UserTesting, Inc.

Delaware
(State or other jurisdiction of incorporation or organization)

144 Townsend Street
San Francisco, California 94107
(Address of principal executive offices) (Zip code)

(650) 567-5616
Registrant’s telephone number, including area code

26-0339214
(I.R.S. Employer Identification No.)

UserTesting, Inc.

For the fiscal year ended December 31, 2021

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

Common Stock, $0.0001 par value per share
Title of each class

USER
Trading Symbol(s)

New York Stock Exchange
Name of each exchange on which registered

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

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

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

Sequences registered pursuant to section 12(g) of the Act: Not applicable

Indicate by check mark whether the registrant is required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☑ No ☐

Indicate by check mark whether the registrant is required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted 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 file such reports). Yes ☑ No ☐

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☑ No ☐

As of February 28, 2022, 142,440,549 shares of the registrant’s common stock, $0.0001 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
Portions of the registrant’s definitive Proxy Statement relating to the 2022 Annual Meeting of Stockholders are incorporated herein by references in Part III of this Annual Report on Form 10-K to the extent stated herein. Such Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the registrant’s fiscal year ended December 31, 2021.
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act), about us and our industry that involve substantial risks and uncertainties. All statements contained in this Annual Report on Form 10-K other than statements of historical fact, including statements regarding our future operating results and financial condition, our business strategy and plans, market growth and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “potentially,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “target,” “plan,” “expect,” and similar expressions are intended to identify forward-looking statements.

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

- our future financial performance, including our expectations regarding our subscription and professional revenue, cost of revenue, gross profit or gross margin, operating expenses, including changes in operating expenses, and our ability to achieve and maintain future profitability;
- the impact of the COVID-19 pandemic on our operations, financial results, and liquidity and capital resources, including on customers, sales, expenses, and employees;
- our business plan, our pricing model, and our ability to effectively manage our growth;
- anticipated trends, growth rates, and challenges in our business and in the markets in which we operate;
- market acceptance of our products and services and our ability to increase adoption of our products and services;
- beliefs and objectives for future operations;
- our ability to further attract, retain, and expand a community of consumers and participants;
- our ability to timely and effectively scale and adapt our products and services;
- our ability to develop new products and services and bring them to market in a timely manner and enhance our existing products and services;
- our expectations concerning relationships with third parties;
- our ability to maintain, protect, and enhance our intellectual property;
- our ability to continue to expand internationally;
- the effects of increased competition in our markets and our ability to compete effectively;
- future acquisitions or investments in complementary companies, products, services, or technologies;
- our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business both in the United States and internationally;
- economic and industry trends, projected growth, or trend analysis;
- the attraction and retention of qualified employees;
- increased expenses associated with being a public company; and
- other statements regarding our future operations, financial condition, and prospects and business strategies.

These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in Part I, Item 1A, “Risk Factors” and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and
circumstances discussed in this Annual Report on Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. We undertake no obligation to update any of these forward-looking statements for any reason after the date of this Annual Report on Form 10-K or to conform these statements to actual results or to changes in our expectations, except as required by law.

You should read this Annual Report on Form 10-K and the documents that we reference in this report and have filed with the Securities and Exchange Commission (SEC) as exhibits to this report with the understanding that our actual future results, performance, and events and circumstances may be materially different from what we expect.
Part I

Item 1. Business

Overview

Our mission is to empower every organization with the breakthrough perspectives they need to deliver truly exceptional customer experiences using human insight.

We have pioneered a video-first, enterprise-grade SaaS platform that enables organizations to see and hear the experiences of real people as they engage with products, designs, apps, processes, concepts, or brands. Our platform captures authentic, credible, and highly contextualized customer perspectives from targeted audiences who have opted in to share their thoughts, whether for digital, real-world, or omnichannel experiences. Using machine learning, our platform analyzes these perspectives and surfaces key moments of insight rapidly and at scale. This helps organizations to free up time and resources and make better customer experience decisions faster using the power of video to drive alignment and action.

As the world and consumer behavior change, companies are increasingly differentiating themselves based on their ability to deliver the best experiences for their customers. Organizations are spending billions of dollars to understand their customers through data. Despite all these investments, there is still a significant gap between an organization’s perception of its customer-centricity and its customers’ perceptions of their experiences. This divide, or “empathy gap,” has a direct impact on the end customer and often leads to poor customer experiences.

To deeply understand what it is actually like to be a customer, organizations need to continuously engage with, listen to, and observe their customers directly. Consumers are accustomed to sharing their thoughts and perspectives through video and online channels. Customer experience solutions must help organizations tap into the rise of this video-first culture to develop a closer connection with their customers and build a deeper understanding that is missing from the data trend lines, charts, and graphs that many organizations rely on today. By understanding customers and their perspectives better, organizations can create better customer experiences that stimulate growth, drive loyalty, and expand market share.

The power of the UserTesting Human Insight Platform is our ability to capture and analyze Customer Experience Narratives (CxNs). CxNs are digitally recorded video narratives from targeted, opt-in audiences from our unique UserTesting Contributor Network or an organization’s own network. These video-based recordings capture the perspectives and experiences of these audiences in narrative form. Our technology enables our contributors or customers of an organization to record their screen or actions on camera as they consider and engage with products, designs, processes, concepts, or brands. As a result, we capture a broad array of human signals needed to truly understand a human experience, including: intonation and tone of voice, facial expressions, body language, visuals, and actions (both digital and real world), all overlaid with a person’s thoughts spoken out loud as they go through an experience. This rich and immersive format enables organizations to see the experiences that they have designed, created, and delivered through their customers’ eyes.

Organizations use our platform to surface and manage human insight, collaborate with others, and share these insights among teams. We believe experience narratives are a more powerful catalyst than any data set for aligning teams and motivating people to act, and that developing a shared understanding of customers through human insight is mission critical for organizations to drive better decisions that create and deliver exceptional customer experiences.

Organizations derive value from our platform in many ways, across a variety of use cases and functional teams. Digital teams use our platform to improve their customers’ browsing and purchasing experience across channels. Product teams use our platform to vet new market opportunities and understand product-market-fit and customer needs, throughout the entire product creation process from concept to post-launch. Marketing teams leverage our platform to get reactions and diverse perspectives on their brand messaging, marketing campaigns, landing pages, product naming, and pricing to ensure that they resonate. Research and design teams run studies on our platform to understand changing customer behavior, test new designs and prototypes, and find usability concerns. And customer experience teams use our platform to better understand the full customer journey and customer expectations while interacting with different parts of the business. Beyond these use cases, many teams use our platform to benchmark their customer experiences against their competitors.

Our platform is architected to be video-first, easy-to-use, and quick to return insights (typically in less than a day and often within a few hours) – all on a secure, enterprise-grade, and highly scalable foundation. We have built sophisticated technology to capture video and other rich data streams from computers, tablets, and smartphones, for a range of experiences including web, mobile, real world, and omnichannel. We provide easy-to-use templates and a template builder that our customers use to define the set of questions they want to ask and tasks they want a person to do within an
experience. We leverage our industry-leading, purpose-built network of contributors to provide organizations authentic, credible, and highly contextualized customer perspectives on those experiences. Since our founding, we have steadily built up our network of contributors and have qualified over 600,000 contributors in that time. The quality of the UserTesting Contributor Network and speed with which our platform delivers results keeps teams on our platform engaged to run more experience tests and attracts new teams to the platform. Our platform handles four streams of data: screen or real world recordings through video; voice through audio; facial expressions through video; and digital interactions through clickstream data for digital properties. The volume and richness of these data sources, along with audience profile, question, and task data, enable us to develop several proprietary machine-learning models that we use for audience targeting and distribution, and for rapid analysis to surface key moments of insight from the perspectives we capture.

Our go-to-market model is based on a direct sales force that is optimized for the size and geography of a customer’s organization. We have also started investing in creating channel partnerships and relationships with resellers, distributors, and strategic partners to broaden our reach. As of December 31, 2021, we had more than 2,300 customers, including more than half of the world’s top 100 most valuable brands according to Forbes, and over 300 large customers with at least $100,000 of ARR.

We have achieved significant growth in recent periods. For the years ended December 31, 2021, 2020, and 2019 our total revenue was $147.4 million, $102.2 million, and $76.6 million, respectively, representing period-over-period growth of 44% and 33%, respectively. As we have grown our business, we have made significant investments in sales and marketing and research and development. As a result, for the years ended December 31, 2021, 2020, and 2019, our net loss was $50.7 million, $34.0 million, and $19.6 million, respectively.

The UserTesting Human Insight Platform

UserTesting is transforming how today’s organizations understand what it is actually like to be a customer and build exceptional experiences for their customers.

**How Our Platform Works**

**Target Diverse Customer Perspectives** – Select the experience to be tested, either by uploading a digital file, linking to an app or web page, or providing instructions to take a real-world action. The platform helps to structure a series of questions or requests to perform tasks, and then finds a matching set of contributors in one of the networks. If using the UserTesting Contributor Network, the platform can be used to define a target audience, using predefined and custom filters. It then automatically targets contributors based on defined criteria.

**Generate CxNs** – Matched contributors log into our platform to complete the experience test, answer questions, and perform tasks, while they narrate their thoughts out loud. Each experience is fully recorded and the platform generates a series of experience narratives representing the diverse perspectives of each contributor in a rich and immersive format that includes screen activity, actions captured by camera, voice, and facial expressions. CxNs are delivered typically in less than a day and often within a few hours, enabling organizations to integrate human insight into their everyday operations.

**Discover & Share Human Insight** – Organizations watch experience narratives using our embedded video player. The platform offers several tools, such as transcripts, tagging, and video clips, to quickly find insights. Additionally, the platform also automatically suggests insights based on machine learning. Powerful visualizations of CxN data surface interesting insights and help organizations get to the moments that matter faster. Because of the persuasive video-first format, key moments and learnings are often shared in email, presentations, or in various channels to drive empathy and a shared understanding of the customer, along with more urgency and action.

**Use Cases**

Organizations use the UserTesting Human Insight Platform across many teams, such as digital, product, marketing, research and design, and customer experience teams. Many organizations also use our platform to gain critical competitive intelligence by watching different target audiences compare their offerings against those of their competitors. As we see
more teams and use cases emerge within an organization, we have observed our platform expand into customers’ human resources, customer support, IT, training, and operations teams.

**Key Benefits of Our Platform**

*Capturing Authentic, Credible, and Highly Contextualized Video-first Customer Perspectives*

We capture and collect highly contextualized video narratives of a customer experience. These narratives provide unique and rich foundational information for surfacing key moments of insight and enable the viewer to have a first-person understanding of the customer and the customer’s experience. Our CxN capture technology handles four streams of data from each video and multiple human signals, all combined with audience and test plan data. From this richer and more engaging format, which can be used for both digital and real world experiences, organizations receive authentic, credible, and highly contextualized perspectives and insights from their customers that provide the depth and context necessary to improve customer experience and differentiate their position from competitors.

*Delivering Customer Perspectives at Rapid Speed and at Scale to Support the Quick Iterative Process of Today’s Organizations*

Our platform enables organizations to collect diverse customer perspectives at the speed and scale necessary to keep pace with the iterative and rapid workflows of today’s business environment. Our software technology allows organizations to create and distribute experience tests to their desired audiences and get results typically in less than a day and often within a few hours.

*Target and Find the Most Relevant Audience to Provide their Perspectives*

Organizations can quickly define and find their target audience on the platform – whether utilizing the UserTesting Contributor Network, using their existing networks or database of contacts, or in any network they can reach with a hyperlink. Our platform enables finding a specific target audience using any combination of demographic and other custom filters, device type preferences, language requirements, and flexible screening questions. Unlike other customer experience tools, where the customer may not be aware they are being tracked, contributors on our platform must first opt-in. Our approach gives organizations better certainty that they can quickly find their desired audience who will share high-quality and unique perspectives, and who want to participate and help shape better experiences.

*Analyzing and Surfacing Key Moments of Insight in an Easy to Understand and Actionable Form*

Our platform uses analytics and machine learning to detect customer intent and sentiment to quickly pinpoint moments that matter within these video-based recordings. At the same time, we deliver those moments of insight in a powerful and quickly consumable video clip format that better conveys the full set of important human signals that build a deeper understanding of the customer experience, driving stronger alignment and urgency to act.

*Freeing Up Time and Resources for Organizations*

Our platform saves our customers significant time that would have been spent in more manual processes such as test creation, recruiting participants, scheduling customer interviews, managing participant data, and reviewing interview videos to pinpoint the important moments of insight. Traditional outsourced focus groups or in-house labs usually take weeks or months to run a customer experience study, but our platform can deliver results and insights typically in less than a day and often within a few hours. As organizations become more agile and need to make a greater number of decisions to deliver their services, our platform also saves them money by lowering the incremental costs to learn directly from diverse customer perspectives.

*Democratizing Access to Customer Perspectives – Making It Easy for Anyone to Make Decisions Based on Human Insight*

Our platform is easy to use, making it accessible to a broad range of business users beyond traditional market researchers, user experience researchers, and other experts. Customer experience is a matter of organization-wide strategic importance, and we make it easy for anyone in an organization to reach their target audience and get a deeper understanding of their customers.

*Providing an Enterprise-Grade Platform with Integrations into Business Operations and Workflows*

Our platform has been architected to support the needs of today’s enterprises, and includes state-of-the-art encryption and identity management capabilities to ensure the security and privacy of customer data. We also offer extended features
for customer experience experts who need more comprehensive capabilities. Finally, we are continually growing our ecosystem, with integrations into common business applications, such as Adobe XD, Qualtrics, Slack, Jira, and Trello, and we are building out open application programming interfaces (APIs) that promote seamless collaboration and sharing of insights.

Our Growth Strategies

**Acquiring New Customers**

We believe that understanding and improving customer experiences through human insight represents a broad and underpenetrated market opportunity. We will continue to invest aggressively in sales and marketing to continue to acquire new customers, and our go-to-market model is built in a scalable way to support new customer growth of all sizes.

**Expanding Within Existing Customers Across Core and New Functional Teams**

We are focused on driving value, additional adoption, and growth within these customers using our land-and-expand model. Our platform’s use cases are continuing to expand as customers continue to see value from human insight, which drives adoption across multiple teams.

**Continuing to Grow Internationally**

To further our international strategy and focus, we have sales offices in Edinburgh, Scotland covering the Europe, Middle East, and Africa (EMEA) region and Singapore covering the Asia-Pacific (APAC) region. In 2021, approximately 18% of our total revenue came from customers outside the United States. International revenue increased approximately 76% compared to the prior year period. We believe international expansion will be a key growth driver for our business.

**Innovating and Expanding Our Platform**

We have a strong history of innovation and have pioneered a video-first, enterprise-grade platform that enables organizations to see and hear the experiences of real people as they engage with products, designs, apps, processes, concepts, or brands. We intend to continue to invest in new features and functionality, extending the platform to a broader range of enterprises, geographies, users and use cases.

**Deepening Our Network of Channel Partnerships**

We are in the early phases of building out our UserTesting partners and reseller program. Our focus areas include working with agencies, systems integrators, and resellers. All of these channels will enable us to achieve go-to-market leverage as we scale, supporting our continued growth.

Our Platform and Capabilities

The UserTesting Human Insight Platform offers organizations a unique and differentiated way to get access to a vivid first-person understanding of a customer’s experience and perspectives. The platform helps to systematically bring experience creators and decision makers closer to their customers as they build new products, services, apps, and brands that are changing the world.

The platform delivers these perspectives and experiences of real people through our video-first Customer Experience Narratives and helps to quickly surface key moments of human insight. Key components of the platform include:

- **CxN Core.** The core is powered by three engines that help organizations create Customer Experience Narratives or CxNs: the Capture and Live Streaming Engine, the Test Plan Engine, and the Distribution Engine.

- **CxN Audience Management.** This helps organizations quickly define and find their target audience on the platform – whether in the UserTesting Contributor Network, a customer’s existing network or database of contacts (such as loyalty program members or frequent users), or in any network they can reach with a hyperlink.

- **Human Insight Management.** There are four main components of Human Insight Management that help organizations analyze CxNs generated through the platform, surface insights quickly, collaborate with teams, and share insights across an organization to inspire action and drive urgency: Analytics and Visualizations, Intelligent Insights, Collaboration and Workspaces, and Sharing.

- **Data and Machine Learning.** The foundation of our platform is built using a powerful data and machine learning layer. The platform stores all our audience data, test plan data, application data, and an extensive CxN dataset.
This data set is continually enriched and the many features across the platform built on top of these machine learning models, such as the intelligent insights, are continuously validated and corrected. These self-training models build continuous learning directly into the platform, making the platform itself more intelligent and better over time.

- **Privacy, Security and Compliance.** We offer capabilities to help the platform better scale across thousands of users, become embedded within organizations’ business processes, and help organizations comply with applicable security, privacy, and compliance requirements.

- **APIs and Integrations.** Using APIs, we can initiate a templatized test launch and extract results in the form of video clips. We use our APIs to build specific integrations to popular partner and third-party business apps, giving customers turn-key integrations that promote seamless test creation (e.g., through Adobe XD) and sharing of CxN clips (e.g., through tools like Slack, Jira, and Trello).

**Our Technology**

Our technology and infrastructure enable us to build and continuously innovate on our Human Insight Platform. We designed our platform to be video-first because we anticipated that it would be the most important and demanding of the available sources – the keystone to handling all of our anticipated data streams. Video requires expertise in encoding, decoding, multiplexing, and synchronization, and poses challenges related to bandwidth and network performance to a much higher degree than other forms of communication like voice, chat, and content sharing. Several years ago we started adding additional streams of data, such as the clickstream to complement video, enabling the platform to deliver a richer multiple stream format, the CxN.

Our experience with multiple streams and types of data is particularly important. Other approaches to customer experience insight focus on a single source, such as facial expressions in video, sentiment in audio, and behavior in a clickstream. While these are all interesting in isolation, the combination is significantly more valuable than any one of them alone. Combining, analyzing, and managing them in the aggregate is how our technology platform enables our customers to gain deeper insight from a CxN than they get from other solutions. Our platform is cloud-native and provides customers with the reliability, scalability, and security they expect and need.

**The Key Tenets of Our Technology Platform:**

- **General and Special Purpose Data Stores.** Efficient data storage is fundamental to our ability to use the vast amounts of data we collect every day. We combine relational databases, NoSQL databases, file stores, and a graph database to optimize query speed, scalability, and reliability. To meet our customers’ need for local storage, we also store data across multiple availability zones and across regions.

- **Data Access, Data Visualization, Video Processing, and Data Processing.** We use highly scalable microservices to process video and data. REST and GraphQL APIs expose data in optimized formats as well as advanced algorithms implemented in the video and data processing layer, which includes live streaming of dual video channels, an audio channel, and bi-directional data channels from/to each connected endpoint.

- **Machine Learning Model Development and Execution.** We combine human analysis with machine learning (ML) enabled analysis to gain deep insights from CxNs. Our technology platform includes a fully integrated development environment to build, train, and deploy ML models, allowing us to rapidly innovate and bring new capabilities into the Human Insight Platform.

- **CxN Capture Technology.** Our capture technology works across many device types, using browser plugins, self-loading scripts, and apps as appropriate. This allows us to capture all aspects of a customer’s perspective and is optimized for web and mobile app experiences to enable a smooth CxN creation process. Depending on the use case, we can stream all data to our servers or we can record locally and later upload the recordings to our servers for further processing.

**Proprietary Machine Learning Models**

The volume and richness of our dataset has also enabled us to develop several proprietary machine learning models based on one or more of the CxN data sources, including:

- **Natural Language Processing** based on transcribed CxN audio to identify positive and negative sentiment, identify reactions such as confusion, and finding questions and their answers in a CxN.
• **Image-based Models** to identify icons and to group path flows based on the layout of pages and screens, enabling deeper analysis of contributor interactions with webpages or application interfaces.

• **Audio-based Models** to rate the quality of a CxN based on volume, tone, inflection, and other factors.

• **Demographic and Behavior-based Models** based on contributors’ CxNs to maintain optimal level of engagement of our contributors.

• **Multi-source Models** to identify intent in a CxN and to recognize indicators of engagement within a CxN, including joy and excitement as well as frustration and disengagement.

The nature of the Human Insight Platform and how our customers use it is a unique source of training data for many of our machine learning models. Customers interact with CxNs in many ways, such as commenting, tagging, making clips, and rating CxNs. Each interaction helps label the data set, creating valuable training data on discrete elements within an experience narrative as well as overall quality. We can also leverage the multiple data sets within each CxN to further refine our ML algorithms by using the data sets to label each other. For instance, we use voice data to identify a contributor’s mood changes during a CxN, then use that information to train the clickstream algorithm to recognize how these mood changes reflect in cursor movements and clicks of the same CxN. The insights gained from our machine learning models encourage customers to engage with and expand usage of our Human Insight Platform, compounding growth in the volume of training data available to our models.

Organizations harness the power of our ML models through our proprietary visualizations that make it easier for them to identify and focus on the most relevant sections of a CxN. For instance, our sentiment and intent ML models automatically generate tags that are used in our platform in combination with multiple CxN data streams to create a single visual output. The aggregated flow of many experience narratives can be explored in a single interactive graph that shows common and divergent experiences of a set of contributors completing the same set of tasks. Overlays of sentiment and intent analysis can then identify critical moments in each CxN where an organization may want to focus attention.

We believe our technology sets us apart through our unique ability to control everything from capture through analysis to visualization. We have innovated on capture based on needs arising from analysis or visualization, and captured data has led us to innovations in analysis and visualization. While we can ingest video and audio from almost any source and analyze it, it is the unique CxN, multiple-stream format that enables us to do the deepest analysis and that enables the most powerful visualizations. The technology platform and the access to an ever-growing set of training data let us innovate and deliver value to our customers rapidly.

**Research and Development**

We invest substantial resources in research and development to enhance our platform, develop new features, and improve our infrastructure. Our research and development organization is responsible for the design, architecture, testing, and quality of our platform, and we focus our efforts on developing our core technologies and further enhancing the usability, functionality, reliability, performance, and flexibility of our platform.

**Professional Services**

Our professional services team provides our customers with a broad range of services, including delivering research studies, training services, and strategy workshops, to help them realize the full benefits of the UserTesting platform. Our customers also have access to both on-demand and live educational courses through our online programs. Our service offerings range from hourly guidance projects to ongoing research and program management engagements, to meet the varying needs of our wide-ranging customer base.

**Our Employees and Human Capital**

UserTesting has a unique company culture that is a critical component to the success of our customers and ultimately the success of the business. Our core values represent our shared beliefs and show who we strive to be as a company. They are Get Better, Drive Results, Customers First, Be Kind and Keep it Simple (BRICKS). Our values are what define and preserve our culture as we continue to build a great company – brick by brick.

As a company, we share many of the same traits as our customers who tend to be curious people who value empathy, human insight, diversity, experimentation, and iterative learning. We believe that there needs to be more empathy in business and in relationships with employees, customers, partners, and stakeholders. When people are exposed to different perspectives and can better understand their motivations – it is easier to solve problems, create new solutions, communicate
in terms that resonate, and build trust with diverse audiences. This culture and our shared set of beliefs is key to attracting and retaining the best talent.

As of December 31, 2021, we had 783 employees, including 191 in research and development, 360 in sales and marketing, and 77 in general and administrative. We also engage contractors and consultants. None of our employees are represented by a labor union or are a party to a collective bargaining arrangement and we have not experienced any work stoppages. We consider our relations with our employees to be good. We work to identify, attract, and retain employees who are aligned with and will help us progress towards our mission, and we seek to provide competitive cash and equity compensation.

We are committed to creating and supporting an inclusive environment that promotes and encourages diversity, belonging, wellness, and career development. This commitment extends to all aspects of our relationships with our team members, including in the hiring and promotion process, training, compensation, benefits, and career development.

Inclusion, Diversity, Equity, and Belonging

We seek employees who bring diverse backgrounds, perspectives, and experiences to our culture, and who reflect our diverse society.

We track and report our key human capital metrics, including our workforce demographics, diversity data, and employee turnover and regularly share these figures with the compensation committee of our board of directors. In 2021, we continued towards our goal of achieving parity in representation for women on our worldwide team, by achieving 46% representation of women as of December 31, 2021.

We know there is still more that we need to do to cultivate our talented workforce and continue to foster trust. We use a variety of channels to facilitate open and direct communication, including open forums with executives, employee experience surveys, and engagement through various employee resource groups, including the Women@, Black@, LGBTQIA@, Latinx@ and many others.

Commitment to Pay Equity

We conduct periodic third-party audits of team members’ salary to confirm that our employees are paid equitably for their work, regardless of race or ethnicity, gender, or other characteristics not relevant to their role or performance in it. If an audit reveals statistically significant differences that cannot be explained by legitimate business factors for team members who hold similar positions, we address these issues directly. In 2021, we assessed our pay programs by working with external consultants to evaluate our U.S., UK and Canada salaries. That assessment found that our top drivers of pay are what we believe are the right factors: job, location, and level.

Our Commitment to ESG

Community Involvement

We drive social good through our commitment to corporate citizenship in the communities in which we operate. In 2021, we became a member of the Pledge 1% movement and are currently committed to donate volunteer hours and use of our platform to support underserved communities. We encourage our employees to volunteer their time to the community by providing eight hours of paid time off every quarter for volunteering activities, which translates into the ability of our team to donate thousands of volunteer hours a year. Additionally, in 2019 and 2020, we and our employees donated more than $80,000 in employee and corporate donations to these efforts.

Sustainability and Global Impact

As a technology company, we have implemented several initiatives relating to the sustainable use of resources, including implementing technological tools, encouraging our employees to recycle and compost when in office, offering reusable dishware and utensils, providing filtered water dispensers to discourage consumption of bottled water in most of our breakrooms, and disposing of old computers and other electronic equipment with an electronic waste vendor so that such equipment is responsibly recycled, repurposed, or donated. In addition, our internal sustainability resource group helps drive employee-led environmental sustainability efforts.

Business Ethics, Integrity, and Governance

From our board of directors to every team member, the work we do each day is guided by a robust commitment to our business ethics and integrity program. We encourage everyone to do the right thing. Integrity is embedded in our culture.
and something we promote from the top down and throughout our business. Through our Code of Business Conduct and Ethics and related policies, we promote responsible, safe, and transparent interactions between our employees, contributors, and customers.

Our Customers

As of December 31, 2021, we had over 2,300 customers of all sizes globally across a variety of industries including more than half of the world's top 100 most valuable brands according to Forbes. During the years ended December 31, 2021, 2020 and 2019, 82%, 85% and 91%, respectively, of our revenue was generated from customers located in the United States. No single customer accounted for more than 10% of accounts receivable as of December 31, 2021 and 2020. No single customer accounted for more than 10% of our total revenue during the years ended December 31, 2021, 2020 and 2019.

Sales and Marketing

Our sales and marketing teams work closely together to help new customers discover, try, adopt, and expand usage of UserTesting over time. We include customer success, renewals management, and a single revenue operations and strategy team under the sales organization to align these efforts to best support our customers.

The sales organization is responsible for driving new customer opportunities and customer expansion and growth through cross-sell and up-sell opportunities. Our primary sales channel is through a direct sales force that is optimized for the size and geography of a customer's organization from small to medium businesses to enterprise customers. Our customer success and renewal organizations complement our sales teams by consulting with our customers to help grow adoption, realize the value and impact of our platform, drive subscription renewals, and expand to new users and use cases.

The marketing organization is responsible for building awareness in the market, generating demand and preference for the brand, and creating experiences and programs to drive customer engagement, adoption, and customer advocacy. We leverage strong inbound demand through our website to generate leads and use content marketing, search marketing, influencer marketing, and other techniques to increase traffic to our website. We extend our reach through online advertising, over-the-top-TV (OTT TV) and out of home advertising, virtual and in-person events, partner marketing, content syndication, and account-based marketing. We view our customer conferences as playing a key role in providing current and future customers and thought leaders in the industry with an understanding of our platform through interactions with peers, UserTesting University training and certifications, and by highlighting customer use cases and best practices.

Seasonality

We generally experience seasonality in billings with our customers, and we typically record a higher percentage of billings in our fourth quarter, as we have historically executed many of our contracts in the fourth quarter due to the calendar year-ends and procurement cycles of our customers.

Our Competition

The market for customer experience software solutions is large and rapidly evolving and covers many segments. Our primary competition are manual internal processes that companies use to get customer feedback, which frequently involve using a variety of different tools that are not purpose-built for obtaining customer insight, including video conference call technology to enable conversations and productivity tools to manually capture insights from conversations and share with others in the organization. Certain features of our platform compete with existing products and services within the overall customer experience market. Providers of those products and services fall within the following categories:

• Online sentiment and survey companies, such as Qualtrics, Medallia, and Momentive (formerly SurveyMonkey);
• Product analytics companies, such as Pendo and Amplitude;
• Marketing analytics companies, such as Google Analytics;
• Point solution vendors offering usability research tools;
• Research services firms, such as Kantar; and
• Panel aggregators, such as Cint and Lucid.
Larger software vendors with substantial resources and smaller, early stage companies building on new technology platforms may also decide to enter our market by building or acquiring products that compete with our platform.

We believe the principal competitive factors in our market include the following:

- Speed in delivering quality results at scale;
- Customer experience, including ease of deployment and use;
- Expansion of use cases;
- Features, functionality, and quality;
- Brand awareness and reputation;
- Quality and depth of audience feedback;
- Privacy and security;
- Accessibility across multiple devices;
- Strength of sales and marketing efforts; and
- Pricing.

We believe we compete favorably across these factors. Our ability to remain competitive will largely depend on our ongoing performance in use case expansion and delivery of fast, high-quality insights. Moreover, because our market is new and rapidly developing, it is possible that new entrants, especially those with substantial resources, more efficient operating models, more rapid technology and content development cycles or lower marketing costs, could introduce new products and services that disrupt our market and better address the needs of our customers and potential customers. See Part I, Item 1A, “Risk Factors” in this Annual Report on Form 10-K for a more comprehensive description of risks related to competition.

Government Regulation

We are subject to many varying laws and regulations in the United States and throughout the world, including those related to data privacy, security and protection, intellectual property, worker classification, employment and labor, workplace safety, consumer protection, anti-bribery, import and export controls, immigration, federal securities and tax

Moreover, new and existing laws and regulations (or changes in interpretation of existing laws and regulations) may also be adopted, implemented, or interpreted to apply to us or our contributors, and uncertainty around the application of these laws may affect demand for our platform. Additionally, as our platform's geographic scope expands, regulatory agencies or courts may claim that we are subject to additional requirements, or are prohibited from conducting our business in or with certain jurisdictions, either generally or with respect to certain services, or that we are otherwise required to change our business practices. We believe we are in material compliance with such laws and regulations and do not expect continued compliance to have a material impact on our capital expenditures, earnings, or competitive position. We continue to monitor existing and pending laws and regulations and while the impact of regulatory changes cannot be predicted with certainty, we do not expect compliance to have a material adverse effect on our business. See Part I, Item 1A, “Risk Factors” in this Annual Report on Form 10-K for a more comprehensive description of risks related to government regulation affecting our business.

Intellectual Property

The protection of our technology and intellectual property is an important aspect of our business. We rely upon a combination of trademarks, trade secrets, know-how, copyrights, confidentiality procedures, contractual commitments, domain names, and other legal rights to establish and protect our intellectual property, and may rely on patents in the future. We generally enter into confidentiality agreements and invention or work product assignment agreements with our employees, consultants, and contractors to control access to, and clarify ownership of, our proprietary information.

As of December 31, 2021, we had six U.S. trademark registrations, two pending U.S. trademark applications, and seven foreign registrations. Additionally, we are the registered holder of a number of domain names, including www.usertesting.com.
Intellectual property laws, procedures, and restrictions provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed, or misappropriated. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States and, therefore, in certain jurisdictions, we may be unable to protect our proprietary technology.

Corporate Information

We were initially incorporated in the State of California in June 2007. In September 2021, we reincorporated in the State of Delaware. We completed our initial public offering (IPO) in November 2021 and our common stock is listed on The New York Stock Exchange under the symbol “USER.” Our principal executive offices are located at 144 Townsend Street, San Francisco, California 94107. Our telephone number is (650) 567-5616.

UserTesting, the UserTesting logo, and other registered or common law trade names, trademarks, or service marks of UserTesting appearing in this Annual Report on Form 10-K are the property of UserTesting. Other trademarks, service marks, or trade names appearing in this Annual Report on Form 10-K are the property of their respective owners. We do not intend our use or display of other companies’ trade names, trademarks, or service marks to imply a relationship with these other companies, or endorsement or sponsorship of us by these other companies. Other trademarks appearing in this Annual Report on Form 10-K are the property of their respective holders. Solely for convenience, our trademarks and trade names referred to in this Annual Report on Form 10-K appear without the ® and ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or the right of the applicable licensor, to these trademarks and trade names.

Available Information

We file electronically with the SEC our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements and other information that we file with the SEC electronically. We will make available on our website at www.usertesting.com, free of charge, copies of these reports and other information as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

We use our investor relations page on our website (www.usertesting.com), press releases, public conference calls, public webcasts, our Twitter account (@usertesting), our Facebook page, and our LinkedIn page as means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. The information disclosed by the foregoing channels could be deemed to be material information. As such, we encourage investors, the media, and others to follow the channels listed above and to review the information disclosed through such channels. Any updates to the list of disclosure channels through which we will announce information will be posted on the investor relations page on our website.

The contents of the websites referred to above are not incorporated into this filing. Further, our references to the URLs for these websites are intended to be inactive textual references only.

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties, including but not limited to those described below, which could harm our business, financial condition, operating results and reputation, and affect the trading price of our common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of or that we deem immaterial may also become important factors that adversely affect our business.
Summary of Risk Factors

Some of the more material risks that we face include:

- We have a history of losses, anticipate increasing our operating expenses in the future, and may not achieve or sustain profitability. If we cannot achieve and sustain profitability, our business, operating results, and financial condition will be adversely affected.

- The market in which we participate is new and rapidly evolving, fragmented, and highly competitive, and if we do not compete effectively, our business, operating results, and financial condition could be adversely impacted.

- If we are unable to attract new customers and renew and expand sales to existing customers, our revenue growth could be slower than we expect, and our business, operating results, and financial condition would be adversely affected.

- If we are not able to effectively introduce enhancements to our platform, including new products, services, features, and functionality, that achieve market acceptance, or keep pace with technological developments, our business, operating results, and financial condition could be adversely affected.

- Our operating results may fluctuate from quarter to quarter, which makes our future results difficult to predict.

- Because we recognize revenue from our subscriptions over the subscription term, downturns or upturns in new sales and renewals may not be immediately reflected in our operating results and may be difficult to discern.

- If our or our third-party service providers' security measures are breached, if unauthorized access to customer or contributor data, our data, or our platform is otherwise obtained, or if our platform is perceived as not being secure, customers may reduce the use of or stop using our platform, and we may incur significant liabilities.

- We have a limited operating history which makes it difficult to evaluate our business and prospects and increases the risks associated with your investment.

- We have experienced rapid growth and expect to invest in our growth for the foreseeable future. If we fail to manage our growth effectively, then our business, operating results, and financial condition would be adversely affected.

- Our subscription or pricing models may not accurately reflect the optimal pricing necessary to attract new customers and retain existing customers as the market matures.

- Any disruption of services of Amazon Web Services, our data hosting service, could interrupt or delay our ability to deliver our services to our customers.

- We process, store, and use personal information and other data, which subjects us to governmental regulation and other legal obligations related to privacy, and violation of these privacy obligations could result in a claim for damages, regulatory action, loss of business, or unfavorable publicity.

Risks Related to Our Business and Industry

We have a history of losses, anticipate increasing our operating expenses in the future, and may not achieve or sustain profitability. If we cannot achieve and sustain profitability, our business, operating results, and financial condition will be adversely affected.

We have incurred net losses in each fiscal year since inception, we expect to incur net losses for the foreseeable future, and we may not achieve or sustain profitability in the future. For the years ended December 31, 2021, 2020 and 2019, we incurred net losses of $50.7 million, $34.0 million and $19.6 million, respectively. As of December 31, 2021 and 2020, we had an accumulated deficit of $203.2 million and $152.5 million, respectively. We expect to make significant future expenditures related to the development and expansion of our business, including acquiring new customers, expanding relationships with existing customers across core and new departments, expanding our global footprint, innovating and expanding our platform, growing our sales and marketing investments, expanding our operations and infrastructure both domestically and internationally, attracting and retaining our community of contributors, and in connection with legal, tax, accounting, and other administrative and compliance expenses related to operating as a public company. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently, or at all, to offset these higher expenses. While our revenue has grown in recent years, if our revenue declines or fails to grow at a
rate faster than these increases in our operating expenses, we may not be able to achieve or sustain profitability in future periods. As a result, we may continue to generate losses. We cannot assure you that we will achieve profitability in the future or that, if we do become profitable, we will be able to sustain profitability in any given period, or at all.

*The market in which we participate is new and rapidly evolving, fragmented, and highly competitive, and if we do not compete effectively, our business, operating results, and financial condition could be adversely impacted.*

The market for customer experience software solutions is new and rapidly evolving, fragmented, and highly competitive. Our competitors vary in size and in the breadth and scope of the products and services they offer. Our primary competition are manual internal processes that companies use to get customer feedback, which frequently involve using a variety of different tools. Certain features of our platform compete with existing products and services within the overall customer experience market. Providers of those products and services fall within the following categories: online sentiment and survey companies; product analytics companies; marketing analytics companies; point solution vendors offering usability research tools; research services firms; and panel aggregators. Further, because our market is new and rapidly developing, it is possible that new entrants, especially those with substantial resources, more efficient operating models, more rapid technology and content development cycles or lower marketing costs, could introduce new products and services that disrupt our market and better address the needs of our customers and potential customers. While we have reasons to believe we compete favorably against these competitors, some of our existing competitors and potential future competitors are larger and have greater brand-name recognition, longer operating histories, larger marketing budgets, established marketing relationships, access to larger customer bases, and significantly greater resources for the development of their offerings and solutions. Our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, or enterprise requirements. Moreover, we expect that an increasing focus on customer satisfaction and the growth of various communications channels and new technologies will have a significant impact on the customer experience software solutions market and will likely result in the emergence of new competitors. Pricing pressures and increased competition generally could result in reduced revenue, reduced margins, losses, or the failure of our platform to achieve or maintain more widespread market acceptance, any of which could adversely impact our business, operating results, and financial condition.

Many of our current and potential competitors benefit from competitive advantages over us, including:

- greater name and brand recognition;
- longer operating histories;
- deeper product development expertise;
- greater market penetration;
- larger and more established customer bases and relationships;
- larger sales forces and more established distribution channels;
- larger marketing budgets; and
- access to significantly greater financial, human, technical, and other resources.

Some of our current or potential competitors may be able to offer products or services or functionality similar to ours at a more attractive price than we can, including by integrating or bundling such products and services with their other offerings. Acquisitions, partnerships, and consolidation in our industry may provide our competitors even more resources or may increase the likelihood of our competitors offering bundled or integrated products and services that we may not be able to effectively compete against. Furthermore, we are also subject to the risk of future disruptive technologies. If new technologies emerge that are able to collect and process experience tests, or competitors are otherwise able to develop customer experience offerings at lower prices, more efficiently, more conveniently or with greater functionality and features than ours, our ability to compete may be adversely impacted. If we are not able to compete successfully against our current and future competitors, our business, operating results, and financial condition would be adversely affected.

*If we are unable to attract new customers and renew and expand sales to existing customers, our revenue growth could be slower than we expect, and our business, operating results, and financial condition would be adversely affected.*

Our ability to achieve significant growth in revenue in the future will depend, in large part, upon our ability to attract new customers. We may not be able to attract new organizations to our platform for a variety of reasons, including as a result of their use of traditional approaches to improving customer experience, their budgets, or the pricing and features of
our platform compared to competitive products and services. If we fail to attract new customers and fail to maintain and expand new customer relationships, our revenue may grow more slowly than we expect and our business, operating results, and financial condition would be adversely affected.

Our future revenue growth also depends upon expanding revenue from existing customers. If our existing customers do not renew their subscriptions, our revenue may grow slower than expected, may not grow at all, or may decline.

During the years ended December 31, 2021, 2020 and 2019, sales and marketing expenses represented approximately 62%, 58% and 49% of our total revenue, respectively. We plan to continue expanding our sales efforts, both domestically and internationally, but we may be unable to hire qualified sales personnel, may be unable to successfully train those sales personnel that we are able to hire, and sales personnel may not become fully productive on the timelines that we have projected or at all. Additionally, although we dedicate significant resources to sales and marketing programs, these sales and marketing programs may not have the desired effect and may not expand sales. We cannot assure you that our efforts would result in attracting new customers, increased sales to existing customers, and additional revenue. If our efforts to attract new customers or expand within existing customers are not successful, our business, operating results, and financial condition would be adversely affected.

The vast majority of our subscription arrangements typically have a one-year, non-cancelable term but may be longer or shorter in limited circumstances, with some large, multi-year contracts ranging up to three years. Our customers generally have no obligation to renew their subscriptions after the expiration of their initial subscription period. Moreover, our customers that do renew their subscriptions may renew for less seats or usage amounts or for shorter subscription periods. Customer renewals may decline or fluctuate as a result of a number of factors, including the reductions in our customers’ spending levels, higher volumes of usage purchased upfront relative to actual usage during the subscription term, changes in customers’ business models and use cases, our customers’ satisfaction or dissatisfaction with our platform, the value that our customers derive from our platform and the CxNs they collect, our pricing or pricing structure, the pricing or capabilities of competitive products or services, or the effects of global economic conditions, including weakened economic conditions as a result of the COVID-19 pandemic. If our customers do not renew their agreements with us, or renew on terms less favorable to us, our revenue may decline.

If we are not able to effectively introduce enhancements to our platform, including new products, services, features, and functionality, that achieve market acceptance, or keep pace with technological developments, our business, operating results, and financial condition could be adversely affected.

Our future success and demand for our platform will depend on several factors, including our ability to adapt and innovate and deliver high-quality CxNs and insights to our customers, competitive pricing, integration with other technologies and our platform, our ability to maintain a high-quality network of contributors, and overall market acceptance. To attract new customers and increase revenue from our existing customers, we will need to enhance and improve our existing platform, including introducing new products, services, features, and functionality, and extending our platform for new use cases. Enhancements to our platform may not be introduced in a timely or cost-effective manner, may contain errors or defects, and may have interoperability difficulties with aspects of our platform, or may not achieve the market acceptance necessary to generate significant revenue. If our customers believe that deploying our enhancements would be overly time-consuming, confusing, or technically challenging, then our ability to grow our business would be substantially harmed. We have in the past experienced delays in our internally planned release dates of new products, services, features, and functionality, and there can be no assurance that new developments will be released according to schedule. We have also invested, and may continue to invest, in the acquisition of complementary businesses and technologies that we believe will enhance our platform. However, we may not be able to integrate these acquisitions successfully or achieve the expected benefits of such acquisitions. If we are unable to successfully develop, acquire, or integrate new products, features, and functionality or enhance our existing platform to meet the needs of our existing or potential customers in a timely and effective manner, our business, operating results, and financial condition could be adversely affected.

In addition, because our platform is designed to operate on a variety of applications, systems, and devices, we will need to continually modify and enhance our platform to keep pace with technological advancements in such applications, systems, and devices. If we are unable to respond in a timely, customer-friendly, and cost-effective manner to these rapid technological developments, our platform may become less marketable and less competitive or obsolete, and our business, operating results, and financial condition may be adversely affected.
Our operating results may fluctuate from quarter to quarter, which makes our future results difficult to predict.

Our quarterly operating results have fluctuated in the past and may fluctuate in the future. Additionally, we have a limited operating history with the current scale of our business, which makes it difficult to forecast our future results and subjects us to a number of uncertainties, including our ability to plan for and anticipate future growth. As a result, you should not rely upon our past quarterly operating results as indicators of future performance. We have encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies in rapidly evolving markets, such as the risks and uncertainties described herein. Our operating results in any given quarter can be influenced by numerous factors, many of which are unpredictable or are outside of our control, including:

- our ability to maintain and grow our customer base;
- our ability to retain and increase revenue from existing customers;
- our ability to attract, engage, and retain our network of high-quality contributors;
- our ability to introduce new features and functionalities and enhance existing features and functionalities;
- changes to our pricing model, including adoption by customers of our flex-based subscription pricing plan;
- our ability to respond to competitive developments, including pricing changes and the introduction of new products and services by our competitors, or the emergence of new competitors;
- the productivity of our sales force;
- changes in the UserTesting Contributor Network costs, which costs are significant and are not directly passed through to our customers;
- changes in the use cases of our customers;
- the length and complexity of our sales cycles;
- cost to develop and upgrade our platform to incorporate new technologies;
- seasonal purchasing patterns of our customers;
- impact of outages of our platform and reputational harm;
- costs related to the acquisition of businesses, talent, technologies, or intellectual property, including potentially significant amortization costs and possible write-downs;
- changes in the security or privacy laws or demands of our customers;
- failures or breaches of security or privacy, and the costs associated with responding to and addressing any such failures or breaches;
- foreign exchange fluctuations;
- changes to financial accounting standards and the interpretation of those standards that may affect the way we recognize and report our financial results, including changes in accounting rules governing recognition of revenue;
- general economic and political conditions and government regulations in the countries where we currently operate or plan to expand;
- decisions by us to incur additional expenses, such as increases in sales and marketing or research and development;
- the timing of stock-based compensation expense; and
- potential costs to attract, onboard, retain, and motivate qualified personnel.

The impact of one or more of the foregoing and other factors may cause our operating results to vary significantly. As such, we believe that quarter-to-quarter comparisons of our operating results may not be meaningful and should not be relied upon as an indication of future performance. The variability and unpredictability of our operating results could result
in our failure to meet our expectations or those of analysts that cover us or investors with respect to revenue or other operating results for a particular period. If we fail to meet or exceed such expectations, then the trading price of our common stock could fall substantially, and we could face costly lawsuits, including securities class action suits.

Because we recognize revenue from our subscriptions over the subscription term, downturns or upturns in new sales and renewals may not be immediately reflected in our operating results and may be difficult to discern. In addition, we recently added pricing options which may reduce visibility into our financial position and operating results.

Currently, a substantial majority of our revenue is earned under a subscription pricing model, and we generally recognize revenue ratably over the term of a subscription. As a result, a significant portion of the revenue we report in each quarter is derived from the recognition of revenue relating to subscriptions entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any single quarter may have a minimal impact on our revenue for that quarter. However, such a decline would negatively impact our revenue in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our platform, and potential changes in our rate of renewals, may not be fully reflected in our operating results until future periods. In addition, we have elected to expense renewal commissions in the period of booking if the period of amortization is one year or less, while revenue is recognized over the life of the agreement with our customer. As a result, a high level of renewals could continue to result in our recognition of more costs than revenue in the earlier periods of the terms of our agreements. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” for additional information.

Moreover, a substantial majority of our customers pay for our platform under a seat-based subscription plan. However, to provide our customers additional flexibility, in the fourth quarter of 2020, we introduced a flex-based subscription pricing plan to both new and existing customers as an additional pricing option. Due to the relatively recent introduction of this pricing plan, we are unable to fully predict at this time the impacts it may have on our business, and, to the extent that our flex-based subscription plan represents a greater share of our revenue over time, we may have reduced visibility into our operating results. There is a risk that a flex-based subscription pricing plan may ultimately result in lower total cost to our customers over time or may cause our customers to limit utilization in order to stay within the limits of their existing flex-based subscription pricing plan, reducing overall revenue. Moreover, the flex-based subscription pricing plan may impact annual renewal rates in a manner that we are unable to predict at this time. In addition, if we are unable to effectively implement information technology systems critical to managing our flex-based subscription pricing plan, we may be unable to accurately forecast our business and operating results under that pricing model.

Our subscription or pricing models may not accurately reflect the optimal pricing necessary to attract new customers and retain existing customers as the market matures. As the market for our platform matures, or as competitors introduce new products and services that compete with ours, we may be unable to attract new customers and retain existing customers at the same price or based on the same pricing models as we have used historically. Within each of our two primary subscription pricing plans, we offer specific editions based on varying levels of tools, features, and functionality. Therefore, pricing decisions may impact the mix of adoption among our subscription pricing plans and negatively impact our overall revenue. In addition, we are unable to predict at this time whether our flex-based subscription pricing plan option is optimally priced. Moreover, we may from time to time decide to make further changes to our pricing model due to a variety of reasons, including changes to the market for our products and services, pricing pressures, and the introduction of new products and services by competitors. Changes to any components of our pricing model may, among other things, result in customer dissatisfaction and could lead to a loss of customers and could negatively impact our business, operating results, and financial condition.

If our or our third-party service providers’ security measures are breached, if unauthorized access to customer or contributor data, our data, or our platform is otherwise obtained, or if our platform is perceived as not being secure, customers may reduce the use of or stop using our platform, and we may incur significant liabilities.

Our platform processes, stores, and transmits certain customer and contributor data, including personally identifiable information or personal information. Our platform is built to be available on the infrastructure of third-party public cloud providers, such as Amazon Web Services (AWS). We also use third-party service providers and sub-processors to help us deliver services and tests to our customers and contributors. These vendors may store or process personal information or other confidential information of our employees, partners, customers, or contributors. We collect such information from individuals located both in the United States and abroad and may store or process such information outside the country in which it was collected. While we, our third-party cloud providers, and our third-party processors have implemented security measures designed to protect against security breaches, these measures could fail or be insufficient to protect against unauthorized disclosures or loss of data.
Unauthorized access to, or other security breaches of, our platform or the other systems or networks used in our business, including our own systems as well as those of our vendors, contractors, partners, or those with which we have strategic relationships, could result in the unauthorized disclosure, loss, compromise, exfiltration, destruction, or corruption of customer, contributor, or other personal data, including sensitive data, loss of business, reputational damage adversely affecting customer, contributor, or investor confidence, regulatory investigations and orders, class action or other litigation, indemnity obligations, damages for contract breach, penalties for violation of applicable laws or regulations, notification obligations, significant costs for remediation, and other liabilities. If our security measures or those of our service providers are breached, or are perceived to have been breached, as a result of third-party action, including cyber-attacks or other intentional misconduct by computer hackers, employee error, malfeasance, or otherwise, and someone obtains unauthorized access to our data or other data we or our service providers maintain, including sensitive customer and contributor data, personal information, intellectual property, and other confidential financial or business information, we could face loss of business, regulatory investigations, or orders, and our reputation could be severely damaged. We could be required to expend significant capital and other resources to alleviate the problem, as well as incur significant costs and liabilities, including due to litigation, indemnity obligations, damages for contract breach, penalties for violation of applicable laws or regulations, and costs for remediation and other incentives offered to customers, contractors, or other business partners in an effort to maintain business relationships after a breach or other incident. Moreover, if our platform is perceived as not being secure, regardless of whether our or our service providers’ security measures are actually breached, we could suffer harm to our reputation, and our business, operating results, and financial condition would be negatively impacted.

We cannot ensure that our or our service providers’ measures to prevent security breaches or other security incidents will not result in the loss of information, litigation, indemnity obligations, penalties, and other liability. Similarly, we cannot ensure that any limitations of liability provisions in our contracts would be enforceable or adequate or would otherwise protect us from any liabilities or damages with respect to any particular claim relating to a security breach or other security-related matters. Certain of our customer contracts do not limit our liability with respect to security breaches and other security-related matters. We also cannot be sure that our existing insurance coverage will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims related to a security incident or breach, or that the insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, operating results, and financial condition.

Moreover, cyber-attacks and other malicious Internet-based activities continue to increase generally. Further, we may experience increased cyber-attacks and security challenges as our employee base works remotely due to the COVID-19 pandemic. Because the techniques used to obtain unauthorized access to or sabotage systems change frequently and generally are not identified until they are launched against a target, we and our service providers may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, third parties may attempt to fraudulently induce employees, contractors, or contributors to disclose information to gain access to our data, our customers’ data, or our contributors’ data. We could suffer significant damage to our brand and reputation if a cyber-attack or other security incident were to result in unauthorized access to or modification of any of our customer’s data, contributor’s data, other external data, or our own data or our IT systems or if the services we provide to our customers were disrupted, or if our platform is perceived as having security vulnerabilities. Customers and contributors could lose confidence in the security and reliability of our platform and perceive them to be not secure. This could lead to fewer customers and contributors using our platform and result in reduced revenue and earnings. The costs we would incur to address and respond to these security incidents, and to prevent them thereafter, would increase our expenses. Therefore, these types of security incidents could also lead to lawsuits, regulatory investigations and claims, and increased legal liability.

We have a limited operating history which makes it difficult to evaluate our business and prospects and increases the risks associated with your investment.

Although we were founded in 2007, we have changed our business model significantly over time. For example, while we first launched our platform for enterprise customers in 2012, we did not invest significantly in our enterprise solution until we hired our enterprise sales force in 2016. In addition, in the fourth quarter of 2020, we launched a flex-based subscription pricing plan and began a roll out to both new and existing customers as an additional pricing option. As a result, our business and pricing models have not been fully proven, and we have only a limited operating history with our current business and pricing models to evaluate our business and future prospects, which subjects us to a number of uncertainties, including our ability to plan for and model future growth. Therefore, our historical revenue growth should not be considered indicative of our future performance.
We have experienced rapid growth and expect to invest in our growth for the foreseeable future. If we fail to manage our growth effectively, then our business, operating results, and financial condition would be adversely affected.

We have experienced rapid growth in recent periods, and we expect to continue to invest broadly across our organization to support our growth. Our total revenue has grown from $102.2 million for the year ended December 31, 2020 to $147.4 million for the year ended December 31, 2021. During this period, the number of our employees has grown from 560 as of December 31, 2020 to 783 as of December 31, 2021. Although we have experienced rapid growth historically, we may not sustain our current growth rates, nor can we assure you that our investments to support our growth will be successful. The growth and expansion of our business will require us to invest significant financial and operational resources and the continuous dedication of our management team.

We plan to continue to expand our international operations into more countries in the future, which will place additional demands on our resources and operations. The growth and expansion of our business has placed and continues to place a significant strain on our management, operations, financial infrastructure, and corporate culture. In the event of further growth of our business, our information technology systems and our internal controls and procedures may not be adequate to support our operations. We have also experienced significant growth in the number of customers, transactions, and amount of data that our platform and our associated hosting infrastructure support. For example, we had 305 customers with at least $100,000 of ARR as of December 31, 2021, reflecting growth of 61% from December 31, 2020.

We have encountered, and will continue to encounter, risks and difficulties frequently experienced by growing companies in rapidly changing industries, including our ability to achieve market acceptance of our platform and attract and retain customers, as well as increasing competition and increasing expenses as we continue to grow our business. To manage any future growth effectively, we must continue to improve and expand our information technology and financial infrastructure, our operating and administrative systems and controls, our corporate governance systems, and our ability to manage headcount, capital, and processes in an efficient manner. We may not be able to successfully implement or scale improvements to our systems, processes, and controls in an efficient or timely manner.

We are in the early stages of implementing new information technology systems, including reporting tools and processes, critical to support and manage our expanded pricing plan options and the overall growth of our business, and, as a result, we have incurred and will continue to incur additional costs in connection with implementing these systems. If we are unable to effectively implement these systems, or if we experience disruption during the system implementation process, our ability to manage our business and forecast our operating results will be adversely affected. In addition, our existing and newly implemented systems, processes, and controls may not prevent or detect all errors, omissions, or fraud. We may also experience difficulties in managing improvements to our systems, processes, and controls or in connection with third-party software licensed to help us with such improvements. Any future growth will continue to add complexity to our organization and require effective coordination throughout our organization.

Failure to manage growth effectively could result in difficulty or delays in attracting new customers, declines in quality or customer satisfaction and demand for our platform, increases in costs, difficulties in introducing new products and services or enhancing our platform, loss of customers and contributors, difficulties in attracting or retaining talent, or other operational difficulties, any of which could adversely affect our business, operating results, and financial condition. Effectively managing our growth may also be more difficult to accomplish the longer that our employees, our customers, and the overall economy is impacted due to the COVID-19 pandemic.

Our growth depends on our ability to attract and engage our network of contributors, and the failure to attract and engage our contributors could adversely impact our business, operating results, and financial condition.

Our network of contributors is an important element of our business model. Our ability to attract and maintain customers in the future may be affected by our ability to attract and engage high-quality contributors to provide their perspectives through our platform. Achieving engagement by a network of contributors may require us to increasingly engage in sophisticated, costly, and lengthy marketing efforts that may not result in the additional engagement we seek, or may not do so in a cost-effective manner. If we are unable to attract high-quality contributors, our reputation could be harmed, our existing customers may choose not to renew their subscriptions, and our business, operating results, and financial condition would be adversely impacted.

Real or perceived defects or errors on our platform could harm our reputation, result in significant costs to us, and impair our ability to sell subscriptions to our platform and related services.

The software technology underlying our platform is inherently complex and may contain material defects or errors, particularly when first introduced or when new features or capabilities are released. In addition, our platform depends on
the ability of our software to store, retrieve, process, and manage immense amounts of data. Although we continually test our platform for defects and work with customers through our customer support organization to identify and correct errors, we have from time to time found defects or errors on our platform, and new defects or errors in our existing platform or new software may be detected in the future by us or our users. There can be no assurance that our existing platform and new software will not contain defects. Any real or perceived defects, errors, failures, bugs, or vulnerabilities on our platform could result in negative publicity, data security, access, retention, or other performance issues and customer terminations and impair our ability to sell subscriptions to our platform and related services in the future, all of which could harm our business. The costs incurred in correcting such defects or errors in our platform may be substantial and could adversely affect our business, operating results, and financial condition. Moreover, the harm to our reputation and legal liability related to such defects or errors may be substantial and adversely impact our business, operating results, and financial condition. We are also reliant on third-party software and infrastructure, including the infrastructure of the Internet, to provide our platform. Any defects, failures or disruptions to our platform or this infrastructure that cause interruptions to the availability of our platform, loss of data, or other performance issues could result in, among other things:

• lost revenue or delayed market acceptance and sales of our platform;
• loss of competitive position;
• early termination of customer agreements or loss of customers;
• credits or refunds to customers;
• lawsuits and other claims against us;
• diversion of development resources;
• increased expenses associated with remedying any defect, including increased technical support costs;
• injury to our brand and reputation; and
• increased maintenance and warranty costs.

While our customer agreements may contain limitations and disclaimers that purport to limit our liability for damages related to defects in our platform, such limitations and disclaimers may not be enforced by a court or other tribunal or otherwise effectively protect us from such claims. Accordingly, any errors, defects, or disruptions to our platform could adversely impact our business, operating results, and financial condition.

We invest significantly in research and development, and to the extent our research and development investments do not translate into enhancements to our platform, or if we do not make those investments efficiently, our business, operating results, and financial condition could be adversely impacted.

A key element of our strategy is to invest significantly in our research and development efforts to improve and develop new solutions and rapidly introduce new technologies, features, and functionality of our platform. Our research and development expenses were 27%, 27%, and 27% of our total revenue for the years ended December 31, 2021, 2020 and 2019, respectively. If we do not spend our research and development budget efficiently or effectively on compelling innovation and technologies, our business may be harmed and we may not realize the expected benefits of our strategy. Moreover, research and development projects can be technically challenging, time-consuming, and expensive. The nature of these research and development cycles may cause us to experience delays between the time we incur expenses associated with research and development and the time we are able to offer compelling platform updates and generate revenue, if any, from such investment. Additionally, anticipated demand for an enhancement to our platform could fail to materialize after the development cycle has commenced, and we would nonetheless be unable to avoid substantial costs associated with the development of any such platform enhancement. If we expend a significant amount of resources on research and development and our efforts do not lead to the successful enhancement of our platform that is competitive in our current or future markets, our business, operating results, and financial condition could be adversely affected.

Our long-term success depends, in part, on our ability to expand the sales of our platform to customers located outside of the United States and our current, and any further, expansion of our international operations exposes us to risks that could have a material adverse effect on our business, operating results, and financial condition.

We have been recognizing increased revenue from international sales, and we conduct our business activities in various foreign countries. We currently have operations in North America, Europe, and Asia. In the years ended

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December 31, 2021, 2020 and 2019, we derived approximately 18%, 15% and 9% of our total revenue, respectively, from customers located outside the United States. Our ability to manage our business and conduct our operations internationally requires considerable management attention and resources and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple cultures, customs, legal systems, regulatory systems, and commercial infrastructures. International expansion will require us to invest significant funds and other resources. Our operations in international markets may not develop at a rate that supports our level of investment. Expanding internationally may subject us to new risks that we have not faced before or increase risks that we currently face, including risks associated with:

- recruiting and retaining talented and capable employees and contributors in foreign countries;
- increased exposure to public health issues, such as the COVID-19 pandemic;
- providing our platform to customers and contributors from different cultures, which may require us to adapt to sales practices, modify our platform, and provide features necessary to effectively serve the local market;
- the burden of complying with a wide variety of laws, including those relating to labor matters, permanent establishment, payroll tax and other tax considerations;
- compliance with privacy, data protection, encryption, biometric and information security laws, such as the California Consumer Privacy Act (CCPA), European Union Data Protection Directive and the European General Data Protection Regulation (GDPR), and the Singapore Personal Data Protection Act of 2012;
- longer sales cycles in some countries;
- increased third-party costs relating to data centers outside of the United States;
- generally longer payment cycles and greater difficulty in collecting accounts receivable;
- credit risk and higher levels of payment fraud;
- weaker intellectual property protection in some countries;
- compliance with anti-bribery laws, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended (FCPA), and the UK Bribery Act 2010 (UK Bribery Act);
- currency exchange rate fluctuations;
- tariffs, export, and import restrictions, restrictions on foreign investments, sanctions, and other trade barriers or protection measures;
- foreign exchange controls that might prevent us from repatriating cash earned outside the United States;
- economic or political instability in countries where we may operate, including, for example, the uncertainty associated with a possible Scottish referendum on independence from the United Kingdom;
- corporate espionage;
- compliance with the laws of numerous taxing jurisdictions, both foreign and domestic, in which we conduct business, potential double taxation of our international earnings, and potentially adverse tax consequences due to changes in applicable U.S. and foreign tax laws;
- increased costs to establish and maintain effective controls at foreign locations; and
- overall higher costs of doing business internationally.

Our international sales and operations may be subject to foreign governmental laws and regulations, which vary substantially from country to country. Further, we may be unable to keep up to date with changes in government laws and regulations as they change over time. Failure to comply with these laws and regulations could result in adverse effects to our business. In many foreign countries, it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. and foreign laws and regulations applicable to us. Although we have implemented policies and procedures designed to ensure compliance with these laws and regulations and our internal policies, there can be no assurance that all of our employees, contractors, partners, and agents will comply with these laws and regulations or
our internal policies. Violations of laws or regulations by our employees, contractors, partners, or agents could result in litigation, regulatory action, costs of investigation, delays in revenue recognition, delays in financial reporting, financial reporting misstatements, fines, penalties, or a prohibition on selling our platform, any of which could have an adverse effect on our business, operating results, and financial condition.

If we fail to offer high-quality customer support, our business, operating results, and financial condition could be adversely impacted and our reputation will suffer.

Once our platform is deployed to our customers, our customers rely on our support services to resolve any related issues. High-quality customer education and customer support is important for the successful marketing and sale of our products and for the increase within existing customers. The importance of high-quality customer support will increase as we expand our business and pursue new organizations. If we do not help our customers quickly resolve post-deployment issues and provide effective ongoing customer support, our ability to maintain and increase within existing customers could suffer and our reputation with existing or potential customers could be harmed.

The majority of our customer base consists of large and mid-sized organizations, and we currently generate a significant portion of our revenue from a relatively small number of organizations, the loss of any of which could adversely impact our business, operating results, and financial condition.

The majority of our customer base consists of large and mid-sized organizations, and we currently generate a significant portion of our revenue from a relatively small number of organizations. Accordingly, the loss of any one of our larger customers could have a material adverse impact on our revenue. While we expect that the revenue from our largest customers will decrease over time as a percentage of our revenue as we generate more revenue from other customers, we also believe that revenue from our largest customers may continue to account for a significant portion of our revenue, at least in the near term. In the event that these large customers discontinue the use of our platform or use our platform in a more limited capacity, our business, operating results, and financial condition could be adversely affected.

As a substantial portion of our sales efforts are increasingly targeted at large enterprise customers, our sales cycle may become increasingly lengthy and more expensive and we may encounter greater pricing pressure, all of which could adversely impact our business, operating results, and financial condition.

As a substantial portion of our sales efforts are increasingly targeted at large enterprise customers, we face greater costs, longer sales cycles, and less predictability in the completion of some of our sales. Larger organizations typically have longer decision-making cycles, require greater functionality and scalability, expect a broader range of services, demand that vendors take on a larger share of risks, demand higher levels of customer service and support, and expect greater payment flexibility from vendors. We are often required to spend time and resources to better familiarize potential customers with the value proposition of our platform. As a result of these factors, sales opportunities with large organizations may require us to devote greater sales and administrative support and professional services resources to individual customers, which could increase our costs, lengthen our sales cycle, and divert our own sales and professional services resources to a smaller number of larger customers. We may spend substantial time, effort, and money in our sales efforts without being successful in producing any sales. All these factors can add further risk to business conducted with these customers. In addition, if sales expected from a large customer for a particular quarter are not realized in that quarter or at all, our business, operating results, and financial condition could be materially and adversely affected.

Our revenue growth and ability to achieve and sustain profitability will depend, in part on being able to expand our direct sales force and increase the productivity of our sales force.

To date, most of our revenue has been attributable to the efforts of our direct sales force. In order to increase our revenue and achieve and sustain profitability, we must increase the size of our direct sales force, both in the United States and internationally, to generate additional revenue from new and existing customers.

We believe that there is significant competition for sales personnel with the skills and technical knowledge that we require. Because our platform is often sold to large organizations and involves a long sales cycle, it is more difficult to find sales personnel with the specific skills and technical knowledge needed to sell subscriptions to our platform and, even if we are able to hire qualified personnel, doing so may be expensive. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training, and retaining sufficient numbers of direct sales personnel to support our growth. New sales personnel require significant training and can take a number of months to achieve full productivity. Our recent hires and planned hires may not become productive as quickly as we expect and if our new sales employees do not become fully productive on the timelines that we have projected or at all, our revenue will not increase at anticipated levels and our ability to achieve long-term projections may be negatively impacted. We may also be unable to
Our operating results may vary based on the impact of changes in our industry or the economy more generally on us or our customers. Our business and operating results depend on demand for information technology generally and for customer experience software solutions platforms in particular, which in turn is influenced by the scale of business that our customers are conducting. Weak economic conditions, either in the U.S. or internationally, including as a result of changes in gross domestic product growth, financial and credit market fluctuations, political turmoil, natural catastrophes, domestic or geopolitical crises, such as terrorism, military conflict, including escalating military tension between Russia and Ukraine, war or the perception that hostilities may be imminent, and public health crises, such as the COVID-19 pandemic, and related public health measures, could cause a decrease in business investments, including spending on information technology generally. To the extent that weak economic conditions cause our existing customers or potential customers to
reduce their budget for customer experience solutions platforms or to perceive spending on such systems as discretionary, demand for our platform may be adversely affected. Moreover, customers and potential customers may require extended billing terms and other financial concessions, which would limit our ability to grow our business and adversely affect our business, operating results, and financial condition.

**Any disruption of service of Amazon Web Services, our data hosting service, could interrupt or delay our ability to deliver our services to our customers.**

We currently host our platform, serve our customers, and support our operations worldwide primarily using AWS. Despite precautions, we may also experience planned and unplanned costs, interruptions, delays, and outages in service or other performance problems in connection with such cloud infrastructure services. We do not have control over the operations of the AWS facilities. These facilities are vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, cyber security attacks, terrorist attacks, power losses, telecommunications failures, and similar events. The occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice, or other unanticipated problems could result in lengthy interruptions in the performance of our platform and services. In particular, the California-based data facilities are located in an area known for seismic activity, increasing our susceptibility to the risk that an earthquake could significantly harm the operations of these facilities. The facilities also could be subject to break-ins, computer viruses, sabotage, intentional acts of vandalism, and other misconduct. Our platform’s continuing and uninterrupted performance is critical to our success. As such, it is critical for our business that our platform be accessible without interruption or degradation of performance, and we typically provide our customers with service level commitments with respect to annual uptime. Customers may become dissatisfied by any system failure that interrupts the availability or functionality of our platform or services. Outages could lead to the triggering of our service level agreements and the issuance of credits to our customers, in which case, we may not be fully indemnified for such losses pursuant to our agreement with AWS. We may not be able to easily convert our AWS operations to another cloud provider if there are disruptions or interference with our use of AWS. Sustained or repeated system failures would reduce the attractiveness of our platform to customers and result in contract terminations, thereby reducing revenue. Moreover, negative publicity arising from these types of disruptions could damage our reputation and may adversely impact use of our platform. We may not carry sufficient business interruption insurance to compensate us for losses that may occur as a result of any events that cause interruptions in our service.

In addition, AWS does not have an obligation to renew its agreements with us on commercially reasonable terms, or at all. If we are unable to renew our agreements with AWS or enter into a cloud services agreement on commercially reasonable terms with another service provider, if our agreements with our service providers are terminated, or, if in the future, we add additional data center providers, we may experience costs or downtime in connection with the transfer to, or the addition of, new data center providers. If these providers were to increase the cost of their services, we may have to increase the price of our platform, and our operating results may be adversely impacted.

**Errors, defects, or disruptions in our platform could diminish demand, harm our financial results, and subject us to liability.**

Our customers use our platform for important aspects of their businesses, and any errors, defects, or disruptions to our platform, or other performance problems with our platform could harm our brand and reputation and may damage our customers’ businesses. We are also reliant on third-party software and infrastructure, including the infrastructure of the Internet, to provide our platform. Any failure of or disruption to this software and infrastructure could also make our platform unavailable to our customers. Our platform is constantly changing with new software releases, which may contain undetected errors when first introduced or released. Any errors, defects, disruptions in service, or other performance problems with our platform could result in negative publicity, loss of or delay in market acceptance of our products, loss of competitive position, delay of payment to us, lower consumption rates, or claims by customers for losses sustained by them. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to help correct the problem. Accordingly, any errors, defects, or disruptions to our platform could adversely impact our brand and reputation, revenue, and operating results.

**From time to time we provide service level commitments under our customer contracts. If we fail to meet these contractual commitments, we could be obligated to provide credits or refunds for prepaid amounts related to unused subscription services or face contract terminations, which could adversely affect our operating results.**

Our customer contracts typically provide for service level commitments, which relate to annual uptime and, for premiere support, certain response times. If we are unable to meet the stated service level commitments or suffer extended periods of unavailability for our platform, we may be contractually obligated to provide these customers with service credits, refunds for prepaid amounts related to unused subscription services, or other remedies, or we could face contract terminations, thereby reducing revenue. Moreover, negative publicity arising from these types of disruptions could damage our reputation and may adversely impact use of our platform. We may not carry sufficient business interruption insurance to compensate us for losses that may occur as a result of any events that cause interruptions in our service.
terminations. In addition, we could face legal claims for breach of contract, tort, or breach of warranty. Although we typically have contractual protections, such as warranty disclaimers and limitation of liability provisions, in our customer agreements, they may not fully or effectively protect us from claims by customers, commercial relationships, or other third parties. We may not be fully indemnified by our vendors for service interruptions that are beyond our control, and any insurance coverage we may have may not adequately cover all claims asserted against us, or cover only a portion of such claims. In addition, even claims that ultimately are unsuccessful could result in our expenditure of funds in litigation and divert management’s time and other resources. As such, our revenue could be adversely impacted if we fail to meet our service level commitments under our agreements with our customers, including, but not limited to, support response times and service outages. Thus, we have not been required to provide customers with service credits that have been material to our operating results, but we cannot assure you that we will not incur material costs associated with providing service credits to our customers in the future.

Therefore, any failure to meet our service level commitments could adversely impact our reputation, business, operating results, and financial condition.

Our business depends on a strong and trusted brand, and any failure to maintain, protect, and enhance our brand would hurt our ability to retain or expand our customer and contributor base, our market share, and our ability to attract and retain employees and contributors.

We have developed a strong and trusted brand identity that we believe has contributed significantly to the success of our business. We believe that continuing to develop, enhance and maintain our brand and reputation in a cost-effective manner are important to achieving widespread acceptance of our platform and are important elements in attracting new customers and contributors and maintaining existing customers and contributors. We believe that the importance of our brand and reputation will increase as competition in our market further intensifies. Successful promotion of our brand will depend on the effectiveness of our marketing efforts, our ability to provide a reliable and useful platform at competitive prices, the perceived value of our platform, and our ability to provide quality customer support. In addition, the promotion of our brand requires us to make substantial expenditures, and we anticipate that the expenditures will increase as our market becomes more competitive, as we expand into new markets, and as more sales are generated through our strategic partners. Brand promotion activities may not yield increased revenue, and even if they do, the increased revenue may not offset the expenses we incur in building and maintaining our brand and reputation. If we fail to promote and maintain our brand successfully or to maintain loyalty among our customers, or if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, we may fail to attract new customers, contributors and partners or retain our existing customers, contributors and partners and our business and financial condition may be adversely affected. Our brand may also be negatively affected by the actions of contributors that are deemed to be inappropriate by our customers, by the actions of contributors acting under false or inauthentic identities, by the use of our platform for illicit or objectionable ends, or by our decisions to remove content or suspend participation on our platform by persons who violate our content policy or terms of service. Any negative publicity relating to our employees, customers, contributors, partners, or others associated with these parties, may also tarnish our own reputation simply by association and may reduce the value of our brand. Damage to our brand and reputation may result in reduced demand for our platform and increased risk of losing market share to our competitors. Any efforts to restore the value of our brand and rebuild our reputation may be costly and may not be successful.

Our customers may fail to pay us in accordance with the terms of their agreements, necessitating action by us to compel payment.

We typically enter into non-cancelable agreements with a term of one year with our customers, but which may be longer or shorter in limited circumstances, with some large, multi-year contracts ranging up to three years. If customers fail to pay us under the terms of our agreements, we may be adversely affected both from the inability to collect amounts due and the cost of enforcing the terms of our contracts, including litigation. The risk of such negative effects increases with the term length of our customer arrangements. Furthermore, some of our customers may seek bankruptcy protection or other similar relief and fail to pay amounts due to us, or pay those amounts in an untimely manner, either of which could adversely affect our operating results, financial position, and cash flow. Moreover, as a result of the COVID-19 pandemic, some existing customers have negotiated, and others may attempt to renegotiate, contracts and obtain concessions, including, among other things, longer payment terms or modified subscription dates, or may fail to make payments on their existing contracts, which may materially and negatively impact our business, operating results, and financial condition.
Risks Related to Our People

Our business depends largely on our ability to attract and retain talented employees, including senior management. If we lose the services of the members of our senior management team, we may not be able to execute on our business strategy.

Our future success depends on our continuing ability to attract, train, assimilate, and retain highly skilled personnel, including software engineers and sales personnel. We face intense competition for qualified individuals from numerous software and other technology companies. In addition, competition for qualified personnel, particularly software engineers, is particularly intense in the San Francisco Bay Area, where our headquarters are located. Moreover, due to recent labor shortages in the United States, particularly for highly skilled personnel in the technology sector, it is currently extremely difficult and expensive to attract and retain qualified individuals. We may not be able to retain our current key employees or attract, train, assimilate, or retain other highly skilled personnel in the future. We may incur significant costs to attract and retain highly skilled personnel, and we may lose new employees to our competitors or other technology companies before we realize the benefit of our investment in recruiting and training them. As we move into new geographies, we will need to attract and recruit skilled personnel in those areas. If we are unable to attract and retain suitably qualified individuals who are capable of meeting our growing technical, operational, and managerial requirements, on a timely basis or at all, our business, operating results, and financial condition may be adversely affected.

Our management team has limited experience managing a public company.

Our management team has limited experience managing a publicly traded company, interacting with public company investors and regulators, and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our recent transition to being a public company subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely impact our business, operating results, and financial condition.

Most members of our management team have limited experience managing a publicly traded company, interacting with public company investors and regulators, and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our recent transition to being a public company subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely impact our business, operating results, and financial condition.
Risks Related to Our Intellectual Property

Our success and ability to compete depends in part upon our intellectual property and other proprietary rights. We rely on a combination of copyright protection, trade secret protection, rights in our trademarks, patent rights, and contractual agreements with our employees, contractors, customers, partners, and others to protect our intellectual property rights. Our intellectual property is an important asset, and litigation to defend intellectual property can be expensive and lengthy. Various factors outside of our control also pose a threat to our intellectual property rights, as well as to our products, services, and technologies. However, we may fail to obtain effective intellectual property protection, or effective intellectual property protection may not be available in every country in which our products and services are available. We may fail to effectively enforce all our rights in every jurisdiction. Also, the efforts we have taken to protect our intellectual property rights may not be sufficient or effective, and any of our intellectual property rights may be challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. Despite our efforts to protect and enforce our proprietary rights, there can be no assurance our intellectual property rights will be sufficient to protect against others offering products or services that are substantially similar to ours and compete with our business or that unauthorized parties may attempt to copy aspects of our technology or misuse our proprietary information.

In addition to registered intellectual property rights such as trademark registrations and patents, we rely on non-registered proprietary information and technology, such as trade secrets, confidential information, know-how, copyrights, and technical information. In order to protect our proprietary information and technology, we rely in part on agreements with our employees, investors, independent contractors and other third parties that place restrictions on the use and disclosure of this intellectual property. These agreements may be breached, or this intellectual property, including trade secrets, may otherwise be disclosed or become known to our competitors, which would cause us to lose any competitive advantage resulting from this intellectual property. To the extent that our employees, independent contractors or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. The loss of trade secret protection could make it easier for third parties to compete with our products and services by copying functionality. In addition, any changes in, or unexpected interpretations of, intellectual property laws may compromise our ability to enforce our trade secrets and other intellectual property rights. We may pursue registration of trademarks and domain names in the United States and in certain jurisdictions outside of the United States. Effective protection of trademarks and domain names is expensive and difficult to maintain, both in terms of application and registration costs as well as the costs of defending and enforcing those rights. We may be required to protect our rights in an increasing number of countries, a process that is expensive and may not be successful or which we may not pursue in every country in which our products and services are distributed or made available. Foreign countries have different laws and regulations regarding protection of intellectual property, and the protection available in other jurisdictions may not be as effective as that provided in the United States.

We may be unable to obtain trademark protection for our technologies and brands, and our existing trademark registrations and applications, and any trademarks that may be used in the future, may not provide us with competitive advantages or distinguish our products and services from those of our competitors. In addition, our trademarks may be contested, circumvented, or found to be unenforceable, weak, or invalid, and we may not be able to prevent third parties from infringing or otherwise violating them. To counter infringement, misappropriation or unauthorized use of our trademarks, we may deem it necessary to file infringement claims, which can be expensive and time consuming. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. An adverse outcome in such litigation or proceedings may expose us to a loss of our competitive position, expose us to significant liabilities, or require us to seek licenses that may not be available on commercially acceptable terms, if at all.

Ligitation or proceedings before the U.S. Patent and Trademark Office or other governmental authorities and administrative bodies in the United States and abroad may be necessary in the future to enforce our intellectual property rights and to determine the validity and scope of the proprietary rights of others. Efforts to enforce or protect proprietary rights may be ineffective and could result in substantial costs and diversion of resources, which could harm our business and operating results.

We may become subject to intellectual property infringement claims brought against us by others.

From time to time, our competitors or other third parties may claim that we are infringing upon or misappropriating their intellectual property rights, and we may be found to be infringing upon or misappropriating such rights. While we
would zealously and appropriately defend against any wrongful claim, we may not be successful in defending against any such challenges, securing settlements, or obtaining licenses to avoid or resolve any intellectual property disputes.

Accordingly, successful intellectual property infringement claims against us could result in monetary liability or a material disruption in the conduct of our business. We cannot be certain that our products and services, platform, and brand names do not or will not infringe valid patents, trademarks, copyrights, or other intellectual property rights held by third parties. We may be subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business. Any intellectual property litigation to which we might become a party, or for which we are required to provide indemnification, may require us to cease selling our platform or using products and services that incorporate the intellectual property that we allegedly infringe, make substantial payments for legal fees, settlement payments, or other costs or damages, obtain a license, which may not be available on reasonable terms or at all, to sell or use the relevant technology, or redesign the allegedly infringing feature to avoid infringement, which could be costly, time-consuming, or impossible. Any claims or litigation, regardless of merit, could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our products and services, or require that we comply with other unfavorable terms. We do not have a significant patent portfolio, which could prevent us from deterring infringement claims through our own patent portfolio, and our competitors and others may now and in the future have significantly larger and more mature patent portfolios than we have. We may also be obligated to obtain licenses from third parties or modify our platform, and each such obligation could further exhaust our resources.

Even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business, our reputation, and operating results. We expect that the occurrence of infringement claims is likely to grow as the market for customer experience software solutions grows. Accordingly, our exposure to damages resulting from infringement claims could increase and this could further impact our financial and management resources.

Adverse litigation judgments or settlements resulting from legal proceedings in which we may be involved could expose us to monetary damages or limit our ability to operate our business.

We may become involved in private actions, collective actions, investigations, and various other legal proceedings by customers, employees, competitors, government agencies, or others. The results of any such litigation, investigations, and other legal proceedings are inherently unpredictable and expensive. Any claims against us, whether or not meritorious, could be time consuming, result in costly litigation, damage our reputation, require significant amounts of management time, and divert significant resources. If any of these legal proceedings were to be determined adversely to us, or we were to enter into a settlement arrangement, we could be exposed to monetary damages or limits on our ability to operate our business, which could have an adverse effect on our business, operating results, and financial condition.

**We employ third-party licensed software for use in or with our software, and the inability to maintain these licenses or errors in the software we license could result in increased costs or reduced service levels, which could adversely affect our business.**

Our software utilizes certain third-party software obtained under licenses. We anticipate that we will continue to rely on such software and development tools licensed from third parties in the future. Although we believe that there are commercially reasonable alternatives to the third-party software we currently license, this may not always be the case, or it may be difficult or costly to migrate to alternative solutions. Also, any undetected errors or defects in third-party software could prevent the deployment or impair the functionality of our platform, delay new updates or enhancements to our platform, result in a failure of our platform, and injure our reputation.

**Our platform contains open source software components, and failure to comply with the terms of the underlying licenses could restrict our ability to sell our platform.**

Our platform incorporates certain open source software and we may continue to use open source software in our platform in the future. An open source license typically permits the use, modification, and distribution of software in source code form subject to certain conditions. There are uncertainties regarding the proper interpretation of and compliance with open source software licenses. Certain open source software licenses require a user who intends to distribute the open source software as a component of the user’s software to disclose publicly part or all of the source code to the user’s software. The use and distribution of open source software may entail greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Some of these licenses (often called “copyleft” or “viral” licenses) contain requirements that we offer our products that incorporate the open source software for no cost, that could cause us to make
available the source code of the modifications or derivative works that we create based upon the licensed open source software, and that we license such modifications or derivative works under the terms of a particular open source license granting third parties certain rights of further use. By the terms of such open source licenses, we could also be required to release the source code of our proprietary platform technology, and to make our proprietary platform technology available under open source licenses, if we combine and/or distribute our proprietary software with such open source software in a manner that triggers the obligation of the license. Although we do not believe that we have used open source software in a manner that might condition its use on our distribution of any portion of our platform in source code form, the interpretation of open source licenses is legally complex, and, despite our efforts, it is possible that we may be liable for copyright infringement, breach of contract, or other claims if our use of open source software is adjudged to not comply with the applicable open source licenses.

Moreover, we cannot assure you that our processes for controlling our use of open source software in our platform will be effective. If we have not complied with the terms of an applicable open source software license, we may need to seek licenses from third parties to continue offering our platform on terms that are not economically feasible, to re-engineer our platform to remove or replace the open source software, to discontinue the sale of our platform if re-engineering could not be accomplished on a timely basis, to pay monetary damages, or to make available the source code for aspects of our proprietary technology, any of which could adversely affect our business, operating results, and financial condition.

In addition to risks related to license requirements, use of open source software can involve greater risks than those associated with use of third-party commercial software, as open source licensors generally do not provide warranties, assurances of title, performance, non-infringement, or controls on the origin of the software. There is typically no support available for open source software, and we cannot ensure that the authors of such open source software will not abandon further development and maintenance of such open source software. Many of the risks associated with the use of open source software, such as the lack of warranties or assurances of title or performance, cannot be eliminated, and could, if not properly addressed, negatively affect our business. We have established processes to help alleviate these risks, including a review process for screening requests from our development organizations for the use of open source software, but we cannot be sure that all open source software is identified or submitted for approval prior to use in our platform.

**Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses.**

Our agreements with customers, partners, and other third parties may include indemnification or other provisions under which we agree to indemnify or otherwise be liable to them for losses suffered or incurred as a result of claims of intellectual property infringement, damages caused by us to property or persons, data and security breaches, and other liabilities relating to or arising from our software, services, acts, or omissions. The term of these contractual provisions often survives termination or expiration of the applicable agreement. Large indemnity payments or damage claims from contractual breach could harm our business, operating results, and financial condition. Although in some cases we contractually limit our liability with respect to such obligations, we do not always do so or our obligations are capped at a high amount, and in the future we may still incur substantial liability related to them. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other current and prospective customers, reduce demand for our solutions, and harm our business, operating results, and financial condition.

**Risks Related to Legal and Regulatory Matters**

*We process, store, and use personal information and other data, which subjects us to governmental regulation and other legal obligations related to privacy, and violation of these privacy obligations could result in a claim for damages, regulatory action, loss of business, or unfavorable publicity.*

We receive, store, and process personal information and other information, including customer, employee, and contributor information and CxNs that include contributor feedback and insight for our customers. There are numerous domestic and international privacy and data protection laws and regulations. These laws and regulations, and the storing, use, processing, and disclosure and protection of personal information, are continually evolving, subject to differing interpretations, and may be inconsistent among jurisdictions or conflict with other laws, regulations, and rules. Additionally, laws, regulations, and standards covering marketing and advertising activities conducted by telephone, email, mobile devices, and the Internet, may be applicable to our business, such as the Telephone Consumer Protection Act (the TCPA), as implemented by the Telemarketing Sales Rule, the CAN-SPAM Act, and similar state consumer protection laws, as well as Singapore’s Personal Data Protection Act and its “Do Not Call” provisions. Our privacy policies and privacy-related obligations to third parties set forth additional standards and obligations related to data protection. We strive to comply with all applicable laws, policies and legal obligations relating to privacy and data security protection to the extent possible. However, it is possible that these obligations may be interpreted and applied in a manner that is
inconsistent from one jurisdiction to another and may conflict with other rules or regulations, making enforcement, and thus compliance requirements, ambiguous, uncertain, and potentially inconsistent. Any failure or perceived failure by us to comply with our privacy policies, privacy-related obligations to customers, contributors, or other third parties, or our privacy-related legal obligations, or any compromise of security that results in the unauthorized access to or unintended release of personally identifiable information or other protected data, may result in governmental enforcement actions, civil litigation, or public statements against us by data privacy advocacy groups or others. Any of these events could cause us to incur significant costs in investigating and defending such claims and, if found liable, pay significant damages. Further, these proceedings and any subsequent adverse actions could cause our customers and contributors to lose trust in us, which could have a materially adverse effect on our reputation and business.

Any significant change to applicable laws, regulations or industry practices regarding the use or disclosure of personal information (including what legally defines “personal information”), or regarding the manner in which the express or implied consent of contributors, customers, potential customers or other data subjects for the use and disclosure of personal information is obtained, could require us to modify our platform, possibly in a material manner and subject us to increased compliance costs, which may limit our ability to develop new products and features that make use of the personal information that clients voluntarily share. For example, California enacted legislation, the CCPA, that became operative on January 1, 2020 and became enforceable by the California Attorney General on July 1, 2020, along with related regulations that came into force on August 14, 2020 and were most recently amended on March 15, 2021. Additionally, the California Privacy Rights Act (the CPRA), which expands upon the CCPA and was passed in the November 3, 2020 election, creates obligations relating to consumer data beginning on January 1, 2022, with implementing regulations expected on or before July 1, 2022, and enforcement beginning July 1, 2023. The CCPA requires (and the CPRA will require) covered companies to, among other things, provide new disclosures to California consumers and affords such consumers new privacy rights such as the ability to opt-out of certain sales of personal information, expanded rights to access and require deletion of their personal information, the ability to opt out of certain personal information sharing, and the ability to receive detailed information about how their personal information is collected, used, and shared. The CCPA and the CPRA provide for unlimited civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA may increase our compliance costs and potential liability, particularly in the event of a data breach. The effects of the CCPA and CPRA are potentially significant and may require us to modify our data collection or processing practices and policies and to incur substantial costs and expenses in an effort to comply and increase our potential exposure to regulatory enforcement and/or litigation. Any of the foregoing could materially adversely affect our business, operating results, and financial condition.

Additionally, the CCPA has prompted a number of proposals in the United States for new federal and state-level privacy legislation that, if passed, could increase our potential liability, increase our compliance costs, and adversely affect our business. Two states have recently passed personal information laws: the Colorado Privacy Act, which goes into effect on July 1, 2023; and Virginia’s Consumer Data Protection Act, which goes into effect on January 1, 2022. We cannot yet fully predict the impact of the California or other state/federal legislation or subsequent policy guidance on our business or operations, but it may require us to further modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply. Decreased availability and increased costs of information could adversely affect our ability to meet our agents’ requirements and could have an adverse effect on our business, operating results, and financial condition.

In Europe, the GDPR took effect on May 25, 2018. As a result of our presence in Europe, our contributors and other data subjects in Europe and our service offering in the European Economic Area (EEA) (which includes the European Union (E.U.) and countries such as Iceland that are not official members of the European Union but due to being closely linked by economic relationship are required to adopt E.U. legislation regarding the single market), we are subject to the GDPR, which imposes stringent E.U. data protection requirements (including compliance burdens such as mandating documentation requirements and granting certain privacy rights to individuals to control how we collect, use, disclose, retain and process information about them), and could increase the risk of non-compliance and the costs of providing our platform in a compliant manner. A breach of the GDPR could result in regulatory investigations, reputational harm, fines of up to the greater of €20 million or 4% of annual global revenue, and sanctions, orders to cease or change our processing of our data, enforcement notices, or assessment notices (for a compulsory audit). We may also face civil claims including representative actions and other class action type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, as well as associated costs, diversion of internal resources, and reputational harm.

Additionally, the United Kingdom implemented the Data Protection Act, effective in May 2018 and statutorily amended in 2019, that contains provisions, including its own derogations, for how GDPR is applied in the United Kingdom. From the beginning of 2021 (when the transitional period following Brexit expired), we have to continue to
comply with the GDPR and also the U.K.’s Data Protection Act, with each regime having the ability to fine up to the greater of €20 million (£17 million) or 4% of global turnover. The relationship between the United Kingdom and the European Union remains uncertain, for example how data transfers between the United Kingdom and the European Union and other jurisdictions will be treated and the role of the United Kingdom’s supervisory authority. In February 2021, the European Commission proposed to issue the United Kingdom with an “adequacy” decision to facilitate the continued free flow of personal information from E.U. member states to the United Kingdom; however, this decision is subject to the review and/or approval of the European Data Protection Board and a committee composed of the representatives of the E.U. Member States. In the meantime, the United Kingdom remains a “third country” for the purposes of data transfers from the European Union/EEA to the United Kingdom following the expiration of the four to six-month personal information transfer grace period (from January 1, 2021) set out in the E.U. and U.K. Trade and Cooperation Agreement, unless the adequacy decision is adopted in favor of the United Kingdom. If an adequacy decision is not favorable, the United Kingdom would remain a “third country.” These changes will lead to additional costs as we try to ensure compliance with new privacy legislation and will increase our overall risk exposure.

In addition, the GDPR imposes strict rules on the transfer of personal information out of the European Union to a “third country” including the United States. These obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other requirements or our practices.

In July 2020, the Court of Justice of the European Union (CJEU) invalidated the European Union-United States (E.U.-U.S.) Privacy Shield (under which personal information could be transferred from the E.U. to U.S. entities that had self-certified under the Privacy Shield scheme) on the grounds that the Privacy Shield failed to offer adequate protections to E.U. personal information transferred to the United States. As a result, Privacy Shield is no longer a valid mechanism for transferring personal data from the EEA to the United States. In addition, while the CJEU upheld the adequacy of the standard contractual clauses (a standard form of contract approved by the European Commission as an adequate personal information transfer mechanism, and potential alternative to the Privacy Shield), it made clear that reliance on them alone may not necessarily be sufficient in all circumstances. Use of the standard contractual clauses must now be assessed on a case by case basis taking into account the legal regime applicable in the destination country, in particular applicable surveillance laws and rights of individuals. The use of standard contractual clauses for the transfer of personal information specifically to the United States remains under review by a number of European data protection supervisory authorities, along with those of some other E.U. member states. German and Irish supervisory authorities have indicated, and enforced in recent rulings, that the standard contractual clauses alone provide inadequate protection for E.U.-U.S. data transfers. In August 2020, the U.S. Department of Commerce and the European Commission announced new discussions to evaluate the potential for an enhanced E.U.-U.S. Privacy Shield framework to comply with the July 2020 judgment of the CJEU. Further, on June 4, 2021, the European Commission finalized new versions of the standard contractual clauses, with the Implementing Decision in effect since June 27, 2021. Under the Implementing Decision, we will have until December 27, 2022 to update any existing agreements, or any new agreements executed before September 27, 2021, that rely on standard contractual clauses as the data transfer mechanism. To comply with the Implementing Decision and the new standard contractual clauses, we may need to implement additional safeguards to further enhance the security of data transferred out of the EEA, which could increase our compliance costs, expose us to further regulatory scrutiny and liability, and adversely affect our business. The CJEU’s decision, along with the subsequent guidance issued by the European Data Protection Board in November 2020, and recent statements by E.U. supervisory authorities, and the new versions of the standard contractual clauses, have led to uncertainty regarding the legality of E.U.-U.S. data flows in general and those conducted under the Privacy Shield in particular.

While we maintain a Privacy Shield certification, we rely on the standard contractual clauses for intercompany data transfers from the EEA to the United States. As supervisory authorities continue to issue further guidance on personal information transfers out of the EEA, we could suffer additional costs, complaints, or regulatory investigations or fines, and if we are otherwise unable to transfer personal information between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results. Our customers and contributors also request heightened assurances and contractual protection regarding data protection, data processing, data transfers, data segregation, technological safeguards, and the applicability of certain laws on our business. We cannot yet determine the impact that future laws, regulations, contractual obligations, and standards may have on our business. Such laws and regulations are often subject to differing interpretations and may be inconsistent among jurisdictions. Further, the obligations imposed by E.U. data protection and related laws may conflict with the obligations imposed by other legal regimes, such as U.S. laws concerning government access to data. We may lose certain customers and customer opportunities in Europe, incur substantial expense in complying with the new obligations, be subjected to new and greater liability and we may be required to make significant changes to our business operations and product development, all of which may adversely affect our revenues and our business overall.
We are also subject to evolving E.U. privacy laws relating to the use of cookies and e-marketing. In the E.U., regulators increasingly focus on compliance with requirements in the online behavioral advertising ecosystem, and a E.U. regulation known as the ePrivacy Regulation, which is still being finalized by E.U. member states, will significantly increase fines for non-compliance once in effect. In the E.U., informed consent, including a prohibition on pre-checked consents and a requirement to ensure separate consents for each cookie, is required for the placement of a cookie or similar tracking technologies on a customer’s device and for direct electronic marketing. As regulators start to enforce the strict approach, this could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, negatively impact our efforts to understand customers, adversely affect our margins, increase costs, and subject us to additional liabilities.

As we expand, there is a risk that we may assume liabilities for breaches experienced by the companies we acquire. Despite our efforts to comply with applicable laws, regulations, and other obligations relating to privacy, data protection, and information security, it is possible that our practices, offerings, or platform could fail, or be alleged to fail to meet applicable requirements.

We may be subject to new and existing laws and regulations, both in the United States and internationally.

We are subject to a wide variety of foreign and domestic laws. Laws, regulations, and standards governing issues that may affect us, such as worker classification, employment, worker health, payments, worker confidentiality obligations and whistleblowing, intellectual property, consumer protection, taxation, privacy, and data security are often complex and subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their enforcement and application in practice may change or develop over time through judicial decisions or as new guidance or interpretations are provided by regulatory and governing bodies, such as federal and state administrative agencies. Many of these laws were adopted prior to the advent of the Internet, mobile, and related technologies and, as a result, do not contemplate or address the unique issues of the Internet, mobile, and related technologies. Other laws and regulations may be adopted in response to Internet, mobile, and related technologies. New and existing laws and regulations (or changes in interpretation of existing laws and regulations), including those concerning worker classification, independent contractors, employment, discrimination and harassment, payments, whistleblowing and worker confidentiality obligations, intellectual property, consumer protection, taxation, privacy, data security, benefits, unionizing and collective action, arbitration agreements and class action waiver provisions, unfair competition, terms of service, website accessibility, background checks (such as the Fair Credit Reporting Act, 15 U.S.C. § 1681), escheatment, and federal contracting may also be adopted, implemented, or interpreted to apply to us or our contributors. Likewise, these laws may affect our contributors, and uncertainty around their application, may affect demand for our platform.

As our platform’s geographic scope expands, regulatory agencies or courts may claim that we are subject to additional requirements, or are prohibited from conducting our business in or with certain jurisdictions, either generally or with respect to certain services, or that we are otherwise required to change our business practices. It is also possible that certain provisions in agreements with our contributors may be found to be unenforceable or not compliant with applicable law.

The level of regulatory scrutiny on larger companies, technology companies in general, and companies engaged in dealings with independent contractors, payments, or personal information in particular has increased significantly recently and may continue to increase. Legislators have enacted, and may continue to enact, new laws or regulatory agencies may promulgate new rules or regulations that are adverse to our business or the interests of our customers, or they may view matters or interpret or enforce laws and regulations differently than they have in the past or in a manner adverse to our business. Such legislative or regulatory scrutiny or action may create or enhance different or conflicting obligations on us from one jurisdiction to another.

New approaches to policy-making and legislation may also produce unintended harms for our business, which may impact our ability to operate our business in the manner in which we are accustomed. For example, there has been increased focus on worker classification and independent contractor regulations which led in part to the adoption of legislation in certain jurisdictions, and it is possible that other jurisdictions will implement similar laws and regulations. There is often uncertainty in the application of worker classification laws, and consequently there is risk to us that contributors could be deemed to be our employees and therefore are currently misclassified under applicable law. A misclassification determination, allegation, claim, or audit creates potential exposure for contributors and for us, and such claims could result in monetary damages (including wage-based damages or restitution, compensatory damages, liquidated damages, and punitive damages), interest, fines, penalties, costs, fees (including attorneys’ fees), criminal and other liability, assessment, injunctive relief, or settlement. Factors determining whether an individual providing feedback and market research is an employee is a fact intensive inquiry and the factors for consideration vary by governing law. Laws and regulations that govern the status and classification of workers are also subject to change as well as to divergent interpretations by various authorities, which can create uncertainty and unpredictability. For example, in California, we are
aware of the state supreme court’s 2018 decision in *Dynamex Operations West, Inc. v. Superior Court of Los Angeles* as well as Assembly Bill 5 (AB 5), which went into effect January 1, 2020 and which has the stated purpose of codifying the Dynamex holding. Together, they change the standard in California for determining worker classification and are widely viewed as expanding the scope of the definition of employee for most purposes under California law. Given the enactment of AB 5, there is little guidance from the courts or the regulatory authorities charged with its enforcement and there is a significant degree of uncertainty regarding its application. While we believe that our business and our relationship with our contributors currently fall within an exemption provided by California’s Labor Code Section 2782, which we believe clarifies that AB 5 does not apply to our contributors, if new amendments or legislation alters this exemption, or similar exemptions are not adopted in other jurisdictions, our business could be adversely impacted. Worker classification and independent contractor laws and regulations, and any changes to them, may have a far-reaching impact, including on contributors, and could negatively impact us and our contributors, or adversely impact our business model and ability to operate our platform.

As we look to expand our international footprint over time, we may become obligated to comply with additional laws and regulations of the countries or markets in which we operate or have contributors. We may be harmed if we are found to be subject to new or existing laws and regulations or if those laws are interpreted and applied to us in a manner that harms our business or is inconsistent with the application of U.S. laws, including those concerning worker classification, independent contractors, employment, payments, whistleblowing and worker confidentiality obligations, laws related to the COVID-19 pandemic, intellectual property, consumer protection, taxation, privacy, data security, benefits, unionizing and collective action, arbitration agreements and class action waiver provisions, unfair competition, terms of service, website accessibility, background checks, and escheatment. In addition, contractual provisions that are designed to protect and mitigate against risks, including terms of service, services agreements, arbitration and class action waiver provisions, disclaimers of warranties, limitations of liabilities, releases of claims, and indemnification provisions, could be deemed unenforceable as to the application of these laws and regulations by a court, arbitrator, or other decision-making body. If we are unable to comply with these laws and regulations or manage the complexity of global operations and supporting an international customer base successfully or in a cost-effective manner, our business, operating results, and financial condition would be adversely affected.

Our success, or perceived success, and increased visibility may also drive some third parties that view our business model to be a threat, or otherwise problematic, to raise concerns about our business model to local policymakers and regulators. These third parties and their trade association groups or other organizations may take actions and employ significant resources to shape the legal and regulatory regimes in countries where we have, or may seek to have, a significant number of contributors, in an effort to change such legal and regulatory regimes in ways intended to adversely affect or impede our business and the ability of customers to utilize our platform.

*Failure to comply with anti-corruption and anti-money laundering laws, including the FCPA and similar laws associated with our activities outside of the United States, could subject us to penalties and other adverse consequences.*

We are subject to the FCPA, the UK Bribery Act, and possibly other anti-bribery and anti-money laundering laws in countries in which we conduct activities. We face significant risks if we fail to comply with the FCPA, the UK Bribery Act and other anti-corruption laws that prohibit companies and their employees and third-party intermediaries from promising, authorizing, offering, or providing, directly or indirectly, improper payments or benefits to foreign government officials, political parties, and private-sector recipients for the purpose of obtaining or retaining business, directing business to any person, or securing any advantage. In many foreign countries, particularly in countries with developing economies, it may be a local custom that businesses engage in practices that are prohibited by the FCPA or other applicable laws and regulations. In addition, we increasingly use various third parties to sell our platform and conduct our business abroad. We or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. While our Code of Business Conduct mandates compliance with anti-corruption laws and regulations, we cannot assure you that all of our employees and agents, as well as those companies to which we outsource certain of our business operations, will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

Any violation of the FCPA, the UK Bribery Act, other applicable anti-corruption laws, and anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, or severe criminal or civil sanctions, which could have a materially adverse effect on our reputation, business, operating results, and financial condition. In addition, responding to any enforcement action may result in a significant diversion of management’s attention and resources, significant defense costs, and other professional fees.
We are required to comply with governmental export control and sanctions laws and regulations. Our failure to comply with these laws and regulations would have an adverse effect on our business, operating results, and financial condition.

Our platform is subject to governmental, including United States and European Union, export control laws and regulations, and as a U.S. company we are covered by the U.S. sanctions laws and regulations. U.S. export control and economic sanctions laws and regulations prohibit the shipment of certain products and services to U.S. embargoed or sanctioned countries, governments, and persons, and complying with export control and sanctions regulations for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities. While we take precautions to prevent our platform from being exported in violation of these laws or engaging in any other activities that are subject to these regulations, from time to time, we may fail to fully comply with these laws and regulations. For example, in mid-2021, we conducted an internal review of our compliance with U.S. export control laws and economic sanctions and in connection with our review, we identified that our platform may have been used by two parties in Iran, which is an embargoed country. Based on our preliminary findings, these parties signed up for a free trial of our platform and did not make payment to us. In addition, as part of our internal review, we identified a limited number of participant accounts that represented themselves as residing in non-embargoed countries but may have accessed our platform from embargoed countries. Certain of these participants performed tests and received small amounts of payments, in accordance with our standard payment practices, associated with those tests. In July 2021, we submitted a voluntary disclosure to the Office of Foreign Assets Control related to these parties’ use of our platform. Although we have implemented, and are working to implement additional controls and screening tools designed to prevent similar activity from occurring in the future, there is no guarantee that our platform will not be accessed by additional individuals, entities, or governments prohibited by U.S. or foreign sanctions in the future. If we are found to have failed to comply with U.S. export laws, U.S. Customs regulations and import regulations, U.S. economic sanctions, and other countries’ import and export laws, we could be subject to substantial civil and criminal penalties, including fines for the company, incarceration for responsible employees and managers, and the possible loss of export or import privileges as well as incur reputational harm.

We incorporate encryption technology into certain of our products and certain encryption products may be exported outside of the United States only by a license or a license exception. In addition, various countries regulate the import of certain encryption technology, including import permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our products or could limit our customers’ ability to deploy our products in those countries. Although we take precautions to prevent our platform from being provided in violation of such laws, we cannot assure you that inadvertent violations of such laws have not occurred or will not occur in connection with the distribution of our platform despite the precautions we take. Governmental regulation of encryption technology and regulation of imports or exports, or our failure to obtain required import or export approval for our platform, could harm our international sales and adversely affect our operating results.

Further, if our partners fail to obtain required import, export, or re-export licenses or permits, we may also be harmed, become the subject of government investigations or penalties, and incur reputational harm. Changes in our platform or changes in export and import regulations may create delays in the introduction of our platform in international markets, prevent our customers with international operations from deploying our platform globally or, in some cases, prevent the export or import of our platform to certain countries, governments, or persons altogether. Any change in export or import laws or regulations, economic sanctions, or related legislation, shift in the enforcement or scope of existing laws and regulations, or change in the countries, governments, persons, or technologies targeted by such laws and regulations, could result in decreased use of our platform by, or in our decreased ability to export or sell our platform to, existing or potential customers with international operations. Any decreased use of our platform or limitation on our ability to export or sell our platform would likely adversely impact our business, operating results, and financial condition.

Risks Related to Financial and Accounting Matters

We may be unable to integrate acquired businesses and technologies successfully or to achieve the expected benefits of such acquisitions. We may acquire or invest in additional companies, which may divert our management’s attention, result in additional dilution to our stockholders, and consume resources that are necessary to sustain our business.

Our business strategy may, from time to time, include acquiring other complementary products, technologies, or businesses. An acquisition, investment, or business relationship may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies, products, personnel, or operations of the acquired companies, particularly if the key personnel of the acquired companies choose not to work for us, if an acquired company’s software is not easily adapted to work with ours, or if we have difficulty retaining the customers of any acquired business due to changes in management or otherwise. Acquisitions may also disrupt our business, divert our resources, and require significant management attention that would otherwise be available for
development of our business. Moreover, the anticipated benefits of any acquisition, investment, or business relationship may not be realized or we may be exposed to unknown liabilities.

We may in the future seek to acquire or invest in additional businesses, products, technologies, or other assets. We also may enter into relationships with other businesses to expand our products and services or our ability to provide our products and services in foreign jurisdictions, which could involve preferred or exclusive licenses, additional channels of distribution, discount pricing, or investments in other companies. Negotiating these transactions can be time consuming, difficult, and expensive, and our ability to close these transactions may often be subject to approvals that are beyond our control. Consequently, these transactions, even if undertaken and announced, may not close. For one or more of those transactions, we may:

- issue additional equity securities that would dilute our stockholders;
- use cash that we may need in the future to operate our business;
- incur debt on terms unfavorable to us or that we are unable to repay;
- incur large charges or substantial liabilities;
- encounter difficulties retaining key employees of the acquired company or integrating diverse software codes or business cultures; and
- become subject to adverse tax consequences, substantial depreciation, or deferred compensation charges.

Any of these risks could adversely impact our business and operating results.

Changes in our effective tax rate could impact our financial results. Our business and financial condition could be materially affected by the enactment of legislation implementing changes in the U.S. or foreign taxation of international business activities or the adoption of other tax reform policies.

We are subject to income taxes in the United States and certain foreign jurisdictions. We believe that our provision for income taxes is reasonable, but the ultimate tax outcome may differ from the amounts recorded in our consolidated financial statements and may materially affect our financial results in the period or periods in which such outcome is determined. Our effective tax rate could be adversely affected by changes in the mix of earnings and losses in countries with differing statutory tax rates, certain nondeductible expenses, and the valuation of deferred tax assets. Increases in our effective tax rate would reduce profitability or increase losses. As we expand the scale of our domestic and international business activities, any changes in U.S. federal, state, local or foreign tax laws or tax rulings of such activities may increase our worldwide effective tax rate and harm our financial results.

In addition, changes in tax laws and regulations in federal, state, local, and foreign jurisdictions could have material adverse impacts on our business, cash flows, operating results, or financial condition, and could materially affect our tax obligations and effective tax rate. For example, U.S. tax legislation enacted on December 22, 2017, informally titled the Tax Cuts and Jobs Act (the Tax Cuts and Jobs Act), significantly reformed the Internal Revenue Code of 1986, as amended (the Code). This legislation, among other things, includes changes to U.S. federal tax rates, imposes significant additional limitations on the deductibility of interest and the use of net operating losses (NOLs) generated in tax years beginning after December 31, 2017, allows for the expensing of capital expenditures and puts into effect the migration from a “worldwide” system of taxation to a “territorial system.” The Tax Cuts and Jobs Act is unclear in many respects and could be subject to potential amendments and technical corrections, as well as interpretations and implementing regulations by the Treasury and the Internal Revenue Service, any of which could lessen or increase certain adverse impacts of the legislation. As we maintain a full valuation allowance against our U.S. federal and state NOL carryforwards, these changes did not impact our consolidated balance sheet as of December 31, 2021. However, in future years, if a deferred tax asset is recognized related to our NOL carryforwards, the changes in the carryforward/carryback periods as well as the new limitation on use of NOL carryforwards may significantly impact our valuation allowance assessments for NOL carryforwards generated after December 31, 2017. In addition, it is unclear how these U.S. federal income tax changes will affect state and local taxation, which often uses federal taxable income as a starting point for computing state and local tax liabilities. Also, governments in certain countries where we do business have enacted legislation in response to the COVID-19 pandemic, including the Coronavirus Aid, Relief, and Economic Security Act enacted by the United States on March 27, 2020. We are continuing to analyze these legislative developments; however, they did not have a material impact on our provision for income taxes for the years ended December 31, 2021 and 2020.
Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations which could subject our business to higher tax liability.

As of December 31, 2021, we had U.S. federal NOL carryforwards of approximately $174.5 million and state NOL carryforwards of approximately $102.4 million available to offset future taxable income. Our federal and state NOL carryforwards will begin to expire in 2028 and 2029, respectively, if not utilized. Our federal NOL carryforwards of $104.1 million generated after December 31, 2017 can be carried forward indefinitely, with utilization limited to 80% of our taxable income beginning after January 1, 2021. Realization of these NOL carryforwards depends on future taxable income beginning after December 31, 2021, and there is a risk that our existing carryforwards could expire unused and be unavailable to offset future taxable income, which could materially and adversely affect our operating results.

Under Sections 382 and 383 of the Code, a corporation that undergoes an “ownership change” is subject to limitations on its ability to utilize its pre-change NOL carryforwards and tax attributes to offset future taxable income or tax liabilities. Similar rules may apply under state tax laws. If finalized, Treasury Regulations currently proposed under Section 382 of the Code may impose stricter limitations than would be imposed under current law on our ability to utilize our pre-change NOL carryforwards or credits if we undergo a future ownership change. We have completed an analysis of Section 382 ownership changes in our stock through December 31, 2021 and have concluded that we have experienced ownership changes that have resulted in limitations in our ability to use certain of our NOL carryforwards and tax credit carryforwards. In addition, we may experience ownership changes as a result of future offerings or other changes in the ownership of our stock, some of which are beyond our control. As a result, the amount of the NOL carryforwards and tax credit carryforwards presented in our financial statements could be limited, and, in the case of NOL carryforwards generated in 2014 and prior years, may expire unused. Any such material limitation or expiration of our NOL carryforwards may harm our future operating results by effectively increasing our future tax obligations. There is also a risk that due to changes in tax law or regulatory changes, such as suspensions on the use of NOL carryforwards or other unforeseen reasons, our existing NOL carryforwards could expire or otherwise be unavailable to offset future federal and state taxable income. For these reasons, we may not be able to utilize some portion of our NOL carryforwards even if we attain profitability.

The applicability of sales, use, and other tax laws or regulations on our business is uncertain. Adverse tax laws or regulations could be enacted or existing laws could be applied to us or our customers, which could subject us to additional tax liability and related interest and penalties, increase the costs of our services and adversely impact our business.

The application of U.S. federal, state, local, and foreign tax laws to services provided electronically is evolving. New income, sales, use, value-added, or other tax laws, statutes, rules, regulations, or ordinances could be enacted at any time (possibly with retroactive effect), and could be applied solely or disproportionately to services provided over the Internet or could otherwise materially affect our financial position and operating results. Many countries in the European Union, as well as a number of other countries and organizations such as the Organization for Economic Cooperation and Development, have recently proposed or recommended changes to existing tax laws or have enacted new laws that could impact our tax obligations.

After the U.S. Supreme Court decision in South Dakota v. Wayfair Inc. in 2018, many states have enacted laws that would require tax reporting, collection, or tax remittance on items sold online. States, localities, the U.S. federal government or other countries may seek to impose additional reporting, record-keeping and/or indirect tax collection obligations on our businesses. New legislation could require us to incur substantial costs, including costs associated with tax calculation, collection and remittance, and audit requirements, and could adversely affect our business, operating results, and financial condition.

We also have been and may in the future be subject to additional tax liabilities and related interest and penalties due to changes in indirect and non-income based taxes resulting from changes in U.S. federal, state, local or foreign tax laws, changes in taxing jurisdictions and administrative interpretations, decisions, policies and positions, result of tax examinations, settlements or judicial decisions, changes in accounting principles, changes to the business operations, as well as evaluation of new information that results in a change to a tax position taken in prior periods. It is possible that one or more states could seek to impose sales, use, or other tax collection obligations on us with regard to sales or orders on our business platform. These taxes may be applicable to past sales. A successful assertion by a taxing authority that we should be collecting additional sales, use or other taxes or remitting such taxes directly to states could result in substantial tax liabilities for past sales and additional administrative expenses, which could seriously harm our business, operating results, and financial condition. Although we have reserved for potential payments of possible past tax liabilities in our financial statements, if these liabilities exceed such reserves, our financial condition will be adversely impacted.
Certain of our operating results and financial metrics may be difficult to predict as a result of seasonality.

Although we have not historically experienced significant seasonality with respect to our revenue throughout the year, we have seen seasonality in our sales cycle and our fourth quarter has historically been our strongest quarter. We believe that this results in part from the procurement, budgeting, and deployment cycles of many of our customers. We generally expect a relative increase in sales in the second half of each year as budgets of our customers for annual capital purchases are being fully utilized. We may be affected by seasonal trends in the future, particularly as our business matures. Such seasonality may result from a number of factors, including a slowdown in our customers’ procurement process during certain times of the year, both domestically and internationally, and customers choosing to spend remaining budgets shortly before the end of their fiscal years. These effects may become more pronounced as we target larger organizations and their larger budgets for sales of subscriptions to our platform. Additionally, this seasonality may be reflected to a much lesser extent, and sometimes may not be immediately apparent, in our revenue, due to the fact that we recognize subscription revenue over the term of the applicable subscription agreement. In addition, our ability to record professional services revenue can potentially vary based on the number of billable days in the given quarter, which is impacted by holidays and vacations. To the extent we experience this seasonality, it may cause fluctuations in our operating results and financial metrics and make forecasting our future operating results and financial metrics more difficult.

We may need to raise additional capital required to grow our business, and we may not be able to raise capital on terms favorable to us or at all.

In order to support our growth and respond to business challenges, such as developing new features or enhancements to our platform to stay competitive, acquiring new technologies, and improving our infrastructure, we have made significant financial investments in our business, and we intend to continue to make such investments. As a result, we may need to engage in equity or debt financings to provide the funds required for these investments and other business endeavors. If we raise additional funds through equity or convertible debt issuances, our existing stockholders may suffer significant dilution, and these securities could have rights, preferences, and privileges that are superior to that of holders of our common stock. If we obtain additional funds through debt financing, we may not be able to obtain such financing on terms favorable to us. Such terms may involve restrictive covenants making it difficult to engage in capital raising activities and pursue business opportunities, including potential acquisitions. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired and our business may be adversely affected, requiring us to delay, reduce, or eliminate some or all of our operations.

We incur significant costs as a result of operating as a public company, and our management and other personnel devote substantial time to compliance with our public company responsibilities and corporate governance practices.

We incur significant legal, accounting, compliance and other expenses as a public company that we did not incur as a private company and these expenses will increase even more after we are no longer an “emerging growth company.” As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules adopted, and to be adopted, by the SEC and the New York Stock Exchange (NYSE). Our management and other personnel devote a substantial amount of time to these compliance initiatives and these rules and regulations substantially increase our legal and financial compliance costs and make some activities more time-consuming and costly. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees, or as executive officers.

If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us, and our business may be harmed. In connection with our IPO, we increased our directors’ and officers’ insurance coverage, which increased our insurance related costs. Moreover, in the future, it may be more difficult and more expensive for us to obtain director and officer liability insurance and we may be forced to accept reduced policy limits or incur substantially higher costs to maintain the same or similar coverage. These factors could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees, or as executive officers.

Additionally, as a result of disclosure of information in filings required of a public company, our business and financial condition is more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results.
Further, as a result of our disclosure obligations as a public company, we have reduced flexibility and are under pressure to focus on short-term results, which may adversely affect our ability to achieve long-term profitability.

**If we fail to maintain proper and effective internal controls over financial reporting our ability to produce accurate and timely financial statements could be impaired.**

Pursuant to Section 404 of the Sarbanes-Oxley Act, our management will be required to report upon the effectiveness of our internal control over financial reporting beginning with the annual report for our fiscal year ending December 31, 2022. When we lose our status as an “emerging growth company” and become an “accelerated filer” or a “large accelerated filer,” our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing, and possible remediation. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. This process will be time-consuming, costly, and complicated.

We have experienced control deficiencies and may experience control deficiencies, including material weaknesses in our internal control over financial reporting, in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, operating results, or cash flows.

If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness in our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by the NYSE, the SEC, or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

**We are an “emerging growth company” and the reduced reporting requirements applicable to emerging growth companies may make our common stock less attractive to investors.**

We are an “emerging growth company” as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including (i) not being required to comply with the auditor attestation requirements of the Sarbanes-Oxley Act, (ii) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and (iii) exemptions from the requirements of holding nonbinding advisory stockholder votes on executive compensation and stockholder approval of any golden parachute payments not approved previously.

We could be an emerging growth company for up to five fiscal years after our IPO; provided, however, certain circumstances could cause us to lose that status earlier, including if we are deemed to be a “large accelerated filer,” which occurs when the market value of our common stock that is held by non-affiliates equals or exceeds $700 million, if we have total annual gross revenue of $1.07 billion or more, or if we issue more than $1.0 billion in non-convertible debt during any three-year period before that time.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to take advantage of the benefits of this extended transition period. Our financial statements may therefore not be comparable to those of companies that comply with such new or revised accounting standards. Until the date that we are no longer an “emerging growth company” or affirmatively and irrevocably opt out of the exemption provided by Section 7(a)(2)(B) of the Securities Act, upon issuance of a new or revised accounting standard that applies to our financial statements and that has a different effective date for public and private companies, we will disclose the date on which adoption is required for non-emerging growth companies and the date on which we will adopt the recently issued accounting standard.
If currency exchange rates fluctuate substantially in the future, our operating results, which are reported in U.S. dollars, could be adversely affected.

As we continue to expand our international operations, we become more exposed to the effects of fluctuations in currency exchange rates. Although we expect an increasing number of sales contracts to be denominated in currencies other than the U.S. dollar in the future, the majority of our sales contracts have historically been denominated in U.S. dollars, and therefore, most of our revenue has not been subject to foreign currency risk. However, a strengthening of the U.S. dollar could increase the real cost of our platform to our customers outside of the United States, which could adversely affect our business, operating results, financial condition, and cash flows. In addition, we incur expenses for employee compensation and other operating expenses at our non-U.S. locations in the local currency. Fluctuations in the exchange rates between the U.S. dollar and other currencies could result in the dollar equivalent of such expenses being higher. This could have a negative impact on our operating results. Although we may in the future decide to undertake foreign exchange hedging transactions to cover a portion of our foreign currency exchange exposure, we currently do not hedge our exposure to foreign currency exchange risks.

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the United States.

GAAP financial measures are subject to interpretation by the Financial Accounting Standards Board (FASB), the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results, and could affect the reporting of transactions completed before the announcement of a change.

Risks Related to Ownership of Our Common Stock

The market price of our common stock could be volatile, and you could lose all or part of your investment.

Technology stocks have historically experienced high levels of volatility. The market price of our common stock may fluctuate substantially depending on a number of factors, including those described in this “Risk Factors” section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our common stock. Factors that could cause fluctuations in the trading price of our common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- announcements of new products, platforms or technologies, commercial relationships, acquisitions or other events by us or our competitors;
- failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- changes in how organizations perceive the benefits of our platform and products;
- recruitment or departures of key personnel;
- the public’s reaction to our press releases, other public announcements, and filings with the SEC;
- fluctuations in the trading volume of our shares or the size of our public float, including in connection with an acquisition;
- sales of large blocks of our common stock;
- actual or anticipated changes or fluctuations in our operating results;
- whether our operating results meet the expectations of securities analysts or investors;
- changes in actual or future expectations of investors or securities analysts;
- actual or perceived significant data breach involving our platform;
- litigation involving us, our industry or both;
- governmental or regulatory actions or audits;
• regulatory developments and new laws in the United States, foreign countries, or both;
• general economic conditions and trends;
• public health crises and related measures to protect the public health (such as the COVID-19 pandemic);
• major catastrophic events in our domestic and foreign markets;
• the expiration of contractual lock-up or market stand-off agreements;
• changes in accounting standards, policies, guidelines, interpretations, or principles; and
• “flash crashes,” “freeze flashes,” or other glitches that disrupt trading on the securities exchange on which we are listed.

In addition, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, operating results, or financial condition. The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. In the past, following periods of volatility in the trading price of a company’s securities, securities class action litigation has often been brought against that company. If the market price of our common stock is volatile, we may become the target of securities litigation. Securities litigation could result in substantial costs and divert our management’s attention and resources from our business. This could have an adverse effect on our business, operating results, and financial condition.

**Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could cause the market price of our common stock to decline.**

Sales of a substantial number of shares of our common stock in the public market or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our common stock.

All of our directors and officers and the holders of substantially all of our common stock and securities convertible into or exercisable or exchangeable for our common stock are subject to lock-up agreements that restrict their ability to transfer shares of our common stock, subject to specific exceptions, during the period ending on the earlier of (i) the opening of trading on the second trading day immediately following the release of our earnings for the first fiscal quarter of the fiscal year ending December 31, 2022 and (ii) the date that is 180 days after the date of the final prospectus (the lock-up period) relating to our IPO, dated November 16, 2021 and filed pursuant to Rule 424(b) under the Securities Act.

Approximately 2,932,192 million shares of our common stock outstanding and vested and exercisable stock options outstanding as of March 2, 2022 were released from the restrictions under the lock-up agreement on March 2, 2022.

If not earlier released, all of our outstanding shares of common stock, other than those sold in our IPO which are freely tradable, will become eligible for sale upon expiration of the lock-up period, except for any shares held by our affiliates which may only be sold in accordance with Rule 144 under the Securities Act. Furthermore, Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC may, in their sole discretion, permit us and our executive officers, directors, and holders of our securities who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements.

In addition, there were 22,689,570 shares of common stock issuable upon the exercise of stock options outstanding and 2,490,942 shares subject to RSUs as of December 31, 2021. We have filed a registration statement to register shares reserved for future issuance under our equity compensation plans. The shares of common stock will become eligible for sale in the public market to the extent such options are exercised, subject to the lock-up agreements described above and compliance with applicable securities laws.

Moreover, certain holders of our common stock have rights, subject to some conditions, to require us to file registration statements covering the sale of their shares or to include their shares in registration statements that we may file for ourselves or other stockholders.

We may also issue our shares of common stock or securities convertible into shares of our common stock from time to time in connection with a financing, acquisition, investments, or otherwise. We also expect to grant equity awards to employees, directors, and consultants under our equity incentive plans. Any such issuances could result in substantial dilution to our existing stockholders and cause the market price of our common stock to decline.

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If securities or industry analysts do not publish research or publish unfavorable or inaccurate research about our business, our stock price and trading volume could decline.

Our stock price and trading volume is heavily influenced by the way analysts and investors interpret our financial information and other disclosures. We do not have control over these analysts. If securities analysts or industry analysts cease coverage of us, our stock price could be negatively affected. If securities or industry analysts do not publish research or reports about our business, downgrade our common stock, or publish negative reports about our business, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our stock price to decline and could decrease the trading volume of our common stock.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that for the foreseeable future we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Anti-takeover provisions in our charter documents and under Delaware law could prevent or delay an acquisition of us, which may be beneficial to our stockholders, and may prevent attempts by our stockholders to replace or remove our current management.

Our restated certificate of incorporation and our restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors who are not nominated by current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions:

- establish a classified board of directors so that not all members of our board are elected at one time;
- permit only the board of directors to establish the number of directors and fill vacancies on the board;
- provide that directors may only be removed “for cause” and only with the approval of two-thirds of our stockholders;
- require super-majority voting to amend some provisions in our restated certificate of incorporation and restated bylaws;
- authorize the issuance of “blank check” preferred stock that our board could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- prohibit cumulative voting; and
- establish advance notice requirements for nominations for election to our board or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, Section 203 of the Delaware General Corporation Law (DGCL) may discourage, delay, or prevent a change in control of our company. Section 203 imposes certain restrictions on mergers, business combinations and other transactions between us and holders of 15% or more of our common stock.

Our restated certificate of incorporation contains an exclusive forum provision for certain claims, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our restated certificate of incorporation provides, to the fullest extent permitted by law, that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the DGCL, our restated
certificate of incorporation, or our restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine.

Moreover, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all claims brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Our restated certificate of incorporation provides that the federal district courts of the United States will, to the fullest extent permitted by law, be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act (Federal Forum Provision). Our decision to adopt a Federal Forum Provision followed a decision by the Supreme Court of the State of Delaware holding that such provisions are facially valid under Delaware law. While there can be no assurance that federal or state courts will follow the holding of the Delaware Supreme Court or determine that the Federal Forum Provision should be enforced in a particular case, application of the Federal Forum Provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court.

Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. In addition, the Federal Forum Provision applies to suits brought to enforce any duty or liability created by the Exchange Act. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal court.

Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder.

Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to our exclusive forum provisions, including the Federal Forum Provision. These provisions may limit a stockholders' ability to bring a claim in a judicial forum of their choosing for disputes with us or our directors, officers, or employees, which may discourage lawsuits against us and our directors, officers, and employees. Alternatively, if a court were to find the choice of forum provision contained in our restated certificate of incorporation or restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results, and financial condition.

General Risk Factors

The COVID-19 pandemic could adversely affect our business, operating results, and financial condition.

The COVID-19 pandemic has caused general business disruption worldwide beginning in January 2020. The full extent to which the COVID-19 pandemic will directly or indirectly impact our business, operating results, cash flows, and financial condition will depend on future developments that are highly uncertain and cannot be accurately predicted.

While we have not experienced a material impact to our business to date as a result of the COVID-19 pandemic, we do not yet know the full extent of potential impacts on our business, operations, or on the global economy as a whole, particularly if the COVID-19 pandemic continues and persists for an extended period of time. Potential impacts include:

- our customer prospects and our existing customers may experience slowdowns in their businesses, which in turn may result in reduced demand for our platform, lengthening of sales cycles, loss of customers, and difficulties in collections;
- substantially all of our employees are working from home and may continue to do so for several more months, which may result in decreased employee productivity and morale with increased unwanted employee attrition;
- we continue to incur fixed costs, particularly for real estate, and are deriving reduced or no benefit from those costs;
- we may continue to experience disruptions to our growth planning, such as for facilities and international expansion;
- we anticipate incurring costs in returning to work from our facilities around the world, including changes to the workplace, such as space planning, food service, and amenities;
- we may be subject to legal liability for safe workplace claims;
we may be subject to tax or other liabilities associated with employees working in jurisdictions other than the locations in which they were hired;

our critical vendors could go out of business;

substantially all of our in-person marketing events, including conferences, have been canceled and we may continue to experience prolonged delays in our ability to reschedule or conduct in-person events and other related activities; and

our marketing, sales, and support organizations are accustomed to extensive face-to-face customer and partner interactions, and our ability to conduct business is largely unproven.

Any of the foregoing could adversely affect our business, operating results, and financial condition.

Our business is subject to the risks of earthquakes, fire, floods, public health crises, and other natural catastrophes and to interruption by man-made problems such as power disruptions, computer viruses, data security breaches, or other incidents or terrorism.

Our corporate headquarters are located in the San Francisco Bay Area and we operate or utilize data centers that are located in North America and Europe. Additionally, we rely on our network and third-party infrastructure, enterprise applications, internal technology systems, and our website for our development, marketing, operational support, hosted services, and sales activities. The west coast of the United States, where our corporate headquarters are located, contains active earthquake zones and have been subject to numerous devastating wildfires and associated electrical blackouts. In the event of a catastrophic event, including a natural disaster such as an earthquake, hurricane, fire, flood, tsunami, or tornado, or other catastrophic event such as power loss, telecommunications failure, software or hardware malfunction, cyber-attack, war, terrorist attack, or incident of mass violence in the San Francisco Bay Area or elsewhere where our operations or data centers are located or where certain other systems and applications that we rely on are hosted, we may be unable to continue our operations and may endure significant system interruptions, reputational harm, delays in our application development, lengthy interruptions in our platform, breaches of data security, and loss of critical data, all of which could have an adverse effect on our future operating results. In addition, natural disasters, cyber-attacks, acts of terrorism, public health crises, such as pandemics and epidemics, or other catastrophic events could cause disruptions in our or our customers’ businesses, national economies, or the world economy as a whole.

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

There is an increasing focus from certain investors, employees, and other stakeholders concerning corporate responsibility, specifically related to environmental, social, and governance factors. Some investors may use these factors to guide their investment strategies and, in some cases, may choose not to invest in us if they believe our policies relating to corporate responsibility are inadequate. Third-party providers of corporate responsibility ratings and reports on companies have increased to meet growing investor demand for measurement of corporate responsibility performance. The criteria by which companies’ corporate responsibility practices are assessed may change, which could result in greater expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. If we elect not to or are unable to satisfy such new criteria, investors may conclude that our policies with respect to corporate responsibility are inadequate. We may face reputational damage in the event that our corporate responsibility procedures or standards do not meet the standards set by various constituencies.

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

Item 1B. Unresolved Staff Comments

None.
Item 2. Properties

We are headquartered in San Francisco, California, where we occupy approximately 45,000 square feet of office space pursuant to a lease that expires in August 2025. We maintain additional U.S. offices in Georgia and California and internationally in Oslo, Norway and Edinburgh, United Kingdom.

We intend to procure additional space in the future as we continue to add employees and expand geographically. We believe that our current facilities are adequate to meet our current needs and that, should it be needed, suitable additional or alternative space will be available to accommodate our operations.

Item 3. Legal Proceedings

We are not a party to any material pending legal proceedings. From time to time, we may be subject to legal proceedings and claims arising in the ordinary course of business.

Item 4. Mine Safety Disclosures

None.
Part II

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

Market Price of Our Common Stock

Our common stock, par value $0.0001 per share, is listed on the New York Stock Exchange, under the symbol “USER” and began trading on November 17, 2021. Prior to that date, there was no public trading market for our common stock.

Holders of Record

As of February 28, 2022, there were 73 stockholders of record of our common stock. The actual number of holders of our common stock is greater than the number of record holders and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers or other nominees.

Dividend Policy

We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our capital stock in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, general business conditions, and other factors that our board of directors may deem relevant.

Recent Sales of Unregistered Equity Securities

The following sets forth information regarding all unregistered securities sold since December 31, 2020:

From January 1, 2021 to November 17, 2021 (the date of the filing of our registration statement on Form S-8, File No. 333-261151), we granted options to our employees, directors, and other service providers to purchase an aggregate of 4,331,482 shares of our common stock under our 2013 Equity Incentive Plan (the 2013 Plan), with per share exercise prices ranging from $3.39 to $16.00, and have issued 2,893,452 shares of common stock upon exercise of stock options under our 2013 Plan.

From January 1, 2021 to November 17, 2021 (the date of the filing of our registration statement on Form S-8, File No. 333-261151), we granted restricted stock units to our employees, directors, and other service providers for an aggregate of 2,204,127 shares of common stock under our 2013 Plan.

From January 1, 2021 to November 17, 2021 (the date of the filing of our registration statement on Form S-8, File No. 333-261151), we granted restricted stock awards to certain service providers covering 9,434 shares of common stock under our 2013 Plan.

The issuances of the securities described above were deemed to be exempt from registration pursuant to Section 4(a)(2) of the Securities Act or Rule 701 promulgated under the Securities Act as transactions by an issuer not involving any public offering or pursuant to compensatory benefit plans. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions.

Use of Proceeds

On November 19, 2021, we closed our IPO in which we sold 10,000,000 shares of our common stock at a public offering price of $14.00 per share. We raised $124.1 million in net proceeds after deducting underwriting discounts and commissions of $9.8 million and offering costs of $6.1 million. All of the shares issued and sold in our IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-260224), which was declared effective by the SEC on November 16, 2021. We incurred offering expenses, net of reimbursement received from underwriters, of approximately $6.2 million in connection with the IPO, of which $0.1 million is unpaid as of December 31, 2021.

There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus for our IPO dated as of November 16, 2021 and filed with the SEC pursuant to Rule 424(b)(4) on November 17, 2021.
Stock Performance Graph

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

The graph below shows the cumulative total return to our stockholders between November 17, 2021 (the date that our common stock commenced trading on the New York Stock Exchange) through December 31, 2021 in comparison to the S&P 500 Index and the S&P 500 Information Technology Index. The graph assumes (i) that $100 was invested in each of our common stock, the S&P 500 Index, and the S&P 500 Information Technology Index at their respective closing prices on November 17, 2021 and (ii) reinvestment of gross dividends. The stock price performance shown in the graph represents past performance and should not be considered an indication of future stock price performance.

Issuer Purchases of Equity Securities

None.

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the accompanying notes included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such difference include, but are not limited to, those identified below and those discussed in the section titled “Risk Factors” in Part I, Item IA in this Annual Report on Form 10-K.

A discussion regarding our financial condition and results of operations for the year ended December 31, 2021 compared to the year ended December 31, 2020 is presented below. A discussion regarding our financial condition and
results of operations for the year ended December 31, 2020 compared to the year ended December 31, 2019 can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our final prospectus dated November 16, 2021 and filed with the SEC pursuant to Rule 424(b)(4) on November 17, 2021.

Overview

Our mission is to empower every organization with the breakthrough perspectives they need to deliver truly exceptional customer experiences using human insight.

We have pioneered a video-first, enterprise-grade software-as-a-service (SaaS) platform that enables organizations to see and hear the experiences of real people as they engage with products, designs, apps, processes, concepts, or brands. Our platform captures authentic, credible, and highly contextualized customer perspectives from targeted audiences who have opted in to share their thoughts, whether for digital, real-world, or omnichannel experiences. Using machine learning, our platform analyzes these perspectives and surfaces key moments of insight rapidly and at scale. This helps organizations to free up time and resources and make better customer experience decisions faster using the power of video to drive alignment and action.

We generate revenue primarily from the sale of subscriptions to our platform, which accounted for over 90% of our total revenue in each of the years ended December 31, 2021 and 2020, and approximately 90% of our total revenue in the year ended December 31, 2019. Our subscription plan includes access to our platform including customer support. The substantial majority of our subscriptions are for a one year, non-cancelable term, with some large, multi-year subscriptions ranging up to three years and some small, short-term subscriptions of less than one year. Our contracts are typically billed annually in advance and we generally recognize subscription revenue ratably over the contract term.

We also generate revenue from professional services. Our professional services include research studies, training services, and strategy workshops. Professional services revenue comprised less than 10% of our total revenue in each of the years ended December 31, 2021 and 2020, and approximately 10% of our total revenue in the year ended December 31, 2019.

We offer two primary subscription pricing plans – a seat-based subscription plan and a flex-based subscription plan. Each pricing plan provides platform access to our customers for the duration of the contract term and revenue is recognized ratably. Within each pricing plan, we offer specific editions based on varying levels of tools, features, and functionality.

Our seat-based subscription pricing plan varies depending on the platform edition and the number and type of seats. In the fourth quarter of 2020, we launched a flex-based subscription pricing plan and began a roll out to both new and existing customers as an additional pricing option. We did so to ensure that our pricing plans are structured to further facilitate expansion within our customers’ organizations, including making it easier for our customers to add additional users and use cases. Customers utilizing the flex-based subscription pricing plan typically enter into an annual contract that covers access to the platform and the pricing is based on expected annual committed utilization of the platform’s features. Customers who exceed their contractual limits, are able to purchase either additional committed usage or on demand usage. The pricing plan and related utilization is determined based on the activity the customer processes within the platform, including the number and type of CxNs generated, and type of audience targeting used.

Our go-to-market strategy is segmented based on the size and region of our customers. We primarily sell through a direct selling motion, with field sales representatives who focus on enterprise customers and an inside sales organization which sells to mid-market and small and medium-sized business (SMB) customers. We have also started investing in creating channel partnerships and relationships with resellers, distributors, and strategic partners to broaden our reach.

We have achieved significant growth in recent periods. For the years ended December 31, 2021, 2020, and 2019 our total revenue was $147.4 million, $102.2 million, and $76.6 million, respectively, representing period-over-period growth of 44% and 33%, respectively. As we have grown our business, we have made significant investments in sales and marketing and research and development. As a result, for the years ended December 31, 2021, 2020, and 2019, our net loss was $50.7 million, $34.0 million, and $19.6 million, respectively.

Initial Public Offering

In November 2021, we completed our IPO in which we issued and sold 10,000,000 shares of our common stock at a public offering price of $14.00 per share, resulting in net proceeds of $124.1 million after deducting underwriting discounts and commissions of $9.8 million and offering costs of $6.1 million. We incurred offering expenses, net of reimbursement received from underwriters, of approximately $6.2 million in connection with the IPO, of which $0.1 million is unpaid as
of December 31, 2021. In connection with the IPO, all the shares of outstanding convertible preferred stock were automatically converted into an equivalent number of shares of common stock.

Key Business Metrics

We monitor and review a number of metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections, and make strategic decisions. We believe that these key business metrics provide meaningful supplemental information in assessing our operating performance.

Customers

<table>
<thead>
<tr>
<th></th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Total Customers(1)</td>
<td>2,350</td>
</tr>
<tr>
<td>Large Customers</td>
<td>305</td>
</tr>
</tbody>
</table>

(1) Total customer count is rounded down to the nearest 10 customers.

We measure and track the number of customers, and we believe the number of customers is useful information to investors, because our ability to attract new customers, grow our customer base and retain existing customers helps drive our success and is an important contributor to our revenue growth. We have successfully demonstrated a history of growing our customer base. A customer in a particular period is defined as a customer for whom we recognize subscription revenue in the last month of the measurement period. We define a single customer as the parent entity of the subsidiaries and divisions that contract with us. If a customer has multiple subsidiaries or divisions, then we aggregate subscription revenues from all entities to the parent level. We define our Large Customers as those spending at least $100,000 in ARR. We believe that our ability to increase our Large Customers indicates our progress with a critical segment of our customer base. We expect to increase our Large Customers as more users and teams across organizations and industries realize the value of our platform in today’s digital age. Our use of customer count may have certain limitations as an analytical tool and should not be considered in isolation or as a substitute for revenue or an analysis of our results as reported under GAAP. For example, other companies, including companies in our industry, may calculate the number of customers differently, which could reduce its usefulness as a comparative measure.

Net Dollar-based Retention Rate

<table>
<thead>
<tr>
<th></th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Net Dollar-based Retention Rate(1)</td>
<td>118 %</td>
</tr>
</tbody>
</table>

(1) Net dollar-based retention rate figures prior to 2020 are unavailable due to adoption of ASC 606 on a modified retrospective basis effective January 1, 2019.

Our ability to retain and expand subscription revenue from existing customers is an important indicator of the stability of our revenue base, the long-term value of our platform to our customers, and future business opportunities. We calculate net dollar-based retention rate in order to measure our ability to retain and expand subscription revenue from our existing customers. Our net dollar-based retention rate compares the quarterly subscription revenue from the same cohort of customers across comparable periods and reflects customer renewals, expansion, contraction and churn. For each quarter, the cohort of customers are identified based on having subscription revenue at the beginning of the same quarter in the prior year. We calculate our net dollar-based retention rate in a quarter by dividing: (i) the total subscription revenue of the customer cohort in the current quarter, by (ii) the total subscription revenue of those same customers in the same quarter of the prior year. We expect our net dollar-based retention rate to fluctuate in future periods due to a number of factors, including our expected growth, the level of penetration within our customer base, our ability to upsell and cross-sell products to existing customers, and our ability to retain our customers.

Calculated Billings (Non-GAAP)

We believe that calculated billings helps investors better understand our sales activity for a particular period, which is not necessarily reflected in our revenue given that we generally recognize revenue ratably over the subscription term.
We define calculated billings, a non-GAAP financial measure, as total revenue plus the change in contract liabilities from the beginning to the end of the period. We typically invoice our customers annually in advance, and to a lesser extent quarterly in advance, for subscriptions to our platform. Calculated billings in any particular period reflect amounts invoiced to customers.

The following table sets forth our calculated billings and growth rate, and provides a reconciliation of revenue to calculated billings, for the periods presented:

<table>
<thead>
<tr>
<th></th>
<th>Twelve Months Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td></td>
<td>$147,398</td>
</tr>
<tr>
<td></td>
<td>Increase in contract liabilities</td>
</tr>
<tr>
<td></td>
<td>$28,137</td>
</tr>
<tr>
<td></td>
<td>Calculated billings (non-GAAP)</td>
</tr>
<tr>
<td></td>
<td>$175,535</td>
</tr>
<tr>
<td></td>
<td>Calculated billings growth rate</td>
</tr>
<tr>
<td></td>
<td>47%</td>
</tr>
</tbody>
</table>

|                      | 2020                            |
|                      | $102,195                         |
|                      | $17,160                          |
|                      | $119,355                         |
|                      | 34%                              |

|                      | 2019                            |
|                      | $76,633                          |
|                      | $12,399                          |
|                      | $89,032                          |
|                      | 37%                              |

Our use of calculated billings has certain limitations as an analytical tool and should not be considered in isolation or as a substitute for revenue or an analysis of our results as reported under GAAP. Calculated billings are recognized when a customer is invoiced, while the related revenue is generally recognized ratably over the subscription term. Calculated billings are affected by seasonality in terms of when we enter into agreements with customers; and the mix of billings in each reporting period as we typically invoice customers annually in advance, and to a lesser extent quarterly in advance. Therefore, fluctuations in billings should not be taken as an indication of changes in future revenue. Also, other companies, including companies in our industry, may not use calculated billings, may calculate billings differently, may have different billing frequencies, or may use other financial measures to evaluate their performance, all of which could reduce the usefulness of calculated billings as a comparative measure.

Impact of COVID-19 to our Business

In December 2019, an outbreak of COVID-19 was first identified and by March 2020, the World Health Organization declared COVID-19 a global pandemic. Governments and municipalities across the United States and the world have instituted measures to slow infection rates, including orders to shelter-in-place, travel restrictions, and mandated business closure. The global economic impacts of the COVID-19 pandemic are significant and continue to evolve, as exhibited by, among other things, a rise in unemployment, changes in consumer behavior, and market volatility.

In response to the COVID-19 pandemic, we have temporarily required our employees to work remotely, implemented travel restrictions for all non-essential business, and shifted certain of our conferences to virtual-only, and we may similarly alter, postpone, or cancel events in the future. This has resulted in a reduction in certain operating expenses during the COVID-19 pandemic, such as travel and entertainment. However, these savings were offset by other investments across the business, such that operating expenses were not materially impacted. We continue to monitor guidelines from the Centers for Disease Control and Prevention and the World Health Organization and adhere to federal, state and local government requirements. In addition, our revenue generation has not been significantly affected by the COVID-19 pandemic, as the loss of certain existing customers and the inability of certain existing customers to make payments when due as a result of the adverse impact of COVID-19 on those customers’ businesses was generally offset by new customer acquisition. Driven by the acceleration of digital transformation initiatives in response to the COVID-19 pandemic, we believe some customers, including those customers with predominantly physical operations, turned to our platform to quickly build out or add sophistication to their digital customer experiences. Additionally, some new customers leveraged our platform to create a more seamless integration between their online and offline presence. Overall, there has not been a material impact to our business as a result of COVID-19.

The extent of the impact of COVID-19 on our business and financial performance may be influenced by a number of factors, many of which we cannot control, including the duration and spread of the pandemic, future spikes of COVID-19 infections resulting in additional preventive measures, the severity of the economic decline attributable to the pandemic, the timing and nature of a potential economic recovery, and the impact on our customers and our sales cycles. See Part I, Item 1A, “Risk Factors” in this Annual Report on Form 10-K for additional information.
Components of Results of Operations

Revenue

Subscription Revenue

Subscription revenue primarily consists of subscription fees from customer agreements to access our platform, as well as additional support services. Our customers do not have the ability to take possession of our software. We recognize revenue for subscription fees and additional support services on a straight-line basis over the term of the contract beginning on the date access to our platform is granted, as the underlying service is a stand-ready performance obligation. Customers may also purchase incremental capacity to our platform, which is an additional stand-ready performance obligation. We recognize incremental capacity as a series of distinct software-based services that are satisfied over the remaining term of the applicable subscription. Certain customer contracts are sold with a contractual maximum of platform usage. Customers who consume their committed capacity will be invoiced for overages on a quarterly basis. We recognize these overage fees as variable consideration. We expect our subscription revenue to increase over the long term, depending on our ability to attract new customers and expand usage with existing customers, which fluctuates from period to period.

Professional Services

Professional services primarily consist of fees from professional services including research studies, training services, and strategy workshops. Professional services are generally considered distinct from access to our platform. We recognize revenue from service engagements that occur over a period of time on a proportional performance basis as the services are delivered. While we expect our professional services revenue to increase in terms of absolute dollars, they will fluctuate from period to period and may not grow consistently with our subscription revenue.

Cost of Revenue, Gross Profit and Gross Margin

Subscription Cost of Revenue

Subscription cost of revenue consists of three categories of expenses: UserTesting Contributor Network, platform, and support. UserTesting Contributor Network costs consist primarily of participant payments and fees as well as the cost to operate and support those participants. Platform costs consist primarily of the cost to operate our platform, including infrastructure-related, hosting, and personnel-related costs, such as salaries, bonus, stock-based compensation expense, and benefits. Support costs include the personnel-related costs, such as salaries, bonus, stock-based compensation expense, and benefits, of employees who directly support customers of our subscription services and amortization of acquired intangibles.

Professional Services Cost of Revenue

Professional services cost of revenue consists primarily of personnel-related costs associated with professional services personnel, including stock-based compensation, third-party consulting services, and allocated overhead.

Gross Profit and Gross Margin

Gross profit is total revenue less cost of revenue and gross margin is gross profit expressed as a percentage of revenue. Our gross margin may vary from period to period as our mix or cost of revenue fluctuates. Our gross margin on subscription revenue is significantly higher than our gross margin on professional services revenue. In addition, we may experience changes in our professional services gross margin due to a mismatch between when revenue is recognized and when related expenses are incurred. We expect our gross margin may vary from period to period and increase modestly in the long term.

Operating Expenses

Sales and Marketing

Sales and marketing expenses primarily consist of personnel-related expenses, including stock-based compensation directly associated with our sales and marketing organization. Other sales and marketing expenses include costs for promotional events to promote our brand, web advertising, trade conferences, and allocated overhead. Sales commissions that are directly related to acquiring customer contracts, as well as associated payroll taxes, are deferred upon execution of a contract with a customer, and subsequently amortized to sales and marketing expense over an estimated period of benefit of four years. We have elected the practical expedient to expense renewal commissions in the period of booking if the period of amortization is one year or less, and we amortize commissions related to renewal contracts that are greater than

52
one year over the weighted average renewal term. We plan to increase our investment in sales and marketing over the foreseeable future, primarily through increased headcount in our sales and marketing functions and investment in brand- and product-marketing efforts. Although we expect our sales and marketing expenses will increase in absolute dollars in future periods and vary from period to period as a percentage of revenue in the near term, we expect that sales and marketing expenses will decline as a percentage of revenue in the long term.

Research and Development

Research and development expenses primarily consist of personnel-related expenses, including stock-based compensation directly associated with our research and development employees and outside services costs. Research and development costs are expensed as incurred. We expect that our research and development expenses will increase in absolute dollars in the near term as we focus on further developing our platform and infrastructure. Although we expect our research and development expenses will increase in absolute dollars in future periods and may vary from period to period as a percentage of revenue in the near term, we expect that expenses will decline as a percentage of revenue in the long term.

General and Administrative

General and administrative expenses primarily consist of personnel-related expenses, including stock-based compensation directly associated with our finance, legal and human resources organizations, professional fees for external legal, accounting, and other consulting services, bad debt expense, and allocated overhead. We expect to increase the size of our general and administrative function to support the growth of our business. We also expect to incur additional expenses as a result of operating as a public company, including expenses related to compliance and reporting obligations of reporting companies and increased costs for insurance, investor relations expenses, and professional services. As a result, we expect that our general and administrative expenses will increase in absolute dollars for the foreseeable future. Although we expect our general and administrative expenses will increase in absolute dollars in future periods and may vary from period to period as a percentage of revenue in the near term, we expect that general and administrative expenses will decline as a percentage of revenue in the long term.

Interest Income, Net

Interest income, net consists primarily of income earned on cash equivalents.

Other Income, Net

Other income, net consists primarily of miscellaneous non-operational income and expense, including grant money received from a grant agreement as well as sublease income.

Provision for Income Taxes

Provision for income taxes consists of federal, state and foreign income taxes. Due to cumulative losses, we maintain a valuation allowance against our U.S. deferred tax assets. We consider all available evidence, both positive and negative, including but not limited to earnings history, projected future outcomes, industry and market trends and the nature of each of the deferred tax assets in assessing the extent to which a valuation allowance should be applied against our U.S. deferred tax assets.
### Results of Operations

The following tables set forth selected consolidated statements of operations data for each of the periods indicated:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands)</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription</td>
<td>136,678</td>
<td>93,374</td>
<td>68,607</td>
</tr>
<tr>
<td>Professional services</td>
<td>10,720</td>
<td>8,821</td>
<td>8,026</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>147,398</td>
<td>102,195</td>
<td>76,633</td>
</tr>
<tr>
<td><strong>Cost of revenue</strong>:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription</td>
<td>28,562</td>
<td>21,441</td>
<td>15,193</td>
</tr>
<tr>
<td>Professional services</td>
<td>8,598</td>
<td>8,126</td>
<td>7,858</td>
</tr>
<tr>
<td><strong>Total cost of revenue</strong></td>
<td>37,160</td>
<td>29,567</td>
<td>23,051</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>110,238</td>
<td>72,628</td>
<td>53,582</td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>91,634</td>
<td>59,737</td>
<td>37,256</td>
</tr>
<tr>
<td>Research and development</td>
<td>39,826</td>
<td>27,897</td>
<td>20,845</td>
</tr>
<tr>
<td>General and administrative</td>
<td>29,954</td>
<td>18,960</td>
<td>15,177</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>161,414</td>
<td>106,594</td>
<td>73,278</td>
</tr>
<tr>
<td><strong>Loss from operations</strong></td>
<td>(51,176)</td>
<td>(33,966)</td>
<td>(19,696)</td>
</tr>
<tr>
<td>Interest income, net</td>
<td>126</td>
<td>136</td>
<td>118</td>
</tr>
<tr>
<td>Other income, net</td>
<td>851</td>
<td>747</td>
<td>93</td>
</tr>
<tr>
<td><strong>Loss before provision for income taxes</strong></td>
<td>(50,199)</td>
<td>(33,083)</td>
<td>(19,485)</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>522</td>
<td>900</td>
<td>82</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>$ (50,721)</td>
<td>$ (33,983)</td>
<td>$ (19,567)</td>
</tr>
</tbody>
</table>

(1) Includes stock-based compensation expense as follows:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands)</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Cost of revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription</td>
<td>123</td>
<td>14</td>
<td>49</td>
</tr>
<tr>
<td>Professional services</td>
<td>362</td>
<td>35</td>
<td>83</td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>3,599</td>
<td>868</td>
<td>810</td>
</tr>
<tr>
<td>Research and development</td>
<td>1,891</td>
<td>346</td>
<td>790</td>
</tr>
<tr>
<td>General and administrative</td>
<td>6,250</td>
<td>1,284</td>
<td>1,529</td>
</tr>
<tr>
<td><strong>Total stock-based compensation expense</strong></td>
<td>$12,225</td>
<td>$2,547</td>
<td>$3,261</td>
</tr>
</tbody>
</table>

In September 2021, we granted RSUs to our employees which will vest based upon the satisfaction of both service-based and liquidity event-based vesting conditions. We recognize stock-based compensation expense associated with these RSUs, using an accelerated attribution method, beginning in November 2021, as the liquidity event-based vesting condition applicable to these RSUs was satisfied upon the effectiveness of our IPO in November 2021. We recognized stock-based compensation expense of $5.3 million associated with these RSUs for the year ended December 31, 2021.
(2) Includes amortization of acquired intangible assets as follows:

<table>
<thead>
<tr>
<th>Cost of revenue:</th>
<th>2021 (in thousands)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription</td>
<td>$825</td>
<td>$245</td>
<td>$46</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>657</td>
<td>145</td>
<td>—</td>
</tr>
<tr>
<td>Research and development</td>
<td>172</td>
<td>140</td>
<td>61</td>
</tr>
<tr>
<td>General and administrative</td>
<td>—</td>
<td>15</td>
<td>22</td>
</tr>
<tr>
<td>Total amortization of acquired intangible assets</td>
<td>$1,654</td>
<td>$545</td>
<td>$129</td>
</tr>
</tbody>
</table>

The following table sets forth selected consolidated statements of operations data expressed as a percentage of revenue for each of the periods indicated:

<table>
<thead>
<tr>
<th>Revenue:</th>
<th>2021 (as a percentage of revenue)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription</td>
<td>93 %</td>
<td>91 %</td>
<td>90 %</td>
</tr>
<tr>
<td>Professional services</td>
<td>7</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Total revenue</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Cost of revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription</td>
<td>19</td>
<td>21</td>
<td>20</td>
</tr>
<tr>
<td>Professional services</td>
<td>6</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Total cost of revenue</td>
<td>25</td>
<td>29</td>
<td>30</td>
</tr>
<tr>
<td>Gross profit</td>
<td>75</td>
<td>71</td>
<td>70</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>62</td>
<td>58</td>
<td>49</td>
</tr>
<tr>
<td>Research and development</td>
<td>27</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>General and administrative</td>
<td>21</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>110</td>
<td>104</td>
<td>96</td>
</tr>
<tr>
<td>Loss from operations</td>
<td>(35)</td>
<td>(33)</td>
<td>(26)</td>
</tr>
<tr>
<td>Interest income, net</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other income, net</td>
<td>1</td>
<td>1</td>
<td>—</td>
</tr>
<tr>
<td>Loss before provision for income taxes</td>
<td>(34)</td>
<td>(32)</td>
<td>(26)</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>—</td>
<td>1</td>
<td>—</td>
</tr>
<tr>
<td>Net loss</td>
<td>(34)%</td>
<td>(33)%</td>
<td>(26)%</td>
</tr>
</tbody>
</table>

Comparison of the Year Ended December 31, 2021 and 2020

Revenue

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2021 (in thousands, except percentages)</th>
<th>2020</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription</td>
<td>$136,678</td>
<td>$93,374</td>
<td>$43,304</td>
<td>46%</td>
</tr>
<tr>
<td>Professional services</td>
<td>10,720</td>
<td>8,821</td>
<td>1,899</td>
<td>22%</td>
</tr>
<tr>
<td>Total revenue</td>
<td>$147,398</td>
<td>$102,195</td>
<td>$45,203</td>
<td>44%</td>
</tr>
</tbody>
</table>

Total revenue for the year ended December 31, 2021 increased by $45.2 million, or 44%, as compared to the year ended December 31, 2020 primarily due to the increase in subscription revenue described below.
Subscription revenue for the year ended December 31, 2021 increased by $43.3 million, or 46%, as compared to the year ended December 31, 2020. The increase was primarily due to net growth with existing customers, as reflected in our net revenue dollar-based retention rate of 118%, and sales to new customers as reflected by the increase in our total customers to 2,350 as of December 31, 2021 compared to 1,710 as of December 31, 2020. The increase in revenue is also due to a $1.1 million reversal of certain sales tax accruals previously recorded as a reduction to revenue. See Note 5 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details regarding sales tax reversal.

Professional services for the year ended December 31, 2021 increased by $1.9 million, or 22%, as compared to the year ended December 31, 2020. This increase was primarily due to the amount of professional services engagements sold and the timing of the performance of those services as more customers requested to have services completed in the year ended December 31, 2021 as compared to the year ended December 31, 2020.

Cost of Revenue

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2021 (in thousands)</th>
<th>2020 (in thousands)</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription</td>
<td>$28,562</td>
<td>$21,441</td>
<td>$7,121</td>
<td>33%</td>
</tr>
<tr>
<td>Professional services</td>
<td>8,598</td>
<td>8,126</td>
<td>472</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Cost of revenue</strong></td>
<td>37,160</td>
<td>29,567</td>
<td>7,593</td>
<td>26%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>$110,238</td>
<td>$72,628</td>
<td>$37,610</td>
<td>52%</td>
</tr>
</tbody>
</table>

Cost of revenue for the year ended December 31, 2021 increased by $7.6 million, or 26%, as compared to the year ended December 31, 2020 primarily due to the increase in subscription cost of revenue described below.

Subscription cost of revenue for the year ended December 31, 2021 increased by $7.1 million, or 33%, as compared to the year ended December 31, 2020, primarily driven by increased personnel-related costs of $3.4 million, increased payments to contributors of $2.0 million as a result of increased usage of our platform, increased platform and hosting costs of $0.8 million, and to a lesser extent, increased amortization of intangible assets of $0.6 million.

Professional services cost of revenue for the year ended December 31, 2021 remained relatively flat as compared to the year ended December 31, 2020.

Operating Expenses

Sales and Marketing

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2021 (in thousands)</th>
<th>2020 (in thousands)</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and marketing</td>
<td>$91,634</td>
<td>$59,737</td>
<td>$31,897</td>
<td>53%</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>62%</td>
<td>58%</td>
<td></td>
<td>4%</td>
</tr>
</tbody>
</table>

Sales and marketing expenses for the year ended December 31, 2021 increased by $31.9 million, or 53%, as compared to the year ended December 31, 2020. The increase in sales and marketing expenses was primarily attributable to an increase in personnel-related expenses of $18.2 million due to increased headcount, from 245 as of December 31, 2020 to 360 as of December 31, 2021, to support the growth in our sales force and customer success organization, and partly due to the recognition of $1.8 million in stock-based compensation expense using an accelerated attribution method for RSUs granted prior to our IPO, as the liquidity event-based vesting condition applicable to such RSUs was satisfied upon the effectiveness of our IPO in November 2021. The remaining increase in sales and marketing expenses was mainly attributed to an increase in non-personnel costs in demand generation, branding, and product awareness of $6.8 million, as well as an increase in office expenses of $2.7 million and an increase in professional and outside services of $2.4 million to support our sales and marketing team.
Research and Development

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2021</td>
<td>2020</td>
<td>$ Change</td>
<td>% Change</td>
</tr>
<tr>
<td>Research and development</td>
<td>$39,826</td>
<td>$27,897</td>
<td>$11,929</td>
<td></td>
<td>43 %</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>27 %</td>
<td>27 %</td>
<td></td>
<td>— %</td>
<td>— %</td>
</tr>
</tbody>
</table>

Research and development expenses for the year ended December 31, 2021 increased by $11.9 million, or 43%, as compared to the year ended December 31, 2020. The increase in research and development expense was primarily attributable to an increase of $8.8 million in personnel-related expenses due to increased headcount for the development of our platform, from 138 as of December 31, 2020 to 191 as of December 31, 2021, and partly due to the recognition of $0.9 million in stock-based compensation expense using an accelerated attribution method for RSUs granted prior to our IPO, as the liquidity event-based vesting condition applicable to such RSUs was satisfied upon the effectiveness of our IPO in November 2021. The increase in research and development expense was also due to a $1.9 million increase in office expenses and a $1.7 million increase in professional and outside services to support our research and maintain our platform and infrastructure.

General and Administrative

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2021</td>
<td>2020</td>
<td>$ Change</td>
<td>% Change</td>
</tr>
<tr>
<td>General and administrative</td>
<td>$29,954</td>
<td>$18,960</td>
<td>$10,994</td>
<td></td>
<td>58 %</td>
</tr>
<tr>
<td>Percentage of revenue</td>
<td>21 %</td>
<td>19 %</td>
<td></td>
<td>2 %</td>
<td>— %</td>
</tr>
</tbody>
</table>

General and administrative expenses for the year ended December 31, 2021 increased by $11.0 million, or 58%, as compared to the year ended December 31, 2020. The increase in general and administrative expenses was primarily attributable to an increase of $10.2 million in personnel-related expenses due to increased headcount, from 63 as of December 31, 2020 to 77 as of December 31, 2021, to support the growth of our business, and partly due to the recognition of $2.5 million in stock-based compensation expense using an accelerated attribution method for RSUs granted prior to our IPO, as the liquidity event-based vesting condition applicable to such RSUs was satisfied upon the effectiveness of our IPO in November 2021 and an incremental stock-based compensation expense of $1.3 million recognized in 2021 as a result of an employee stock award modification. The remaining increase in general and administrative expenses was mainly due to a $2.0 million increase in office expenses and a $1.2 million increase in professional and outside services to support our overall business growth. The increase is partially offset by a $3.0 million reversal of sales and use tax accruals including related penalties and interest, previously recognized as general and administrative expense. See Note 5 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details regarding sales tax reversal.

Provision for Income Taxes

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2021</td>
<td>2020</td>
<td>$ Change</td>
<td>% Change</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>$522</td>
<td>$900</td>
<td>$(378)</td>
<td></td>
<td>(42) %</td>
</tr>
</tbody>
</table>

Provision for income taxes for the year ended December 31, 2021 decreased by $0.4 million, or 42%, as compared to the year ended December 31, 2020. The change in provision for income taxes was primarily due to a decrease in foreign income tax.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP and calculated billings which is described above, we use the following non-GAAP financial measures to evaluate our operating performance and for forecasting purposes: non-GAAP gross profit and gross margin, non-GAAP net loss and net loss margin, and free cash flow. We believe these non-GAAP financial measures may be helpful to investors because they provide consistency and comparability with past financial performance.
Non-GAAP financial measures have limitations in their usefulness to investors and should not be considered in isolation or as substitutes for financial information presented under GAAP. Non-GAAP financial measures have no standardized meaning prescribed by GAAP and are not prepared under any comprehensive set of accounting rules or principles. In addition, other companies, including companies in our industry, may calculate similarly titled non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. As a result, our non-GAAP financial measures are presented for supplemental informational purposes only. The following tables present certain non-GAAP financial measures for each period presented below:

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

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP gross profit</td>
<td>$110,238</td>
<td>$72,628</td>
<td>$53,582</td>
</tr>
<tr>
<td>GAAP gross margin</td>
<td>75%</td>
<td>71%</td>
<td>70%</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>485</td>
<td>49</td>
<td>132</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>825</td>
<td>245</td>
<td>46</td>
</tr>
<tr>
<td>Non-GAAP gross profit</td>
<td>$111,548</td>
<td>$72,922</td>
<td>$53,760</td>
</tr>
<tr>
<td>Non-GAAP gross margin</td>
<td>76%</td>
<td>71%</td>
<td>70%</td>
</tr>
</tbody>
</table>

We define non-GAAP gross profit as GAAP gross profit excluding stock-based compensation expense allocated to cost of revenue and amortization of certain acquired intangible assets allocated to cost of revenue. Non-GAAP gross margin is calculated as non-GAAP gross profit divided by total revenue. We expect our non-GAAP gross margin may vary from period to period and increase modestly in the long term as we optimize costs with additional scale.

**Non-GAAP Operating Loss and Operating Loss Margin**

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP operating loss</td>
<td>$(51,176)</td>
<td>$(33,966)</td>
<td>$(19,696)</td>
</tr>
<tr>
<td>GAAP operating loss margin</td>
<td>(35)%</td>
<td>(33)%</td>
<td>(26)%</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>12,225</td>
<td>2,547</td>
<td>3,261</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>1,654</td>
<td>545</td>
<td>129</td>
</tr>
<tr>
<td>Reversal of sales and use tax accruals, penalties and interest</td>
<td>(3,022)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Non-GAAP operating loss</td>
<td>$(40,319)</td>
<td>$(30,874)</td>
<td>$(16,306)</td>
</tr>
<tr>
<td>Non-GAAP operating loss margin</td>
<td>(27)%</td>
<td>(30)%</td>
<td>(21)%</td>
</tr>
</tbody>
</table>

We define non-GAAP operating loss as operating loss excluding stock-based compensation expense, amortization of certain acquired intangible assets, and reductions to general and administrative expense relating to reversals of sales and use tax accruals and related penalties and interest (as described in Note 5 to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K). We use non-GAAP operating loss as a key performance measure because we believe it facilitates operating performance comparisons from period to period by excluding potential differences primarily caused by the impact of stock-based compensation expense, the impact of amortization of intangible assets, and the reversals of prior sales and use tax accruals and related penalties and interest. Non-GAAP operating loss margin is calculated as non-GAAP operating loss divided by total revenue. We use non-GAAP operating loss and non-GAAP operating loss margin in conjunction with traditional GAAP measures to evaluate our financial performance. We plan to continue to invest in growth and expansion, which could impact our non-GAAP operating loss.
Free Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash used in operating activities</td>
<td>$(41,078)</td>
<td>$(14,305)</td>
<td>$(8,672)</td>
</tr>
<tr>
<td>Add: Purchases of property and equipment</td>
<td>$(2,657)</td>
<td>$(1,002)</td>
<td>$(474)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>$(43,735)</strong></td>
<td><strong>$(15,307)</strong></td>
<td><strong>$(9,146)</strong></td>
</tr>
</tbody>
</table>

Free cash flow margin: (30)% (15)% (12)%

We define free cash flow as net cash used in operating activities plus cash used for purchases of property and equipment and capitalized internal-used software. We believe that free cash flow is a useful indicator of liquidity that provides information to management and investors, even if negative, about the amount of cash used in our operations other than that used for investments in property and equipment. We expect to continue to invest in additional headcount as we invest in expanding our operations, which may negatively affect our free cash flow.

Liquidity and Capital Resources

As of December 31, 2021 and 2020, our principal sources of liquidity were cash and cash equivalents of $178.4 million and $97.0 million, respectively, which were held for working capital purposes. Our cash and cash equivalents primarily consist of cash deposited in money market or holding accounts with financial institutions.

Since our inception, we have financed our operations primarily through proceeds received from sales of equity securities and payments from our customers. In November 2021, we completed our IPO in which we issued and sold 10,000,000 shares of our common stock at a public offering price of $14.00 per share, resulting in net proceeds of $124.1 million after deducting underwriting discounts and commissions of $9.8 million and offering costs of $6.1 million. Also, during the year ended December 31, 2020, we issued 29,914,217 shares of Series F convertible preferred stock for an aggregate amount of $100.0 million. Additionally, as of December 31, 2021, we had a revolving line of credit to obtain up to $5.5 million in debt financing. As of December 31, 2021 and 2020, we had no outstanding borrowings under our revolving line of credit. Our principal uses of cash in recent periods have been to fund our operations, invest in research and development, and to purchase investments.

In the short term, we believe that our ability to generate cash and our existing cash and cash equivalents will be sufficient for at least the next 12 months to meet our requirements and plans for cash, including supporting working capital and capital expenditure requirements. In the long term, our ability to support our working capital and capital expenditure requirements will depend on many factors including our revenue growth rate, subscription renewal activity, billing frequency, the timing and extent of spending to support further sales and marketing and research and development efforts, expenses associated with our international expansion, including the timing and extent of additional capital expenditures to invest in existing and new office spaces, any arrangements to acquire or invest in complementary businesses, products, services and technologies, and our ability to obtain equity or debt financing.

The following table summarizes our non-cancelable contractual obligations as of December 31, 2021 (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Less than 1 year</th>
<th>1-3 years</th>
<th>3-5 years</th>
<th>More than 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lease obligations</td>
<td>$20,091</td>
<td>$6,139</td>
<td>$10,649</td>
<td>$3,303</td>
<td>—</td>
</tr>
<tr>
<td>Other contractual obligations</td>
<td>$12,268</td>
<td>$6,179</td>
<td>$6,089</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>$32,359</td>
<td>$12,318</td>
<td>$16,738</td>
<td>$3,303</td>
<td>—</td>
</tr>
</tbody>
</table>

Our operating lease obligations relate to our facilities under long-term operating leases, which will expire on varying dates through August 2025. Other contractual obligations relate mainly to third-party cloud infrastructure agreements and online services agreements. The contractual commitment amounts in the table above are associated with agreements that are enforceable and legally binding. Contractual obligations that we can cancel without a significant penalty are not included in the table above.

We anticipate satisfying our short-term cash requirements, including those set forth in the table above, with our existing cash and cash equivalents, and may satisfy our long-term cash requirements with our existing cash and cash equivalents, cash received from customers or with proceeds from a future equity or debt financing. The sale of additional

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equity would result in additional dilution to our stockholders. The occurrence of debt financing would result in debt service obligations and the instruments governing such debt could provide for operating and financing covenants that would restrict our operations. In the event that additional financing is needed from outside sources, we may not be able to raise the necessary capital or raise capital on terms favorable to us or at all. If we are unable to raise additional capital when desired, our business, results of operations, and financial condition could be materially and adversely affected.

We did not have during the periods presented, and we do not currently have, any commitments or obligations, including contingent obligations, arising from arrangements with unconsolidated entities or persons that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, cash requirements or capital resources.

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

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>$(41,078)</td>
<td>$(14,305)</td>
<td>$(8,672)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(2,807)</td>
<td>(9,769)</td>
<td>(1,437)</td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>125,343</td>
<td>99,289</td>
<td>22,947</td>
</tr>
</tbody>
</table>

**Operating Activities**

Net cash used in operating activities of $41.1 million for the year ended December 31, 2021 was primarily due to net loss of $50.7 million, partially offset by noncash charges for stock-based compensation of $12.2 million, amortization of deferred contract acquisition costs of $6.8 million, and depreciation and amortization of $2.4 million. Changes in operating assets and liabilities decreased cash flows from operations by $12.2 million primarily due to an increase in accounts receivable of $23.9 million due to increases in subscriptions, an increase in deferred contract acquisition costs of $13.5 million, an increase in prepaid expenses and other assets of $2.6 million, and a decrease in other liabilities of $1.7 million, partially offset by an increase in contract liabilities of $28.1 million from increases in subscriptions, and an increase in accounts payable and accrued liabilities of $1.3 million.

Net cash used in operating activities of $14.3 million for the year ended December 31, 2020 was primarily due to net loss of $34.0 million, partially offset by noncash charges for amortization of deferred contract acquisition costs of $4.1 million, stock-based compensation of $2.5 million, and depreciation and amortization of $0.9 million. Changes in operating assets and liabilities increased cash flows from operations by $12.0 million primarily due to an increase in contract liabilities of $17.1 million from increases in subscriptions, an increase in accrued liabilities of $6.9 million, and an increase in other liabilities of $4.3 million, partially offset by an increase in deferred contract acquisition costs of $9.0 million, an increase in accounts receivable of $5.1 million due to increases in subscriptions, and an increase in prepaid expenses and other current assets of $2.1 million.

Net cash used in operating activities of $8.7 million for the year ended December 31, 2019 was primarily due to net loss of $19.6 million, partially offset by noncash charges for stock-based compensation of $2.8 million, amortization of deferred contract acquisition costs of $2.1 million, and depreciation and amortization of $0.7 million. Changes in operating assets and liabilities increased cash flows from operations by $5.3 million primarily due to an increase in contract liabilities of $13.3 million from increases in subscriptions, an increase in accrued liabilities of $5.0 million, an increase in accounts payable of $0.7 million, and an increase in other liabilities of $0.2 million, partially offset by an increase in deferred contract acquisition costs of $6.9 million, an increase in accounts receivable of $6.5 million due to increases in subscriptions, and an increase in prepaid expenses and other current assets of $0.4 million.

**Investing Activities**

Net cash used in investing activities of $2.8 million for the year ended December 31, 2021 was related to an acquisition of intangible assets for $0.2 million and capital expenditures of $2.7 million to support ongoing operations.

Net cash used in investing activities of $9.8 million for the year ended December 31, 2020 was related to an acquisition for $8.6 million and capital expenditures of $1.0 million to support ongoing operations.

Net cash used in investing activities of $1.4 million for the year ended December 31, 2019 was related to purchases of intangible assets of $1.0 million and capital expenditures of $0.5 million to support ongoing operations.
Financing Activities

Net cash provided by financing activities of $125.3 million for the year ended December 31, 2021 was primarily related to proceeds from our IPO of $124.1 million, net of offering costs and underwriting discounts, and the proceeds from the exercise of stock options of $3.0 million. This was partially offset by the payment of deferred purchase consideration of $1.8 million.

Net cash provided by financing activities of $99.3 million for the year ended December 31, 2020 was primarily related to proceeds from the issuance of Series F convertible preferred stock of $99.9 million, and the proceeds from the exercise of stock options of $1.9 million, partially offset by the repayment on our revolving line of credit of $2.5 million.

Net cash provided by financing activities of $22.9 million for the year ended December 31, 2019 was primarily related to proceeds from the issuance of Series E convertible preferred stock of $21.9 million, net proceeds of $0.5 million from the drawdown and partial repayment on our revolving line of credit, and proceeds from the exercise of stock options of $1.1 million, partially offset by the repurchase of common stock for $0.5 million.

Debt Obligations

In January 2018, we entered into a Loan and Security Agreement with Western Alliance Bank (Western Alliance), which was subsequently amended and restated, and provided us the ability to borrow up to $15.0 million with the requirement that we must maintain unrestricted cash at Western Alliance in an amount equal to at least $15.0 million. Outstanding principal amounts under this credit facility incurred interest on the daily outstanding balance at a per annum rate equal to the greater of 5.50% or prime rate, plus 0.25% (5.75% as of December 31, 2020). The credit facility expired on April 12, 2021.

In June 2021, we entered into a Fifth Loan and Security Modification Agreement with Western Alliance, which provides us the ability to borrow up to $5.5 million, maturing on June 18, 2024 and will accrue interest at a per annum rate equal to the greater of 3.25% and the prime rate as reported in The Wall Street Journal or such other rate of interest publicly announced from time to time by Western Alliance as its prime rate (3.25% as of December 31, 2021). Pursuant to this agreement, we are required to maintain at all times unrestricted cash with Western Alliance in an amount equal to at least $5.5 million.

As of December 31, 2021 and 2020, we had no outstanding borrowings pursuant to the above credit facility and were in compliance with the above agreements with Western Alliance.

Critical Accounting Policies and Estimates

Critical accounting policies and estimates are those accounting policies and estimates that are both the most important to the portrayal of our net assets and results of operations and require the most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. These estimates are developed based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Critical accounting estimates are accounting estimates where the nature of the estimates are material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change and the impact of the estimates on financial condition or operating performance is material.

The critical accounting estimates, assumptions, and judgments that we believe have the most significant impact on our consolidated financial statements are described below.

Revenue Recognition

We account for revenue in accordance with Accounting Standards Codification (ASC) Topic 606, Revenue From Contracts With Customers (ASC 606).

We derive our revenues from two sources: (1) subscription fees from customers accessing our platform, and from customers paying for additional support; and (2) professional services and training. Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services, net of any taxes collected from customers (e.g., sales and other indirect taxes), which are subsequently remitted to government authorities.

We determine revenue recognition through the following steps:

1. Identification of the contract, or contracts, with a customer;
• Identification of the performance obligations in the contract;
• Determination of the transaction price;
• Allocation of the transaction price to the performance obligations in the contract; and
• Recognition of revenue when, or as, we satisfy a performance obligation.

Subscription Revenue

Subscription revenue primarily consists of subscription fees from customer agreements to access our platform, as well as additional support services. Our customers do not have the ability to take possession of our software. We recognize revenue for subscription fees and additional support services on a straight-line basis over the term of the contract beginning on the date access to our platform is granted, as the underlying service is a stand-ready performance obligation. Customers may also purchase incremental capacity to our platform, which is an additional stand-ready performance obligation satisfied and recognized as revenue over the remaining term of the applicable subscription.

We view our performance obligation as a series of distinct services as the underlying subscription service is made available to the customer on a continuous basis over the contracted period of time, and that are substantially the same and have the same pattern of transfer to the customer, in accordance with ASC 606-10-25-14(b). We have concluded that each distinct service is satisfied over time in accordance with ASC 606-10-25-27(a), specifically, given that the nature of our promise is not the actual delivery of a specified quantity of service but is rather providing a single service over a period of time. Customers who consume their committed usage will be invoiced for overages on a quarterly basis. We recognize the overage fees as variable consideration.

We typically invoice our customers annually. Payment terms generally require that customers pay within 30 days of invoice. Amounts that have been invoiced are recorded in accounts receivable and in deferred revenue. We apply the practical expedient in Topic 606 paragraph 10-32-18 and do not adjust the promised amount of consideration for the effects of a significant financing component for contracts that are one year or less, and none of our multi-year contracts contain a significant financing component.

Professional Services Revenue

Professional services revenue consists of professional services, such as delivering research studies, training services, and strategy workshops. We recognize revenue from service engagements that occur over a period of time on a proportional performance basis as labor hours are incurred.

Significant Judgments

– Contracts with Multiple Performance Obligations

We regularly enter into contracts with customers that include promises to transfer multiple services. For arrangements with multiple services, we evaluate whether the individual services qualify as distinct performance obligations. In our assessment of whether a service is a distinct performance obligation, we determine whether the customer can benefit from the service on its own or with other readily available resources and whether the service is separately identifiable from other services in the contract. This evaluation requires us to assess the nature of each individual service offering and how the services are provided in the context of the contract, including whether the services are significantly integrated, highly interrelated, or significantly modify each other, which may require judgment based on the facts and circumstances of the contract.

Contracts that contain multiple performance obligations that are considered distinct require an allocation of the transaction price to each performance obligation based on each performance obligation’s relative standalone selling price (SSP). The SSP is the price at which we would sell a promised good or service separately to a customer. In instances where we do not sell a product or service separately, establishing SSP requires significant judgment. We estimate the SSP by considering available information, prioritizing observable inputs such as historical sales, internally approved pricing guidelines and objectives, and the underlying cost of delivering the performance obligation.

Contract Balances

We receive payments from customers based on a billing schedule as established in our customer contracts. Accounts receivable are recorded when we contractually have the right to consideration.

Contract liabilities consist of deferred revenue and customer deposits. Deferred revenue represents billings under noncancellable contracts that have been invoiced in advance of revenue recognition and the balance is recognized as revenue when transfer of control to customers has occurred or services have been provided. Customer deposits consist of
billings for anticipated revenue generating activities in advance of the start of the contractual term or for the portion of a contract term that is subject to cancellation and refund. Revenue is deferred when we have the right to invoice in advance of performance under a customer contract. The current portion of deferred revenue and customer deposits are recognized during the following 12-month period, provided the customers with cancellable contracts do not invoke their termination rights. As of December 31, 2021 and 2020, our contract liabilities were $91.0 million and $62.8 million, respectively. The amount of revenue recognized during the years ended December 31, 2021, 2020 and 2019 was $62.8 million, $45.7 million and $33.0 million, respectively.

Remaining Performance Obligations

The terms of our subscription agreements are primarily annual and, to a lesser extent, multi-year. Our subscription agreements are generally noncancellable. Revenue allocated to remaining performance obligation represents noncancellable contracted revenue that has not yet been recognized and includes deferred revenue and unbilled amounts that will be recognized as revenue in future periods. Unbilled portions of the remaining performance obligation denominated in foreign currencies are revalued each period based on the period-end exchange rates. Cancellable contracted revenue, which includes customer deposits, is not considered a remaining performance obligation. Unbilled portions of the remaining performance obligation are subject to future economic risks including bankruptcies, regulatory changes, and other market factors. As of December 31, 2021, the aggregate amount of the transaction price allocated to remaining performance obligations was $108.2 million. As of December 31, 2021, we expected to recognize the significant majority of our remaining performance obligations as revenue over the subsequent twelve months, and the remainder over twenty-four months. The remaining performance obligations exclude customer deposits and unbilled amounts of cancellable contracted revenue amounting to $6.7 million as of December 31, 2021.

Costs Capitalized to Obtain Revenue Contracts

We capitalize sales commissions and associated payroll taxes paid to internal sales personnel that are incremental costs resulting from obtaining a non-cancelable contract with a customer.

Sales commissions paid upon the initial acquisition of a customer contract are amortized on a straight-line basis over an estimated period of benefit of four years, which is typically greater than the contractual terms of the customer contract but reflects the estimated period of benefit. We estimate the period of benefit by taking into consideration the estimated customer life, and the technological life of our platform and related significant features. We have elected the practical expedient to expense renewal commissions in the period of booking if the period of amortization is one year or less, and we recognize renewal commissions over the contract term for renewal contracts greater than one year. Sales commissions on renewal contracts are not considered commensurate with sales commissions on new revenue contracts. Amortization of capitalized contract acquisition costs is included in sales and marketing expense in the consolidated statements of operations.

We periodically review these costs capitalized to obtain revenue contracts to determine whether events or changes in circumstances have occurred that could impact the recoverability of the asset. There were no impairment losses recorded during the years ended December 31, 2021, 2020 and 2019.

Business Combination and Valuation of Goodwill and Other Acquired Intangible Assets

Upon acquiring a business, we measure acquired identifiable tangible and intangible assets, liabilities, and contingent liabilities at their fair values at the date of the acquisition. Goodwill is initially measured at the excess of the aggregate of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.

The estimation of fair value requires significant judgment and the use of assumptions by management, including estimating future cash flows, selecting discount rates, and selecting valuation methodologies. While we believe the assumptions and estimates we have made have been appropriate, they are inherently uncertain and subject to refinement. During the measurement period, which may be up to one year from the acquisition date, we may record adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed, with the corresponding offset to goodwill. In addition, uncertain tax positions and tax-related valuation allowances are initially established in connection with the business combination as of the acquisition date. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in the consolidated statements of operations.
Stock-Based Compensation

We recognize stock-based compensation expense for all stock-based awards, including stock options, restricted stock awards (RSAs), and restricted stock units (RSUs) granted to employees, directors, and non-employees, and stock purchase rights granted under our Employee Stock Purchase Plan (ESPP) to employees, using the fair value recognition and measurement provisions, in accordance with applicable accounting standards, which requires compensation expense for the grant-date fair value of stock-based awards to be recognized over the requisite service period. We account for forfeitures when they occur. We estimate the fair values of each stock option and stock purchase right under the ESPP on the date of grant using the Black-Scholes-Merton option pricing model utilizing the assumptions noted below. The expected term of the stock options is based on the average period the stock options are expected to remain outstanding, calculated as the midpoint of the vesting term and the contractual expiration period, as we did not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior. The expected term for ESPP is the applicable purchase periods within an offering period. The expected stock price volatility for our stock was determined by examining the historical volatilities of our industry peers as we did not have any trading history of our common stock.

The risk-free interest rate was calculated using the average of the published interest rates of U.S. Treasury zero-coupon issues with maturities that approximate the expected term. The dividend yield assumption is zero as we have no history of, nor plans of, dividend payments.

The assumptions used under the Black-Scholes-Merton option pricing model to calculate the estimated fair value of stock options granted to employees are as follows:

<table>
<thead>
<tr>
<th>Assumption</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of common stock</td>
<td>$ 3.88 — $ 17.04</td>
<td>$ 1.24 — $ 3.26</td>
<td>$ 1.03 — $ 1.06</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>0.94% — 1.35%</td>
<td>0.41% — 0.52%</td>
<td>1.65% — 2.37%</td>
</tr>
<tr>
<td>Expected term (years)</td>
<td>5.73 — 6.08</td>
<td>5.09 — 6.07</td>
<td>4.86 — 6.07</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>54.04% — 56.82%</td>
<td>50.43% — 56.40%</td>
<td>43.51% — 47.19%</td>
</tr>
<tr>
<td>Expected dividend yield</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

Assumptions used in valuing non-employee stock options are generally consistent with those used for employee stock options. The total non-employee stock-based compensation is immaterial.

The following table summarizes the assumptions used to calculate the estimated fair value of stock purchase rights granted under the ESPP for the initial offering period using the Black-Scholes-Merton option pricing model:

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Year Ended December 31, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of common stock</td>
<td>$ 8.48</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>0.09% — 0.54%</td>
</tr>
<tr>
<td>Expected term (years)</td>
<td>0.46 — 1.95</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>42.50% — 58.22%</td>
</tr>
<tr>
<td>Expected dividend yield</td>
<td>None</td>
</tr>
</tbody>
</table>

We estimate the fair values of each RSA and RSU based on the fair value of our common stock on the date of grant.

In September 2021, we granted RSUs which will vest based upon the satisfaction of both a service-based condition and a liquidity event-based condition. The service-based vesting condition for these awards is generally satisfied over four years. The liquidity event-based vesting condition is satisfied upon the occurrence of a qualifying event, which is generally defined as an underwritten initial public offering or a change in control transaction. The fair value of these RSUs is measured based on the fair value of our common stock on the grant date and the related stock-based compensation expense is recognized using an accelerated attribution method from the time it is deemed probable that the liquidity event-based vesting condition will be met through the time the service-based vesting condition has been achieved. We began recognizing stock-based compensation expense for these RSUs in November 2021 when the liquidity event-based vesting condition applicable to these RSUs was satisfied upon the effectiveness of our IPO. As a result of recognizing stock-based compensation expense for these RSUs using the accelerated attribution method, we expect our stock-based compensation expense in 2022 to be higher as compared to 2021.
Prior to our IPO, the estimated fair value of our common stock underlying the awards has historically been determined by our board of directors with input from management and third-party valuation specialists, as there was no public market for our common stock. The board of directors determined the fair value of our common stock by considering a number of objective and subjective factors including: the valuation of comparable companies, our operating and financial performance, the lack of liquidity of our common stock, transactions in our common stock, and general and industry specific economic outlook, amongst other factors. Subsequent to June 30, 2021 and up to October 2021, we determined the fair value of our common stock in relation to stock-based compensation awards by a linear interpolation between a June 2021 third-party valuation and the midpoint of the preliminary pricing range of our IPO estimated by our board of directors in October 2021. Subsequent to October 2021 and up to November 16, 2021, we determined the fair value of our common stock in relation to stock-based compensation awards by a linear interpolation between the midpoint of the latest preliminary price range of our IPO estimated by our board of directors in November 2021 and the final price of our common stock in the IPO. Following our IPO, we use the quoted closing market price of our common stock as reported on The New York Stock Exchange for the fair value of RSUs, RSAs, stock options and purchase rights under our ESPP.

We will continue to use judgment in evaluating the assumptions related to our stock-based compensation on a prospective basis. As we continue to accumulate additional data related to our common stock, we may refine our estimation process, which could materially impact our future stock-based compensation expense.

**JOBS Act Accounting Election**

We are an emerging growth company, as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We intend to avail ourselves of this exemption from new or revised accounting standards. Accordingly, we will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies or that have opted out of using such extended transition period.

**Recent Accounting Pronouncements**

See Note 1, Summary of Business and Significant Accounting Policies, to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for more information.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign currency exchange rates.

**Interest Rate Risk**

We had cash and cash equivalents of $178.4 million as of December 31, 2021. Cash and cash equivalents primarily consist of cash deposited in money market or holding accounts with financial institutions that have an original maturity of three months or less. The cash and cash equivalents are held for working capital purposes. Such interest-earning instruments carry a degree of interest rate risk. The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. Due to the short-term nature of our investments, we have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates. A hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our historical consolidated financial statements.

We did not have any outstanding debt under our credit facility as of December 31, 2021. The revolving line of credit accrues interest on the daily outstanding balance at a per annum rate equal to the greater of 3.25% and the prime rate as reported in The Wall Street Journal or such other rate of interest publicly announced from time to time by Western Alliance as its prime rate (3.25% at December 31, 2021) and will mature on June 18, 2024.

**Foreign Currency and Exchange Risk**

We are not currently subject to significant foreign currency exchange risk as our U.S. and international sales are predominantly denominated in U.S. dollars as the functional currency of our foreign subsidiaries is the U.S. dollar. Monetary assets and liabilities are remeasured using foreign currency exchange rates at the end of the period, and non-monetary assets are remeasured based on historical exchange rates. Gains and losses due to foreign currency are the result of either the remeasurement of subsidiary balances or transactions denominated in currencies other than the foreign
subsidiaries’ functional currency and are included in other income, net in our statement of operations. Our results of current and future operations are, therefore, subject to fluctuations due to changes in foreign currency exchange rates. The effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have had a material impact on our historical consolidated financial statements for the years ended December 31, 2021, 2020 and 2019. As the impact of foreign currency exchange rates has not been material to our historical operating results, we have not entered into derivative or hedging transactions, but we may do so in the future if our exposure to foreign currency becomes more significant.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of UserTesting, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of UserTesting, Inc. (the Company) as of December 31, 2021 and 2020, the related consolidated statements of operations, convertible preferred stock and stockholders’ equity (deficit) and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2020.

San Jose, California
March 4, 2022
## Consolidated Balance Sheets

### (in thousands, except par value)

### December 31, 2021 2020

### Assets

#### Current assets:
- Cash and cash equivalents $178,430 $96,972
- Accounts receivable, net 47,973 24,267
- Costs capitalized to obtain revenue contracts, current 8,116 5,231
- Prepaid expenses and other current assets 6,045 3,067
  - **Total current assets** 240,564 129,537

#### Property and equipment, net 3,257 1,292

#### Operating lease right-of-use assets 16,401 —

#### Intangible assets, net 640 2,194

#### Goodwill 8,785 8,785

#### Costs capitalized to obtain revenue contracts, non-current 12,941 9,119

#### Other long-term assets 540 826
  - **Total assets** $283,128 $151,753

### Liabilities, Convertible Preferred Stock and Stockholders' Equity (Deficit)

#### Current liabilities:
- Accounts payable $1,544 $1,214
- Contract liabilities 90,952 62,815
- Operating lease liabilities, current 5,271 —
- Accrued expenses and other current liabilities 21,799 24,030
  - **Total current liabilities** 119,566 88,059

#### Operating lease liabilities, non-current 12,996 —

#### Other long-term liabilities 887 2,526
  - **Total liabilities** 133,449 90,585

#### Commitments and contingencies (Note 8)
- Convertible preferred stock, $0.0001 par value per share and no par value per share at December 31, 2021 and 2020, respectively; no shares and 110,851 shares authorized, and no shares and 110,851 shares issued and outstanding at December 31, 2021 and 2020, respectively; aggregate liquidation preferences of zero and $202,011 as of December 31, 2021 and 2020, respectively — 201,531

#### Stockholders' equity (deficit):
- Preferred stock, $0.0001 par value per share: 10,000 and no shares authorized and no shares issued and outstanding as of December 31, 2021 and 2020, respectively — —
- Common stock and capital in excess of par value, $0.0001 par value per share and no par value per share at December 31, 2021 and 2020, respectively: 2,000,000 and 161,761 shares authorized, and 142,241 and 17,948 shares issued and outstanding at December 31, 2021 and 2020, respectively 352,881 12,118
- Accumulated deficit (203,202) (152,481)
  - **Total stockholders’ equity (deficit)** 149,679 (140,363)

#### Total liabilities, convertible preferred stock and stockholders' equity (deficit)
  - **$283,128 $151,753**

*The accompanying notes are an integral part of these consolidated financial statements.*
## USERTESTING, INC.
### CONSOLIDATED STATEMENTS OF OPERATIONS
#### (in thousands, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
</tr>
<tr>
<td>Subscription</td>
<td>$136,678</td>
</tr>
<tr>
<td>Professional services</td>
<td>10,720</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>$147,398</td>
</tr>
<tr>
<td><strong>Cost of revenue</strong></td>
<td></td>
</tr>
<tr>
<td>Subscription</td>
<td>28,562</td>
</tr>
<tr>
<td>Professional services</td>
<td>8,598</td>
</tr>
<tr>
<td><strong>Total cost of revenue</strong></td>
<td>37,160</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>$110,238</td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>91,634</td>
</tr>
<tr>
<td>Research and development</td>
<td>39,826</td>
</tr>
<tr>
<td>General and administrative</td>
<td>29,954</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>161,414</td>
</tr>
<tr>
<td><strong>Loss from operations</strong></td>
<td>$(51,176)</td>
</tr>
<tr>
<td>Interest income, net</td>
<td>126</td>
</tr>
<tr>
<td><strong>Other income, net</strong></td>
<td>851</td>
</tr>
<tr>
<td><strong>Loss before provision for income taxes</strong></td>
<td>$(50,199)</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>522</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>$(50,721)</td>
</tr>
<tr>
<td>Net loss per share attributable to common stockholders, basic and diluted</td>
<td>$(1.50)</td>
</tr>
<tr>
<td>Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted</td>
<td>33,841</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
### CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS’ EQUITY (DEFICIT)  
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>Convertible preferred stock</th>
<th>Common stock and capital in excess of par value</th>
<th>Accumulated deficit</th>
<th>Total stockholders’ equity (deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Shares</td>
<td>Amount</td>
<td>Shares</td>
<td>Amount</td>
</tr>
<tr>
<td>Balance as of January 1, 2019</td>
<td>71,193</td>
<td>$79,786</td>
<td>14,728</td>
<td>$3,778</td>
</tr>
<tr>
<td>Issuance of Series E convertible preferred stock net of issuance cost of $139</td>
<td>9,744</td>
<td>21,861</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cumulative effect upon adoption of Topic 606</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of common stock upon exercise of stock options</td>
<td></td>
<td></td>
<td>1,513</td>
<td>1,123</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td></td>
<td></td>
<td></td>
<td>2,765</td>
</tr>
<tr>
<td>Repurchase of common stock</td>
<td></td>
<td></td>
<td>(525)</td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of December 31, 2019</td>
<td>80,937</td>
<td>$101,647</td>
<td>15,716</td>
<td>$7,666</td>
</tr>
<tr>
<td>Issuance of Series F convertible preferred stock net of issuance cost of $117</td>
<td>29,914</td>
<td>99,884</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of common stock upon exercise of stock options</td>
<td></td>
<td></td>
<td>2,232</td>
<td>1,905</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td></td>
<td></td>
<td></td>
<td>2,547</td>
</tr>
<tr>
<td>Net loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of December 31, 2020</td>
<td>110,851</td>
<td>$201,531</td>
<td>17,948</td>
<td>$12,118</td>
</tr>
<tr>
<td>Conversion of preferred stock to common stock upon initial public offering</td>
<td>(110,851)</td>
<td>(201,531)</td>
<td>110,851</td>
<td>201,531</td>
</tr>
<tr>
<td>Issuance of common stock upon initial public offering, net of issuance costs and underwriting discounts</td>
<td></td>
<td></td>
<td>10,000</td>
<td>123,969</td>
</tr>
<tr>
<td>Issuance of common stock upon exercise of stock options and vesting of restricted stock awards</td>
<td></td>
<td></td>
<td>3,442</td>
<td>3,038</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td></td>
<td></td>
<td></td>
<td>12,225</td>
</tr>
<tr>
<td>Net loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of December 31, 2021</td>
<td></td>
<td></td>
<td>142,241</td>
<td>$352,881</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
USERTESTING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>($50,721)</td>
<td>($33,983)</td>
<td>($19,567)</td>
</tr>
<tr>
<td>Adjustments to reconcile net loss to net cash used in operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>2,384</td>
<td>865</td>
<td>652</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>12,225</td>
<td>2,547</td>
<td>2,765</td>
</tr>
<tr>
<td>Provision for allowance for doubtful accounts</td>
<td>160</td>
<td>89</td>
<td>47</td>
</tr>
<tr>
<td>Amortization of costs capitalized to obtain revenue contracts</td>
<td>6,778</td>
<td>4,062</td>
<td>2,140</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>327</td>
<td>136</td>
<td>—</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(23,865)</td>
<td>(5,093)</td>
<td>6,482</td>
</tr>
<tr>
<td>Costs capitalized to obtain revenue contracts</td>
<td>(13,485)</td>
<td>(8,961)</td>
<td>6,946</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>(2,566)</td>
<td>(2,113)</td>
<td>388</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>407</td>
<td>(178)</td>
<td>670</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>882</td>
<td>6,867</td>
<td>4,978</td>
</tr>
<tr>
<td>Contract liabilities</td>
<td>28,137</td>
<td>17,126</td>
<td>13,262</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(1,741)</td>
<td>4,331</td>
<td>197</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>(41,078)</td>
<td>(14,305)</td>
<td>(8,672)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>(2,657)</td>
<td>(1,002)</td>
<td>(474)</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>(150)</td>
<td>(150)</td>
<td>(963)</td>
</tr>
<tr>
<td>Acquisition of business, net of cash acquired</td>
<td>—</td>
<td>(8,617)</td>
<td>—</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(2,807)</td>
<td>(9,769)</td>
<td>(1,437)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from the issuance of convertible preferred stock, net of issuance costs</td>
<td>—</td>
<td>99,884</td>
<td>21,861</td>
</tr>
<tr>
<td>Proceeds from the issuance of common stock upon initial public offering, net of issuance costs and underwriting discounts</td>
<td>124,071</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Repayments of note payable</td>
<td>—</td>
<td>(2,500)</td>
<td>(1,500)</td>
</tr>
<tr>
<td>Proceeds from note payable</td>
<td>—</td>
<td>—</td>
<td>2,000</td>
</tr>
<tr>
<td>Payment of deferred purchase consideration</td>
<td>(1,766)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Repurchase of common stock</td>
<td>—</td>
<td>—</td>
<td>(537)</td>
</tr>
<tr>
<td>Proceeds from issuance of common stock upon exercise of stock options</td>
<td>3,038</td>
<td>1,905</td>
<td>1,123</td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>125,343</td>
<td>99,289</td>
<td>22,947</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>81,458</td>
<td>75,215</td>
<td>12,838</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of period</td>
<td>96,972</td>
<td>21,757</td>
<td>8,919</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of period</td>
<td>$178,430</td>
<td>$96,972</td>
<td>$21,757</td>
</tr>
<tr>
<td><strong>Supplemental disclosures of cash flow information:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash paid for interest</td>
<td>$—</td>
<td>$116</td>
<td>$59</td>
</tr>
<tr>
<td>Cash paid for income taxes</td>
<td>$363</td>
<td>$29</td>
<td>$13</td>
</tr>
<tr>
<td><strong>Non-cash investing and financing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred purchase consideration from acquisition</td>
<td>$—</td>
<td>$1,766</td>
<td>—</td>
</tr>
<tr>
<td>Purchases of property and equipment included in accounts payable and accrued liabilities</td>
<td>$126</td>
<td>$88</td>
<td>—</td>
</tr>
<tr>
<td>Offering costs in accrued liabilities</td>
<td>$102</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
1. Summary of Business and Significant Accounting Policies

Description of Business

UserTesting, Inc. and its subsidiaries (together, UserTesting or the Company) provide developers, designers, and product managers access to a video-first, enterprise-grade software-as-a-service (SaaS) platform that enables organizations to see and hear the experiences of real people as they narrate their thoughts out loud while engaging with products, designs, apps, processes, concepts, and brands. The Company was incorporated in the state of California and commenced operations on May 30, 2007. In September 2021, the Company was reincorporated in the State of Delaware. Other than the change in corporate domicile, the reincorporation did not result in any change in the business, physical location, management, assets, liabilities, or total stockholders' equity (deficit) of the Company, nor did it result in any change in location of the Company's employees, including the Company's management. Additionally, the reincorporation did not alter any stockholders' percentage ownership interest or number of shares owned in the Company. The Company is headquartered in San Francisco and has offices located in Atlanta, Sunnyvale, Norway, and the United Kingdom.

Fiscal Year

The Company’s fiscal year ends on December 31. References to fiscal 2021, for example, refer to the fiscal year ended December 31, 2021.

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP) and include the accounts of UserTesting, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Initial Public Offering

In November 2021, the Company completed the initial public offering (IPO) of its common stock, in which the Company issued and sold 10,000,000 shares of its common stock at a public offering price of $14.00 per share. The Company received net proceeds of $124.1 million after deducting underwriting discounts and commissions of $9.8 million and offering costs of $6.1 million. In connection with the IPO, all the shares of outstanding convertible preferred stock were automatically converted into an aggregate of 110,851,103 shares of the Company’s common stock.

Prior to the IPO, deferred offering costs, which mainly consist of direct incremental legal, accounting, and consulting fees relating to the IPO, were capitalized in “Other long-term assets” in the accompanying consolidated balance sheets. Upon completion of the IPO in November 2021, the deferred offering costs, net of reimbursement received from underwriters, of $6.2 million were reclassified into equity as a reduction against IPO proceeds in the accompanying consolidated balance sheets and consolidated statements of convertible preferred stock and stockholders’ equity (deficit), of which $0.1 million is unpaid as of December 31, 2021.

Emerging Growth Company Status

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 such time as 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 the Company (i) is 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 Company’s consolidated financial statements may not be comparable to financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards based on public company effective dates.
The Company will remain an emerging growth company until the earliest of (i) the last day of the fiscal year in which the Company’s total annual gross revenue is at least $1.07 billion, (ii) the last day of the fiscal year following the fifth anniversary of the completion of the Company’s initial public offering, (iii) the date on which the Company issued more than $1.0 billion in non-convertible debt securities during the prior three-year period, or (iv) the date on which the Company becomes a large accelerated filer.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The Company bases its estimates and judgments on historical experience and on various other assumptions that it believes are reasonable under the circumstances. However, future events are subject to change and the estimates and judgments are subject to adjustment. Significant items subject to such estimates and assumptions include, but are not limited to, the estimated expected period of benefit for deferred contract acquisition costs, the determination of standalone selling price (SSP) for its performance obligations, the allowance for doubtful accounts, the useful lives of long-lived intangible assets, the value of the Company’s common stock prior to the IPO and other assumptions used to measure stock-based compensation, the fair value of assets acquired and liabilities assumed for business combinations, lease term and incremental borrowing rate for lease liabilities, and the valuation of deferred income tax assets and uncertain tax positions. Actual results could differ from those estimates.

COVID-19

In December 2019, an outbreak of COVID-19 was first identified and by March 2020, the World Health Organization declared COVID-19 a global pandemic. Governments and municipalities across the United States and the world have instituted measures to slow infection rates, including orders to shelter-in-place, travel restrictions, and mandated business closure. The global economic impacts of COVID-19 are significant and continue to evolve, as exhibited by, among other things, a rise in unemployment, changes in consumer behavior, and market volatility.

In response to the COVID-19 pandemic, the Company has temporarily required its employees to work remotely, implemented travel restrictions for all non-essential business, reduced hiring, and shifted certain of its conferences to virtual-only, and it may similarly alter, postpone, or cancel events in the future. This has resulted in a reduction in certain operating expenses during the COVID-19 pandemic, such as travel and entertainment. However, these savings were offset by other investments across the business, such that operating expenses were not materially impacted. In addition, its revenue generation has not been significantly affected by the COVID-19 pandemic, as the loss of certain existing customers and the inability of certain existing customers to make payments when due as a result of the adverse impact of COVID-19 on those customers’ businesses was generally offset by new customer acquisition. Driven by the acceleration of digital transformation initiatives in response to the COVID-19 pandemic, the Company believes some customers, including those customers with predominantly physical operations, turned to the Company’s platform to quickly build out or add sophistication to their digital customer experiences. Additionally, some new customers leveraged its platform to create a more seamless integration between their online and offline presence. Overall, there has not been a material impact to the Company’s business as a result of COVID-19.

Concentrations of Risks, Significant Customers and Investments

The Company’s financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, and accounts receivable. The Company maintains its cash and cash equivalents with high-quality financial institutions with investment-grade ratings. A majority of the cash balances are with U.S. banks and are insured up to the Federal Deposit Insurance Corporation limits. The Company has not experienced any losses on its cash and cash equivalents.

No single customer accounted for more than 10% of accounts receivable as of December 31, 2021 and 2020. No single customer accounted for more than 10% of total revenue during the years ended December 31, 2021, 2020 or 2019.

The Company relies on the technology, infrastructure, and software applications, including software-as-a-service offerings, of third parties in order to host or operate certain key products and functions of its business.
Comprehensive Loss

Comprehensive loss is comprised of net loss and other comprehensive income (loss). The Company has no components of other comprehensive income (loss). Therefore, net loss equals comprehensive loss for all periods presented and, accordingly, the Consolidated Statements of Comprehensive Loss is not presented in a separate statement.

Segment Information

The Company operates in one operating segment. An operating segment is defined as a component of an enterprise about which separate financial information is evaluated regularly by the chief operating decision maker, who is the Chief Executive Officer. The Company’s chief operating decision maker is responsible for allocating resources and evaluating the Company’s financial performance.

Cash and Cash Equivalents

The Company considers highly liquid investments with original maturities of three months or less to be cash and cash equivalents. Cash equivalents consist of institutional money market funds denominated in U.S. dollars.

Fair Value Measurements

The Company categorizes assets and liabilities recorded at fair value on its consolidated balance sheets based on the accounting guidance framework for measuring fair value on either a recurring or nonrecurring basis, whereby inputs used in valuation techniques are assigned a hierarchical level.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company measures assets and liabilities at fair value at each reporting period using a fair value hierarchy which requires it to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. U.S. GAAP describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, to measure the fair value:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs are unobservable based on the Company’s own assumptions used to measure assets and liabilities at fair value. The inputs require significant management judgment or estimation.

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial or nonfinancial asset or liability.

Financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable. The Company’s investment portfolio consists of money market funds, which are carried at fair value. The Company has determined the carrying value to be equal to the fair value and has classified these investments as Level 1 financial instruments.

Accounts Receivable, Net

Accounts receivable, net, are recorded at the invoiced amount, net of allowance for doubtful accounts, and are not interest bearing nor secured by collateral. The allowance for doubtful accounts is based on the Company’s assessment of the collectability of accounts, considering a combination of factors including the Company’s customers’ financial condition and collection history, the age of open receivables and the current payment terms. Accounts receivable deemed uncollectible are charged against the allowance for doubtful accounts when identified. To date, allowances for doubtful accounts have not been material.
Property and Equipment, Net

Property and equipment, net, are stated at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of three to five years for computer equipment, furniture and fixtures, and software. Leasehold improvements are amortized over the shorter of the remaining lease term or the estimated useful life. Expenditures for maintenance and repairs, which do not significantly extend the useful lives of the assets, are expensed as incurred.

The following table presents the Company’s property and equipment, net of accumulated depreciation and amortization, by geographic region (in thousands):

<table>
<thead>
<tr>
<th>Region</th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>United States</td>
<td>$2,738</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>510</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>9</td>
</tr>
<tr>
<td>Total property and equipment, net</td>
<td>$3,257</td>
</tr>
</tbody>
</table>

Impairment of Long-Lived Assets (including Goodwill and Intangible Assets)

Long-lived assets with finite lives include property and equipment and acquired intangible assets. The Company evaluates long-lived assets, including acquired intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by comparing the carrying amount of an asset or an asset group to estimated undiscounted future net cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset or asset group exceeds these estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset or asset group exceeds the fair value of the asset or asset group.

Goodwill is not amortized but rather tested for impairment at least annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. Goodwill impairment is recognized when the carrying value of the reporting unit exceeds its fair value, in which case an impairment charge is recorded. The Company did not recognize any impairment charges during the years ended December 31, 2021, 2020 and 2019.

Revenue Recognition

The Company derives its revenues from two sources: (1) subscription fees from customers accessing the Company’s platform, and from customers paying for additional support; and (2) professional services and training. Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, net of any taxes collected from customers (e.g., sales and other indirect taxes), which are subsequently remitted to government authorities.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

Subscription Revenue

Subscription revenue primarily consists of subscription fees from customer agreements to access the Company’s platform, as well as additional support services. The Company’s customers do not have the ability to take possession of its software. The Company recognizes revenue for subscription fees and additional support services on a straight-line basis.
over the term of the contract beginning on the date access to the Company’s platform is granted, as the underlying service is a stand-ready performance obligation. Customers may also purchase incremental capacity to the Company’s platform, which is an additional stand-ready performance obligation satisfied and recognized as revenue over the remaining term of the applicable subscription. The Company views its performance obligation as a series of distinct services as the underlying subscription service is made available to the customer on a continuous basis over the contracted period of time, and that are substantially the same and have the same pattern of transfer to the customer. The Company has concluded that each distinct service is satisfied over time, specifically, given that the nature of its promise is not the actual delivery of a specified quantity of service but is rather providing a single service over a period of time. Customers who consume above their committed capacity will be invoiced for overages on a quarterly basis. The Company recognizes the overage fees as variable consideration. Revenue recognized as variable consideration was not material during the years ended December 31, 2021, 2020 and 2019.

The Company typically invoices its customers annually. Payment terms generally require that customers pay within 30 days of invoice. Amounts that have been invoiced are recorded in accounts receivable and in deferred revenue or revenue. The Company applies the practical expedient in Topic 606 paragraph 10-32-18 and does not adjust the promised amount of consideration for the effects of a significant financing component for contracts that are one year or less, and none of the Company’s multi-year contracts contain a significant financing component.

Professional Services Revenue

Professional services revenue primarily consists of fees from delivering research studies, training services and strategy workshops. The Company recognizes revenue from service engagements that occur over a period of time on a proportional performance basis as labor hours are incurred.

Significant Judgments - Contracts with Multiple Performance Obligations

The Company regularly enters into contracts with customers that include promises to transfer multiple services. For arrangements with multiple services, the Company evaluates whether the individual services qualify as distinct performance obligations. In its assessment of whether a service is a distinct performance obligation, the Company determines whether the customer can benefit from the service on its own or with other readily available resources and whether the service is separately identifiable from other services in the contract. This evaluation requires the Company to assess the nature of each individual service offering and how the services are provided in the context of the contract, including whether the services are significantly integrated, highly interrelated, or significantly modify each other, which may require judgment based on the facts and circumstances of the contract.

Contracts that contain multiple performance obligations that are considered distinct require an allocation of the transaction price to each performance obligation based on each performance obligation’s relative standalone selling price (SSP). The SSP is the price at which the Company would sell a promised good or service separately to a customer. In instances where the Company does not sell a product or service separately, establishing SSP requires significant judgment. The Company estimates the SSP by considering available information, prioritizing observable inputs such as historical sales, internally approved pricing guidelines and objectives, and the underlying cost of delivering the performance obligation.

Costs Capitalized to Obtain Revenue Contracts

The Company capitalizes sales commissions and associated payroll taxes paid to internal sales personnel that are incremental costs resulting from obtaining a non-cancelable contract with a customer.

Sales commissions paid upon the initial acquisition of a customer contract are amortized on a straight-line basis over an estimated period of benefit of four years, which is typically longer than the contractual term of the customer contract but reflects the estimated period of benefit. The Company estimates the period of benefit by taking into consideration the estimated customer life, and the technological life of its platform and related significant features. The Company has elected the practical expedient to expense renewal commissions in the period of booking if the period of amortization is one year or less, and it recognizes renewal commissions over the contract term for renewal contracts greater than one year. Sales commissions on renewal contracts are not considered commensurate with sales commissions on new revenue contracts. Amortization of capitalized contract acquisition costs is included in sales and marketing expense in the consolidated statements of operations.
The Company periodically reviews these costs capitalized to obtain revenue contracts to determine whether events or changes in circumstances have occurred that could impact the recoverability of the asset. There were no impairment losses recorded during the years ended December 31, 2021, 2020 and 2019.

Costs capitalized to obtain revenue contracts earned and capitalized during the years ended December 31, 2021, 2020 and 2019 were $13.5 million, $9.0 million and $7.0 million, respectively. Amortization expense for costs capitalized to obtain revenue contracts during the years ended December 31, 2021, 2020 and 2019 was $6.8 million, $4.1 million and $2.1 million, respectively.

Cost of Revenue

Subscription Cost of Revenue

Subscription cost of revenue consists of three categories of expenses: UserTesting Contributor Network, platform, and support. UserTesting Contributor Network costs consist primarily of contributor payments for the tests completed as well as the cost to operate and support those contributors. Platform costs consist primarily of the cost to support the Company’s platform, including infrastructure-related, hosting, and personnel-related costs, such as salaries, bonus, stock-based compensation expense, and benefits. Support costs include the personnel-related costs, such as salaries, bonus, stock-based compensation expense, and benefits, of employees who directly support customers of the Company’s subscription services and amortization of acquired intangibles.

Professional Services Cost of Revenue

Professional services cost of revenue consists primarily of personnel-related costs, third-party consulting expenses, and allocated overhead.

Software Development Costs

Software development costs include costs to develop software to be used to meet internal needs and applications used to deliver the Company’s services. The Company capitalizes development costs related to these software applications once the preliminary project stage is complete and it is probable that the project will be completed and the software will be used to perform the function intended. Costs capitalized for developing such software applications were not material for the years ended December 31, 2021, 2020 and 2019.

Research and Development

Research and development expenses primarily consist of personnel-related expenses, including stock-based compensation directly associated with the Company’s research and development employees, contractor costs related to third-party development, and allocated overhead. Research and development costs are expensed as incurred.

Advertising Costs

Advertising costs are expensed as incurred in sales and marketing expense in the consolidated statements of operations and amounted to $11.6 million, $4.6 million and $2.6 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Leases Prior to Adoption of Accounting Standards Update (ASU) No. 2016-02, Leases (ASU 2016-02)

Before the adoption of ASU 2016-02 on January 1, 2021, the Company categorizes leases at their inception as either operating or capital leases, with the Company’s current lease portfolio only consisting of operating leases for office spaces. In certain lease agreements, it may receive rent holidays and other incentives. For operating leases, the Company recognizes lease costs on a straight-line basis once control of the space is achieved, without regard to deferred payment terms such as rent holidays that defer the commencement date of required payments. Additionally, incentives received are treated as a reduction of costs over the term of the agreement.

Stock-Based Compensation

The Company has a stock incentive plan under which equity awards such as stock options, restricted stock awards (RSAs), and restricted stock units (RSUs) are granted to employees, directors, and/or consultants. Stock-based
compensation expense related to equity awards is recognized based on the fair value of the awards on the date of grant. The fair value of each stock option is estimated on the
grant date using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of subjective assumptions, including the fair value of the
underlying common stock, risk-free interest rates, the expected term of the option, expected volatility, and expected dividend yield. The expected term of the stock options is
based on the average period the stock options are expected to remain outstanding, calculated as the midpoint of the option’s vesting term and the contractual expiration period,
as the Company did not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination
behavior. The expected stock price volatility for the Company’s stock was determined by examining the historical volatilities of its industry peers as the Company did not have
any trading history of its common stock. The risk-free interest rate was calculated using the average of the published interest rates of U.S. Treasury zero-coupon issues with
maturities that approximate the expected term. The dividend yield assumption is zero as the Company has no history of, nor plans of, dividend payments. The fair value of each
RSA and RSU is estimated based on the fair value of the Company’s common stock on the date of grant. The related stock-based compensation expense for time-based equity
awards is recognized on a straight-line basis over the corresponding requisite service period of the awards, which is generally four years.

The Company also has a 2021 Employee Stock Purchase Plan (2021 ESPP) under which stock purchase rights are granted to employees. Stock-based compensation
expense related to stock purchase rights under the 2021 ESPP is recognized based on the fair value of the awards on the date of grant. The fair value of each stock purchase right
under the 2021 ESPP is estimated on the grant date using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of subjective
assumptions, including the fair value of the underlying common stock, risk-free interest rates, the applicable purchase periods within an offering period, expected volatility, and
expected dividend yield. The related stock-based compensation expense for stock purchase rights under the 2021 ESPP is recognized on a straight-line basis over the award’s
requisite service period, which is an offering period.

The Company accounts for forfeitures as they occur.

The fair value of the Company’s common stock underlying the awards has historically been determined by the board of directors with input from management and third-
party valuation specialists, as there was no public market for the Company’s common stock prior to its IPO. The board of directors determined the fair value of the common
stock by considering a number of objective and subjective factors including: the valuation of comparable companies, the Company’s operating and financial performance, the
lack of liquidity of common stock, transactions in the Company’s common stock, and general and industry specific economic outlook, amongst other factors.

Subsequent to June 30, 2021 and up to October 2021, the Company determined the fair value of its common stock in relation to stock-based compensation awards by a
linear interpolation between a June 2021 third-party valuation and the midpoint of the preliminary pricing range of the Company’s IPO estimated by its board of directors in
October 2021. Subsequent to October 2021 and up to November 16, 2021, the Company determined the fair value of its common stock in relation to stock-based compensation
awards by a linear interpolation between the midpoint of the latest preliminary price range estimated by its board of directors in November 2021 and the final price of the
Company’s common stock in the IPO.

After the IPO, the Company uses the publicly quoted price as reported on the New York Stock Exchange as the fair value of its common stock.

In September 2021, the Company granted RSUs which will vest based upon the satisfaction of both a service-based condition and a liquidity event-based condition. The
service-based vesting condition for these awards is generally satisfied over four years. The liquidity event-based vesting condition is satisfied upon the occurrence of a
qualifying event, which is generally defined as an underwritten initial public offering or a change in control transaction. The related stock-based compensation expense for these
awards is recognized using an accelerated attribution method from the time it is deemed probable that the liquidity event-based vesting condition will be met through the time
the service-based vesting condition has been achieved. The Company began recognizing stock-based compensation expense for these RSUs in November 2021 when the
liquidity event-based vesting condition applicable to these RSUs was satisfied upon the effectiveness of the Company’s IPO.
Foreign Currency

The functional currency of the Company’s foreign subsidiaries is the U.S. Dollar (USD). Monetary assets and liabilities are remeasured using foreign currency exchange rates at the end of the period, and non-monetary assets and liabilities are remeasured based on historical exchange rates. Gains and losses due to foreign currency are the result of either the remeasurement of subsidiary balances or transactions denominated in currencies other than the foreign subsidiaries’ functional currency and are included in other income, net in the Company’s statements of operations.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes, in which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The Company measures deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be reversed. The Company recognizes the effect on deferred tax assets and liabilities of a change in tax rates as income and expense in the period that includes the enactment date. A valuation allowance is established if it is more likely than not that all or a portion of the deferred tax asset will not be realized. In determining the need for a valuation allowance, the Company considers future growth, forecasted earnings, future taxable income, the mix of earnings in the jurisdictions in which the Company operates, historical earnings and losses carryforward periods, and prudent and feasible tax planning strategies, as applicable.

The Company’s tax positions are subject to income tax audits by multiple tax jurisdictions. The Company recognizes the tax benefit of an uncertain tax position only if it is more likely than not that the position is sustainable upon examination by the taxing authority, based on the technical merits. The Company measures the tax benefit recognized as the largest amount of benefit which is more likely than not to be realized upon settlement with the taxing authority. Significant judgment is required to evaluate uncertain tax positions. The Company’s evaluations are based upon a number of factors, including changes in facts or circumstances, changes in tax law or guidance, correspondence with tax authorities during the course of audits, and effective settlement of audit issues. Changes in the recognition or measurement of uncertain tax positions could result in material increases or decreases in the Company’s income tax expense in the period in which the Company makes the change, which could have a material impact on the Company’s effective tax rate or operating results. The amount of income taxes paid is subject to examination by U.S. federal, state, and foreign tax authorities. To the extent the assessment of such tax position changes, the Company records the change in estimate in the period in which the determination is made.

Net Loss Per Share

Prior to the automatic conversion of all the shares of the Company’s outstanding convertible preferred stock into shares of common stock upon the closing of the Company’s IPO, holders of the Company’s common stock were not entitled to dividends until declared dividends to convertible preferred stockholders have been paid. The Company was required to use the two-class method of calculating earnings per share. The two-class method requires that earnings per share be calculated separately for each class of security. As the Company incurred losses during the periods presented, the Company used the methods described below to calculate net loss per share.

The Company calculates basic net loss per share by dividing net loss attributable to common stockholders by the weighted-average number of the Company’s common stock shares outstanding during the respective period. Net loss attributable to common stockholders is net loss minus convertible preferred stock dividends declared, of which there were none during the periods presented.

The Company’s potentially dilutive securities, which include stock options and preferred stock, have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted average number of shares of common stock outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same.

Recently Adopted Accounting Standards

The Company adopted ASU 2016-02 effective January 1, 2021. Upon adoption of ASU 2016-02, the Company categorizes lease agreements at their inception as either operating or finance leases. Operating lease right-of-use (ROU) assets and related liabilities are included in “Operating lease right-of-use assets,” “Operating lease liabilities, current,” and
“Operating lease liabilities, non-current” in the Company’s consolidated balance sheets. The Company did not have any finance leases.

ROU assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date, including credit premiums on its corporate borrowings, in determining the present value of lease payments. The operating lease ROU asset also includes any advance lease payments made and excludes lease incentives, where applicable. The Company’s lease terms may contain renewal and extension options of up to three years and early termination features. The Company does not include renewal, extension or early termination in its determination of the lease term to the extent they are not reasonably certain at lease commencement. Lease expense for lease payments to the extent they are fixed is recognized on a straight-line basis over the lease term. Variable lease payments are expensed as incurred and include certain non-lease components, such as maintenance and other services provided by the lessor to the extent the charges are variable.

The Company has elected to combine non-lease components with lease components for the purposes of calculating the ROU asset and liabilities, to the extent they are fixed. Non-lease components that are not fixed are expensed as incurred as variable lease costs. In addition, the Company does not recognize right-of-use assets and lease liabilities for short-term leases, which have a lease term of 12 months or less.

In addition, the Company subleases its unoccupied facility to a third party. Such sublease has been classified as an operating lease. Any impairment to the associated right-of-use assets, leasehold improvements, or other assets as a result of a sublease is recognized in the period the sublease is executed and recorded in the consolidated statements of operations. The Company recognizes sublease income on a straight-line basis over the sublease term.

The Company adopted ASU 2016-02 effective January 1, 2021, using the optional transition relief method. Consequently, financial information is not updated and the disclosures required under the new leases standard are not provided for dates and periods before January 1, 2021. The Company has elected the practical expedient package, which includes retaining the current classification of leases and not reassessing the treatment of initial direct costs, or whether an existing or expired contract contains a lease. The Company has elected not to use the hindsight practical expedient and did not reassess the lease term at the date of adoption. As an accounting policy election, the Company also elected not to apply the balance sheet recognition requirements under ASU 2016-02 to leases with a term less than or equal to twelve months. As a result of adoption on January 1, 2021, the Company recognized operating lease liabilities of $20.6 million and operating lease ROU assets of $19.2 million based on the present value of the remaining minimum rental payments for existing operating leases. The Company did not have any finance leases.

Recently Issued Accounting Standards Not Yet Adopted

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-13, Financial Instruments Topic 326: Credit Losses Measurement of Credit Losses on Financial Instruments (Topic 326), which requires an entity to utilize a new impairment model known as the current expected credit loss (CECL) model to estimate its lifetime “expected credit loss” and record an allowance that, when deducted from the amortized cost basis of the financial asset, presents the net amount expected to be collected on the financial asset. The CECL model is expected to result in more timely recognition of credit losses. This guidance also requires new disclosures for financial assets measured at amortized cost, loans, and available-for-sale debt securities. Entities will apply the standard’s provisions as a cumulative effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is adopted. Topic 326 is effective for the Company beginning fiscal year 2023. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements and has not yet determined whether the effect will be material.

In August 2018, the FASB issued ASU No. 2018-15, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by this new guidance. This new guidance is effective for the Company for its fiscal year beginning January 1, 2022 and may be adopted either prospectively or
retrospectively to all implementation costs incurred after the date of adoption. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements and has not yet determined whether the effect will be material.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes which simplifies the accounting for income taxes by eliminating some exceptions to the general approach in ASC 740, Income Taxes in order to reduce cost and complexity of its application. This new guidance is effective for the Company for its fiscal year beginning January 1, 2022 and interim periods in the following years. Most amendments within this guidance are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements and has not yet determined whether the effect will be material.

2. Revenue

Contract Balances

The Company receives payments from customers based on a billing schedule as established in its customer contracts. Accounts receivable are recorded when the Company contractually has the right to consideration. There were no impairment losses recorded during the years ended December 31, 2021, 2020 and 2019.

Contract liabilities consisted of the following (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>$84,494</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>6,458</td>
</tr>
<tr>
<td>Contract liabilities</td>
<td>$90,952</td>
</tr>
</tbody>
</table>

Deferred revenue represents billings under noncancellable contracts that have been invoiced in advance of revenue recognition, and the balance is recognized as revenue when transfer of control to customers has occurred or services have been provided. Customer deposits consist of billings for anticipated revenue generating activities in advance of the start of the contractual term or for the portion of a contract term that is subject to cancellation and refund. Revenue is deferred when the Company has the right to invoice in advance of performance under a customer contract. The current portion of deferred revenue and customer deposits are recognized during the following 12-month period, provided the customers with cancellable contracts do not invoke their termination rights. As of December 31, 2021 and 2020, the Company’s contract liabilities were $91.0 million and $62.8 million, respectively. The amount of revenue recognized during the years ended December 31, 2021, 2020 and 2019 that was included in contract liabilities at the beginning of each period was $62.8 million, $45.7 million and $33.0 million, respectively.

Remaining Performance Obligations

The terms of the Company’s subscription agreements are primarily annual and, to a lesser extent, multi-year. The Company's subscription agreements are generally noncancellable. Revenue allocated to remaining performance obligations represents noncancellable contracted revenue that has not yet been recognized and includes deferred revenue and unbilled amounts that will be recognized as revenue in future periods. Unbilled portions of the remaining performance obligation denominated in foreign currencies are revalued each period based on the period end exchange rates. Cancellable contracted revenue, which includes customer deposits, is not considered a remaining performance obligation. As of December 31, 2021, the aggregate amount of the transaction price allocated to remaining performance obligations was $108.2 million. As of December 31, 2021, the Company expects to recognize the significant majority of its remaining performance obligations as revenue over the subsequent twelve months, and the remainder over twenty four months. The remaining performance obligations exclude customer deposits and unbilled amounts of cancellable contracted revenue amounting to $6.7 million as of December 31, 2021.
Disaggregation of Revenue

The following table sets forth revenue by geographic area for the periods presented:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021 (in thousands)</td>
<td>%</td>
<td>2020 (in thousands)</td>
<td>%</td>
</tr>
<tr>
<td>United States</td>
<td>$120,175</td>
<td>82%</td>
<td>$86,718</td>
<td>85%</td>
</tr>
<tr>
<td>International</td>
<td>27,223</td>
<td>18%</td>
<td>15,477</td>
<td>15%</td>
</tr>
<tr>
<td>Total revenue</td>
<td>$147,398</td>
<td>100%</td>
<td>$102,195</td>
<td>100%</td>
</tr>
</tbody>
</table>

No single country other than the United States represented 10% or more of the Company’s revenue during the years ended December 31, 2021, 2020 and 2019.

3. Business Combination

Teston AS

On March 17, 2020, the Company entered into a stock purchase agreement to acquire all the shares of Teston AS (Teston) for a total purchase price of $10.9 million consisting of $9.1 million in cash and $1.8 million of deferred consideration. Teston is a European provider of multilingual usability testing solutions for fast consumer feedback on digital products and services. Teston was acquired to expand into the European markets, providing multilingual services (English, Norwegian, Swedish, German, and French) to customers across the globe, and for its technology platform.

In accordance with ASC 805, Business Combinations, the acquisition of Teston was recorded as an acquisition of a business. Under the purchase method of accounting, the fair value of the consideration was allocated to assets and liabilities assumed at their fair values. The fair values of customer relationships and non-compete agreements were determined using the With and Without Method, the fair values of developed technology and trademarks were determined using the Royalty Savings Method, and the fair value of the tester base was determined using the Replacement Cost Method. These fair values were based on Level 3 inputs within the fair value hierarchy, and the most significant unobservable input was estimated future revenues. The excess of the fair value of consideration paid over the fair values of net assets and liabilities acquired and identifiable intangible assets resulted in recognition of goodwill of $8.8 million. The goodwill recognized is not deductible for income tax purposes.
**Purchase Price Allocation**

The total purchase price was allocated to Teston’s net tangible and identifiable intangible assets based on their estimated fair values as of March 17, 2020 as set forth below:

<table>
<thead>
<tr>
<th>In thousands</th>
<th>Estimated useful lives (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>$765</td>
</tr>
<tr>
<td>Intangible assets</td>
<td></td>
</tr>
<tr>
<td>Customer relationships</td>
<td>500</td>
</tr>
<tr>
<td>Developed technology</td>
<td>580</td>
</tr>
<tr>
<td>Tester base</td>
<td>350</td>
</tr>
<tr>
<td>Trademarks</td>
<td>100</td>
</tr>
<tr>
<td>Non-compete agreements</td>
<td>200</td>
</tr>
<tr>
<td>Goodwill</td>
<td>8,785</td>
</tr>
<tr>
<td>Net deferred tax asset</td>
<td>51</td>
</tr>
<tr>
<td>Other long-term assets</td>
<td>2</td>
</tr>
<tr>
<td>Other liabilities assumed</td>
<td>(388)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$10,945</td>
</tr>
</tbody>
</table>

In accordance with accounting for business combinations, the Company expensed $0.1 million for investment bankers fees, legal, consulting, and other costs directly related to the acquisition. The results of operations for Teston have been included in the consolidated statements of operations since the acquisition date. Actual and pro forma revenue and earnings (loss) for the acquisition have not been presented because they do not have a material impact to the Company’s consolidated revenue and results of operations.

**4. Fair Value Measurements**

The Company follows guidance provided in ASC 820, Fair Value Measurement, for valuation of financial assets and financial liabilities and for nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The Company’s investment portfolio consists of money market funds amounting to $33.6 million and $83.2 million as of December 31, 2021 and 2020, respectively, which are carried at fair value. The Company has determined the carrying value to be equal to the fair value and has classified these investments as Level 1 financial instruments. There were no transfers in or out of Level 3 during the periods presented.

**5. Consolidated Balance Sheet Components**

**Property and Equipment, Net**

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

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2021</th>
<th>December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer, equipment, and software</td>
<td>$2,632</td>
<td>$2,117</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>357</td>
<td>150</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>1,822</td>
<td>942</td>
</tr>
<tr>
<td>Property and equipment, gross</td>
<td>4,811</td>
<td>3,209</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(1,554)</td>
<td>(1,917)</td>
</tr>
<tr>
<td><strong>Property and equipment, net</strong></td>
<td>$3,257</td>
<td>$1,292</td>
</tr>
</tbody>
</table>
Depreciation expense was $0.7 million, $0.3 million and $0.5 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Sales tax payable</td>
<td>$</td>
</tr>
<tr>
<td>Accrued compensation and benefits</td>
<td>7,218</td>
</tr>
<tr>
<td>Accrued tax liabilities</td>
<td>2,805</td>
</tr>
<tr>
<td>ESPP liability</td>
<td>466</td>
</tr>
<tr>
<td>Deferred rent, current</td>
<td>—</td>
</tr>
<tr>
<td>Others</td>
<td>5,782</td>
</tr>
<tr>
<td><strong>Accrued expenses and other current liabilities</strong></td>
<td><strong>$ 21,799</strong></td>
</tr>
</tbody>
</table>

The Company is subject to indirect taxation in some, but not all, of the various U.S. states and foreign jurisdictions in which it conducts business. Therefore, the Company has an obligation to charge, collect, and remit Value Added Tax or Goods and Services Tax in connection with certain of its foreign sales transactions and sales and use tax in connection with eligible sales to subscribers in certain U.S. states. In addition, on June 21, 2018, the U.S. Supreme Court overturned the physical presence nexus standard and held that states can require remote sellers to collect sales and use tax. As a result of this ruling and given the scope of the Company’s operations, taxing authorities continue to provide regulations that increase the complexity and risks to comply with such laws and could result in substantial liabilities, prospectively as well as retrospectively. The Company is at various stages of negotiations or pursuit of favorable rulings with the respective taxing authorities regarding these liabilities. Based on the information available, the Company continues to evaluate and assess the jurisdictions in which an indirect tax nexus exists and believes that the indirect tax liabilities are adequate and reasonable. However, due to the complexity and uncertainty around the application of these rules by taxing authorities, results may vary materially from the Company’s expectations. The Company recorded its best estimate of the liability (including related penalties and interest) of $4.7 million and $8.5 million as of December 31, 2021 and 2020, respectively, which is included in sales tax payable above. During 2021, the Company was accepted into the voluntary disclosure agreement (VDA) process in certain jurisdictions. As a result, the estimated liability as of December 31, 2021 is net of $4.1 million reversal of sales and use tax accruals including related penalties and interest, pursuant to the respective arrangements. The Company may experience additional future reversals, depending upon the results of its currently on-going VDA process and pursuit of favorable rulings in certain jurisdictions.

Other Long-term Liabilities

Other long-term liabilities consisted of the following (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Deferred rent, non-current</td>
<td>$</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>561</td>
</tr>
<tr>
<td>Other</td>
<td>326</td>
</tr>
<tr>
<td><strong>Other long-term liabilities</strong></td>
<td><strong>$ 887</strong></td>
</tr>
</tbody>
</table>
6. Goodwill and Intangible Assets, Net

Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of net assets acquired. Goodwill amounts are not amortized but are rather tested for impairment at least annually during the fourth quarter. The following table reflects the changes in the carrying amount of goodwill (in thousands):

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$8,785</td>
<td>$—</td>
</tr>
<tr>
<td>Addition due to acquisitions</td>
<td>—</td>
<td>8,785</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$8,785</td>
<td>$8,785</td>
</tr>
</tbody>
</table>

Intangible Assets, Net

Intangible assets consisted of the following (in thousands):

<table>
<thead>
<tr>
<th>December 31,</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed technology</td>
<td>$1,888</td>
<td>$1,789</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>650</td>
<td>650</td>
</tr>
<tr>
<td>Intangible assets, gross</td>
<td>3,038</td>
<td>2,939</td>
</tr>
<tr>
<td>Less: accumulated amortization</td>
<td>(1,248)</td>
<td>(524)</td>
</tr>
<tr>
<td>Developed technology</td>
<td>(1,248)</td>
<td>(524)</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>(500)</td>
<td>(57)</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>(650)</td>
<td>(164)</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>$640</td>
<td>$2,194</td>
</tr>
</tbody>
</table>

Amortization expense of intangible assets was $1.7 million, $0.5 million and $0.1 million for the years ended December 31, 2021, 2020 and 2019, respectively.

As of December 31, 2021, future amortization expense for intangible assets was estimated as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$254</td>
<td>$254</td>
<td>$132</td>
<td>$640</td>
</tr>
</tbody>
</table>

7. Debt

Revolving Line of Credit

In January 2018, the Company entered into a loan and security agreement with a lender, which was subsequently amended and restated, and provided the Company with the ability to borrow up to $15.0 million with the requirement that the Company shall maintain at all times unrestricted cash with the lender in an amount equal to at least $15.0 million. Outstanding principal amounts under this credit facility incurred interest on the daily outstanding balance at a per annum rate equal to the greater of 5.50% or prime rate, plus 0.25% (5.75% at December 31, 2020). The credit facility is secured by a security interest on substantially all the Company’s assets and is subject to certain financial covenants. The Company may use the proceeds of future borrowings under the credit facility for general corporate purposes which may include, without limitation, financing the consideration for and fees, costs and expenses related to an acquisition. The credit facility expired on April 12, 2021.
On June 18, 2021, the Company entered into a Fifth Loan and Security Modification Agreement which provides the Company with the ability to borrow up to $5.5 million, maturing on June 18, 2024, and will accrue interest at a per annum rate equal to the greater of 3.25% and prime rate as reported in The Wall Street Journal or such other rate of interest publicly announced from time to time by the lender as its prime rate (3.25% at December 31, 2021). Pursuant to this agreement, the Company is required to maintain at all times unrestricted cash with the lender in an amount equal to at least $5.5 million.

As of December 31, 2021 and 2020, the Company has no outstanding borrowings pursuant to the above credit facility and was in compliance with the above agreements with the lender.

8. Commitments and Contingencies

Operating Leases

The Company leases its office facilities in the United States and the United Kingdom under non-cancellable agreements that expire at various dates through August 2025. Rent expense during the years ended December 31, 2020 and 2019 was $5.2 million and $2.2 million, respectively.

Future minimum payments related to operating leases as of December 31, 2020, prior to the adoption of ASU 2016-02, are as follows (in thousands):

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$5,401</td>
</tr>
<tr>
<td>2022</td>
<td>5,357</td>
</tr>
<tr>
<td>2023</td>
<td>4,976</td>
</tr>
<tr>
<td>2024</td>
<td>4,860</td>
</tr>
<tr>
<td>2025</td>
<td>3,302</td>
</tr>
<tr>
<td>Total</td>
<td>$23,896</td>
</tr>
</tbody>
</table>

Total operating lease costs were $5.7 million, excluding short-term lease costs, variable lease costs, and sublease income, each of which were immaterial for the year ended December 31, 2021.

Supplemental cash flow information related to leases were as follows (in thousands):

<table>
<thead>
<tr>
<th>Year Ended December 31, 2021</th>
<th>Cash paid for amounts included in the measurement of lease liabilities:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Operating cash flows from operating leases</td>
</tr>
<tr>
<td></td>
<td>$5,352</td>
</tr>
<tr>
<td>Right-of-use assets obtained in exchange for lease obligations:</td>
<td></td>
</tr>
<tr>
<td>Operating leases</td>
<td>1,888</td>
</tr>
</tbody>
</table>

The weighted-average remaining lease term and discount rate for the Company’s operating leases were as follows:

<table>
<thead>
<tr>
<th>December 31, 2021</th>
<th>Weighted-average remaining lease term</th>
<th>Weighted-average discount rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.3 years</td>
<td>5.8%</td>
</tr>
</tbody>
</table>

The total remaining lease payments under non-cancelable operating leases as of December 31, 2021 were as follows (in thousands):

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$6,139</td>
</tr>
<tr>
<td>2023</td>
<td>5,635</td>
</tr>
<tr>
<td>2024</td>
<td>5,014</td>
</tr>
<tr>
<td>2025</td>
<td>3,303</td>
</tr>
<tr>
<td>Total</td>
<td>$20,091</td>
</tr>
</tbody>
</table>

87
Less imputed interest (1,824)

Present value of operating lease liabilities $ 18,267

**Other Contractual Commitments**

The Company’s other contractual commitments relate mainly to third-party cloud infrastructure agreements and online services agreements. Contractual commitments as of December 31, 2021 under these agreements were as follows (in thousands):

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$6,179</td>
</tr>
<tr>
<td>2023</td>
<td>$5,172</td>
</tr>
<tr>
<td>2024</td>
<td>$917</td>
</tr>
<tr>
<td>Total</td>
<td>$12,268</td>
</tr>
</tbody>
</table>

**Warranties, Indemnification, and Contingencies**

The Company enters into service level agreements with customers which warrant defined levels of uptime and support response times and permit those customers to receive credits for prepaid amounts in the event that those performance and response levels are not met. To date, the Company has not experienced any significant failures to meet defined levels of performance and response. In connection with the service level agreements, the Company has not incurred any significant costs and has not accrued any liabilities in the consolidated financial statements.

In the ordinary course of business, the Company enters into contractual arrangements under which the Company agrees to provide indemnification of varying scope and terms to business partners and other parties with respect to certain matters, including, but not limited to, losses arising out of the breach of such agreements, intellectual property infringement claims made by third parties, and other liabilities relating to or arising from the Company’s platform or the Company’s acts or omissions. In these circumstances, payment may be conditional on the other party making a claim pursuant to the procedures specified in the particular contract. Further, the Company’s obligations under these agreements may be limited in terms of time and/or amount, and in some instances, the Company may have recourse against third parties for certain payments.

In addition, the Company has agreed to indemnify its directors and executive officers for costs associated with any fees, expenses, judgments, fines, and settlement amounts incurred by any of these persons in any action or proceeding to which any of those persons is, or is threatened to be, made a party by reason of the person’s service as a director or officer, including any action by the Company, arising out of that person’s services as the Company’s director or officer or that person’s services provided to any other company or enterprise at the Company’s request. The Company maintains director and officer insurance coverage that may enable the Company to recover a portion of any future amounts paid.

**Legal Proceedings**

In the ordinary course of business, the Company may be subject from time to time to various proceedings, lawsuits, disputes, or claims. The Company makes a provision for a liability relating to legal matters when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These estimates are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, estimated settlements, legal rulings, advice of legal counsel, and other information and events pertaining to a particular matter. In general, the resolution of a legal matter could be material to the Company’s financial condition or cash flows, or both, or could otherwise adversely affect the Company’s operating results. The outcomes of legal proceedings and other contingencies are, however, inherently unpredictable and subject to significant uncertainties. At this time, the Company does not have any such matters that, if resolved unfavorably, would have a material impact on its financial condition, results of operations or cash flows.

**9. Convertible Preferred Stock, Stockholders’ Equity (Deficit) and Equity Incentive Plan**

**Convertible Preferred Stock**

In February 2019, the Company amended its Amended and Restated Articles of Incorporation to (i) increase the shares of common stock authorized for issuance to 120,000,000 shares; (ii) increase the shares of preferred stock authorized for
issue to 80,936,886 shares; and (iii) designate 9,743,564 shares of Series E preferred stock. In February 2019, the Company issued 9,743,564 shares of Series E preferred stock at a price of $2.2579 per share for gross proceeds of $22.0 million. In July 2019, the Company amended its Amended and Restated Articles of Incorporation to increase the shares of common stock authorized for issuance to 123,300,000 shares.

In February 2020, the Company amended its Amended and Restated Articles of Incorporation to (i) increase the shares of common stock authorized for issuance to 161,761,151 shares; (ii) increase the shares of preferred stock authorized for issuance to 105,615,324 shares; and (iii) designate 29,914,217 shares of Series F preferred stock. In February 2020, the Company issued 29,914,217 shares of Series F preferred stock at a price of $3.342892 per share for gross proceeds of $100.0 million.

The Company had eight outstanding series of preferred stock as of December 31, 2020, which were convertible at the option of the holder. Preferred stock was classified as temporary equity on the consolidated balance sheets. The preferred stock was not redeemable; however, upon the event of a voluntary or involuntary liquidation, dissolution, change in control, or winding up of the Company, holders of the preferred stock had the right to receive their liquidation preference under the terms of the preferred stock. A summary of the preferred stock outstanding as of December 31, 2020 and other related information is as follows (in thousands, except share data):

<table>
<thead>
<tr>
<th>Series Seed convertible preferred stock</th>
<th>Authorized</th>
<th>Shares Issued and Outstanding</th>
<th>Aggregate Liquidation Preference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5,235,779</td>
<td>5,235,779</td>
<td>$178</td>
</tr>
<tr>
<td>Series A convertible preferred stock</td>
<td>17,044,117</td>
<td>17,044,117</td>
<td>1,921</td>
</tr>
<tr>
<td>Series A-1 convertible preferred stock</td>
<td>3,761,486</td>
<td>3,761,486</td>
<td>3,176</td>
</tr>
<tr>
<td>Series B convertible preferred stock</td>
<td>7,378,199</td>
<td>7,378,199</td>
<td>1,899</td>
</tr>
<tr>
<td>Series C convertible preferred stock</td>
<td>7,757,603</td>
<td>7,757,603</td>
<td>45,500</td>
</tr>
<tr>
<td>Series D convertible preferred stock</td>
<td>12,165,042</td>
<td>12,165,042</td>
<td>27,337</td>
</tr>
<tr>
<td>Series E convertible preferred stock</td>
<td>9,743,564</td>
<td>9,743,564</td>
<td>22,000</td>
</tr>
<tr>
<td>Series F convertible preferred stock</td>
<td>29,914,217</td>
<td>29,914,217</td>
<td>100,000</td>
</tr>
<tr>
<td>Total convertible preferred stock</td>
<td>110,851,103</td>
<td>110,851,103</td>
<td>$202,011</td>
</tr>
</tbody>
</table>

The rights, preferences, privileges, restrictions, and other matters relating to the preferred stock are set forth in the Company’s Amended and Restated Certificate of Incorporation dated February 19, 2020, as amended, and are summarized as follows:

**Dividend Rights** – Holders of shares of Series Seed convertible preferred stock, Series A convertible preferred stock, Series A-1 convertible preferred stock, Series B convertible preferred stock, Series C convertible preferred stock, Series D convertible preferred stock, Series E convertible preferred stock, and Series F convertible preferred stock are entitled to receive dividends at the annual rate of 8% of the original series’ issue price, payable out of funds legally available, prior and in preference to any declaration or payment of any dividend on common stock. No dividends shall be paid on the common stock at a greater rate than that paid on any series of preferred stock. Such dividends shall be payable when, as and if declared by the board of directors and shall be on noncumulative basis. As of December 2021 and 2020, no dividends have been declared or paid by the Company.

**Liquidation preference** – In the event of any liquidation, whether voluntary or involuntary, the holders of Series C convertible preferred stock, Series D convertible preferred stock, Series E convertible preferred stock, and Series F convertible preferred stock shall be entitled to receive, on a pari passu basis, prior and in preference to any distribution of any of the assets of this Company to the holders of Series Seed convertible preferred stock, Series A convertible preferred stock, Series A-1 convertible preferred stock, Series B convertible preferred stock, Series C convertible preferred stock, Series D convertible preferred stock, and Series E convertible preferred stock, an amount equal to the greater of (i) the sum of (x) $1.77674 for each outstanding share of Series C convertible preferred stock, $2.24718 for each outstanding share of Series D convertible preferred stock, $2.2579 for each outstanding share of Series E convertible preferred stock, and $3.342892 for each outstanding share of Series F convertible preferred stock and (y) an amount equal all declared but unpaid dividends on such share or (ii) such amount per share as would have been payable had all shares of Series C convertible preferred stock, Series D convertible preferred stock, Series E convertible preferred stock, and Series F convertible preferred stock, as
applicable, been converted into common stock. If the assets and funds distributed among the holders of the Series C convertible preferred stock, Series D convertible preferred stock, Series E convertible preferred stock, and Series F convertible preferred stock are insufficient to permit payment to such holders of the full preferential amount, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Series C convertible preferred stock, Series D convertible preferred stock, Series E convertible preferred stock, and Series F convertible preferred stock on a pari passu basis in proportion to the preferential amount each such holder is otherwise entitled to receive.

After the payment of the full liquidation preference of the Series C convertible preferred stock, Series D convertible preferred stock, Series E convertible preferred stock and Series F convertible preferred stock, the holders of Series B convertible preferred stock shall be entitled to receive, on a pari passu basis, prior and in preference to any distribution of any of the assets of this Company to the holders of Series Seed convertible preferred stock, Series A convertible preferred stock, Series A-1 convertible preferred stock or common stock by reason of their ownership thereof, an amount per share of Series B convertible preferred stock equal to the greater of (i) the sum of (x) $0.2574 per share for each outstanding share of Series B convertible preferred stock and (y) an amount equal all declared but unpaid dividends on such share or (ii) such amount per share as would have been payable had all shares of Series B convertible preferred stock been converted into common stock. If the remaining assets and funds distributed among the holders of the Series B convertible preferred stock are insufficient to permit payment to such holders of the full preferential amount, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Series B convertible preferred stock in proportion to the preferential amount each such holder is otherwise entitled to receive.

The holders of Series A convertible preferred stock, Series A-1 convertible preferred stock, and Series Seed convertible preferred stock are entitled to receive, on a pari passu basis, prior and in preference to any distribution of any of the assets of the Company to the holders of common stock by reason of their ownership thereof, an amount per share of such series of convertible preferred stock equal to the greater of (i) the sum of (x) (A) $0.11268 for each outstanding share of Series A convertible preferred stock, (B) $0.8443345 for each outstanding share of Series A-1 convertible preferred stock, (C) $0.03396 for each outstanding share of Series Seed convertible preferred stock and (y) an amount equal all declared but unpaid dividends on such share of Series Seed convertible preferred stock, Series A convertible preferred stock or Series A-1 convertible preferred stock, respectively, or (ii) such amount per share as would have been payable had all shares of such series of convertible preferred stock been converted into common stock. If the remaining assets and funds distributed among the holders of the Series A convertible preferred stock, Series A-1 convertible preferred stock, and Series Seed convertible preferred stock are insufficient to permit payment to such holders of the full preferential amount, then the entire remaining assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Series A convertible preferred stock, Series A-1 convertible preferred stock, and Series Seed convertible preferred stock in proportion to the preferential amount each such holder is otherwise entitled to receive.

The Company’s convertible preferred stock is classified outside of stockholders’ equity (deficit) because, in the event of certain “liquidation events” that are not solely within the Company’s control, the shares would become redeemable at the option of the holders. The Company does not adjust the carrying values of the convertible preferred stock to its deemed liquidation values until a liquidation event becomes probable. Subsequent adjustments to increase or decrease the carrying values to the ultimate liquidation values will be made only if and when it becomes probable that such a liquidation event will occur.

Conversion rights – Each share of Series Seed, Series A, Series A-1, Series B, Series C, Series D, Series E, and Series F convertible preferred stock shall be convertible into common stock as determined by dividing the applicable original issue price for the given preferred shares by the applicable conversion price for such series. Series Seed, Series A, Series A-1, Series B, Series C, Series D, Series E, and Series F are convertible at the option of the holder at any time after the date of issuance of such shares, subject to adjustments for events of stock splits, stock dividend, and dilution.

Each share of preferred stock will automatically convert at the conversion rate upon the earlier of (i) the sale of Common Stock in a firm commitment underwritten public offering at a price of not less than $4.49436 per share and aggregate proceeds to the Company of not less than $50,000,000 in the aggregate or (ii) upon receipt of a written request for such conversion from the requisite holders of the then outstanding Series Preferred, or on such other date as is specified in such written request. Any automatic conversion of the preferred stock into common stock that is proposed in connection with a Liquidation Event requires the prior consent from the requisite holders of the outstanding Series Preferred.
Voting Rights – The holder of each share of convertible preferred stock shall have the right to one vote for each share of common stock into which such share of convertible preferred stock could then be converted.

Protective provisions – So long as at least 25% of the originally issued shares of convertible preferred stock are outstanding, the Company shall not take any actions that would affect the rights, preferences, or privileges, change the authorized number of shares of convertible preferred stock or common stock, create or authorize the creation of or issue or obligate itself to issue any notes, debt or debt securities containing equity features, redeem or repurchase any of the Company’s equity securities other than repurchases of terminated employee or consultant shares pursuant to agreements providing for such repurchase, liquidate dissolve or wind-up the business and affairs of the Company, without first obtaining the approval by vote or written consent of a majority of the then outstanding shares of convertible preferred stock.

In the event that the Company issues additional shares of common stock without consideration, or for a consideration per share less than the preferred stock conversion price in effect on the date of and immediately prior to the issuance, the preferred stock conversion price for each series will be reduced to a price determined by multiplying the preferred stock conversion price by a fraction, which is derived by a numerator, which is the number of shares of common stock outstanding immediately prior to the issuance plus the number of shares of common stock that would have been issued if the additional shares were issued at the conversion price prior to issuance, and a denominator, which is the number of shares outstanding immediately prior to the issuance plus the additional shares issued in the transaction.

Upon completion of the IPO in November 2021, all shares of the Company’s convertible preferred stock outstanding, totaling 110,851,103, were automatically converted into an equivalent number of shares of common stock on a one-to-one basis and the corresponding carrying value of $201.5 million was reclassified into stockholders’ equity. As of December 31, 2021, there are no shares of convertible preferred stock issued and outstanding.

Common Stock and Preferred Stock

In connection with the Company’s IPO in November 2021, its Restated Certificate of Incorporation became effective, which authorized the issuance of 2,000,000,000 shares of common stock with a par value of $0.0001 per share and 10,000,000 shares of preferred stock with a par value of $0.0001 per share.

The Company had the following shares of common stock reserved for future issuance (in thousands):

<table>
<thead>
<tr>
<th>Description</th>
<th>December 31, 2021</th>
<th>December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conversion of convertible preferred stock</td>
<td></td>
<td>110,851</td>
</tr>
<tr>
<td>Outstanding stock awards to purchase common stock</td>
<td>25,181</td>
<td>22,814</td>
</tr>
<tr>
<td>Stock awards available for future grants</td>
<td>16,154</td>
<td>2,446</td>
</tr>
<tr>
<td>Shares available for issuance under ESPP</td>
<td>3,100</td>
<td></td>
</tr>
<tr>
<td></td>
<td>44,435</td>
<td>136,111</td>
</tr>
</tbody>
</table>

Repurchases

In February and April 2019, the Company allowed one former consultant and one former employee to sell shares of common stock to the Company. As part of the offer, an aggregate of 525,000 shares of outstanding common stock were purchased from the former consultant and former employee for a total consideration of $1.0 million. The amounts paid in excess of the fair value of common stock at the time of purchase were recorded as stock-based compensation expense. The Company recorded stock-based compensation expense of $0.5 million related to the excess of the selling price of common stock over the fair value of the repurchased shares.

Secondary Sales

In June and July 2019, certain investors acquired 855,102 shares of the Company’s common stock, 236,873 shares of the Company’s Series A-1 convertible preferred stock, and 617,990 shares of the Company’s Series Seed convertible preferred stock from certain executives at purchase prices in excess of the estimated fair value at the time of the transactions (secondary sales). As a result, the Company recorded a total of $0.8 million in stock-based compensation expense for the difference between the price paid by the investor and the estimated fair value on the dates of the
transactions for the year ended December 31, 2019. This expense was recorded as general and administrative expense in the consolidated statements of operations. In connection with these secondary sales of common stock, Series A-1 convertible preferred stock and Series Seed convertible preferred stock the Company either waived or assigned its rights of first refusal or other transfer restrictions applicable to such shares. There was a secondary sale for the year ended December 31, 2020 which did not result in additional stock-based compensation expense.

**Equity Incentive Plan**

In June 2007, the Company adopted the 2007 Equity Incentive Plan (the 2007 Plan). Under the 2007 Plan, the Company originally authorized the issuance of 500,000 shares. In March 2013, the board of directors adopted the 2013 Equity Incentive Plan (the 2013 Plan) and ceased granting awards under the 2007 Plan. Upon the effective date of the suspension of the 2007 Plan, all remaining shares available for issuance under the 2007 Plan became available for issuance under the 2013 Plan and any options that expired or were forfeited automatically become available under the 2013 Plan.

In October 2021, the Company’s board of directors and stockholders approved the adoption of the 2021 Equity Incentive Plan (2021 Plan), which became effective in connection with the IPO. Under the 2021 Plan, 15,700,000 shares of the Company’s common stock are initially reserved for future issuance. Upon the effective date of the 2021 Plan, any remaining shares available for issuance under the Company’s 2013 Plan were added to the shares of the Company’s common stock reserved for issuance under its 2021 Plan, and the Company ceased granting awards under the 2013 Plan. The number of shares reserved for issuance under the 2021 Plan will increase automatically on January 1 of each of the first ten calendar years during the term of the 2021 Plan by the number of shares equal to 5% of the aggregate number of shares of all classes of the Company’s common stock issued and outstanding as of the immediately preceding December 31, or a lesser number as may be determined by the Company's board of directors.

The 2021 Plan authorizes the award of both incentive stock options and nonqualified stock options, as well the award of RSAs, RSUs, stock appreciation rights, and performance and stock bonus awards. Pursuant to the 2021 Plan, incentive stock options may be granted only to employees. The exercise price of an option cannot be less than 100% of the fair value of one share of common stock on the date of grant and the exercise price of any incentive stock option granted to a 10% stockholder cannot be less than 110% of the fair value of one share of common stock on the date of grant. Options are exercisable over periods not to exceed ten years from the date of grant (five years for incentive stock options granted to stockholders owning greater than 10% of all classes). Vesting terms for options is generally four years. The Company may grant all other types of awards to its employees, directors, and consultants.

As of December 31, 2021, 16,153,747 shares of common stock have been reserved for issuance under the 2021 Plan. As of December 31, 2020 and 2019, 2,445,852 and 2,290,374 shares of common stock have been reserved for issuance under the 2013 Plan, respectively.

In October 2021, the Company’s board of directors and stockholders approved the adoption of the 2021 ESPP, which became effective in connection with the IPO. Under the 2021 ESPP, 3,100,000 shares of the Company’s common stock are initially reserved for future issuance. The number of shares reserved for issuance and sale under the 2021 ESPP will increase automatically on January 1 of each of the first ten calendar years during the term of the 2021 ESPP by the number of shares equal to 1% of the aggregate number of shares of all classes of the Company’s common stock issued and outstanding as of the immediately preceding December 31, or a lesser number as may be determined by the Company’s board of directors or compensation committee. Subject to stock splits, recapitalizations, or similar events, no more than 31,000,000 shares of the Company’s common stock may be issued over the term of the 2021 ESPP.

Under the ESPP, eligible employees will be offered the option to purchase shares of the Company’s common stock at a discount over a series of offering periods through accumulated payroll deductions over the period. Each offering period may itself consist of one or more purchase periods. No offering period may be longer than 27 months. The purchase price for shares purchased under the ESPP during any given purchase period will be 85% of the lesser of the fair market value of the Company’s common stock on (i) the first day of the applicable offering period or (ii) the last day of the purchase period.

As of December 31, 2021, 3,100,000 shares of common stock have been reserved for issuance under the ESPP.
The following summary of the stock option activity for the years ended December 31, 2021, 2020 and 2019 is shown collectively for the 2013 Plan and the 2021 Plan (in thousands, except per share data):

<table>
<thead>
<tr>
<th>Options Outstanding</th>
<th>Outstanding Stock options</th>
<th>Weighted-Average Exercise Price</th>
<th>Weighted-Average Remaining Contractual Life (Years)</th>
<th>Aggregate Intrinsic Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of January 1, 2019</td>
<td>15,853</td>
<td>$0.82</td>
<td>7.47</td>
<td>$2,307</td>
</tr>
<tr>
<td>Granted</td>
<td>5,518</td>
<td>1.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>(1,513)</td>
<td>0.74</td>
<td></td>
<td>472</td>
</tr>
<tr>
<td>Forfeited</td>
<td>(1,070)</td>
<td>0.91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expired</td>
<td>(223)</td>
<td>0.78</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of December 31, 2019</td>
<td>18,565</td>
<td>0.89</td>
<td>7.96</td>
<td>3,135</td>
</tr>
<tr>
<td>Granted</td>
<td>7,381</td>
<td>1.28</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>(2,231)</td>
<td>0.85</td>
<td></td>
<td>4,319</td>
</tr>
<tr>
<td>Forfeited</td>
<td>(738)</td>
<td>0.96</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expired</td>
<td>(163)</td>
<td>0.85</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of December 31, 2020</td>
<td>22,814</td>
<td>1.02</td>
<td>7.77</td>
<td>54,082</td>
</tr>
<tr>
<td>Granted</td>
<td>4,362</td>
<td>4.69</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>(3,432)</td>
<td>0.88</td>
<td></td>
<td>31,623</td>
</tr>
<tr>
<td>Forfeited</td>
<td>(863)</td>
<td>2.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expired</td>
<td>(191)</td>
<td>0.89</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of December 31, 2021</td>
<td>22,690</td>
<td>$1.71</td>
<td>7.56</td>
<td>$153,883</td>
</tr>
<tr>
<td>Vested and exercisable:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>December 31, 2021</td>
<td>11,917</td>
<td>$0.96</td>
<td>6.66</td>
<td>$88,893</td>
</tr>
<tr>
<td>December 31, 2020</td>
<td>10,015</td>
<td>0.86</td>
<td>6.45</td>
<td>25,377</td>
</tr>
</tbody>
</table>

The weighted-average grant date fair value of options granted during the years ended December 31, 2021, 2020 and 2019 was $4.24, $0.89 and $0.48, respectively.

The following table summarizes the RSA and RSU activities (in thousands, except per share data):

<table>
<thead>
<tr>
<th>Restricted Stock Awards</th>
<th>Restricted Stock Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Shares</td>
<td>Weighted-Average Grant Date Fair Value</td>
</tr>
<tr>
<td>Balance as of December 31, 2020</td>
<td>—</td>
</tr>
<tr>
<td>Granted</td>
<td>9</td>
</tr>
<tr>
<td>Vested</td>
<td>(9)</td>
</tr>
<tr>
<td>Balance as of December 31, 2021</td>
<td>—</td>
</tr>
</tbody>
</table>

There was no RSA and RSU activity during the years ended December 31, 2020 and 2019.

From time to time, the Company has granted restricted stock awards to certain third-party service providers in exchange for their services. During the year ended December 31, 2021, the Company granted restricted stock awards of 9,434 shares with a weighted average grant date fair value of $4.36 per share, which were fully vested at the time of grant. The aggregate grant-date fair value of restricted stock awards vested is immaterial for year ended December 31, 2021.

During the year ended December 31, 2021, the Company began granting RSUs to its employees and directors. These RSUs generally vest upon the satisfaction of a service-based vesting condition with a vesting period of generally four years. In September 2021, the Company granted RSUs settleable for 2,490,942 shares of its common stock with a weighted average grant date fair value of $16.11 per share, which will vest based upon the satisfaction of both a service-based condition and a liquidity event-based condition. The Company recognized compensation expense for these RSUs using an
accelerated attribution method beginning in November 2021 when the liquidity event-based vesting condition applicable to these RSUs was satisfied upon the effectiveness of the Company’s IPO. The Company recognized stock-based compensation expense of $5.3 million associated with these RSUs for the year ended December 31, 2021.

**Stock-Based Compensation**

The assumptions used under the Black-Scholes option pricing model to calculate the estimated fair value of stock options granted to employees are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Fair value of common stock</td>
<td>$3.88—$17.04</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>0.94%—1.35%</td>
</tr>
<tr>
<td>Expected term (years)</td>
<td>5.73—6.08</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>54.04%—56.82%</td>
</tr>
<tr>
<td>Expected dividend yield</td>
<td>None</td>
</tr>
</tbody>
</table>

Assumptions used in valuing non-employee stock options are generally consistent with those used for employee stock options. The total non-employee stock-based compensation is immaterial.

The following table summarizes the assumptions used to calculate the estimated fair value of stock purchase rights granted under the ESPP for the initial offering period using the Black-Scholes option pricing model:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Fair value of common stock</td>
<td>$8.48</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>0.09%—0.54%</td>
</tr>
<tr>
<td>Expected term (years)</td>
<td>0.46—1.95</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>42.50%—58.22%</td>
</tr>
<tr>
<td>Expected dividend yield</td>
<td>None</td>
</tr>
</tbody>
</table>

The weighted average grant date fair value of stock purchase rights granted under the ESPP during the year ended December 31, 2021 was $2.73 per share.

The total stock-based compensation expense by line item in the accompanying consolidated statements of operations is summarized as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Cost of revenue:</td>
<td></td>
</tr>
<tr>
<td>Subscription</td>
<td>$123</td>
</tr>
<tr>
<td>Professional services</td>
<td>362</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>3,599</td>
</tr>
<tr>
<td>Research and development</td>
<td>1,891</td>
</tr>
<tr>
<td>General and administrative</td>
<td>6,250</td>
</tr>
<tr>
<td>Total stock-based compensation expense</td>
<td>$12,225</td>
</tr>
</tbody>
</table>

As of December 31, 2021 and 2020, the unrecognized stock-based compensation expense related to outstanding unvested stock options was $19.9 million and $7.3 million, respectively, which is expected to be recognized over a weighted-average period of 2.4 years and 2.6 years, respectively. The total fair value of stock options vested during the years ended December 31, 2021, 2020 and 2019 was $3.4 million, $2.4 million and $1.9 million, respectively.

As of December 31, 2021, unrecognized stock-based compensation expense related to outstanding RSUs was $34.7 million which is expected to be recognized over the remaining weighted-average vesting period of approximately 3.9 years.
As of December 31, 2021, unrecognized stock-based compensation expense related to outstanding stock purchase rights granted under the ESPP was $2.3 million which is expected to be recognized over 1.9 years.

10. Income Taxes

The loss before provision for income taxes by U.S. and foreign jurisdictions consisted of the following (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>United States</td>
<td>$ (53,122)</td>
<td>$ (34,491)</td>
<td>$ (19,983)</td>
</tr>
<tr>
<td>Foreign</td>
<td>2,923</td>
<td>1,408</td>
<td>498</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ (50,199)</strong></td>
<td><strong>$ (33,083)</strong></td>
<td><strong>$ (19,485)</strong></td>
</tr>
</tbody>
</table>

The provision for income taxes consisted of the following (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Current provision:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>$ —</td>
<td>$ —</td>
<td>$ —</td>
</tr>
<tr>
<td>State</td>
<td>45</td>
<td>17</td>
<td>1</td>
</tr>
<tr>
<td>Foreign</td>
<td>150</td>
<td>728</td>
<td>81</td>
</tr>
<tr>
<td><strong>Total current provision for income taxes</strong></td>
<td><strong>195</strong></td>
<td><strong>745</strong></td>
<td><strong>82</strong></td>
</tr>
<tr>
<td>Deferred provision:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>State</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Foreign</td>
<td>327</td>
<td>155</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total deferred provision for income taxes</strong></td>
<td><strong>327</strong></td>
<td><strong>155</strong></td>
<td>—</td>
</tr>
<tr>
<td><strong>Provision for income taxes</strong></td>
<td><strong>$ 522</strong></td>
<td><strong>$ 900</strong></td>
<td><strong>$ 82</strong></td>
</tr>
</tbody>
</table>

The effective income tax rate differs from the federal statutory income tax rate applied to the loss before income taxes due to the following (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Tax computed at U.S. federal statutory rate</td>
<td>$ (10,543)</td>
<td>$ (6,931)</td>
<td>$ (4,111)</td>
</tr>
<tr>
<td>State taxes, net of federal benefit</td>
<td>45</td>
<td>17</td>
<td>1</td>
</tr>
<tr>
<td>Tax rate differential for international subsidiaries</td>
<td>(205)</td>
<td>137</td>
<td>(11)</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>(696)</td>
<td>365</td>
<td>514</td>
</tr>
<tr>
<td>Tax credits</td>
<td>(1,176)</td>
<td>(769)</td>
<td>(1,646)</td>
</tr>
<tr>
<td>Change in valuation allowance</td>
<td>13,240</td>
<td>7,878</td>
<td>5,347</td>
</tr>
<tr>
<td>Other</td>
<td>(143)</td>
<td>203</td>
<td>(12)</td>
</tr>
<tr>
<td><strong>Provision for income taxes</strong></td>
<td><strong>$ 522</strong></td>
<td><strong>$ 900</strong></td>
<td><strong>$ 82</strong></td>
</tr>
</tbody>
</table>
Significant components of the Company’s deferred tax assets are shown below (in thousands). A valuation allowance has been recognized to offset the Company’s deferred tax assets, as necessary, by the amount of any tax benefits that, based on evidence, are not expected to be realized.

<table>
<thead>
<tr>
<th>December 31,</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net operating loss carryforwards</td>
<td>$42,995</td>
<td>$30,463</td>
</tr>
<tr>
<td>Credit carryforwards</td>
<td>3,633</td>
<td>2,436</td>
</tr>
<tr>
<td>Accruals and others</td>
<td>2,584</td>
<td>3,295</td>
</tr>
<tr>
<td>Stock based compensation</td>
<td>3,047</td>
<td>98</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>4,354</td>
<td>—</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,051</td>
<td>699</td>
</tr>
<tr>
<td>Gross deferred tax assets</td>
<td>$57,664</td>
<td>$36,991</td>
</tr>
<tr>
<td>Less valuation allowance</td>
<td>(49,089)</td>
<td>(33,774)</td>
</tr>
<tr>
<td>Total deferred tax assets</td>
<td>$8,575</td>
<td>$3,217</td>
</tr>
<tr>
<td>Deferred tax liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred commission</td>
<td>$(5,094)</td>
<td>$(3,217)</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>(3,915)</td>
<td>—</td>
</tr>
<tr>
<td>Intangibles</td>
<td>—</td>
<td>(104)</td>
</tr>
<tr>
<td>Gross deferred tax liabilities</td>
<td>$(9,009)</td>
<td>$(3,321)</td>
</tr>
<tr>
<td>Net deferred tax liabilities</td>
<td>$(434)</td>
<td>$(104)</td>
</tr>
</tbody>
</table>

The Company maintains a full valuation allowance against its U.S. deferred tax assets as of December 31, 2021. It regularly assesses the need for a valuation allowance against its net deferred tax assets. In making that assessment, the Company considers both positive and negative evidence related to the likelihood of realization of the deferred tax assets to determine, based on the weight of available evidence, whether it is more likely than not that some or all of the deferred tax assets will not be realized. Due to cumulative losses over recent years and based on all available evidence, the Company has determined that it is more likely than not that its U.S. deferred tax assets will not be realized as of December 31, 2021. The change in valuation allowance for the year ended December 31, 2021 is primarily attributable to increases in current year net operating loss carryforwards of $12.5 million and tax credits of $1.2 million.

The Company has elected to record taxes associated with its Global Intangible Low-Taxed Income as period costs if and when incurred.

At December 31, 2021, the Company has total net operating loss carryforwards (NOLs) of $174.5 million for federal income tax purposes, of which $70.5 million begin to expire in 2028 and $104.1 million that have no expiration date and federal research tax credits of approximately $4.6 million that begin to expire in 2032. The Company also has state NOLs of $102.4 million that begin to expire in 2029, and state research tax credits of approximately $1.9 million that have no expiration date. Utilization of the NOLs and tax credit carryforwards may be subject to an annual limitation due to the ownership change provisions of U.S. tax law, as defined in Section 382 and 383 of the Internal Revenue Code of 1986, as amended (the Code), and similar state provisions. The annual limitation may result in the expiration of NOLs and credits before use. The analysis concluded that the Company has experienced ownership changes since inception and that its utilization of NOL and R&D credit carryforwards will be subject to annual limitations. These ownership changes resulted in the expiration of immaterial net operating loss and credit carryforwards prior to utilization. The limitation on the Company’s use of net operating loss and credit carryforwards could reduce the Company’s ability to use a portion of the tax attributes to offset future taxable income.

The Company has not recorded a provision for deferred U.S. tax expense that could result from the remittance of foreign undistributed earnings since the Company intends to reinvest the earnings of the foreign subsidiaries indefinitely. The Company’s share of the undistributed earnings of foreign corporations not included in its consolidated federal income tax returns that could be subject to additional U.S. income tax if remitted is immaterial. As of December 31, 2021, the amount of unrecognized U.S. federal deferred income tax liability for undistributed earnings is immaterial.
A reconciliation of the beginning and ending balance of total unrecognized tax benefits during 2021, 2020 and 2019 is as follows (in thousands):

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of period</td>
<td>$2,756</td>
<td>$2,106</td>
<td>—</td>
</tr>
<tr>
<td>Tax positions taken in prior periods:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross increases</td>
<td>—</td>
<td>—</td>
<td>1,978</td>
</tr>
<tr>
<td>Tax positions taken in current periods:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross increases</td>
<td>322</td>
<td>650</td>
<td>128</td>
</tr>
<tr>
<td>Balance, end of period</td>
<td>$3,078</td>
<td>$2,756</td>
<td>$2,106</td>
</tr>
</tbody>
</table>

As of December 31, 2021, the Company had gross unrecognized tax benefits of $3.1 million, of which $0.4 million would impact the effective tax rate, if recognized. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. Accrued interest and penalties included in the Company’s liability related to unrecognized tax benefits were zero at December 31, 2021. The amount of unrecognized tax benefits could be reduced upon expiration of the applicable statutes of limitations. Interest and penalties accrued on these uncertain tax positions are recognized as income tax expense and will be released upon the expiration of the statutes of limitations. These amounts are immaterial for the periods presented.

The Company is subject to taxation in the United States and foreign jurisdictions. As of December 31, 2021, the Company’s tax years starting from 2008 remain subject to future examination.

There are differing interpretations of tax laws and regulations, and as a result, disputes may arise with tax authorities involving issues of the timing and amount of deductions and allocations of income among various tax jurisdictions. The Company periodically evaluates its exposures associated with its tax filing positions. The Company believes that adequate amounts have been reserved for any adjustments that may ultimately result from these examinations, and the Company does not anticipate a significant impact to its gross unrecognized tax benefits within the next 12 months related to these years.

Governments in certain countries where the Company does business have enacted legislation in response to the COVID-19 pandemic, including the Coronavirus Aid, Relief, and Economic Security Act enacted by the United States on March 27, 2020. The legislative developments were not material for the years ended December 31, 2021 and 2020.

11. Net Loss Per Share

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders for the periods presented (in thousands, except share and per share data):

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numerator:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss attributable to common stockholders, basic and diluted</td>
<td>$ (50,721)</td>
<td>$ (33,983)</td>
<td>$ (19,567)</td>
</tr>
<tr>
<td>Denominator:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted</td>
<td>33,841</td>
<td>16,210</td>
<td>14,954</td>
</tr>
<tr>
<td>Net loss per share attributable to common stockholders, basic and diluted</td>
<td>$ (1.50)</td>
<td>$ (2.10)</td>
<td>$ (1.31)</td>
</tr>
</tbody>
</table>
The potential shares of common stock that were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been antidilutive are as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Convertible preferred shares</td>
<td>—</td>
</tr>
<tr>
<td>Options and RSUs issued and outstanding</td>
<td>25,181</td>
</tr>
<tr>
<td>ESPP</td>
<td>15</td>
</tr>
<tr>
<td>Total antidilutive securities</td>
<td>25,196</td>
</tr>
</tbody>
</table>

For each of the periods presented where the Company reported a net loss, the effect of all potentially dilutive securities would be antidilutive, and as a result diluted net loss per common share is the same as basic net loss per common share.

12. Employee Benefit Plans

The Company maintains a retirement savings plan, established pursuant to Section 401(k) of the Code. Participants may contribute up to applicable annual Code limits. The plan allows the Company to make matching contributions to eligible participants. The Company provided a matching contribution up to 4% of eligible participants’ compensation for the years ended December 31, 2021, 2020 and 2019. The plan provides for automatic salary deferrals of 5% of compensation each year. Participants are permitted to change their salary deferral percentage and waive the automatic deferral provision. All participants’ deferrals, rollovers and matching contributions are 100% vested when contributed. The Company recognized $2.9 million, $2.3 million and $1.8 million in expenses related to the 401(k) match for the years ended December 31, 2021, 2020 and 2019, respectively.
Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, 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 Annual Report on Form 10-K. 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. In designing and evaluating our disclosure controls and procedures, our management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable assurance that the objectives of the disclosure controls and procedures are met. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures were effective at the reasonable assurance level.

Management’s Report on Internal Control over Financial Reporting

This Annual Report on Form 10-K does not include a report of management’s assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm due to a transition period established by the rules of the SEC for newly public companies.

Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2021, we completed a series of changes to our information technology environment, including the implementation of certain critical new systems associated with procurement, supplier management and payment, financial ERP and other applications. Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we have evaluated any changes in our internal control over financial reporting that occurred during the fourth quarter of 2021, including changes resulting from the implementation of new systems as described above, and have concluded that there were no changes to our internal control over financial reporting that materially affect, 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.

Item 9B. Other Information

None.
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspection

Not applicable.
Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated by reference to the definitive Proxy Statement for the 2022 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2021.

Item 11. Executive Compensation

The information required by this item is incorporated by reference to the definitive Proxy Statement for the 2022 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2021.

Item 12. Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters

The information required by this item is incorporated by reference to the definitive Proxy Statement for the 2022 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2021.

Item 13. Certain Relationships and Related Party Transactions

The information required by this item is incorporated by reference to the definitive Proxy Statement for the 2022 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2021.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated by reference to the definitive Proxy Statement for the 2022 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2021.
Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this Annual Report on Form 10-K:

(a) Consolidated Financial Statements

The consolidated financial statements are listed in the “Index to Consolidated Financial Statements” under Part II, Item 8 of this Annual Report on Form 10-K.

(b) Financial Statement Schedules

The financial statement schedules are omitted because they are either not applicable or the information required is presented in the consolidated financial statements and notes thereto.

(c) Exhibits

The exhibits listed in the following Exhibit Index are filed, furnished, or incorporated by reference as part of this Annual Report on Form 10-K.

<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Description of Document</th>
<th>Form</th>
<th>File No.</th>
<th>Exhibit</th>
<th>Filing Date</th>
<th>Filed Herewith</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Restated Certificate of Incorporation.</td>
<td></td>
<td></td>
<td>3.1</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>3.2</td>
<td>Restated Bylaws.</td>
<td></td>
<td></td>
<td>3.2</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>4.1</td>
<td>Form of Common Stock certificate.</td>
<td>S-1/A</td>
<td>333-260224</td>
<td>4.1</td>
<td>11/8/2021</td>
<td></td>
</tr>
<tr>
<td>4.2</td>
<td>Amended and Restated Investors’ Rights Agreement, dated February 20, 2020, by and among the Registrant and certain security holders of the Registrant</td>
<td>S-1</td>
<td>333-260224</td>
<td>4.2</td>
<td>10/13/2021</td>
<td></td>
</tr>
<tr>
<td>4.3</td>
<td>Description of Common Stock. Registered Under Section 12 of the Securities Exchange Act of 1934, as amended</td>
<td></td>
<td></td>
<td>4.3</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>10.1+</td>
<td>Form of Indemnity Agreement between the Registrant and each of its directors and executive officers</td>
<td>S-1</td>
<td>333-260224</td>
<td>10.1</td>
<td>10/13/2021</td>
<td></td>
</tr>
<tr>
<td>10.2+</td>
<td>2013 Equity Incentive Plan and forms of equity agreements thereunder.</td>
<td>S-1</td>
<td>333-260224</td>
<td>10.2</td>
<td>10/13/2021</td>
<td></td>
</tr>
<tr>
<td>10.3+</td>
<td>2021 Equity Incentive Plan and forms of award agreements.</td>
<td>S-1</td>
<td>333-260224</td>
<td>10.3</td>
<td>10/13/2021</td>
<td></td>
</tr>
<tr>
<td>10.4+</td>
<td>2021 Employee Stock Purchase Plan and form of subscription agreement.</td>
<td>S-1</td>
<td>333-260224</td>
<td>10.4</td>
<td>10/13/2021</td>
<td></td>
</tr>
<tr>
<td>10.5+</td>
<td>Change in Control and Severance Agreement, dated November 1, 2021, by and between the Registrant and Andy MacMillan</td>
<td>S-1/A</td>
<td>333-260224</td>
<td>10.5</td>
<td>11/8/2021</td>
<td></td>
</tr>
<tr>
<td>10.6+</td>
<td>Change in Control and Severance Agreement, dated November 1, 2021, by and between the Registrant and David A. Satterwhite</td>
<td>S-1/A</td>
<td>333-260224</td>
<td>10.6</td>
<td>11/8/2021</td>
<td></td>
</tr>
<tr>
<td>10.7+</td>
<td>Change in Control and Severance Agreement, dated November 1, 2021, by and between the Registrant and Jon Pexton</td>
<td>S-1/A</td>
<td>333-260224</td>
<td>10.7</td>
<td>11/8/2021</td>
<td></td>
</tr>
<tr>
<td>10.8+</td>
<td>Confirmatory Offer Letter, dated November 1, 2021, by and between the Registrant and Andy MacMillan</td>
<td>S-1/A</td>
<td>333-260224</td>
<td>10.8</td>
<td>11/8/2021</td>
<td></td>
</tr>
<tr>
<td>10.9+</td>
<td>Confirmatory Offer Letter, dated November 1, 2021, by and between the Registrant and David A. Satterwhite</td>
<td>S-1/A</td>
<td>333-260224</td>
<td>10.9</td>
<td>11/8/2021</td>
<td></td>
</tr>
<tr>
<td>10.10+</td>
<td>Confirmatory Offer Letter, dated November 1, 2021, by and between the Registrant and Jon Pexton</td>
<td>S-1/A</td>
<td>333-260224</td>
<td>10.10</td>
<td>11/8/2021</td>
<td></td>
</tr>
<tr>
<td>10.11+</td>
<td>Independent Director Compensation Policy.</td>
<td>S-1</td>
<td>333-260224</td>
<td>10.11</td>
<td>10/13/2021</td>
<td></td>
</tr>
<tr>
<td>10.13+</td>
<td>Loan and Security Agreement, dated January 12, 2018, by and between the Registrant and Western Alliance Bank, as amended</td>
<td>S-1</td>
<td>333-260224</td>
<td>10.13</td>
<td>10/13/2021</td>
<td></td>
</tr>
<tr>
<td>10.14+</td>
<td>Lease Agreement, dated as of April 13, 2020, by and between Soma Hub LLC and the Registrant</td>
<td>S-1</td>
<td>333-260224</td>
<td>10.14</td>
<td>10/13/2021</td>
<td></td>
</tr>
</tbody>
</table>

+ Indicates management contract or compensatory plan.

* The certifications furnished in Exhibits 32.1 and 32.2 that accompany this Annual Report on Form 10-K are not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (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 of 1933, as amended, or the Exchange Act, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

Item 16. Form 10-K Summary

None.
SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 4, 2022

UserTesting, Inc.

By: /s/ Andrew MacMillan

Name: Andrew MacMillan

Title: Chief Executive Officer

(Principal Executive Officer)
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andrew MacMillan and Jon Pexton, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution and resubstitution, for such individual in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or the individual’s substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>/s/ Andrew MacMillan</td>
<td>President, Chief Executive Officer and Chairman</td>
<td>March 4, 2022</td>
</tr>
<tr>
<td>Andrew MacMillan</td>
<td>(Principal Executive Officer)</td>
<td></td>
</tr>
<tr>
<td>/s/ Jon Pexton</td>
<td>Chief Financial Officer (Principal Financial Officer)</td>
<td>March 4, 2022</td>
</tr>
<tr>
<td>Jon Pexton</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Sabrina Mekhalfa</td>
<td>Chief Accounting Officer (Principal Accounting Officer)</td>
<td>March 4, 2022</td>
</tr>
<tr>
<td>Sabrina Mekhalfa</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Darrell Benatar</td>
<td>Director</td>
<td>March 4, 2022</td>
</tr>
<tr>
<td>Darrell Benatar</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Andrew Braccia</td>
<td>Director</td>
<td>March 4, 2022</td>
</tr>
<tr>
<td>Andrew Braccia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Tatyana Mamut</td>
<td>Director</td>
<td>March 4, 2022</td>
</tr>
<tr>
<td>Tatyana Mamut</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Shannon Nash</td>
<td>Director</td>
<td>March 4, 2022</td>
</tr>
<tr>
<td>Shannon Nash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Cynthia Russo</td>
<td>Director</td>
<td>March 4, 2022</td>
</tr>
<tr>
<td>Cynthia Russo</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Alexander Wong</td>
<td>Director</td>
<td>March 4, 2022</td>
</tr>
<tr>
<td>Alexander Wong</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
USERTESTING, INC.
RESTATED CERTIFICATE OF INCORPORATION

UserTesting, Inc., a Delaware corporation, hereby certifies as follows:

1. The name of this corporation is “UserTesting, Inc.” The date of the filing of its original Certificate of Incorporation with the Secretary of State of the State of Delaware was April 13, 2021.

2. The Restated Certificate of Incorporation of this corporation attached hereto as Exhibit A, which is incorporated herein by this reference, and which restates, integrates and further amends the provisions of the Certificate of Incorporation of this corporation, as previously amended and/or restated, has been duly adopted by this corporation’s Board of Directors and by the stockholders in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, with the approval of this corporation’s stockholders having been given by written consent without a meeting in accordance with Section 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, this corporation has caused this Restated Certificate of Incorporation to be signed by its duly authorized officer and the foregoing facts stated herein are true and correct.

Dated: November 19, 2021

By: /s/ Andy MacMillan
Andy MacMillan
President, Chief Executive Officer and Chairman
EXHIBIT A
USERTESTING, INC.
RESTATED CERTIFICATE OF INCORPORATION

ARTICLE I: NAME
The name of the corporation is UserTesting, Inc. (the “Corporation”).

ARTICLE II: AGENT FOR SERVICE OF PROCESS
The address of the Corporation’s registered office in the State of Delaware is 251 Little Falls Drive, City of Wilmington, County of New Castle, Delaware 19808, and the name of the registered agent of the Corporation in the State of Delaware at such address is Corporation Service Company.

ARTICLE III: PURPOSE
The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the “General Corporation Law”).

ARTICLE IV: AUTHORIZED STOCK
1. **Total Authorized.** The total number of shares of all classes of stock that the Corporation has authority to issue is 2,010,000,000 shares, consisting of two classes: 2,000,000,000 shares of Common Stock, $0.0001 par value per share (the “Common Stock”), and 10,000,000 shares of Preferred Stock, $0.0001 par value per share (the “Preferred Stock”).

2. **Preferred Stock.**

   2.1. The Board of Directors of the Corporation (the “Board”) is authorized, subject to any limitations prescribed by the law of the State of Delaware, by resolution or resolutions adopted from time to time, to provide for the issuance of shares of Preferred Stock in one or more series, and, by filing a certificate of designation pursuant to the applicable law of the State of Delaware ("Certificate of Designation"), to establish from time to time the number of shares to be included in each such series, to fix the designation, vesting, powers (including voting powers), preferences and relative, participating, optional or other special rights (and the qualifications, limitations or restrictions thereof) of the shares of each such series and, except where otherwise provided in the applicable Certificate of Designation, to increase (but not above the total number of authorized shares of the Preferred Stock) or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of two-thirds of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of the provisions of Section
242(b)(2) of the General Corporation Law, unless a separate vote of the holders of one or more series is required pursuant to the terms of any Certificate of Designation; provided, however, that if two-thirds of the Whole Board (as defined below) has approved such increase or decrease of the number of authorized shares of Preferred Stock, then only the affirmative vote of the holders of a majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, without a separate vote of the holders of the Preferred Stock (unless a separate vote of the holders of one or more class or series is required pursuant to the terms of any Certificate of Designation), shall be required to effect such increase or decrease. For purposes of this Restated Certificate of Incorporation (as the same may be amended and/or restated from time to time, including pursuant the terms of any Certificate of Designation designating a series of Preferred Stock, this “Certificate of Incorporation”), the term “Whole Board” shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships.

2.2 Except as otherwise expressly provided in this Restated Certificate (including any Certificate of Designation designating any series of Preferred Stock pursuant to the foregoing provisions of this Article IV), (i) any new series of Preferred Stock may be designated, fixed and determined as provided herein by the Board without approval of the holders of Common Stock or the holders of Preferred Stock, or any series thereof, and (ii) any such new series may have powers, preferences and rights, including, without limitation, voting powers, dividend rights, liquidation rights, redemption rights and conversion rights, senior to, junior to or pari passu with the rights of the Common Stock, any series of the Preferred Stock or any future class or series of capital stock of the Corporation.

3. **Common Stock.** Each outstanding share of Common Stock shall entitle the holder thereof to one vote on each matter properly submitted to the stockholders of the Corporation for their vote; provided, however, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding class or series of Preferred Stock if the holders of such affected class or series are entitled, either separately or together as a class with the holders of one or more other such class or series, to vote thereon pursuant to this Certificate of Incorporation.

**ARTICLE V: AMENDMENT OF BYLAWS**

The Board shall have the power to adopt, amend or repeal the Bylaws of the Corporation (as the same may be amended and/or restated from time to time, the “Bylaws”). Any adoption, amendment or repeal of the Bylaws by the Board shall require the approval of a majority of the Whole Board. The stockholders shall also have power to adopt, amend or repeal the Bylaws; provided, however, that, notwithstanding any other provision of this Certificate of Incorporation or any provision of law that might otherwise permit a lesser or no vote, but in addition to any vote of the holders of any class or series of stock of the Corporation required by applicable law or by this Certificate of Incorporation, the affirmative vote of the holders of at least two-thirds of
the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required for the stockholders to adopt, amend or repeal any provision of the Bylaws; provided, further, that, in the case of any proposed adoption, amendment or repeal of any provisions of the Bylaws that is approved by at least two-thirds of the Whole Board and submitted to the stockholders for adoption thereby, only the affirmative vote of the holders of a majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote thereon, voting together as a single class (in addition to any vote of the holders of any class or series of stock of the Corporation required by applicable law or this Certificate of Incorporation), shall be required to adopt, amend or repeal any such provision of the Bylaws.

ARTICLE VI: MATTERS RELATING TO THE BOARD OF DIRECTORS

1. **Director Powers.** Except as otherwise provided by the General Corporation Law or this Certificate of Incorporation, the business and affairs of the Corporation shall be managed by or under the direction of the Board.

2. **Number of Directors.** Subject to the special rights of the holders of any class or series of Preferred Stock to elect additional directors under specified circumstances, the total number of directors constituting the Whole Board shall be fixed from time to time exclusively by resolution adopted by the affirmative vote of a majority of the Whole Board.

3. **Classified Board.** Subject to the special rights of the holders of one or more class or series of Preferred Stock to elect directors, the directors shall be divided, with respect to the time for which they severally hold office, into three classes designated as Class I, Class II and Class III, respectively (the “Classified Board”). The Board is authorized to assign members of the Board already in office to such classes of the Classified Board. The initial term of office of the Class I directors shall expire at the Corporation’s first annual meeting of stockholders following the closing of the Corporation’s initial public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the “Securities Act”), covering the offer and sale of Common Stock to the public (the “Initial Public Offering Closing”), the initial term of office of the Class II directors shall expire at the Corporation’s second annual meeting of stockholders following the Initial Public Offering Closing, and the initial term of office of the Class III directors shall expire at the Corporation’s third annual meeting of stockholders following the Initial Public Offering Closing. At each succeeding annual meeting of stockholders following the Initial Public Offering Closing, directors elected to succeed those directors of the class whose terms then expire shall be elected for a term of office expiring at the third succeeding annual meeting of stockholders after their election.

4. **Term and Removal.** Each director shall hold office until the annual meeting at which such director’s term expires and until such director’s successor is duly elected and qualified, or until such director’s earlier death, resignation, disqualification or removal. Any director may resign at any time upon notice to the Corporation given in writing or by any electronic transmission. Subject to the special rights of the holders of any class or series of Preferred Stock, no director may be removed from the Board except for cause and only by the affirmative vote of the holders of at least two-thirds of the voting power of all of the then-
outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class. No decrease in the number of directors constituting the Board shall shorten the term of any director.

5. **Board Vacancies and Newly Created Directorships.** Subject to the special rights of the holders of any class or series of Preferred Stock, any vacancy occurring in the Board for any cause, and any newly created directorship resulting from any increase in the authorized number of directors, shall be filled only by the affirmative vote of a majority of the directors then in office, even if less than a quorum, or by a sole remaining director, and shall not be filled by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class to which the director has been assigned expires and until such director’s successor shall have been duly elected and qualified, or until such director’s earlier death, resignation, disqualification or removal.

6. **Determination of Ambiguity.** In case of an ambiguity in the application of any provision set forth in Sections 2, 3, 4, 5 or 6 of this Article VI or in the meaning of any term or definition set forth in this Sections 2, 3, 4, 5 or 6 of this Article VI (including any such term used in any other provision of this Certificate of Incorporation), the Board, or a committee thereof, shall have the power to determine, in its sole discretion, the application of any such provision or any such term or definition with respect to any situation based on the facts believed in good faith by it. A determination of the Board (or a committee thereof, as applicable) in accordance with the preceding sentence shall be conclusive and binding on the stockholders of the Corporation. Such determination shall be evidenced in a writing adopted by the Board (or a committee thereof, as applicable), and such writing shall be made available for inspection by any holder of capital stock of the Corporation at the principal executive offices of the Corporation.

7. **Vote by Ballot.** Election of directors need not be by written ballot unless the Bylaws shall so provide.

**ARTICLE VII: DIRECTOR LIABILITY**

1. **Limitation of Liability.** To the fullest extent permitted by law, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. Without limiting the effect of the preceding sentence, if the General Corporation Law is hereafter amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law, as so amended.

2. **Change in Rights.** Neither any amendment nor repeal of this Article VII, nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article VII, shall eliminate, reduce or otherwise adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such amendment, repeal or adoption of such an inconsistent provision.
ARTICLE VIII: MATTERS RELATING TO STOCKHOLDERS

1. **No Action by Written Consent of Stockholders.** Subject to the rights of any series of Preferred Stock then outstanding, no action shall be taken by the stockholders of the Corporation except at a duly called annual or special meeting of stockholders and no action shall be taken by the stockholders of the Corporation by written consent in lieu of a meeting.

2. **Special Meeting of Stockholders.** Special meetings of the stockholders of the Corporation may be called only by the Chairperson of the Board, the Chief Executive Officer of the Corporation, the Lead Independent Director (as defined in the Bylaws), the President of the Corporation, or the Board acting pursuant to a resolution adopted by a majority of the Whole Board and may not be called by the stockholders or any other person or persons.

3. **Advance Notice of Stockholder Nominations and Business Transacted at Special Meetings.** Advance notice of stockholder nominations for the election of directors of the Corporation and of business to be brought by stockholders before any meeting of stockholders of the Corporation shall be given in the manner provided in the Bylaws. Business transacted at special meetings of stockholders shall be limited to the purpose or purposes stated in the notice of meeting.

ARTICLE IX: SEVERABILITY

If any provision of this Certificate of Incorporation shall be held to be invalid, illegal, or unenforceable, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of this Certificate of Incorporation (including without limitation, all portions of any section of this Certificate of Incorporation containing any such provision held to be invalid, illegal, or unenforceable, which is not invalid, illegal, or unenforceable) shall remain in full force and effect.

ARTICLE X: AMENDMENT OF CERTIFICATE OF INCORPORATION

The Corporation reserves the right to amend or repeal any provision contained in this Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; provided, however, that, notwithstanding any provision of this Certificate of Incorporation (including any Certificate of Designation) or any provision of law that might otherwise permit a lesser vote or no vote (but subject to Section 2 of Article IV hereof), but in addition to any vote of the holders of any class or series of the stock of the Corporation required by law or by this Certificate of Incorporation (including any Certificate of Designation), and subject to Sections 1 and 2.1 of Article IV, the affirmative vote of the holders of at least two-thirds of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required to amend or repeal, or adopt any provision inconsistent with this Certificate of Incorporation; provided further, that if two-thirds of the Whole Board has approved such amendment or repeal of, or adoption of any provision inconsistent with, the provisions of this Certificate of Incorporation, then only the affirmative vote of the holders of a majority of the voting power of all of the then-outstanding shares of the capital stock of the
Corporation entitled to vote thereon, voting together as a single class (in addition to any other vote of the holders of any class or series of stock of the Corporation required by law or by this Certificate of Incorporation), shall be required to amend or repeal, or adopt any provision inconsistent with, the provisions of this Certificate of Incorporation.

ARTICLE XI: CHOICE OF FORUM; EXCLUSIVE FORUM

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of the Corporation; (ii) any action asserting a claim that is based upon a breach of a fiduciary duty owed by, or other wrongdoing by, any current or former director, officer, stockholder, employee or agent of the Corporation to the Corporation or the Corporation’s stockholders; (iii) any action asserting a claim against the Corporation or any current or former director, officer, stockholder, employee or agent of the Corporation arising pursuant to any provision of the General Corporation Law, this Restated Certificate of Incorporation or the Bylaws or as to which the General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware; (iv) any action to interpret, apply, enforce or determine the validity of this Restated Certificate of Incorporation or the Bylaws; (v) any action asserting a claim against the Corporation governed by the internal affairs doctrine; or (vi) any action asserting an “internal corporate claim” as that term is defined in Section 115 of the General Corporation Law. Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, or any successor thereto, or, to the fullest extent permitted by law, under the Exchange Act, or any successor thereto. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article XI. Failure to enforce the foregoing provisions of this Article XI would cause the Corporation irreparable harm, and the Corporation shall be entitled to equitable relief, including injunctive relief and specific performance, to enforce the foregoing provisions.

* * * * * * * * * * *
Exhibit 3.2

USERTESTING, INC.
(a Delaware corporation)

RESTATED BYLAWS

As Adopted October 21, 2021 and

As Effective November 19, 2021
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Section 1.1: Annual Meetings. If required by applicable law, an annual meeting of stockholders shall be held for the election of directors at such date and time as the Board of Directors (the “Board”) of UserTesting, Inc. (the “Corporation”) shall each year fix. Annual meetings may be held either at a place, within or without the State of Delaware as permitted by the General Corporation Law of the State of Delaware (the “DGCL”), or by means of remote communication as the Board in its sole discretion may determine. Any proper business may be transacted at the annual meeting.

Section 1.2: Special Meetings. Special meetings of stockholders for any purpose or purposes shall be called in the manner set forth in the Restated Certificate of Incorporation of the Corporation (as the same may be amended and/or restated from time to time, the “Certificate of Incorporation”). Special meetings may be held either at a place, within or without the State of Delaware, or by means of remote communication as the Board in its sole discretion may determine. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of the meeting.

Section 1.3: Notice of Meetings. Notice of all meetings of stockholders shall be given in writing or by electronic transmission in the manner provided by applicable law (including, without limitation, as set forth in Section 7.1.1 of these Bylaws) stating the date, time and place, if any, of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for determining the stockholders entitled to notice of the meeting). In the case of a special meeting, such notice shall also set forth the purpose or purposes for which the meeting is called. Unless otherwise required by applicable law or the Certificate of Incorporation, notice of any meeting of stockholders shall be given not less than ten (10), nor more than sixty (60), days before the date of the meeting to each stockholder of record entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting.

Section 1.4: Adjournments. Notwithstanding Section 1.5 of these Bylaws, the chairperson of the meeting shall have the power to adjourn the meeting to another time, date and place (if any), regardless of whether a quorum is present, at any time and for any reason. Any meeting of stockholders, annual or special, may be adjourned from time to time, and notice need not be given of any such adjourned meeting if the time, date and place (if any) thereof and the
means of remote communication (if any) by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If, after the adjournment, a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record as of the record date so fixed for notice of such adjourned meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting. To the fullest extent permitted by law, if a quorum is present at the original meeting, it shall also be deemed present at the adjourned meeting. To the fullest extent permitted by law, the Board may postpone, reschedule or cancel at any time and for any reason any previously scheduled special or annual meeting of stockholders before it (or any adjournment) is to be held, regardless of whether any notice or public disclosure with respect to any such meeting (or adjournment) has been sent or made pursuant to Section 1.3 hereof or otherwise, in which case notice shall be provided to the stockholders of the new date, time and place, if any, of the meeting as provided in Section 1.3 above.

Section 1.5: Quorum. Except as otherwise required by applicable law or provided by the Certificate of Incorporation or these Bylaws, at each meeting of stockholders the holders of a majority of the voting power of the shares of stock issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business; provided, however, that where a separate vote by a class or classes or series of stock is required by applicable law or the Certificate of Incorporation, the holders of a majority of the voting power of the shares of such class or classes or series of the stock issued and outstanding and entitled to vote on such matter, present in person or represented by proxy at the meeting, shall constitute a quorum entitled to take action with respect to the vote on such matter. If a quorum shall fail to attend any meeting, the chairperson of the meeting or, if directed to be voted on by the chairperson of the meeting, the holders of a majority of the voting power of the shares entitled to vote who are present in person or represented by proxy at the meeting may adjourn the meeting. Shares of the Corporation’s stock belonging to the Corporation (or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation are held, directly or indirectly, by the Corporation), shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation or any other corporation to vote any shares of the Corporation’s stock held by it in a fiduciary capacity and to count such shares for purposes of determining a quorum. A quorum, once established at a meeting, shall not be broken by the withdrawal of enough votes to leave less than a quorum, including, to the fullest extent permitted by law, at any adjournment thereof (unless a new record date is fixed for the adjourned meeting).

Section 1.6: Organization. Meetings of stockholders shall be presided over by (a) such person as the Board may designate, or (b) in the absence of such a person, the Chairperson of the Board, or (c) in the absence of such person, the Lead Independent Director, or, (d) in the absence
of such person, the Chief Executive Officer of the Corporation, or (e) in the absence of such person, the President of the Corporation, or (f) in
the absence of such person, by a Vice President of the Corporation. The Corporate Secretary of the Corporation shall act as secretary of the
meeting, but in such person’s absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 1.7: Voting; Proxies. Each stockholder of record entitled to vote at a meeting of stockholders may authorize another person
or persons to act for such stockholder by proxy. Such a proxy may be prepared, transmitted and delivered in any manner permitted by
applicable law. Except as may be required in the Certificate of Incorporation, directors shall be elected by a plurality of the votes cast by the
holders of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. At all meetings
of stockholders at which a quorum is present, unless a different or minimum vote is required by applicable law, rule or regulation applicable to
the Corporation or its securities, the rules or regulations of any stock exchange applicable to the Corporation, the Certificate of Incorporation or
these Bylaws, in which case such different or minimum vote shall be the applicable vote on the matter, every matter other than the election of
directors shall be decided by the affirmative vote of the holders of a majority of the voting power of the shares of stock entitled to vote on such
matter that are present in person or represented by proxy at the meeting and are voted for or against the matter (or if there are two or more
classes or series of stock entitled to vote as separate classes, then in the case of each class or series, the holders of a majority of the voting
power of the shares of stock of that class or series present in person or represented by proxy at the meeting voting for or against such matter).

Section 1.8: Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders
entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date
shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall, unless
otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board so fixes a date,
such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the
time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record
date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at
5:00 p.m. Eastern Time on the day next preceding the day on which notice is given, or, if notice is waived, at 5:00 p.m. Eastern Time on the
day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting
of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for determination
of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of
such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the
adjourned meeting.
In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which shall not be more than sixty (60) days prior to such action. If no such record date is fixed by the Board, then the record date for determining stockholders for any such purpose shall be at 5:00 p.m. Eastern Time on the day on which the Board adopts the resolution relating thereto.

**Section 1.9: List of Stockholders Entitled to Vote.** The Corporation shall prepare, at least ten (10) days before every meeting of stockholders, a complete list of stockholders entitled to vote at the meeting (provided, however, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date), arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Nothing herein shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting, (a) on a reasonably accessible electronic network as permitted by applicable law (provided that the information required to gain access to the list is provided with the notice of the meeting), or (b) during ordinary business hours, at the principal place of business of the Corporation. If the meeting is held at a location where stockholders may attend in person, a list of stockholders entitled to vote at the meeting shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be examined by any stockholder who is present at the meeting. If the meeting is held solely by means of remote communication, then the list shall be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access the list shall be provided with the notice of the meeting. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 1.9 or to vote in person or by proxy at any meeting of stockholders.

**Section 1.10: Inspectors of Elections.**

1.10.1 **Applicability.** Unless otherwise required by the Certificate of Incorporation or by applicable law, the following provisions of this Section 1.10 shall apply only if and when the Corporation has a class of voting stock that is: (a) listed on a national securities exchange; (b) authorized for quotation on an interdealer quotation system of a registered national securities association; or (c) held of record by more than two thousand (2,000) stockholders. In all other cases, observance of the provisions of this Section 1.10 shall be optional, and at the discretion of the Board.

1.10.2 **Appointment.** The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace
any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the chairperson of the meeting shall appoint one or more inspectors to act at the meeting.

1.10.3 Inspector’s Oath. Each inspector of election, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector’s ability.

1.10.4 Duties of Inspectors. At a meeting of stockholders, the inspectors of election shall (a) ascertain the number of shares outstanding and the voting power of each share, (b) determine the shares represented at a meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period of time a record of the disposition of any challenges made to any determination by the inspectors, and (e) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

1.10.5 Opening and Closing of Polls. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

1.10.6 Determinations. In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in connection with proxies pursuant to Section 211(a)(2)b.(i) of the DGCL, or in accordance with Sections 211(c) or 212(c)(2) of the DGCL, ballots and the regular books and records of the Corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification of their determinations pursuant to this Section 1.10 shall specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors’ belief that such information is accurate and reliable.

Section 1.11: Conduct of Meetings. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the chairperson of any meeting of stockholders shall have the right and authority to convene and (for any reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairperson, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the chairperson of the meeting, may include, without limitation, the following: (a) the
establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the chairperson of the meeting shall determine; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; (e) limitations on the time (if any) allotted to questions or comments by participants; (f) restricting the use of audio/video recording devices and cell phones; and (g) complying with any state and local laws and regulations concerning safety and security. The chairperson at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such chairperson should so determine, such chairperson shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the chairperson of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 1.12: Notice of Stockholder Business: Nominations.

1.12.1 Annual Meeting of Stockholders.

(a) Nominations of persons for election to the Board and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders only: (i) pursuant to the Corporation’s notice of such meeting (or any supplement thereto), (ii) by or at the direction of the Board or any committee thereof or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of the notice provided for in this Section 1.12 (the “Record Stockholder”), who is entitled to vote at such meeting and who complies with the notice and other procedures set forth in this Section 1.12 in all applicable respects. For the avoidance of doubt, the foregoing clause (iii) shall be the exclusive means for a stockholder to make nominations or propose business (other than business included in the Corporation’s proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (such act, and the rules and regulations promulgated thereunder, the “Exchange Act”)), at an annual meeting of stockholders, and such stockholder must fully comply with the notice and other procedures set forth in this Section 1.12 to bring such nominations or other business properly before an annual meeting.

(b) For nominations or other business to be properly brought before an annual meeting by a Record Stockholder pursuant to Section 1.12.1(a) of these Bylaws:

   (i) the Record Stockholder must have given timely notice thereof in writing to the Corporate Secretary of the Corporation and have provided any updates or supplements to such notice at the times and in the forms required by this Section 1.12;

   (ii) such other business (other than the nomination of persons for election to the Board) must otherwise be a proper matter for stockholder action;
such Proposing Person must, in the case of a proposal other than the nomination of persons for election to the Board, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation’s voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation’s voting shares reasonably believed by such Proposing Person to be sufficient to elect the nominee or nominees proposed to be nominated by such Record Stockholder, and must, in either case, have included in such materials the Solicitation Notice; and

(iv) if no Solicitation Notice relating thereto has been timely provided pursuant to this Section 1.12, the Proposing Person proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this Section 1.12.

To be timely, a Record Stockholder’s notice must be delivered to the Corporate Secretary of the Corporation at the principal executive offices of the Corporation not later than 5:00 p.m. Eastern Time on the ninetieth (90th) day nor earlier than 5:00 p.m. Eastern Time on the one hundred and twentieth (120th) day prior to the first anniversary of the preceding year’s annual meeting (except in the case of the Corporation’s first annual meeting following its initial public offering, for which such notice shall be timely if delivered in the same time period as if such meeting were a special meeting governed by Section 1.12.3 of these Bylaws); provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, or if no annual meeting was held in the preceding year, notice by the Record Stockholder to be timely must be so delivered (A) no earlier than 5:00 p.m. Eastern Time on the one hundred and twentieth (120th) day prior to such annual meeting and (B) no later than 5:00 p.m. Eastern Time on the later of the ninetieth (90th) day prior to such annual meeting or 5:00 p.m. Eastern Time on the tenth (10th) day following the day on which Public Announcement (as defined below) of the date of such meeting is first made by the Corporation. In no event shall an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for providing the Record Stockholder’s notice.

(c) As to each person whom the Record Stockholder proposes to nominate for election or reelection as a director, in addition to the matters set forth in paragraph (e) below, such Record Stockholder’s notice shall set forth:

(i) the name, age, business address and residence address of such person;

(ii) the principal occupation or employment of such nominee;

(iii) the class, series and number of any shares of stock of the Corporation that are beneficially owned or owned of record by such person or any Associated Person (as defined in Section 1.12.4(c));
(iv) the date or dates such shares were acquired and the investment intent of such acquisition;

(v) all other information relating to such person that would be required to be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or would be otherwise required, in each case pursuant to and in accordance with Section 14(a) (or any successor provision) under the Exchange Act and the rules and regulations thereunder;

(vi) such person’s written consent (A) to being named in the Corporation’s proxy statement as a nominee, (B) to the public disclosure of information regarding or related to such person provided to the Corporation by such person or otherwise pursuant to this Section 1.12 and (C) to serving as a director, if elected;

(vii) whether such person meets the independence requirements of the stock exchange upon which the Corporation’s Common Stock is primarily traded;

(viii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three (3) years, and any other material relationships, between or among such Proposing Person or any of its respective affiliates and associates, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, on the other hand, including all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the Proposing Person or any of its respective affiliates and associates were the “registrant” for purposes of such rule and the nominee were a director or executive officer of such registrant; and

(ix) a completed and signed questionnaire, representation and agreement required by Section 1.12.2 of these Bylaws.

(d) As to any business other than the nomination of a director or directors that the Record Stockholder proposes to bring before the meeting, in addition to the matters set forth in paragraph (e) below, such Record Stockholder’s notice shall set forth:

(i) a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend these Bylaws, the text of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such Proposing Person, including any anticipated benefit to any Proposing Person therefrom; and

(ii) a description of all agreements, arrangements and understandings between or among any such Proposing Person and any of its respective affiliates or associates, on the one hand, and any other person or persons, on the other hand, (including their names) in connection with the proposal of such business by such Proposing Person;

(e) As to each Proposing Person giving the notice, such Record Stockholder’s notice shall set forth:

(i) the current name and address of such Proposing Person, including, if applicable, their name and address as they appear on the Corporation’s stock ledger, if different;
(ii) the class or series and number of shares of stock of the Corporation that are directly or indirectly owned of record or beneficially owned by such Proposing Person, including any shares of any class or series of the Corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future;

(iii) whether and the extent to which any derivative interest in the Corporation’s equity securities (including without limitation any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of shares of the Corporation or otherwise, and any cash-settled equity swap, total return swap, synthetic equity position or similar derivative arrangement (any of the foregoing, a “Derivative Instrument”), as well as any rights to dividends on the shares of any class or series of shares of the Corporation that are separated or separable from the underlying shares of the Corporation) or any short interest in any security of the Corporation (for purposes of this Bylaw a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any increase or decrease in the value of the subject security, including through performance-related fees) is held directly or indirectly by or for the benefit of such Proposing Person, including without limitation whether and the extent to which any ongoing hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including without limitation any short position or any borrowing or lending of shares) has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such Proposing Person with respect to any share of stock of the Corporation (any of the foregoing, a “Short Interest”);

(iv) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such Proposing Person or any of its respective affiliates or associates is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership;

(v) any direct or indirect material interest in any material contract or agreement with the Corporation, any affiliate of the Corporation or any Competitor (as defined below) (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement);

(vi) any significant equity interests or any Derivative Instruments or Short Interests in any Competitor held by such Proposing Person and/or any of its respective affiliates or associates;

(vii) any other material relationship between such Proposing Person, on the one hand, and the Corporation, any affiliate of the Corporation or any Competitor, on the other hand;

(viii) all information that would be required to be set forth in a Schedule 13D filed pursuant to Rule 13d-1(a) or an amendment pursuant to Rule 13d-2(a) if such a statement were required to be filed under the Exchange Act and the rules and regulations promulgated thereunder by such Proposing Person and/or any of its respective affiliates or associates;
(ix) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents by such Proposing Person in support of the business proposed to be brought before the meeting pursuant to Section 14(a) (or any successor provision) under the Exchange Act and the rules and regulations thereunder;

(x) such Proposing Person’s written consent to the public disclosure of information provided to the Corporation pursuant to this Section 1.12;

(xi) a complete written description of any agreement, arrangement or understanding (whether oral or in writing) (including any knowledge that another person or entity is Acting in Concert (as defined in Section 1.12.4(c)) with such Proposing Person) between or among such Proposing Person, any of its respective affiliates or associates and any other person Acting in Concert with any of the foregoing persons;

(xii) a representation that the Record Stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination;

(xiii) a representation whether such Proposing Person intends (or is part of a group that intends) to deliver a proxy statement or form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation’s voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation’s voting shares to elect such nominee or nominees (an affirmative statement of such intent being a “Solicitation Notice”); and

(xiv) any proxy, contract, arrangement, or relationship pursuant to which the Proposing Person has a right to vote, directly or indirectly, any shares of any security of the Corporation.

The disclosures to be made pursuant to the foregoing clauses (ii), (iii), (iv) and (vi) shall not include any information with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner.

(f) A stockholder providing written notice required by this Section 1.12 shall update such notice in writing, if necessary, so that the information provided or required to be provided in such notice is true and correct in all material respects as of (i) the record date for determining the stockholders entitled to notice of the meeting and (ii) 5:00 p.m. Eastern Time on the tenth (10th) business day prior to the meeting or any adjournment or postponement thereof. In the case of an update pursuant to clause (i) of the foregoing sentence, such update shall be received by the Corporate Secretary of the Corporation at the principal executive office of the Corporation not later than five (5) business days after the record date for determining the stockholders entitled to notice of the meeting, and in the case of an update and supplement pursuant to clause (ii) of the foregoing sentence, such update and supplement shall be received by the Corporate Secretary of the Corporation at the principal executive office of the Corporation not later than eight (8) business days prior to the date for the meeting and, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed). For the avoidance of doubt, the obligation
to update as set forth in this paragraph shall not limit the Corporation’s rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or enable or be deemed to permit a stockholder who has previously submitted notice hereunder to amend or update any proposal or nomination or to submit any new proposal, including by changing or adding nominees, matters, business and/or resolutions proposed to be brought before a meeting of the stockholders.

(g) Notwithstanding anything in Section 1.12 or any other provision of these Bylaws to the contrary, any person who has been determined by a majority of the Whole Board to have violated Section 2.11 of these Bylaws or a Board Confidentiality Policy (as defined below) while serving as a director of the Corporation in the preceding five (5) years shall be ineligible to be nominated to serve as a member of the Board, absent a prior waiver for such nomination approved by two-thirds of the Whole Board.

1.12.2 Submission of Questionnaire, Representation and Agreement. To be eligible to be a nominee of any stockholder for election or reelection as a director of the Corporation, the person proposed to be nominated must deliver (in accordance with the time periods prescribed for delivery of notice under Section 1.12 of these Bylaws) to the Corporate Secretary of the Corporation at the principal executive offices of the Corporation a completed and signed questionnaire in the form required by the Corporation (which form the stockholder shall request in writing from the Corporate Secretary of the Corporation and which the Corporate Secretary shall provide to such stockholder within ten days of receiving such request) with respect to the background and qualification of such person to serve as a director of the Corporation and the background of any other person or entity on whose behalf, directly or indirectly, the nomination is being made and a signed representation and agreement (in the form available from the Corporate Secretary upon written request) that such person: (a) is not and will not become a party to (i) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a “Voting Commitment”) that has not been disclosed to the Corporation or (ii) any Voting Commitment that could limit or interfere with such person’s ability to comply, if elected as a director of the Corporation, with such person’s fiduciary duties under applicable law, (b) is not and will not become a party to any Compensation Arrangement (as defined below) that has not been disclosed therein, (c) if elected as a director of the Corporation, will comply with all informational and similar requirements of applicable insurance policies and laws and regulations in connection with service or action as a director of the Corporation, (d) if elected as a director of the Corporation, will comply with all corporate governance, conflict of interest, stock ownership requirements, confidentiality and trading policies and guidelines of the Corporation publicly disclosed from time to time, (e) if elected as a director of the Corporation, will act in the best interests of the Corporation and its stockholders and not in the interests of individual constituencies, (f) consents to being named as a nominee in the Corporation’s proxy statement pursuant to Rule 14a-4(d) under the Exchange Act and any associated proxy card of the Corporation and agrees to serve if elected as a director and (g) intends to serve as a director for the full term for which such individual is to stand for election.
1.12.3 Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation’s notice of such meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation’s notice of such meeting (a) by or at the direction of the Board or any committee thereof or (b) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice of the special meeting, who shall be entitled to vote at the meeting and who complies with the notice and other procedures set forth in this Section 1.12.3 in all applicable respects. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation at the principal executive offices of the Corporation (i) no earlier than the one hundred and twentieth (120th) day prior to such special meeting and (ii) no later than 5:00 p.m. Eastern Time on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which Public Announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for providing such notice.

1.12.4 General.

(a) Except as otherwise expressly provided in any applicable rule or regulation promulgated under the Exchange Act, only such persons who are nominated in accordance with the procedures set forth in this Section 1.12 shall be eligible to be elected at a meeting of stockholders and serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.12. Except as otherwise provided by law or these Bylaws, the chairperson of the meeting shall have the power and duty to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.12 and, if any proposed nomination or business is not in compliance herewith, to declare that such defective proposal or nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 1.12, unless otherwise required by law, if the stockholder (or a Qualified Representative of the stockholder (as defined below)) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation.

(b) Notwithstanding the foregoing provisions of this Section 1.12, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in this Section 1.12 shall be deemed to affect any rights of (a) stockholders to request inclusion of proposals in the
Corporation’s proxy statement pursuant to Rule 14a-8 under the Exchange Act or (b) the holders of any series of the Corporation’s Preferred Stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation.

(c) For purposes of these Bylaws the following definitions shall apply:

(A) a person shall be deemed to be “Acting in Concert” with another person if such person knowingly acts (whether or not pursuant to an express agreement, arrangement or understanding) in concert with, or toward a common goal relating to the management, governance or control of the Corporation in substantial parallel with, such other person where (1) each person is conscious of the other person’s conduct or intent and this awareness is an element in their decision-making processes and (2) at least one additional factor suggests that such persons intend to act in concert or in substantial parallel, which such additional factors may include, without limitation, exchanging information (whether publicly or privately), attending meetings, conducting discussions or making or soliciting invitations to act in concert or in substantial parallel; provided that a person shall not be deemed to be Acting in Concert with any other person solely as a result of the solicitation or receipt of revocable proxies or consents from such other person in response to a solicitation made pursuant to, and in accordance with, Section 14(a) (or any successor provision) of the Exchange Act by way of a proxy or consent solicitation statement filed on Schedule 14A. A person Acting in Concert with another person shall be deemed to be Acting in Concert with any third party who is also Acting in Concert with such other person;

(B) “affiliate” and “associate” shall have the meanings ascribed thereto in Rule 405 under the Securities Act of 1933, as amended (the “Securities Act”); provided, however, that the term “partner” as used in the definition of “associate” shall not include any limited partner that is not involved in the management of the relevant partnership;

(C) “Associated Person” shall mean with respect to any subject stockholder or other person (including any proposed nominee) (1) any person directly or indirectly controlling, controlled by or under common control with such stockholder or other person, (2) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder or other person, (3) any associate of such stockholder or other person, and (4) any person directly or indirectly controlling, controlled by or under common control or Acting in Concert with any such Associated Person;

(D) “Compensation Arrangement” shall mean any direct or indirect compensatory payment or other financial agreement, arrangement or understanding with any person or entity other than the Corporation, including any agreement, arrangement or understanding with respect to any direct or indirect compensation, reimbursement or indemnification in connection with candidacy, nomination, service or action as a nominee or as a director of the Corporation;
(E) “Competitor” shall mean any entity that provides products or services that compete with or are alternatives to the principal products produced or services provided by the Corporation or its affiliates;

(F) “Proposing Person” shall mean (1) the Record Stockholder providing the notice of business proposed to be brought before an annual meeting or nomination of persons for election to the Board at a stockholder meeting, (2) the beneficial owner or beneficial owners, if different, on whose behalf the notice of business proposed to be brought before the annual meeting or nomination of persons for election to the Board at a stockholder meeting is made, and (3) any Associated Person on whose behalf the notice of business proposed to be brought before the annual meeting or nomination of persons for election to the Board at a stockholder meeting is made;

(G) “Public Announcement” shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act; and

(H) to be considered a “Qualified Representative” of a stockholder, a person must be a duly authorized officer, manager, trustee or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as a proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction thereof, at the meeting. The Corporate Secretary of the Corporation, or any other person who shall be appointed to serve as secretary of the meeting, may require, on behalf of the Corporation, reasonable and appropriate documentation to verify the status of a person purporting to be a “Qualified Representative” for purposes hereof.

Section 1.13: Delivery to the Corporation. Whenever this Article I requires one or more persons (including a record or beneficial owner of capital stock) to deliver a document or information to the Corporation or any officer, employee or agent thereof (including any notice, request, questionnaire, revocation, representation or other document or agreement), the Corporation shall not be required to accept delivery of such document or information unless the document or information is in writing (and not in an electronic transmission) and delivered by hand (including, without limitation, overnight courier service) or by certified or registered mail, return receipt requested.

ARTICLE II: BOARD OF DIRECTORS

Section 2.1: Number; Qualifications. The total number of directors constituting the Whole Board shall be fixed from time to time in the manner set forth in the Certificate of Incorporation and the term “Whole Board” shall have the meaning specified in the Certificate of Incorporation. No decrease in the authorized number of directors constituting the Whole Board
shall shorten the term of any incumbent director. Directors need not be stockholders of the Corporation.

Section 2.2: Election; Resignation; Removal; Vacancies. Election of directors need not be by written ballot. Each director shall hold office until the annual meeting at which such director’s term expires and until such director’s successor is elected and qualified or until such director’s earlier death, resignation, disqualification or removal. Any director may resign by delivering a resignation in writing or by electronic transmission to the Corporation at its principal office or to the Chairperson of the Board, the Chief Executive Officer, or the Corporate Secretary. Such resignation shall be effective upon delivery unless it is specified to be effective at a later time or upon the happening of an event. Subject to the special rights of holders of any series of the Corporation’s Preferred Stock to elect directors, directors may be removed only as provided by the Certificate of Incorporation and applicable law. All vacancies occurring in the Board and any newly created directorships resulting from any increase in the authorized number of directors shall be filled in the manner set forth in the Certificate of Incorporation.

Section 2.3: Regular Meetings. Regular meetings of the Board may be held at such places, within or without the State of Delaware, and at such times as the Board may from time to time determine. Notice of regular meetings need not be given if the date, times and places thereof are fixed by resolution of the Board.

Section 2.4: Special Meetings. Special meetings of the Board may be called by the Chairperson of the Board, the Chief Executive Officer, the Lead Independent Director or a majority of the members of the Board then in office and may be held at any time, date or place, within or without the State of Delaware, as the person or persons calling the meeting shall fix. Notice of the time, date and place of such meeting shall be given, orally, in writing or by electronic transmission (including electronic mail), by or at the direction of the person or persons calling the meeting to all directors at least four (4) days before the meeting if the notice is mailed, or at least twenty-four (24) hours before the meeting if such notice is given by telephone, hand delivery or any means of electronic transmission, including electronic mail; provided, however, that if, under the circumstances, the Chairperson of the Board, the Lead Independent Director or the Chief Executive Officer calling a special meeting deems that more immediate action is necessary or appropriate, notice may be delivered on the day of such special meeting. Unless otherwise indicated in the notice, any and all business may be transacted at a special meeting.

Section 2.5: Remote Meetings Permitted. Members of the Board, or any committee of the Board, may participate in a meeting of the Board or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to conference telephone or other communications equipment shall constitute presence in person at such meeting.

Section 2.6: Quorum: Vote Required for Action. At all meetings of the Board, a majority of the Whole Board shall constitute a quorum for the transaction of business. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to
another place, date or time. Except as otherwise provided herein or in the Certificate of Incorporation, or required by law, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 2.7: Organization. Meetings of the Board shall be presided over by (a) the Chairperson of the Board, or (b) in the absence of such person, the Lead Independent Director, or (c) in such person’s absence, by the Chief Executive Officer of the Corporation, or (d) in such person’s absence, by a chairperson chosen by the Board at the meeting. The Corporate Secretary of the Corporation shall act as secretary of the meeting, but in such person’s absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8: Unanimous Action by Directors in Lieu of a Meeting. Any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or such committee, as the case may be, consent thereto in writing or by electronic transmission. After an action is taken, the consent or consents shall be filed with the minutes of proceedings of the Board or committee, as applicable. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 2.9: Powers. Except as otherwise provided by the Certificate of Incorporation or the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of the Board.

Section 2.10: Compensation of Directors. Members of the Board, as such, may receive, pursuant to a resolution of the Board, fees and other compensation for their services as directors, including without limitation their services as members of committees of the Board.

Section 2.11: Confidentiality. Each director shall maintain the confidentiality of, and shall not share with any third-party person or entity (including third parties that originally sponsored, nominated or designated such director (the “Sponsoring Party”)), any nonpublic information learned in their capacities as directors, including communications among Board members in their capacities as directors. The Board may adopt a board confidentiality policy further implementing and interpreting this bylaw (a “Board Confidentiality Policy”). All directors are required to comply with this bylaw and any Board Confidentiality Policy unless such director or the Sponsoring Party for such director has entered into a specific written agreement with the Corporation, in either case as approved by the Board, providing otherwise with respect to such confidential information.

Section 2.12: Emergency Bylaws. This Section 2.12 shall be operative during any emergency condition as contemplated by Section 110 of the DGCL (an “Emergency”), notwithstanding any different or conflicting provisions in these Bylaws, the Certificate of Incorporation or the DGCL. In the event of any Emergency, or other similar emergency condition, the director or directors in attendance at a meeting of the Board or a standing committee thereof shall constitute a quorum. Such director or directors in attendance may further take action to appoint one or more of themselves or other directors to membership on any standing or temporary committees of the Board as they shall deem necessary and appropriate.
Except as the Board may otherwise determine, during any Emergency, the Corporation and its directors and officers may exercise any authority and take any action or measure contemplated by Section 110 of the DGCL.

ARTICLE III: COMMITTEES

Section 3.1: Committees. The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting of such committee who are not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority in reference to the following matters: (a) approving, adopting, or recommending to the stockholders any action or matter (other than the election or removal of members of the Board) expressly required by the DGCL to be submitted to stockholders for approval or (b) adopting, amending or repealing any bylaw of the Corporation.

Section 3.2: Committee Rules. Each committee shall keep records of its proceedings and make such reports as the Board may from time to time request. Unless the Board otherwise provides, each committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of such rules, each committee shall conduct its business in the same manner as the Board conducts its business pursuant to Article II of these Bylaws. Except as otherwise provided in the Certificate of Incorporation, these Bylaws or the resolution of the Board designating the committee, any committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and may delegate to any such subcommittee any or all of the powers and authority of the committee.

ARTICLE IV: OFFICERS; CHAIRPERSON; LEAD INDEPENDENT DIRECTOR

Section 4.1: Generally. The officers of the Corporation shall consist of a Chief Executive Officer (who may be the Chairperson of the Board or the President), a President, a Corporate Secretary and a Treasurer and may consist of such other officers, including, without limitation, a Chief Financial Officer, and one or more Vice Presidents, as may from time to time be appointed by the Board. All officers shall be elected by the Board; provided, however, that the Board may empower the Chief Executive Officer of the Corporation to appoint any officer other than the Chief Executive Officer, the President, the Chief Financial Officer or the Treasurer. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, each officer shall hold office until such officer’s successor is duly elected and qualified or until such officer’s earlier resignation, death, disqualification or removal. Any number of offices may be held by the same person. Any officer may resign by delivering a resignation in writing or by electronic transmission to the Corporation at its principal office or to the
Chairperson of the Board, the Chief Executive Officer, or the Corporate Secretary. Such resignation shall be effective upon delivery unless it is specified to be effective at some later time or upon the happening of some later event. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled by the Board and the Board may, in its discretion, leave unfilled, for such period as it may determine, any offices. Each such successor shall hold office for the unexpired term of such officer’s predecessor and until a successor is duly elected and qualified or until such officer’s earlier resignation, death, disqualification or removal.

Section 4.2: **Chief Executive Officer.** Subject to the control of the Board and such supervisory powers, if any, as may be given by the Board, the powers and duties of the Chief Executive Officer of the Corporation are:

(a) to act as the general manager and, subject to the control of the Board, to have general supervision, direction and control of the business and affairs of the Corporation;

(b) subject to Section 1.6 of these Bylaws, to preside at all meetings of the stockholders;

(c) subject to Section 1.2 of these Bylaws, to call special meetings of the stockholders to be held at such times and, subject to the limitations prescribed by law or by these Bylaws, at such places as he or she shall deem proper; and

(d) to affix the signature of the Corporation to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board or which, in the judgment of the Chief Executive Officer, should be executed on behalf of the Corporation; to sign certificates for shares of stock of the Corporation (if any); and, subject to the direction of the Board, to have general charge of the property of the Corporation and to supervise and control all officers, agents and employees of the Corporation.

Section 4.3: **Chairperson of the Board.** Subject to the provisions of Section 2.7 of these Bylaws, the Chairperson of the Board shall have the power to preside at all meetings of the Board and shall have such other powers and duties as provided in these Bylaws and as the Board may from time to time prescribe. The Chairperson of the Board may or may not be an officer of the Corporation.

Section 4.4: **Lead Independent Director.** The Board may, in its discretion, elect a lead independent director from among its members that are Independent Directors (as defined below) (such director, the “Lead Independent Director”). The Lead Independent Director shall preside at all Board meetings at which the Chairperson of the Board is not present and shall exercise such other powers and duties as may from time to time be assigned to him or her by the Board or as prescribed by these Bylaws. For purposes of these Bylaws, “Independent Director” has the meaning ascribed to such term under the rules of the exchange upon which the Corporation’s Common Stock is primarily traded.

Section 4.5: **President.** The person holding the office of Chief Executive Officer shall be the President of the Corporation unless the Board shall have designated one individual as the
President and a different individual as the Chief Executive Officer of the Corporation. Subject to the provisions of these Bylaws and to the direction of the Board, and subject to the supervisory powers of the Chief Executive Officer (if the Chief Executive Officer is an officer other than the President), and subject to such supervisory powers and authority as may be given by the Board to the Chairperson of the Board, and/or to any other officer, the President shall have the responsibility for the general management and control of the business and affairs of the Corporation and the general supervision and direction of all of the officers, employees and agents of the Corporation (other than the Chief Executive Officer, if the Chief Executive Officer is an officer other than the President) and shall perform all duties and have all powers that are commonly incident to the office of President or that are delegated to the President by the Board.

Section 4.6: **Chief Financial Officer.** The person holding the office of Chief Financial Officer shall be the Treasurer of the Corporation unless the Board shall have designated another officer as the Treasurer of the Corporation. Subject to the direction of the Board and the Chief Executive Officer, the Chief Financial Officer shall perform all duties and have all powers that are commonly incident to the office of Chief Financial Officer, or as the Board or the Chief Executive Officer may from time to time prescribe.

Section 4.7: **Treasurer.** The person holding the office of Treasurer shall have custody of all monies and securities of the Corporation. Subject to the direction of the Board and the Chief Executive Officer, the Treasurer shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions. The Treasurer shall also perform such other duties and have such other powers as are commonly incident to the office of Treasurer, or as the Board or the Chief Executive Officer may from time to time prescribe.

Section 4.8: **Vice President.** Each Vice President shall have all such powers and duties as are commonly incident to the office of Vice President or that are delegated to him or her by the Board or the Chief Executive Officer. A Vice President may be designated by the Board to perform the duties and exercise the powers of the Chief Executive Officer or President in the event of the Chief Executive Officer’s or President’s absence or disability.

Section 4.9: **Corporate Secretary.** The Corporate Secretary shall issue or cause to be issued all authorized notices for, and shall keep, or cause to be kept, minutes of all meetings of the stockholders and the Board. The Corporate Secretary shall have charge of the corporate minute books and similar records and shall perform such other duties and have such other powers as are commonly incident to the office of Corporate Secretary, or as the Board or the Chief Executive Officer may from time to time prescribe.

Section 4.10: **Delegation of Authority.** Notwithstanding any provision hereof, the Board may from time to time delegate the powers or duties of any officer of the Corporation to any other officers or agents of the Corporation.

Section 4.11: **Removal.** Any officer of the Corporation shall serve at the pleasure of the Board and may be removed at any time, with or without cause, by the Board; provided that if the Board has empowered the Chief Executive Officer to appoint any officer of the Corporation, then
such officer may also be removed by the Chief Executive Officer. Such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation.

ARTICLE V: STOCK

Section 5.1: Certificates; Uncertificated Shares. The shares of capital stock of the Corporation shall be uncertificated shares; provided, however, that the resolution of the Board that the shares of capital stock of the Corporation shall be uncertificated shares shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation (or the transfer agent or registrar, as the case may be). Notwithstanding the foregoing, the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be certificated shares. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the Corporation, by any two authorized officers of the Corporation (it being understood that each of the Chairperson of the Board, the Vice-Chairperson of the Board, the Chief Executive Officer, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary and any Assistant Secretary shall be an authorized officer for such purpose), representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue.

Section 5.2: Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates or Uncertificated Shares. The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate previously issued by it, alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner’s legal representative, to give the Corporation a bond sufficient to indemnify it, against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

Section 5.3: Other Regulations. Subject to applicable law, the Certificate of Incorporation and these Bylaws, the issue, transfer, conversion and registration of shares represented by certificates and of uncertificated shares shall be governed by such other regulations as the Board may establish.

ARTICLE VI: INDEMNIFICATION

Section 6.1: Indemnification of Officers and Directors. Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, legislative, investigative, preliminary, informal or formal, or any other type whatsoever, including any arbitration or other alternative dispute resolution (including giving testimony or responding to a subpoena) and including any appeal of any of the foregoing (a “Proceeding”), by reason of the
fact that such person (or a person of whom such person is the legal representative), is or was a member of the Board or is or was an officer of the Corporation designated by the Board to be entitled to the indemnification and advancement rights set forth in this Article VI or, while serving in such capacity, is or was serving at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation, or of a partnership, joint venture, trust or other enterprise or non-profit entity, including service with respect to employee benefit plans (for purposes of this Article VI, an “Indemnitee”), shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the DGCL as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expenses, costs, liability and loss (including attorneys’ fees, judgments, fines, ERISA excise taxes and penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith, provided such Indemnitee acted in good faith and in a manner that the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal Proceeding, had no reasonable cause to believe the Indemnitee’s conduct was unlawful. Such indemnification shall continue as to an Indemnitee who has ceased to be a director or officer of the Corporation and shall inure to the benefit of such Indemnitees’ heirs, executors and administrators. Notwithstanding the foregoing, subject to Section 6.5 of this Article VI, the Corporation shall indemnify any such Indemnitee seeking indemnity in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if such Proceeding (or part thereof) was authorized by the Board or such indemnification is authorized by an agreement approved by the Board.

Section 6.2: Advance of Expenses. Except as otherwise provided in a written indemnification agreement between the Corporation and an Indemnitee, the Corporation shall pay all reasonable expenses (including attorneys’ fees) incurred by an Indemnitee in defending any Proceeding as they are incurred or otherwise in advance of its final disposition; provided, however, that if the DGCL then so requires, the advancement of such expenses (i.e., payment of such expenses as incurred or otherwise in advance of the final disposition of the Proceeding) shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such Indemnitee, to repay such amounts if it shall ultimately be determined by a court of competent jurisdiction in a final judgment not subject to appeal that such Indemnitee is not entitled to be indemnified under this Article VI or otherwise. Any advances of expenses or undertakings to repay pursuant to this Section 6.2 shall be unsecured, interest free and without regard to an Indemnitee’s ability to pay such advanced amounts.

Section 6.3: Non-Exclusivity of Rights. The rights conferred on any person in this Article VI shall not be exclusive of any other right that such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote or consent of stockholders or disinterested directors, or otherwise. Additionally, nothing in this Article VI shall limit the ability of the Corporation, in its discretion, to indemnify or advance expenses to persons whom the Corporation is not obligated to indemnify or advance expenses pursuant to this Article VI.
Section 6.4: Indemnification Contracts. The Board is, or as otherwise delegated by the Board to the officers of the Corporation, the officers are, authorized to cause the Corporation to enter into indemnification contracts with any member of the Board, officer, employee or agent of the Corporation, or any person serving at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation, partnership, joint venture, trust or other enterprise or non-profit entity, including employee benefit plans, providing indemnification or advancement rights to such person. Such rights may be greater than those provided in this Article VI.

Section 6.5: Right of Indemnitee to Bring Suit. The following shall apply to the extent not in conflict with any indemnification contract provided for in Section 6.4 of this Article VI.

6.5.1 Right to Bring Suit. If a claim under Section 6.1 or 6.2 of this Article VI is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, an Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If the Indemnitee is successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnitee also shall be entitled to be paid, to the fullest extent permitted by law, the expense of prosecuting or defending such suit. In any suit brought by an Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by an Indemnitee to enforce a right to an advancement of expenses) it shall be a defense that the Indemnitee has not met any applicable standard for indemnification set forth in applicable law. In any suit brought by the Corporation to recover the advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the Indemnitee has not met any applicable standard for indemnification set forth in applicable law.

6.5.2 Effect of Determination. Neither the absence of a determination by or on behalf of the Corporation prior to the commencement of such suit that indemnification of an Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in applicable law, nor an actual determination by or on behalf of the Corporation that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit.

6.5.3 Burden of Proof. In any suit brought by an Indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VI, or otherwise, shall be on the Corporation.

Section 6.6: Successful Defense. To the extent that an Indemnitee has been successful on the merits or otherwise in defense of any Proceeding (or in defense of any claim, issue or matter therein), such Indemnitee shall be indemnified under this Section 6.6 against expenses
(including attorneys’ fees) actually and reasonably incurred in connection with such defense. Indemnification under this Section 6.6 shall not be subject to satisfaction of a standard of conduct, and the Corporation may not assert the failure to satisfy a standard of conduct as a basis to deny indemnification or recover amounts advanced, including in a suit brought pursuant to Section 6.5 of this Article VI (notwithstanding anything to the contrary therein); provided, however, that, any Indemnitee who is not a current or former member of the Board or officer (as such term is defined in the final sentence of Section 145(c)(1) of the DGCL) shall be entitled to indemnification under Section 6.1 of this Article VI and this Section 6.6 only if such Indemnitee has satisfied the standard of conduct required for indemnification under Section 145(a) or Section 145(b) of the DGCL.

Section 6.7: Nature of Rights. The rights conferred upon Indemnitees in this Article VI shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a member of the Board, officer, employee or agent and shall inure to the benefit of the Indemnitee’s heirs, executors and administrators.

Section 6.8: Amendment or Repeal. Any amendment, repeal or modification of any provision of this Article VI that adversely affects any right of an Indemnitee or an Indemnitee’s successors shall be prospective only, and shall not adversely affect any right or protection conferred on a person pursuant to this Article VI with respect to any Proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment, repeal or modification.

Section 6.9: Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any member of the Board, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise or non-profit entity against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

ARTICLE VII: NOTICES

Section 7.1: Notice.

7.1.1 Form and Delivery. Except as otherwise required by applicable law, notice may be given in writing directed to a stockholder’s mailing address as it appears on the records of the Corporation and shall be deemed given: (i) if mailed, when notice is deposited in the U.S. mail, postage prepaid; and (ii) if delivered by courier service, the earlier of when the notice is received or left at such stockholder’s address. So long as the Corporation is subject to the Securities and Exchange Commission’s proxy rules set forth in Regulation 14A under the Exchange Act, notice shall be given in the manner required by such rules. To the extent permitted by such rules, or if the Corporation is not subject to Regulation 14A, notice may be given by electronic transmission directed to the stockholder’s electronic mail address, and if so given, shall be deemed given when directed to such stockholder’s electronic mail address unless the stockholder has notified the Corporation in writing or by electronic transmission of an objection to receiving notice by electronic mail or such notice is prohibited by Section 232(e) of the DGCL. If notice is given by electronic mail, such notice shall comply with the applicable provisions of Sections 232(a) and
232(d) of the DGCL. Notice may be given by other forms of electronic transmission with the consent of a stockholder in the manner permitted by Section 232(b) of the DGCL and shall be deemed given as provided therein.

7.1.2 Affidavit of Giving Notice. An affidavit of the Corporate Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given in writing or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 7.2: Waiver of Notice. Whenever notice is required to be given under any provision of the DGCL, the Certificate of Incorporation or these Bylaws, a written waiver of notice, signed by the person entitled to notice, or waiver by electronic transmission by such person, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any waiver of notice.

ARTICLE VIII: INTERESTED DIRECTORS

Section 8.1: Interested Directors. No contract or transaction between the Corporation and one or more of its members of the Board or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are members of the board of directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof that authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose, if: (a) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction; (b) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board, a committee thereof, or the stockholders.

Section 8.2: Quorum. Interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes a contract or transaction described in Section 8.1 of this Article VIII.
ARTICLE IX: MISCELLANEOUS

Section 9.1: Fiscal Year. The fiscal year of the Corporation shall be determined by resolution of the Board.

Section 9.2: Seal. The Board may provide for a corporate seal, which may have the name of the Corporation inscribed thereon and shall otherwise be in such form as may be approved from time to time by the Board.

Section 9.3: Form of Records. Any records administered by or on behalf of the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on or by means of, or be in the form of, any other information storage device, method or one or more electronic networks or databases (including one or more distributed electronic networks or databases), electronic or otherwise, provided that the records so kept can be converted into clearly legible paper form within a reasonable time and otherwise comply with the DGCL. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect such records pursuant to any provision of the DGCL.

Section 9.4: Reliance Upon Books and Records. A member of the Board, or a member of any committee designated by the Board shall, in the performance of such person’s duties, be fully protected in relying in good faith upon the books and records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation’s officers or employees, or committees of the Board, or by any other person as to matters the member reasonably believes are within such other person’s professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 9.5: Certificate of Incorporation Governs. In the event of any conflict between the provisions of the Certificate of Incorporation and these Bylaws, the provisions of the Certificate of Incorporation shall govern.

Section 9.6: Severability. If any provision of these Bylaws shall be held to be invalid, illegal, unenforceable or in conflict with the provisions of the Certificate of Incorporation, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of these Bylaws (including without limitation, all portions of any section of these Bylaws containing any such provision held to be invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation, that are not themselves invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation) shall remain in full force and effect.

Section 9.7: Time Periods. In applying any provision of these Bylaws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used (unless otherwise specified herein), the day of the doing of the act shall be excluded, and the day of the event shall be included.
ARTICLE X: AMENDMENT

Notwithstanding any other provision of these Bylaws, any alteration, amendment or repeal of these Bylaws, and any adoption of new Bylaws, shall require the approval of the Board or the stockholders of the Corporation as expressly provided in the Certificate of Incorporation.
CERTIFICATION OF RESTATED BYLAWS
OF
USERTESTING, INC.
(a Delaware corporation)

I, Ambyr O’Donnell, certify that I am Corporate Secretary of UserTesting, Inc., a Delaware corporation (the “Corporation”), that I am duly authorized to make and deliver this certification, that the attached Bylaws are a true and complete copy of the Restated Bylaws of the Corporation in effect as of the date of this certification.

Dated: November 19, 2021

/s/ Ambyr O’Donnell
Ambyr O’Donnell
General Counsel and Corporate Secretary
As of December 31, 2021, UserTesting, Inc. (“we,” “us,” or “our”) had one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): our common stock.

DESCRIPTION OF CAPITAL STOCK

Our authorized capital stock consists of 2,000,000,000 shares of our common stock, $0.0001 par value per share and 10,000,000 shares of undesignated preferred stock, $0.0001 par value per share.

Common Stock

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of shares of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine.

Voting Rights

Holders of shares of our common stock are entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders. Our restated certificate of incorporation does not provide for cumulative voting for the election of directors. Accordingly, holders of a majority of the shares of our common stock are able to elect all of our directors.

No Preemptive or Similar Rights

Our common stock is not entitled to preemptive rights and is not subject to redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

Upon our liquidation, dissolution, or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.
Preferred Stock

Our board of directors is authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences, and rights of the shares of each series and any of its qualifications, limitations, or restrictions, in each case without further vote or action by our stockholders. Our board of directors can also increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring, or preventing a change in our control and might adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock. We have no current plan to issue any shares of preferred stock.

Anti-Takeover Provisions

The provisions of the DGCL, our restated certificate of incorporation, and our restated bylaws could have the effect of delaying, deferring, or discouraging another person from acquiring control of our company. These provisions, which are summarized below, are expected to discourage certain types of coercive takeover practices and inadequate takeover bids and encourage persons seeking to acquire control of our company to first negotiate with our board of directors.

Section 203 of the DGCL

We are subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a three-year period following the time that this stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions:

• before the stockholder became interested, our board of directors approved either the business combination or the transaction, which resulted in the stockholder becoming an interested stockholder;

• upon consummation of the transaction, which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans in some instances, but not the outstanding voting stock owned by the interested stockholder; or

• at or after the time the stockholder became interested, the business combination was approved by our board and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock, which is not owned by the interested stockholder.
Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, lease, pledge, or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;
- subject to exceptions, any transaction that results in the issuance of transfer by the corporation of any stock of the corporation to the interested stockholder;
- subject to exceptions, any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; and
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges, or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by the entity or person.

**Restated Certificate of Incorporation and Restated Bylaw Provisions**

Our restated certificate of incorporation and our restated bylaws include a number of provisions that may have the effect of deterring hostile takeovers, or delaying or preventing changes in control of our management team or changes in our board of directors or our governance or policy, including the following:

- **Board of Directors Vacancies.** Our restated certificate of incorporation and our restated bylaws authorize generally only our board of directors to fill vacant directorships resulting from any cause or created by the expansion of our board of directors. In addition, the number of directors constituting our board of directors may be set only by resolution adopted by a majority vote of our entire board of directors. These provisions prevent a stockholder from increasing the size of our board of directors and gaining control of our board of directors by filling the resulting vacancies with its own nominees.

- **Classified Board.** Our restated certificate of incorporation and our restated bylaws provide that our board of directors is classified into three classes of directors. The existence of a classified board of directors could delay a successful tender offeror from obtaining majority control of our board of directors, and the prospect of that delay might deter a potential offeror.

- **Directors Removed Only for Cause.** Our restated certificate of incorporation provides that stockholders may remove directors only for cause.

- **Supermajority Requirements for Amendments of Our Restated Certificate of Incorporation and Restated Bylaws.** Our restated certificate of incorporation provides that the affirmative vote of holders of at least 66 2/3% of our outstanding common stock is required to amend certain provisions of our restated certificate of incorporation, including provisions relating to the classified board, the size of the board of directors, removal of directors, special meetings, actions by written consent and designation of our preferred stock (provided that if two-thirds of our board of directors has approved such amendment, then only the affirmative vote of holders of a majority of our outstanding common stock will be required to approve such amendment). The affirmative vote of
holders of at least 66 2/3% of our outstanding common stock is required to amend or repeal our restated bylaws (provided that if two-thirds of our board of directors has approved such amendment and submitted such amendment to our stockholders, then only the affirmative vote of holders of a majority of our outstanding common stock is required to approve such amendment), although our restated bylaws may be amended by a simple majority vote of our board of directors.

- **Stockholder Action; Special Meetings of Stockholders.** Our restated certificate of incorporation provides that our stockholders may not take action by written consent, but may only take action at annual or special meetings of our stockholders. As a result, holders of our capital stock are not able to amend our restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our restated bylaws. Our restated certificate of incorporation and our restated bylaws provide that special meetings of our stockholders may be called only by a majority of our board of directors, the chairman of our board of directors or our chief executive officer, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders to take any action, including the removal of directors.

- **Advance Notice Requirements for Stockholder Proposals and Director Nominations.** Our restated bylaws provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our restated bylaws also specify certain requirements regarding the form and content of a stockholder’s notice. These provisions may preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders. We expect that these provisions might also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer’s own slate of directors or otherwise attempting to obtain control of our company.

- **No Cumulative Voting.** The DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless a corporation’s certificate of incorporation provides otherwise. Our restated certificate of incorporation and restated bylaws do not provide for cumulative voting.

- **Issuance of Undesignated Preferred Stock.** Our board of directors has the authority, without further action by the stockholders, to issue up to 10,000,000 shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of preferred stock enables our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise.

**Choice of Forum**

In addition, our restated certificate of incorporation provides that, to the fullest extent permitted by law, the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the DGCL, our restated certificate of incorporation or our restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. The enforceability of similar choice of forum provisions in other companies’ certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable. Our restated certificate of incorporation also provides that the federal district courts of the United
States are, to the fullest extent permitted by law, the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act of 1933, as amended (the “Securities Act”), which we refer to as the Federal Forum Provision. While there can be no assurance that federal or state courts will follow the holding of the Delaware Supreme Court which recently found that such provisions are facially valid under Delaware law or determine that the Federal Forum Provision should be enforced in a particular case, application of the Federal Forum Provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. In addition, the Federal Forum Provision applies, to the fullest extent permitted by law, to suits brought to enforce any duty or liability created by the Exchange Act. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal court. Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder. Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to our exclusive forum provisions, including the Federal Forum Provision. These provisions may limit a stockholder’s ability to bring a claim in a judicial forum of their choosing for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company, LLC. The transfer agent’s address is 6201 15th Avenue, Brooklyn, New York 11219, and its telephone number is (800) 937-5449.

Exchange Listing

Our common stock is listed on the New York Stock Exchange under the symbol “USER.”
Exhibit 10.10
Confidential

Change in Control and Severance Agreement

This Change in Control and Severance Agreement (the "Agreement") is entered into by and between Jon Pexton (the "Executive") and UserTesting, Inc., a Delaware corporation (the "Company"), effective as of November 1, 2021 (the "Effective Date").

1. Term of Agreement.

This Agreement shall terminate the earlier of the third (3rd) anniversary of the Effective Date (the "Expiration Date") or the date the Executive’s employment with the Company terminates for a reason other than a Qualifying Termination or CIC Qualifying Termination; provided however, if a definitive agreement relating to a Change in Control has been signed by the Company on or before the Expiration Date, then this Agreement shall remain in effect through the earlier of:

(a) The date the Executive’s employment with the Company terminates for a reason other than a Qualifying Termination or CIC Qualifying Termination, or
(b) The date the Company has met all of its obligations under this Agreement following a termination of the Executive’s employment with the Company due to a Qualifying Termination or CIC Qualifying Termination.

This Agreement shall renew automatically and continue in effect for three (3) year periods measured from the initial Expiration Date, unless the Company provides Executive notice of non-renewal at least three (3) months prior to the date on which this Agreement would otherwise renew. For the avoidance of doubt, and notwithstanding anything to the contrary in Section 2, 3 or 4 below, the Company’s non-renewal of this Agreement shall not constitute a Death or Disability Qualifying Termination, Qualifying Termination or CIC Qualifying Termination, as applicable.

2. Death or Disability Qualifying Termination. If the Executive is subject to a Death or Disability Qualifying Termination, then, subject to Sections 5, 9, and 10 below, Executive will be entitled to the following benefits:

(a) Severance Benefits. The Company shall pay the Executive six (6) months of his/her monthly base salary (at the rate in effect immediately prior to the actions that resulted in the Qualifying Termination), plus an amount equal to 50% of the Executive’s annual target bonus corresponding to 100% achievement of target. The Executive will receive his or her severance payment in a cash lump-sum in accordance with the Company’s standard payroll procedures, which payment will be made no later than the first regular payroll date occurring after the sixtieth (60th) day following the Separation.

(b) Continued Employee Benefits. If Executive or Executive’s estate timely elects continued coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), then the Company shall pay the full amount of Executive’s COBRA premiums on behalf of the Executive for the Executive’s continued coverage under the Company’s health, dental and vision plans, including coverage for the Executive’s eligible dependents, for the same period that the Executive is paid severance benefits pursuant to Section 2(a) following the Executive’s Separation. This benefit will be paid in one lump sum on the first payroll date occurring after the sixtieth (60th) day following the Separation. However, if the period comprising the sum of the sixty (60)-day period described in the preceding sentence and the ten (10)-day period described in Section 7(h) below spans two calendar years, then any payments which constitute deferred compensation subject to Section 409A will not in any case be paid in the first calendar year. Executive shall be entitled to an additional gross-up payment to account for the fact that such COBRA premium amounts are paid on an after-tax basis.

3. Qualifying Termination. If the Executive is subject to a Qualifying Termination, then, subject to Sections 5, 9, and 10 below, Executive will be entitled to the following benefits:

(a) Severance Benefits. The Company shall pay the Executive six (6) months of his/her monthly base salary (at the rate in effect immediately prior to the actions that resulted in the Qualifying Termination) plus an amount equal to 50% of the Executive’s annual target bonus corresponding to 100% achievement of target. The Executive will receive his or her severance payment in a cash lump-sum in accordance with the Company’s standard payroll procedures, which payment will be made no later than the first regular payroll date occurring after the sixtieth (60th) day following the Separation.

1 Section 2 to be included for all executives who are entitled to severance benefits on termination due to death or disability under pre-IPO employment agreements in an amount consistent with existing entitlement.
(b) **Continued Employee Benefits.** If Executive timely elects continued coverage under COBRA, then the Company shall pay the full amount of Executive’s COBRA premiums on behalf of the Executive for the Executive’s continued coverage under the Company’s health, dental and vision plans, including coverage for the Executive’s eligible dependents, for the same period that the Executive is paid severance benefits pursuant to Section 3(a) following the Executive’s Separation. This benefit will be paid in one lump sum on the first payroll date occurring after the sixtieth (60th) day following the Separation. However, if the period comprising the sum of the sixty (60)-day period described in the preceding sentence and the ten (10)-day period described in Section 7(h) below spans two calendar years, then any payments which constitute deferred compensation subject to Section 409A will not in any case be paid in the first calendar year. Executive shall be entitled to an additional gross-up payment to account for the fact that such COBRA premium amounts are paid on an after-tax basis.

4. **CIC Qualifying Termination.** If the Executive is subject to a CIC Qualifying Termination, then, subject to Sections 5, 9, and 10 below, Executive will be entitled to the following benefits:

   (a) **Severance Payments.** The Company or its successor shall pay the Executive (i) twelve (12) months of the Executive’s monthly base salary, and (ii) an amount equal to the pro rata portion of the Executive’s annual target bonus, determined based on the portion of the then-active bonus performance period that has elapsed as of the date of the Executive’s Separation, less any amounts previously paid in respect of such bonus during the applicable fiscal year, in each case, at the rate in effect immediately prior to the actions that resulted in the Separation. Such payment shall be paid in a cash lump sum payment in accordance with the Company’s standard payroll procedures, which payment will be made no later than the first regular payroll date occurring after the sixtieth (60th) day following the Separation.

   (b) **Equity.** Each of Executive’s then outstanding Equity Awards, including awards that would otherwise vest only upon satisfaction of performance criteria, shall accelerate and become vested and exercisable as to 100% of the then-unvested shares subject to the Equity Award and, in the case of performance-based awards, of the then-unearned (at the actual performance level or, if the actual performance level has not been determined at the time of such CIC Qualifying Termination, at 100% achievement of target, in any case, unless the applicable award agreement governing such performance-based Equity Awards expressly supersedes the terms of this Agreement) shares subject to the Equity Award. Subject to Section 5, the accelerated vesting described above shall be effective as of the Separation. This Section 4(b) expressly supplements but does not supersede the acceleration provision(s) set forth in any Company equity award agreements entered into prior to September 13, 2021 and to the extent (if at all) that the former and the latter conflict, the Executive shall receive whichever terms of this Agreement or the prior agreement are most favorable to the Executive. This Section 4(b) shall apply to all future Company equity award agreements granted after September 12, 2021, except to the extent the award agreement provides otherwise in a provision that expressly references this provision.

   (c) **COBRA; Pay in Lieu of Continued Employee Benefits.** If Executive timely elects continued coverage under COBRA, then the Company shall pay a lump sum cash payment for continuation of COBRA, on the same terms as set forth in Section 3(b) above, for the same period that the Executive is paid severance benefits pursuant to Section 4(a) following the Executive’s Separation. Executive shall be entitled to an additional gross-up payment to account for the fact that such COBRA premium amounts are paid on an after-tax basis.

5. **General Release.** Any other provision of this Agreement notwithstanding, the benefits under Section 2, 3 and 4 shall not apply unless the Executive (or Executive’s estate, as applicable) (i) has executed a general release of all known and unknown claims that he or she may then have against the Company or persons affiliated with the Company and such release has become effective and (ii) has agreed not to prosecute any legal action or other proceeding based upon any of such claims. The release must be in the form prescribed by the Company, without alterations (this document effecting the foregoing, the “Release”). The Company will deliver the form of Release to the Executive within thirty (30) days after the Executive’s Separation. The Executive must execute and return the Release within the time period specified in the form.

6. **Accrued Compensation and Benefits.** Notwithstanding anything to the contrary in Section 2, Section 3 and Section 4 above, in connection with any termination of employment (whether or not a Death or Disability Qualifying Termination, Qualifying Termination or CIC Qualifying Termination), the Company shall pay Executive’s earned but unpaid base salary and other vested but unpaid cash entitlements for the period through and including the termination of employment, including unreimbursed documented business expenses incurred by Executive through and including the date of termination (collectively “Accrued Compensation and Expenses”), as required by law and the applicable Company plan or policy. In addition, Executive shall be entitled to any other vested benefits earned by Executive for the period through and including the termination date of Executive’s employment under any other employee benefit plans and arrangements maintained by the Company, in accordance with the terms of such plans and arrangements, except as modified herein.
7. Definitions.

(a) “Cause” shall mean the Company's good faith determination of Executive’s: (i) conviction of, or plea of guilty or nolo contendere to, any crime involving dishonesty or moral turpitude or any felony; (ii) engagement in material dishonesty or willful misconduct, in each case in connection with Executive’s position at the Company, (iii) unauthorized use or disclosure of the Company’s confidential information or trade secrets, which use or disclosure causes material harm to the Company, (iv) material breach of any agreement entered into between the Company and Executive, (iv) material violation of the Company’s policies or rules, including, without limitation, the Company’s policies or rules regarding harassment, alcohol, or substance abuse, confidentiality, workplace violence and discrimination, (v) embezzlement, (vi) material failure to cooperate with the Company in any investigation or formal proceeding if the Company has requested Executive’s reasonable cooperation, (vii) Executive’s breach of any fiduciary duty owed to the Company by Executive that has or could reasonably be expected to have a detrimental effect on the Company’s reputation or business, or (viii) gross negligence by Executive with respect to Executive’s performance of Executive’s assigned duties for the Company, following written notice of such negligence by the Company and, to the extent such is determined to be curable by the Company, a period of fifteen (15) days to cure the same and Executive’s failure to cure during such time period.


(c) “Change in Control.” For all purposes under this Agreement, a Change in Control shall mean a “Corporate Transaction,” as such term is defined in the Plan, provided that the transaction (including any series of transactions) also qualifies as a change in control event under U.S. Treasury Regulation 1.409A-3(i)(5).

(d) “CIC Qualifying Termination” means a Separation within three (3) months prior to or twelve (12) months following a Change in Control resulting from (A) the Company or its successor terminating the Executive's employment for any reason other than Cause or (B) the Executive voluntarily resigning the Executive's employment for Good Reason. Executive’s death or a termination or resignation due to the Executive’s Disability shall not constitute a CIC Qualifying Termination.

(e) “Death or Disability Qualifying Termination” means a Separation that is not a Qualifying Termination or CIC Qualifying Termination, but which results from Executive’s death or a termination or resignation due to the Executive’s Disability.

(f) “Disability” means a Separation resulting from Executive’s total and permanent disability as defined in Section 22(e)(3) of the Code, in each case as determined by the Board, whose determination shall be conclusive and binding.

(g) “Equity Awards” means all options to purchase shares of Company common stock, as well as all other stock-based awards granted to the Executive, including, but not limited to, stock bonus awards, restricted stock, restricted stock units and stock appreciation rights.

(h) “Good Reason” means, without the Executive’s prior consent, (i) a material reduction in Executive’s duties or responsibilities that is inconsistent with Executive’s position within a public company, provided that following a Change in Control a mere change of title alone shall not constitute such a material reduction, (ii) a reduction in Executive’s base salary (other than in connection with a general decrease in the salary of all similarly situated employees), or (iii) a relocation of Executive’s principal workplace that increases Executive's one-way commute by at least 35 miles. Executive's principal workplace is Cottonwood Heights, Utah. For the Executive to receive the benefits under this Agreement as a result of a voluntary resignation under this subsection (h), all of the following requirements must be satisfied: (1) the Executive must provide notice to the Company of his or her intent to assert Good Reason within thirty (30) days of the initial existence of one or more of the conditions set forth in subsection (i) through (ii); (2) the Company will have thirty (30) days from the date of such notice to remedy the condition and, if it does so, the Executive may withdraw his or her resignation or may resign with no benefits; and (3) any termination of employment under this provision must occur within ten (10) days of the earlier of expiration of the thirty day company cure period or written notice from the Executive that it will not undertake to cure the condition. Should the Company remedy the condition as set forth above and then one or more of the conditions arises again (in the case of Change in Control, within twelve months following the occurrence of a Change in Control), the Executive may assert Good Reason again subject to all of the conditions set forth herein.

(i) “Plan” means the Company’s 2021 Equity Incentive Plan, as may be amended from time to time.

(j) “Qualifying Termination” means a Separation that is not a CIC Qualifying Termination, but which results from (i) the Company terminating the Executive’s employment for any reason other than Cause or
(ii) the Executive voluntarily resigning the Executive’s employment for Good Reason. Executive’s death or a termination or resignation due to the Executive’s Disability shall not constitute a Qualifying Termination.

(k) “Separation” means a “separation from service,” as defined in the regulations under Section 409A of the Code.

8. Successors.

(a) Company’s Successors. The Company shall require any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company’s business and/or assets, by an agreement in substance and form satisfactory to the Executive, to assume this Agreement and to agree expressly to perform this Agreement in the same manner and to the same extent as the Company would be required to perform it in the absence of a succession. For all purposes under this Agreement, the term “Company” shall include any successor to the Company’s business and/or assets or which becomes bound by this Agreement by operation of law.

(b) Executive’s Successors. This Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.


(a) Best After-Tax Result. In the event that any payment or benefit received or to be received by Executive pursuant to this Agreement or otherwise (“Payments”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code and (ii) but for this subsection (a), be subject to the excise tax imposed by Section 4999 of the Code, any successor provisions, or any comparable federal, state, local or foreign excise tax (“Excise Tax”), then, subject to the provisions of Section 9, such Payments shall be either (A) provided in full pursuant to the terms of this Agreement or any other applicable agreement, or (B) provided as to such lesser extent which would result in no portion of such Payments being subject to the Excise Tax (“Reduced Amount”), whichever of the foregoing amounts, taking into account the applicable federal, state, local and foreign income, employment and other taxes and the Excise Tax (including, without limitation, any interest or penalties on such taxes), results in the receipt by Executive, on an after-tax basis, of the greatest amount of payments and benefits provided for hereunder or otherwise, notwithstanding that all or some portion of such Payments may be subject to the Excise Tax. Unless the Company and Executive otherwise agree in writing, any determination required under this Section shall be made by independent tax counsel designated by the Company and reasonably acceptable to Executive (“Independent Tax Counsel”), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required under this Section, Independent Tax Counsel may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code; provided that Independent Tax Counsel shall assume that Executive pays all taxes at the highest marginal rate. The Company and Executive shall furnish to Independent Tax Counsel such information and documents as Independent Tax Counsel may reasonably request in order to make a determination under this Section. The Company shall bear all costs that Independent Tax Counsel may reasonably incur in connection with any calculations contemplated by this Section. In the event that Section 9(a)(ii)(B) above applies, then based on the information provided to Executive and the Company by Independent Tax Counsel, Executive may, in Executive’s sole discretion and within thirty (30) days of the date on which Executive is provided with the information prepared by Independent Tax Counsel, determine which and how much of the Payments (including the accelerated vesting of equity compensation awards) to be otherwise received by Executive shall be eliminated or reduced (as long as after such determination the value (as calculated by Independent Tax Counsel in accordance with the provisions of Sections 280G and 4999 of the Code) of the amounts payable or distributable to Executive equals the Reduced Amount). If the Internal Revenue Service (the “IRS”) determines that any Payment is subject to the Excise Tax, then Section 9(b) hereof shall apply, and the enforcement of Section 9(b) shall be the exclusive remedy to the Company.

(b) Adjustments. If, notwithstanding any reduction described in Section 9(a) hereof (or in the absence of any such reduction), the IRS determines that Executive is liable for the Excise Tax as a result of the receipt of one or more Payments, then Executive shall be obligated to surrender or pay back to the Company, within one-hundred twenty (120) days after a final IRS determination, an amount of such payments or benefits equal to the “Repayment Amount.” The Repayment Amount with respect to such Payments shall be the smallest such amount, if any, as shall be required to be surrendered or paid to the Company so that Executive’s net proceeds with respect to such Payments (after taking into account the payment of the Excise Tax imposed on such Payments) shall be maximized. Notwithstanding the foregoing, the Repayment Amount with respect to such Payments shall be zero (0) if a Repayment Amount of more than zero (0) would not eliminate the Excise Tax imposed on such Payments or if a
Responsible for the payment of its own attorneys’ fees.

from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Arbitration & Mediation Services, Inc. ("JAMS") under its then-existing employment rules and procedures. Nothing in this section, however, is intended to prevent either party from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Each party to an arbitration or litigation hereunder shall be responsible for the payment of its own attorneys’ fees.


(a) Section 409A. To the extent (i) any payments to which Executive becomes entitled under this Agreement, or any agreement or plan referenced herein, in connection with Executive’s termination of employment with the Company constitute deferred compensation subject to Section 409A of the Code and (ii) Executive is deemed at the time of such termination of employment to be a “specified” employee under Section 409A of the Code, then such payment or payments shall not be made or commence until the earlier of (i) the expiration of the six (6)-month period measured from the Executive’s Separation; or (ii) the date of Executive’s death following such Separation; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Executive, including (without limitation) the additional twenty percent (20%) tax for which Executive would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to Executive or Executive’s beneficiary in one lump sum (without interest). Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement (or otherwise referenced herein) is determined to be subject to (and not exempt from) Section 409A of the Code, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement or in kind benefits to be provided in any other calendar year, in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which Executive incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit. To the extent that any provision of this Agreement is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that all payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. To the extent any payment under this Agreement may be classified as a “short-term deferral” within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this Agreement (or referenced in this Agreement) are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the regulations under Section 409A.

(b) Other Severance Arrangements. This Agreement supersedes any and all cash severance arrangements under any agreement governing Equity Awards, severance and salary continuation arrangements, programs and plans which were previously offered by the Company to the Executive, including under an employment agreement or offer letter, and Executive hereby waives Executive’s rights to such other benefits. In no event shall any individual receive cash severance benefits under both this Agreement and any other severance pay or salary continuation program, plan or other arrangement with the Company. For the avoidance of doubt, Executive may only receive payment under one of Section 2, Section 3 or Section 4 with respect to Executive’s Separation.

(c) Vesting Arrangements. This Agreement supplements but does not supersede any and all vesting arrangements under any agreement governing Equity Awards which were previously offered by the Company to the Executive, including under an employment agreement or offer letter. Notwithstanding anything to the contrary in this Agreement, each of Executive’s then outstanding Equity Awards granted prior to September 13, 2021 shall remain subject to the acceleration terms set forth therein. The vesting acceleration provisions set forth in any agreement governing Equity Awards, any employment agreement or letter or similar agreement between the Company and Executive in effect on the Effective Date, to the extent more favorable to the Executive, will continue to apply to the Equity Awards held by the Executive on such date and shall be supplemented by the terms of this Agreement. For the avoidance of doubt, solely the vesting acceleration provisions in this Agreement shall apply to Equity Awards received after September 12, 2021.

(d) Dispute Resolution. To ensure rapid and economical resolution of any and all disputes that might arise in connection with this Agreement, Executive and the Company agree that any and all disputes, claims, and causes of action, in law or equity, arising from or relating to this Agreement or its enforcement, performance, breach, or interpretation, will be resolved solely and exclusively by final, binding, and confidential arbitration, by a single arbitrator, in San Francisco County, and conducted by Judicial Arbitration & Mediation Services, Inc. (“JAMS”) under its then-existing employment rules and procedures. Nothing in this section, however, is intended to prevent either party from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Each party to an arbitration or litigation hereunder shall be responsible for the payment of its own attorneys’ fees.
(e) **Notice.** Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid or deposited with Federal Express Corporation, with shipping charges prepaid. In the case of the Executive, mailed notices shall be addressed to the Executive at the home address which the Executive most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(f) **Waiver.** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by an authorized officer of the Company (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(g) **Withholding Taxes.** All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law.

(h) **Severability.** The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(i) **No Retention Rights.** Nothing in this Agreement shall confer upon the Executive any right to continue in service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company or any subsidiary of the Company or of the Executive, which rights are hereby expressly reserved by each, to terminate the Executive’s service at any time and for any reason, with or without Cause.

(j) **Choice of Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California (other than its choice-of-law provisions).
IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

EXECUTIVE
/s/ Jon Pexton
Name: Jon Pexton

USERTESTING, INC.
/s/ Andrew MacMillan
By: Andrew MacMillan
Title: CEO
Dear Jon:

This letter agreement amends and restates the employment agreement between you and UserTesting, Inc. (the “Company”), dated March 2, 2021 (the “Prior Agreement”) effective November 1, 2021.

You will continue to work in the role of Chief Financial Officer, reporting to the Company’s CEO.

1. **Cash Compensation.** In this position, the Company will pay you an annual base salary payable in accordance with the Company’s standard payroll schedule. Your pay will be periodically reviewed as a part of the Company’s regular reviews of compensation.

2. **Employee Benefits.** You will continue to be eligible to participate in a number of Company-sponsored benefits to the extent that you comply with the eligibility requirements of each such benefit plan. The Company, in its sole discretion, may amend, suspend or terminate its employee benefits at any time, with or without notice. In addition, you will be entitled to paid vacation in accordance with the Company’s vacation policy, as in effect from time to time.

3. **Termination Benefits.** You will continue to be eligible to receive change in control and severance payments and benefits under the Change in Control and Severance Agreement (the “Severance Agreement”) between you and the Company, dated November 1, 2021.

4. **Confidentiality Agreement.** By signing this letter agreement, you reaffirm the terms and conditions of the Employee Proprietary Information and Invention Assignment Agreement by and between you and the Company.

5. **No Conflicting Obligations.** You understand and agree that by signing this letter agreement, you represent to the Company that your performance will not breach any other agreement to which you are a party and that you have not, and will not during the term of your employment with the Company, enter into any oral or written agreement in conflict with any of the provisions of this letter or the Company’s policies. You are not to bring with you to the Company, or use or disclose to any person associated with the Company, any confidential or proprietary information belonging to any former employer or other person or entity with respect to which you owe an obligation of confidentiality under any agreement or otherwise. The Company does not need and will not use such information and we will assist you in any way possible to preserve and protect the confidentiality of proprietary information belonging to third parties. Also, we expect you to abide by any obligations to refrain from soliciting any person employed by or otherwise associated with any former employer and suggest that you refrain from having any contact with such persons until such time as any non-solicitation obligation expires.

6. **Outside Activities.** While you render services to the Company, you agree that you will not engage in any other employment, consulting or other business activity without the written consent of the Company. In addition, while you render services to the Company, you will not assist any person or entity in competing with the Company, in preparing to compete with the Company or in hiring any employees or consultants of the Company.

7. **Equal Employment Opportunity.** The Company is an equal opportunity employer and conducts its employment practices based on business needs and in a manner that treats employees and applicants on the basis of merit and experience. The Company prohibits unlawful discrimination on the basis of race, color, religion, sex, pregnancy, national origin, citizenship, ancestry, age, physical or mental disability, veteran status, marital status, domestic partner status, sexual orientation, or any other consideration made unlawful by federal, state or local laws.

8. **General Obligations.** As an employee, you will be expected to continue to adhere to the Company’s standards of professionalism, loyalty, integrity, honesty, reliability and respect for all. You will also be expected to continue to comply with the Company’s policies and procedures. The Company is an equal opportunity employer.

9. **At-Will Employment.** Your employment with the Company continues to be for no specific period of time. Your employment with the Company will continue to be on an “at will” basis, meaning that either you or the

1 Any reference to the Company will be understood to include any direct or indirect subsidiary of the Company that employs you, including UserTesting, Inc.
Company may terminate your employment at any time for any reason or no reason. The Company also reserves the right to modify or amend the terms of your employment at any time for any reason. Any contrary representations which may have been made to you are superseded by this letter agreement. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company’s personnel policies and procedures, may change from time to time, the “at will” nature of your employment may only be changed in an express written agreement signed by you and the Company’s Board of Directors.

10. **Withholdings.** All forms of compensation paid to you as an employee of the Company shall be less all applicable withholdings.

[Signature Page Follows]
This letter agreement supersedes and replaces any prior understandings or agreements, whether oral, written or implied, between you and the Company regarding the matters described in this letter (other than the Severance Agreement), including, without limitation, the Prior Agreement. This letter will be governed by the laws of California, without regard to its conflict of laws provisions.

Very truly yours,

USERTESTING, INC.

/s/ Mona Sabet
By: Mona Sabet
Chief Corporate Strategy Officer

ACCEPTED AND AGREED:

Jon Pexton

/s/ Jon Pexton
Signature

11/4/2021
Date

[Signature Page to Amended and Restated Offer Letter]
<table>
<thead>
<tr>
<th>Name of Subsidiary</th>
<th>Jurisdiction</th>
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<tbody>
<tr>
<td>Human Insights Canada, Inc. d/b/a UserTesting Canada</td>
<td>Canada</td>
</tr>
<tr>
<td>USER TESTING LIMITED</td>
<td>United Kingdom</td>
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<td>USER TESTING SINGAPORE PTE. LTD.</td>
<td>Singapore</td>
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<td>Teston AS</td>
<td>Norway</td>
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<tr>
<td>Teston Sweden AB</td>
<td>Sweden</td>
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<td>Teston GmbH</td>
<td>Germany</td>
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</table>
Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-261151) pertaining to the 2013 Equity Incentive Plan, the 2021 Equity Incentive Plan, and the 2021 Employee Stock Purchase Plan of UserTesting, Inc. of our report dated March 4, 2022, with respect to the consolidated financial statements of UserTesting, Inc. included in this Annual Report (Form 10-K) of UserTesting, Inc. for the year ended December 31, 2021.

/s/ Ernst & Young LLP

San Jose, California
March 4, 2022
CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Andrew MacMillan, certify that:

1. I have reviewed this Annual Report on Form 10-K of UserTesting, 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)) 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. 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
   c. 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.

Dated: March 4, 2022

UserTesting, Inc.

By: /s/ Andrew MacMillan
Name: Andrew MacMillan
Title: Chief Executive Officer
(Principal Executive Officer)
I, Jon Pexton, certify that:

1. I have reviewed this Annual Report on Form 10-K of UserTesting, 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)) 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. 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
   c. 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.

Dated: March 4, 2022

UserTesting, Inc.

By: /s/ Jon Pexton
Name: Jon Pexton
Title: Chief Financial Officer
(Principal Financial Officer)
CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, Andrew MacMillan, Chief Executive Officer of UserTesting, Inc. (the “Company”), do hereby certify, to the best of my knowledge and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Annual Report on Form 10-K of the Company for the period ended December 31, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 4, 2022

UserTesting, Inc.

By: /s/ Andrew MacMillan
Name: Andrew MacMillan
Title: Chief Executive Officer
(Principal Executive Officer)
I, Jon Pexton, Chief Financial Officer of UserTesting, Inc. (the “Company”), do hereby certify, to the best of my knowledge and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Annual Report on Form 10-K of the Company for the period ended December 31, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 4, 2022

UserTesting, Inc.

By: /s/ Jon Pexton

Name: Jon Pexton
Title: Chief Financial Officer
(Principal Financial Officer)