ (31,424)	\$ (57,955)
Net loss per share, basic and diluted	\$ (0.09)	\$ (0.28)	\$ (0.44)	\$ (0.91)
Weighted-average shares used to compute net loss per share, basic and diluted	72,634	64,327	70,690	63,487

See accompanying notes to unaudited condensed consolidated financial statements.

INTAPP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)
(unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Net loss	\$ (6,890)	\$ (18,147)	\$ (31,424)	\$ (57,955)
Other comprehensive income (loss):				
Foreign currency translation adjustments	(72)	180	(11)	153
Other comprehensive income (loss):	(72)	180	(11)	153
Comprehensive loss	<u>\$ (6,962)</u>	<u>\$ (17,967)</u>	<u>\$ (31,435)</u>	<u>\$ (57,802)</u>

See accompanying notes to unaudited condensed consolidated financial statements.

INTAPP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

	Three Months Ended March 31, 2024					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensiv e Loss	Accumulate d Deficit	Total Stockholder s' Equity
	Shares	Amount				
Balance as of December 31, 2023	71,941	\$ 72	\$ 852,558	\$ (1,278)	\$ (479,695)	\$ 371,657
Issuance of common stock upon exercise of stock options	882	—	7,251	—	—	7,251
Vesting of performance stock units and restricted stock units	563	1	(1)	—	—	—
Stock-based compensation	—	—	14,026	—	—	14,026
Foreign currency translation adjustments	—	—	—	(72)	—	(72)
Net loss	—	—	—	—	(6,890)	(6,890)
Balance as of March 31, 2024	<u>73,386</u>	<u>\$ 73</u>	<u>\$ 873,834</u>	<u>\$ (1,350)</u>	<u>\$ (486,585)</u>	<u>\$ 385,972</u>

	Three Months Ended March 31, 2023					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensiv e Loss	Accumulate d Deficit	Total Stockholder s' Equity
	Shares	Amount				
Balance as of December 31, 2022	63,651	\$ 64	\$ 680,035	\$ (1,699)	\$ (425,544)	\$ 252,856
Issuance of common stock upon exercise of stock options	1,108	1	11,246	—	—	11,247
Vesting of performance stock units and restricted stock units	462	—	—	—	—	—
Stock-based compensation	—	—	18,759	—	—	18,759
Foreign currency translation adjustments	—	—	—	180	—	180
Net loss	—	—	—	—	(18,147)	(18,147)
Balance as of March 31, 2023	<u>65,221</u>	<u>\$ 65</u>	<u>\$ 710,040</u>	<u>\$ (1,519)</u>	<u>\$ (443,691)</u>	<u>\$ 264,895</u>

See accompanying notes to unaudited condensed consolidated financial statements.

INTAPP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

	Nine Months Ended March 31, 2024					
	Common stock		Additional Paid-in Capital	Accumulated Other Comprehensiv e Loss	Accumulate d Deficit	Total Stockholder s' Equity
	Shares	Amount				
Balance as of June 30, 2023	68,574	\$ 69	\$ 797,639	\$ (1,339)	\$ (455,161)	\$ 341,208
Issuance of common stock upon exercise of stock options	2,523	2	25,185	—	—	25,187
Vesting of performance stock units and restricted stock units	2,208	2	(2)	—	—	—
Issuance of common stock under employee stock purchase plan	81	—	1,725	—	—	1,725
Stock-based compensation	—	—	49,291	—	—	49,291
Issuance of common stock upon follow-on offering, net of offering costs of \$1,569	—	—	(4)	—	—	(4)
Foreign currency translation adjustments	—	—	—	(11)	—	(11)
Net loss	—	—	—	—	(31,424)	(31,424)
Balance as of March 31, 2024	<u>73,386</u>	<u>\$ 73</u>	<u>\$ 873,834</u>	<u>\$ (1,350)</u>	<u>\$ (486,585)</u>	<u>\$ 385,972</u>

	Nine Months Ended March 31, 2023					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensiv e Loss	Accumulate d Deficit	Total Stockholder s' Equity
	Shares	Amount				
Balance as of June 30, 2022	62,739	\$ 63	\$ 643,227	\$ (1,672)	\$ (385,736)	\$ 255,882
Issuance of common stock upon exercise of stock options	1,531	2	15,725	—	—	15,727
Vesting of performance stock units and restricted stock units, net of shares withheld for taxes	885	—	(4,948)	—	—	(4,948)
Issuance of common stock under employee stock purchase plan	66	—	1,241	—	—	1,241
Stock-based compensation	—	—	54,795	—	—	54,795
Foreign currency translation adjustments	—	—	—	153	—	153
Net loss	—	—	—	—	(57,955)	(57,955)
Balance as of March 31, 2023	<u>65,221</u>	<u>\$ 65</u>	<u>\$ 710,040</u>	<u>\$ (1,519)</u>	<u>\$ (443,691)</u>	<u>\$ 264,895</u>

See accompanying notes to unaudited condensed consolidated financial statements.

INTAPP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended March 31,	
	2024	2023
Cash Flows from Operating Activities:		
Net loss	\$ (31,424)	\$ (57,955)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	12,006	11,406
Amortization of operating lease right-of-use assets	3,522	3,510
Accounts receivable allowances	2,795	1,402
Stock-based compensation	49,291	54,795
Lease modification and impairment	—	1,601
Change in fair value of contingent consideration	(1,725)	(873)
Deferred income taxes	(324)	(452)
Other	115	115
Changes in operating assets and liabilities:		
Accounts receivable	10,101	(2,370)
Unbilled receivables, current	(5,804)	(5,879)
Prepaid expenses and other assets	(4,135)	214
Deferred commissions	(1,764)	(2,116)
Accounts payable and accrued liabilities	6,266	(5,472)
Deferred revenue, net	4,933	22,257
Operating lease liabilities	(3,483)	(4,594)
Other liabilities	(218)	1,245
Net cash provided by operating activities	40,152	16,834
Cash Flows from Investing Activities:		
Purchases of property and equipment	(1,728)	(2,054)
Capitalized internal-use software costs	(5,217)	(3,876)
Investment in note receivable	—	(500)
Net cash used in investing activities	(6,945)	(6,430)
Cash Flows from Financing Activities:		
Payments for deferred offering costs	(781)	(57)
Proceeds from stock option exercises	25,187	15,727
Proceeds from employee stock purchase plan	1,725	1,241
Payments related to tax withholding for vested equity awards	—	(4,948)
Payments of deferred contingent consideration and holdback associated with acquisitions	(2,551)	(22,290)
Net cash provided by (used in) financing activities	23,580	(10,327)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(346)	(422)
Net increase (decrease) in cash, cash equivalents and restricted cash	56,441	(345)
Cash, cash equivalents and restricted cash - beginning of period	131,185	54,311
Cash, cash equivalents and restricted cash - end of period	<u>\$ 187,626</u>	<u>\$ 53,966</u>
Reconciliation of cash, cash equivalents and restricted cash to the condensed consolidated balance sheets:		
Cash and cash equivalents	\$ 187,426	\$ 53,159
Restricted cash	200	807
Total cash, cash equivalents and restricted cash	<u>\$ 187,626</u>	<u>\$ 53,966</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$ 1	\$ 2
Cash paid for income taxes, net of tax refunds	\$ 1,715	\$ 1,570
Non-cash investing and financing activities:		
Purchases of property and equipment in accounts payable and accrued liabilities	\$ 402	\$ 186
Changes in capitalized internal-use software costs in accounts payable and accrued liabilities	\$ (378)	\$ 412
Changes in deferred offering costs in accounts payable and accrued liabilities	\$ (776)	\$ 11

See accompanying notes to unaudited condensed consolidated financial statements.

Intapp, Inc.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Description of Business

Intapp, Inc. ("Intapp" or the "Company") is a leading global provider of AI-powered solutions for professionals at advisory, capital markets and legal firms. Intapp is a holding company and conducts its operations through its wholly-owned subsidiary, Integration Appliance, Inc. Intapp software helps professionals unlock their teams' knowledge, relationships, and operational insights to increase value for their firms. Using the power of Applied AI, Intapp makes firm and market intelligence easy to find, understand, and use. With Intapp's portfolio of vertical SaaS solutions, professionals can apply their collective expertise to make smarter decisions, manage risk, and increase competitive advantage. The world's top firms — across accounting, consulting, investment banking, legal, private capital, and real assets — trust Intapp's industry-specific platform and solutions to modernize and drive new growth. The Company serves clients primarily in the U.S. and the United Kingdom ("U.K."). References to "the Company," "us," "we," or "our" in these unaudited condensed consolidated financial statements refer to the consolidated operations of Intapp and its consolidated subsidiaries.

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

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and the requirements of the U.S. Securities and Exchange Commission (the "SEC") for interim reporting. Certain information and disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. 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 June 30, 2023 filed with the SEC on September 7, 2023. The unaudited condensed consolidated financial statements include accounts of the Company and its consolidated subsidiaries, after eliminating all inter-company transactions and balances.

The interim unaudited condensed consolidated financial statements have been prepared on a basis consistent with the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal and recurring adjustments, necessary to state fairly the Company's financial condition, its operations and cash flows for the periods presented. The historical results are not necessarily indicative of future results, and the results of operations for the three and nine months ended March 31, 2024 are not necessarily indicative of the results to be expected for the full year or any other period.

Use of Estimates

The preparation of the accompanying unaudited condensed consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported and disclosed in the unaudited condensed consolidated financial statements and accompanying notes. Those estimates and assumptions include, but are not limited to, revenue recognition including determination of the standalone selling price ("SSP") of the deliverables included in multiple deliverable revenue arrangements; allowance for credit losses; the depreciable lives of long-lived assets including intangible assets; the expected useful life of deferred commissions; the fair value of stock-based awards; the fair value of assets acquired and liabilities assumed in business combinations; goodwill and long-lived assets impairment assessment; the fair value of contingent consideration liabilities; the incremental borrowing rate used to determine the operating lease liabilities; valuation allowances on deferred tax assets; uncertain tax positions; and loss contingencies. The Company evaluates estimates and assumptions on an ongoing basis using historical experience and other factors and adjusts those estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ from these estimates, and those differences could be material to the unaudited condensed consolidated financial statements.

Significant Accounting Policies

The Company's significant accounting policies are described in Note 2, *Summary of Significant Accounting Policies*, to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2023. Our revenue recognition policy is included below due to its significance to our financial statements. Except for the accounting policies for cash equivalents and allowance for expected credit losses described below, there have been no material changes to the significant accounting policies during the three and nine months ended March 31, 2024.

Revenue Recognition

The Company's revenues are derived from contracts with our clients. The majority of the Company's revenues are derived from the sale of our software as a service ("SaaS") solutions and subscriptions to our term software applications, including support services, as well as the provision of professional services for the implementation of our solutions.

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The Company accounts for revenues in accordance with Accounting Standards Codification 606, Revenue from Contracts with Customers ("ASC 606"). The core principle of ASC 606 is to recognize revenues upon the transfer of control of services or products to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services or products.

The Company applies the following framework to recognize revenues:

Identification of the contract, or contracts, with our clients

The Company considers the terms and conditions of written contracts and its customary business practices in identifying its contracts under ASC 606. The Company determines it has a contract with a client when the contract is approved, each party's rights regarding the services and products to be transferred can be identified, payment terms for the services and products can be identified, the client has the ability and intent to pay, and the contract has commercial substance. The Company evaluates whether two or more contracts entered within close proximity with one another should be combined and accounted for as a single contract. The Company also evaluates the client's ability and intent to pay, which is based on a variety of factors, including the client's historical payment experience or, in the case of a new client, credit and financial information pertaining to the client.

Identification of the performance obligations in the contract

Performance obligations promised in a contract are identified based on the services or products that will be transferred to the client that are both:

- i. capable of being distinct, whereby the client can benefit from the service or product either on its own or together with other resources that are readily available from the Company or third parties, and
- ii. distinct in the context of the contract, whereby the transfer of the services or products is separately identifiable from other promises in the contract.

To the extent a contract includes multiple promised services or products, the Company applies judgment to determine whether promised services or products are capable of being distinct and distinct in the context of the contract. If these criteria are not met, the promised services or products are accounted for as a combined performance obligation.

The Company derives its revenues primarily from the following four sources, which represent the performance obligations of the Company:

- i. *Sales of SaaS under subscription arrangements*: revenue derived from subscriptions to our SaaS solutions;
- ii. *Sales of subscriptions to our licenses*: software revenues derived from the sale of term licenses to clients;
- iii. *Support activities*: support activities that consist of email and phone support, bug fixes, and rights to unspecified software updates and upgrades released on a when, and if, available basis during the support term; and
- iv. *Sales of professional services*: services related to the implementation and configuration of the Company's SaaS offerings and software licenses.

SaaS and subscription licenses are generally sold as annual or multi-year initial terms with automatic annual renewal provisions on expiration of the initial term. Support for subscription licenses follows the same contract periods as the initial or renewal term. Professional services related to implementation and configuration activities are typically time and materials contracts.

Determination of the transaction price

The transaction price is determined based on the consideration to which the Company expects to be entitled in exchange for transferring services and products to the client. Variable consideration is estimated and included in the transaction price if, in the Company's judgment, it is probable that no significant future reversal of cumulative revenues under the contract will occur.

In instances where the timing of revenue recognition differs from the timing of invoicing, the Company has determined that contracts generally do not include a significant financing component. The primary purpose of the Company's invoicing terms is to provide clients with simplified and predictable ways of purchasing the Company's products and services, not to receive financing from clients or to provide clients with financing.

Allocation of the transaction price to the performance obligations in the contract

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on its relative SSP. The majority of the Company's contracts contain multiple performance obligations, such as when subscription licenses are sold with support and professional services. Some of the Company's performance obligations have observable inputs that are used to determine the SSP of those distinct performance obligations. Where SSP is not directly observable, the Company determines the SSP using information that may include market conditions and other observable inputs.

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Recognition of revenues when, or as, the Company satisfies a performance obligation

The Company recognizes revenues as control of the services or products is transferred to a client, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services or products. The Company is principally responsible for the satisfaction of its distinct performance obligations, which are satisfied either at a point in time or over a period of time.

The Company records revenues net of applicable sales taxes collected. Sales taxes collected from clients are recorded in other current liabilities in the accompanying unaudited condensed consolidated balance sheets and are remitted to state and local taxing jurisdictions based on the filing requirements of each jurisdiction.

Performance obligations satisfied at a point in time

Subscription licenses

The Company has concluded that its sale of term licenses to clients ("subscription licenses") provides the client with the right to functional intellectual property and are distinct performance obligations from which the client can benefit on a stand-alone basis. The transaction price allocated to subscription license arrangements is recognized as revenues at a point in time when control is transferred to the client, which generally occurs at the time of delivery or upon commencement of the renewal term. Subscription license fees are generally payable in advance on an annual basis over the term of the license arrangement, which is typically non-cancelable.

Performance obligations satisfied over a period of time

SaaS and support as well as professional services arrangements comprise the majority of distinct performance obligations that are satisfied over a period of time.

SaaS and support

The transaction price allocated to SaaS subscription arrangements is recognized as revenues over time throughout the term of the contract as the services are provided on a continuous basis, beginning after the SaaS environment is provisioned and made available to clients. The Company's SaaS subscriptions are generally one to three years in duration, with the majority being one year. Consideration from SaaS arrangements is typically billed in advance on an annual basis.

The Company's subscription license sales include non-cancelable support which entitle clients to receive technical support and software updates, on a when and if available basis, during the term of the subscription license agreement. Technical support and software updates are considered distinct from the related subscription licenses but accounted for as a single stand ready performance obligation as they each constitute a series of distinct services that are substantially the same and have the same pattern of transfer to the client. The transaction price allocated to support is recognized as revenue over time on a straight-line basis over the term of the support contract which corresponds to the underlying subscription license agreement. Consideration for support services is typically billed in advance on an annual basis. In some instances, the client may purchase premium support services which are generally priced as a percentage of the associated subscription license.

Professional services

The Company's professional services revenues are primarily comprised of implementation, configuration and upgrade services. The Company has determined that professional services provided to clients represent distinct performance obligations. These services may be provided on a stand-alone basis or bundled with other performance obligations, including SaaS arrangements, subscription licenses, and support services. The transaction price allocated to these performance obligations is recognized as revenue over time as the services are performed. The professional services engagements are billed to clients on a time and materials basis and are recognized as invoiced. In instances where professional services arrangements are sold on a fixed price basis, revenues are recognized over time using an input measure of time incurred to date relative to total estimated time to be incurred at project completion. Professional services arrangements sold on a time and materials basis are generally invoiced monthly in arrears and those sold on a fixed fee basis are invoiced upon the achievement of project milestones.

The Company records reimbursable out-of-pocket expenses associated with professional services contracts in both revenues and cost of revenues.

Contract Modifications

Contracts may be modified to account for changes in contract scope or price. The Company considers contract modifications to exist when the modification either creates new rights or obligations or changes the existing enforceable rights and obligations of either party. Contract modifications are accounted for prospectively when it results in the promise to deliver additional products and services that are distinct and contract price does not increase by an amount that reflects standalone selling price for the new goods or services.

Balance Sheet Presentation

Contracts with our clients are reflected in the unaudited condensed consolidated balance sheets as follows:

- Accounts receivable, net represents amounts billed to clients in accordance with contract terms for which payment has not yet been received. It is presented net of allowance as part of current assets in the unaudited condensed consolidated balance sheets.
- Unbilled receivables, net represents amounts that are unbilled due to agreed-upon contractual terms in which billing occurs subsequent to revenue recognition. This generally occurs in multi-year subscription license arrangements where control of the software license is transferred at the inception of the contract, but the client is invoiced annually in advance over the term of the license. Unbilled receivables may also arise on professional services arrangements sold on a fixed fee basis and on which revenue is recognized in proportion to the hours worked on the project, relative to the total expected hours. In some instances, revenue may be recognized in advance of the amounts which are invoiced on the achievement of contractual milestones. Unbilled receivables are presented net of allowance, if applicable, in the unaudited condensed consolidated balance sheets with the long-term portion included in other assets. Under ASC 606, these balances represent contract assets.
- Contract costs consist principally of client acquisition costs (sales commissions). The Company classifies deferred commissions as current or noncurrent on our unaudited condensed consolidated balance sheets based on the timing of when the Company expects to recognize the expense.
- Deferred revenue, net represents amounts that have been invoiced to the client for which the Company has the right to invoice, but that have not been recognized as revenues because the related products or services have not been transferred to the client. Deferred revenue that will be realized within twelve months of the balance sheet date is classified as current. The remaining deferred revenue is presented as noncurrent. Under ASC 606, these balances represent contract liabilities.

The Company may receive consideration from its clients in advance of performance on a portion of the contract and, on another portion of the contract, perform in advance of receiving consideration. Contract assets and liabilities related to rights and obligations in a contract are interdependent. Therefore, contract assets and liabilities are presented net at the contract level, as either a single contract asset or a single contract liability, in the unaudited condensed consolidated balance sheets.

Cash and Cash Equivalents

All highly-liquid investments with a remaining maturity of three months or less at the time of purchase are considered to be cash equivalents. Cash equivalents consist primarily of investments in institutional money market funds. The fair value of money market funds held was \$77.7 million as of March 31, 2024. There were no cash equivalents as of June 30, 2023.

Accounts Receivable and Allowance for Expected Credit Losses

Accounts receivable are recorded at invoiced amounts, net of allowance for expected credit losses. The Company evaluates the collectability of its accounts receivable based on known collection risks, historical experience and forecasts of future collectability, and maintains an allowance for expected credit losses for estimated losses resulting from its clients failing to make required payments for subscriptions or services rendered. Sufficiency of the allowance is assessed based upon knowledge of credit-worthiness of our clients, review of historical receivable and reserves trends and other pertinent information. Actual future losses from uncollectible accounts may differ from these estimates.

Concentrations of Credit Risk and Significant Clients

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents with multiple high credit quality financial institutions. The Company is exposed to credit risk for cash held in financial institutions to the extent that such amounts recorded on the balance sheet are in excess of amounts that are insured by the Federal Deposit Insurance Corporation. The Company has not experienced any such losses.

No client individually accounted for 10% or more of the Company's revenues for either of the three and nine months ended March 31, 2024 and 2023. As of March 31, 2024, no client individually accounted for 10% or more of the Company's total accounts receivable. As of June 30, 2023, one client individually accounted for 15% of the Company's total accounts receivable.

[Table of Contents](#)**Recent Accounting Pronouncements**

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, the unaudited condensed consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

The JOBS Act does not preclude an emerging growth company from early adopting new or revised accounting standards.

On December 31, 2023, the last day of the second fiscal quarter in 2024, the market value of common stock held by non-affiliates exceeded \$700 million. Accordingly, the Company will be deemed a large accelerated filer as of June 30, 2024. As such, the Company will no longer (i) qualify as an emerging growth company, (ii) be able to take advantage of the extended timeline to comply with new or revised accounting standards applicable to public companies beginning with the Annual Report on Form 10-K for the year ending June 30, 2024 and (iii) be exempt from providing an auditor's attestation report on internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act.

Recently Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments – Credit Losses*, which requires the establishment of an allowance for estimated credit losses on financial assets, including trade and other receivables, at each reporting date. The Company adopted this guidance on July 1, 2023 on a modified retrospective basis. The adoption did not have a material impact on its unaudited condensed consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (ASC 280): Improvements to Reportable Segment Disclosures*, which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. This guidance will be effective for the Company's fiscal year beginning July 1, 2024, and should be applied on a retrospective basis to all periods presented. The Company is currently evaluating the impact of the adoption on its disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (ASC 740): Improvements to Income Tax Disclosures*, which requires additional income tax disclosures to better assess how an entity's operations, related tax risks, tax planning and operational opportunities affect its tax rate and prospects of future cash flows. This guidance will be effective for the Company's fiscal year beginning July 1, 2025, and should be applied on a prospective or retrospective basis. The company expects the adoption to result in additional disclosures only.

Note 3. Revenues**Disaggregation of Revenues**

Revenues by geography were as follows (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
U.S.	\$ 73,759	\$ 64,666	\$ 216,777	\$ 178,205
U.K.	17,299	13,506	45,854	40,029
Rest of the world	19,581	13,852	53,516	38,020
Total	<u>\$ 110,639</u>	<u>\$ 92,024</u>	<u>\$ 316,147</u>	<u>\$ 256,254</u>

No country other than those listed above accounted for 10% or more of the Company's total revenues during the three and nine months ended March 31, 2024 and 2023.

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Contract balances

The Company's contract assets and liabilities were as follows (in thousands):

	March 31, 2024	June 30, 2023
Unbilled accounts receivable, net ⁽¹⁾	\$ 16,465	\$ 10,765
Deferred revenue, net	197,330	192,397

(1)The long-term portion of \$104 as of June 30, 2023 is included in other assets on the unaudited condensed consolidated balance sheets.

There was no allowance for credit losses associated with unbilled receivables as of March 31, 2024 and June 30, 2023. During the nine months ended March 31, 2024, the Company recognized \$176.4 million in revenue pertaining to deferred revenue as of June 30, 2023.

Remaining Performance Obligations

Remaining performance obligations represent non-cancellable contracted revenues that have not yet been recognized, which includes deferred revenue and amounts that will be invoiced and recognized as revenues in future periods. SaaS subscription is typically satisfied over one to three years, subscription license is typically satisfied at a point in time, support services are generally satisfied within one year, and professional services are typically satisfied within one year. Professional services contracts are not included in the performance obligations amount as these arrangements can be cancelled at any time.

As of March 31, 2024, approximately \$467.9 million of revenues is expected to be recognized from remaining performance obligations with approximately 59% over the next 12 months and the remainder thereafter.

Note 4. Goodwill and Intangible Assets
Goodwill

Changes in the carrying amounts of goodwill were as follows (in thousands):

	Nine Months Ended March 31, 2024	2023
Balance, beginning of period	\$ 278,890	\$ 269,103
Purchase price adjustment	—	784
Foreign currency translation adjustment	(7)	156
Balance, end of period	<u>\$ 278,883</u>	<u>\$ 270,043</u>

During the nine months ended March 31, 2023, the Company recognized a purchase price adjustment of \$0.8 million related to the Billstream business acquisition from Billstream LLC ("Billstream") that occurred in June 2022, which increased goodwill and deferred consideration.

Intangible Assets

Intangible assets acquired through business combinations consisted of the following (in thousands):

		March 31, 2024		
	Useful Life (In years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Client relationships	9 to 15	\$ 48,900	\$ (27,849)	\$ 21,051
Non-compete agreements	3 to 5	4,907	(3,872)	1,035
Trademarks and trade names	Indefinite	4,683	—	4,683
Trademarks and trade names	5 to 10	7,822	(5,668)	2,154
Core technology	4 to 6	52,519	(46,440)	6,079
Backlog	2	1,000	(679)	321
Intangible assets, net		<u>\$ 119,831</u>	<u>\$ (84,508)</u>	<u>\$ 35,323</u>

June 30, 2023				
	Useful Life (In years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Client relationships	9 to 15	\$ 48,900	\$ (24,341)	\$ 24,559
Non-compete agreements	3 to 5	4,907	(3,383)	1,524
Trademarks and trade names	Indefinite	4,683	—	4,683
Trademarks and trade names	5 to 10	7,822	(5,270)	2,552
Core technology	4 to 6	52,519	(43,275)	9,244
Backlog	2	1,000	(305)	695
Intangible assets, net		<u>\$ 119,831</u>	<u>\$ (76,574)</u>	<u>\$ 43,257</u>

Amortization expense related to acquired intangible assets was recognized as follows (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Cost of SaaS and support	\$ 1,054	\$ 918	\$ 3,164	\$ 3,331
Sales and marketing	1,398	1,467	4,281	4,398
General and administrative	163	120	489	363
Total amortization expense	<u>\$ 2,615</u>	<u>\$ 2,505</u>	<u>\$ 7,934</u>	<u>\$ 8,092</u>

As of March 31, 2024, the estimated future amortization expense for acquired intangible assets is as follows (in thousands):

Fiscal Year Ending June 30,	Amount
2024 (remaining 3 months)	\$ 2,275
2025	7,506
2026	5,090
2027	4,925
2028	4,428
2029 and thereafter	6,416
Total remaining amortization	<u>\$ 30,640</u>

Note 5. Fair Value Measurements

The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level 1—Inputs are unadjusted, quoted prices in active markets for identical, assets or liabilities at the measurement date;

Level 2—Inputs are quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3—Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

Money market funds are classified as Level 1 as the assets are valued using quoted prices in active markets. Liabilities for contingent consideration related to business combinations are classified as Level 3 liabilities as the Company uses unobservable inputs in the valuation, specifically related to the projected total contract value generated by the acquired businesses for a distinct period of time.

The following table sets forth the Company's financial assets that were measured at fair value on a recurring basis as of the date indicated by level within the fair value hierarchy (in thousands):

	March 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash equivalents:				
Money market funds	\$ 77,665	\$ —	\$ —	\$ 77,665
Total financial assets	<u>\$ 77,665</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 77,665</u>

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The following tables set forth the Company's financial liabilities that were measured at fair value on a recurring basis as of the dates indicated by level within the fair value hierarchy (in thousands):

	March 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial Liabilities:				
Liability for contingent consideration, current portion	\$ —	\$ —	\$ 3,971	\$ 3,971
Total financial liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,971</u>	<u>\$ 3,971</u>

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Financial Liabilities:				
Liability for contingent consideration, current portion	\$ —	\$ —	\$ 2,364	\$ 2,364
Liability for contingent consideration, non-current portion	—	—	4,317	4,317
Total financial liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,681</u>	<u>\$ 6,681</u>

In connection with the acquisition of Paragon Data Labs, Inc. in May 2023, the Company recorded a contingent consideration liability of \$4.3 million on the acquisition date for the estimated fair value of the contingent consideration. The fair value was measured based on the probability of achieving certain performance measures pursuant to the acquisition agreement. The liability was included in other liabilities on the audited consolidated balance sheet as of June 30, 2023. The fair value of the contingent consideration was re-measured at \$4.0 million and was included in other current liabilities on the unaudited condensed consolidated balance sheet as of March 31, 2024.

In connection with the acquisition of Billstream, the Company recorded a contingent consideration liability of \$4.1 million on the acquisition date for the estimated fair value of the contingent consideration. The fair value was measured based on the probability of achieving certain performance measures pursuant to the acquisition agreement. The fair value of the contingent consideration was re-measured at \$2.4 million and was included in other current liabilities on the audited consolidated balance sheet as of June 30, 2023. During the nine months ended March 31, 2024, the Company paid \$1.0 million in full consideration for the remaining contingent consideration.

The fair value of the contingent consideration was initially estimated on the acquisition date using the Monte Carlo simulation and included key assumptions used by management related to the estimated probability of occurrence and discount rates. Subsequent changes in the fair value of the contingent consideration liabilities, resulting from management's revision of key assumptions and estimates, have been recorded in general and administrative expenses in the unaudited condensed consolidated statements of operations. Gains and losses arising from exchange rate fluctuation on these liabilities not denominated in U.S. dollars have been included in interest and other income (expense), net on the unaudited condensed consolidated statements of operations.

Changes in the fair value of contingent consideration liabilities were as follows (in thousands):

	Nine Months Ended March 31,	
	2024	2023
Balance, beginning of period	\$ 6,681	\$ 13,835
Payment of contingent consideration	(985)	(9,299)
Change in fair value of contingent consideration	(1,725)	(873)
Effect of foreign currency exchange rate changes	—	(410)
Balance, end of period	<u>\$ 3,971</u>	<u>\$ 3,253</u>

Other financial instruments consist of accounts receivable, accounts payable, accrued expenses, accrued liabilities and other current liabilities, which are stated at their carrying value as it approximates fair value due to the short time to expected receipt or payment.

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Note 6. Property and Equipment

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

	March 31, 2024	June 30, 2023
Computer equipment and software	\$ 3,420	\$ 2,290
Capitalized internal-use software	21,817	16,978
Furniture and office equipment	2,517	2,433
Leasehold improvements	5,980	5,897
Construction in progress	117	386
Total property and equipment	33,851	27,984
Less: accumulated depreciation and amortization	(15,569)	(11,618)
Property and equipment, net	\$ 18,282	\$ 16,366

Depreciation expense, excluding the amortization of capitalized internal-use software costs, was \$0.5 million and \$0.4 million for the three months ended March 31, 2024 and 2023, respectively, and was \$1.5 million and \$1.2 million for the nine months ended March 31, 2024 and 2023, respectively.

The Company capitalized \$4.9 million and \$4.3 million of costs related to software developed for internal use during the nine months ended March 31, 2024 and 2023, respectively. Amortization expense related to capitalized internal-use software was \$0.9 million and \$0.8 million for the three months ended March 31, 2024 and 2023, respectively, and was \$2.6 million and \$2.1 million for the nine months ended March 31, 2024 and 2023, respectively. The net book value of capitalized internal-use software was \$12.6 million and \$10.3 million as of March 31, 2024 and June 30, 2023, respectively.

Note 7. Leases

The Company leases the majority of its office space in the U.S., U.K., Singapore and Ukraine under non-cancelable operating lease agreements, which have various expiration dates through June 2030, some of which include options to extend the leases for up to 5 years.

As part of the Company's continuing assessment of its facilities requirements, during the nine months ended March 31, 2023, the Company exited a portion of the leased office space in its headquarters in Palo Alto, California and amended the underlying lease agreement to relieve the Company of certain lease payments. As a result, the Company assessed the right-of-use ("ROU") asset associated with the leased office space and deemed it to be impaired. The Company also assessed the lease liability in view of the amended lease agreement. The Company recorded a net charge of \$1.6 million in connection with the impairment of the related ROU asset and the reassessment of the lease liability, which was included in its unaudited condensed consolidated statements of operations during the nine months ended March 31, 2023.

In February 2024, the Company entered into a lease agreement to lease an office space in New York, New York for a six-year term ending in February 2030. The total undiscounted base rent under this lease is approximately \$7.3 million, and the Company will be responsible for the payment of additional rent for its proportionate share of certain operating expenses. Additionally, the Company amended its lease agreement in Palo Alto, California for an additional 12 months through August 2025. The Company accounted for the lease extension as a lease modification and recorded an adjustment of \$2.2 million to the ROU asset and lease liability on the unaudited consolidated balance sheet as of March 31, 2024.

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
Operating Leases:	2024	2023	2024	2023
Operating lease cost ⁽¹⁾	\$ 1,634	\$ 1,462	\$ 4,620	\$ 4,652
Short-term lease cost	427	198	1,104	596

(1) Amount excluded a net charge of \$1.6 million related to lease modification and impairment for the nine months ended March 31, 2023 as described above.

The weighted-average remaining lease term of the Company's operating leases and the weighted-average discount rate used to measure the present value of the operating lease liabilities are as follows:

Lease Term and Discount Rate:	March 31, 2024	March 31, 2023
Weighted-average remaining lease term (in years)	5.5	6.5
Weighted-average discount rate	7.2%	7.1%

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The following table presents supplemental cash flow information related to the Company's operating leases (in thousands):

		Nine Months Ended March 31,	
		2024	2023
Cash payments included in the measurement of operating lease liabilities	\$	4,579	\$ 5,777
ROU assets obtained in exchange for new operating lease liabilities		8,536	713

Current operating lease liabilities of \$5.6 million and \$4.7 million were included in other current liabilities on the Company's unaudited condensed consolidated balance sheets as of March 31, 2024 and June 30, 2023, respectively.

As of March 31, 2024, remaining maturities of operating lease liabilities are as follows (in thousands):

Fiscal Year Ending June 30,	Amount	
2024 (remaining 3 months)	\$	1,726
2025		7,272
2026		5,141
2027		4,191
2028		4,482
2029 and thereafter		8,562
Total lease payments		31,374
Less: imputed interest		(5,413)
Present value of operating lease liabilities	\$	<u>25,961</u>

Note 8. Commitments and Contingencies

Other Purchase Commitments

The Company's other purchase commitments primarily consist of third-party cloud services, support fees and software subscriptions to support operations in the ordinary course of business. There were no material purchase commitments that were entered into during the nine months ended March 31, 2024.

In December 2021, the Company entered into an agreement with Microsoft, pursuant to which the Company is committed to spend a minimum of \$110.0 million on cloud services. The committed spend period concludes at the end of December 2028, with the Company having the option to extend any remaining commitment into a further 12-month period to the end of December 2029. As of March 31, 2024, the Company had \$98.5 million remaining on this commitment.

Litigation

From time to time, the Company is a party to claims, lawsuits, and proceedings which arise in the ordinary course of business. The Company warrants to its clients that it has all necessary rights and licenses to the intellectual property comprised in its products and services and indemnifies those clients against intellectual property claims with respect to such products and services, so such claims, lawsuits and proceedings might in the future include claims of alleged infringement of intellectual property rights. The Company records a liability when it believes that it is probable that a loss will be incurred, and the amount of loss or range of loss can be reasonably estimated. Given the unpredictable nature of legal proceedings, the Company bases its estimate on the information available at the time of the assessment. As additional information becomes available, the Company reassesses the potential liability and may revise the estimate. The Company is not presently a party to any litigation the outcome of which, it believes, if determined adversely to the Company, would individually or in the aggregate have a material adverse effect on the business, operating results, or financial condition.

Note 9. Debt

On October 5, 2021, the Company entered into a Credit Agreement, as amended on June 6, 2022 and further amended on November 17, 2022 (the "Credit Agreement") among the Company, the guarantors party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent ("JPMorgan"). The Credit Agreement provides for a five-year, senior secured revolving credit facility of \$100.0 million with a sub-facility for letters of credit in the aggregate amount of up to \$10.0 million (the "JPMorgan Credit Facility"). The Credit Agreement also provides that the Company may seek additional revolving credit commitments in an aggregate amount not to exceed \$50.0 million, subject to certain administrative procedures, including approval by the Administrative Agent. Future borrowings under the JPMorgan Credit Facility will bear interest, at the Company's election, at an annual rate based on either (a) an adjusted secured overnight financing rate (SOFR, as described in the Credit Agreement) plus a percentage spread (ranging from 1.75% to 2.50%) or (b) an alternate base rate (as described in the Credit Agreement) plus a percentage spread (ranging from 0.75% to 1.50%), in each case based on the Company's total net leverage ratio. In addition, a commitment fee accrues with respect to the unused amount of the JPMorgan Credit Facility at an annual rate ranging from 0.25% to 0.40%, based on the Company's total net leverage ratio.

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In connection with the execution of the Credit Agreement, the Company also entered into a pledge and security agreement (the "Security Agreement") dated as of October 5, 2021 among the Company, the subsidiary grantors thereto and JPMorgan, as administrative agent for the secured parties. Under the Security Agreement, borrowings under the JPMorgan Credit Facility are secured by a first priority pledge of all of the capital stock and substantially all of the assets (excluding real estate interests) of each subsidiary of the Company and the subsidiary guarantors.

The Credit Agreement provides that the Company must maintain compliance with a maximum consolidated total net leverage ratio covenant, as determined in accordance with the Credit Agreement. It also contains affirmative, negative and financial covenants, including limitations on certain other indebtedness, loans and investments, liens, mergers, asset sales, and transactions with affiliates, as well as customary events of default. The Company was in compliance with all covenants as of March 31, 2024.

As of March 31, 2024 and June 30, 2023, there were no outstanding borrowings under the JPMorgan Credit Facility.

Note 10. Stockholders' Equity and Stock-Based Compensation***Equity Incentive Plans***

In June 2021, the Company's Board of Directors adopted, and its stockholders approved, the 2021 Omnibus Incentive Plan (the "2021 Plan") and the 2021 Employee Stock Purchase Plan ("ESPP"). The 2021 Plan provides for the grant of restricted shares, restricted share units ("RSUs"), performance shares, performance share units ("PSUs"), deferred share units, share options and share appreciation rights. All employees, non-employee directors and selected third-party service providers of the Company and its subsidiaries and affiliates are eligible to receive grants under the 2021 Plan. Eligible employees may purchase the Company's common stock under the ESPP.

Both the 2021 Plan and ESPP include a provision to increase the share reserves on July 1 of each year through 2031. On July 1, 2023, 4,226,691 and 845,338 shares were added to the 2021 Plan and ESPP, respectively.

As of March 31, 2024, shares of common stock reserved for future issuance were as follows (in thousands):

	March 31, 2024
Stock plans:	
Outstanding stock options	7,454
Unvested PSUs and RSUs	5,413
Reserved for ESPP	2,820
Reserved for future stock award grants	5,762
Total shares of common stock reserved for issuance	<u>21,449</u>

Stock Awards

The Company has granted time-based and performance-based stock options, RSUs and PSUs, collectively referred to as "Stock Awards." The Company accounts for stock-based compensation using the fair value method which requires the Company to measure stock-based compensation based on the grant-date fair value of the awards and recognize compensation expense over the requisite service or performance period. Awards that contain only service conditions, are generally earned over four years and expensed on a straight-line basis over that term. Compensation expense for awards that contain performance conditions is calculated using the graded vesting method and the portion of expense recognized in any period may fluctuate depending on changing estimates of the achievement of the performance conditions.

Stock Options

Stock options granted generally become exercisable ratably over a four-year period following the date of grant and expire ten years from the date of grant.

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Stock option activity under the Company's equity incentive plans during the nine months ended March 31, 2024 was as follows (in thousands, except per share data):

	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value ⁽¹⁾
Balance as of June 30, 2023	10,137	\$ 10.42	5.5	\$ 319,250
Exercised	(2,523)	9.98		
Forfeited	(160)	20.74		
Balance as of March 31, 2024	<u>7,454</u>	\$ 10.34	4.6	\$ 178,605
Vested and exercisable as of March 31, 2024	<u>7,129</u>	\$ 9.89	4.5	\$ 174,064
Vested and expected to vest as of March 31, 2024	7,454	\$ 10.34	4.6	\$ 178,605

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

There were no stock options granted during the nine months ended March 31, 2024. The total intrinsic value of stock options exercised and the proceeds from option exercises during the nine months ended March 31, 2024 were \$71.7 million and \$25.2 million, respectively.

PSUs and RSUs

During the nine months ended March 31, 2024, the Company granted PSUs to certain of its employees with vesting terms based on meeting certain operating performance targets, including annual recurring revenue and profitability targets, and continued service conditions. The Company also granted RSUs to certain employees that vest based on continued service.

PSU activity during the nine months ended March 31, 2024 was as follows (in thousands, except per share data):

	Number of Shares	Weighted- Average Grant Date Fair Value
Balance as of June 30, 2023	3,645	\$ 23.43
Granted	1,167	39.18
Vested	(1,549)	24.57
Forfeited	(399)	26.00
Balance as of March 31, 2024	<u>2,864</u>	\$ 28.86

RSU activity during the nine months ended March 31, 2024 was as follows (in thousands, except per share data):

	Number of Shares	Weighted- Average Grant Date Fair Value
Balance as of June 30, 2023	2,154	\$ 24.46
Granted	1,338	37.40
Vested	(664)	24.88
Forfeited	(279)	29.09
Balance as of March 31, 2024	<u>2,549</u>	\$ 30.64

Stock-Based Compensation Expense

The Company recorded stock-based compensation expense in the unaudited condensed consolidated statements of operations as follows (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Cost of revenues				
Cost of SaaS and support	\$ 620	\$ 486	\$ 1,747	\$ 1,317
Cost of professional services	1,336	1,038	4,101	2,931
Research and development	2,509	4,571	11,623	11,351
Sales and marketing	4,207	6,029	14,434	18,134
General and administrative	5,354	6,635	17,386	21,062
Total stock-based compensation	<u>\$ 14,026</u>	<u>\$ 18,759</u>	<u>\$ 49,291</u>	<u>\$ 54,795</u>

As of March 31, 2024, there was approximately \$108.9 million of unrecognized compensation cost related to unvested stock-based awards granted, which is expected to be recognized over the weighted-average period of approximately 2.4 years.

2021 Employee Stock Purchase Plan

Under the ESPP, eligible employees may purchase the Company's common stock at a price equal to 85% of the lower of the fair market value of the Company's common stock on the offering date or the applicable purchase date. The ESPP provides an offering period that begins on June 1 and December 1 of each year and each offering period consists of one six-month purchase period.

As of March 31, 2024, total unrecognized compensation cost related to the ESPP was \$0.2 million, which will be amortized over a weighted-average vesting term of 0.2 years.

Note 11. Income Taxes

The Company determines its income tax provision for interim periods using an estimate of its annual effective tax rate adjusted for discrete items occurring during the periods presented. The primary difference between its effective tax rate and the federal statutory rate is the full valuation allowance the Company has established on its federal and state net operating losses and credits. Income taxes from international operations were not material for the three and nine months ended March 31, 2024 and 2023.

The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions and various foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities. The Company is not currently under audit by the Internal Revenue Service or other similar tax authorities. The Company's tax returns remain open to examination as follows: U.S. federal and states, all tax years; and significant foreign jurisdictions, generally 2019 through 2023.

Note 12. Net Loss Per Share

Basic net loss per share is computed by dividing the net loss by the weighted-average number of common shares outstanding for the period. Diluted net loss per share is calculated by giving effect to all potentially dilutive securities outstanding for the period using the treasury stock method.

Basic net loss per share is the same as diluted net loss per share because the Company reported net losses for all periods presented. The following table sets forth the computation of basic and diluted net loss per share for the periods presented (in thousands, except per share data):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Numerator:				
Net loss	\$ (6,890)	\$ (18,147)	\$ (31,424)	\$ (57,955)
Denominator:				
Weighted-average shares used to compute net loss per share, basic and diluted	72,634	64,327	70,690	63,487
Net loss per share, basic and diluted	<u>\$ (0.09)</u>	<u>\$ (0.28)</u>	<u>\$ (0.44)</u>	<u>\$ (0.91)</u>

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The Company excluded the following potential shares of common stock from the calculation of diluted net loss per share because their effect would be anti-dilutive (in thousands):

	As of March 31,	
	2024	2023
Outstanding stock options to purchase common stock	7,454	10,942
Unvested PSUs and RSUs	5,413	6,335
Shares issuable under ESPP	43	52
Shares issuable related to acquisition	68	—
Total	12,978	17,329

Note 13. Related Party Transactions

Secondary Offerings

In November 2023, the Company completed a secondary offering in which certain existing stockholders sold 5,000,000 shares of common stock at a price of \$39.01 per share. In March 2024, the Company completed a separate secondary offering in which certain existing stockholders sold 7,000,000 shares of common stock at a price of \$36.27 per share. The Company did not receive any of the proceeds from the sale of the shares by the existing stockholders. In connection with these offerings, the Company incurred costs of \$0.5 million and \$1.1 million in the three and nine months ended March 31, 2024, respectively, which was recorded in general and administrative expenses in the unaudited condensed consolidated statements of operations.

Note 14. Subsequent Event

In February 2024, the Company entered into an agreement to acquire all outstanding shares of delphai GmbH ("delphai") for initial cash consideration of \$13.3 million plus a cash holdback of \$1.7 million. delphai is a company based in Berlin, Germany and specializes in applied AI for firmographic data automation, structuring and intelligence. The transaction was consummated in April 2024 and is expected to be accounted for as a business combination.

In April 2024, the Company entered into an agreement to acquire all outstanding shares of Transform Data International B.V. and its subsidiaries ("TDI") for initial cash consideration of \$1.6 million plus a maximum \$3.3 million in deferred consideration and contingent consideration to the selling shareholders. TDI is a company based in Maastricht, Netherlands and is a software and professional services provider and a reseller of Intapp's products. The transaction was consummated in May 2024 and is expected to be accounted for as a business combination.

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

Cautionary Notes Regarding Forward-Looking Statements

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited condensed consolidated financial statements and related notes and other financial information included in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023 filed with the Securities and Exchange Commission (the "SEC") on September 7, 2023. The following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K, particularly in the section titled "Risk Factors." Our historical results are not necessarily indicative of the results that may be expected for any period in the future. Unless otherwise noted, any reference to a year preceded by the word "fiscal" refers to the fiscal year ended June 30 of that year.

Overview

Intapp is a leading global provider of AI-powered solutions for professionals at advisory, capital markets and legal firms. Intapp software helps professionals unlock their teams' knowledge, relationships, and operational insights to increase value for their firms. Using the power of Applied AI, we make firm and market intelligence easy to find, understand, and use. With Intapp's portfolio of vertical software as a service ("SaaS") solutions, professionals can apply their collective expertise to make smarter decisions, manage risk, and increase competitive advantage. The world's top firms — across accounting, consulting, investment banking, legal, private capital, and real assets — trust Intapp's industry-specific platform and solutions to modernize and drive new growth.

How We Generate Revenue

We generate revenues primarily from software subscriptions, typically with one-year or multi-year contract terms. We sell our software through a direct enterprise sales model, which targets clients based on end market, geography, firm size, and business need. We invested in developing a multi-tenant cloud version of our platform and launched our initial SaaS solutions in 2017. We recognize revenues from SaaS subscriptions ratably over the term of the contract, while we recognize revenues from the license component of on-premise subscriptions upfront and the support component of such subscriptions ratably over the support term. We generally price our subscriptions based on the modules deployed as well as the number of users adopting our solution.

We expect the vast majority of our new ARR (as defined below) growth in the future to be from the sale of SaaS subscriptions.

We generate a majority of our non-recurring revenues from professional services. Our clients utilize these services to configure and implement one or more modules of the Intapp platform, integrate those modules with the existing platform and with other core systems in their IT environment, upgrade their existing deployment, and provide training for their employees. Other professional services include strategic consulting and advisory work, which are generally provided on a standalone basis.

Key Factors Affecting Our Performance

Market Adoption of our Cloud Platform. Our future growth depends on our ability to win new professional and financial services clients and expand within our existing client base, primarily through the continued acceptance of our cloud business. Our cloud business has historically grown faster than our overall business, and represents an increasing proportion of our ARR. We must demonstrate to new and existing clients the benefits of selecting our cloud platform, and support those deployments once live with reliable and secure service. From a sales perspective, our ability to add new clients and expand within existing accounts depends upon a number of factors, including the quality and effectiveness of our sales personnel and marketing efforts, and our ability to convince key decision makers within professional and financial services firms to embrace the Intapp platform over point solutions, internally developed solutions, and horizontal solutions. If our clients do not continue to see the ability of our platform to generate return on investment relative to other software alternatives, net revenue retention could suffer and our operating results may be adversely affected.

Continued Investment in Innovation and Growth. We have made substantial investments in research and development and sales and marketing to achieve a leadership position in our market and grow our revenues and client base. We intend to continue to invest in research and development to build new capabilities and maintain the core technology underpinning our differentiated platform. In addition, we expect to invest in sales and marketing to broaden our reach with new clients in the United States and abroad and deepen our penetration with existing clients. With our revenue growth objectives, we expect to continue to make such investments for the foreseeable future. We are continuing to gradually increase our general and administrative spending to support our growing operational needs.

We have a track record of successfully identifying and integrating complementary businesses within the professional and financial services industry. To complement our organic investment in innovation and accelerate our growth, we will continue to evaluate acquisition opportunities that help us extend our platform, broaden and deepen our market leadership, and add new clients.

Key Business Metrics

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

Annual Recurring Revenues (“ARR”)

ARR represents the annualized recurring value of all active SaaS and on-premise subscription license contracts at the end of a reporting period. Contracts with a term other than one year are annualized by taking the committed contract value for the current period divided by number of days in that period then multiplying by 365. As a metric, ARR mitigates fluctuations in revenue recognition due to certain factors, including contract term and the sales mix of SaaS contracts and subscription licenses. ARR does not have any standardized meaning and may not be comparable to similarly titled measures presented by other companies. ARR should be viewed independently of revenues and deferred revenues and is not intended to be combined with or to replace either of those elements of our financial statements. ARR is not a forecast and the active contracts at the end of a reporting period used in calculating ARR may or may not be extended or renewed by our clients.

ARR was \$382.7 million and \$315.6 million as of March 31, 2024 and 2023, respectively, an increase of 21%.

Cloud ARR

Cloud ARR is the portion of our ARR which represents the annualized recurring value of our active SaaS contracts. We believe Cloud ARR provides important information about our ability to sell new SaaS subscriptions to existing clients and to acquire new SaaS clients.

Cloud ARR was \$274.2 million and \$206.3 million as of March 31, 2024 and 2023, respectively, an increase of 33%, and represented 72% and 65% of ARR as of March 31, 2024 and 2023, respectively.

Net Revenue Retention

We measure our ability to grow and retain ARR from existing clients using a metric we refer to as net revenue retention. We calculate this by starting with the ARR from the cohort of all clients as of the twelve months prior to the applicable fiscal period, or prior period ARR. We then calculate the ARR from these same clients as of the current fiscal period, or current period ARR. We then divide the current period ARR by the prior period ARR to calculate the net revenue retention.

This metric accounts for changes in our recurring revenue base from cross-sell (additional solution capabilities sold), upsell (additional seats sold), price changes, and client attrition (including contraction of solution capabilities, contraction of seats and client churn). We upsold additional seats and cross-sold new solutions to our existing clients such that our trailing twelve months' net revenue retention rate as of March 31, 2024 was 115%, which is within our expected range of 113% to 117%.

Number of Clients

We believe our ability to increase the number of clients on our platform is a key indicator of the growth of our business and our future business opportunities. We define a client at the end of any reporting period as an entity with at least one active subscription as of the measurement date. As of March 31, 2024, we had over 2,450 clients. No single client represented more than 10% of total revenues for either of the three and nine months ended March 31, 2024 and 2023.

Our client base includes some of the largest and most reputable professional and financial services firms globally. These clients have the financial and operating resources needed to purchase, deploy, and successfully use the full capabilities of our software platform, and as such, we believe the number of our clients with contracts greater than \$100,000 of ARR is an important metric for highlighting our progress on the path to full adoption of our platform by our professional and financial services clients. As of March 31, 2024 and 2023, we had 673 and 572 clients, respectively, with contracts greater than \$100,000 of ARR.

Components of Our Results of Operations

Revenues

We generate recurring revenues from the sale of our SaaS solutions, subscriptions to our term software applications, and from providing support for those applications. We generate non-recurring revenues primarily by delivering professional services for the configuration, implementation and upgrade of our solutions. Our recurring revenues accounted for 87% and 86% of our total revenues during the nine months ended March 31, 2024 and 2023, respectively.

SaaS and Support

We recognize revenues from our SaaS solutions ratably over the term of the contract beginning once the SaaS environment is provisioned and made available to clients. The initial term of our SaaS contracts is generally one to three years in duration.

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Support revenues consist of non-cancelable support which is included with our subscription licenses and entitles clients to receive technical support and software updates, on a when and if available basis. We recognize revenues for support ratably over the term of the support contract which corresponds to the underlying subscription license agreement. We expect to continue to generate a relatively consistent stream of revenues from support services we provide to our existing subscription license clients. However, over time as we focus on new sales of our SaaS solutions and encourage existing subscription license clients to migrate to SaaS solutions, we expect revenues from support to decrease as a percentage of total revenues.

Subscription License

Our subscription licenses provide the client with the right to functional intellectual property and are distinct performance obligations as the client can benefit from the subscription licenses on their own. The transaction price allocated to subscription license arrangements is recognized as revenues at a point in time when control is transferred to the client, which generally occurs at the time of delivery for a new contract or commencement of the renewal term for renewals. Subscription license fees are generally payable in advance on an annual basis over the term of the license arrangement, which is typically non-cancelable.

Professional Services

Our professional services primarily consist of implementation, configuration and upgrade services provided to clients. These engagements are billed to clients either on a time and materials or milestone basis; revenues are recognized as invoiced or in proportion to the work performed, respectively. We expect the demand for our professional services to increase due to client growth and the need for implementation, upgrade, and migration services for new and existing clients. This demand will be affected by the mix of professional services that are provided by us versus provided by our third-party implementation partners. Our professional services are currently loss making (after allocated overhead costs for facilities and IT) and accounted for 13% and 14% of our total revenues during the nine months ended March 31, 2024 and 2023, respectively.

Cost of Revenues

Our cost of revenues consists primarily of expenses related to providing SaaS subscription, support and professional services to our clients, including personnel costs (salaries, bonuses, benefits and stock-based compensation) and related expenses for client support and services personnel, as well as cloud infrastructure costs, third-party expenses, amortization of capitalized internal-use software costs and acquired intangible assets, and allocated overhead costs. We do not have any cost of revenues related to our subscription licenses. We expect our cost of revenues to increase in absolute dollars as we expand our SaaS client base over time as this will result in increased cloud infrastructure costs and increased costs for additional personnel to provide technical support services to our growing client base.

Cost of SaaS and Support

Our cost of SaaS and support revenues comprises the direct costs to deliver and support our products, including personnel costs, allocated overhead costs for facilities and IT, third-party hosting fees related to cloud services, amortization of capitalized internal-use software costs and amortization of acquired intangible assets.

Cost of Professional Services

Our cost of professional services revenues comprises the personnel-related costs for our professional services employees and contractors responsible for delivering implementation, upgrade and migration services to our clients. This includes personnel costs and allocated overhead costs for facilities and IT. We expect the cost of professional services revenues to increase in absolute dollars as we continue to hire personnel and engage contractors to provide implementation, upgrade and migration services to our growing client base.

Operating Expenses

Research and Development

Our research and development expenses consist primarily of personnel-related costs for engineering and product development employees, costs of third-party services, and allocations of various overhead, cloud hosting costs and facilities costs. We expect our research and development expenses to continue to increase in absolute dollars for the foreseeable future as we continue to dedicate substantial internal resources to develop, improve and expand the functionality of our solutions.

Sales and Marketing

Our sales and marketing expenses consist primarily of costs incurred for personnel-related costs for our sales and marketing employees as well as commission payments to our sales employees, costs of marketing events and online advertising, allocations of various overhead and facilities costs and travel and entertainment expenses. We capitalize client acquisition costs (principally commissions paid to sales personnel) and subsequently amortize these costs over the expected period of benefit. In the medium-term, we expect to see an increase in sales and marketing expense as we continue to expand our direct sales force to take advantage of opportunities for growth and increase in in-person meetings, conferences, and attendance at trade shows.

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General and Administrative

Our general and administrative expenses consist primarily of personnel-related costs as well as professional services and facilities costs related to our executive, finance, human resources, information technology and legal functions. As a public company, we expect to continue to incur significant accounting and legal costs related to compliance with rules and regulations enacted by the SEC, including the costs of maintaining compliance with the Sarbanes-Oxley Act, as well as insurance, investor relations and other costs associated with being a public company.

Lease Modification and Impairment

Lease modification and impairment consists of charges related to the early exit of certain leased office space and amendments to the underlying lease agreement.

Interest and Other Income (Expense), Net

Interest and other income (expense), net consists primarily of interest income from our cash and cash equivalents, non-cash interest expense related to the amortization of deferred financing costs, realized and unrealized foreign exchange gains and losses resulting from fluctuations in foreign currency exchange rates on monetary assets and liabilities denominated in currencies other than the United States ("U.S.") dollar.

Income Tax Benefit (Expense)

Our income tax benefit (expense) consists of an estimate of federal, state, and foreign income taxes based on enacted federal, state, and foreign tax rates, as adjusted for allowable credits, deductions, uncertain tax positions, changes in the valuation of our deferred tax assets and liabilities, and changes in tax laws. We maintain a full valuation allowance on our federal and state deferred tax assets as we have concluded that it is more likely than not that the deferred tax assets will not be realized.

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Results of Operations

The following tables set forth our results of operations for the periods presented, expressed in total U.S. dollar terms and as a percentage of our total revenues (percentages may not add up due to rounding):

	Three Months Ended March 31, 2024				Nine Months Ended March 31, 2023							
	(in thousands, except for percentages)											
Revenues:												
SaaS and support	\$	80,817	73 %	\$	66,051	72 %	\$	230,987	73 %	\$	184,469	72 %
Subscription license		16,520	15		13,577	15		44,566	14		36,804	14
Total recurring revenues		97,337	88		79,628	87		275,553	87		221,273	86
Professional services		13,302	12		12,396	13		40,594	13		34,981	14
Total revenues		110,639	100		92,024	100		316,147	100		256,254	100
Cost of revenues ⁽¹⁾ :												
SaaS and support		14,902	13		13,644	15		43,731	14		38,498	15
Total cost of recurring revenues		14,902	13		13,644	15		43,731	14		38,498	15
Professional services		15,679	14		14,846	16		49,192	16		42,111	16
Total cost of revenues		30,581	28		28,490	31		92,923	29		80,609	31
Gross profit		80,058	72		63,534	69		223,224	71		175,645	69
Operating expenses ⁽¹⁾ :												
Research and development		27,319	25		25,281	27		83,796	27		68,352	27
Sales and marketing		35,256	32		34,946	38		104,944	33		99,796	39
General and administrative		24,929	23		21,552	23		66,977	21		62,715	24
Lease modification and impairment		—	—		—	—		—	—		1,601	1
Total operating expenses		87,504	79		81,779	89		255,717	81		232,464	91
Operating loss		(7,446)	(7)		(18,245)	(20)		(32,493)	(10)		(56,819)	(22)
Interest and other income (expense), net		758	1		(253)	—		1,872	1		(836)	—
Net loss before income taxes		(6,688)	(6)		(18,498)	(20)		(30,621)	(10)		(57,655)	(22)
Income tax benefit (expense)		(202)	—		351	—		(803)	—		(300)	—
Net loss	\$	(6,890)	(6) %	\$	(18,147)	(20) %	\$	(31,424)	(10) %	\$	(57,955)	(23) %

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

	Three Months Ended March 31,				Nine Months Ended March 31,								
	2024		2023		2024		2023						
Cost of SaaS and support	\$	620	1	% \$	486	—	% \$	1,747	1	% \$	1,317	1	%
Cost of professional services		1,336	1		1,038	1		4,101	1		2,931	1	
Research and development		2,509	2		4,571	5		11,623	4		11,351	4	
Sales and marketing		4,207	4		6,029	7		14,434	5		18,134	7	
General and administrative		5,354	5		6,635	7		17,386	5		21,062	8	
Total stock-based compensation expense	\$	14,026	13	% \$	18,759	20	% \$	49,291	16	% \$	54,795	21	%

Comparison of the Three and Nine Months Ended March 31, 2024 and 2023
Revenues

	Three Months Ended March 31,		Change		Nine Months Ended March 31,		Change	
	2024	2023	Amount	%	2024	2023	Amount	%
<i>(in thousands, except for percentages)</i>								
Revenues:								
SaaS and support	\$ 80,817	\$ 66,051	\$ 14,766	22%	\$ 230,987	\$ 184,469	\$ 46,518	25%
Subscription license	16,520	13,577	2,943	22%	44,566	36,804	7,762	21%
Total recurring revenues	97,337	79,628	17,709	22%	275,553	221,273	54,280	25%
Professional services	13,302	12,396	906	7%	40,594	34,981	5,613	16%
Total revenues	<u>\$ 110,639</u>	<u>\$ 92,024</u>	<u>\$ 18,615</u>	20%	<u>\$ 316,147</u>	<u>\$ 256,254</u>	<u>\$ 59,893</u>	23%

Recurring Revenues

Recurring revenues from the sale of our SaaS solutions, from subscriptions to our term software solutions, and from providing support for these solutions increased by \$17.7 million, or 22%, and \$54.3 million, or 25%, respectively, in the three and nine months ended March 31, 2024 compared to the same periods in the prior year.

Our SaaS and support revenues grew \$14.8 million, or 22%, and \$46.5 million, or 25%, respectively, in the three and nine months ended March 31, 2024 compared to the same periods in the prior year, due to sales to new clients and expansion of existing clients from both cross-selling and upselling sales motions. The continuation of clients migrating from using our on-premise solutions to our cloud solutions also contributed to the growth.

Subscription license revenues increased by \$2.9 million, or 22%, and \$7.8 million, or 21%, respectively, in the three and nine months ended March 31, 2024 compared to the same periods in the prior year, due to sustained annual renewals on multi-year contracts upon expiration of their initial term, CPI-based price increases on annual renewals, and new multi-year contracts.

Professional Services

Professional services revenues increased by \$0.9 million, or 7%, and \$5.6 million, or 16%, respectively, for the three and nine months ended March 31, 2024 compared to the same periods in the prior year. This reflects a continuation in demand for implementation, upgrade and migration services consistent with our revenue growth.

Cost of Revenues and Gross Profit

	Three Months Ended March 31,		Change		Nine Months Ended March 31,		Change	
	2024	2023	Amount	%	2024	2023	Amount	%
<i>(in thousands, except for percentages)</i>								
Cost of revenues:								
SaaS and support	\$ 14,902	\$ 13,644	\$ 1,258	9%	\$ 43,731	\$ 38,498	\$ 5,233	14%
Total cost of recurring revenues	14,902	13,644	1,258	9%	43,731	38,498	5,233	14%
Professional services	15,679	14,846	833	6%	49,192	42,111	7,081	17%
Total cost of revenues	30,581	28,490	2,091	7%	92,923	80,609	12,314	15%
Gross profit:								
SaaS and support	65,915	52,407	13,508	26%	187,256	145,971	41,285	28%
Subscription license	16,520	13,577	2,943	22%	44,566	36,804	7,762	21%
Total gross profit - recurring revenues	82,435	65,984	16,451	25%	231,822	182,775	49,047	27%
Professional services	(2,377)	(2,450)	73	(3)%	(8,598)	(7,130)	(1,468)	21%
Gross profit	<u>\$ 80,058</u>	<u>\$ 63,534</u>	<u>\$ 16,524</u>	26%	<u>\$ 223,224</u>	<u>\$ 175,645</u>	<u>\$ 47,579</u>	27%

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Cost of SaaS and Support

Cost of SaaS and support revenues increased by \$1.3 million, or 9%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase can be attributed primarily to an increase in cloud hosting costs of \$0.9 million.

Cost of SaaS and support revenues increased by \$5.2 million or 14%, for the nine months ended March 31, 2024 compared to the nine months ended March 31, 2023. The increase can be attributed primarily to increases in cloud hosting costs of \$3.4 million, personnel-related costs of \$1.2 million (which reflects a benefit of \$4.1 million in the nine months ended March 31, 2024 resulting from an operational and organizational realignment that reclassified expenses from cost of SaaS and support to research and development), and royalty expense of \$0.9 million relating to third-party products.

Cost of Professional Services

Cost of professional services revenues increased by \$0.8 million, or 6%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, primarily due to an increase in personnel-related costs of \$1.1 million resulting from annual salary increases and increased headcount, offset by a decrease of \$0.4 million in travel related expenses.

Cost of professional services revenues increased by \$7.1 million, or 17%, for the nine months ended March 31, 2024 compared to the nine months ended March 31, 2023, primarily due to an increase in personnel-related costs of \$5.7 million resulting from annual salary increases and increased headcount, and sub-contractor costs of \$1.4 million as we expanded our teams to provide implementation and migration services to our growing client base.

Gross Profit

Gross profit increased by \$16.5 million, or 26%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. Of this increase, \$13.5 million was attributable to growth in SaaS and support revenues and a lower increase in SaaS and support costs as a percentage of related revenues resulting from the operational and organizational realignment of part of the development operations team to research and development. The improvement in gross profit was also attributable to the increase in subscription license revenue which contributed \$2.9 million.

Gross profit increased by \$47.6 million, or 27%, for the nine months ended March 31, 2024 compared to the nine months ended March 31, 2023. Of this increase, \$41.3 million was attributable to growth in SaaS and support revenues and a lower increase in SaaS and support costs as a percentage of related revenues resulting from the operational and organizational realignment of part of the development operations team to research and development. The improvement in gross profit was also attributable to the increase in subscription license revenue which contributed \$7.8 million, offset by an increase of \$1.5 million in losses on professional services.

Operating Expenses

	Three Months Ended March 31,		Change		Nine Months Ended March 31,		Change	
	2024	2023	Amount	%	2024	2023	Amount	%
	<i>(in thousands, except for percentages)</i>							
Operating expenses:								
Research and development	\$ 27,319	\$ 25,281	\$ 2,038	8%	\$ 83,796	\$ 68,352	\$ 15,444	23%
Sales and marketing	35,256	34,946	310	1%	104,944	99,796	5,148	5%
General and administrative	24,929	21,552	3,377	16%	66,977	62,715	4,262	7%
Lease modification and impairment	—	—	—	*	—	1,601	(1,601)	*
Total operating expenses	<u>\$ 87,504</u>	<u>\$ 81,779</u>	<u>\$ 5,725</u>	7%	<u>\$ 255,717</u>	<u>\$ 232,464</u>	<u>\$ 23,253</u>	10%

*Not meaningful

Research and Development

Research and development expenses increased by \$2.0 million, or 8%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. Personnel-related costs increased by \$2.9 million due to annual salary increases and increased headcount (\$1.4 million of which was due to the operational and organizational realignment of part of the development operations team to research and development). Contractor costs increased by \$0.7 million as we increased contract resources to support on-going development of our cloud offerings. Cloud hosting costs and allocated overhead costs increased by \$0.6 million. These increases were partially offset by a decrease of \$2.1 million in stock-based compensation expense primarily due to forfeitures of unvested performance stock awards.

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Research and development expenses increased by \$15.4 million, or 23%, for the nine months ended March 31, 2024 compared to the nine months ended March 31, 2023. Personnel-related costs increased by \$9.8 million due to annual salary increases and increased headcount (\$4.1 million of which was due to the operational and organizational realignment of part of the development operations team to research and development). Contractor costs increased by \$3.0 million as we increased contract resources to support on-going development of our cloud offerings. Cloud hosting costs increased by \$1.1 million due to increased usage in support of development activities. Allocated overhead costs increased by \$1.0 million due to increased headcount.

Sales and Marketing

Sales and marketing expenses increased by \$0.3 million, or 1%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. Marketing expenses increased by \$1.2 million largely due to increases in marketing events and travel related expenses. Personnel-related costs increased by \$0.9 million primarily due to annual salary increases and increased headcount. These increases were partially offset by a decrease of \$1.8 million in stock-based compensation expense primarily due to forfeitures of unvested performance stock awards and the graded vesting of certain prior year grants which resulted in higher expense in the same period in prior year.

Sales and marketing expenses increased by \$5.1 million, or 5%, for the nine months ended March 31, 2024 compared to the nine months ended March 31, 2023. Personnel-related costs increased by \$5.2 million due to annual salary increases and increased headcount. Marketing expenses increased by \$2.9 million largely due to increases in marketing events and travel related expenses. These increases were partially offset by a decrease of \$3.7 million in stock-based compensation expense primarily due to forfeitures of unvested performance stock awards and the graded vesting of certain prior year grants which resulted in higher expense in the same period in prior year.

General and Administrative

General and administrative expenses increased by \$3.4 million, or 16%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. This was primarily driven by an increase of \$1.9 million in personnel-related costs primarily due to annual salary increases and increased headcount, an increase of \$1.1 million from change in fair value of contingent consideration related to prior acquisitions, an increase of \$1.0 million in third-party professional fees and an increase of \$0.7 million in bad debt expense. These increases were partially offset by a decrease of \$1.3 million in stock-based compensation expense primarily due to forfeitures of unvested performance stock awards.

General and administrative expenses increased by \$4.3 million, or 7%, for the nine months ended March 31, 2024 compared to the nine months ended March 31, 2023. This was primarily driven by an increase of \$5.1 million in personnel-related costs primarily due to annual salary increases and increased headcount, an increase of \$3.6 million in third-party professional fees, an increase of \$1.3 million in bad debt expense and an increase of \$0.5 million in overhead costs. These increases were partially offset by a decrease of \$3.7 million in stock-based compensation expense primarily due to forfeitures of unvested performance stock awards, a decrease of \$0.9 million from change in fair value of contingent consideration related to prior acquisitions and an increase of \$2.0 million in costs allocated to other functions due to increased headcount in other departments.

Lease modification and impairment

Lease modification and impairment net charge of \$1.6 million during the nine months ended March 31, 2023 related to accelerated amortization expense associated with a right-of-use leased asset on the early exit of a leased office space, offset by a benefit arising from an amendment to an underlying lease agreement which resulted in a reduction in the related lease payment obligation.

Interest and Other Income (Expense), Net

	Three Months Ended March 31,		Change		Nine Months Ended March 31,		Change	
	2024	2023	Amount	%	2024	2023	Amount	%
<i>(in thousands, except for percentages)</i>								
Interest and other income (expense), net	\$ 758	\$ (253)	\$ 1,011	(400)%	\$ 1,872	\$ (836)	\$ 2,708	(324)%

The change in interest and other income (expense), net, was primarily due to interest income on our cash held in money market funds, offset by the impact of fluctuations in foreign currency rates on our monetary asset and liability balances denominated in currencies other than the U.S. dollar, primarily British pounds.

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Income Tax Benefit (Expense)

	Three Months Ended March 31,		Change		Nine Months Ended March 31,		Change	
	2024	2023	Amount	%	2024	2023	Amount	%
<i>(in thousands, except for percentages)</i>								
Income tax benefit (expense)	\$ (202)	\$ 351	\$ (553)	(158)%	\$ (803)	\$ (300)	\$ (503)	168%

Income tax expense was \$0.2 million and \$0.8 million for the three and nine months ended March 31, 2024, respectively, compared to an income tax benefit of \$0.4 million and an income tax expense of \$0.3 million for the three and nine months ended March 31, 2023, respectively. Our income tax expense during the three and nine months ended March 31, 2024 and the nine months ended March 31, 2023 was primarily attributable to income tax expense in a number of U.S. state jurisdictions and foreign jurisdictions. Our income tax benefit during the three months ended March 31, 2023 was primarily attributable to income tax benefits from net losses in our foreign jurisdictions.

Liquidity and Capital Resources
Sources of Liquidity

As of March 31, 2024, we had cash, cash equivalents and restricted cash of \$187.6 million. We finance our liquidity needs primarily through collections from clients and the issuance of equity securities. We generally bill and collect from our clients annually in advance. Our billings are subject to seasonality with billings in the fourth quarter higher than in the other quarters.

Operating losses could continue in the future as we continue to invest in the growth of our business. We believe our existing cash, cash equivalents and restricted cash as of March 31, 2024, along with our JPMorgan Credit Facility described below, will be sufficient to meet our working capital and capital expenditure needs for at least the next twelve months.

On October 5, 2021, we entered into a Credit Agreement, as amended on June 6, 2022 and further amended on November 17, 2022, with a group of lenders led by JPMorgan. The Credit Agreement provides for a five-year, senior secured revolving credit facility of \$100.0 million with a sub-facility for letters of credit in the aggregate amount of up to \$10.0 million. As of March 31, 2024, no amounts have been borrowed under the JPMorgan Credit Facility. See Note 9 to our unaudited condensed consolidated financial statements for additional information.

Our future capital requirements will depend on many factors, including, but not limited to, our ability to grow our revenues and the timing and extent of investment across our organization necessary to support growth in our business. In addition, we may in the future enter into arrangements to acquire or invest in complementary businesses or technologies. We may need to seek additional equity or debt financing in order to meet these future capital requirements. If we are unable to raise additional capital when desired, or on terms that are acceptable to us, our business, financial condition and results of operations could be adversely affected.

Cash Flows

The following table summarizes our cash flows from operating, investing, and financing activities for the periods presented (in thousands):

	Nine Months Ended March 31,	
	2024	2023
Net cash provided by operating activities	\$ 40,152	\$ 16,834
Net cash used in investing activities	(6,945)	(6,430)
Net cash provided by (used in) financing activities	23,580	(10,327)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(346)	(422)
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>\$ 56,441</u>	<u>\$ (345)</u>

Operating Activities

During the nine months ended March 31, 2024, net cash provided by operating activities was \$40.2 million, as our operating loss of \$31.4 million was reduced by \$71.6 million of adjustments. These adjustments consisted of \$65.7 million of non-cash charges (principally comprising of stock-based compensation and depreciation and amortization), and net cash inflow of \$5.9 million from net changes in operating assets and liabilities. The net cash inflow from changes in operating assets and liabilities was primarily driven by a decrease in accounts receivable of \$10.1 million due to the timing of billing and collections on our outstanding receivables, an increase in accounts payable and accrued liabilities of \$6.3 million primarily due to timing of payments and an increase in deferred revenue of \$4.9 million due to the timing of invoicing to our clients, offset by an increase in unbilled receivables of \$5.8 million, an increase in prepaid expenses and other assets of \$4.1 million, a decrease in operating lease liabilities of \$3.5 million due to lease payments, an increase in deferred commissions of \$1.8 million due to increased sales.

During the nine months ended March 31, 2023, net cash provided by operating activities was \$16.8 million, as our operating loss of \$58.0 million was reduced by \$74.8 million of adjustments. These adjustments consisted of \$71.5 million of non-cash charges (principally comprising stock-based compensation expense, depreciation and amortization, amortization of operating lease right-of-use assets, lease modification and impairment and provision of doubtful accounts), and net cash inflow of \$3.3 million from net changes in operating assets and liabilities. The net cash inflow from changes in operating assets and liabilities was primarily driven by an increase in deferred revenue of \$22.3 million due to our revenue growth and an increase in other liabilities of \$1.2 million due to the timing of payments. These changes were partially offset by an increase in unbilled receivables of \$5.9 million due to the timing of invoicing to our clients, a decrease in accounts payable and accrued liabilities of \$5.5 million primarily due to payments for annual bonuses, a decrease in operating lease liabilities of \$4.6 million due to lease payments, an increase in accounts receivable of \$2.4 million due to the timing of billing and collections on our outstanding receivables and an increase in deferred commissions of \$2.1 million due to increased sales.

Investing Activities

Net cash used in investing activities primarily consists of purchases of property and equipment and capitalized internal-use software costs.

During the nine months ended March 31, 2024, net cash used in investing activities was \$6.9 million, consisting of capitalized internal-use software costs of \$5.2 million and capital expenditures of \$1.7 million on property and equipment consisting largely of computer software and development costs.

During the nine months ended March 31, 2023, net cash used in investing activities was \$6.4 million, consisting of capitalized internal-use software costs of \$3.9 million, capital expenditures of \$2.0 million on property and equipment largely of computer equipment and leasehold improvements to our London office in the U.K., and investment in note receivable of \$0.5 million.

Financing Activities

During the nine months ended March 31, 2024, net cash provided by financing activities was \$23.6 million, primarily comprised of \$25.2 million of proceeds from stock option exercises and \$1.7 million of proceeds from employee stock purchase plan, offset by \$2.6 million of payments for the final contingent consideration and cash holdback related to prior acquisitions and \$0.7 million of payments related to deferred offering costs in connection with our follow-on public offering.

During the nine months ended March 31, 2023, net cash used in financing activities was \$10.3 million, primarily comprised of payments of \$22.3 million which represented the final contingent consideration and cash holdback related to the acquisition of Repstor, Limited and deferred purchase consideration related to the acquisition of the Billstream business from Billstream LLC and \$4.9 million of payments related to employee payroll tax withholding on vested equity awards, partially offset by \$15.7 million of proceeds from stock option exercises and \$1.2 million of proceeds from the employee stock purchase plan.

Material Cash Requirements

Except as described below, there have been no significant changes in our material cash requirements from those disclosed in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023, filed with the SEC on September 7, 2023.

In February 2024, we entered into a lease agreement to lease an office space in New York, New York for a six-year term ending in February 2030. The total undiscounted base rent under this lease is approximately \$7.3 million, and we will be responsible for the payment of additional rent for our proportionate share of certain operating expenses.

Subsequent to March 31, 2024, in connection with the acquisition of delphai, we paid \$13.3 million in cash at closing in April 2024 and are obligated to pay a cash holdback of \$1.7 million by the second quarter of fiscal year 2026. Additionally, in connection with the acquisition of TDI, we paid \$1.6 million in cash at closing in May 2024 and are obligated to make deferred payment and certain earn-out payment for an amount up to \$3.3 million in the next three fiscal years.

Non-GAAP Financial Measures

We report our financial results in accordance with generally accepted accounting principles in the United States of America ("GAAP"), however, management believes evaluating our ongoing operating results may be enhanced if investors have additional non-GAAP financial measures. Specifically, management reviews non-GAAP gross profit, non-GAAP recurring gross profit, and non-GAAP operating profit, each of which is a non-GAAP financial measure, to manage our business, make planning decisions, evaluate our performance and allocate resources and, for the reasons described below, considers them to be useful indicators, for both management and investors, of our financial performance over time. These non-GAAP financial measures, which may be different than similarly-titled measures used by other companies, should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

Non-GAAP Gross Profit

We define non-GAAP gross profit as GAAP gross profit less the portion related to cost of revenues of stock-based compensation expense and amortization of intangible assets. We believe non-GAAP gross profit provides investors and other users of our financial information consistency and comparability with our past financial performance and facilitates period-to-period comparisons of gross profit.

The following table provides a reconciliation of gross profit to non-GAAP gross profit (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
GAAP gross profit	\$ 80,058	\$ 63,534	\$ 223,224	\$ 175,645
Adjusted to exclude the following:				
Stock-based compensation	1,956	1,524	5,848	4,248
Amortization of intangible assets	1,054	918	3,164	3,331
Non-GAAP gross profit	<u>\$ 83,068</u>	<u>\$ 65,976</u>	<u>\$ 232,236</u>	<u>\$ 183,224</u>

Non-GAAP Recurring Gross Profit

We define non-GAAP recurring gross profit as GAAP total recurring revenues less GAAP total cost of recurring revenues adjusted for the portion of cost related to stock-based compensation expense and amortization of intangible assets. We believe non-GAAP recurring gross profit provides investors and other users of our financial information consistency and comparability with our past financial performance and facilitates period-to-period comparisons of recurring gross profit as management is focused on increasing sales associated with our recurring revenue stream.

The following table provides a reconciliation of recurring gross profit to non-GAAP recurring gross profit (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Total recurring revenues	\$ 97,337	\$ 79,628	\$ 275,553	\$ 221,273
Total cost of recurring revenues	14,902	13,644	43,731	38,498
Recurring gross profit	82,435	65,984	231,822	182,775
Adjusted to exclude the following:				
Stock-based compensation	620	486	1,747	1,317
Amortization of intangible assets	1,054	918	3,164	3,331
Non-GAAP recurring gross profit	<u>\$ 84,109</u>	<u>\$ 67,388</u>	<u>\$ 236,733</u>	<u>\$ 187,423</u>

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Non-GAAP Operating Profit

We define non-GAAP operating profit as GAAP operating loss excluding stock-based compensation expense, amortization of intangible assets, lease modification and impairment, change in fair value of contingent consideration, transaction costs related to acquisitions and certain non-capitalized offering-related expenses and restructuring and other costs. We believe non-GAAP operating profit provides investors and other users of our financial information consistency and comparability with our past financial performance and facilitates period-to-period comparisons of GAAP operating loss.

The following table provides a reconciliation of GAAP operating loss to non-GAAP operating profit (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
GAAP operating loss	\$ (7,446)	\$ (18,245)	\$ (32,493)	\$ (56,819)
Adjusted to exclude the following:				
Stock-based compensation	14,026	18,759	49,291	54,795
Amortization of intangible assets	2,615	2,505	7,934	8,092
Lease modification and impairment	—	—	—	1,601
Change in fair value of contingent consideration	490	(641)	(1,725)	(873)
Transaction costs ⁽¹⁾	1,471	502	2,149	703
Restructuring and other costs	52	—	52	—
Non-GAAP operating profit	<u>\$ 11,208</u>	<u>\$ 2,880</u>	<u>\$ 25,208</u>	<u>\$ 7,499</u>

(1) Consists of acquisition-related transaction costs and costs related to certain non-capitalized offering-related expenses.

Indebtedness

On October 5, 2021, we entered into a Credit Agreement, as amended on June 6, 2022 and further amended on November 17, 2022, with a group of lenders led by JPMorgan. The Credit Agreement provides for a five-year, senior secured revolving credit facility of \$100.0 million with a sub-facility for letters of credit in the aggregate amount of up to \$10.0 million. Future borrowings under the JPMorgan Credit Facility will bear interest, at our election, at an annual rate based on either (a) an adjusted secured overnight financing rate (SOFR, as described in the Credit Agreement) plus a percentage spread (ranging from 1.75% to 2.50%) or (b) an alternate base rate (as described in the Credit Agreement) plus a percentage spread (ranging from 0.75% to 1.50%), in each case based on our total net leverage ratio. In addition, a commitment fee accrues with respect to the unused amount of the JPMorgan Credit Facility at an annual rate ranging from 0.25% to 0.40%, based on our total net leverage ratio. Subject to certain exceptions, our total net leverage ratio as of the end of each fiscal quarter may not exceed 3.50 to 1.00. We were in compliance with all of the covenants as of March 31, 2024.

As of March 31, 2024, no amounts have been borrowed under the JPMorgan Credit Facility.

Critical Accounting Policies and Estimates

The process of preparing our unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires the use of estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates and judgments are based on historical experience, future expectations and other factors and assumptions we believe to be reasonable under the circumstances. The most significant estimates and judgments are reviewed on an ongoing basis and are revised when necessary. Actual amounts may differ from these estimates and judgments.

There have been no significant changes to our critical accounting policies or estimates from those disclosed in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023, filed with the SEC on September 7, 2023.

Recent Accounting Pronouncements

See Note 2 to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for more information regarding recent accounting pronouncements and our assessment of their impact.

Emerging Growth Company Status

In April 2012, the JOBS Act was enacted. Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. We have elected to use this extended transition period to enable us to comply with certain new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our unaudited condensed consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

We also intend to rely on certain other exemptions and reduced reporting requirements under the JOBS Act, including: not having to (1) provide an auditor’s attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act or (2) comply with any requirement that may be adopted by Public Company Accounting Oversight Board (“PCAOB”) regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis.

We will remain an emerging growth company until the earlier of (1) the last day of fiscal year in which we have more than \$1.235 billion in annual revenues; (2) the date we qualify as a “large accelerated filer,” which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of the most recently completed second fiscal quarter, and we have been required to file annual, quarterly and current reports under the Exchange Act for at least twelve months, and we have filed at least one annual report pursuant to the Exchange Act; (3) the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt securities; and (4) the last day of fiscal year ending after the fifth anniversary of our initial public offering.

On December 31, 2023, the last day of the second fiscal quarter in 2024, the market value of common stock held by non-affiliates exceeded \$700 million. Accordingly, the Company will be deemed a large accelerated filer as of June 30, 2024. As such, the Company will no longer (i) qualify as an emerging growth company, (ii) be able to take advantage of the extended timeline to comply with new or revised accounting standards applicable to public companies beginning with the Annual Report on Form 10-K for the year ending June 30, 2024 and (iii) be exempt from providing an auditor’s attestation report on internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business, including foreign currency exchange, credit, inflation, and interest rate risks.

Foreign Currency Exchange Risk

Our reporting currency is the U.S. dollar and the functional currency for all of our foreign subsidiaries is the U.S. dollar, except Rekoop Ltd., which uses the British pound.

The majority of our revenue and expenses are denominated in U.S. dollars. However, we have foreign currency risks as we have contracts with clients and payroll obligations and a limited number of supply contracts with vendors which have payments denominated in foreign currencies.

The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. We have experienced and will continue to experience fluctuations in foreign exchange gains and losses related to changes in foreign currency exchange rates. We have not engaged in the hedging of foreign currency transactions to date, although we may choose to do so in the future. Our exposure to foreign currency exchange risk relates primarily to our accounts receivable, cash balances, other employee compensation related obligations and lease liabilities denominated in currencies other than the U.S. dollar. If a hypothetical 10% change in foreign currency exchange rates were to occur in the future, the resulting gain or loss would be approximately \$3.7 million on our operating results over the next twelve months.

Credit Risk

We routinely assess the creditworthiness of our clients. We have not experienced any material losses related to non-payment of receivables from individual or groups of clients due to loss of creditworthiness during the three and nine months ended March 31, 2024 and 2023. Clients representing in excess of 10% of our accounts receivable balance at March 31, 2024 and June 30, 2023 were zero and one, respectively. Due to these factors, management believes that we do not have additional credit risk beyond the amounts already provided for collection losses in our accounts receivable.

Inflation Risk

We do not believe that inflation has had a material effect on our business, results of operations, or financial condition. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs, particularly if inflationary pressures occur during an economic downturn. Further, our clients may not buy new products or may refrain from expanding current product usage as a result of the impact of increasing costs on their spend. These matters could harm our business, results of operations, or financial condition.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our cash held in cash deposits and cash equivalents invested in money market funds and our senior secured revolving credit facility of up to \$100.0 million.

As of March 31, 2024, we had cash and cash equivalents of \$187.4 million held with multiple high credit quality financial institutions, including investments in money market funds. Our investments are subject to market risk due to changes in interest rates, which may affect our interest income. A hypothetical 100 basis points increase or decrease in interest rates would not have a material impact on our operating results or the fair value of our cash and cash equivalents over the next twelve months.

As of March 31, 2024, we had no outstanding loan balance under our senior secured revolving credit facility. Future borrowings under this facility will accrue interest at a variable rate based on, at our election, either (a) an adjusted secured overnight financing rate (SOFR, as described in the Credit Agreement) plus a percentage spread (ranging from 1.75% to 2.50%) or (b) an alternate base rate (as described in the Credit Agreement) plus a percentage spread (ranging from 0.75% to 1.50%), in each case based on the Company's total net leverage ratio. As a result, we will be exposed to increased interest rate risk if we draw down on the facility.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. 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, within the company have been detected. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

The information contained in Note 8. "Commitments and Contingencies—Litigation" in our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q is incorporated herein by reference. From time to time, we may be subject to legal proceedings and claims in the ordinary course of business. We cannot predict the results of any such disputes, and regardless of the potential outcomes, the existence thereof may have an adverse material impact on us due to diversion of management time and attention as well as the financial costs related to resolving such disputes.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed under Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023, the current effects of which are discussed in more detail in Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Quarterly Report on Form 10-Q. If any of these risks or uncertainties actually occur, our business, financial condition, prospects, results of operations and cash flow could be materially and adversely affected. In that case, the market price of our common stock could decline. These risks are not the only risks we face. Additional risks or uncertainties not currently known to us, or that we currently deem immaterial, may also have a material adverse effect on our business, financial condition, prospects, results of operations or cash flows, as well as the market price of our securities. We cannot assure you that any of the events discussed in the risk factors will not occur.

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

On May 2, 2024, the Company issued 4,762 shares of its common stock pursuant to certain provisions of the Agreement and Plan of Merger dated May 2, 2023, with Paragon Data Labs, Inc. The issuance of the shares was exempt from registration pursuant to the exemption for transactions by an issuer not involving any public offering under Section 4(a)(2) of the Securities Act of 1933, as amended. The certificates for the common shares issued bear appropriate legends. No underwriters or placement agents were involved in this transaction.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

Don Coleman, the Company's Chief Operating Officer, entered into a stock trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) (a "Rule 10b5-1 Plan") on March 14, 2024, which has an end date of March 31, 2025. Mr. Coleman's Rule 10b5-1 Plan provides for the potential exercise of stock options and the associated sale of up to 271,615 shares of Intapp common stock.

Scott Fitzgerald, the Company's Chief Marketing Officer, entered into a Rule 10b5-1 Plan on March 15, 2024, which has an end date of June 30, 2025. Mr. Fitzgerald's Rule 10b5-1 Plan provides for the potential sale of up to 36,374 shares of Intapp common stock.

John Hall, the Company's Chairman and Chief Executive Officer, entered into a Rule 10b5-1 Plan on March 8, 2024, which has an end date of December 13, 2024. Mr. Hall's Rule 10b5-1 Plan provides for the potential exercise of stock options and the associated sale of up to 200,000 shares of Intapp common stock, the potential sale of up to 46,979 shares of Intapp common stock and the potential sale of the net shares of Intapp common stock that Mr. Hall will receive from the vesting of outstanding awards of performance stock units granted prior to the adoption of his current Rule 10b5-1 Plan until the plan's end date.

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Item 6. Exhibits

The information required by this Item is set forth on the exhibit index that precedes the signature page of this Quarterly Report on Form 10-Q.

Exhibit Number	Description	Incorporated by Reference				
		Form	File Number	Date	Number	Filed Herewith
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents					X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)					X

* The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and are not deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

Intapp, Inc.

Date: May 9, 2024

By: /s/ John Hall
John Hall
Chief Executive Officer
(Principal Executive Officer)

Date: May 9, 2024

By: /s/ David Morton
David Morton
Chief Financial Officer
(Principal Financial Officer)

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

I, John Hall, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Intapp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2024

By:

/s/ John Hall
John Hall
Chief Executive Officer

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

I, David Morton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Intapp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2024

By:

/s/ David Morton
David Morton
Chief Financial Officer

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

In connection with the Quarterly Report of Intapp, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company as of and for the period covered by the Report.

Date: May 9, 2024

By:

/s/ John Hall
John Hall
Chief Executive Officer

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

In connection with the Quarterly Report of Intapp, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company as of and for the period covered by the Report.

Date: May 9, 2024

By:

/s/ David Morton
David Morton
Chief Financial Officer
