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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2025

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

For transition period from to

Commission File Number 001-39156

SPROUT SOCIAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	27-2404165
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

131 South Dearborn St. , Suite 700

Chicago , Illinois

60603

(Address of principal executive offices and zip code)

(866) 878-3231

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, $0.0001 par value per share	SPT	The Nasdaq Stock Market LLC (Nasdaq Capital Market)

Securities registered pursuant to section 12(g) of the Act:

None

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

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

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, that prepares its financial statements in accordance with U.S. GAAP, 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 7(a)(2)(B) of the Securities Act. ☐

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

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

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

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

As of June 30, 2025, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the stock held by non-affiliates was approximately $1.1 billion.

As of February 20, 2026, there were 53,690,940 shares and 5,869,357 shares of the registrant's Class A and Class B common stock, respectively, $0.0001 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement for its 2026 Annual Meeting of Stockholders, which is expected to be held on May 20, 2026, are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Such Definitive Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended December 31, 2025.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements in this Annual Report on Form 10-K ("Annual Report") not based on historical facts are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include statements about Sprout Social, Inc.'s ("Sprout Social") plans, objectives, strategies, financial performance and outlook, trends, prospects or future events and involve known and unknown risks that are difficult to predict. As a result, our actual financial results, performance, achievements or prospects may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "explore," "intend," "long-term model," "may," "might," "outlook," "plan," "potential," "predict," "project," "should," "strategy," "target," "will," "would," or the negative of these terms and similar expressions intended to identify forward-looking statements, as they relate to Sprout Social, our business and our management. Forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by Sprout Social and our management based on their knowledge and understanding of the business and industry, are inherently uncertain. These forward-looking statements should not be read as a guarantee of future performance or results, and stockholders should not place undue reliance on forward-looking statements. There are a number of risks, uncertainties and other important factors, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking statements contained in this Annual Report. Such risks, uncertainties and other important factors include, among others, the risks, uncertainties and factors set forth under "Part I—Item IA. Risk Factors" and "Part II—Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," and the risks and uncertainties related to the following:

- our ability to attract, retain, and grow customers;
- our future financial performance, including our revenue, cost of revenue, gross profit, operating expenses, ability to generate positive cash flow, and ability to achieve and maintain profitability;
- the timing of revenue recognition and the impact of our subscription-based business model on our operating results;
- our ability to access third-party APIs and data on favorable terms;
- our ability to increase spending of existing customers;
- the evolution of the social media industry, including technological advances, utilization of artificial intelligence (AI) and adapting to new regulations and use cases;
- the introduction of AI technologies into our products, which may lead to increased governmental or regulatory scrutiny;
- our ability to innovate and provide a superior customer experience;
- our ability to successfully enter new markets, manage our international expansion and comply with any applicable laws and regulations;
- our ability to successfully adapt our sales, success, and compliance efforts to the demands of sophisticated enterprise customers;
- our ability to maintain and enhance our brand;
- our estimates of the size of our market opportunities;

- the effects of increased competition from our market competitors or new entrants to the market;
- our ability to securely maintain customer and other third-party data;
- our reliance on third-party service providers and infrastructure to operate our platform;
- our ability to comply with existing, modified or new laws and regulations applying to our business, including data privacy and security regulations;
- our ability to maintain, protect and enhance our intellectual property;
- worldwide economic conditions, including the macroeconomic impacts of fluctuations in inflation, interest rates and currency exchange rates, tariffs and trade tensions, and volatility in the capital markets and related market uncertainty, and their impact on demand for our platform and products;
- our ability to acquire, invest in, and integrate other businesses or technologies into our business or achieve the expected benefits of such acquisitions and technologies;
- our ability to attract and retain qualified employees and key personnel;
- our ability to maintain effective internal control over financial reporting;
- our ability to manage our substantial debt in a way that does not adversely affect our business; and
- the other factors set forth under "Risk Factors."

These factors are not necessarily all of the important factors that could cause our actual financial results, performance, achievements or prospects to differ materially from those expressed in or implied by any of our forward-looking statements. Other unknown or unpredictable factors also could harm our results. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above. Forward-looking statements speak only as of the date they are made, and we do not undertake or assume any obligation to update forward-looking statements to reflect actual results, changes in assumptions, laws or other factors affecting forward-looking information, except to the extent required by applicable laws. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

In addition, statements such as "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this report. While we believe such information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, information contained in this Annual Report concerning our industry, including industry statistics and forecasts, competitive position and the markets in which we operate is based on information from independent industry and research organizations, other third-party sources and management estimates. Management estimates are derived from publicly available information released by independent industry analysts and other third-party sources, as well as data from our internal research, and are based on assumptions made by us upon reviewing such data, and our experience in, and knowledge of, such industry and markets, which we believe to be reasonable. In addition, projections, forecasts, assumptions and estimates of the future performance of the industry in which we operate and our future performance are necessarily subject to uncertainty and risk due to a variety of factors, including those described in “Cautionary Note Regarding Forward-Looking Statements” and “Part I—Item 1A. Risk Factors.” These and other factors could cause results to differ materially from those expressed and forecasts in the estimates made by the independent parties and by us.

Unless expressly stated, we obtained industry, business, market and other data from the reports, publications and other materials and sources listed below. In some cases, we do not expressly refer to the sources from which this data is derived. In that regard, when we refer to one or more sources of this type of data in any paragraph, you should assume that other data of this type appearing in the same paragraph is derived from the same sources unless otherwise expressly stated or the context otherwise requires.

- G2, Inc. (“G2”), research data, January 21, 2025
- Glassdoor, Inc. (“Glassdoor”), Best Places to Work, 2017, 2018, 2020, 2021, 2022 and 2023
- The 2025 Sprout Social Index: Edition XX (“The 2025 Sprout Social Index”)
- Fortune, 2025 Best Workplace in Chicago
- U.S. News and World Report, 2025-2026 Best Places to Work For
- Built In, 2025 Best Large Places to Work in Chicago
- Built In, 2025 Best Large Places to Work in Seattle
- Built In, 2025 Best Places to Work in Seattle
- Newsweek, 2025 America’s Greatest Workplaces
- Newsweek, 2025 Greatest Workplaces in Software and Technology
- International Data Corporation (“IDC”) MarketScape: Worldwide Social Marketing Software for Large Enterprises 2024–2025 Vendor Assessment
- Forrester, “The Total Economic Impact of Sprout Social”, January 2025

CERTAIN DEFINED TERMS

Except where the context suggests otherwise, we defined certain terms in this Annual Report as follows:

"API" means application programming interface.

"Co-Founders" means each of Justyn Howard, our former Chief Executive Officer and current Executive Chair and member of our Board of Directors, Aaron Rankin, our former Chief Technology Officer and current member of our Board of Directors, Gilbert Lara, our former Chief Creative Officer, and Peter Soung, our former Head of Growth, and trusts for the benefit of such founders, their respective spouses and/or their lineal descendants.

"CRM" means customer relationship management.

"Enterprise" means organizations that we have identified or that self-identified as having 1,000 or more employees.

"Mid-market" means organizations that we have identified or that self-identified as having 50 to 999 employees.

"SEC" means the U.S. Securities and Exchange Commission.

"SMB" or "small-and-medium-sized businesses" mean organizations that we have identified or that self-identified as having less than 50 employees.

PART I

Item 1. Business

Sprout Social — Driving Smarter, Faster Business Impact

With more than 5.22 billion global users consuming and sharing billions of posts per day, social media has fundamentally changed the customer experience and the way the world communicates. Social media has become mission-critical to the way organizations reach, engage and understand their target audience and customers. Billions of users are sharing their interests, opinions and values with their social networks every day and are using social media to communicate with and about businesses, organizations and causes on an unprecedented scale. Virtually every aspect of business has been impacted by social media, from marketing, sales, commerce and public relations to customer service, product and strategy, creating a need for an entirely new category of software and an entirely new system of record. We offer our customers a centralized, secure and powerful platform that can scale horizontally across an organization to drive maximum business value.

For over 15 years, Sprout Social has helped companies command their market on social media. As social has evolved from a marketing channel to a critical source of enterprise intelligence, our platform has evolved with it. Our human-centric AI and advanced analytics - powered by Trellis, our proprietary AI agent - deliver real-time social intelligence from more than 1 billion daily messages, driving impact quickly and boosting productivity. With straight-forward onboarding, powerful integrations, and ease of use, our platform is designed to scale to meet even the largest enterprise needs. Our AI-led suite of solutions helps brands maximize the value of social, connect meaningfully with their audience, and leverage insights to enhance business strategies and customer retention.

The exceptional value we deliver is bolstered by our recognition as a Leader by IDC in the 2024-25 Marketscape for Social Marketing software for large enterprises, and our consistently high user ratings on G2.

Our platform provides a compelling offering for customers of all sizes, across the SMB, Mid-market and Enterprise customer segments. However, we expect that our current and future growth will likely be driven by outsized contributions from Mid-market and Enterprise customers. We estimate that less than 5% of businesses have adopted social media management software, providing a large, nascent opportunity to drive significantly increased market adoption of our solution.

We have an efficient, product-driven go-to-market strategy that has enabled us to scale rapidly, attracting customers from small businesses to global brands as well as marketing agencies and government, non-profit and educational institutions. In 2025, the majority of our inbound trials were generated through unpaid marketing due to the strength of our brand, content marketing, and search engine optimization. The scale of these trials allows us to rapidly test, adapt and optimize our go-to-market approach for sustained, capital-efficient growth.

Increased adoption of our platform across functions within an organization also represents a large growth opportunity within our existing customer base. Our platform is licensed on a per-user basis with numerous upsell opportunities through additional users and product modules. As social becomes a critical channel for virtually all aspects of the customer experience, including brand awareness, influencer marketing, predictive media intelligence, customer acquisition, social customer care, commerce, advocacy and reputation management, we expect that our customers will increase adoption of our platform across departments.

Our success and innovation are driven by an experienced leadership team and award-winning culture with a reputation for caring deeply about the success of our customers and employees. This strong employer brand allows us to attract and retain high-quality talent and deliver a premium experience for our customers. In 2025, we were recognized as a Built In "Best Place to Work" for the seventh consecutive year, as well as one of "America's Greatest Workplaces" and "Greatest Workplaces in Software and Technology" by Newsweek. This momentum builds on years of consistent excellence, including being named one of the Glassdoor "Best Places to Work" in 2017, 2018, 2020, 2021, 2022 and 2023. Sprout Social was also recognized as a 2025 "Best Workplace in Chicago" by Fortune and a 2025-2026 "Best Places to Work For" by U.S. News and World Report.

Our strong culture, world-class management team, leading platform and efficient go-to market strategy have led to revenue of $457.5 million, $405.9 million and $333.6 million during the years ended December 31, 2025, 2024 and 2023, respectively, representing growth of 13% from 2024 to 2025 and 22% from 2023 to 2024. We generated net losses of $43.3 million, $62.0 million and $66.4 million during the years ended December 31, 2025, 2024 and 2023, respectively.

Our Industry

Social media began as a way for individuals to connect and share experiences. Networks like X (formerly known as Twitter), Facebook, LinkedIn and subsequent major networks allowed individuals to more easily communicate with friends, family, colleagues and those who shared common interests. As social media grew, savvy businesses recognized its power as a channel to market to consumers at scale. A new form of advertising was born and brands rushed to establish a presence and following on social media as a powerful new way to connect with their customers.

We believe social media plays a central role across several key dimensions of consumer behavior and business dynamics:

- social media is a facilitator of shared human experiences;
- social media is shaping our perception of the world around us;
- social media is driving consumer trends and influencing purchases;
- social media is shifting power to consumers;
- social media is holding brands to higher standards;
- social media is where news breaks first;
- social media is replacing existing communication channels; and
- social media is an unprecedented source of business intelligence.

While businesses have begun to adapt by establishing a presence on social media and incorporating social media into advertising strategies, we believe the adjustments necessary to remain competitive and relevant amidst this disruption are substantial and require new software solutions, business processes and approaches.

Social Media's Impact on Business

Businesses must face the reality that social media is not simply another marketing channel. Social media now plays a crucial role across the entirety of an organization, from marketing and communications to sales, customer relationships, customer service, product feedback, and more. Social media is an invaluable layer that is embedded in the digital technology stack:

- ***Consumer influence has expanded***. The ubiquity and ease of social media has enabled a new, public form of casual opinion, observation, endorsement or criticism. Social media has given consumers a powerful, public voice that can reward or penalize organizations. Organizations must listen and respond to this voice.

- ***The balance of power has shifted from brands to consumers***. For as long as media and commerce have existed, brands have largely been in control of their message. Brands determined how and when to communicate with their audience, giving them significant control over their reputation. With the rise of social media, the balance of power has shifted to the consumer. Nearly half of the world's population is sharing opinions across social media daily, shaping public perception and influencing purchasing decisions at enormous scale.

- ***Social media is driving trends and purchasing decisions***. A significant number of purchasing decisions are originating from, influenced by or transacted through social media. According to The 2025 Sprout Social Index™, 81% of consumers say social drives them to make impulse purchases and about one-third of all consumers anticipate making more purchases from social networks in 2025.

- ***Consumer expectations are high***. Consumers demand that brands be present and responsive across social networks, with nearly three-quarters of consumers expecting a response to a social media message within 24 hours or sooner, according to The 2025 Sprout Social Index™. The same report also found that 73% of consumers say they'll buy from a competitor if a brand does not respond on social media.

- ***All aspects of business communication are shifting to social***. Billions of conversations that were previously taking place via email or over the telephone are now occurring over social media. Customers are turning to social for customer service, sales inquiries, product feedback and virtually all aspects of the customer experience. Business systems that were built around telephone and email communication cannot adequately address this shift, requiring a new system of record.

- ***Unprecedented business intelligence***. We believe social media provides the largest source of business intelligence that has ever existed. This represents a real time pulse of consumer sentiment that is unbiased and includes a broad universe not only of current customers, but of potential future customers. Real-time consumer opinions, market trends, competitive insights, product performance and market research can be measured and analyzed using social data. Business decisions and strategy can be derived and validated more efficiently with data available at a larger scale than ever before.

Challenges Facing Our Target Market

The global adoption of social media requires a fundamental shift in business processes and practices across an organization. It requires recalibration and retooling on the same scale as were mandated by the historical shifts to email and telephone.

There are several challenges facing businesses trying to adapt to this new reality:

- ***Consumers are forcing adoption***. Social media is becoming the default communication channel for consumers in coveted demographics. Consumers are expressing their opinions and talking to and about brands through billions of posts per day. Organizations may know they need to adapt to this new reality and adjust their business processes and implement tools to manage this new communication channel, but are unsure how to mine value from social.

- ***The alternative is irrelevance.*** A failure to solve the challenges posed by the shift to social communication would mean disconnecting from large and growing demographics and losing out on market share and business growth. Organizations seeking to engage and connect with their audience without utilizing social tools and strategies are at a severe disadvantage.

- ***The stakes are incredibly high for brands***. Social media gives consumers the power to put everything a brand does into the public eye and under a microscope. A misstep on social media is magnified and can lead to boycott or brand erosion overnight. In this high-stakes environment, the need for an intuitive platform that empowers brands to create exceptional customer experiences, maintain a competitive edge and drive efficiency has never been more critical. Embedded AI, enterprise-grade security, permissions, and reliable network and business APIs are essential to navigate this landscape. A mistake over email or the telephone is typically isolated to the sender and recipient. A mistake on social is public, permanent and can be catastrophic.

- ***Social touches every aspect of business***. While marketers and advertisers were the early adopters of social media, its impact and importance have spread across the entire organization to customer acquisition, support, retention and growth. Like email and the telephone before it, social is not constrained to a particular business purpose. It touches the entire customer experience and impacts virtually every part of a business.

- ***Managing social is highly complex.*** Billions of social media interactions occur every day across various platforms, requiring businesses to engage across all channels simultaneously. Organizations are forced to manage dozens to hundreds of social profiles, a multitude of public and private conversations and billions of data points in real time. Managing this complex landscape in an efficient, secure and scalable manner while fueling growth is not viable without a comprehensive, AI-driven platform.

- ***It is difficult to gather intelligence.*** Social media has become one of the largest and most dynamic sources of business intelligence in the world, offering invaluable insights that can answer critical questions and shape strategic decisions. From real-time customer sentiment to emerging market trends, social data often holds the key to understanding consumer behavior and staying ahead of the competition. Yet, despite its potential, most organizations lack the advanced tools needed to harness, analyze, and unlock the full value of this wealth of information.

- ***The search landscape is fundamentally shifting.*** AI-powered search engines and answer engines are transforming how consumers discover information, products, and brands. Traditional search engine optimization ("SEO") strategies that once drove organic traffic are becoming less effective as AI systems synthesize and present answers directly, bypassing traditional search results. Meanwhile, social media has emerged as a primary discovery channel, with consumers increasingly turning to social platforms to research products, seek recommendations, and make purchasing decisions. Organizations that fail to recognize this shift risk becoming invisible to their target audiences. Brands must adapt their strategies to ensure they maintain visibility and relevance in this new discovery paradigm, where social presence and social intelligence are no longer optional but essential for being found by consumers.

- ***Significant data privacy and security concerns aren't going away.*** As data privacy and security concerns continue to dominate the social media landscape, businesses must act quickly to navigate increasing complexity, risk, and regulation. To stay ahead, brands need to take charge of their market by adopting social media management platforms that safeguard customer data across multiple social profiles and networks. Addressing these challenges with agility is critical not only for maintaining security and trust, but also for staying competitive in an increasingly fast-evolving environment.

- ***On social media, every second matters for brands.*** In the fast-paced world of social media, delivering a seamless customer experience requires quick, coordinated action across multiple departments. A single social media message often requires input from multiple teams, and without a platform providing clear social insights and streamlining workflows, timely and effective responses are compromised. The right platform must deliver value quickly and enable teams to achieve fast, impactful results with minimal complexity. Without an intuitive platform that drives rapid adoption, organizations fail to meet the pace their customers demand, risking a disjointed and inconsistent customer experience.

Our Platform

Brands can no longer afford to overlook the importance of social media, where every interaction has the potential to influence their reputation and expand their reach. Sprout Social offers an intuitive social intelligence platform designed to scale with organizations of all sizes and to help empower teams to secure a competitive advantage and boost their market position.

Customers can rapidly activate Sprout Social and expedite the implementation process to access analysis-ready AI. Social profiles are efficiently connected, and software integrations are configured to deliver rapid results, starting as soon as a customer's trial, which continues to be a key driver of new customer revenue. Our platform is built to reduce the need for extensive training, custom AI builds, and external specialists, leading to lower implementation and services costs and faster time to value. We believe our product is the industry standard for product quality, design and user experience, taking the complexity out of social and putting it in one, intuitive platform so our customers can focus on growing their business.

We believe that when businesses have access to better information, everyone benefits. Our platform aggregates and delivers vast amounts of business intelligence to the right teams, enabling customers to leverage social insights, competitive intel, peer benchmarking, market research, and consumer trend information. By analyzing billions of data points, our platform empowers customers to measure performance, identify growth opportunities, and gain a deeper understanding of their market and competitive landscape.

Our platform leverages a unified codebase that facilitates efficient deployment of new features, updates, and bug fixes. This approach allows us to deliver continuous innovation at an accelerated pace, giving our customers access to the latest tools to drive growth and improve return on investment (ROI). This single codebase architecture not only optimizes performance but also enables our company to maintain a customer-first approach, responding to market changes with agility and enabling scalability without inefficient resource allocation. While solutions such as Employee Advocacy, NewsWhip by Sprout Social and Influencer Marketing are distinct technologies, they operate on underlying codebases similar to that of Sprout Social.

We have cultivated strong, strategic relationships with leading social networks—including Facebook, Instagram, Threads, X (formerly Twitter), Pinterest, LinkedIn, YouTube, Reddit, Tumblr, Bluesky and TikTok. These premier partnerships provide access to the most reliable social data and first-in-line API updates, empowering our customers to make informed, confident decisions that drive sustained growth and innovation.

Additionally, our platform is built to seamlessly integrate social throughout our customers' existing operations. Whether streamlining social workflows, optimizing customer experiences, or enhancing business decision-making, our integrations empower teams to drive measurable results and maximize

ROI. By enabling customers to embed social where they need it the most, we help them achieve their strategic objectives and accelerate success.

We offer a robust suite of AI-powered solutions:

- Publishing and Scheduling
- Social Customer Care
- Reporting and Analytics
- Social Listening and Business Intelligence
- Reputation Management
- Social Commerce
- Influencer Marketing
- Predictive Media Intelligence
- Employee Advocacy, and
- Automation and Workflows.

These solutions serve a broad range of use-cases for our customers, including but not limited to: social and community management, public relations, marketing, brand advocacy and management, customer service and care, commerce, sales and customer acquisition, recruiting and hiring, product development, and business strategy.

Our Competitive Strengths

Sprout Social's market has significant barriers to entry. The technical complexities of social media platforms, the need for established network relationships, and increasing customer demands for data privacy and security have made it more difficult for new competitors to enter the space. Over the past several years, these barriers have grown considerably. As an early leader in the social media management market, we believe we are uniquely positioned to help customers drive meaningful business impact.

The competitive strengths of our platform include:

- ***Our platform is growth-oriented***. Our AI-driven solutions enable customers to take control of their market presence and drive growth through social media. Our human-centric AI is embedded across much of our platform, helping teams unlock significant value. According to Forrester's 2025 study "The Total Economic Impact of Sprout Social", our platform leads to a potential ROI of up to 268%. Customers can amplify this growth further by integrating social with business intelligence to uncover key opportunities through Sprout Social's API, integrations, and business intelligence (BI) connectors. Our advanced analytics also then demonstrate the measurable impact of social media on business performance.

- ***Our intuitive platform drives rapid adoption***. Our platform can be quickly deployed to provide valuable data across an organization through AI-powered workflows, streamlined onboarding, and intuitive usability, all of which can scale to meet the needs of even the largest enterprises. Leveraging advanced AI and automation, Sprout Social processes over 1 billion messages daily, enabling customers to access critical insights and drive impactful results from day one. The platform is designed for ease of use, requiring no specialized certifications or expertise in Boolean queries. Customers can quickly harness the power of AI to gain insights and manage campaigns effectively.

- ***Our AI is human-centric***. Our AI and automation does not only support teams - it amplifies their strengths and supercharges their capabilities, empowering them to think outside the box when it comes to social. We intentionally build our AI to be human-centric, to complement and empower the people behind the brand. Our proprietary AI and automation access more than 10 years of historical social data sets and 15 years in sentiment and textual analysis to elevate insights and deliver precise recommendations. Paired with our secure AI integrations, our AI-powered features are designed to be intuitive, making it easy for your teams to harness the full potential of social and to focus on high-impact work.

- ***We act as a trusted partner to support our customers.*** Sprout Social helps customers transform their social media presence through our platform, combining powerful integrations, expert insights, and exceptional support to drive measurable results. Our customer satisfaction (CSAT) score has been consistently high, with a 95% score over the past five years and 98%+ in the last two years. The CSAT score is determined based on an internal survey of customers following the resolution/closure of a support case. We prioritize customer-driven innovation, using feedback from tens of thousands of customers to guide our product roadmap. This helps us identify the features and products most important to our customers, enabling us to deliver a platform that creates compelling, user-focused experiences. Additionally, customers receive exclusive access to The Arboretum, a dynamic community of over 10,000 members, where they receive ongoing support and social expertise needed to drive impact.

- ***Our social media network partner relationships are strong.*** Sprout Social has established strong relationships with all the leading social media platforms. These partnerships facilitate close collaboration, enabling our team to address evolving customer needs and introduce innovative solutions to the market. These relationships provide access to valuable insights and opportunities for product development and improvement.

- ***Our platform is purpose-built and comprehensive.*** Our platform is designed to bring every aspect of the social experience together into a single, elegant and robust solution. From social customer care, publishing, and reporting and analytics to reputation management, influencer marketing, business intelligence, advocacy, and workflow and collaboration, our customers can manage their entire social experience more effectively through a single interface. Our platform was built with a flexible infrastructure, enabling rapid adaptation to market changes, with some updates and new features that can be deployed quickly. This flexibility relieves customers of operational burdens and allows us to foster innovation through regular platform enhancements.

- ***Our platform is proven to be scalable, reliable and secure.*** Our platform is built to scale and to deliver exceptional performance, reliability, and insights into emerging market trends. Sprout Social's software supports businesses of all sizes, including enterprises, with 99.99% uptime. We hold ourselves to the highest standards for success with robust security and compliance measures.

- ***Our market leadership and premium brand are excellent.*** Our solution is highly regarded and recognized in the industry. Our robust content marketing engine is designed to deliver thought leadership to all decision makers in the buying process, from practitioners to executives. As a result of our strong brand and reputation for quality and service, we are able to generate a significant portion of our revenue from unpaid channels.

- ***We foster a world-class culture***. Our success is possible because of our award-winning culture, which allows us to attract and retain top talent. We have a deep commitment to our people and our customers that compounds our competitive advantages as we continue to grow.

Components of our Platform

AI and automation: ignite creativity by breaking free from limits

We believe AI should be our customers' secret weapon – helping them work faster and uncover insights that let brands focus on more impactful work. Clunky AI that requires intensive investment to get up and running only slows teams down and blocks them from taking charge of their market.

At Sprout Social, we believe the best solutions make it easier for teams to drive growth. By embedding our AI throughout our intuitive platform, Sprout Social's AI and automation seek to bring order to the chaos on social, freeing teams to think beyond limits and unleash creativity to become market leaders.

Central to this approach is Trellis, our proprietary AI agent that allows teams to ask plain-language questions and receive actionable insights from billions of social data points. Rather than requiring users to navigate complex queries or dashboards, Trellis acts as a conversational interface to our social intelligence, enabling market research, competitive analysis, and strategic decision-making through simple, natural interactions.

From content creation and social customer care to data analysis and creating strategic insights – AI on our platform can save teams time, fast-track business outcomes, and unlock creativity. Designed with people in mind, our AI acts as a personal assistant, empowering teams to leverage, rather than complicate or replace, their own strengths.

With more than ten years of collecting social data and trends across industries and networks and more than 15 years in sentiment and textual analysis powered by natural language processing (NLP), we believe we can uniquely build models that provide precise outputs tailored to our customers' social media needs. Our proprietary social data, AI models, and secure AI integrations prioritize rigorous privacy and compliance to protect customer data.

Publishing: plan and publish effective content

Publishing effective, compelling content on social media is critical to growing an audience and keeping them engaged. Sprout Social's Publishing transforms social content calendars into a vibrant collaboration hub. With Sprout Social, teams can publish at the right time and streamline planning thanks to customizable approval workflows, shareable links that don't require logins, and calendar notes that empower teams to strategize efficiently.

- ***Centralized content planning, creation and publishing***. We enable customers to create text and multimedia content to be sent across multiple social networks using an intuitive publishing interface, as well as a shared publishing calendar and campaign organization for collaboration across teams and departments.

- ***Automated scheduling***. Our platform allows content to be scheduled across social networks immediately or at specific dates and times. Content can also be drafted, added to an automated queue or sent using our patented Viralpost technology for optimal reach. Viralpost uses machine learning to determine the best times to reach a customer's most engaged audience.

- ***Content performance reporting***. We provide reporting and analytics on the performance of content and campaigns to help our customers better understand their performance and increase the effectiveness of their publishing efforts.

- ***Suggested content***. We help customers identify compelling content to share with their audience based on global trends. We surface content such as posts that have been shared widely across major social networks so that customers can better understand what content is resonating with their audiences.

- ***Message approval workflows***. Publishing content to social media often requires approvals from within an organization. We provide the workflows to obtain these approvals from single or multiple parties prior to posting to social media.

- ***Publishing permissions & governance***. Maintaining control over social media publishing permissions and records of publishing activity is critical for security and compliance. Our granular permissions allow customers to grant access as needed without sharing critical social profile credentials and records all publishing and approval activity.

- ***Content and asset libraries***. Social media content and campaigns are often shared and repurposed across an organization. We provide libraries for shared content and assets that can be used across teams, locations or departments.

Engagement: outsmart the competition with proactive customer care

With customer expectations soaring, social media management platforms emerged as the holy grail for driving ROI from customer engagement. Sprout Social gives teams a competitive edge for mastering customer connections, using a complete customer snapshot and personalization. Sprout Social's Engagement is designed to optimize customer experiences with AI-driven solutions that humanize customer connections and elevate care. Thanks to Sprout Social's quick implementation and AI-powered features, our customers can proactively manage brand crises and get ahead of customer expectations in record time.

- ***Smart inbox.*** We bring public and private messages from across social networks and profiles into a single, unified inbox. This allows our customers to centralize interactions with their audiences and customers and provides the necessary tools and workflows to deliver seamless customer experiences.

- ***Comprehensive case management***: Social Customer Care by Sprout Social empowers care teams to overcome organizational complexities and deliver timely, exceptional brand experiences. Sprout Social consolidates billions of social conversations across social networks and review sites so teams can efficiently manage customer inquiries and go beyond customer expectations at scale through a robust Case management solution and AI-powered capabilities.

- ***Social CRM***. When interacting across social channels, context is important. We provide historical conversations, notes and user information in-line so teams can generate responses that are relevant and productive.

- ***Social monitoring and alerts***. In addition to messages sent to our customers, our platform also captures messages relating to our customers, for awareness and response when needed. We also provide an alerts engine to notify our customers when critical messages are received.

- ***Customer service tools***. Many of the messages received through social media are customer service related. We provide tools to route and assign messages, and to measure the performance of our customer's customer service efforts through social media.

- ***Automation***. We provide our customers the ability to automate alerts and categorization of messages, as well as a bot-builder technology that can automate high-volume customer conversations in private social channels.

Predictive Intelligence: navigate the media landscape

In today's fast-paced digital environment, brands and publishers face tens of thousands of signals daily from breaking news to emerging trends. Sprout Social's acquisition of NewsWhip in July 2025 expanded our predictive intelligence capabilities, empowering customers to navigate the complex media landscape with differentiated foresight and agility. NewsWhip transforms real-time, AI-powered intelligence into social action, helping brands stay ahead of trends and risks with speed, precision and purpose. NewsWhip's innovative AI agents and real-time monitoring capabilities enable our customers to proactively manage brand crises, detect reputation threats before they escalate, and make data-driven decisions with confidence.

- ***Real-time media monitoring.*** We can discover new articles and posts in as little as 60 seconds across web publishers and social platforms including Facebook, X, Reddit, TikTok, Instagram, and YouTube. Our platform monitors millions of news and social media signals per hour, surfacing rising narratives and assessing momentum to help customers stay informed on emerging stories as they unfold.

- ***Predictive analytics and trend identification.*** We provide predicted engagement levels for content, allowing customers to identify stories gaining momentum before they reach peak virality. Our unique metrics, including Highest Velocity and Overperforming, help customers discover viral content and understand which stories may be impactful in the next 24 hours.

- ***AI-powered monitoring agents.*** Our industry-first real-time monitoring agent actively scans global news, detects meaningful shifts, and delivers analyst-quality alerts in minutes. The agent not only notifies customers but explains what is happening, why it matters, and how situations are evolving, enabling faster and more informed decision-making for crisis management and reputation protection.

- ***Historical media intelligence.*** We maintain over seven years of historical media and public engagement data, enabling customers to analyze long-term trends, understand seasonal content patterns, benchmark campaign performance, and conduct comprehensive analysis across timeframes greater than 90 days.

- ***Comprehensive engagement data.*** We bring together public interest and media interest data to give customers a complete understanding of any crisis, event, or trend. Our platform combines real-time feeds of web and social content with public engagement data to help customers identify and predict the content that matters most to their audiences.

- ***Alerts, digests and reporting.*** We enable customers to react swiftly and collaboratively through customizable alerts, AI-powered digests, and custom reports. Our platform provides view-only dashboards for sharing real-time insights across organizations, PowerPoint integrations for seamless reporting, and flexible alert systems to keep teams informed when they are not actively monitoring.

- ***API integration and workflow automation.*** We offer API access allowing customers to integrate NewsWhip data directly into their existing workflows, dashboards, and business intelligence tools, enabling seamless incorporation of predictive intelligence into their operational processes.

Analytics: solve business problems faster with social insights

Social media reporting promised a clear connection between social engagement and real business impact, yet many teams still find themselves lost in a tangled web. Sprout Social’s analytics are designed to decode the value of social, transforming data into clear insights that help brands drive business impact, stay ahead of the competition and demonstrate real ROI. Our robust reporting suite is designed for effortless customization, giving teams the power to showcase metrics that align with their organization’s unique objectives. Thanks to Sprout Social’s proprietary algorithms that easily compare organic and paid reporting, teams can trust their insights are spot-on – essential for igniting adoption for shaping business strategies quickly.

- ***Comprehensive social media reporting***. Our customers can measure and analyze their performance across all major social networks through rich experiences designed to extract actionable insights from data. Reporting can be done across networks, analyzing paid and organic performance compared to historic and peer or competitor performance.

- ***Content performance reporting***. Measuring the effectiveness, reach and reaction to published content allows our customers to optimize their social publishing efforts to drive incremental value for their audiences.

- ***Customer service and team reporting***. Customer service conducted through social media requires rapid response and resolution. Our service- and support-focused reports allow our customers to understand their response rates and times, measure team member activity, measure net promoter scores and benchmark against peers.

- ***Custom report builder***. In addition to our presentation-ready reports, customers can customize reports to meet their needs, and export those reports in several formats to share with peers and stakeholders across their business.

- ***Reporting API***. Data provided in our reporting suite can be delivered via API for integration with existing business intelligence tools.

Social Listening: power growth and set the industry standard with business intelligence at scale

Social is an indispensable source of business intelligence, where billions of data points are created across social networks that contain information that can help businesses better understand their markets, their customers and their competition. Sprout Social provides real-time insights that can turn social listening into a competitive edge, empowering customers to anticipate trends and drive growth before the competition can react.

- ***Market research***. We provide dynamic visualizations of historical and real-time analysis of our customer's social data so they can extract actionable insights and make better business decisions.

- ***Brand health***. Our customers can monitor their brand's general health, analyze campaign performance and gain visibility into consumer needs and sentiment drivers to help them understand and improve their brand performance.

- ***Competitive insights***. Our customers can identify opportunities to differentiate their brand, products and services through competitor comparison, sentiment research and share of voice analysis. This can help them to keep ahead of their competition.

- ***Consumer trends***. We provide a cross-channel conversational analysis to help our customers uncover emerging trends and identify influencers to fine-tune campaigns to strengthen market positioning.

- ***Product feedback***. Social conversations often point to product related feedback. Our customers can leverage these consumer insights to upgrade their customer experiences and refine products and services.

Influencer Marketing by Sprout Social: streamline end-to-end influencer campaign management

Sprout Social’s Influencer Marketing platform is designed to help brands and agencies grow, reach new audiences, and build authentic connections with customers. Our platform makes it easy to launch and manage influencer marketing campaigns through customizable workflows.

With Affinity, our proprietary algorithm powered by machine learning and audience psychographics, brands can find the right influencers for their campaigns. Affinity matches influencers to brands by analyzing similarities in audience interests across thousands of profiles, with the goal of ensuring that both the influencer and their audience are a good fit for the campaign. The right influencer can drive authenticity, engagement, and stronger ROI.

When combined with Sprout Social, our Influencer Marketing platform helps brands boost targeted engagement, increase reach, and maximize business impact as part of their overall social strategy.

Employee Advocacy: the fastest way to extend social reach

Sprout Social’s Employee Advocacy solution is designed to enable organizations to leverage the trust and influence of their employees to extend brand reach on social media. By empowering employees to become authentic brand advocates, the solution can enhance an organization’s marketing efforts and provide a competitive edge through meaningful connections and streamlined workflows.

Employee Advocacy is built to simplify the process of content sharing and customizable newsletter creation, allowing employees to easily share relevant brand messages with their social networks. The integration with Sprout Social's platform provides social teams with the tools that allow them to streamline operations and assess performance through actionable data.

Built for quick adoption, the Employee Advocacy solution is designed to support businesses in unlocking new opportunities, accelerating growth, and scaling success in the fast-moving digital landscape.

Additional capabilities:

As social media use expands throughout our customers’ organizations, their use cases and needs do too. We respond to these increasing demands by continuously enhancing our platform and expanding our offering.

- **Social Commerce**. Commerce transactions are shifting to social, now a primary point of product discovery for consumers. We allow brands to easily link their commerce platforms, including Facebook Shops, Shopify, and WooCommerce, to Sprout Social to drive more sales opportunities and foster loyalty. This eliminates unnecessary steps and shortens response times with personalized offers, thanks to a unified view of product catalogs, SKU availability and purchase history.

- **Reputation and review management.** Brand perception is largely influenced by social media and customer review platforms. Customers can quickly address any issues as they arise by responding promptly and building trust through thoughtful communication. By actively monitoring reviews across key platforms—such as the Apple App Store, Facebook, Glassdoor, Google My Business, Google Play Store, Tripadvisor, Trustpilot, and Yelp—brands can gain valuable insights into customer sentiment and identify areas for improvement. This proactive approach not only helps resolve crises but also strengthens relationships with customers and enhances brand loyalty.

- **Mobile applications**. Social media operates around the clock, extending well beyond traditional work hours. To meet the needs of our customers, we offer mobile applications that provide full access to our platform on both Android and iOS devices. This allows customers to manage and engage with their social media operations anytime, anywhere, enabling continuous responsiveness and support for their social media strategies.

- **Chatbot creation and management**. To manage high volumes of customer messaging, we provide our customers with an intuitive interface to build and deploy chat experiences to help their audience get the information they need quickly and efficiently.

Our Growth Strategies

We intend to capitalize on our large market opportunity with the following key growth strategies:

- ***Win with Enterprise customers.*** We believe there is substantial opportunity to drive increased pipeline and strategic customer wins in accounts contributing $50,000 or more in annualized recurring revenue (ARR). We plan to accomplish this through a product roadmap that is increasingly focused on the requirements of Enterprise customers and within our go-to-market strategy, by driving more awareness with senior executives. We intend to release more features that will allow us to continue to meet the evolving needs of the largest enterprises and drive larger ACV transactions. This includes more scale in our customer care product, deepening our listening analytics features and support for larger scale deployments. We intend to drive increased accountability in the field, ensure we have appropriate resource allocation across our different customer and geographic segments, and strengthen the operational cadence of the go-to-market teams and their intersection with the rest of the company.

- ***Increase customer health by driving improved onboarding and adoption behaviors.*** We want our customers to discover and deploy all of the deep value within our platform so they can leverage our most sophisticated capabilities, can integrate our platform into their core tech stack, and can leverage Sprout Social data to better understand their Social ROI. We intend to deliver more strategic expert services, build and support more integrations, and help our customers to better measure and understand the impact of their work.

- ***Invest in our partnerships.*** We will continue to invest in partnerships with strategic partners. Relationships with global partners bring our team into larger, strategic accounts and expand our reach into some of the largest digital marketing budgets. In addition, our go-to-market alignment with agencies remains a central component of our push into the enterprise market. We continue to view this channel as a key contributor to ACV expansion.

- ***Further penetrate our customer base.*** We intend to drive deeper penetration into our customer base, for both new and existing customers, with use case expansion and premium modules. Seat expansion, both inside of departments and across use cases, AI capabilities, professional services and premium models such as Influencer Marketing, Listening, Premium analytics, and Advocacy serve as key growth levers. We know social is incredibly horizontal and has wide utility and applicability across a business, and we believe we have a tremendous opportunity to help our customers capitalize on opportunities they haven't tackled yet.

Pricing

We offer a variety of subscription-based plans to provide customers with flexibility in accessing the full value of Sprout Social based on their specific needs. To facilitate rapid adoption and demonstrate the platform's impact on business growth, we encourage the majority of our customers to participate in an initial 30-day free trial. This allows them to experience firsthand how Sprout Social can drive efficiency and performance.

For enterprise customers and organizations with large-scale social media operations, we offer managed trials that provide personalized support to help them realize the full value of the platform. These enterprises receive white-glove onboarding, a customized implementation plan, dedicated assistance for single sign-on (SSO) setup, and priority customer support.

Our platform is licensed on a per-user, per-month basis, providing scalability to meet the needs of businesses of all sizes.

Here is how it works:

1. Customers choose a core plan and license the platform per-user.

2. Customers add users, social profiles, and use-cases.

3. Customers add product modules (e.g., Listening) for an additional monthly rate depending on their needs.

Customers

We have a highly diverse base of tens of thousands of customers across SMBs, Mid-market companies, Enterprises and marketing agencies, as well as government, non-profit and educational institutions. We have been increasingly focused on the Mid-market and Enterprise segments, and we expect that our current and future growth will likely be driven by outsized contributions from Mid-market and Enterprise. Aligning to this focus, we announced a price increase in November 2022, which values our software consistent with the expectations of these segments of the market. As a result, our total number of customers or the number of net new customers we have added each quarter following the price increase has decreased while the average spend of each new customer has increased. We expect this trend to continue as we remain focused on our most sophisticated customers.

Sales and Marketing

Our go-to-market strategy continues to be driven by the strength and innovation of our platform, complemented by an expanded multi-product approach and deeper market segmentation. We leverage a product-led strategy, allowing potential customers to engage with our platform through free trials and product demonstrations. A significant portion of customers subscribe without direct sales intervention.

In 2026, we plan to enhance our go-to-market execution by prioritizing enterprise growth and multi-threaded sales motions. Our strategic focus includes high-value deals, verticalized go-to-market strategies, and deeper customer engagement across industries. We believe investments in influencer marketing, predictive analytics, expanded partnerships, and international market development will further strengthen our ability to scale globally.

As customers recognize the value of our platform, adoption naturally expands across the departments of their organizations through word-of-mouth and demonstrated impact. By aligning sales, marketing, and product teams around key growth initiatives, we continue to drive lead generation, increase conversion rates, and scale our platform's adoption across diverse customer segments.

We serve a large number of customers across industry and customer segments. With our self-serve, inside and field sales strategies, we seek to efficiently provide each customer segment with an exceptional experience and efficient scalability.

Our marketing team is focused on generating awareness of our social media management platform and on inbound marketing through our industry leading blog and other social content, including our own large social media following. The majority of inbound trials and demonstration requests are generated from unpaid marketing, allowing us to rapidly test, adapt and optimize our go-to-market motion.

Our sales and marketing expenses were $190.6 million, $184.1 million and $168.1 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Customer Service

Customer success is at the heart of our business, and our global support team is committed to providing exceptional service to all customers, regardless of size or segment. We prioritize delivering high-quality support in the channels that customers prefer, ensuring a seamless experience across email, phone, chat, and social media.

We offer 24/5 support for both phone and chat inquiries. Our team serves a global customer base in multiple languages, including English, Spanish, Portuguese, and French. Customers consistently rate Sprout Social highly on the third-party review platform G2, where we have been consistently recognized for excellence in our category. In 2024, we were honored with the #1 spot on G2 across all software products, reflecting our commitment to delivering superior value and performance for customers.

Our focus on customer success extends beyond just support. With Sprout Social as their trusted partner, customers are able to gain deep insights into their social performance with exclusive access to The Arboretum, a dynamic community of over 10,000 members, where they can exchange insights and receive ongoing support. Customers also benefit from educational resources and strategic guidance from our Premier Success team. This holistic approach empowers customers to not only meet, but exceed their goals and drive the business impact they need from social. Additionally, our on-demand help center supports customers in becoming self-sufficient without requiring ongoing support.

Customer service costs are included in Cost of revenue within the Consolidated Statements of Operations.

Research and Development

We have a proven research and development team that rapidly delivers high-quality products, which has driven our growth. Our ability to lead in the social media management market depends on our introduction of new products and continuing to improve our current offerings. We work diligently to respond to our customers’ needs to create the best user experience possible.

Our research and development team is responsible for the design, development and testing of our products. We invest substantial resources in research and development to drive our technology innovation and bring new products to the market. Our research and development expenses were $101.3 million, $102.8 million and $79.6 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Competition

There are a number of established and emerging competitors in the social media management software market. While new companies join the market frequently, barriers to entry are high, with increased consolidation in recent years. We consider the competitive differentiators in our market to be:

- **Growth from social**: How well the platform helps customers grow their brand or business through social.

- **Speed of adoption**: How quickly users can get started and feel comfortable using the platform.

- **Human-centric AI and automation**: How well the platform uses AI and automation to make tasks easier for teams.
- **Customer support:** The level of partnership and support the vendor provides to help customers succeed.
- **Comprehensive solution**: Whether the platform provides everything teams need to successfully drive ROI from social.
- **Scalability**: How easily the platform can grow with your business as it gets bigger.
- **Ease of use, security and reliability:** How intuitive the platform is, how secure data is, and how reliable the platform is day-to-day.
- **Cost and deployment:** How effortless it is to set up and run the platform, in a way that delivers financial ROI.

We believe we compete favorably on all of these factors.

We primarily face competition from other social media management companies such as Hootsuite, Khoros and Sprinklr, as well as a range of independent point solutions. In order to compete, we work tirelessly to innovate and improve our products, while at the same time, preserving our unique culture.

Intellectual Property

We rely on a combination of patent, trade secret, copyright and trademark laws, a variety of contractual arrangements, such as license agreements, assignment agreements, confidentiality and non-disclosure agreements, and confidentiality procedures and technical and technological measures to protect rights in our proprietary technology and intellectual property.

We have seven issued U.S. patents and two U.S. patent applications pending. We intend to pursue additional patent protection to the extent we believe it would be beneficial and cost-effective. However, we cannot be certain that any patents will be issued with claims of sufficient scope to provide meaningful protection or competitive advantage.

We actively pursue registration of our trademarks, logos, service marks and domain names in the United States and in other key jurisdictions. We are the registered holder of a variety of domain names that include the term “Sprout Social” and similar variations. We also own numerous trademarks, trade names, service marks, logos and design marks, including SPROUT SOCIAL and our leaf logo.

In addition to our registered intellectual property, we rely on trade secrets and confidential information to develop and maintain our competitive position. We seek to protect our trade secrets and confidential information through a variety of methods, including confidentiality agreements with employees and third parties who may have access to our proprietary information. We also require most employees to sign agreements, pursuant to which they assign to us any inventions, developments and other technology generated by them on our behalf.

Accordingly, while we believe our intellectual property is sufficiently protected, the failure to obtain or the loss of some of these rights could have an adverse effect on our business, financial condition and results of operations. We protect and enforce our intellectual property rights, including through litigation as necessary. See “Risk Factors—Risks Related to Intellectual Property Matters—Inability or failure to protect our intellectual property rights could impair our business.”

Government Regulation

The legal environment of Internet-based businesses is evolving rapidly in the United States and elsewhere. The manner in which existing laws and regulations are applied in this environment, and how they will relate to our business in particular, both in the United States and internationally, is often unclear. For example, we sometimes cannot be certain which laws will be deemed applicable to us given the global nature of our business, including with respect to such topics as data privacy and security, pricing, credit card fraud, advertising, taxation, content regulation and intellectual property ownership and infringement.

Our customers, and those with whom they communicate using our platform, upload and store data onto our platform, generally without any restrictions imposed by us as to the nature of such content, subject to our terms of service. This presents legal challenges to our business and operations, such as rights of privacy or intellectual property rights related to the content loaded onto our platform. Both in the United States and internationally, we must monitor and comply with a host of legal concerns regarding the data stored and processed on our platform as well as the operation of our business. These laws include, without limitation, the following:

Data Privacy and Security Laws

In the ordinary course of our business, we collect and process personal data. Accordingly, we are, or may become, subject to numerous data privacy and security obligations, including federal, state, local, and foreign laws, regulations, guidance, and industry standards governing data privacy and security. Such obligations may include, without limitation, the Federal Trade Commission Act, the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020 ("CPRA") (collectively, the "CCPA"), the Canadian Personal Information Protection and Electronic Documents Act, Canada's Anti-Spam Legislation, the European Union's General Data Protection Regulation 2016/679 ("EU GDPR"), and the EU GDPR as it forms part of United Kingdom ("UK") law by virtue of section 3 of the European Union (Withdrawal) Act 2018 ("UK GDPR").

The CCPA and EU GDPR are examples of the increasingly stringent and evolving regulatory frameworks related to personal data processing that have, and may continue to, increase our compliance obligations and exposure for any actual or perceived noncompliance. For example, the CCPA imposes obligations on covered businesses to provide specific disclosures related to the business's collection, use, and disclosure of personal data and to respond to certain requests from California residents related to their personal data (for example, requests to know of the business's personal data processing activities, to delete or correct the individual's personal data, and to opt out of certain personal data disclosures). Also, the CCPA provides for administrative fines and a private right of action for certain data breaches which may include an award of statutory damages.

European data privacy and security laws (including the EU GDPR and UK GDPR) impose significant and complex compliance obligations on entities that are subject to those laws. For example, these obligations include limiting personal data processing to only what is necessary for specified, explicit, and legitimate purposes; requiring a legal basis for personal data processing; requiring the appointment of a data protection officer in certain circumstances; increasing transparency obligations to data subjects; requiring data protection impact assessments in certain circumstances; limiting the collection and retention of personal data; increasing rights for data subjects; formalizing a heightened and codified standard of data subject consents; requiring the implementation and maintenance of technical and organizational safeguards for personal data; mandating notice of certain personal data breaches to the relevant supervisory authority(ies) and affected individuals; and mandating the appointment of representatives in the UK and/or the EU in certain circumstances.

See the sections titled “Risk Factors—Risks Related to the Use of Technology” and “Risk Factors—Legal and Regulatory Risks” for additional information about the laws and regulations to which we are or may become subject and about the risks to our business associated with such laws and regulations.

Copyright & Trademark

U.S. and international copyright and trademark laws protect the rights of third parties from infringement of their intellectual property. Our customers can use our platform to upload and present a wide variety of content. In general, our customer terms of service state that customers agree not to, nor authorize or permit any third parties to use our products to post, upload, link to, send, distribute, or store any content that is protected by copyright, trademark, or any other proprietary right without first having obtained all rights, permissions, and consents necessary to make such content available on or through our products. As our business expands to other countries, we must respond to regional and country-specific intellectual property considerations, including takedown and cease-and-desist notices in foreign languages, and we must build infrastructure to support these processes. The Digital Millennium Copyright Act, or DMCA, also applies to our business in the United States. This statute provides relief for claims of copyright infringement by third parties but includes a safe harbor that is intended to reduce the liability of online service providers for listing or linking to third-party websites or hosting content that infringes copyrights of others. The copyright infringement practices that we have implemented for our platform are intended to satisfy the DMCA safe harbor.

Culture and Workforce

At Sprout Social, we are proud to be recognized as a Built In “Best Place to Work” in 2025, a testament to the exceptional people who make up our team. This is our seventh consecutive year receiving this honor. The annual Built In awards recognize companies across all sizes and industries, including both remote-first organizations and those in major tech markets across the U.S. This recognition underscores the essence of our culture: a purposeful, collaborative, and bold team that delivers exceptional results.

This year, we are thrilled to have been named to three Built In Best Places to Work lists for 2025: Best Large Places to Work in Seattle, Best Places to Work in Seattle, and the Best Large Places to Work in Chicago. These accolades belong to our entire global team, and affirm our dedication and shared commitment to living our values every day.

Central to how we have achieved our world class culture is a commitment to listening and transparency. We align our people strategies to our company values and business vision, while collecting continuous feedback from our team and adjusting our approach to meet their needs. By doing so, we strive to foster an environment where the best ideas win and our employees and our business grow together. In turn, we create sustainable choices that deliver real outcomes for our team, customers, and stakeholders.

This year, our focus is on empowering our team to do the best work of their careers, with the support and tools they need to succeed. As we continue to strengthen our employee engagement and performance, we’re committed to fostering a culture that inspires excellence and brings out the best in all of us.

Our Workforce

As of December 31, 2025, Sprout Social employed 1,362 full-time team members, with an average tenure of 3.3 years. Geographically, our workforce spanned multiple locations, with 369 team members based outside the United States.

Sprout Social also aspires to create a world-class, flexible, and inclusive hybrid culture that enables exceptional work. We prioritize opportunities to bring our distributed teams together through meetups and team gatherings at our offices yearly, and local events such as Happy Hours and Breakfast Bars. These moments foster meaningful connections within our global community, strengthening bonds and enhancing engagement.

Employee Development

Sprout Social's commitment to employee growth and development continued in 2025 through a focus on department-specific investments and a refreshed performance management framework.

During the year, we empowered department leaders to implement custom learning solutions, such as team-wide skill-building, designed to meet the unique needs of their specific functions. By shifting toward specialized, department-based learning, we have been able to more effectively bridge skill gaps and ensure that development efforts are directly contributing to functional excellence and operational efficiency.

Performance management remained a primary focus, with all managers completing biannual reviews for their teams. We continued to optimize this experience in response to employee feedback, placing a stronger emphasis on actionable, forward-looking coaching. By providing our workforce with a clearer line of sight into success criteria and future growth, we are creating the organizational conditions that fuel high performance. Employee sentiment throughout 2025 indicates that this strategy is resonating, helping to accelerate our high-performance engine as we look toward 2026.

Engagement & Recognition

Employee listening is a central component of our people strategy. In 2025, we increased our listening rituals to gather more frequent, real-time feedback from our employees. This increased cadence allows leadership to better understand where we can improve our workflows and how we can empower our team to have a greater impact on our strategic goals. Across our biannual pulse surveys, we achieved a consistent 80% participation rate. We view this high level of voluntary participation as a key indicator of a highly engaged workforce and a culture built on mutual trust.

Recognition remains a cornerstone of our engagement strategy. Through our Value Awards, we celebrate employees who exemplify Sprout Social's values. Award recipients receive a $2,000 prize and a $500 charitable donation to an organization of their choice, reinforcing our commitment to both our people and community impact. Additionally, we continue to celebrate milestone moments and anniversaries with branded swag, fostering a sense of pride and connection among our global team.

Total Rewards

Sprout Social's total rewards philosophy in 2025 was built on a foundation of fairness, competitiveness, and well-being, ensuring our employees feel valued and supported at every stage of their personal and professional journeys. Our comprehensive benefits offerings reflect our commitment to enabling employees to thrive both inside and outside of work.

We provide globally competitive compensation packages, which include base salary, commission, and stock-based compensation. Salaries are reviewed annually using market-based data to facilitate fairness and alignment with industry standards. As part of our steadfast commitment to pay equity, we conduct annual global pay equity analyses to support fair and transparent employee compensation. Additionally, our Employee Stock Purchase Plan (currently available in the U.S.) allows employees to share in Sprout Social's financial success by purchasing stock at a discounted rate, reinforcing their stake in our collective growth.

Our benefits offerings are designed to attract and retain talent while aligning with local market practices and regulatory requirements across the jurisdictions in which we operate. In the U.S., our benefits suite includes comprehensive healthcare, a 401(k) retirement plan featuring a company match to support employee financial wellness, and a flexible PTO policy designed to support a positive work-life balance. Internationally, our benefits are structured to complement statutory requirements and may include supplemental health and life insurance, disability coverage, and pension or retirement savings plans.

In 2025, we continued to prioritize support for growing families, offering a $5,000 family planning benefit for surrogacy and adoption, as well as enhancing our global parental leave programs to be better aligned with international practices and standards. We also enhanced our global bereavement leave policy to ensure that employees have the space they need to process grief and be there for their loved ones during difficult times. Our global Lifestyle Spending Account empowers employees to prioritize their personal health and well-being, while new hire stipends for home office setups and ongoing Wi-Fi reimbursements enable productivity in our hybrid work environment. As a company, in 2025, we also had nine “R&R” days in addition to holidays to help encourage employee wellbeing.

Beyond the essentials, Sprout Social offers a range of additional well-being benefits that underscore our holistic approach to employee care. These resources include financial wellness tools, legal support, identity theft protection, pet insurance, and backup care for children and elders. By continually evaluating and evolving our rewards and benefits, we aim to provide an exceptional employee experience that helps attract amazing talent, and drives engagement, retention, and long-term success.

Governance & Accountability

Ethical conduct and diverse representation among key decision-makers are at the heart of Sprout Social’s governance practices. Our Environmental, Social and Governance (ESG) committee, which includes several members of our executive team, guides our efforts intentionally and impactfully. We align our governance policies with stakeholder interests by adopting transparent practices, such as pay-for-performance disclosures and enhanced stock ownership guidelines for executive officers. Our board evaluations and risk management programs further promote accountability and efficiency at every level.

Health, Safety & Wellbeing

The safety and well-being of our employees continued to be a top priority in 2025. Our hybrid work model allowed employees to choose their ideal work environment, supported by ergonomic office stipends, educational resources on ergonomics and flexible schedules. We maintained rigorous safety protocols in our offices, equipping them with life-saving tools and ensuring secure access.

Sprout Social’s mental health resources included counseling services, financial wellness tools, and backup care options, reflecting our holistic approach to employee well-being. These initiatives are designed to support our workforce in achieving balance and resilience.

Refreshed Values

At the start of 2025, Sprout Social renewed its values to reflect our bold ambitions and commitment to achieving extraordinary things. But values don’t mean much if they are just words. Whether we lead a team, manage a project, or shape group dynamics, we all play a key role in bringing our values to life. By actively embracing and demonstrating them, we strive to create an environment where we all thrive.

- ***Be a joy to work with.*** In every customer interaction, we deliver exceptional value.
- ***Put your name on it.*** We act with purpose, own our impact and consistently deliver exceptional results.
- ***Change the game.*** We redefine what is possible, act boldly and transform challenges into breakthroughs.

- ***All in, All together.*** Collaboration, trust and inclusion power our success. Together, we achieve more than we ever could alone.

Our values are more than just words. They are the foundation of our culture — the principles that guide our decisions and the behaviors that shape how we show up every day. By integrating them into our daily work, meetings, feedback, recognition, and decision-making, we keep them alive and thriving. When we live our values, we strengthen our culture and move Sprout Social forward, together.

Our Website and Availability of SEC Reports and Other Information

We maintain a website at the following address: *www.sproutsocial.com*. The information on our website or our social media profiles is not incorporated by reference in this Annual Report.

We make available on or through our website certain reports and amendments to those reports we file with or furnish to the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act. These include our annual reports on Form 10-K, our quarterly reports on Form 10-Q, and our current reports on Form 8-K. We make this information available on our website free of charge as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC.

Investors and others should note that we routinely announce material information to investors and the marketplace using SEC filings, press releases, public conference calls, webcasts and the Sprout Social Investors website. We also intend to use certain social media profiles (including www.twitter.com/SproutSocial, www.facebook.com/SproutSocialInc, www.linkedin.com/company/sprout-social-inc-/, www.instagram.com/sproutsocial/) as a means of disclosing information about us to our customers, investors and the public. While not all of the information that we post to the Sprout Social Investors website or to social media profiles is of a material nature, some information could be deemed to be material. Accordingly, we encourage investors, the media and others interested in Sprout Social to review the information that we share at the Investors link located at the bottom of the page on sproutsocial.com and to regularly follow our social media profiles. Users may automatically receive email alerts and other information about Sprout Social when enrolling an email address by visiting "Request Email Alerts" on the website at investors.sproutsocial.com.

Item 1A. Risk Factors

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this Annual Report and in our other public filings, including our audited consolidated financial statements and the related notes and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," before deciding whether to invest in our Class A common stock. The occurrence of any of the events or developments described below could materially and adversely affect our business, financial condition, results of operations and growth prospects. In such an event, the market price of our Class A common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.

Risk Factors Summary

Risks Related to our Business Model and Other Operations Risks

- If we fail to attract new customers and retain and increase the spending of existing customers, our revenue, business, results of operations, financial condition and growth prospects would be harmed.
- Our historical revenue growth rates may not be indicative of our future growth.
- Our platform and products are dependent on APIs built and owned by third parties, including social media networks, and if we cannot renew on commercially reasonable terms or we lose access to data provided by such APIs for any reason, our business could suffer.
- If we are unable to attract potential customers through unpaid channels, or other sources of demand, including expansion opportunities from existing customers and outbound sales efforts, or convert prospective customers and expansion opportunities into paid subscriptions, our business and results of operations may be adversely affected.
- If we fail to adapt and respond effectively to rapidly changing technology, new social media platforms, evolving industry standards or changing customer needs, requirements, tastes or preferences, our products may become less competitive.
- As more of our sales efforts target larger mid-market and enterprise customers and we transition certain lower recurring revenue customers to lower-touch and self-service models, our sales cycles have and may continue to become longer and more expensive, and we may face increased pricing, packaging and customer segmentation risks.
- We recognize subscription revenue ratably over the term of our customer contracts. Consequently, downturns or upturns in new sales may not be immediately reflected in our operating results and may be difficult to discern.

Risks Related to the Use of Technology

- Any cybersecurity-related attack, significant data breach or disruption of the information technology systems or networks on which we rely could negatively affect our business.
- We rely upon third parties to operate our platform and any disruption of or interference with our use of such third party providers would adversely affect our business, results of operations and financial condition.

Market and Competition Risk

- Our business depends on a strong brand, and if we are not able to maintain, develop, and enhance our brand, our business and operating results may be negatively impacted. Moreover, our brand and reputation could be harmed if we were to experience significant negative publicity.

- Our estimates of market opportunity, forecasts of market growth and our operating metrics may prove to be inaccurate.

Legal and Regulatory Risks

- We are subject to stringent and changing obligations related to data privacy and security. Our actual or perceived failure to comply with such laws and obligations could lead to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; loss of customers or sales; and other adverse business consequences.

- If our information technology systems or data, or those of third parties with whom we work, are or were compromised, we could experience adverse consequences resulting from such compromise, including but not limited to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; loss of customers; and other adverse consequences.

Risks Related to Ownership of Our Class A Common Stock

- Our actual operating results may fluctuate from period to period and may differ significantly from any guidance provided.

- Our share price has been and may continue to be volatile, and you could lose all or part of your investment.

Risks Related to Tax and Accounting Matters

- Failure to maintain effective internal control over financial reporting could result in our failure to accurately or timely report our financial condition or results of operations, which could have a material adverse effect on our business and stock price.

- Taxing authorities may successfully assert that we should have collected or withheld, or in the future should collect or withhold, sales and use, gross receipts, value-added, federal, state, or foreign employment, or similar taxes and may successfully impose additional obligations on us, and any such assessments or obligations could adversely affect our business, financial condition and results of operations.

Risks Related to Intellectual Property Matters

- Inability or failure to protect our intellectual property rights could impair our business.

- Third party intellectual property infringement claims could impair our business.

General Risk Factors

- Unstable market, economic and political conditions may have serious adverse consequences on our business, financial condition and share price.

- We may make acquisitions of, or invest in, other businesses or technologies, which may divert our management's attention and result in the incurrence of indebtedness or dilution to our stockholders. We may be unable to integrate acquired businesses or technologies successfully or achieve the expected benefits of such acquisitions and investments.

Risks Related to our Business Model and Other Operations Risks

If we fail to attract new customers and retain and increase the spending of existing customers, our revenue, business, results of operations, financial condition and growth prospects would be harmed.

We derive, and expect to continue to derive, substantially all of our revenue and cash flows from sales of subscriptions to our platform and products. Our ability to generate increasing revenue is dependent on our capacity to attract new customers and retain and increase the spending of existing customers. Demand for our platform and products is affected by a number of factors, many of which are beyond our control, such as:

- continued market acceptance of our platform and products for existing and new use-cases;
- our ability to successfully execute on new product innovation and enhancements;
- the timing of development and release of new products and functionality introduced by us and our competitors;
- our ability to develop functionality and integrations with third parties, including social media networks, based on customer demand;
- the usability and time to value of our products;
- the pricing and packaging of our products and the impact of any future changes to pricing and packaging;
- the level of customer service that we provide;
- technological change;
- the reallocation of customer technology budgets toward artificial intelligence tools and initiatives, which could reduce demand for or delay purchases of our products;
- growth or contraction in our addressable market; and
- macroeconomic factors and their impacts on our customers and their budgets for our platform and products.

We have previously increased prices in the past and may change our pricing and packaging or introduce alternative pricing structures, including consumption-based models, in the future. Any future pricing or packaging changes may not result in additional revenue and may cause revenue to decline. With any such changes, we may experience softening demand, longer sales cycles, increased discounting, challenges aligning pricing or packaging with perceived customer value across different use cases or product offerings, or negative sentiment from our customers and prospective customers, which could impact our brand and competitiveness.

If we are unable to meet customer demands and manage customer experiences through flexible solutions designed to address their needs or otherwise achieve more widespread market acceptance of our platform and products, our revenue, business, results of operations and financial condition and growth prospects will be adversely affected.

In order for us to maintain or improve our operating results, it is important that our existing customers renew their subscriptions, maintain or increase the level of their plans and add additional users, social profiles and products to their subscriptions. Our customers have no obligation to renew their subscriptions, and we cannot assure you that our customers will renew subscriptions with a similar or increased subscription term or plan level or with the same or a greater number of users, social profiles or products. Some of our customers have elected not to renew their agreements with us and we may not be able to accurately predict renewal rates. Moreover, while our contracts are generally non-cancellable during the contractual subscription term, certain customers have the right to cancel their agreements prior to the expiration of the subscription term. Our renewal rates may decline or fluctuate and our cancellation rates may increase as a result of a number of factors, including customer satisfaction with our platform and products, our customer success and support experience, our pricing and packaging, the functionality of our solutions relative to those of our competitors, mergers and acquisitions affecting our customer base, the effects of global economic conditions, or reductions in our customers' spending levels. This may also cause our calculation of the lifetime value of our customers to decline or fluctuate between periods as this calculation assumes the subscription renewal rate for a given year will remain consistent in future years. If our customers cancel or do not renew their subscriptions, renew on less favorable terms, fail to add more users or products or fail to purchase additional products, our revenues and growth prospects may decline.

Our historical revenue growth rates may not be indicative of our future growth.

We have experienced revenue growth in the past, but the rate of our growth has varied and has declined in recent years. For example, in 2025, our revenue was $457.5 million, an increase of 13% as compared to our revenue of $405.9 million in 2024, which was an increase of 22% as compared to our revenue of $333.6 million in 2023. We may not continue to grow at similar or faster rates in the future, and our revenue growth rates may continue to decline. Our revenue growth rate or our revenue may decline for a number of other reasons, including declining customer count, the maturation of our company, reduced demand for our products, increased competition, a decrease in the growth or reduction in size of our overall market, failure to capitalize on growth opportunities, and the impacts to our business from macroeconomic factors such as geopolitical instability and uncertainty, fluctuations in inflation, interest rates and currency exchange rates, tariffs and trade tensions, volatility in the capital markets and related market uncertainty. Our current and prospective customers are impacted by volatile macroeconomic conditions to varying degrees and as a result, in some cases we are experiencing slower growth of existing customers most impacted by these conditions. If we are unable to maintain or increase our revenue growth, our stock price could be volatile or decline, and we may not achieve or maintain profitability. You should not rely on our revenue for any prior quarterly or annual periods as any indication of our future revenue or revenue growth.

Our platform and products are dependent on APIs built and owned by third parties, including social media networks, and if we cannot renew on commercially reasonable terms or we lose access to data provided by such APIs for any reason, our business could suffer.

Our platform and products depend on the ability to access and integrate with third-party APIs. In particular, we have developed our platform and products to integrate with certain social media network APIs and the third-party applications of other parties. Generally, APIs and the data we receive from the APIs are written and controlled by the application provider. Any changes or modifications to the APIs or the data provided could negatively impact the functionality of, or require us to make changes to, our platform and products, which would need to occur quickly to avoid interruptions in service for our customers.

To date, we have not relied on negotiated agreements to govern our relationships with most data providers and, in many cases, we rely on publicly available APIs. As a result, we are often subject to the standard terms and conditions for application developers of such providers, which govern the distribution, operation and fees of such integrations and which are subject to change by such providers from time to time. In other cases, we rely on negotiated agreements with social media networks and other data providers. These negotiated agreements may provide increased access to APIs and data that may allow us to provide a more comprehensive solution for our customers. These agreements are subject to pricing and access changes and termination and renewal according to their terms.

There can be no assurance that we will be able to renew any of our agreements with social media networks and other data providers on terms acceptable to us, including pricing and levels or service, or at all. For example, we have experienced and may in the future continue to experience price increases. The fees and other economic terms associated with the API access may vary by provider and may continue to increase over time. If these costs increase materially, or if the renewal terms become significantly less favorable from a commercial, operational or strategic perspective, we may limit, discontinue, or charge customers for certain integrations or determine not to renew such agreements. We cannot accurately predict the potential impact of any modification, non-renewal, or termination of such agreements, including the impact on our access to the related APIs. There can be no assurance that following any such modification or termination, we would be able to maintain our platform's current level of functionality in such circumstances, as a result of more limited access to APIs or otherwise, which could result in customer dissatisfaction, loss of customers or reduced revenue and adversely affect our results of operations. For example, we are currently a member of the X (formerly known as Twitter) Official Partner Program. There can be no assurance that X will maintain this program in its current form or at all, or that we will be able to continue our participation on commercially acceptable terms, and any change to the program, our access or the terms of our membership, including pricing, may have a negative impact on our business. In addition, there can be no assurance that we will not be required to enter into new negotiated agreements with data providers in the future to maintain or enhance the level of functionality of our platform, or that the terms and conditions of such agreements, including pricing and levels of service, will not be less favorable, which could adversely affect our results of operations.

Our business, cash flows or results of operations may be harmed if any data provider:

- changes, limits or discontinues our access to its APIs and data;
- modifies its terms of service or other policies, including restrictions on us or application developers;
- increases the cost associated with API access, data usage, or other pricing;
- changes or limits how customer information and other data is accessed by us or our customers;
- changes or limits how we can use customer information and other data collected through the APIs;
- establishes more favorable relationships with one or more of our competitors; or
- experiences disruptions of its technology, services or business generally.

If we are unable to attract potential customers through unpaid channels, or other sources of demand, including expansion opportunities from existing customers and outbound sales efforts, or convert prospective customers and expansion opportunities into paid subscriptions, our business and results of operations may be adversely affected.

Our go-to-market strategy relies on multiple sources of demand, including inbound marketing, expansion of existing customer relationships and targeted outbound sales efforts. A significant portion of prospective customers, including larger customers, enter our sales funnel through free trials, product demonstrations or contact-me requests initiated through our web properties. We utilize various unpaid content marketing strategies, including webinars, blogs, thought leadership and social media engagement, as well as paid advertising, and other demand generation activities, to attract visitors to our web properties, free trials and demonstrations. We cannot assure you that these unpaid or paid efforts or our existing customer expansion and outbound initiatives will continue to attract the same volume, quality of traffic, demand to our web properties, free trials, and demonstrations. In the future, we may be required to increase our marketing, sales or customer success spend to maintain the same volume and quality of pipeline. The conversion rate of free trials and other lead sources to paid subscriptions is impacted by a number of factors, including our ability to promptly demonstrate value to trial and other prospective customers, drive trial customer adoption deeper into our product capabilities and deliver a favorable trial and demonstration customer experience with our sales and customer support teams. The conversion of expansion opportunities from existing customers is similarly dependent on our ability to deliver ongoing value, product adoption and customer experience. Any change in the number or quality of prospective customers entering free trials or requesting demonstrations, a reduction in expansion opportunities from existing customers, or the conversion rates for such free trials or demonstrations to paid subscriptions could have an adverse impact on our business and results of operations.

If we fail to adapt and respond effectively to rapidly changing technology, new social media platforms, evolving industry standards or changing customer needs, requirements, tastes or preferences, our products may become less competitive.

Social media and the software industry are each subject to rapid technological change, evolving industry standards and practices, developing and fragmented regulatory requirements and changing customer and user needs, requirements, tastes and preferences. The success of our business will depend, in part, on our ability to adapt and respond effectively to these changes on a timely basis. A significant example of these changes is the rapid advancement of AI technologies, which presents both competitive pressure to adopt such technologies and risks associated with their deployment, including security risks, data privacy considerations, and evolving customer expectations regarding AI use. If we are unable to develop and sell new products that satisfy our customers and provide enhancements and new features for our existing platform and products that keep pace with the rapid change in social media and the software industry, our revenue and operating results could be adversely affected. Our platform must also integrate with a variety of network, hardware, browser, mobile and software platforms, and technologies, and we must continuously modify and enhance our products to adapt to changes and innovation in these technologies. If new technologies emerge or our competitors are able to deliver solutions at lower prices or more efficiently, conveniently or securely, such technologies or solutions could adversely affect our ability to compete.

The social media industry has experienced and is likely to continue to experience rapid change due to the evolving trends, tastes and preferences of users, changing policies and the evolving regulatory landscape. If consumers widely adopt new social media networks and other third-party platforms or our customers' use cases require new integrations with third-party platforms, we may need to develop integrations and functionality related to these new networks and platforms. Existing platforms may also modify the terms, pricing, or availability of API access, which could increase our costs or limit the functionality we can offer. This development effort may require significant research and development and sales and marketing resources, as well as licensing fees, all of which could adversely affect our business and operating results. In addition, new social media networks and other third-party platforms may not provide us with sufficient access to data from their platforms, preventing us from building effective integrations with our platform and products. Regulatory requirements and changing consumer tastes may also render our current integrations or functionality obsolete and the financial terms, if any, under which we obtain such integrations or functionality unfavorable. Any termination of our relationships with, or failure of our products to operate effectively with, the social media networks and other third-party platforms used most frequently by consumers or customers could reduce the demand for our products. If we are unable to respond to these changes in a cost-effective manner, our products may become less marketable and less competitive or obsolete, and our operating results may be negatively affected. In addition, the technology industry has experienced, and may continue to experience, leadership changes, layoffs and other corporate changes that could have a negative impact on our ability to work effectively with these partners.

As more of our sales efforts target larger mid-market and enterprise customers and we transition certain lower recurring revenue customers to lower-touch and self-service models, our sales cycles have and may continue to become longer and more expensive, and we may face increased pricing, packaging and customer segmentation risks.

As we continue to target more of our sales efforts toward larger mid-market and enterprise customers, we expect to face continued heightened costs, longer sales cycles, greater competition and less predictability in completing some of our sales. A large customer's decision to use our services may require broad consensus within their organization, requiring multiple levels of sign off. Such sales require considerable time for the customer to evaluate and test our platform prior to making a purchasing decision. In addition, we may face stronger competition to attract larger customers, resulting in the need to reduce our pricing or offer more attractive packaging, or offer additional incentives in order to complete a sale. Also, such customers may require greater levels of education regarding the use and benefits of our services, as well as addressing concerns regarding data privacy and security obligations, and international law.

As a result of these factors, these sales opportunities may require us to devote greater resources to larger individual customers, driving up costs and time required to complete sales and diverting our resources to a smaller number of larger transactions. If we fail to effectively manage these risks associated with sales cycles and sales to larger mid-market and enterprise customers, our business, financial condition, and results of operations may be harmed.

In connection with these changes, we have shifted certain customers with lower levels of annual recurring revenue to self-service purchasing and lower-touch engagement models. While this shift is intended to improve operating efficiency, support profitability, and reduce churn, it has resulted in fewer sales, less revenue, reduced expansion opportunities, and increased attrition within these customer segments. These results may continue or expand.

In addition, under these lower-touch models, customers may have limited or no direct interaction with human sales or support personnel and may instead rely on automated or digital communications. If customers perceive these offerings as sufficient to meet their needs, existing or prospective customers may elect lower-priced or more limited offerings rather than higher-priced plans that include additional services, features or human support. This could reduce average contract values within these customer segments, increase pricing pressure, adversely affect our packaging strategy, or result in reduced demand for of higher-revenue subscription plans.

We recognize subscription revenue ratably over the term of our customer contracts. Consequently, downturns or upturns in new sales may not be immediately reflected in our operating results and may be difficult to discern.

We generally recognize subscription revenue from customers ratably over the terms of their contracts, which can range from monthly to one-year or multi-year arrangements. As a result, a substantial portion of the subscription revenue we report in each period is derived from the recognition of deferred revenue relating to subscriptions entered into during previous periods. Consequently, a decline in new sales or renewals in any one period may not be immediately reflected in our results of operations for such period. However, the cumulative impact of such declines could negatively impact our business and results of operations in future periods. Accordingly, the effect of significant downturns in sales and market acceptance of our solutions, and potential changes in our pricing policies or rate of expansion or retention, may not be fully reflected in our results of operations until future periods. We also may be unable to adjust our cost structure to reflect the changes in revenue, resulting in lower margins and earnings. In addition, our subscription-based model also makes it difficult to rapidly increase our revenue through additional sales in any period, as revenue from new customers generally will be recognized over the term of the applicable agreement.

If we do not adequately fund our research and development efforts, or use research and development teams effectively, we may not be able to compete effectively, and our business and operating results may be harmed.

To remain competitive, we must continue to develop new product offerings, as well as features and enhancements to our existing platform and products, including those incorporating artificial intelligence. Maintaining adequate research and development personnel and resources to meet the demands of the market is essential. If we experience high employee turnover, lack of management ability or a lack of other research and development resources, we may miss market opportunities. The success of our business is dependent on our research and development teams developing a roadmap that allows us to retain and increase the spending of our existing customers and attract new customers, including by appropriately identifying, prioritizing and executing on opportunities related to artificial intelligence and other emerging technologies. Social media is quickly evolving and we may invest significantly in particular functionality or integrations that may become obsolete in the future. In addition, in the future, new functionality may be required or networks may emerge and gain popularity with social media users, requiring us to quickly develop integrations. Further, many of our competitors may expend considerably greater funds on their research and development programs, and those that do not may be acquired by larger companies that would allocate greater resources to our competitors' research and development programs. Our failure to maintain adequate research and development resources, to use our research and development resources efficiently or to compete effectively with the research and development programs of our competitors could materially adversely affect our business.

If we fail to offer high-quality customer support, or if the cost of such support is not consistent with corresponding levels of revenue, our business and reputation may be harmed.

Our customers rely on our customer support organization to respond to inquiries and resolve issues related to their use of our platform quickly and effectively. Our customer support relies on third-party technology platforms, which may become unavailable or otherwise prevent our customers and customer support team from interacting on a timely basis. Our response times to customers and prospects may be impacted for reasons outside our control, such as changes to social media networks and other third-party APIs, which may interrupt aspects of our service to our customers. From time to time, we experience spikes in the number of customer support tickets that we receive, which may result in an increase in customer requests and significant delays in responding to our customers' requests. We have historically experienced high customer satisfaction (CSAT) scores. However, past scores may not be indicative of future customer satisfaction, in particular due to the relatively low level of customer participation in satisfaction surveys. We have implemented AI-powered customer support capabilities in certain support channels, which have reduced customer reliance on human support, which have enabled us to scale our support function more efficiently. However, if these AI-powered solutions are not implemented effectively, fail to perform as expected, or are not well received by our customers, our customer satisfaction, business reputation and operating results could be adversely affected. Increased customer demand for our support services, or a failure of automation and efficiency initiatives to scale as expected, without corresponding revenue increases, could increase our costs and harm our operating results. As we continue to grow our operations and support our global user base, we need to continue to provide efficient and high-quality support that meets our customers' needs globally at scale. Our sales process is highly dependent on the ease of use of our platform and products, our business reputation and positive recommendations from our existing customers. Any failure to maintain a high-quality customer support organization, or a market perception that we do not maintain such levels of support, could harm our reputation, our ability to sell to existing and prospective customers and our business.

Technological advances in AI may in the future disrupt the social media industry, which could significantly reduce the demand for our services or otherwise adversely impact our business or reputation if we are unable to successfully keep pace and navigate this evolving environment.

Our failure to invest in AI technologies and incorporate them into various facets of our business and product offerings in a timely, effective and compliant manner may place us at a competitive disadvantage, reducing demand for our offerings and adversely affecting our business, financial condition and results of operations. Our competitors may more effectively internally utilize AI, enabling their business to run more efficiently than Sprout Social, placing us at a competitive disadvantage, and they may better incorporate AI into their product offerings, negatively impacting demand for our products.

AI advances have the potential to enable the development of alternative competitive services or enable our customers to reduce or bypass the use of our services, such as a reduction of seats used by our customers. If any of our customers, social network partners, competitors or new market entrants were to develop algorithms or other AI tools capable of replicating or better competing against our services, our services and solutions could, over time, become obsolete or unnecessary, or demand for our services could be significantly reduced, particularly if any such AI alternative proved to be more accurate, more efficient or more cost-effective. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

We use machine learning and AI technologies in our business, and we are making investments in expanding AI capabilities in our products, services and tools, including improving existing and developing new AI technologies. In recent periods, we have materially expanded the use of AI-powered features in our platform to include natural language processing, generative AI, and agentic AI-based capabilities. Over time, such AI capabilities will likely become increasingly integrated into our products. However, AI technologies are complex and rapidly evolving, and we face significant competition from other companies as well as an evolving regulatory landscape. The proliferation of new and emerging AI technologies may require additional investment in the development of proprietary datasets and machine learning models, new approaches and processes to provide attribution or remuneration to creators of training data and appropriate protections and safeguards for handling the use of customer data with AI technologies, which may be costly and could impact our expenses if we decide to further expand AI technologies in our product offerings.

The introduction of AI technologies into new or existing products may result in new or enhanced governmental or regulatory scrutiny, confidentiality or security risks, ethical concerns, legal liability or other complications that could adversely affect our business, reputation and financial results. For example, our employees and personnel may use AI technologies to perform their work, and the disclosure and use of personal data in AI technologies is subject to various laws, including data privacy and security laws and AI-specific laws and other privacy obligations. We have implemented policies and approved tools governing employee use of AI technologies; however, we may not be able to fully prevent unauthorized or unintended use of unapproved or third-party AI tools, which could result in the improper use or disclosure of confidential, proprietary or personal data, intellectual property, or other sensitive information. Furthermore, AI technologies incorporated into our product offerings may use algorithms, datasets or training methodologies that may be flawed or contain deficiencies that may be difficult or impossible to proactively detect which, in turn, may suggest content that is factually inaccurate, biased or otherwise flawed. We also use AI to assist us in making certain decisions, which is similarly regulated by certain laws, including data privacy laws. Due to inaccuracies or flaws in the inputs, outputs, or logic of the AI, the model could be biased and could lead us to make decisions that could bias certain individuals (or classes of individuals), and adversely impact their rights, employment, and ability to obtain certain pricing, products, services, or benefits. If such AI and machine learning-based outputs are deemed to be biased, we could face adverse consequences, including exposure to reputational and competitive harm, customer loss, and legal liability.

If our customers or others rely on or use such content to their detriment, it may lead to adverse outcomes, which may expose us to reputational harm, competitive harm or legal liability. Additionally, the use of certain AI technologies, including generative AI, may place our and our customers' information at risk if adequate security measures are not employed. Further, the intellectual property ownership and license rights, including copyright and open source license liability, surrounding AI technologies has not been fully addressed by U.S. courts or other federal or state laws or regulations, and the use or adoption of third-party AI technologies into our products and services may result in exposure to claims of copyright infringement or other intellectual property misappropriation.

Furthermore, AI is subject to data privacy and security laws, as well as increasing regulation and scrutiny. Several jurisdictions around the globe, including Europe and certain U.S. states, have proposed enacted, or are considering laws governing AI, including the EU's AI Act, which establishes a comprehensive, risk-based regulatory framework for AI systems and may impose significant compliance, transparency, documentation, governance and oversight obligations, as well as material penalties for non-compliance. We expect other jurisdictions will adopt similar laws. Additionally, certain privacy laws extend rights to consumers (such as the right to delete certain personal data) and regulate automated decision making, which may be incompatible with our use of AI technologies and machine learning. These obligations may make it harder for us to conduct our business using AI technologies and machine learning, lead to regulatory fines or penalties, require us to change our business practices, retrain our AI technologies and machine learning, limit or delay the deployment of certain AI features, or prevent or limit our use of AI technologies and machine learning. For example, the U.S. Federal Trade Commission ("FTC") has required other companies to turn over (or disgorge) valuable insights or trainings generated through the use of AI technologies and machine learning where they allege the company has violated privacy and consumer protection laws. If we cannot use AI technologies and machine learning or that use is restricted, our business may be less efficient, or we may be at a competitive disadvantage.

Additionally, any sensitive information (including confidential, competitive, proprietary, or personal data) that we input into a third-party generative AI technologies and machine learning platform could be leaked or disclosed to others, including if sensitive information is used to train the third parties' AI technologies and machine learning models. Additionally, where an AI technologies and machine learning model ingests personal data and makes connections using such data, those technologies may reveal other personal or sensitive information generated by the model.

Our international sales, operations and global workforce subject us to additional risks and costs, including operational, legal, regulatory, market and foreign currency exchange rate risks, that can adversely affect our business, operating results and financial condition.

For each of the years ended December 31, 2025, 2024 and 2023, we derived 26%, 27% and 28%, respectively, of our revenue from customers located outside of the United States. We view international markets as an important component of our growth strategy and maintain a global operating footprint to support customers, product development and other business functions outside the United States. We have office locations in Dublin, Ireland and Kraków, Poland, and we have distributed teams located in Ireland, Canada, the United Kingdom, Singapore, India, Australia, the Philippines and Poland. Our international team members support a range of functions, including customer-facing roles and product and engineering roles, such as research and development personnel.

Operating a global business subjects us to risks and challenges that differ from those we face in the United States and may require additional management attention, resources and investment. We cannot predict the rate at which our platform and products will be accepted in international markets by potential customers. Our ability to attract new customers to subscribe to our platform, and to encourage existing customers to renew or expand their use of our platform, is directly correlated to the level of engagement we achieve with customers. To the extent we are unable to effectively engage with non-U.S. customers, we may be unable to grow in international markets effectively.

Our international sales and operations subject us to additional risks and challenges, including:

- increased operational, infrastructure, cybersecurity, compliance and administrative costs associated with supporting customers, employees and business processes across multiple jurisdictions;
- operating our business across different languages, cultures and time zones, including the potential need to modify our platform, product features, user experience, support models, training, documentation and marketing to meet local customer expectations;
- difficulties providing consistent levels of service, customer support and "time to value" in international markets, including where customers require localized language support or region-specific functionality;

- compliance with applicable non-U.S. laws and regulations (and changes thereto), including data privacy, data protection, cybersecurity, artificial intelligence, employment, competition, procurement and platform-related rules, as well as data residency or localization requirements, and the risks and costs of non-compliance;
- longer sales cycles, longer payment cycles, and challenges enforcing contracts, collecting accounts receivable or satisfying revenue recognition criteria due to differing commercial practices, customer procurement requirements or local laws;
- increased financial accounting, reporting and internal control complexity, including differing business practices that may increase the risk of errors, misstatements, fraud or delayed financial reporting;
- political, economic and social instability, including changes in trade policies, tariffs, trade barriers, inflation, recessionary conditions, civil unrest or geopolitical tensions in the countries or regions in which we operate or sell;
- compliance with anti-corruption and anti-bribery laws and heightened risks of improper or corrupt business practices in certain geographies, including by employees, contractors, resellers, channel partners or other third parties acting on our behalf;
- compliance with import and export controls, economic sanctions and other regulatory or contractual limitations on our ability to sell our platform and products or provide services in certain countries or to certain customers or end users;
- differing labor laws and standards, including restrictions on, and increased costs associated with, hiring, managing and terminating employees in certain jurisdictions, the risk of misclassification of workers as independent contractors or exempt employees, which can lead to significant tax, benefit, and wage liabilities, as well as the impact of works councils, collective bargaining arrangements or other employee representative bodies where applicable;
- the need for localized subscription agreements, contracting practices and procurement processes, including mandatory local law provisions that may reduce contractual flexibility, increase negotiation time or increase compliance and litigation risk;
- increased reliance on resellers, channel partners or other third parties in certain markets, and the risk that such parties do not market, sell, implement or support our platform in a manner consistent with our brand, quality standards or compliance obligations;
- new and different sources of competition in international markets, including competitors with greater local market knowledge, established customer relationships or domestic preferences;
- reduced protection for intellectual property rights in certain non-U.S. jurisdictions and practical difficulties of obtaining, maintaining, protecting and enforcing intellectual property rights abroad; and
- compliance with the laws of numerous foreign taxing jurisdictions, including withholding tax obligations, indirect taxes, permanent establishment risks and overlapping tax regimes, which could increase our tax burden or result in audits, assessments, penalties or interest.

Any of these risks and challenges could adversely affect our operations, reduce our revenue, increase our operating costs, delay or limit our ability to expand internationally, or otherwise adversely affect our business, operating results and financial condition.

In addition, our international operations expose us to foreign currency exchange rate risks. While we have primarily transacted with customers and vendors in U.S. dollars historically, we expect to conduct some transactions with customers that are denominated in foreign currencies in the future. Fluctuations in the value of the U.S. dollar and foreign currencies may make our subscriptions more expensive for international customers, which could harm our business. We also incur expenses for employee compensation and other operating expenses at our non-U.S. locations in local currencies. Fluctuations in exchange rates between the U.S. dollar and other currencies could increase the U.S. dollar equivalent of such expenses, cause our results of operations to differ from expectations, and make it more difficult to detect underlying trends in our business. Currency volatility, limitations on the ability to convert currencies, or restrictions on the repatriation or transfer of funds could also adversely affect our liquidity, cash flows or capital allocation decisions.

We do not currently maintain a program to hedge transactional exposures in foreign currencies. Although we may use derivative instruments in the future to hedge certain foreign currency exposures, such hedging activities may not offset, or may only partially offset, the adverse financial effects of unfavorable movements in foreign exchange rates and may introduce additional risks, including counterparty risk, accounting complexity and operational burdens.

We have a history of losses and may not achieve profitability in the future.

We have incurred net losses since inception and expect to incur net losses in the future. We incurred net losses of $43.3 million, $62.0 million and $66.4 million in 2025, 2024 and 2023, respectively. As of December 31, 2025, we had an accumulated deficit of $397.7 million. We have never achieved profitability on an annual or quarterly basis and we do not know if we will be able to achieve or sustain profitability. We plan to continue to invest in our research and development and sales and marketing efforts, and we anticipate that our operating expenses will continue to increase as we scale our business and expand our operations.

If we are unable to develop and maintain successful relationships with channel partners, our business, results of operations and financial condition could be harmed.

We have established relationships with certain channel partners, including resellers and referral partners, to distribute our platform. We believe that continued growth in our business is dependent upon identifying, developing and maintaining strategic relationships with our existing and potential channel partners that can drive substantial revenue and provide additional value-added services to our customers. We expect channel partners to become increasingly important as we expand within the United States and internationally. Although a small portion of our revenue is currently derived from our channel partners, loss of or reduction in sales through these third parties could reduce our revenue. Our competitors may, in some cases, be more effective than we are in utilizing channel partners to increase sales of their products and services. Recruiting and retaining qualified resellers in our network and training them in our technology and product offerings requires significant time and resources. If we fail to maintain relationships with our resellers, fail to develop relationships with new resellers in new markets or expand the number of resellers in existing markets or fail to manage, train or provide appropriate incentives to our existing resellers, our ability to increase the number of new customers and increase sales to existing customers could be adversely impacted, which would harm our business. In addition, if resellers do not effectively market and sell our products, or fail to meet the needs of our customers, our reputation and ability to grow our business may also be harmed.

Risks Related to the Use of Technology

Any cybersecurity-related attack, significant data breach or disruption of the information technology systems or networks on which we rely could negatively affect our business.

Our operations rely on information technology systems for the use, storage and transmission of sensitive and confidential information with respect to our customers, content creators, our customers' consumers or other social media audiences, the third-party technology platforms of other parties and our employees. A cybersecurity-related attack, malicious internet-based activity, online and offline fraud, and intrusion or disruption by either an internal or external source or other breach of the systems on which our platform and products operate, and on which our employees conduct business, could lead to unauthorized access to, use of, loss of or unauthorized disclosure of sensitive and confidential information, disruption of our services, and resulting regulatory enforcement actions, litigation, indemnity obligations and other possible liabilities, as well as negative publicity, which could damage our reputation, impair sales and harm our business. In addition to traditional computer "hackers," malicious code (such as viruses and worms), compromised accounts with elevated privileges (phishing), compromised service accounts or API credentials or OAuth tokens, credential stuffing, credential harvesting, employee misconduct or error, theft or misuse, and denial-of-service attacks, sophisticated nation-state and nation-state supported actors now engage in attacks (including advanced persistent threat intrusions) and attacks are now enhanced or facilitated by AI.

Despite efforts designed to create security barriers to such threats, it is not feasible, as a practical matter, for us to entirely mitigate these risks. If our security measures are compromised as a result of third-party action, vendor, employee, customer, or user error, malfeasance, stolen or fraudulently obtained log-in credentials or otherwise, our reputation would be damaged, our data, information or intellectual property, or those of our customers, may be destroyed, stolen or otherwise compromised, our business may be harmed and we could incur significant liability. We have not always been able in the past and may be unable in the future to anticipate or prevent techniques used to obtain unauthorized access to or compromise of our systems because they change frequently and are generally not detected until after an incident has occurred. For example, we have been, and expect to continue being, the target of unsuccessful phishing and social engineering attacks, SQL and malformed input attacks, card testing attacks, and credential stuffing attacks targeting employee and customer access. We also cannot be certain that we will be able to prevent vulnerabilities in our software or quickly address vulnerabilities that we may become aware of in the future. While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. We take steps designed to detect, mitigate, and remediate vulnerabilities in our information systems (such as our hardware and/or software, including that of third parties with whom we work). We may not, however, detect and remediate all such vulnerabilities on a timely basis. Further, we may experience delays in developing and deploying remedial measures and patches designed to address identified vulnerabilities. Vulnerabilities could be exploited and result in a security incident. As we rely on third-party cloud infrastructure and SaaS services, we depend in part on third-party security measures to protect against unauthorized access, cyberattacks and the mishandling of data and information. Incidents occurring at third-party cloud infrastructure and SaaS services originating in a vendor's environment, rather than our own systems, may require customer notifications and remediation activities. Such third-party vendor incidents have occurred in the past and may occur in the future and may result in regulatory scrutiny, customer concerns, reputational harm, or liability regardless of whether our own security measures are compromised. Any cybersecurity event, including any vulnerability in our software, cyberattack, intrusion or disruption, could result in significant increases in costs, including costs for remediating the effects of such an event, lost revenue due to network downtime, and a decrease in customer and user trust, increases in insurance premiums due to cybersecurity incidents, increased costs to address cybersecurity issues and attempts to prevent future incidents, and harm to our business and our reputation because of any such incident.

We employ a shared responsibility model where our customers are responsible for using, configuring and otherwise implementing security measures related to our platform, services and products in a manner that meets applicable cybersecurity standards, complies with laws, and addresses their information security risk. As part of this shared responsibility security model, we make certain security features available to our customers that can be implemented at our customers' discretion, or identify security areas or measures for which our customers are responsible. For example, our customers can avail of Single Sign-On (SSO) integration with our platform, services and products to enforce their Identity Provider (IdP) settings. In certain cases where our customers choose not to implement, or incorrectly implement, those features or measures, misuse our services, or otherwise experience their own vulnerabilities, policy violations, credential compromise or security incidents, even if we are not the cause of a resulting customer security issue or incident, our customer relationships reputation, and revenue in the future may be adversely impacted.

There can be no assurance that any limitation of liability provisions in our subscription agreements would be enforceable or adequate or would otherwise protect us from any such liabilities or damages with respect to any claim related to a cybersecurity incident. We also cannot be sure that our existing general liability insurance coverage and coverage for cyber liability, errors, or omissions will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims or that the insurer will not deny coverage of 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, would harm our business.

Many governments have enacted laws requiring companies to provide notice of data security incidents involving certain types of personal data. In addition, some of our customers or other relevant stakeholders may require us to notify them of data security breaches. Such notifications are costly, and the notification or the failure to comply with such requirements could lead to adverse consequences. Security compromises experienced by our competitors, by our customers or by us may lead to public disclosures, which may lead to widespread negative publicity. Any security compromise in our industry, whether actual or perceived, could harm our reputation, erode confidence in the effectiveness of our security measures, negatively affect our ability to attract new customers, encourage consumers to restrict the sharing of their personal data with our customers or the social media networks, cause existing customers to elect not to renew their subscriptions or subject us to third-party lawsuits, regulatory fines or other action or liability, which could materially harm our business.

We rely upon third parties to operate our platform and any disruption of or interference with our use of such third party providers would adversely affect our business, results of operations and financial condition.

We outsource the majority of our cloud infrastructure to Amazon Web Services, or AWS, which hosts our platform and products. In addition, we outsource a small portion of our cloud infrastructure to other providers, which, together with AWS, we refer to as our Hosting Providers. Our customers must have the ability to access our platform at any time, without interruption or degradation of performance. Our Hosting Providers run their own platform upon which our platform and products depend, and we are, therefore, vulnerable to service interruptions at our Hosting Providers. We have experienced, and expect that in the future we may experience interruptions, delays and outages in service and availability from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions and capacity constraints. Capacity constraints could be due to a number of potential causes including technical failures, natural disasters, fraud or security attacks. In addition, if our security, or that of our Hosting Providers, is compromised, our platform or products are unavailable or our users are unable to use our products within a reasonable amount of time or at all, then our business, results of operations and financial condition could be adversely affected. We note that our ability to conduct security audits on our Hosting Providers is limited and our contracts do not contain strong indemnification terms in our favor. In some instances, we may not be able to identify and/or remedy the cause or causes of these performance problems within a period of time acceptable to our customers. It may become increasingly difficult to maintain and improve our platform performance, especially during peak usage times, as our products become more complex and the usage of our products increases. To the extent that we do not effectively address capacity constraints, either through our Hosting Providers or an alternative provider of cloud infrastructure, our business, results of operations and financial condition may be adversely affected. In addition, any changes in service levels from our Hosting Providers may adversely affect our ability to meet our customers' requirements.

The majority of the services we use from AWS are for cloud-based server capacity, storage, and, to a lesser extent, certain other proprietary offerings. AWS enables us to order and reserve server capacity in varying amounts and sizes distributed across multiple availability zones and regions. We access AWS infrastructure through standard internet protocol, or IP, connectivity. AWS provides us with computing and storage capacity pursuant to an agreement that continues until terminated by either party. If any of the AWS data centers become unavailable to us without sufficient advance notice, we would likely experience delays in delivering our platform and products until we could migrate to an alternate data center provider. Our disaster recovery program contemplates transitioning our platform and products to our backup data centers or regions in the event of a catastrophe, but we have not yet fully tested the procedure, and our platform and products may be unavailable, in whole or in part, during any transition procedure. Although we expect that we could receive similar services from other third parties, if any of our arrangements with AWS are terminated, we could experience interruptions on our platform and in our ability to make our products available to customers, as well as delays and additional expenses (including research and development expenses) in arranging alternative cloud infrastructure services.

Any of the above circumstances or events may harm our reputation, cause customers to stop using our products, impair our ability to attract new customers and increase revenue from existing customers, subject us to financial penalties and liabilities under our service level agreements and otherwise harm our revenue, business, results of operations and financial condition.

Real or perceived errors, failures or bugs in our platform or products could materially and adversely affect our operating results and growth prospects.

The software underlying our platform and products is highly technical and complex. Our software has previously contained, and may now or in the future contain, undetected errors, bugs or vulnerabilities. In addition, errors, failures and bugs may be contained in open source software utilized in building and operating our products or may result from errors in the deployment or configuration of open source software. Some errors in our software may only be discovered after the software has been deployed or may never be generally known. Any errors, bugs or vulnerabilities discovered in our software after it has been deployed, or never generally discovered, could result in interruptions in platform availability, product malfunctioning or data breaches, and thereby result in damage to our reputation, adverse effects upon customers and users, loss of customers and relationships with third parties, including social media networks, loss of revenue or liability for damages. In some instances, we may not be able to identify the cause or causes of these problems or risks within an acceptable period of time.

We are subject to subscription and payment processing risk from our third-party vendors and any disruption to such processing systems could adversely affect our business and results of operations.

We rely on a third-party subscription management platform to process the subscription plans and billing frequencies of our customers. In addition, we rely primarily on a single third party for credit card payment processing services for the portion of our customers paying by credit card. If any of these third-party vendors were to experience an interruption, delay or outages in service and availability, we may be unable to process new and renewing subscriptions or credit card payments. In addition, if any of these third-party vendors experience a cybersecurity breach affecting data related to services provided to us, we could experience reputational damage or incur liability. Although alternative providers may be available to us, we may incur significant expense and research and development efforts to deploy any alternative providers. To the extent there are disruptions in our or third-party subscription and payment processing systems, we could experience revenue loss, accounting issues and harm to our reputation and customer relationships, which would adversely affect our business and results of operations.

Market and Competition Risk

Our business depends on a strong brand, and if we are not able to maintain, develop, and enhance our brand, our business and operating results may be negatively impacted. Moreover, our brand and reputation could be harmed if we were to experience significant negative publicity.

We believe that maintaining, developing, and enhancing our brand is critical to achieving widespread acceptance of our platform and products, attracting new customers, retaining existing customers, persuading existing customers to adopt additional products and use-cases, and hiring and retaining our employees. We believe that the importance of our brand will increase as our awareness and business continue to expand. Successful promotion of our brand will depend on a number of factors, including the effectiveness of our marketing efforts, our thought leadership, our ability to provide a high-quality, reliable and cost-effective platform, the actions of our employees, executives, and board members, the perceived value of our platform and products, and our ability to provide quality customer success and support experience. The promotion of our brand, however, may not directly generate customer awareness or increase revenue, and any increase in revenue may not offset the expenses we incur in building and maintaining our brand.

We operate in a public-facing industry in which every aspect of our business is impacted by social media. Negative publicity, whether or not justified, can spread rapidly through social media. To the extent that we are unable to respond timely and appropriately to negative publicity, our reputation and brand could be harmed. Moreover, even if we are able to respond in a timely and appropriate manner, we cannot predict how negative publicity may affect our reputation and business. We and our employees also use social media to communicate externally. There is risk that the use of social media by us, our employees, executives, or board members to communicate about our business or other matters may give rise to liability, damage our brand, or result in public exposure of personal data of our employees or customers, each of which could affect our revenue, business, results of operations and financial condition.

Our estimates of market opportunity, forecasts of market growth and our operating metrics may prove to be inaccurate.

Market opportunity estimates and growth forecasts, including those we have generated ourselves, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of the total number of businesses in the United States or globally that we estimate will require a social media management platform, as set forth in our market opportunity estimates, will purchase our products at all or generate an amount of revenue indicated by our estimates of the average of our segment ACVs and our estimate of our direct competitor's segment ACVs, as set forth in our market opportunity estimates. Any expansion in the markets in which we operate depends on a number of factors, including the cost, performance, and perceived value associated with our platforms and those of our competitors. Even if the markets in which we compete meet the size estimates, our business could fail to grow at similar rates. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. Accordingly, our forecasts of market growth should not be taken as indicative of our future growth.

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

The market for our social media management platform is fragmented, rapidly evolving, and competitive. In addition to competing with comprehensive social media management platforms with diverse capabilities, we compete with point solutions for influencer marketing, social listening, content management and distribution, employee advocacy, relationship management and social commerce, among others, as well as native use of individual social media networks. To remain competitive, we must deliver features and functionality that enhance the utility of our platform to our new and prospective customers, without the presence of software defects, adapt to changing functionality and APIs of the social media networks and other third party platforms, maintain and develop integrations with third parties that provide value to our customers, ensure our platform and products are easy to use and deliver value to our customers, provide a superior customer success and support experience and demonstrate value to our current and prospective customers across multiple functions within their organizations. We may not be successful in delivering on some or all of the foregoing or doing so while maintaining competitive pricing of our platform and products, which could result in customer dissatisfaction and adversely affect our business.

Some of our current and future competitors may benefit from competitive advantages over us, such as greater name recognition, longer operating histories, more varied products and services, larger sales and marketing or research and development budgets, more established relationships with social media networks and different or a greater number of third-party integrations. In addition, some of our competitors may make acquisitions or enter into strategic relationships to offer a broader range of products and services than we do. These combinations may make it more difficult for us to compete effectively. We expect this to continue as competitors attempt to strengthen or maintain their market positions.

Many factors, including our marketing, packaging, customer acquisition and technology costs, and the pricing and marketing strategies of our competitors, can significantly affect our pricing strategies. Certain competitors offer, or may in the future offer, lower-priced products or services that compete with our platform or may bundle and offer a broader range of products and services. Similarly, certain competitors may use marketing strategies that enable them to acquire customers at a lower cost than we can. Even if such products do not include all the features and functionality that our platform provides, we could face pricing pressure to the extent that users find such alternative products to be sufficient to meet their needs. There can be no assurance that we will not be forced to engage in price-cutting initiatives or other discounts or to increase our sales and marketing and other expenses to attract and retain customers in response to competitive pressures, either of which would harm our business and operating results.

Legal and Regulatory Risks

We are subject to stringent and changing obligations related to data privacy and security. Our actual or perceived failure to comply with such laws and obligations could lead to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; loss of customers or sales; and other adverse business consequences.

In the ordinary course of business, we collect and process personal data and other sensitive data, including proprietary and confidential business data, intellectual property, and other third-party data. For example, we process personal data about our customers' consumers, content creators, and other social media users that interact with our customers' social media accounts. Our data collection and processing activities subject us to certain data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contracts, and other obligations that govern the processing of personal data by us and on our behalf. While we contractually prohibit our customers from sharing directly with us or using our platform to process, store, or collect sensitive information (such as personal health information or credit card information), our customers may breach these use prohibitions and cause us to inadvertently violate laws, rules, or regulations regarding the use and protection of personal data, which in turn may adversely impact our business. Additionally, our customers may leverage optional functionality through which they can process, store, or collect such sensitive information via a third-party service; a customer's misuse of this functionality in violation of our terms could cause us to inadvertently violate laws, rules, or regulations regarding the use and protection of sensitive personal data, which in turn may adversely impact our business.

In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, and consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), and other similar laws (e.g., wiretapping laws). Numerous U.S. states have enacted comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices and affording residents with certain rights concerning their personal data. As applicable, such rights may include the right to access, correct, or delete certain personal data, and to opt-out of certain data processing activities, such as targeted advertising, profiling, and automated decision-making. The exercise of these rights may impact our business and ability to provide our products and services. Certain states also impose stricter requirements for processing certain personal data, including sensitive information, such as conducting data privacy impact assessments. These state laws allow for statutory fines for noncompliance. For example, the California Consumer Privacy Act of 2018 ("CCPA") as amended by the California Privacy Rights Act of 2020 ("CPRA") applies to personal data of consumers, business representatives, and employees who are California residents and requires businesses to provide specific disclosures in privacy notices and honor requests of such individuals to exercise certain privacy rights. The CCPA provides for statutory fines for intentional violations and allows private litigants affected by certain data breaches to recover significant statutory damages. Similar laws have passed and are being considered in several other states, as well as at the federal and local levels.

Additionally, under various privacy laws and other obligations, we may be required to obtain certain consents to process personal data. For example, some of our data processing practices may be challenged under wiretapping laws, if we obtain consumer information from third parties through various methods, including chatbot and session replay providers, or via third-party marketing pixels. These practices may be subject to increased challenges by class action plaintiffs. Our inability or failure to obtain consent for these practices could result in adverse consequences, including class action litigation and mass arbitration demands.

Outside the United States, an increasing number of laws, regulations, and industry standards apply to data privacy and security. For example, the EU GDPR and the equivalent law in the UK impose strict requirements for processing the personal data of individuals. Under the EU GDPR, government regulators may impose temporary or definitive bans on data processing, as well as fines of up to 20 million euros or 4% of annual global revenue, whichever is greater. Similar processing penalties and fines exist under the UK GDPR, and the variations in the application of GDPR in the UK following Brexit has increased the complexity of our compliance efforts. Further, individuals may initiate litigation related to our processing of their personal data. As another example, Brazil's General Data Protection Law (Lei Geral de Proteção de Dados Pessoais, or "LGPD") (Law No. 13,709/2018) applies to our operations. The LGPD broadly regulates processing of personal data of individuals in Brazil and imposes compliance obligations and penalties comparable to those of the EU GDPR. In Canada, the Personal Information Protection and Electronic Documents Act ("PIPEDA") applies to our operations. We also process personal data about our customers' consumers in Asia and therefore, may become subject to new and emerging data privacy regimes in Asia, including China's Personal Information Protection Law, Japan's Act on the Protection of Personal Information, and Singapore's Personal Data Protection Act.

We leverage third-party artificial intelligence technologies, including large language models, to power certain features of our platform. The legal and regulatory framework governing AI is rapidly evolving and remains subject to significant uncertainty. While various jurisdictions have proposed or enacted AI-specific legislation, such as the EU AI Act, the final implementation, interpretation, and enforcement of these laws are in flux.

For example, some jurisdictions have delayed enforcement deadlines to mid-2026 to allow for further amendments, while the U.S. federal government has signaled an intent to potentially preempt or challenge certain state-level AI regulations. Depending on how these laws are finalized and applied to deployers or downstream users of AI, we may be required to implement new compliance measures, such as mandatory transparency disclosures, human-in-the-loop oversight, or algorithmic impact assessments. Our failure to accurately predict the trajectory of these regulations, or our inability to adapt our platform to conflicting requirements across different regions, could result in increased compliance costs, legal liability, or a requirement to limit or disable certain AI-powered features in specific markets.

Additionally, we are subject to the EU's Digital Services Act, or DSA, which imposes additional legal requirements on certain types of digital service providers, including online marketplaces. The DSA aims to prevent illegal and harmful activities online and combat the spread of disinformation and sets out a framework of layered responsibilities targeted at different types of services and imposes certain additional obligations on intermediary services, including a requirement to inform consumers of any illegal products or services being offered through the relevant digital platform. Depending on how the DSA and any similar laws are implemented and interpreted, we may have to adapt our business practices, contractual arrangements, and services to comply with such obligations.

In addition, some of our customers may be subject to the EU's Digital Operational Resilience Act (DORA) and similar UK regulatory requirements on operational resilience, which aim to protect against severe disruptions caused by cyberattacks and ICT issues. These laws may obligate our customers to impose contractual provisions on us, including certain mandatory third-party risk management provisions. If we fail to materially comply with these contractual requirements, we may be subject to investigations, audits or other adverse consequences.

Furthermore, in Europe, the Network and Information Security Directive ("NIS2") regulates resilience and incident response capabilities of entities operating in a number of sectors, including the health sector. Non-compliance with NIS2 may lead up to administrative fines of a maximum of 10 million Euros or up to 2% of the total worldwide revenue of the preceding fiscal year.

Certain jurisdictions have enacted data localization laws and cross-border personal data transfer laws. For example, absent appropriate safeguards or other circumstances, the EU GDPR, UK GDPR, and laws in Switzerland generally restrict the transfer of personal data to countries that these jurisdictions consider to not provide an adequate level of personal data protection. Although there are currently various mechanisms that can be used to transfer personal data from the EEA and UK to the United States in compliance with law, such as the EEA's standard contractual clauses, the UK's International Data Transfer Agreement / Addendum, and the EU-U.S. Data Privacy Framework and the UK extension thereto (which allows for transfers to relevant U.S.-based organizations who self-certify compliance and participate in the Framework), these mechanisms are subject to legal challenges, similar mechanisms have been challenged and invalidated in the past, and there is no assurance that we can satisfy or rely on these measures indefinitely to lawfully transfer personal data to the United States.

In addition to European restrictions on cross-border transfers of personal data, other jurisdictions, such as China's Personal Information Protection Law and Brazil's LGPD, have enacted or are considering similar cross-border personal data transfer laws and local personal data residency laws, any of which could increase the cost and complexity of doing business in foreign jurisdictions. If we cannot implement valid compliance mechanisms for cross-border personal data transfers, we may face increased exposure to regulatory actions, substantial fines, and injunctions against processing or transferring personal data from Europe or elsewhere. The inability to import personal data to the United States could significantly and negatively impact our business operations; limit our ability to collaborate with parties that are subject to European and other data privacy and security laws; or require us to increase our personal data processing capabilities and infrastructure in Europe and/or elsewhere at significant expense.

In addition to data privacy and security laws, we are contractually subject to industry standards adopted by industry groups, and we are, or may become in the future, subject to such obligations. For example, we may be subject to compliance with the Payment Card Industry Data Security Standard ("PCI DSS"). The PCI DSS requires companies to adopt certain measures to ensure the security of cardholder information, including using and maintaining firewalls, adopting proper password protections for certain devices and software, and restricting data access. We are also bound by other contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful.

We publish privacy policies, marketing materials, and other statements, related to compliance with certain certifications or self-regulatory principles, regarding artificial intelligence, data privacy and security. Regulators in the United States are increasingly scrutinizing these statements, and if these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, misleading, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators, or other adverse consequences.

Our obligations related to data privacy and security are quickly changing in an increasingly stringent fashion, creating some uncertainty as to the effective future legal framework. These obligations may be subject to differing applications and interpretations, which may be inconsistent or in conflict among jurisdictions. As our platform and products evolve and the ways we use personal data change to meet the complex needs of our customer base, we continue to become subject to additional privacy and security obligations. Even if we believe we have satisfied compliance requirements in our activities, regulators may disagree with our compliance posture and issue high penalties and fines for noncompliance. Additionally, our sales cycles may increase due to increasingly rigorous privacy and security assessments that must be completed prior to purchasing our platform and products as a result of increased regulation. Preparation for and compliance with these obligations require us to devote significant resources (including, without limitation, financial and time-related resources). For example, the increased consumer control over the sharing of their personal data afforded by the CCPA may affect our customers' ability to share such personal data with us or may require us to delete or remove consumer information from our records or data sets, which may result in considerable costs for our organization. Further, these obligations may necessitate changes to our information technologies, systems, and practices and to those of any third parties that process personal data on our behalf. In addition, these obligations may require us to change our business model or our products. For example, social media networks (which are integral third-party services to our platform) are under heightened scrutiny from international regulators as well as individuals seeking to bring claims for alleged non-compliance. If the interpretation or application of data privacy or security laws or regulations adversely impact social media networks, this may change the APIs and data made available to us from the social media networks. Although we endeavor to comply with all applicable data privacy and security obligations, we may at times fail (or be perceived to have failed) to do so. Despite our efforts, our personnel or third parties with whom we work may fail to comply with such obligations, which could negatively impact our business operations and compliance posture. For example, any failure by a third-party that processes personal data on our behalf to comply with applicable law, regulations, or contractual obligations could result in adverse effects, including inability to operate our business and proceedings against us by governmental entities or others.

If we fail, or are perceived to have failed, to address or comply with data privacy and security obligations, we could face significant consequences. These consequences may include, but are not limited to, government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class-related claims); additional reporting requirements and/or oversight; bans on collecting or processing personal data; and orders to destroy or not use personal data. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to, loss of customers; interruptions or stoppages in our business operations; inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize our platform and services; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or revision or restructuring of our operations.

The public's increasing concerns about data privacy and the use of social media may negatively affect the use or popularity of social media networks, and, in turn, adversely affect our business. For example, negative publicity surrounding particular forums of social media may have an adverse effect on our customers' and prospective customers' perceived value of our solution and willingness to purchase subscriptions or expand such subscriptions to more users or additional departments across their organizations. Similarly, enhanced scrutiny may lead to an increase in regulation of social media, which in turn could change the data or the manner in which data is shared by social media networks to social media management providers and other developers. Any change to the data we receive from social media networks or other third parties may negatively affect the functionality of our platform and products.

If our information technology systems or data, or those of third parties with whom we work, are or were compromised, we could experience adverse consequences resulting from such compromise, including but not limited to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; loss of customers; and other adverse consequences.

In the ordinary course of our business, we may collect, store, use, transmit, disclose, or otherwise process sensitive information. We may rely upon third-party service providers and technologies to operate critical business systems to process confidential, sensitive, and personal data in a variety of contexts, including, without limitation, third-party providers of cloud-based infrastructure, encryption and authentication technology, employee email, content delivery to customers, and other functions. Our ability to monitor these third parties' cybersecurity practices is limited, and these third parties may not have adequate information security measures in place. We may inadvertently share or receive sensitive information with or from third parties.

We and the third parties with whom we work may be subject to a variety of evolving threats, including but not limited to social-engineering attacks (including through deep fakes, which may be increasingly more difficult to identify as fake, and phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial-of-service attacks (such as credential stuffing), personnel misconduct or error, ransomware attacks, supply-chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, telecommunications failures, earthquakes, fires, floods, and other similar threats. Ransomware attacks, including those perpetrated by organized criminal threat actors, nation-states, and nation-state-supported actors, are becoming increasingly prevalent and severe and can lead to significant interruptions in our operations, loss of data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments. Similarly, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties and infrastructure in our supply chain or our third-party partners' supply chains have not been compromised or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our information technology systems (including our platform) or the third-party information technology systems that support us and our services. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. If the third parties with whom we work experience a security incident or other interruption, we could experience adverse consequences. While we may be entitled to damages if the third parties with whom we work fail to satisfy their privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. During times of war and other major conflicts, we and the third parties with whom we work may be vulnerable to a heightened risk of these attacks, including retaliatory cyber-attacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our services.

Our remote workforce poses increased risks to our information technology systems and data, as more of our employees work from home, utilizing network connections and devices outside our premises, especially mobile devices. Future business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems (including our platform) could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Furthermore, we may discover security issues that were not found during due diligence of such acquired or integrated entities, and it may be difficult to integrate companies into our information technology environment and security program.

We expend significant resources or modify our business activities in an effort to further protect against security incidents. Certain data privacy and security obligations require us to implement and maintain specific security measures to protect our information technology systems, including our platform, and data. While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective.

Applicable data privacy and security obligations may require us to notify relevant stakeholders of security incidents impacting the confidentiality or integrity of their data and we have processes to ensure timely notifications, which have been utilized when required. Such disclosures are costly, and the disclosures or the failure to comply with such requirements could lead to adverse consequences. If we (or a third party with whom we work) experience a security incident or are perceived to have experienced a security incident, we may experience material adverse consequences. These consequences may include: government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing data (including personal data); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; interruptions in our operations (including availability of data); financial loss; and other similar harms. Security incidents and attendant material consequences may prevent or cause customers to stop using our platform, products, or services, deter new customers from using our platform, products, or services, and negatively impact our ability to grow and operate our business. In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive data about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position.

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

Our agreements with customers and other third parties may include indemnification or other provisions under which we agree to indemnify or otherwise be liable to them for losses suffered or incurred as a result of claims of intellectual property infringement, damages caused by us to property or persons, or other liabilities relating to or arising from our platform, products or other acts or omissions. For some of our larger customers, we sometimes negotiate additional indemnity provisions which may include indemnification for breaches of our obligations, representations or warranties in the subscription agreement, gross negligence or willful misconduct, breaches of confidentiality, losses related to security incidents, breach of the data processing addendum or violations of applicable law. 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.

From time to time, third parties may assert infringement claims against our customers. These claims may require us to initiate or defend protracted and costly litigation on behalf of our customers, regardless of the merits of these claims. If any of these claims succeed, we may be forced to pay damages on behalf of our customers or may be required to obtain licenses for the platform or products they use or modify our platform or products. If we cannot obtain all necessary licenses on commercially reasonable terms or make such modifications to avoid a claim, our customers may be forced to stop using our platform or products. Further, customers may require us to indemnify or otherwise be liable to them for breach of confidentiality or failure to implement adequate security measures with respect to their data stored, transmitted or processed by our employees, platform or products. Although we normally contractually limit our liability with respect to breach of those obligations, we may still be responsible for substantial damages related to claims. 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 platform or products, and harm our revenue, business and operating results.

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

We use open source software in our platform and products and expect to continue to use open source software in the future. There are uncertainties regarding the proper interpretation of and compliance with open source licenses, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to use such open source software, and consequently to provide or distribute our platform and products. Although use of open source software has historically been free, recently several open source providers have begun to charge license fees for use of their software. If our current open source providers were to begin to charge for these licenses or increase their license fees significantly, this would increase our research and development costs and have a negative impact on our results of operations and financial condition.

Additionally, we may from time to time face claims from third parties claiming ownership of, or seeking to enforce the terms of, an open source license, including by demanding release of source code for the open source software, derivative works or our proprietary source code that was developed using or that is distributed with such open source software. These claims could also result in litigation and could require us to make our proprietary software source code freely available, require us to devote additional research and development resources to change our platform or incur additional costs and expenses, any of which could result in reputational harm and would have a negative effect on our business and operating results. In addition, if the license terms for the open source software we utilize change, we may be forced to reengineer our platform or incur additional costs to comply with the changed license terms or to replace the affected open source software. Further, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software or indemnification for third party infringement claims. Although we have implemented policies to regulate the use and incorporation of open source software into our platform and products, we cannot be certain that we have not incorporated open source software in our platform and products in a manner that is inconsistent with such policies. Companies we acquire may have inadequate open source license management practices or poor IP compliance procedures, which could expose us to additional open source licensing risks.

We are currently subject to, and may become in the future, subject to litigation, disputes or regulatory inquiries for a variety of claims, which could adversely affect our results of operations, harm our reputation or otherwise negatively affect our business.

Securities-related class action lawsuits and/or derivative lawsuits have often been brought against companies that experience volatility in the market price of their securities. We are currently, and may become in the future, subject to securities class actions, derivative suits or other securities-related legal actions. For example, as described further in Note 11 of the Notes to the Financial Statements (Part II, Item 8 of this Annual Report), beginning in May 2024, securities class action litigation and related stockholder derivative lawsuits (the “Securities Actions”) were filed against us and certain of our executives alleging violations of the federal securities laws for allegedly making false and misleading statements and omissions of fact. It is possible that additional lawsuits will be filed, or allegations received from stockholders, with respect to these same or other matters and also naming us and/or our officers and directors as defendants. The outcomes of the Securities Actions and any other related lawsuits are subject to inherent uncertainties, and the actual defense and disposition costs will depend upon many unknown factors. We could be forced to expend significant resources in the defense of the Securities Actions and any additional lawsuits, and we may not prevail. In addition, we may incur substantial legal fees and costs in connection with such lawsuits. We currently are not able to estimate the possible cost to us from these matters, as the Securities Actions are currently at an early stage, and we cannot be certain how long it may take to resolve the Securities Actions or the possible amount of any damages that we may be required to pay. Monitoring, initiating and defending against legal actions is time-consuming for our management, is likely to be expensive and may detract from our ability to fully focus our internal resources on our business activities. We could be forced to expend significant resources in the settlement or defense of the Securities Actions and any potential future lawsuits, and we may not prevail in such lawsuits. Additionally, we may not be successful in having any such lawsuits dismissed or settled within the limits of our insurance coverage. We have not established any accrual for any potential liability relating to the Securities Actions or any potential future lawsuits. It is possible that we could, in the future, incur judgments or enter into settlements of claims for monetary damages. A decision adverse to our interests in the Securities Actions, or in similar or related litigation, could result in the payment of substantial damages, or possibly fines, and could have a material adverse effect on our business, our stock price, cash flow, results of operations and financial condition.

From time to time, we may also be involved in other types of litigation, disputes or regulatory inquiries that arise in the ordinary course of business. These may include claims, lawsuits and proceedings involving labor and employment, wage and hour, and commercial. We generally expect that the number, type and significance of claims, lawsuits, disputes and/or regulatory inquiries involving the Company may increase as our business expands and our company grows larger. While our agreements with customers generally limit our liability for damages arising from our platform, we cannot assure you that these contractual provisions will protect us from liability for damages in the event we are sued. Additionally, although we carry general liability insurance and director and officer liability insurance, these policies may not apply to cover all claims to which we are (or could be) exposed and/or may be inadequate to fully cover damages and/or liabilities resulting from such claims. Any claims against us, whether meritorious or not, could result in costly litigation, require significant amounts of management and employee time, adversely affect our reputation and/or result in the diversion of significant operational resources. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our revenue, business, brand, results of operations and financial condition.

We are subject to U.S. economic sanctions and export control and anti-corruption laws and regulations that could impair our ability to compete in international markets or subject us to liability if we violate such laws and regulations.

We are subject to U.S. economic sanctions and export control laws and regulations that prohibit the provision of certain products and services to certain countries, governments, and persons targeted by U.S. sanctions. We have taken precautions to prevent our services from being exported in violation of U.S. export control and U.S. sanctions laws and regulations. However, we cannot be certain that the precautions we take will prevent violations of these laws. Currently, we do not allow users with IP addresses associated with countries that are the target of comprehensive U.S. economic sanctions to access our platform on a subscription or free trial basis. In the past, parties who self-identified as being in a country that is the target of comprehensive U.S. sanctions signed up for our free trial offering. However, we believe the free-trial features of our offering are consistent with the general licenses issued by the U.S. Department of the Treasury's Office of Foreign Assets Control, authorizing access to personal communication tools by parties in countries subject to comprehensive sanctions. If in the future we are found to be in violation of U.S. sanctions or export control laws, we may be fined or other penalties could be imposed. Finally, changes in export control or economic sanctions laws and enforcement could also result in increased compliance requirements and related costs, which could materially adversely affect our business, results of operations, financial condition and/or cash flows.

We are also subject to various U.S. and international anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, as well as other similar anti-bribery and anti-kickback laws and regulations. These laws and regulations generally prohibit companies and their employees and intermediaries from authorizing, offering or providing improper payments or benefits to officials and other recipients for improper purposes. Our exposure for violating these laws may increase as we continue to expand our international presence, and any failure to comply with such laws could harm our business.

Risks Related to Ownership of Our Class A Common Stock

Our actual operating results may fluctuate from period to period and may differ significantly from any guidance provided.

Our guidance and long-term operating model, including forward-looking statements about our business, is prepared by management and is qualified by, and subject to, a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Many of these uncertainties and contingencies are beyond our control and are based upon specific assumptions with respect to future events. We generally state possible outcomes as high and low ranges, which are intended to provide a sensitivity analysis as variables are changed, but are not intended to represent that actual results could not fall outside of the suggested ranges or otherwise fluctuate from period to period. Factors that may cause fluctuations in our results of operations include, without limitation, those listed below:

- variability in our sales cycle, including as a result of the budgeting cycles and internal purchasing priorities of our customers, as well as our continued efforts to target larger customers;
- our limited history with key features of our platform;
- our ability to collect on accounts receivable;
- fluctuations in demand for our platform, including as a result of our introduction of new packaging or pricing;
- our ability to attract new customers and expand utilization by our existing customers;
- customer renewal rates;
- the success of our marketing efforts and brand recognition;
- the timing of sales and recognition of revenue, which may vary as a result of changes in accounting rules and interpretations;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure;
- network outages or actual or perceived security breaches or other incidents;
- general economic, market and geopolitical conditions, both domestically and internationally, as well as economic conditions specifically affecting industries in which our customers operate; and
- the timing and success of introductions of new platform features and services by us or our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors, customers or strategic partners.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. In particular, guidance offered in periods of extreme uncertainty, such as the uncertainty caused by macroeconomic conditions, is inherently more speculative in nature than guidance offered in periods of relative stability. We have in the past, and may in the future, generate financial results that are below our stated guidance and/or lower or otherwise revise our guidance to reflect changes in our expected financial results. Accordingly, any guidance with respect to our projected financial performance is necessarily only an estimate of what management believes is realizable as of the date the guidance is given. Actual results may vary from the guidance and the variations may be material. In addition, the reliability of any forecasted financial data will diminish the farther in the future that the data is forecasted.

Actual operating results may be different from our guidance, and such differences may be adverse and material. In light of the foregoing, investors are urged to not to place undue reliance on our guidance. In addition, the market price of our Class A common stock may reflect various market assumptions as to the accuracy of our guidance. If our actual results of operations fall below the expectations of investors or securities analysts, the price of our Class A common stock could decline substantially.

Our share price has been and may continue to be volatile, and you could lose all or part of your investment.

The market price of our Class A common stock has been, and may continue to be, volatile and could be subject to wide fluctuations in light of the many risk factors listed in this section, as well as others beyond our control, including:

- variations in our financial results or those of our competitors;
- changes in earnings estimates, recommendations or coverage of our common stock by securities analysts;
- our failure to meet the estimates and projections of the investment community or that we may otherwise provide to the public;
- rumors, announcements or articles regarding our or our competitors' operations, management, organization, products, acquisitions, strategic partnerships, capital commitments, financial condition or financial statements;
- additions or departures of key personnel;
- future sales of our common stock or other securities;
- litigation or regulatory actions involving us, including Securities Actions;
- general economic, industry, and market conditions;
- significant political and regulatory developments in the United States, including government budget cuts, government shut downs and tariffs; and
- other events or factors, including resulting from natural disasters, pandemics or responses to such events.

Furthermore, the stock markets and software and technology stocks have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies, as recently illustrated by the impact on stock markets from shifting macroeconomic conditions. In the past, following periods of volatility in the overall market and the trading price of a particular company's securities, securities class action litigation has often been instituted against these companies. For example, as described above, we are currently party to the Securities Actions. These broad market and industry fluctuations may negatively impact the market price of our Class A common stock and the resulting litigation could result in substantial costs and a diversion of our management's attention and resources, which could, in turn, harm our business.

The dual class structure of our common stock and the existing ownership of capital stock by our Co-Founders have the effect of concentrating voting control with our Co-Founders for the foreseeable future, which limits the ability of our other investors to influence corporate matters.

Our Class B common stock has ten votes per share and our Class A common stock has one vote per share. As of December 31, 2025, our outstanding Class B common stock represented approximately 52.6% of the voting power of our outstanding capital stock. In addition, as a result of our dual class stock, the holders of Class B common stock, our Co-Founders, collectively control all matters submitted to our stockholders for approval. This concentrated control limits the ability of our other investors to influence corporate matters until the Sunset Trigger Date (as defined below). For example, these stockholders will control elections of directors, amendments of our certificate of incorporation or bylaws, increases to the number of shares available for issuance under our equity incentive plans or adoption of new equity incentive plans, and approval of any merger, sale of assets or other major corporate transaction for the foreseeable future. This may also prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may feel are in your best interest as one of our stockholders. This control may adversely affect the market price of our Class A common stock.

In addition, future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning purposes. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term.

On December 17, 2026 (the “Sunset Trigger Date”), all of our outstanding shares of our Class B common stock will automatically convert into the same number of shares of Class A common stock under the terms of our amended and restated certificate of incorporation (the “Conversion”). No additional shares of Class B common stock may be issued following the Conversion.

We cannot predict the effect our dual class structure may have on the market of our Class A common stock.

We cannot predict whether our dual class structure will result in a lower or more volatile market price of our Class A common stock, in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indices. In addition, several stockholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our common stock may cause stockholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices or any actions or publications by stockholder advisory firms critical of our corporate governance practices or capital structure could adversely affect the value and trading market of our Class A common stock.

Future sales of our common stock in the public market could cause our share price to fall.

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 Class A common stock and could impair our ability to raise capital through the sale of additional equity securities. As of December 31, 2025, we had 53,607,556 shares of Class A common stock outstanding and 5,949,357 shares of Class B common stock outstanding.

We may issue our shares of common stock or securities convertible into our common stock from time to time in connection with financings, acquisitions, investments, equity incentive plan awards or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the trading price of our Class A common stock to decline.

We have never paid dividends on our capital stock and we do not intend to pay dividends for the foreseeable future.

We have never declared or paid any dividends on our Class A common stock and do not intend to pay any dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the operation and growth 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 Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments. Furthermore, any debt agreement we may enter into may contain negative covenants that limit our ability to pay dividends.

Our charter documents and Delaware law could prevent a takeover that stockholders consider favorable and could also reduce the market price of our stock.

Our amended and restated certificate of incorporation and our amended and restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it more difficult for stockholders to elect directors and take other corporate actions. These provisions include:

- providing for a classified board of directors with staggered, three-year terms;
- authorizing our board of directors to issue preferred stock with voting or other rights or preferences that could discourage a takeover attempt or delay changes in control;
- prohibiting cumulative voting in the election of directors;
- providing that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- prohibiting the adoption, amendment or repeal of our amended and restated bylaws or the repeal of the provisions of our amended and restated certificate of incorporation regarding the election and removal of directors without the required approval of at least 66.67% of the shares entitled to vote at an election of directors;
- prohibiting stockholder action by written consent;
- limiting the persons who may call special meetings of stockholders; and
- requiring advance notification of stockholder nominations and proposals.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management.

In addition, we are subject to the anti-takeover provisions contained in Section 203 of the Delaware General Corporation Law, or the DGCL. Under Section 203 of the DGCL, a corporation may not, in general, engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other exceptions, the board of directors has approved the transaction.

These and other provisions in our amended and restated certificate of incorporation and our amended and restated bylaws and under Delaware law could discourage potential takeover attempts, reduce the price investors might be willing to pay in the future for shares of our Class A common stock and result in the market price of our Class A common stock being lower than it would be without these provisions.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation provides 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 claim of breach of a fiduciary duty owed by, or other wrongdoing by, any of our current or former directors, officers, employees or our stockholders;
- any action asserting a claim against us arising under the DGCL, our amended and restated certificate of incorporation, or our amended and restated bylaws (as either may be amended from time to time) or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

By becoming a stockholder in our Company, you are deemed to have notice of and have consented to the provisions of our amended and restated certificate of incorporation related to choice of forum. This exclusive forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers and other employees. This provision does not apply to claims arising under the Securities Act, the Exchange Act or other federal securities laws for which there is exclusive federal or concurrent federal and state jurisdiction. If a court were to find the exclusive forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business.

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

The trading market for our Class A common stock depends, in part, on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade our Class A common stock or publish inaccurate or unfavorable research about our business, our Class A common 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 Class A common stock could decrease, which might cause our Class A common stock price and trading volume to decline.

Risks Related to Tax and Accounting Matters

Failure to maintain effective internal control over financial reporting could result in our failure to accurately or timely report our financial condition or results of operations, which could have a material adverse effect on our business and stock price.

The rapid growth of our operations and becoming a publicly traded company have created a need for additional resources within the accounting and finance functions due to the increasing need to produce timely financial information and to ensure the level of segregation of duties customary for a U.S. public company. We continue to reassess the sufficiency of finance personnel in response to these increasing demands and expectations.

We have and expect to continue to deploy resources in developing the necessary documentation and testing procedures required by Section 404 of the Sarbanes-Oxley Act. However, we cannot be certain that the actions we have taken and may in the future take to improve our internal controls over financial reporting will be sufficient, or that we will be able to implement our planned processes and procedures in a timely manner. Furthermore, as we grow as a business, including through acquisitions, our internal controls may become more complex and require additional resources to implement and be effective. We have in the past, and may in the future, fail to maintain adequate internal controls. The existence of any material weakness or significant deficiency could result in errors in our financial statements. If we are unable to produce accurate financial statements on a timely basis, investors could lose confidence in the reliability of our financial statements, which could cause the market price of our Class A common stock to decline and make it more difficult for us to finance our operations and growth.

Taxing authorities may successfully assert that we should have collected or withheld, or in the future should collect or withhold, sales and use, gross receipts, value-added, federal, state, or foreign employment, or similar taxes and may successfully impose additional obligations on us, and any such assessments or obligations could adversely affect our business, financial condition and results of operations.

The application of indirect taxes, such as sales and use, value-added, goods and services, business, gross receipts taxes, and employment taxes to businesses like ours is a complex and evolving issue. Many of the fundamental statutes and regulations that impose these taxes were established before the adoption and growth of the internet or remote work. In many cases, the ultimate tax determination is uncertain because it is not clear how new and existing statutes might apply to our business. Significant judgment is required on an ongoing basis to evaluate applicable tax obligations and, as a result, amounts recorded are estimates and are subject to adjustments. Additionally, we often rely on third-party technology and consulting firms for tax advice and compliance tools, both of which could fail to work as intended.

Our business is, or may be, subject to such indirect taxes in the United States and various foreign jurisdictions, and we may face indirect tax audits in various U.S. and foreign jurisdictions, and this risk has increased as a result of our continued expansion and the growth of revenue generated outside the United States. In certain jurisdictions, we collect and remit indirect taxes. However, taxing authorities may raise questions about or challenge or disagree with our calculation, reporting or collection of such taxes and may require us to collect and remit such taxes in jurisdictions in which we do not currently do so, and could impose associated interest, penalties and fees.

A successful assertion by one or more tax authorities requiring us to collect indirect taxes in jurisdictions in which we do not currently do so, to collect additional indirect taxes in a jurisdiction in which we currently collect such taxes, or to withhold additional employment taxes, could, among other things, result in substantial tax liabilities (including taxes on past sales, as well as penalties and interest), create significant administrative burdens for us, discourage users from utilizing our products or otherwise harm our business, financial condition and results of operations.

Our ability to utilize our net operating loss carryforwards may be limited.

As of December 31, 2025, we had gross U.S. federal and state net operating loss carryforwards of approximately $316.2 million and $217.8 million, respectively. Our ability to utilize our federal net operating loss carryforwards may be limited under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code. The limitations apply if we experience an “ownership change,” which is generally defined as a greater than 50 percentage point change (by value) in the ownership of our equity by certain stockholders over a rolling three-year period. Similar provisions of state tax law may also apply to limit the use of our state net operating loss carryforwards. Future changes in our stock ownership, which may be outside of our control, may trigger an ownership change and, consequently, the limitations under Section 382 of the Code. As a result, if or when we earn net taxable income, our ability to use our pre-change net operating loss carryforwards to offset such taxable income may be subject to limitations, which could adversely affect our future cash flows.

Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flow, financial condition, or results of operations.

New tax laws, statutes, rules, regulations, or ordinances could be enacted at any time. For example, the Tax Cuts and Jobs Act, the Coronavirus Aid, Relief, and Economic Security Act, the Inflation Reduction Act, or the IRA, and the One Big Beautiful Bill Act made many significant changes to U.S. tax laws. Further, existing tax laws, statutes, rules, regulations, or ordinances could be interpreted differently, changed, repealed, or modified at any time. Any such enactment, interpretation, change, repeal, or modification could adversely affect us, possibly with retroactive effect. In particular, the potential realization of net deferred tax assets, the taxation of foreign earnings, and the deductibility of expenses could have a material impact on the value of our deferred tax assets, result in significant one-time charges, and increase our future tax expenses.

Risks Related to Intellectual Property Matters

Inability or failure to protect our intellectual property rights could impair our business.

Our success and ability to compete depend in part upon our intellectual property. We attempt to protect our intellectual property rights through a combination of trademark, patent, copyright and trade secret laws, as well as licensing agreements and third-party nondisclosure and assignment agreements. However, the steps we take to protect our intellectual property rights may be inadequate. Additionally, because of the differences in foreign intellectual property laws, our intellectual property rights may not receive the same degree of protection in foreign countries as they would in the United States.

Furthermore, it is not always possible to predict where our business will expand to adequately secure our intellectual property rights or obtain protection in countries where we do not currently do business. The inability or failure to obtain or maintain adequate protection of our intellectual property rights for any reason could have a material adverse effect on our business, results of operations and financial condition. Acquired businesses may have inadequate intellectual property rights or weak IP portfolios, which could result in poor investment outcomes.

In order to protect our intellectual property, we may be required to spend resources to monitor and protect our rights. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management, and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our failure to secure, protect and enforce our intellectual property rights could adversely affect our brand and adversely affect our business.

We rely on our intellectual property to distinguish our products, services, inventions and works of authorship, including software, from those of our competitors and to create competitive advantages in the marketplace. We have applied for and registered parts of this intellectual property in the United States and also applied for trademark protection in certain foreign countries. We cannot assure you that our intellectual property applications will be approved. Additionally, although we rely on copyright laws to protect our works of authorship, including our software, we do not apply to register the copyrights in any of our works.

We also rely on unpatented proprietary technology that is only protected to the extent that it is copyrightable, and kept secret from and not independently developed by others. To protect our trade secrets and other proprietary technology and information, we have entered into confidentiality agreements with most of our employees and consultants. We cannot assure you that these agreements will provide meaningful protection against unauthorized use, misappropriation or unlawful disclosure of such trade secrets, know-how or other proprietary technology information. In addition, the rapid adoption of AI software and the increasing availability of third-party generative AI tools has made it increasingly difficult to keep proprietary information secret, including as a result of inadvertent disclosure through the use of such tools by employees, contractors or business partners. If we are unable to maintain the proprietary nature of our technologies and information, our business, financial condition and results of operations could be harmed.

We also incorporate open-source software into our products and services. We seek to manage the risks associated with the use of open-source software by reviewing and attempting to avoid licenses that, if triggered, would require us to make our proprietary source code publicly available, limit our ability to commercialize our products, or otherwise adversely affect our intellectual property rights. However, such efforts could fail and the terms of certain open-source licenses could require us to make our proprietary source code available to the public, limit our ability to commercialize our products, or require us to license our proprietary technologies on unfavorable terms. In addition, if we fail to comply with the terms of applicable open-source licenses, including as a result of inadvertent use or integration, we could face enforcement actions or be required to re-engineer our products, which could be costly and time-consuming.

Third party intellectual property infringement claims could impair our business.

From time to time, our competitors or other third parties may claim, and it may be found, that we are infringing upon or otherwise violating their intellectual property rights, which we may not be aware of prior to such claims. Acquired companies and partner integrations may bring unknown intellectual property infringement exposure or have inadequate IP compliance practices, including with respect to open source software usage, AI-related technologies, and historical development practices. Third parties have and may in the future challenge, attempt to invalidate or attempt to circumvent our intellectual property rights or applications, or may use and register similar intellectual properties in the United States and in other jurisdictions. We cannot assure you that our intellectual property may be of sufficient scope or strength to provide us with any meaningful protection or commercial advantage.

As we continue to develop and incorporate artificial intelligence-enabled features into our products and services, we may face allegations that such technologies infringe, misappropriate or otherwise violate third-party intellectual property rights, including copyrights, trademarks, patents or trade secrets, even if such allegations lack merit.

Any claims of intellectual property infringement or other intellectual property violations or challenges, even those without merit, could be expensive and time consuming to defend. Any licensing agreements to use any third party's intellectual property, if required, may not be available to us on acceptable terms. A successful claim of infringement against us could result in our being required to pay significant damages, enter into costly settlement agreements, or prevent us from offering our platform or products in their present form or at all, or under their current trademarks, any of which could have a negative impact on our results of operations and financial condition and harm our future prospects.

We may also be obligated to indemnify our customers or business partners in connection with any such litigation or refund subscription fees, which could further exhaust our resources. Disruptions to our platform or products from such claims could adversely affect our customer satisfaction and ability to attract customers. In the event that our intellectual property is successfully challenged, we could be forced to amend, revise or rebrand our products and services, which could result in loss of brand recognition, and could require us to devote resources to advertising and marketing new brands.

General Risk Factors

Unstable market, economic and political conditions may have serious adverse consequences on our business, financial condition and share price.

The global economy, including credit and financial markets, has experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, tariffs and increasing trade tensions, government budget cuts and government shut downs, sudden changes in government spending, fluctuations in inflation, interest rates, currency exchange rates and uncertainty about economic stability. For example, geopolitical uncertainty and instability, tariffs and trade tensions have created volatility in the global capital markets, including disruptions of the global supply chain and energy markets.

In addition, fluctuations in inflation, economic policy and other macroeconomic pressures in the United States and globally could exacerbate extreme volatility in the global capital markets and heighten unstable market conditions. Any such volatility and disruptions may have adverse consequences on us, our customers, partners or other third parties on whom we rely. If the equity and credit markets continue to deteriorate, including as a result of global geopolitical tension, political instability or a global or domestic recession or the fear thereof, it may make any necessary debt or equity financing more difficult to obtain in a timely manner or on favorable terms, more costly or more dilutive. High levels of inflation can adversely affect us by increasing our costs, including labor and employee benefit costs. In addition, high inflation, trade tensions and reductions in government spending also could increase our customers' operating costs and decrease their revenue, which could result in reduced social media budgets for our customers and potentially less demand for our platform and products.

We may make acquisitions of, or invest in, other businesses or technologies, which may divert our management's attention and result in the incurrence of indebtedness or dilution to our stockholders. We may be unable to integrate acquired businesses or technologies successfully or achieve the expected benefits of such acquisitions and investments.

We may evaluate and consider potential strategic transactions, including acquisitions of, or investments in, businesses, technologies, services, products and other assets in the future. We also may enter into relationships with other businesses to expand our platform and products, which could involve preferred or exclusive licenses, additional channels of distribution, discount pricing or investments in other companies.

Any investment, business relationship or acquisition, including our acquisitions of NewsWhip in July 2025 and Tagger Media in August 2023, may result in unforeseen operating difficulties and expenditures or business liabilities. In particular, we may encounter difficulties integrating the businesses, technologies, products, personnel or operations of the acquired companies, particularly if key personnel of the acquired company choose not to work for us, the acquired platform, products or services are not easily adapted to work with our platform or products or we have difficulty retaining the customers of any acquired business due to changes in ownership, management or otherwise. Acquisitions may also disrupt our business, divert our resources and require significant management and research and development attention that would otherwise be available for development of our existing platform and products. Moreover, the anticipated benefits of any acquisition, investment or business relationship may not be realized, we may be exposed to unknown risks or liabilities. Furthermore, our ability to complete these transactions may often be subject to approvals that are beyond our control. Consequently, these transactions, even if announced, may not be completed.

In connection with such strategic transactions, we may:

- issue additional equity securities that would dilute our existing stockholders;
- use cash that we may need in the future to operate our business;
- incur large charges or substantial liabilities;
- incur indebtedness on terms unfavorable to us or that we are unable to repay;
- encounter hidden liabilities, defects, bugs, vulnerabilities, or past or future data breaches within any acquired company's code or technical environment;
- encounter additional legal and compliance risk and expenses;
- 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.

The occurrence of any of the foregoing could adversely affect our revenue, business, results of operations and financial condition.

We depend largely on the continued service of our senior management and other key employees, the loss of any of whom could adversely affect our business, results of operations and financial condition.

Our future performance depends on the continued service and contributions of our senior management and other key employees to execute on our business plan, to develop our platform and products, to attract and retain customers and to identify and pursue strategic opportunities. The loss of service of senior management or other key employees could significantly delay or prevent the achievement of our development and strategic objectives. In particular, we depend to a considerable degree on the vision, skills, experience and effort of our Chief Executive Officer, Ryan Barretto. The replacement of any of our senior management personnel would likely involve significant time and costs, and such loss could adversely affect our revenue, business, results of operations and financial condition.

If we cannot attract and retain qualified personnel or maintain our culture as we grow, we may be unable to execute our business strategy.

We believe that a critical component of our success has been our company culture and values. We have invested substantial time and resources in building our team and we believe our strong employer brand has been instrumental in our ability to attract and retain highly qualified personnel. Competition for executives, software engineers, product managers, sales personnel and other key personnel in the software industry is intense. We have experienced and may in the future experience difficulty attracting and retaining qualified candidates to fill open positions. To remain competitive, we must also retain and motivate existing employees through compelling compensation practices, career development opportunities and our company culture and values. As we continue to expand our presence and offer remote work options, it will be essential to preserve our company culture and values across an increasingly dispersed workforce. Any failure to preserve the company culture and values we have created could negatively affect our future success, including our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives.

As a federal government contractor, we are required to maintain plans to ensure compliance with nondiscrimination and regulatory requirements for qualified employees in compliance with Section 503 of the Rehabilitation Act and the Vietnam Era Veterans' Readjustment Assistance Act. Previously, federal contractors were obligated to comply with Executive Order 11246, which mandated the development of affirmative action programs focused on race and gender. Recent executive orders have eliminated this requirement.

This change in law may present several risks, including the perception among internal and external stakeholders that the company is moving away from its commitment to equal opportunity for race and gender. This perception could lead to challenges in hiring or retaining employees and other adverse operational impacts. However, failure to comply with changes in the law could expose Sprout to administrative, civil, or criminal liabilities, including fines, penalties, repayments, or suspension or debarment from eligibility for future U.S. government contracts. Additionally, Sprout Social's effort to build an inclusive workforce in compliance with the law could lead to legal challenges.

We may not be able to generate sufficient cash to service our indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and results of operations, which in turn are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. Our ability to restructure or refinance our debt will depend on, among other things, the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. In the absence of such cash flows and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations.

Further, our Amended Credit Agreement (as defined below) contains, and any future credit facility or other debt instrument may contain, provisions that will restrict our ability to dispose of assets and use the proceeds from any such disposition. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

If we cannot make the scheduled payments on our debt, we will be in default and, as a result, the lenders under our Amended Credit Agreement could declare all outstanding principal and interest to be due and payable, terminate their commitments to loan money and foreclose against the assets securing the Facility (as defined below), and, as a result, we could be forced into bankruptcy or liquidation, which could result in an adverse impact to your investment in our company.

We have incurred a substantial amount of debt, which could adversely affect our business, including by restricting our ability to engage in additional transactions or incur additional indebtedness, and prevent us from meeting our debt obligations.

We entered into a Credit Agreement with the lenders named therein and MUFG Bank, LTD. as administrative agent and collateral agent, in August 2023, which provides for a senior secured revolving credit facility in an aggregate principal amount up to $100 million (the “Facility”), which was subsequently amended in April 2025 (as amended, the “Amended Credit Agreement”).

As of December 31, 2025, the Company had an outstanding balance of $40 million under the Facility, including $32 million of borrowings used to fund a portion of the upfront consideration payable in connection with our acquisition of NewsWhip in July 2025. This substantial level of debt could have important consequences to our business, including, but not limited to:

- reducing the benefits we expect to receive from our prior and any future acquisition transactions;
- making it more difficult for us to satisfy our obligations;
- requiring a substantial portion of our cash flows from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flows to fund acquisitions, capital expenditures, R&D and future business opportunities;
- exposing us to the risk of increased interest rates to the extent of any future borrowings, including borrowings under our Amended Credit Agreement, are at variable rates of interest;

- increasing our vulnerability to, and reducing our flexibility to respond to, changes in our business or general adverse economic and industry conditions;
- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions, and general corporate or other purposes and increasing the cost of any such financing;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and placing us at a competitive disadvantage as compared to our competitors, to the extent they are not as highly leveraged and who, therefore, may be able to take advantage of opportunities that our leverage may prevent us from exploiting; and
- restricting us from pursuing certain business opportunities.

The Amended Credit Agreement contains, and the terms of any future indebtedness may contain, various restrictive covenants, including, among other things, restrictions on the Company's ability to incur liens, incur indebtedness, make or hold investments, execute certain change of control transactions, business combinations or other fundamental changes to our business, dispose of assets, make certain types of restricted payments, including dividends and other distributions to shareholders, enter into certain related party transactions, or amend or terminate certain contracts, subject to customary exceptions. In addition, the Amended Credit Agreement contains financial covenants as to (i) maximum consolidated senior net leverage and (ii) minimum consolidated interest coverage. In connection with the Facility, we and certain of our subsidiaries entered into a Guarantee and Collateral Agreement with the collateral agent in August 2023 (the "Guarantee and Collateral Agreement") and granted the collateral agent a continuing security interest in substantially all of our and their assets. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" for additional information.

Our ability to comply with these restrictive and financial covenants can be impacted by events beyond our control and we may be unable to do so. The Amended Credit Agreement provides that our breach or failure to satisfy certain covenants constitutes an event of default. Upon the occurrence of an event of default, the administrative agent, at the direction of the lenders, could elect to declare all amounts outstanding under the Amended Credit Agreement to be immediately due and payable. In addition, the administrative agent would have the right to proceed against the assets provided as collateral in accordance with the Guarantee and Collateral Agreement and the Amended Credit Agreement. If the debt under our Amended Credit Agreement were to be accelerated, we may not have sufficient cash on hand or be able to sell sufficient collateral to repay such debts, which would have an immediate adverse effect on our business, liquidity, and financial condition.

We may not be able to secure additional financing on favorable terms, or at all, to meet our future capital needs.

We have funded our operations since inception primarily through sales of equity securities, bank loans and subscription payments by our customers for use of our platform and products. In the future, we may require additional capital to respond to business opportunities, challenges, acquisitions, a decline in the level of subscriptions for our platform or products or unforeseen circumstances. We may not be able to timely secure additional debt or equity financing on favorable terms, or at all. Changing macroeconomic conditions, including volatility in the capital markets and fluctuations in inflation and interest rates, exacerbate this risk. If we raise additional funds through further issuances of equity, convertible debt securities or other securities convertible into equity, our existing stockholders could suffer significant dilution in their percentage ownership of our company, and any new equity securities we issue could have rights, preferences and privileges senior to those of holders of our Class A common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited.

There are risks associated with potential future indebtedness that may adversely affect our financial condition and future financing agreements may contain restrictive operating and financial covenants that could limit our operating flexibility.

Future financing agreements may contain restrictive operating and financial covenants that could limit our operating flexibility, including covenants that limit our ability to incur additional indebtedness or liens, merge with other companies or consummate certain changes of control, acquire other companies, engage in new lines of business, add new offices or business locations, make certain investments, pay dividends, transfer or dispose of certain assets, liquidate or dissolve, amend certain material agreements and enter into various specified transactions. Our ability to remain in compliance with the covenants under any future debt instruments, and to pay fees, interest and principal on our indebtedness will depend on, among other things, our operating performance and market conditions. Accordingly, our cash flow may not be sufficient to allow us to pay principal and interest on future indebtedness and meet our other business obligations.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

As a cloud service provider, Sprout Social believes keeping data secure is important and takes steps designed to do so.

We implement and maintain various information security processes designed to identify, assess, and manage material risks from cybersecurity threats to our critical infrastructure, communications systems, hardware and software, and our critical data, including intellectual property, confidential information that is proprietary, strategic or competitive in nature, and data related to our employees and customers ("Information Systems and Data").

Security Program Structure

Sprout Social maintains an overarching security program comprising several teams including (1) Security Operations, (2) Information Technology, (3) Application Security, (4) Infrastructure Security, and (5) Governance, Risk, and Compliance. Together, these teams help identify, assess and manage the Company's cybersecurity threats and risks using various methods including, for example, internal and external audits, automated and manual tools, threat assessments for internal and external threats, software and services that identify cybersecurity threats, third party threat assessments, a vulnerability management policy and program, incident response exercises, and evaluating threats reported to us through an external bug bounty program.

Our security program is designed to align with the ISO 27001:2022 (International Organization for Standardization) standard and ISO 27701:2019 (privacy extension), incorporates elements from the National Institute of Standards and Technology (NIST) Cybersecurity Framework, and is regularly reviewed and audited by independent external third-party auditors.

Technical and Organizational Measures

As part of our security program, we implement and maintain various technical, physical, and organizational measures, processes, standards and policies designed to manage and mitigate material risks from cybersecurity threats to our Information Systems and Data, including, for example, a general information security policy, incident response plan and incident response policy, data classification, protection, retention, and destruction policy, server protection and logging standards, vulnerability management program, vendor selection and security standard, business continuity and disaster recovery plan, employee onboarding, offboarding, and access escalation policy, risk management and audit policy, regular penetration testing of our production networks and applications, maintaining industry recognized certifications, cybersecurity insurance, and dedicated cybersecurity staff.

Enterprise Risk Integration

Our assessment and management of material risks from cybersecurity threats are integrated into the Company's overall risk management processes. For example, cybersecurity risk is addressed as a component of the Company's enterprise risk management program and identified in the Company's risk register. The security team works with management to help identify, discuss, and prioritize our risk management processes and mitigate cybersecurity threats that are more likely to lead to a material impact to our business.

Third-Party Assessments and Support

We use third-party service providers to assist us from time to time in reviewing our policies, standards and procedures, identifying and assessing material risks from cybersecurity threats, and making recommendations to improve our security program, including, for example, professional services firms, external legal counsel, penetration testing firms, cybersecurity consultants, and cybersecurity software providers.

We use third-party service providers to perform a variety of functions throughout our business, such as application providers, hosting companies, and other types of third-party service providers for critical business operations. Our vendor management process includes security assessments for vendors handling sensitive data, ongoing monitoring based on risk tier, and requirements that certain vendors maintain appropriate security certifications. We require information security-related contractual provisions in our vendor agreements.

For a description of the risks from cybersecurity threats that may materially affect the Company and how they may do so, see our risk factors under Part 1. Item 1A. Risk Factors in this Annual Report on Form 10-K, including the sections of our risk factors titled “Risks Related to the Use of Technology” and “Legal and Regulatory Risks.”

Governance

Board Oversight

Our Board of Directors is responsible for overseeing the Company's cybersecurity risk management processes, including oversight and mitigation of risks from cybersecurity threats. The Board receives updates on cybersecurity matters twice per year, during which management presents information regarding the Company's cybersecurity program, risk assessments, threat landscape developments, security control effectiveness, third-party assessments, and material security events or incidents.

Management Responsibilities

Our overarching security program, enterprise-wide cybersecurity strategy, risk management program, and related security policies, standards, and processes are managed by the Vice President of Information Technology, Security, and Compliance and the Chief Technology Officer. The Vice President of Information Technology, Security, and Compliance has over 15 years of experience leading information technology and security teams and holds a Certified Information Systems Security Professional (CISSP) certification. The Vice President of Information Technology, Security, and Compliance reports to the Chief Technology Officer. They are responsible for hiring appropriate personnel, helping to integrate cybersecurity risk considerations into the Company’s business strategy, communicating key priorities to relevant personnel, approving budgets, preparing for cybersecurity incidents, approving cybersecurity policies, and reviewing internal and external security assessments and other security-related reports. They also report on our risk management program, overall security posture, progress on maturing the security program, and new or emerging risks to senior management and the Board of Directors.

Incident Response and Escalation

Our cybersecurity incident response plan is designed to escalate certain cybersecurity incidents to members of management based on predefined criteria, including, for example, to our Vice President of Information Technology, Security, and Compliance, General Counsel, and Chief Technology Officer. Senior managers work with the Company’s incident response team to help the Company mitigate and remediate certain cybersecurity incidents of which they are notified. The Company's incident response plan includes reporting to the Board of Directors, regulators, and law enforcement for incidents meeting defined thresholds based on incident severity and potential impact.

Item 2. Properties

Our corporate headquarters are located in Chicago, Illinois, where we lease approximately 64,000 square feet of office space. We also have office locations in Seattle, Washington; Dublin, Ireland; and Kraków, Poland. These offices are leased, and we do not own any real property.

We believe that our facilities are suitable to meet our current needs.

Item 3. Legal Proceedings

See Note 11 - “Commitments and Contingencies” of the Notes to the Financial Statements (Part II, Item 8 of this Annual Report) for information regarding certain legal proceedings in which we are involved, which is incorporated by reference into this Part I, Item 3.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Our Class A common stock has been listed on the Nasdaq Capital Market under the symbol "SPT" since December 13, 2019.

Our Class B common stock is not listed or traded on any stock exchange.

Holders of Record

As of February 13, 2026, we had 4 holders of record of our Class A common stock and 14 holders of record of our Class B common stock. Because many of our shares of Class A common stock are held by brokers and other institutions on behalf of shareholders, we are unable to estimate the total number of beneficial owners of our Class A common stock represented by these holders.

Dividend Policy

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business and to repay future indebtedness, if any, and therefore we do not anticipate declaring or paying any cash dividends on our common stock in the foreseeable future. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors, subject to compliance with contractual restrictions and covenants in the agreements governing our current and future indebtedness. Any such determination will also depend upon our business prospects, results of operations, financial condition, cash requirements and availability, industry trends and other factors that our board of directors may deem relevant.

Recent Sales of Unregistered Securities and Use of Proceeds

None.

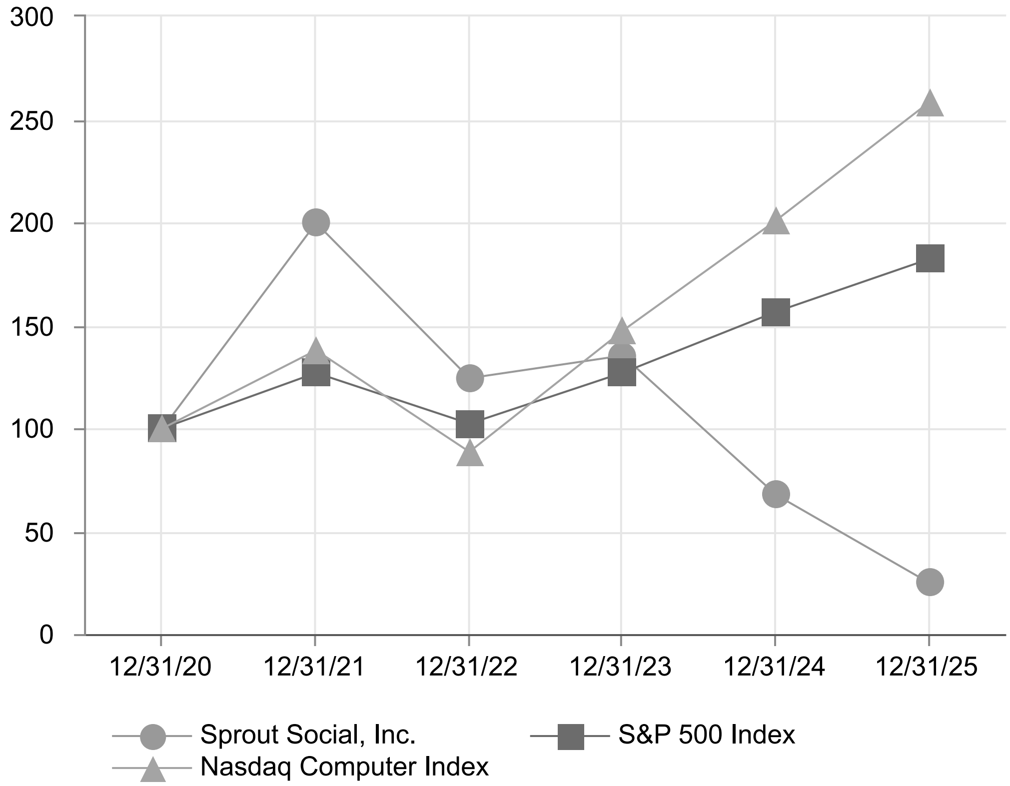
Issuer Purchases of Equity Securities

None.

Performance Graph

The following 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, nor shall such information be incorporated by reference into any of our other filings under the Exchange Act or the Securities Act.

The graph below compares the cumulative total stockholder return on our Class A common stock with the cumulative total return on the S&P 500 Index and the Nasdaq Computer Index. The graph assumes an initial investment of $100 in our Class A common stock at the market close on December 31, 2020. Data for the S&P 500 Index and the Nasdaq Computer Index assume reinvestment of dividends. The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our Class A common stock.


300
250
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12/31/25
Sprout Social, Inc.
S&P 500 Index
Nasdaq Computer Index

Item 6. [Reserved]

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

You should read the following discussion and analysis of our financial condition and results of operations together with our audited consolidated financial statements and related notes included elsewhere in this Annual Report. This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors” and in other parts of this Annual Report.

Overview

Sprout Social is a powerful, centralized platform that provides the critical business layer to unlock the massive commercial value of social media. We have made it increasingly easy to standardize on Sprout Social as the centralized system of record for social and to help customers maximize the value of this mission critical channel. Currently, tens of thousands of customers across more than 100 countries rely on our platform.

Introduced in 2011, our cloud software brings together social messaging, data and workflows in a unified system of record, intelligence and action. Operating across major networks, including X (formerly known as Twitter), Facebook, Instagram, TikTok, Pinterest, LinkedIn, Google, Reddit, Bluesky, Glassdoor and YouTube, and commerce platforms Facebook Shops, Shopify and WooCommerce, we provide organizations with a centralized platform to manage their social media efforts across stakeholders and business functions. Virtually every aspect of business has been impacted by social media, from marketing, sales, commerce and public relations to customer service, product and strategy, creating a need for an entirely new category of software. We offer our customers a centralized, secure and powerful platform to manage this broad, complex channel effectively across their organization.

We generate revenue primarily from subscriptions to our social media management platform under a software-as-a-service model. Our subscriptions can range from monthly to one-year or multi-year arrangements and are generally non-cancellable during the contractual subscription term. Subscription revenue is recognized ratably over the contract terms beginning on the date the product is made available to customers, which typically begins on the commencement date of each contract. We also generate revenue from professional services related to our platform provided to certain customers, which is generally recognized at the time these services are provided to the customer. This revenue has historically represented less than 1% of our revenue and is expected to be immaterial for the foreseeable future.

Our tiered subscription-based model allows our customers to choose among four core plans to meet their needs. Each plan is licensed on a per user per month basis at prices dependent on the level of features offered. Additional product modules, which offer increased functionality depending on a customer’s needs, can be purchased by the customer on a per user per month basis.

We generated revenue of $457.5 million, $405.9 million and $333.6 million during the years ended December 31, 2025, 2024, and 2023, respectively, representing growth of 13% in 2025 and 22% in 2024. In 2025, software subscriptions contributed 99% of our revenue. We generated net losses of $43.3 million, $62.0 million and $66.4 million during the years ended December 31, 2025, 2024, and 2023, respectively. Our net losses include stock-based compensation expense of $78.7 million, $84.3 million and $67.7 million in the years ended December 31, 2025, 2024, and 2023, respectively. We expect to continue investing in the growth of our business and, as a result, generate net losses for the foreseeable future.

Macroeconomic and Geopolitical Conditions

As a company with a global footprint, we are subject to risks and exposures caused by significant events and their macroeconomic impacts, including, but not limited to, geopolitical instability and uncertainty, fluctuations in inflation, interest rates and currency exchange rates, volatility in the capital markets, tariffs and trade tensions, and related market uncertainty. We continuously monitor the direct and indirect impacts, and the potential for future impacts, of these circumstances on our business and financial results, as well as the overall global economy and geopolitical landscape.

Our current and prospective customers are impacted by these macroeconomic conditions to varying degrees. Potentially as a result of these various macroeconomic impacts on our current and prospective customers, we periodically have experienced more measured buying behavior by current and prospective customers and lengthening of the average sales cycle for certain types of customers and sales (including sales to prospective customers and expansion sales to current customers), which have contributed to a slowdown in our revenue growth as compared to historical levels. We believe macroeconomic uncertainty could persist, and as a result, we expect that some or all of these negative trends may emerge or recur during future quarters.

Acquisition of NewsWhip Group Holdings Limited

On July 30, 2025, we completed the acquisition of all of the outstanding voting shares of NewsWhip Group Holdings Limited (“NewsWhip”). NewsWhip’s proprietary real-time media monitoring and predictive analytics provide insights into emerging trends and narratives, and allowed us to enter the public relations and crisis monitoring space. Consideration for the acquisition of NewsWhip consisted of an upfront cash payment of $52.3 million, subject to adjustment for cash, indebtedness and working capital, deferred consideration of $3.2 million and up to $10.0 million of an earnout, which is contingent upon NewsWhip’s achievement of financial performance metrics through June 30, 2027. We funded the upfront cash payment with cash on hand and $32 million of borrowings under the Facility (as defined below). Refer to Note 4 of the Notes to the Financial Statements (Part II, Item 8 of this Annual Report) for further discussion.

The purchase price allocation as of the date of acquisition was based on a preliminary valuation and is subject to revision as more detailed analyses are completed and additional information about the fair value of assets acquired and liabilities assumed become available. We expect to finalize the allocation of the purchase consideration as soon as practicable, pending any other adjustments to acquired assets or liabilities, but no later than 12 months from the acquisition date. We have included the financial results of NewsWhip in our consolidated financial statements from the date of acquisition. The impact of NewsWhip’s financial results following the date of acquisition were not significant to Sprout Social’s consolidated financial statements.

Acquisition of Tagger Media, Inc.

On August 2, 2023, we completed our acquisition of all the outstanding equity of Tagger Media, Inc. (“Tagger”), for a total purchase consideration of $144 million. We acquired Tagger in order to expand into the influencer marketing category. Tagger’s platform enables marketers to discover influencers, plan and manage campaigns, analyze competitor strategies, report on trends and measure return on investment. We funded the purchase consideration with a combination of cash on hand and $75 million borrowed under the Facility (as defined below), which is further described in Note 8 of the Notes to the Financial Statements (Part II, Item 8 of this Annual Report).

The fair values of the tangible and identifiable intangible assets acquired and liabilities assumed are based on management’s estimates and assumptions. The allocation of fair value of purchase consideration was finalized in the second quarter of 2024.

We have included the financial results of Tagger in our consolidated financial statements from the date of acquisition. The impact of Tagger’s financial results following the date of acquisition were not significant to Sprout Social's consolidated financial statements. Refer to Note 4 of the Notes to the Financial Statements (Part II, Item 8 of this Annual Report) for further discussion.

Acquisition of Repustate, Inc.

On January 19, 2023, we completed the acquisition of Repustate, Inc. for a total purchase consideration of $8.3 million, consisting of approximately $6.8 million in cash paid at the closing time of the acquisition and a holdback of $1.5 million in cash to be paid as purchase consideration after the one-year anniversary of the closing of the acquisition, assuming no claims by the Company against the holdback amount for post-closing purchase price adjustments or indemnification matters. The purchase price holdback was paid in full in January 2024.

The fair values of the tangible and identifiable intangible assets acquired and liabilities assumed are based on management's estimates and assumptions. The allocation of fair value of purchase consideration was finalized in the fourth quarter of 2023.

The Repustate acquisition has increased our power, breadth and automation of social listening, messaging, and customer care capabilities with added sentiment analysis, natural language processing (NLP) and artificial intelligence (AI). We have included the financial results of Repustate in our consolidated financial statements from the date of acquisition. The impact of Repustate's financial results following the date of acquisition were not significant to Sprout Social's consolidated financial statements. Refer to Note 4 of the Notes to the Financial Statements (Part II, Item 8 of this Annual Report) for further discussion.

Key Factors Affecting Our Performance

Acquiring new customers

We are focused on continuing to organically grow our customer base by increasing demand for our platform and penetrating our addressable market. We have invested, and expect to continue to invest, heavily in expanding our sales force and marketing efforts to acquire new customers. Currently, we have tens of thousands of customers. For the year ended December 31, 2025, as compared to the year ended December 31, 2024, while our total number of customers decreased, our number of customers contributing $30,000 or more in annualized recurring revenue ("ARR") and $50,000 or more in ARR increased. In addition, as we continue to focus on expanding our enterprise customer base, we have experienced and expect to continue to experience longer and more expansive average sale cycles and increased pricing pressure, which may be exacerbated by the macroeconomic and geopolitical factors described above. We expect these trends to continue as we remain focused on our most sophisticated prospects and customers.

Expanding within our current customer base

We believe that there is a substantial opportunity for organic growth within our existing customer base. Customers often begin by purchasing a small number of user subscriptions and then expand over time, increasing the number of users or social profiles, as well as purchasing additional product modules. Customers may then expand use-cases between various departments to drive collaboration across their organizations. Our sales and customer success efforts include encouraging organizations to expand use-cases to more fully realize the value from the broader adoption of our platform throughout an organization. We intend to continue to invest in enhancing awareness of our brand, creating additional uses for our products and developing more products, features and functionality of existing products, which we believe are vital to achieving increased adoption of our platform. In recent years, we have increased our focus on expanding our customers' use of our platform over time.

We use dollar-based net retention rate to evaluate the long-term value of our customer relationships, because we believe this metric reflects our ability to retain and expand subscription revenue generated from our existing customers. Our dollar-based net retention rate for the years ended December 31, 2025 and 2024 was 100% and 104%, respectively. Our dollar-based net retention rate excluding our SMB customers for the years ended December 31, 2025 and 2024 was 102% and 108%, respectively.

We calculate dollar-based net retention rate by dividing the ARR from our customers as of December 31st in the reported year by the ARR from those same customers as of December 31st in the previous year. This calculation is net of upsells, contraction, cancellation or expansion during the period but excludes ARR from new customers.

Sustaining product and technology innovation

Our success is dependent on our ability to sustain product and technology innovation and maintain the competitive advantage of our proprietary technology. We continue to invest resources to enhance the capabilities of our platform by introducing new products, features and functionality of existing products, either through acquisition or internal development.

International expansion

We see international expansion as a meaningful opportunity to grow our platform. Revenue generated from non-U.S. customers during the year ended December 31, 2025 was approximately 26% of our total revenue. We have teams in Ireland, Canada, the United Kingdom, Singapore, India, Australia, the Philippines and Poland to support our growth internationally. We believe global demand for our platform and offerings will continue to increase as awareness of our platform in international markets grows. We plan to continue adding to our local sales, customer support and customer success teams in select international markets over time.

Key Business Metrics

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

For purposes of the below metrics, we define ARR as the annualized revenue run-rate of subscription agreements from all customers as of the last date of the specified period, and we define a customer as a unique account, multiple accounts containing a common non-personal email domain, or multiple accounts governed by a single agreement or entity. Beginning in the third quarter of 2025, the metrics below include NewsWhip customers.

Number of customers contributing $30,000 or more in ARR

We define customers contributing $30,000 or more in ARR as those on a paid subscription plan that had $30,000 or more in ARR as of a period end.

We view the number of customers that contribute $30,000 or more in ARR as a measure of our ability to scale with our customers and attract larger organizations. We believe this represents potential for future growth, including expanding within our current customer base. Over time, larger customers have constituted a greater share of our revenue.

	As of December 31,	
	2025	2024
Number of customers contributing $30,000 or more in ARR	3,803	3,374

Beginning in the fourth quarter of 2025, we replaced our disclosure of customers with ARR of $10,000 or more with customers with ARR of $30,000 or more. We believe this metric better reflects our strategic focus on larger customers and aligns with how management evaluates performance and allocates resources.

Number of customers contributing $50,000 or more in ARR

We define customers contributing $50,000 or more in ARR as those on a paid subscription plan that had $50,000 or more in ARR as of a period end.

We view the number of customers that contribute $50,000 or more in ARR as a measure of our ability to scale with our largest customers and attract more sophisticated organizations. We believe this represents potential for future growth, including expanding within our current customer base. Over time, our largest customers have constituted a greater share of our revenue.

	As of December 31,	
	2025	**2024**
Number of customers contributing $50,000 or more in ARR	2,022	1,718

Components of our Results of Operations

Revenue

Subscription

We generate revenue primarily from subscriptions to our social media management platform under a software-as-a-service model. Our subscriptions can range from monthly to one-year or multi-year arrangements and are generally non-cancellable during the contractual subscription term. Subscription revenue is recognized ratably over the contract terms beginning on the date our product is made available to customers, which typically begins on the commencement date of each contract. Our customers do not have the right to take possession of the online software solution. We also generate a small portion of our subscription revenue from third-party resellers.

Professional Services

We sell professional services consisting of, but not limited to, implementation fees, specialized training, one-time reporting services and recurring periodic reporting services. Professional services revenue is generally recognized at the time these services are provided to the customer. This revenue has historically represented less than 1% of our revenue and is expected to be immaterial for the foreseeable future.

Cost of Revenue

Subscription

Cost of revenue primarily consists of expenses related to hosting our platform and providing support to our customers. These expenses comprise fees paid to data providers, hosted data center costs and personnel costs directly associated with cloud infrastructure, customer success and customer support, including salaries, benefits, bonuses and allocated overhead. These costs also include depreciation expense and amortization expense related to acquired developed technologies that directly benefit sales. Overhead associated with facilities and information technology is allocated to cost of revenue and operating expenses based on headcount. Although we expect our cost of revenue to increase in absolute dollars as our business and revenue grows, we expect it to decrease as a percentage of our revenue over time.

Professional Services and Other

Cost of professional services primarily consists of expenses related to our professional services organization and comprise personnel costs, including salaries, benefits, bonuses and allocated overhead.

Gross Profit and Gross Margin

Gross margin is calculated as gross profit as a percentage of total revenue. Our gross margin may fluctuate from period to period based on revenue earned, the timing and amount of investments made to expand our hosting capacity, our customer support and professional services teams and in hiring additional personnel, and the impact of acquisitions. We expect our gross profit and gross margin to increase as our business grows over time.

Operating Expenses

Research and Development

Research and development expenses primarily consist of personnel costs, including salaries, benefits and allocated overhead. Research and development expenses also include depreciation expense and other expenses associated with product development. We plan to increase the dollar amount of our investment in research and development for the foreseeable future as we focus on developing new features and enhancements to our plan offerings.

Sales and Marketing

Sales and marketing expenses primarily consist of personnel costs directly associated with our sales and marketing department, online advertising expenses, as well as allocated overhead, including depreciation expense. Sales force commissions and bonuses are considered incremental costs of obtaining a contract with a customer. Sales commissions are earned and recorded at contract commencement for both new customer contracts and expansion of contracts with existing customers. Sales commissions are deferred and amortized on a straight-line basis over the expected period of benefit, which we have determined to be five years. We plan to increase the dollar amount of our investment in sales and marketing for the foreseeable future as we continue to scale the business.

General and Administrative

General and administrative expenses primarily consist of personnel expenses associated with our finance, legal, human resources and other administrative employees. Our general and administrative expenses also include professional fees for external legal, accounting and other consulting services, amortization of intangible assets, depreciation and amortization expense, as well as allocated overhead. We expect to increase the size of our general and administrative functions to support the growth of our business. We expect the dollar amount of our general and administrative expenses to increase for the foreseeable future. However, we expect our general and administrative expenses to decrease as a percentage of revenue over time.

Interest Income (Expense), Net

Interest income (expense), net consists primarily of interest expense related to the Facility and is offset by interest income earned on our cash and investment balances.

Other Expense, Net

Other expense, net consists of foreign currency transaction gains and losses.

Income Tax Provision

The income tax provision consists of current and deferred taxes for our United States and foreign jurisdictions. We have historically reported a taxable loss in our most significant jurisdiction, the United States, and have a full valuation allowance against our deferred tax assets related to domestic operations and certain deferred tax assets related to foreign operations. We expect this trend to continue for the foreseeable future.

Results of Operations

The following tables set forth information comparing the components of our results of operations in dollars and as a percentage of total revenue for the periods presented.

	Years Ended December 31,		
	2025	2024	2023
		(in thousands)	
Revenue			
Subscription	$ 453,014	$ 402,022	$ 330,458
Professional services and other	4,533	3,886	3,185
Total revenue	457,547	405,908	333,643
Cost of revenue(1)			
Subscription	101,119	90,305	75,076
Professional services and other	1,576	1,170	1,192
Total cost of revenue	102,695	91,475	76,268
Gross profit	354,852	314,433	257,375
Operating expenses			
Research and development(1)	101,279	102,794	79,550
Sales and marketing(1)	190,559	184,122	168,091
General and administrative(1)	106,467	87,873	79,011
Total operating expenses	398,305	374,789	326,652
Loss from operations	(43,453)	(60,356)	(69,277)
Interest expense	(2,501)	(3,525)	(2,754)
Interest income	3,418	3,973	7,021
Other expense, net	(204)	(1,393)	(768)
Loss before income taxes	(42,740)	(61,301)	(65,778)
Income tax expense	587	670	649
Net loss	$ (43,327)	$ (61,971)	$ (66,427)

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

	Years Ended December 31,		
	2025	2024	2023
		(in thousands)	
Cost of revenue	$ 2,802	$ 3,936	$ 3,224
Research and development	25,162	25,619	18,478
Sales and marketing	22,783	31,544	30,116
General and administrative	27,972	23,204	15,886
Total stock-based compensation	$ 78,719	$ 84,303	$ 67,704

	Years Ended December 31,		
	2025	2024	2023
	(as a percentage of total revenue)		
Revenue			
Subscription	99 %	99 %	99 %
Professional services and other	1 %	1 %	1 %
Total revenue	100 %	100 %	100 %
Cost of revenue			
Subscription	22 %	22 %	23 %
Professional services and other	— %	— %	— %
Total cost of revenue	22 %	23 %	23 %
Gross profit	78 %	77 %	77 %
Operating expenses			
Research and development	22 %	25 %	24 %
Sales and marketing	42 %	45 %	50 %
General and administrative	23 %	22 %	24 %
Total operating expenses	87 %	92 %	98 %
Loss from operations	(9)%	(15)%	(21)%
Interest expense	(1)%	(1)%	(1)%
Interest income	1 %	1 %	2 %
Other expense, net	— %	— %	— %
Loss before income taxes	(9)%	(15)%	(20)%
Income tax expense	— %	— %	— %
Net loss	(9)%	(15)%	(20)%

Note: Certain amounts may not sum due to rounding

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

	Years Ended December 31,		Change	
	2025	2024	Amount	%
	(*dollars in thousands*)			
Revenue				
Subscription	$ 453,014	$ 402,022	$ 50,992	13 %
Professional services and other	4,533	3,886	647	17 %
Total revenue	$ 457,547	$ 405,908	$ 51,639	13 %
Percentage of Total Revenue				
Subscription	99 %	99 %		
Professional services and other	1 %	1 %		

The increase in subscription revenue was primarily driven by increased revenue from our highest tier customers. The number of customers contributing $30,000 or more in ARR grew 13% versus the prior year and the number of customers contributing $50,000 or more in ARR grew 18% versus the prior year. The increase in new customers within the highest tiers was primarily driven by prioritizing our customer success and growth resources towards these customers and continuing to grow our sales force capacity to meet market demand.

Cost of Revenue and Gross Margin

	Years Ended December 31,		Change	
	2025	2024	Amount	%
	(*dollars in thousands*)			
Cost of revenue				
Subscription	$ 101,119	$ 90,305	$ 10,814	12 %
Professional services and other	1,576	1,170	406	35 %
Total cost of revenue	102,695	91,475	11,220	12 %
Gross profit	$ 354,852	$ 314,433	$ 40,419	13 %
Gross margin				
Total gross margin	78 %	77 %		

The increase in cost of subscription revenue for the year ended December 31, 2025 compared to the year ended December 31, 2024 was primarily due to the following:

	Change
	(*in thousands*)
Data provider fees	$ 8,514
Hosting fees	4,161
Amortization of intangible assets	700
Restructuring costs	354
Personnel costs	(1,414)
Stock-based compensation expense	(1,134)
Other	(367)
Subscription cost of revenue	$ 10,814

Fees paid to our data providers increased due to higher costs of third-party data utilized in our platform. Hosting fees increased due to additional costs associated with the expansion of our highest tier customers and increased utilization of computing and storage needs. The increase in the amortization expense of intangible assets was driven by the acquired developed technology recognized as part of the NewsWhip acquisition in July 2025. In February 2025, we initiated a restructuring plan with the primary focus on our Sales and Customer Experience teams, which resulted in restructuring costs as well as a decrease in personnel costs and stock-based compensation expense.

Operating Expenses

Research and Development

	Years Ended December 31,		Change	
	2025	2024	Amount	%
	(*dollars in thousands*)			
Research and development	$ 101,279	$ 102,794	$ (1,515)	(1)%
Percentage of total revenue	22 %	25 %		

The decrease in research and development expense for the year ended December 31, 2025 compared to the year ended December 31, 2024 was primarily due to the following:

	Change
	(*in thousands*)
Restructuring costs	$ (2,928)
Stock-based compensation expense	(457)
Personnel costs	277
Other	1,593
Research and development	$ (1,515)

The decrease in restructuring costs was driven by a restructuring plan initiated in November 2024 to improve the efficiency and effectiveness of the research and development organization. Stock-based compensation expense decreased primarily as a result of lower headcount within our research and development teams throughout the majority of the year, as a result of the November 2024 restructuring plan. The increase in other was primarily driven by increased contractor costs.

Sales and Marketing

	Years Ended December 31,		Change	
	2025	2024	Amount	%
	(*dollars in thousands*)			
Sales and marketing	$ 190,559	$ 184,122	$ 6,437	3 %
Percentage of total revenue	42 %	45 %		

The increase in sales and marketing expense for the year ended December 31, 2025 compared to the year ended December 31, 2024 was primarily due to the following:

	Change
	(*in thousands*)
Sales commission expense	$ 7,729
Restructuring costs	2,285
Advertising	1,788
Personnel costs	932
Stock-based compensation expense	(8,761)
Other	2,464
Sales and marketing	$ 6,437

Sales commission expense increased due to year-over-year sales growth. Restructuring costs increased as a result of a restructuring plan initiated in February 2025 with a primary focus on our Sales and Customer Experience teams. The increase in personnel costs was primarily driven by higher variable compensation costs. Stock-based compensation expense decreased as a result of lower headcount driven by the February 2025 restructuring plan. The increase in other expense was driven by various marketing events and initiatives.

General and Administrative

	Years Ended December 31,		Change	
	2025	2024	Amount	%
	(*dollars in thousands*)			
General and administrative	$ 106,467	$ 87,873	$ 18,594	21 %
Percentage of total revenue	23 %	22 %		

The increase in general and administrative expense for the year ended December 31, 2025 compared to the year ended December 31, 2024 was primarily due to the following:

		Change
		(in thousands)
Personnel costs	$	6,529
Stock-based compensation expense		4,768
Bad debt expense		1,849
Acquisition-related costs		1,805
Accounting fees		446
Accretion expense		423
Other		2,774
General and administrative	$	18,594

Personnel costs increased primarily as a result of an increase in headcount as we continue to invest in our finance, legal and other administrative functions to support the company's growth. The increase in stock-based compensation expense was primarily driven by annual equity grants made to the executive team. Bad debt expense increased due to higher accounts receivable balances. Acquisition-related costs increased due to the acquisition of NewsWhip on July 30, 2025. Accretion expense related to contingent consideration increased in connection with the NewsWhip acquisition.

Interest Income, Net

	Years Ended December 31,		Change	
	2025	2024	Amount	%
	(dollars in thousands)			
Interest income, net	$ 917	$ 448	$ 469	105 %
Percentage of total revenue	— %	— %		

The increase in interest income, net was primarily driven by lower interest expense as a result of a lower average balance on the Facility as compared to the same period in 2024, partially offset by lower interest income attributable to a lower balance of marketable securities.

Other Expense, Net

	Years Ended December 31,		Change	
	2025	2024	Amount	%
	(dollars in thousands)			
Other expense, net	$ (204)	$ (1,393)	$ 1,189	(85)%
Percentage of total revenue	— %	— %		

The change in other expense, net was primarily driven by lower foreign exchange transaction losses.

Income Tax Expense

	Years Ended December 31,		Change	
	2025	2024	Amount	%
	(*dollars in thousands*)			
Income tax expense	$ 587	$ 670	$ (83)	(12)%
Percentage of total revenue	— %	— %		

The change in income tax expense was due to the release of certain foreign valuation allowance reserves, partly offset by increased taxes due to higher earnings in foreign jurisdictions.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

	Years Ended December 31,		Change	
	2024	2023	Amount	%
	(*dollars in thousands*)			
Revenue				
Subscription	$ 402,022	$ 330,458	$ 71,564	22 %
Professional services and other	3,886	3,185	701	22 %
Total revenue	$ 405,908	$ 333,643	$ 72,265	22 %
Percentage of Total Revenue				
Subscription	99 %	99 %		
Professional services and other	1 %	1 %		

The increase in subscription revenue was primarily driven by increased revenue from our highest tier customers. The number of customers contributing $30,000 or more in ARR grew 17% versus the prior year and the number of customers contributing $50,000 or more in ARR grew 23% versus the prior year. The increase in new customers within the highest tiers was primarily driven by prioritizing our customer success and growth resources towards these customers and continuing to grow our sales force capacity to meet market demand.

Cost of Revenue and Gross Margin

	Years Ended December 31,		Change	
	2024	2023	Amount	%
	(*dollars in thousands*)			
Cost of revenue				
Subscription	$ 90,305	$ 75,076	$ 15,229	20 %
Professional services and other	1,170	1,192	(22)	(2)%
Total cost of revenue	91,475	76,268	15,207	20 %
Gross profit	$ 314,433	$ 257,375	$ 57,058	22 %
Gross margin				
Total gross margin	77 %	77 %		

The increase in cost of subscription revenue for the year ended December 31, 2024 compared to the year ended December 31, 2023 was primarily due to the following:

	Change
	(*in thousands*)
Data provider fees	$ 8,083
Personnel costs	1,780
Amortization of intangible assets	1,645
Stock-based compensation expense	712
Other	3,009
Subscription cost of revenue	$ 15,229

Fees paid to our data providers increased due to higher costs of third-party data utilized in our platform. Personnel costs and stock-based compensation expense increased as we continue to invest in our customer support and customer success teams to support our customer growth. The increase in the amortization expense of intangible assets was driven by the acquired developed technology recognized as part of the Tagger acquisition in August 2023. The increase in other was primarily driven by hosting fees.

Operating Expenses

Research and Development

	Years Ended December 31,		Change	
	2024	2023	Amount	%
		(*dollars in thousands*)		
Research and development	$ 102,794	$ 79,550	$ 23,244	29 %
Percentage of total revenue	25 %	24 %		

The increase in research and development expense for the year ended December 31, 2024 compared to the year ended December 31, 2023 was primarily due to the following:

	Change
	(*in thousands*)
Personnel costs	$ 11,617
Stock-based compensation expense	7,141
Restructuring costs	2,958
Other	1,528
Research and development	$ 23,244

Personnel costs and stock-based compensation expense increased primarily as a result of higher headcount within our research and development teams throughout the majority of the year. Restructuring costs were driven by a restructuring plan, which resulted in a reduction of approximately 50 roles, initiated in November 2024 to improve the efficiency and effectiveness of the research and development organization.

Sales and Marketing

	Years Ended December 31,		Change	
	2024	2023	Amount	%
		(*dollars in thousands*)		
Sales and marketing	$ 184,122	$ 168,091	$ 16,031	10 %
Percentage of total revenue	45 %	50 %		

The increase in sales and marketing expense for the year ended December 31, 2024 compared to the year ended December 31, 2023 was primarily due to the following:

	Change (in thousands)
Personnel costs	$ 22,219
Stock-based compensation expense	1,428
Advertising	1,074
Other	1,545
Sales commission expense	(10,235)
Sales and marketing	$ 16,031

Personnel costs increased primarily as a result of an increase in headcount as we continue to expand our sales teams to grow our customer base. Headcount in the sales and marketing organization throughout 2024 was on average 14% higher than 2023. The increase in stock-based compensation expense was primarily due to the increased headcount. The increase in other expense was driven by various marketing events and initiatives. The decrease in sales commission expense was driven by updating the period of benefit from three to five years, which was accounted for as a change in accounting estimate. See Note 1 - "Nature of Operations and Summary of Significant Accounting Policies" of the Notes to the Financial Statements (Part II, Item 8 of this Annual Report) for additional information on the change in accounting estimate.

General and Administrative

	Years Ended December 31,		Change	
	2024	2023	Amount	%
	(dollars in thousands)			
General and administrative	$ 87,873	$ 79,011	$ 8,862	11 %
Percentage of total revenue	22 %	24 %		

The increase in general and administrative expense for the year ended December 31, 2024 compared to the year ended December 31, 2023 was primarily due to the following:

	Change (in thousands)
Stock-based compensation expense	$ 7,318
Personnel costs	5,204
Amortization of intangible assets	965
Other	1,217
Gain on lease modification	(1,570)
Acquisition-related costs	(4,272)
General and administrative	$ 8,862

Personnel costs increased primarily as a result of an increase in headcount as we continue to invest in our finance, legal and other administrative functions to support the company's growth. Headcount in the general and administrative organizations throughout 2024 was on average 11% higher than 2023. The increase in stock-based compensation expense was primarily driven by equity grants made to the executive team. The increase in the amortization expense of intangible assets was primarily driven by the intangible assets recognized as part of the Tagger acquisition in August 2023. The non-cash gain on lease modification was due to the amendment of our Chicago office lease agreement in November 2024. The decrease in acquisition-related costs was driven by costs associated with the Tagger acquisition in August 2023.

Interest Income, Net

	Years Ended December 31,		Change	
	2024	2023	Amount	%
	(*dollars in thousands*)			
Interest income, net	$ 448	$ 4,267	$ (3,819)	(90)%
Percentage of total revenue	— %	1 %		

The decrease in interest income, net was primarily driven by higher interest expense from the Facility, partially offset by lower interest income attributable to a lower balance of marketable securities.

Other Expense, Net

	Years Ended December 31,		Change	
	2024	2023	Amount	%
	(*dollars in thousands*)			
Other expense, net	$ (1,393)	$ (768)	$ (625)	81 %
Percentage of total revenue	— %	— %		

The change in other expense, net was primarily driven by higher foreign exchange transaction losses.

Income Tax Expense

	Years Ended December 31,		Change	
	2024	2023	Amount	%
	(*dollars in thousands*)			
Income tax expense	$ 670	$ 649	$ 21	3 %
Percentage of total revenue	— %	— %		

The change in income tax expense was due to higher earnings in foreign jurisdictions.

Non-GAAP Financial Measures

In addition to our results determined in accordance with U.S. generally accepted accounting principles, or GAAP, we believe the following non-GAAP measures are useful in evaluating our operating performance. We use the below non-GAAP financial information, collectively, to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance by excluding certain items that may not be indicative of our business, operating results or future outlook.

However, non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate 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. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business.

Non-GAAP Gross Profit

We define non-GAAP gross profit as GAAP gross profit, excluding stock-based compensation expense, amortization expense associated with the acquired developed technology from the Tagger and NewsWhip acquisitions and restructuring charges. We believe non-GAAP gross profit provides our management and investors consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations, as this non-GAAP financial measure eliminates the effect of stock-based compensation, amortization expense and restructuring charges, which are often unrelated to overall operating performance.

	Year Ended December 31,		
	2025	2024	2023
Reconciliation of Non-GAAP gross profit	(*dollars in thousands*)		
Gross Profit	$ 354,852	$ 314,433	$ 257,375
Stock-based compensation expense	2,802	3,936	3,224
Amortization of acquired developed technology	3,520	2,820	1,175
Restructuring charges	416	62	—
Non-GAAP gross profit	$ 361,590	$ 321,251	$ 261,774

Non-GAAP Operating Income

We define non-GAAP operating income as GAAP loss from operations, excluding stock-based compensation expense, acquisition-related expenses, amortization expense associated with the acquired intangible assets from the Tagger and NewsWhip acquisitions, restructuring charges, non-cash losses or gains from lease terminations and modifications, and accretion associated with contingent consideration. We believe non-GAAP operating income provides our management and investors consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations, as this non-GAAP financial measure eliminates the effect of stock-based compensation, acquisition-related expenses, amortization expense, restructuring charges, non-cash losses or gains from lease terminations and modifications, and accretion associated with contingent consideration, which are often unrelated to overall operating performance.

Reconciliation of Non-GAAP operating income	Year Ended December 31, 2025	2024	2023
	(dollars in thousands)		
Loss from operations	$ (43,453)	$ (60,356)	$ (69,277)
Stock-based compensation expense	78,719	84,303	67,704
Acquisition-related expenses	1,805	—	4,272
Amortization of acquired intangible assets	6,711	4,851	2,022
Restructuring charges	2,731	3,020	—
Loss/(gain) on lease termination and modification	1,175	(1,570)	—
Accretion associated with contingent consideration	423	—	—
Non-GAAP operating income	$ 48,111	$ 30,248	$ 4,721

Non-GAAP Net Income

We define non-GAAP net income as GAAP net loss, excluding stock-based compensation expense, acquisition-related expenses, amortization expense associated with the acquired intangible assets from the Tagger and NewsWhip acquisition, restructuring charges, non-cash losses or gains from lease terminations and modifications, and accretion associated with contingent consideration. We believe non-GAAP net income provides our management and investors consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations, as this non-GAAP financial measure eliminates the effect of stock-based compensation, acquisition-related expenses, amortization expense, restructuring charges, non-cash losses or gains from lease terminations and modifications, and accretion associated with contingent consideration, which are often unrelated to overall operating performance.

Reconciliation of Non-GAAP net income	Year Ended December 31, 2025	2024	2023
	(dollars in thousands)		
Net loss	$ (43,327)	$ (61,971)	$ (66,427)
Stock-based compensation expense	78,719	84,303	67,704
Acquisition-related expenses	1,805	—	4,272
Amortization of acquired intangible assets	6,711	4,851	2,022
Restructuring charges	2,731	3,020	—
Loss/(gain) on lease termination and modification	1,175	(1,570)	—
Accretion associated with contingent consideration	423	—	—
Non-GAAP net income	$ 48,237	$ 28,633	$ 7,571

Non-GAAP Net Income per Share

We define non-GAAP net income per share as GAAP net loss per share attributable to common shareholders, basic and diluted, excluding stock-based compensation expense, acquisition-related expenses, amortization expense associated with the acquired intangible assets from the Tagger and NewsWhip acquisitions, restructuring charges, non-cash losses or gains from lease terminations and modifications, and accretion associated with contingent consideration. We believe non-GAAP net income per share provides our management and investors consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations, as this non-GAAP financial measure eliminates the effect of stock-based compensation, acquisition-related expenses, amortization expense, restructuring charges, non-cash losses or gains from lease terminations and modifications, and accretion associated with contingent consideration, which are often unrelated to overall operating performance.

	Year Ended December 31,		
	2025	2024	2023
Reconciliation of Non-GAAP net income per share			
Net loss per share attributable to common shareholders, basic and diluted	$ (0.74)	$ (1.09)	$ (1.19)
Stock-based compensation expense per share	1.34	1.48	1.22
Acquisition-related expenses	0.03	—	0.08
Amortization of acquired intangible assets	0.11	0.09	0.03
Restructuring charges	0.05	0.05	—
Loss/(gain) on lease termination and modification	0.02	(0.03)	—
Accretion associated with contingent consideration	0.01	—	—
Non-GAAP net income per share	$ 0.82	$ 0.50	$ 0.14

Liquidity and Capital Resources

As of December 31, 2025, our principal sources of liquidity were cash and cash equivalents of $95.3 million and net accounts receivable of $101.0 million. Historically, we have generated losses from operations as evidenced by our accumulated deficit. However, we have generated positive cash flows from operations for the last five fiscal years, from 2021 to 2025. We expect to continue to incur operating losses for the foreseeable future as we continue to grow the business. We may experience greater than anticipated operating losses in the short- and long-term due to macroeconomic, financial, geopolitical and other factors that are beyond our control. The impact of these factors on our customers and our operations going forward remains uncertain, and we continue to proactively monitor our liquidity position.

We primarily finance our operations through cash flows from operating activities, available cash and line of credit borrowings. In August 2023, we borrowed $75 million under the Facility in connection with the Tagger acquisition, and in July 2025, we borrowed $32 million under the Facility in connection with the NewsWhip acquisition. Our principal uses of cash in recent periods have been to fund operations, pay for acquisitions, pay down our Facility and invest in capital expenditures.

We believe our existing cash and cash equivalents will be sufficient to meet our operating and capital needs for at least the next 12 months. We believe we will meet longer-term expected future cash requirements and obligations through a combination of cash flows from operating activities, available cash and investment balances and potential future equity or debt transactions. Our future capital requirements will depend on many factors, including our subscription growth rate, subscription renewal activity, billing frequency, the impact of macroeconomic and geopolitical conditions on our customers and our operations, the timing and extent of spending to support our research and development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced product offerings, and the continuing market acceptance of our product. We have in the past, and may in the future, enter into arrangements to acquire or invest in complementary businesses, products and technologies, including intellectual property rights. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us, or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations, our business, results of operations and financial condition could be adversely affected.

Credit Agreement

On August 1, 2023, we entered into a Credit Agreement (the “Credit Agreement”) by and among the Company, the banks and other financial institutions or entities party thereto as lenders and MUFG Bank, LTD. as administrative agent and collateral agent. The Credit Agreement provides for a $100 million senior secured revolving credit facility (the “Facility”), maturing on August 1, 2028. Borrowings under the Facility may be used to finance acquisitions and other investments permitted under the terms of the Credit Agreement, to pay related fees and expenses and for general corporate purposes.

On April 4, 2025, we entered into the First Amendment to Credit Agreement (the “Amendment”, and the Credit Agreement as amended thereby, the “Amended Credit Agreement”) which, among other things, extended the maturity date of the Facility from August 1, 2028 to April 4, 2030 and revised the manner in which the applicable interest rate is determined from a liquidity based determination to a leverage based determination. In addition, the Amendment removed the minimum liquidity and annual recurring revenue covenants contained in the Credit Agreement and replaced them with financial covenants as to (i) maximum Consolidated Senior Net Leverage Ratio and (ii) minimum Consolidated Interest Coverage Ratio (each as defined in the Amended Credit Agreement). As of December 31, 2025, we were in compliance with such financial covenants in the Amended Credit Agreement and expect to be in compliance with such financial covenants for the next 12 months.

Pursuant to the Amended Credit Agreement, borrowings under the Facility may be designated as SOFR Loans or ABR Loans (each as defined in the Amended Credit Agreement), subject to certain terms and conditions under the Amended Credit Agreement, and bear interest at a rate of either (i) SOFR (subject to a 1.0% floor), plus 0.10%, plus a margin ranging from 2.25% to 2.75% based on our consolidated Senior Net Leverage Ratio or (ii) ABR (subject to a 2.0% floor) plus a margin ranging from 1.25% to 1.75% based on our Consolidated Senior Net Leverage Ratio. For the twelve months ended December 31, 2025, the borrowings under the Facility were designated as SOFR Loans. The Facility also includes a quarterly commitment fee on the unused portion of the Facility of 0.30% or 0.35% based on our Consolidated Senior Net Leverage Ratio.

The Amended Credit Agreement includes customary conditions to credit extensions, covenants, and customary events of default, including restrictions on our ability to incur liens, incur indebtedness, make or hold investments, execute certain change of control transactions, business combinations or other fundamental changes to its business, dispose of assets, make certain types of restricted payments, including dividends and other distributions to stockholders, enter into certain related party transactions, or amend or terminate certain contracts, subject to customary exceptions.

As of December 31, 2025, we had an outstanding balance of $40 million under the Amended Credit Agreement. Refer to Note 8 of the Notes to the Financial Statements (Part II, Item 8 of this Annual Report) for further discussion.

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

	Years Ended December 31,		
	2025	2024	2023
		(in thousands)	
Net cash provided by operating activities	$ 43,427	$ 26,321	$ 6,456
Net cash (used in) provided by investing activities	(52,146)	40,726	(86,635)
Net cash provided by (used in) financing activities	15,504	(30,324)	53,957
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 6,785	$ 36,723	$ (26,222)

Operating Activities

Our largest source of operating cash is cash collections from our customers for subscription services. Our primary uses of cash from operating activities are for personnel costs across the sales and marketing and research and development departments and hosting costs. Historically, we have generated negative cash flows from operating activities. However, for the years ended December 31, 2025, 2024 and 2023, we generated positive cash flows from operations.

Net cash provided by operating activities during the year ended December 31, 2025 was $43.4 million, which resulted from a net loss of $43.3 million adjusted for non-cash charges of $120.0 million and net cash outflow of $33.2 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of $78.7 million of stock-based compensation expense, $24.1 million for amortization of deferred contract acquisition costs, which were primarily commissions, $10.8 million of depreciation and intangible asset amortization expense, $3.6 million for credit losses on accounts receivable, $1.5 million of amortization of right-of-use, or ROU, operating lease assets and a $1.2 million gain on lease modification. The net cash outflow from changes in operating assets and liabilities was primarily the result of a $36.3 million increase in deferred commissions due to the addition of new customers and expansion of the business, an $18.3 million increase in gross accounts receivable and a $3.3 million decrease in operating lease liabilities. These outflows were partially offset by a $22.5 million increase in deferred revenue, a $1.5 million decrease in prepaid expenses and other assets, and a $0.6 million increase in accounts payable and accrued expenses.

Net cash provided by operating activities during the year ended December 31, 2024 was $26.3 million, which resulted from a net loss of $62.0 million adjusted for non-cash charges of $112.5 million and net cash outflow of $24.2 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of $84.3 million of stock-based compensation expense, $10.0 million of depreciation and intangible asset amortization expense, $16.3 million for amortization of deferred contract acquisition costs, which were primarily commissions, $1.7 million for credit losses on accounts receivable, $1.8 million of amortization of right-of-use, or ROU, operating lease assets and a $1.6 million gain on lease modification. The net cash outflow from changes in operating assets and liabilities was primarily the result of a $34.2 million increase in deferred commissions due to the addition of new customers and expansion of the business, a $22.3 million increase in gross accounts receivable, a $5.5 million increase in prepaid expenses and other assets and a $3.6 million decrease in operating lease liabilities. These outflows were partially offset by a $38.2 million increase in deferred revenue and a $3.1 million increase in accounts payable and accrued expenses.

Net cash provided by operating activities during the year ended December 31, 2023 was $6.5 million, which resulted from a net loss of $66.4 million adjusted for non-cash charges of $101.8 million and net cash outflow of $28.9 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of $67.7 million of stock-based compensation expense, $6.7 million of depreciation and intangible asset amortization expense, $26.6 million for amortization of deferred contract acquisition costs, which were primarily commissions, $2.4 million for credit losses on accounts receivable and $1.6 million of amortization of right-of-use, or ROU, operating lease assets. The net cash outflow from changes in operating assets and liabilities was primarily the result of a $40.5 million increase in deferred commissions due to the addition of new customers and expansion of the business, a $27.0 million increase in gross accounts receivable and a $3.5 million decrease in operating lease liabilities. These outflows were partially offset by a $41.9 million increase in deferred revenue.

Investing Activities

Net cash used in investing activities for the year ended December 31, 2025 was $52.1 million, which was primarily due to $51.8 million paid for the acquisition of NewsWhip and $4.1 million in purchases of computer equipment and hardware, partially offset by $3.8 million in proceeds from the maturities of marketable securities.

Net cash provided by investing activities for the year ended December 31, 2024 was $40.7 million, which was primarily due to $45.1 million in proceeds from the maturities of marketable securities, partially offset by $3.0 million in purchases of computer equipment and hardware and the $1.5 million payout of the Repustate acquisition purchase price holdback.

Net cash used in investing activities for the year ended December 31, 2023 was $86.6 million, which was primarily due to $145.6 million paid for the acquisitions of Tagger and Repustate and $63.1 million in purchases of marketable securities, partially offset by $124.2 million in proceeds from the maturities and sale of marketable securities.

Financing Activities

Net cash provided by financing activities for the year ended December 31, 2025 was $15.5 million, primarily driven by $32.0 million in borrowings under the Facility and $1.3 million of proceeds under our employee stock purchase plan, partially offset by $17.0 million in repayments of the Facility, $0.5 million in issuance costs related to the Amended Credit Agreement and $0.3 million in payments related to employee withholding taxes as a result of the net settlement of stock-based awards.

Net cash used in financing activities for the year ended December 31, 2024 was $30.3 million, primarily driven by $30.0 million in repayments of the Facility and $2.3 million in payments related to employee withholding taxes as a result of the net settlement of stock-based awards, partially offset by $2.0 million of proceeds under our employee stock purchase plan.

Net cash provided by financing activities for the year ended December 31, 2023 was $54.0 million, primarily driven by $75.0 million in borrowings under the Facility and $2.3 million of proceeds under our employee stock purchase plan, partially offset by $20.0 million in repayments of the Facility, $2.4 million in payments related to employee withholding taxes as a result of the net settlement of stock-based awards and $1.0 million in issuance costs related to the Facility.

Contractual Obligations

As of December 31, 2025, we have $40 million outstanding under the Amended Credit Agreement, which matures on April 4, 2030. Refer to Note 8 of the Notes to the Financial Statements (Part II, Item 8 of this Annual Report) for further discussion.

In connection with our acquisition of NewsWhip in July 2025, we are required to make post-closing earnout payments, which are contingent upon NewsWhip's achievement of financial performance metrics through June 30, 2027. As of December 31, 2025, the total estimated liability associated with the contingent consideration was $8.9 million. Refer to Note 4 and 14 of the Notes to the Financial Statements (Part II, Item 8 of this Annual Report) for further discussion.

As of December 31, 2025, we have non-cancellable contractual obligations related primarily to operating leases and minimum guaranteed purchase commitments for data and services. As of December 31, 2025, the total obligation for operating leases was $17.8 million, of which $3.6 million is expected in the next twelve months. As of December 31, 2025, our purchase commitment for primarily data and services was $115.7 million, of which $86.8 million is expected in the next twelve months. See Note 6 and Note 11 of the Notes to the Financial Statements (Part II, Item 8 of this Annual Report) for more information regarding these obligations.

Recent Accounting Pronouncements

Refer to section titled "Recently Adopted Accounting Pronouncements" in Note 1 of the Notes to the Financial Statements (Part II, Item 8 of this Annual Report) for more information.

Critical Accounting Policies and Estimates

Our audited consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these audited consolidated financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates.

The significant accounting policies used in the preparation of our audited financial statements are discussed in Note 1 of the Notes to the Financial Statements (Part II, Item 8 of this Annual Report). The accounting assumptions and estimates discussed in the section below are those that we consider most critical to an understanding of our financial statements because they inherently involve a greater degree of judgment and complexity. By their nature, these judgments and estimates are subject to an inherent degree of uncertainty. Although we believe our use of estimates and underlying accounting assumptions conforms to GAAP and is consistently applied, actual results could differ from our estimates.

Deferred Sales Commissions

Sales force commissions are considered incremental costs of obtaining a contract with a customer. Sales commissions earned for initial contracts and for expansion of contracts with existing customers are deferred and amortized on a straight-line basis over a period of benefit that we have determined to be five years. Determining the period of benefit requires judgment for which we take into consideration products sold, expected customer life, expected contract renewals, technology life cycle and other factors. The Company assesses the expected period of benefit on an annual basis and whenever events or changes in circumstances occur that could impact the recoverability of these assets.

Revenue Recognition

We generate revenue from subscriptions to our social media management platform under a software-as-a-service model. Our subscriptions can range from monthly to one-year or multi-year arrangements and are generally non-cancellable during the contractual subscription term. Subscription revenue is recognized ratably over the contract terms beginning on the date our product is made available to customers, which typically begins on the commencement date of each contract.

We have determined that subscriptions for our online software products are a distinct performance obligation, because the online software product is fully functional once a customer has access. In addition, we sell additional professional services, which are considered a distinct performance obligation, as they are sold separately, and the customer can benefit from the services to make better use of the online product purchased. For contracts containing multiple performance obligations, the transaction price is allocated to each performance obligation based on the relative standalone selling price, or SSP, of the services provided to the customer. We determine the SSP based upon the prices at which we separately sell subscription and various professional services, and based on our overall pricing objectives, taking into consideration market conditions, the value of our contracts, the types of offerings sold, customer demographics and other factors. Judgment is required to determine whether each product or service sold is a distinct performance obligation that should be accounted for separately.

Stock-Based Compensation

Currently, the equity awards we issue to certain of our employees consist solely of restricted stock units. For equity awards with only service conditions, we recognize compensation expense based on the grant-date fair value on a straight-line basis over the remaining requisite service period for the award. For equity awards with both service and performance conditions, compensation expense is recognized on a graded vesting basis over the requisite service period once the achievement of the performance condition is considered probable. Assessing whether performance conditions are probable to be achieved and estimating the timing upon which the condition may be achieved requires judgment. We estimate the probability and timing of achievement at the grant date and reassess each reporting period. For the periods presented, there were no equity awards granted containing performance conditions.

Business Combinations

We account for acquisitions using the acquisition method of accounting, which requires assigning the fair value of purchase consideration to the assets acquired, liabilities assumed and any contingent consideration at the acquisition date. The excess of the fair value of purchase consideration over the fair value of these assets acquired, liabilities assumed and any contingent consideration is recorded as goodwill.

When determining the fair values of assets acquired, liabilities assumed and any contingent consideration, management makes significant estimates and assumptions, especially with respect to intangible assets and contingent consideration. Fair value estimates are based on the assumptions management believes a market participant would use in pricing the asset or liability. Critical estimates in valuing intangible assets include, but are not limited to, expected future cash flows, which includes consideration of revenue growth rates, customer attrition rate, discount rate, royalty rate, obsolescence rate and total operating expenses.

During the measurement period, which may be up to one year from the acquisition date, adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed may be recorded, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of operations. Contingent consideration is remeasured to fair value at each reporting date until the contingency is resolved. Changes in the fair value of contingent consideration, other than measurement period adjustments, are recorded to our consolidated statements of operations.

Item 7A. Quantitative and Qualitative Disclosures of Market Risk

Interest Rate Risk

We had cash and cash equivalents totaling $95.3 million as of December 31, 2025, the majority of which was invested in money market accounts and money market funds. In recent periods, we have also had marketable securities, which were invested in investment-grade corporate bonds. Such interest-earning instruments carry a degree of interest rate risk with respect to the interest income generated. Additionally, certain of these cash investments are maintained at balances beyond Federal Deposit Insurance Corporation, or FDIC, coverage limits or are not insured by the FDIC. Accordingly, there may be a risk that we will not recover the full principal of our cash investments. To date, fluctuations in interest income have not been significant. Because these accounts are highly liquid, we do not have material exposure to market risk. Our cash is held for working capital purposes. We do not enter into investments for trading or speculative purposes.

As of December 31, 2025, we had $40 million in secured indebtedness outstanding under the Amended Credit Agreement. The revolving line of credit bears interest at a rate of either (i) SOFR (subject to a 1.0% floor), plus 0.10%, plus a margin ranging from 2.25% to 2.75% based on the Company's liquidity or (ii) ABR (subject to a 2.0% floor) plus a margin ranging from 1.25% to 1.75% based on the Company's liquidity. Refer to Note 8 of the Notes to the Financial Statements (Part II, Item 8 of this Annual Report).

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 financial statements.

Foreign Currency 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. However, we have some foreign currency risk related to a small amount of sales denominated in Canadian dollars, Euros and British pounds. Sales denominated in foreign currencies reflect the prevailing U.S. dollar exchange rate on the date of invoice for such sales. Decreases in the relative value of the U.S. dollar to these foreign currencies may negatively affect revenue and other operating results as expressed in U.S. dollars. We do not believe that an immediate 10% increase or decrease in the relative value of the U.S. dollar to the applicable foreign currencies would have a material effect on operating results.

We have not engaged in the hedging of foreign currency transactions to date. However, as our international operations expand, our foreign currency exchange risk may increase. If our foreign currency exchange risk increases in the future, we may evaluate the costs and benefits of initiating a foreign currency hedge program in connection with non-U.S. dollar denominated transactions.

Item 8. Financial Statements and Supplementary Data

Sprout Social, Inc.
Consolidated Financial Statements
As of December 31, 2025 and 2024 and for the Years Ended December 31, 2025, 2024 and 2023

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Sprout Social, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Sprout Social, Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations, of comprehensive loss, of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

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

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

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue Recognition – Subscription Revenue

As described in Note 1 to the consolidated financial statements, the Company generates revenues from subscriptions to the Company's web-based social media management platform under a software-as-a-service model. The Company's subscriptions can range from monthly to one-year or multi-year arrangements and are generally non-cancellable. The Company's customers do not have the right to take possession of the online software solution. The Company commences revenue recognition when control of these products is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for such products. The Company's subscription revenue was $453.0 million for the year ended December 31, 2025.

The principal considerations for our determination that performing procedures relating to revenue recognition – subscription revenue is a critical audit matter are the high degree of auditor effort in performing procedures and evaluating audit evidence related to the Company's subscription revenue.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the subscription revenue recognition process, including controls over the recording of subscription revenue when control is transferred to the customer. These procedures also included, among others, (i) testing, on a sample basis, the completeness, accuracy and occurrence of subscription revenue recognized by obtaining and inspecting source documents, such as invoices, customer agreements, and cash receipts from customers, where applicable; and (ii) testing a sample of outstanding customer invoice balances as of December 31, 2025 by obtaining and inspecting source documents, such as invoices, customer agreements, and subsequent cash receipts from customers, where applicable.

Acquisition of NewsWhip Group Holdings Limited - Valuation of Acquired Technology and Customer Relationships

As described in Notes 1 and 4 to the consolidated financial statements, on July 30, 2025, the Company completed the acquisition of NewsWhip Group Holdings Limited for total purchase consideration of $64.1 million. Of the acquired intangible assets, $8.4 million of acquired technology and $15.2 million of customer relationships were recorded. Fair value was estimated by management using a relief from royalty method for acquired technology and a multi-period excess earnings method for customer relationships. When determining the fair value of the acquired technology and customer relationships acquired, management applied judgment which involved the use of the assumptions with respect to revenue growth rates, customer attrition rate, discount rate, royalty rate, obsolescence rate, and total operating expenses.

The principal considerations for our determination that performing procedures relating to the valuation of acquired technology and customer relationships acquired in the acquisition of NewsWhip Group Holdings Limited is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the acquired technology and customer relationships acquired; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the royalty rate, total operating expenses, and customer attrition rate for customer relationships, and royalty rate and obsolescence rate for acquired technology; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the acquisition accounting, including controls over management's valuation of the acquired technology and customer relationships acquired. These procedures also included, among others (i) reading the purchase agreement; (ii) testing management's process for developing the fair value estimate of the acquired technology and customer relationships acquired; (iii) evaluating the appropriateness of the relief from royalty and multi-period excess earnings methods used by management; (iv) testing the completeness and accuracy of the underlying data used in the relief from royalty and multi-period excess earnings methods; and (v) evaluating the reasonableness of the significant assumptions used by management related to the royalty rate, total operating expenses, and customer attrition rate for customer relationships and royalty rate and obsolescence rate for acquired technology. Evaluating management's assumption related to total operating expenses for customer relationships involved considering (i) the current and past performance of NewsWhip Group Holdings Limited; (ii) the consistency with external market and industry data; and (iii) whether the assumption was consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the relief from royalty and multi-period excess earnings methods and (ii) the reasonableness of the royalty rate and obsolescence rate used in the valuation of the acquired technology and the royalty rate and customer attrition rate used in the valuation of the customer relationships.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
February 27, 2026

We have served as the Company's auditor since 2018.

Sprout Social, Inc.
Consolidated Balance Sheets
(in thousands, except share data)

	December 31, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	$ 95,268	$ 86,437
Marketable securities	—	3,745
Accounts receivable, net of allowances of $2,719 and $2,169 at December 31, 2025 and 2024, respectively	100,996	84,033
Deferred commissions	26,995	20,184
Prepaid expenses and other assets	13,945	15,816
Total current assets	237,204	210,215
Marketable securities, noncurrent	—	—
Property and equipment, net	9,864	10,951
Deferred commissions, net of current portion	57,049	51,653
Operating lease, right-of-use asset	9,810	11,326
Goodwill	167,122	121,315
Intangible assets, net	39,733	21,914
Other assets, net	2,280	967
Total assets	$ 523,062	$ 428,341
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 10,115	$ 6,984
Deferred revenue	205,639	178,585
Operating lease liability	2,664	3,747
Accrued wages and payroll related benefits	20,549	20,567
Accrued expenses and other	17,294	10,869
Total current liabilities	256,261	220,752
Revolving credit facility	40,000	25,000
Deferred revenue, net of current portion	752	1,101
Operating lease liability, net of current portion	12,055	14,543
Other noncurrent liabilities	10,572	351
Total liabilities	319,640	261,747
Commitments and contingencies (Note 11)		
Stockholders' equity		
Class A common stock, par value $0.0001 per share; 1,000,000,000 shares authorized; 56,576,444 and 53,607,556 shares issued and outstanding, respectively, at December 31, 2025; 54,219,684 and 51,277,740 shares issued and outstanding, respectively, at December 31, 2024	5	4
Class B common stock, par value $0.0001 per share; 25,000,000 shares authorized; 6,156,301 and 5,949,357 shares issued and outstanding, respectively, at December 31, 2025; 6,687,582 and 6,480,638 shares issued and outstanding, respectively, at December 31, 2024	1	1
Additional paid-in capital	638,894	558,391
Treasury stock, at cost	(37,768)	(37,422)
Accumulated other comprehensive loss	—	3
Accumulated deficit	(397,710)	(354,383)
Total stockholders' equity	203,422	166,594
Total liabilities and stockholders' equity	$ 523,062	$ 428,341

See Notes to Consolidated Financial Statements.

Sprout Social, Inc.
Consolidated Statements of Operations
(in thousands, except share and per share data)

	Year Ended December 31,		
	2025	2024	2023
Revenue			
Subscription	$ 453,014	$ 402,022	$ 330,458
Professional services and other	4,533	3,886	3,185
Total revenue	457,547	405,908	333,643
Cost of revenue			
Subscription	101,119	90,305	75,076
Professional services and other	1,576	1,170	1,192
Total cost of revenue	102,695	91,475	76,268
Gross profit	354,852	314,433	257,375
Operating expenses			
Research and development	101,279	102,794	79,550
Sales and marketing	190,559	184,122	168,091
General and administrative	106,467	87,873	79,011
Total operating expenses	398,305	374,789	326,652
Loss from operations	(43,453)	(60,356)	(69,277)
Interest expense	(2,501)	(3,525)	(2,754)
Interest income	3,418	3,973	7,021
Other expense, net	(204)	(1,393)	(768)
Loss before income taxes	(42,740)	(61,301)	(65,778)
Income tax expense	587	670	649
Net loss	$ (43,327)	$ (61,971)	$ (66,427)
Net loss per share attributable to common shareholders, basic and diluted	$ (0.74)	$ (1.09)	$ (1.19)
Weighted-average shares outstanding used to compute net loss per share, basic and diluted	58,625,925	56,935,910	55,664,404

See Notes to Consolidated Financial Statements.

Sprout Social, Inc.
Consolidated Statements of Comprehensive Loss
(in thousands)

	Year Ended December 31,		
	2025	2024	2023
Net loss	$ (43,327)	$ (61,971)	$ (66,427)
Other comprehensive loss:			
Net unrealized gain (loss) on available-for-sale securities, net of tax	(3)	80	292
Comprehensive loss	$ (43,330)	$ (61,891)	$ (66,135)

See Notes to Consolidated Financial Statements.

Sprout Social, Inc.
Consolidated Statements of Stockholders' Equity
(in thousands, except share data)

	Voting Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
Balances at December 31, 2022	55,023,343	$ 5	$ 401,419	3,057,448	$ (32,733)	$ (369)	$ (225,985)	$ 142,337
Exercise of stock options	30,000	—	29					29
Stock-based compensation expense			68,002					68,002
Issuance of common stock from settlement of equity awards	1,122,902	—						—
Taxes paid related to net share settlement of equity awards				41,527	(2,380)			(2,380)
Issuance of common stock in connection with employee stock purchase plan	59,514		2,339					2,339
Other comprehensive loss, net of tax						292		292
Net loss							(66,427)	(66,427)
Balances at December 31, 2023	56,235,759	5	471,789	3,098,975	(35,113)	(77)	(292,412)	144,192
Exercise of stock options	27,010	—	29					29
Stock-based compensation expense			84,617					84,617
Issuance of common stock from settlement of equity awards	1,427,291	—						—
Taxes paid related to net share settlement of equity awards				49,913	(2,309)			(2,309)
Issuance of common stock in connection with employee stock purchase plan	68,318		1,956					1,956
Other comprehensive gain, net of tax						80		80
Net loss							(61,971)	(61,971)
Balances at December 31, 2024	57,758,378	5	558,391	3,148,888	(37,422)	3	(354,383)	166,594
Stock-based compensation expense			79,167					79,167
Issuance of common stock from settlement of equity awards	1,704,430	1						1
Taxes paid related to net share settlement of equity awards				26,944	(346)			(346)
Issuance of common stock in connection with employee stock purchase plan	94,105		1,336					1,336
Other comprehensive gain, net of tax						(3)		(3)
Net loss							(43,327)	(43,327)
Balances at December 31, 2025	59,556,913	$ 6	$ 638,894	3,175,832	$ (37,768)	$ —	$ (397,710)	$ 203,422

See Notes to Consolidated Financial Statements.

Sprout Social, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2025	2024	2023
Cash flows from operating activities			
Net loss	$ (43,327)	$ (61,971)	$ (66,427)
Adjustments to reconcile net loss to net cash provided by operating activities			
Depreciation and amortization of property, equipment and software	3,783	3,890	3,137
Amortization of line of credit issuance costs	229	206	86
Accretion of discount on marketable securities	(7)	(406)	(3,203)
Amortization of acquired intangible assets	7,030	6,151	3,541
Amortization of deferred commissions	24,077	16,347	26,582
Amortization of right-of-use operating lease asset	1,517	1,827	1,553
Stock-based compensation expense	78,719	84,303	67,704
Provision for accounts receivable allowances	3,559	1,709	2,418
Loss/(gain) on lease termination and modification	1,175	(1,570)	—
Accretion of contingent consideration	423	—	—
Other	(505)	—	—
Changes in operating assets and liabilities, excluding impact from business acquisition			
Accounts receivable	(18,267)	(22,253)	(26,982)
Prepaid expenses and other current assets	1,514	(5,452)	444
Deferred commissions	(36,284)	(34,219)	(40,540)
Accounts payable and accrued expenses	626	3,124	(226)
Deferred revenue	22,482	38,230	41,918
Lease liabilities	(3,317)	(3,595)	(3,549)
Net cash provided by operating activities	43,427	26,321	6,456
Cash flows from investing activities			
Expenditures for property and equipment	(4,106)	(2,950)	(2,073)
Payments for business acquisition, net of cash acquired	(51,790)	(1,409)	(145,636)
Purchases of marketable securities	—	—	(63,085)
Proceeds from maturity of marketable securities	3,750	45,085	118,621
Proceeds from sale of marketable securities	—	—	5,538
Net cash (used in) provided by investing activities	(52,146)	40,726	(86,635)
Cash flows from financing activities			
Borrowings from line of credit	32,000	—	75,000
Repayments of line of credit	(17,000)	(30,000)	(20,000)
Payments for line of credit issuance costs	(486)	—	(1,031)
Proceeds from exercise of stock options	—	29	29
Proceeds from employee stock purchase plan	1,336	1,956	2,339
Employee taxes paid related to the net share settlement of stock -based awards	(346)	(2,309)	(2,380)
Net cash provided by (used in) financing activities	15,504	(30,324)	53,957

Sprout Social, Inc.
Consolidated Statements of Cash Flows
(in thousands)

Net increase (decrease) in cash, cash equivalents and restricted cash	6,785	36,723	(26,222)
Cash, cash equivalents, and restricted cash			
Beginning of year	90,418	53,695	79,917
End of year	$ 97,203	$ 90,418	$ 53,695
Reconciliation of cash, cash equivalents, and restricted cash			
Cash and cash equivalents	$ 95,268	$ 86,437	$ 49,760
Restricted cash, included in prepaid expenses and other assets	1,935	3,981	3,935
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	$ 97,203	$ 90,418	$ 53,695
Supplemental cash flow information			
Cash paid for interest	$ 1,889	$ 3,635	$ 1,588
Supplemental disclosure of noncash investing and financing activities			
Fair value of contingent consideration in connection with business acquisition	$ 8,450	$ —	$ —
Deferred consideration in connection with business acquisition	$ 1,908	$ —	$ —
ROU asset obtained in exchange for operating lease liability	$ —	$ 629	$ 795
Non-cash adjustment to operating lease right-of-use assets from lease modifications	$ —	$ 3,795	$ —
Capital expenditures incurred but not yet paid	$ 92	$ 375	$ 137
Stock-based compensation expense capitalized in internal-use software	$ 448	$ 314	$ 298

See Notes to Consolidated Financial Statements.

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Sprout Social, Inc. ("Sprout Social" or the "Company"), a Delaware corporation, began operating on April 21, 2010 to design, develop and operate a web-based comprehensive social media management tool enabling companies to manage and measure their online presence. Customers access their accounts online via a web-based interface or a mobile application. Some customers also purchase the Company's professional services, which primarily consist of consulting and training services. The Company's fiscal year end is December 31. The Company's customers are primarily located throughout the United States, and a portion of customers are located in foreign countries. The Company is headquartered in Chicago, Illinois.

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation. The consolidated financial statements and accompanying notes were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The Company bases its estimates on historical experience and on other assumptions that its management believes are reasonable under the circumstances. Actual results could differ from those estimates. The Company's estimates and judgments include, but are not limited to, the estimated period of benefit for incremental costs of obtaining a contract with a customer, the incremental borrowing rate for operating leases, calculation of allowance for credit losses, valuation of assets and liabilities acquired as part of business combinations, useful lives of long-lived assets, stock-based compensation, income taxes, commitments and contingencies and litigation, among others.

Segment Information

The Company operates as one operating segment. The Company's chief operating decision maker ("CODM") is its chief executive officer, who reviews financial information for purposes of making operating decisions, assessing financial performance and allocating resources. The Company's CODM evaluates financial information on a consolidated basis and considers Net Loss within the consolidated statements of operations to be a key measurement of profitability in evaluating financial performance, comparing budget to actuals, and making resource allocation decisions. Further, the CODM reviews and utilizes functional expenses (cost of revenues, sales and marketing, research and development, and general and administrative) at the consolidated level to manage the Company's operations. Other segment items included in consolidated net loss are interest expense, interest income, other expense, net, and the provision for (benefit from) income taxes, which are reflected in the consolidated statements of operations. As the Company operates as one operating segment, all required segment financial information is found in the consolidated financial statements.

Fair Value of Financial Instruments

The Company has the following financial instruments: cash, cash equivalents, accounts receivable, accounts payable, accrued liabilities and contingent consideration related to acquisitions. In recent periods, the Company has also had marketable securities. The carrying value of the Company's cash equivalents, accounts receivable, accounts payable and accrued liabilities approximates fair value due to their short-term nature. See Note 14, Fair Value Measurements, for additional information regarding the valuation methodology for contingent consideration liabilities.

Cash and Cash Equivalents

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

Restricted Cash

As of December 31, 2025 and 2024, the Company's restricted cash balance was $1.9 million and $4.0 million, respectively. Restricted cash represents cash that is held as collateral in relation to the Company's letters of credit that are required as security for certain office lease arrangements and reserves held by the Company's credit card processor. Restricted cash is included in Prepaid expenses and other current assets within the consolidated balance sheets.

Marketable Securities

Marketable securities consist of corporate bonds, commercial paper, U.S. Treasury securities, asset-backed securities, and agency securities. The Company classifies marketable securities as available-for-sale at the time of purchase and reevaluates such classification as of each balance sheet date. All marketable securities are recorded at their estimated fair values. The Company's remaining marketable securities matured during 2025. Unrealized gains and losses for the available-for-sale debt securities that are unrelated to credit loss factors are recorded in accumulated other comprehensive income (loss), or AOCI. The Company's AOCI balance was zero as of December 31, 2025 and an immaterial balance as of December 31, 2024. Unrealized losses determined to be credit-related are recorded as Other (expense) income, net in the consolidated statements of operations and comprehensive loss and as an allowance for credit losses on Marketable securities on the consolidated balance sheets. As of December 31, 2025 and 2024, The gross unrealized gains and losses on available-for-sale debt securities was zero as of December 31, 2025 and immaterial as of December 31, 2024, and there were no expected credit losses related to the Company's available-for-sale debt securities.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable primarily consist of amounts billed and currently due from customers, net of an allowance for credit losses. Subscription fees billed in advance of the related subscription term represent contract liabilities and are presented as accounts receivable and deferred revenues upon establishment of an unconditional right to payment under non-cancellable contracts. Our typical payment terms provide for customer payment within 30 days of the date of the contract.

Accounts receivable are subject to collection risk. The Company performs evaluations of its customers' financial positions and generally extends credit on account, without collateral. The Company determines the need for an allowance for credit losses based upon various factors, including past collection experience, credit quality of the customer, age of the receivable balance and current economic conditions.

If the financial condition of the Company’s customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Amounts are charged against the allowance for credit losses once collection efforts are unsuccessful. Credit losses on accounts receivable were $3.6 million, $1.7 million and $2.4 million for the years ended December 31, 2025, 2024 and 2023, respectively. The allowance for credit losses was $2.7 million and $2.2 million as of December 31, 2025 and 2024, respectively. The activity related to the allowance for credit losses for the years ended December 31, 2025, 2024 and 2023 was as follows (in thousands):

Balance at December 31, 2022	$	1,789
Additions		2,418
Write-offs, net of recoveries		(2,030)
Balance at December 31, 2023	$	2,177
Additions		1,709
Write-offs, net of recoveries		(1,717)
Balance at December 31, 2024		2,169
Additions		3,559
Write-offs, net of recoveries		(3,009)
Balance at December 31, 2025	$	2,719

Concentration of Credit Risk

Financial instruments that potentially expose the Company to concentrations of credit risk are primarily cash and cash equivalents, accounts receivable and marketable securities. The Company's cash and cash equivalents are generally held with large financial institutions. Although the Company's deposits may exceed federally insured limits, the financial institutions that the Company uses have high investment-grade credit ratings and, as a result, the Company believes that, as of December 31, 2025, its risk relating to deposits exceeding federally insured limits was not significant.

The Company has credit risk regarding trade accounts receivable as the Company generally does not require collateral. Allowances are maintained for potential credit losses. As of December 31, 2025 and 2024, there were no individual customers that accounted for more than 10% of the Company’s total revenue or net accounts receivable.

The Company’s marketable securities, all of which matured during 2025, consisted of investment-grade corporate bonds, commercial paper, U.S. Treasury securities, asset-backed securities, and agency securities. In recent periods, the Company has limited the amount of investments in any single issuer to minimize credit risk exposure related to marketable securities.

Property and Equipment

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

Computer equipment and hardware	3-5 years
Furniture and fixtures	3-7 years
Internal-use software	3 years
Leasehold improvements	Lesser of useful life or remaining lease term

Maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. Upon retirement or sale, the cost of assets disposed and the related accumulated depreciation are written off, and any resulting gain or loss is credited or charged to income.

Goodwill

Goodwill consists of the excess purchase price over the fair value of net assets acquired in purchase business combinations. The Company conducts a test for the impairment of goodwill on at least an annual basis as of October 1st or sooner if indicators of impairment arise. The Company first assesses qualitative factors to determine whether it is more likely than not that goodwill is impaired. As part of the qualitative assessment, the Company evaluates factors including macroeconomic conditions, industry and market considerations, cost factors and overall financial performance of its reporting unit.

The Company has a single reporting unit. If the Company concludes that it is more-likely-than-not that its single reporting unit is impaired or if the Company elects not to perform the optional qualitative assessment, a quantitative assessment is performed. For the quantitative assessment, the fair value of the Company's reporting unit is compared with the carrying amount of net assets, including goodwill, related to the reporting unit. The Company recognizes an impairment charge for the amount, if any, by which the carrying amount of a reporting unit exceeds the fair value of the reporting unit. The Company did not record any impairment loss during the years ended December 31, 2025, 2024 and 2023.

Impairment of Long-Lived Assets

The Company evaluates the recoverability of its long-lived assets, which includes property and equipment and intangible assets, whenever events or circumstances indicate that the carrying amount of these assets may not be recoverable. Recoverability of an asset is measured by comparison of its carrying amount to the anticipated future undiscounted cash flows that the asset is expected to generate. If that comparison indicates that the carrying amount is not recoverable, an impairment loss is recorded in the amount by which the carrying amount of the asset exceeds its fair value. The Company did not record any impairment loss during the years ended December 31, 2025, 2024 and 2023.

Revenue Recognition

The Company generates revenues from subscriptions to the Company's web-based social media management platform under a software-as-a-service model. Our subscriptions can range from monthly to one-year or multi-year arrangements and are generally non-cancellable. The Company's customers do not have the right to take possession of the online software solution.

The Company commences revenue recognition when control of these products is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for such products.

The Company determines revenue recognition through the following steps:

- identify the contract with a customer;
- identify the performance obligations in a contract;
- determination of the transaction price;
- allocate the transaction price to the performance obligations identified in the contract; and
- recognize revenue when (or as) performance obligations are satisfied.

Identify the contract with a customer

A customer contract is generally identified when the Company and a customer have executed an agreement or online acceptance that requires the Company to grant access to its online software products and provide professional services in exchange for consideration from the customer.

Identify the performance obligations in a contract

A performance obligation is a promise to provide a distinct service or a series of distinct services. A service that is promised to a customer is distinct if the customer can benefit from the service either on its own or together with other readily available resources, and a company's promise to transfer the service to the customer is separately identifiable from other promises in the contract.

The Company has determined that subscriptions for its online software products are a distinct performance obligation, because no implementation work is required and the online software product is fully functional once a customer has access.

In addition, the Company sells professional services consisting of, but not limited to, implementation fees, specialized training, one-time reporting services and recurring periodic reporting services. Professional services are distinct, as they are sold separately, and the customer can benefit from the services to make better use of the online product purchased.

Determination of the transaction price

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company estimates any variable consideration it will be entitled at contract inception and will reassess as circumstances change, when determining the transaction price. The transaction price for subscription and professional services is generally fixed at contract inception; therefore, the Company's contracts do not contain a significant amount of variable consideration. As a result, the amount of revenue recognized in the periods presented from performance obligations satisfied (or partially satisfied) in previous periods due to changes in the transaction price was not material.

Allocate the transaction price to the performance obligations identified in the contract

If the contract contains a single performance obligation, the Company allocates the entire transaction price to the single performance obligation. For contracts containing multiple performance obligations, the transaction price is allocated to each performance obligation based on the relative standalone selling price ("SSP") of the services provided to the customer. The Company determines the SSP based upon the prices at which the Company separately sells subscription and various professional services, and based on the Company's overall pricing objectives, taking into consideration market conditions, value of the Company's contracts, the types of offerings sold, customer demographics and other factors.

Recognize revenue when (or as) performance obligations are satisfied

Subscription revenues are recognized ratably over the contract terms beginning on the date the Company's service is made available to customers, which typically begins on the commencement date of each contract as no implementation work is required. The Company's customers do not have the right to take possession of the online software solution. The Company's subscription service arrangements are generally non-cancellable and do not provide for refund of subscription fees.

Professional services are typically provided for a fixed fee, and revenue is generally recognized for these contracts at the time these services are provided to the customer. Professional services revenue represents less than 1% of revenue for the periods presented.

Sales Commissions

Sales commissions earned by our sales force are considered incremental costs of obtaining a contract with a customer. Sales commissions are paid on initial contracts with new customers and for expansion of contracts with existing customers. Commissions are not paid on customer renewals. Sales commissions are deferred and amortized on a straight-line basis over a period of benefit that the Company has determined to be five years. On an annual basis and whenever events or changes in circumstances occur that could impact the recoverability of these assets, the Company assesses the expected period of benefit by taking into consideration the products sold, mix of customers, expected customer life, expected contract renewals, technology life cycle and other factors.

Based on the assessment performed during the first quarter of 2024, the Company updated the period of benefit from three years to five years. This change in accounting estimate was effective January 1, 2024 and is being accounted for prospectively in the consolidated financial statements. For the year ended December 31, 2024, the change in amortization period resulted in a $14.3 million reduction to sales and marketing expense, or an increase of $0.25 per share, basic and diluted. The effects of this change in estimate were calculated based on the carrying value of deferred commissions as of December 31, 2023.

Deferred commissions during the year ended December 31, 2025 increased $12.2 million as a result of deferring incremental costs of obtaining contracts with customers of $36.3 million, which was offset by $24.1 million of amortization. Deferred commissions during the year ended December 31, 2024 increased $17.9 million as a result of deferring incremental costs of obtaining contracts with customers of $34.2 million, which was offset by $16.3 million of amortization. The Company periodically reviews the deferred sales commissions for impairment and noted no impairment loss for the years ended December 31, 2025, 2024 and 2023.

Cost of Revenues

Cost of revenues primarily consist of expenses related to hosting the Company's service and providing support to customers, depreciation associated with computers and hardware and amortization expense related to acquired developed technologies that directly benefit sales. These expenses are comprised of hosted data center global costs, fees paid to third-party data providers and personnel-related costs directly associated with cloud infrastructure and customer support, including salaries, benefits, bonuses and allocated overhead. Overhead associated with facilities and information technology is allocated to cost of revenue and operating expenses based on headcount.

Advertising Costs

Advertising costs primarily include online advertising on search engines. Advertising costs are expensed as incurred and included as a component of sales and marketing expenses. The Company incurred approximately $7.9 million, $6.1 million and $5.1 million in advertising costs during the years ended December 31, 2025, 2024 and 2023, respectively.

Research and Development Costs

Research and development expenses include payroll, employee benefits and other expenses associated with product development.

Capitalized Internal-Use Software Costs

Certain payroll and stock compensation costs incurred to develop functionality for the Company's platform, as well as certain upgrades and enhancements that are expected to result in enhanced functionality are capitalized during the development stage. Costs incurred in the preliminary stages of development are expensed as incurred. Once software has reached the development stage, direct and incremental costs are capitalized until the software is substantially complete and ready for its intended use. Capitalized internal-use software costs are included within property and equipment, net on the consolidated balance sheets, and are amortized over the estimated useful life of the software, which is typically three years.

Stock-Based Compensation

The Company recognizes compensation expense for equity awards based on the grant-date fair value over the remaining requisite service period for the award. For equity awards with only service conditions, the Company recognizes compensation expense on a straight-line basis over the remaining requisite service period for the award. For equity awards with both service and performance conditions, compensation expense is recognized on a graded vesting basis over the requisite service period once the achievement of the performance condition is considered probable. The Company recognizes forfeitures as they occur.

Foreign Currency

The functional currency of the Company's foreign subsidiaries is the U.S. dollar. Accordingly, monetary balance sheet accounts are remeasured using exchange rates in effect at the balance sheet dates and non-monetary items are remeasured at historical exchange rates. Expenses are generally remeasured at the average exchange rates for the period. Foreign currency related gains and losses have been immaterial during the periods presented.

Leases

The Company determines if an arrangement is a lease at inception, and all significant lease arrangements are generally recognized at lease commencement. Operating lease right-of-use, or ROU, assets and operating lease liabilities are recognized at commencement based on the present value of fixed payments not yet paid over the remaining lease term. ROU assets also include any initial indirect costs incurred and any lease payments made at or before the lease commencement date, less lease incentives received. For short-term leases of 12 months or less, no ROU asset or lease liability is recorded. The Company records rent expense in its consolidated statements of operations on a straight-line basis over the term of the lease and records variable lease payments as incurred. Additionally, the Company has elected to combine lease and non-lease components and account for them as a single component. ROU assets represent the Company's right to use an underlying asset during the lease term, and lease liabilities represent its obligations to make lease payments arising from the lease. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise the option. The Company uses its incremental borrowing rate in determining the lease liabilities, as its leases generally do not provide an implicit rate. The incremental borrowing rate is an estimate of the collateralized borrowing rate the Company would incur on future lease payments over a similar term based on the information available at the commencement date. The Company does not have any finance leases.

Commitments and Contingencies

The Company evaluates all pending or threatened commitments and contingencies, if any, that are reasonably likely to have a material effect on its operations or financial position. The Company assesses the probability of an adverse outcome and records a provision for a liability when management believes that it is probable that a liability has been incurred and the amount can be reasonably estimated.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that these assets are believed to be more likely than not to be realized. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts that are more likely than not expected to be realized. In making such a determination, all available positive and negative evidence is considered, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies and results of recent operations.

Tax benefits for uncertain tax positions are based upon management's evaluation of the information available at the reporting date. To be recognized in the financial statements, a tax benefit must be at least more-likely-than-not of being sustained based on technical merits. The benefit for positions meeting the recognition threshold is measured as the largest benefit more-likely-than-not of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The Company's policy is to recognize interest and penalties related to the underpayment of income taxes as a component of provision for income taxes. Accrued interest and penalties are included on the related tax liability line in the consolidated balance sheets, as applicable.

Net Loss per Share

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

The Company calculates diluted net loss per share using the treasury stock and if-converted methods, which consider the potential impacts of outstanding stock options and RSUs. Under these methods, the numerator and denominator of the net loss per share calculation are adjusted for these securities if the impact of doing so increases net loss per share. During the periods presented, the impact is to decrease net loss per share and therefore the Company is precluded from adjusting its calculation for these securities. As a result, diluted net loss per share is calculating using the same formula as basic net loss per share.

Business Combinations

The Company recognizes and measures the assets acquired, liabilities assumed and any contingent consideration in a business combination based on their estimated fair values at the acquisition date. Any excess or deficiency of the purchase consideration, including the fair value of contingent consideration, when compared to the fair value of the net assets acquired, if any, is recorded as goodwill or gain from a bargain purchase.

Such valuations require that management make estimates and assumptions, especially with respect to the identifiable intangible assets and contingent consideration. The estimates and assumptions in valuing intangible assets include, but are not limited to, the selection of valuation methodologies, estimates of future revenue and cash flows, the time and expense to recreate the intangible assets, useful lives, customer attrition rate, royalty rate, obsolescence rate and discount rates.

The estimates are inherently uncertain and subject to revision as additional information is obtained during the measurement period for an acquisition, which may last up to one year from the acquisition date. During the measurement period, the Company may record adjustments to the fair value of tangible and intangible assets acquired and liabilities assumed, with a corresponding offset to goodwill. After the conclusion of the measurement period or the final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to earnings. Contingent consideration is remeasured to fair value at each reporting date until the contingency is resolved. Changes in the fair value of contingent consideration, other than measurement period adjustments, are recorded to earnings.

Restructuring

Restructuring charges consist primarily of employee severance, one-time termination benefits related to the reduction of the Company's workforce, and other costs. The Company accounts for one-time employment benefit arrangements in accordance with ASC Topic 420, *Exit or Disposal Cost Obligations*. One-time termination benefits and other costs are generally recognized in the period in which the liability is incurred.

In November 2024, the Company initiated a restructuring plan to improve the efficiency and effectiveness of the research and development organization. In February 2025, the Company initiated a restructuring plan with a primary focus on its Sales and Customer Experience teams. For the year ended December 31, 2025, the Company incurred $2.7 million in restructuring charges, of which $2.3 million and $0.4 million are recorded within sales and marketing expense and cost of revenue, respectively. For the year ended December 31, 2024, the Company incurred $3.0 million of restructuring charges, of which $2.9 million and $0.1 million million are recorded within research and development expense and cost of revenue, respectively. Cash payments totaling $2.9 million and $2.7 million were made related to the restructuring during the years ended December 31, 2025 and 2024, respectively. All amounts incurred as of December 31, 2025 have been paid and no additional costs related to the restructuring plans are expected to be incurred.

Recently Adopted Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, to enhance the transparency and decision usefulness of income tax disclosures. The ASU is effective for fiscal years beginning after December 31, 2024, with early adoption permitted. Entities may apply the amendments prospectively or may elect retrospective application. The Company adopted the ASU for the year ended December 31, 2025, and applied the new disclosure requirements on a prospective basis.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. Additionally, in January 2025, the FASB issued ASU 2025-01 to clarify the effective date of ASU 2024-03. The ASU requires the disclosure of more detailed information about specified categories of expenses (purchases of inventory, employee compensation, depreciation, amortization, and depletion) included in certain expense captions presented on the face of the statement of operations. The ASU is effective on a prospective basis, with the option for retrospective application, for annual periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact that this standard may have on its consolidated financial statements and related disclosures.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. ASU 2025-05 provides a practical expedient that all entities can use when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under ASC 606, Revenue from Contracts with Customers. The ASU is effective for fiscal years beginning after December 15, 2025, and interim reporting periods within those annual reporting periods, on a prospective basis, with early adoption permitted. The Company is currently evaluating the impact of electing the practical expedient and the impact it may have on its consolidated financial statements and related disclosures.

In September 2025, the FASB issued ASU 2025-06, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The ASU amends certain aspects of the accounting for and disclosure of software costs under ASC 350-40, including removing stage-based rules and replacing them with a principles-based framework to be more aligned with modern software development practices. The ASU is effective for all entities for annual periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted as of the beginning of an annual reporting period. The Company is currently evaluating the impact of this ASU on its consolidated financial statements and related disclosures.

2. Revenue Recognition

Disaggregation of Revenue

The Company provides disaggregation of revenue based on geographic region in Note 12 and based on the subscription versus professional services and other classification on the consolidated statements of operations, as it believes these best depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Deferred Revenue

Deferred revenue is recorded upon establishment of unconditional right to payment under non-cancellable contracts and is recognized as the revenue recognition criteria are met. The Company generally invoices customers in advance in monthly, quarterly, semi-annual and annual installments. The deferred revenue balance is influenced by several factors, including the compounding effects of renewals, invoice duration, timing and size.

The balance of deferred revenue, including current and non-current balances, as of December 31, 2025 and 2024 were $206.4 million and $179.7 million, respectively. For the year ended December 31, 2025, the additions to our deferred revenue balance were due to $480.0 million of additional invoicing and $4.2 million of deferred revenue acquired from the NewsWhip acquisition, which was offset by $457.5 million of revenue recognized during the same period. Deferred revenue during the year ended December 31, 2024, increased $38.2 million as a result of $444.1 million of additional invoicing, which was offset by $405.9 million of revenue recognized during the same period. The amount of revenue recognized during the years ended December 31, 2025 and 2024 that was included in deferred revenue at the beginning of each period was $175.8 million and $137.9 million, respectively.

As of December 31, 2025, including amounts already invoiced and amounts contracted but not yet invoiced, $404.0 million of revenue is expected to be recognized from remaining performance obligations, of which 70% is expected to be recognized in the next 12 months, with the remainder thereafter.

3. Property and Equipment

As of the dates specified below, property and equipment consisted of the following (in thousands):

	As of December 31,	
	2025	2024
Leasehold improvements	$ 11,625	$ 18,733
Furniture and fixtures	4,333	4,201
Computer equipment and hardware	6,062	5,144
Internal-use software	6,210	3,865
Total property and equipment	28,230	31,943
Less: Accumulated depreciation and amortization	(18,366)	(20,992)
Total property and equipment, net	$ 9,864	$ 10,951

The Company recognized depreciation and amortization expense on property and equipment of $3.8 million, $3.9 million and $3.1 million for the years ended December 31, 2025, 2024 and 2023, respectively.

4. Business Combinations

NewsWhip Group Holdings Limited

On July 30, 2025, the Company completed its acquisition of all of the outstanding voting shares of NewsWhip, a company incorporated in Ireland that provides real-time social intelligence. NewsWhip's proprietary real-time media monitoring and predictive analytics provide insights into emerging trends and narratives, enabling the Company to enter the public relations and crisis monitoring space.

Consideration for the acquisition of NewsWhip consisted of an upfront cash payment of $52.3 million, subject to adjustment for cash, indebtedness and working capital, deferred consideration of $3.2 million and up to $10.0 million of an earnout, which is contingent upon NewsWhip's achievement of financial performance metrics through June 30, 2027. The earnout is payable in cash in two installments, one in 2026 and the second in 2027. The earnout is considered contingent consideration and is accounted for as a liability initially measured at fair value. The fair value of the contingent consideration as of the acquisition date was $8.5 million, of which $4.5 million was recorded within Accrued expenses and other and $4.0 million was recorded within Other noncurrent liabilities in the consolidated balance sheets. See Note 14 for additional information regarding the fair value determination of the contingent consideration. The deferred consideration includes $1.9 million of certain research and development tax credits that were generated by NewsWhip prior to the acquisition date, additional deferred consideration of $0.8 million and a $0.5 million holdback amount.

The net working capital adjustment for the acquisition was finalized in October 2025, resulting in an increase to the purchase price of $0.1 million, which was recorded to goodwill. The purchase price holdback and additional deferred consideration were paid during the fourth quarter of 2025. As of December 31, 2025, the remaining deferred consideration balance of $1.9 million is included in Other noncurrent liabilities in the consolidated balance sheets.

The Company funded the upfront cash payment with a combination of cash on hand and $32.0 million borrowed under the Facility further described in Note 8. For the year ended December 31, 2025, the Company incurred $1.8 million of acquisition-related costs, which were primarily related to advisory and legal costs, and were recorded within General and administrative expense in the consolidated statements of operations.

The excess of purchase consideration over the fair value of net assets acquired was recorded as goodwill, and is primarily attributable to expanded market opportunities from integrating the acquired developed technologies with the Company's offerings. The goodwill is not deductible for income tax purposes.

The fair values of the tangible and identifiable intangible assets acquired and liabilities assumed are based on management's estimates and assumptions. These estimates are based on preliminary information and may be subject to further revision as additional information is obtained during the measurement period, which may last up to 12 months from the date of the acquisition. The primary area that remains preliminary as of December 31, 2025 relates to deferred taxes. The Company expects to finalize the fair value measurements as soon as practicable, but not later than 12 months from the date of acquisition.

The following table summarizes the preliminary allocation of purchase price to the estimated fair values of assets acquired and liabilities assumed as of the acquisition date (in thousands):

		July 30, 2025
Consideration:		
Cash	$	52,313
Contingent consideration at fair value		8,450
Deferred consideration		3,215
Additional payment for net working capital adjustment [(1)]		150
Total purchase consideration	$	64,128
Recognized amount of identifiable assets acquired and liabilities assumed:		
Cash and cash equivalents	$	1,980
Accounts receivable		2,255
Other current and noncurrent assets		2,335
Intangible assets		24,850
Accounts payable, accrued expenses and other liabilities		(4,661)
Deferred revenue		(4,222)
Deferred tax liabilities		(4,216)
Net assets acquired, excluding Goodwill		18,321
Goodwill		45,807
Total purchase price allocation	$	64,128
Cash and cash equivalents acquired		(1,980)
Total consideration, net of cash acquired	$	62,148

[(1)] Additional amount paid in the fourth quarter of 2025 upon completion of the review of the working capital assets acquired and liabilities assumed.

The Company engaged a third-party valuation expert to aid its analysis of the identifiable intangible assets acquired. All estimates, key assumptions and forecasts were either provided by or reviewed by the Company. While the Company chose to utilize a third-party valuation expert for assistance, the fair value analysis and related valuations reflect the conclusions of management and not those of any third party.

The fair values of the acquired technology and the trademark identified intangible assets were determined utilizing the relief from royalty method under the income approach. The fair values of the customer relationships and contract backlog were valued using the multi-period excess-earnings method. The Company applied judgment which involved the use of assumptions with respect to revenue growth rates, customer attrition rate, discount rate, royalty rate, obsolescence rate and total operating expenses.

The fair value of the contingent consideration was determined using a scenario-based approach. This fair value measurement was based on unobservable inputs, including management estimates and assumptions about future revenues and a discount rate, and is, therefore, classified as Level 3 within the fair value hierarchy presented in Note 14. The contingent consideration is remeasured to fair value at each reporting date until the contingency is resolved. Changes in the fair value of contingent consideration, other than measurement period adjustments, are recorded within General and administrative expenses within the consolidated statements of operations.

Acquired intangible assets are being amortized over the estimated useful lives on a straight-line basis. The following table summarizes the estimated preliminary fair values (in thousands) and estimated useful lives for the identifiable intangible assets acquired as of the acquisition date:

	Fair Value	Expected Useful Life
Customer Relationships	$ 15,200	7 years
Acquired Technology	8,400	5 years
Trademark	800	5 years
Contract Backlog	450	1 year
	$ 24,850	

The Company has included the financial results of NewsWhip in its consolidated financial statements from the date of acquisition. Separate financial results and pro forma financial information for NewsWhip have not been presented as the effect of this acquisition was not material to the Company's financial results.

Tagger Media, Inc.

On August 2, 2023, the Company completed its acquisition of all the outstanding equity of Tagger Media, Inc. ("Tagger"), an influencer marketing and social intelligence platform. The Company acquired Tagger in order to expand into the influencer marketing category. Tagger's platform enables marketers to discover influencers, plan and manage campaigns, analyze competitor strategies, report on trends and measure return on investment.

The Company acquired Tagger for a total final purchase consideration of $144 million in cash, which incorporates the impact of various customary adjustments such as working capital, cash and indebtedness. The Company funded the purchase consideration with a combination of cash on hand and $75 million borrowed under the Facility further described in Note 8. For the year ended December 31, 2023, the Company incurred $4.3 million acquisition-related costs, which primarily related to advisory and legal costs, and were recorded within General and administrative expense in the consolidated statements of operations.

The excess of purchase consideration over the fair value of net assets acquired was recorded as goodwill, and is primarily attributable to expanded market opportunities from integrating the acquired developed technologies with the Company's offerings. The goodwill is not deductible for income tax purposes.

The fair values of the tangible and identifiable intangible assets acquired and liabilities assumed are based on management's estimates and assumptions. The allocation of fair value of purchase consideration was finalized in the second quarter of 2024.

The following table summarizes the fair values of assets acquired and liabilities assumed as of the date of acquisition (in thousands):

	August 2, 2023
Cash and cash equivalents	$ 4,648
Accounts receivable	2,979
Other current and noncurrent assets	932
Intangible assets	27,800
Accounts payable, accrued expenses and other liabilities	(1,758)
Deferred revenue	(3,243)
Net assets acquired, excluding Goodwill	31,358
Goodwill	112,405
Total consideration	$ 143,763
Cash and cash equivalents acquired	(4,648)
Cash paid for acquisition of business, net of cash acquired	$ 139,115

The Company engaged a third-party valuation expert to aid its analysis of the acquired identifiable intangible assets. All estimates, key assumptions and forecasts were either provided by or reviewed by the Company. While the Company chose to utilize a third-party valuation expert for assistance, the fair value analysis and related valuations reflect the conclusions of management and not those of any third party.

The fair values of the acquired technology and the trademark identified intangible assets were determined utilizing the relief from royalty method under the income approach. The fair values of the customer relationships were valued using the multi-period excess-earnings method. The Company applied judgment which involved the use of the assumptions with respect to revenue growth rates, customer attrition rate, discount rate, royalty rate, obsolescence rate and total operating expenses.

Acquired intangible assets are being amortized over the estimated useful lives on a straight-line basis. The following table summarizes the estimated fair values (in thousands) and estimated useful lives for the identifiable intangible assets acquired as of the acquisition date:

	Fair Value	Expected Useful Life
Customer Relationships	$ 12,400	7 years
Acquired Technology	14,100	5 years
Trademark	1,300	5 years
	$ 27,800	

The Company has included the financial results of Tagger in its consolidated financial statements from the date of acquisition. Separate financial results and pro forma financial information for Tagger have not been presented as the effect of this acquisition was not material to the Company's financial results.

Repustate, Inc.

On January 19, 2023, the Company completed the acquisition of all the outstanding equity of Repustate, Inc. The acquisition has increased the Company's power, breadth and automation of social listening, messaging, and customer care capabilities with added sentiment analysis, natural language processing (NLP) and artificial-intelligence (AI).

The total final purchase consideration for the acquisition was $8.3 million, consisting of approximately $6.8 million in cash paid at the closing of the acquisition and a holdback of $1.5 million in cash to be paid as purchase consideration after the one-year anniversary of the closing of the acquisition, assuming no claims by the Company against the holdback amount for post-closing purchase price adjustments or indemnification matters. The purchase price holdback was paid in full in January 2024.

The excess of purchase consideration over the fair value of net assets acquired was recorded as goodwill, and is primarily attributable to expected post-acquisition synergies from integrating the technology into Sprout Social's platform. The goodwill is not deductible for income tax purposes.

The fair values of the tangible and identifiable intangible assets acquired and liabilities assumed are based on management's estimates and assumptions. The allocation of fair value of purchase consideration was finalized in the fourth quarter of 2023.

The following table summarizes the fair values of assets acquired and liabilities assumed as of the date of acquisition (in thousands):

	January 19, 2023
Cash and cash equivalents	$ 366
Intangible assets	1,800
Deferred tax liability	(477)
Other net tangible assets and liabilities assumed	(4)
Net assets acquired, excluding Goodwill	1,685
Goodwill	6,611
Total consideration	$ 8,296
Deferred consideration related to holdback	(1,498)
Cash and cash equivalents acquired	(366)
Cash paid for acquisition of business, net of cash acquired	$ 6,432

The following table summarizes the estimated fair values (in thousands) and estimated useful lives for the identifiable intangible assets acquired as of the acquisition date:

	Fair Value	Expected Useful Life
Customer Relationships	$ 200	1 year
Acquired Technology	1,600	5 years
	$ 1,800	

The Company has included the financial results of Repustate in its consolidated financial statements from the date of acquisition. Separate financial results and pro forma financial information for Repustate have not been presented as the effect of this acquisition was not material to the Company's financial results.

Goodwill

The changes in the carrying amount of goodwill during the year ended December 31, 2025 were as follows (in thousands):

Goodwill balance as of December 31, 2024	$ 121,315
Addition - NewsWhip acquisition	45,807
Goodwill balance as of December 31, 2025	$ 167,122

5. Intangible Assets

As of the dates specified below, intangible assets, net consisted of the following (in thousands):

	As of December 31,	
	2025	2024
Customer relationships	35,100	19,900
Acquired Technology	24,100	15,700
Trademark	2,100	1,300
Contract backlog	450	—
	61,750	36,900
Less: Accumulated amortization		
Customer relationships	(12,685)	(10,010)
Acquired Technology	(8,449)	(4,608)
Trademark	(695)	(368)
Contract backlog	(188)	—
	(22,017)	(14,986)
Intangible assets, net	$ 39,733	$ 21,914

Intangible assets are all finite-lived and are being amortized on a straight-line basis over their expected useful lives. Amortization of intangible assets totaled $7.0 million, $6.2 million, and $3.5 million for the years ended December 31, 2025, 2024 and 2023, respectively. The expected future amortization of intangible assets as of December 31, 2025 is summarized as follows (in thousands):

Years Ending December 31,	Amortization Expense
2026	9,445
2027	9,183
2028	7,606
2029	5,783
2030	4,278
Thereafter	3,438
	$ 39,733

The following table sets forth the weighted-average amortization period, in total and by major intangible asset class:

Asset Class	Weighted-Average Amortization Period (in years)
Customer relationships	7.0
Acquired Technology	5.0
Trademark	5.0
Contract backlog	1.0
All Intangible Assets	6.1

6. Operating Leases

The Company has operating lease agreements for offices in Chicago, Illinois; Seattle, Washington; Dublin, Ireland; and Kraków, Poland. The operating lease for an office in Santa Monica, California expired in January 2025. The Chicago lease expires in December 2032, the Seattle lease expires in January 2031, the Dublin lease expires in June 2027, and the Kraków lease expires in December 2029. These operating leases require monthly rental payments ranging from approximately $26,000 to $142,000. Under the terms of the lease agreements, the Company is also responsible for its proportionate share of taxes and operating costs, which are treated as variable lease costs. The Company's operating leases typically contain options to extend or terminate the term of the lease. The Company currently does not include any options to extend leases in its lease terms as it is not reasonably certain to exercise them. As such, it has recorded lease obligations only through the initial optional termination dates above.

In April 2025, the Company entered into an amendment to its Chicago office lease agreement providing for the early termination of one floor of the leased space. Following the early termination, the Company's office space was reduced from approximately 128,000 square feet to approximately 64,000 square feet. The Company determined that the amendment will be treated as a lease termination. As a result of the termination, the Company recorded a net loss of approximately $1.2 million, consisting of a gain of approximately $0.2 million associated with the write-off of the lease liability and a loss on disposal of leasehold improvements of approximately $1.4 million. These amounts were recorded in General and administrative expenses in the consolidated statements of operations.

The following table provides a summary of operating lease assets and liabilities as of December 31, 2025 (in thousands):

Assets	
Operating lease right-of-use assets	$ 9,810
Liabilities	
Operating lease liabilities	2,664
Operating lease liabilities, non-current	12,055
Total operating lease liabilities	$ 14,719

The following table provides information about leases in the consolidated statements of operations (in thousands):

	Years Ended December 31,		
	2025	2024	2023
Operating lease expense	$ 2,645	$ 2,806	$ 2,659
Variable lease expense	2,249	3,451	3,572

Within the consolidated statements of operations, operating and variable lease expense are recorded in General and administrative expenses. Cash payments related to operating leases for the year ended December 31, 2025, 2024 and 2023 were $6.0 million, $8.3 million and $8.2 million, respectively. There was no sublease rental income recognized for any of the periods presented.

As of December 31, 2025, the weighted-average remaining lease term is 5.8 years and the weighted-average discount rate is 7.0%.

Remaining maturities of operating lease liabilities as of December 31, 2025 are as follows (in thousands):

Years ending December 31,	
2026	$ 3,586
2027	3,364
2028	2,708
2029	2,757
2030	2,508
Thereafter	2,926
Total future minimum lease payments	$ 17,849
Less: imputed interest	(3,130)
Total operating lease liabilities	$ 14,719

7. Income Taxes

The components of loss before income taxes are as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Domestic	$ (44,078)	$ (63,221)	$ (64,497)
Foreign	1,338	1,920	(1,281)
Loss before income taxes	$ (42,740)	$ (61,301)	$ (65,778)

The components of income tax expense (benefit) are as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Current taxes			
Federal	$ 28	$ —	$ —
State	262	13	—
Foreign	888	657	820
Current tax expense (benefit)	1,178	670	820
Deferred taxes			
Federal	115	86	—
State	(12)	—	—
Foreign	(694)	(86)	(171)
Deferred tax expense (benefit)	(591)	—	(171)
Income tax expense (benefit)	$ 587	$ 670	$ 649

A reconciliation of the difference between the federal statutory rate and the effective income tax rate as a percentage of income before taxes after the adoption of ASU 2023-09 is as follows (in thousands):

	Year Ended December 31,	
	2025	
	Amount	Tax Rate
Federal statutory income tax	$ (8,975)	21.00 %
State and local income taxes [1]	250	(0.59)
Foreign tax effects		
Philippines		
Changes in valuation allowance	(521)	1.22
Other	60	(0.14)
Other foreign jurisdictions	530	(1.24)
Effects of cross-border tax laws:		
Global intangible low-taxed income	463	(1.08)
Other	175	(0.41)
Tax credits		
Research and development credits	(1,524)	3.56
Changes in valuation allowance	(2,800)	6.55
Nontaxable and Nondeductible items		
Stock-based compensation	12,172	(28.48)
Section 162(m) limitation	608	(1.42)
Other	417	(0.98)
Other adjustments	(268)	0.64
Effective income tax rate	$ 587	(1.4)%

[1] The majority of the tax effect within the state and local income tax category relates to California.

A reconciliation of the difference between the federal statutory rate and the effective income tax rate as a percentage of income before taxes for years prior to the adoption of ASU 2023-09 is as follows (in thousands):

	Year Ended December 31,			
	2024		2023	
	Amount	Tax Rate	Amount	Tax Rate
Federal statutory income tax	$(12,873)	21.00 %	$(13,813)	21.00 %
State income tax, net of federal tax benefit	(329)	0.54	(2,423)	3.68
Foreign tax	79	(0.13)	(75)	0.11
Section 162(m) limitation	845	(1.38)	1,693	(2.57)
Other	337	(0.54)	304	(0.46)
Valuation allowance net of deferred tax assets	5,367	(8.76)	18,389	(27.96)
Stock-based compensation	10,817	(17.65)	2,051	(3.12)
R&D Credit	(2,696)	4.40	(6,100)	9.27
Acquisitions	—	—	603	(0.92)
Return to provision	(877)	1.43	20	(0.03)
Effective income tax rate	$ 670	(1.1)%	$ 649	(1.0)%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of December 31, 2025 and 2024 are as follows (in thousands):

	As of December 31,	
	2025	2024
Deferred tax assets		
Net operating loss carryforwards	$ 84,758	$ 79,172
Research & Development Costs	17,947	22,629
Operating lease liability	3,539	4,487
Stock-based compensation	3,080	4,555
Research & Development Credits	11,285	9,753
Other	3,178	2,543
Total deferred tax assets	123,787	123,139
Deferred tax liabilities		
Fixed assets	(754)	(1,747)
Intangible assets	(7,680)	(4,939)
Deferred commissions and bonus	(21,734)	(18,634)
Operating lease right-of-use asset	(2,407)	(2,785)
Other	(1,367)	(1,303)
Total deferred tax liabilities	(33,942)	(29,408)
Less: Valuation allowance	(93,861)	(94,037)
Net deferred tax asset (liability)	$ (4,016)	$ (306)

The Company assesses all available positive and negative evidence to evaluate the realizability of its deferred tax assets and whether or not a valuation allowance is necessary. The Company's three-year cumulative loss position was significant negative evidence in assessing the need for a valuation allowance. The weight given to positive and negative evidence is commensurate with the extent such evidence may be objectively verified. Given the weight of objectively verifiable historical losses from operations, the Company has recorded a full valuation allowance on its domestic deferred tax assets except for those from the Company's NewsWhip acquisition in 2025, which do not have a valuation allowance. Due to the Company's cost-plus intercompany transactions, no valuation allowance is recorded on the Company's foreign deferred tax assets except for its Ireland net operating loss deferred tax asset that resulted from the Company's NewsWhip acquisition in 2025. The Company may be able to reverse the valuation allowance on its domestic deferred tax assets when sufficient positive evidence exists to support the reversal of the valuation allowance.

The net change in the valuation allowance for deferred tax assets was approximately $0.2 million decrease for the year ended December 31, 2025, $5.4 million increase for the year ended December 31, 2024, and $19.4 million increase for the year ended December 31, 2023. The net change during 2025 was primarily due to a decrease in capitalized research and development (R&D) costs and stock-based compensation deferred tax assets, as well as an increase in the deferred tax liabilities with known reversal periods that will generate future sources of taxable income. The net change during 2025 also included a $3.8 million increase related to acquired Ireland net operating losses that were brought into NewsWhip purchase accounting with a full valuation allowance.

The Company elected to account for Global Intangible Low-Taxed Income (“GILTI”) as a current-period expense when incurred. As of December 31, 2025, the Company does not expect to incur material additional income taxes upon the distribution of earnings from its foreign subsidiaries. While the Company intends to repatriate these foreign earnings, there may be local withholding taxes due to various foreign countries and/or U.S. state taxes payable upon distribution of certain lower-tier earnings. The estimated impact of these taxes is currently immaterial to the Company’s consolidated financial statements.

As of December 31, 2025, the Company has gross federal net operating losses of $316.2 million which begin to expire in 2030, state net operating losses of $217.8 million which begin to expire in 2027, and foreign net operating losses of $33.1 million which begin to expire in 2026. The increase in foreign net operating losses was primarily driven by acquired Ireland net operating losses from the NewsWhip acquisition. Net operating loss carryforwards may be limited due to a change in control in the Company’s ownership as defined by the Internal Revenue Code Section 382. Any future changes in the Company’s ownership may limit the use of such carryforward benefits.

The Company recognizes tax benefits from uncertain tax positions if it is more likely than not that the tax position will be sustained by the tax authority upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits of the position. If a tax position meets the more-likely-than-not threshold, the Company measures the tax position as the largest amount of benefit that is greater than 50% likely to be realized upon ultimate settlement.

The reconciliation of uncertain tax positions at the beginning and end of the years below is as follows (in thousands):

	As of December 31,		
	2025	2024	2023
Beginning balance	3,354	2,456	—
Gross increase (decrease) related to prior year positions	(100)	—	—
Gross decrease related to settlements	—	—	—
Gross increase related to current year positions	508	898	2,456
Ending balance	3,762	3,354	2,456

At December 31, 2025, approximately $3.8 million would reduce the Company’s annual effective tax rate, if recognized. The Company recognizes interest and, if applicable, penalties for any uncertain tax positions. Interest and penalties related to uncertain tax positions are recorded as a component of income tax expense. In the years ended December 31, 2025, 2024, and 2023, the Company did not have any accrued interest or penalties associated with any unrecognized tax benefits.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. Due to its operating loss carryforwards, the U.S. federal statute of limitations remains open for tax year 2010 and onward and the Company continues to be subject to examination by the Internal Revenue Service for tax years 2010 and later. The resolutions of any examinations are not expected to be material to these financial statements.

The amounts of cash income taxes paid (net of refunds) by the Company were as follows (in thousands):

	Year Ended December 31,
	2025
Canada	$ 648
Other jurisdictions [1]	723
Income taxes, net of amounts refunded	$ 1,371

[1] Income taxes paid to other jurisdictions are individually immaterial.

The amount of cash income taxes paid by the Company during the years ended December 31, 2024 and 2023 was $0.8 million and $0.7 million, respectively.

Enactment of the One Big Beautiful Bill Act of 2025

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law, extending key provisions of the 2017 Tax Cuts and Jobs Act including, but not limited to, deductions for domestic research and development expenditures. For the year ended December 31, 2025, the impact of the OBBBA on our consolidated financial statements was not material. The Company will continue to monitor any forthcoming guidance or interpretations of the Act that could affect its financial position, results of operations, and cash flows.

8. Revolving Line of Credit

On August 1, 2023, the Company entered into a Credit Agreement (the “Credit Agreement”) by and among the Company, the banks and other financial institutions or entities party thereto as lenders and MUFG Bank, LTD. as administrative agent and collateral agent. The Credit Agreement provides for a $100 million senior secured revolving credit facility (the “Facility”). Borrowings under the Facility may be used to finance acquisitions and other investments permitted under the terms of the Credit Agreement, to pay related fees and expenses and for general corporate purposes.

On April 4, 2025, the Company entered into the First Amendment to Credit Agreement (the “Amendment”, and the Credit Agreement as amended thereby, the “Amended Credit Agreement”) which, among other things, extended the maturity date of the Facility from August 1, 2028 to April 4, 2030 and revised the manner in which the applicable interest rate is determined from a liquidity based determination to a leverage based determination. In addition, the Amendment removed the minimum liquidity and annual recurring revenue covenants contained in the Credit Agreement and replaced them with financial covenants as to (i) maximum Consolidated Senior Net Leverage Ratio and (ii) minimum Consolidated Interest Coverage Ratio (each as defined in the Amended Credit Agreement). As of December 31, 2025, the Company was in compliance with such financial covenants in the Amended Credit Agreement.

Pursuant to the Amended Credit Agreement, borrowings under the Facility may be designated as SOFR Loans or ABR Loans (each as defined in the Amended Credit Agreement), subject to certain terms and conditions under the Amended Credit Agreement, and bear interest at a rate of either (i) SOFR (subject to a 1.0% floor), plus 0.10%, plus a margin ranging from 2.25% to 2.75% based on the Company’s Consolidated Senior Net Leverage Ratio or (ii) ABR (subject to a 2.0% floor) plus a margin ranging from 1.25% to 1.75% based on the Company’s Consolidated Senior Net Leverage Ratio. For the twelve months ended December 31, 2025, the borrowings under the Facility were designated as SOFR Loans and the weighted average interest rate in effect for the outstanding balance was approximately

6.71%. The Facility also includes a quarterly commitment fee on the unused portion of the Facility of 0.30% or 0.35% based on the Company's Consolidated Senior Net Leverage Ratio.

The Amended Credit Agreement includes customary conditions to credit extensions, covenants and customary events of default, including restrictions on the Company's ability to incur liens, incur indebtedness, make or hold investments, execute certain change of control transactions, business combinations or other fundamental changes to its business, dispose of assets, make certain types of restricted payments, including dividends and other distributions to stockholders, enter into certain related party transactions or amend or terminate certain contracts, subject to customary exceptions.

As of December 31, 2025, the Company had an outstanding balance of $40 million under the Amended Credit Agreement.

Debt issuance costs associated with the Facility were recorded to Other assets, net within the consolidated balance sheets and are being amortized as interest expense on a straight-line basis over the term of the Facility.

The Company is contingently liable under two standby letters of credit which are required as security for the Company's current office leases (refer to Note 6). The agreements allow the Company to elect to secure the letters of credit with restricted cash or by reducing the revolving credit facility borrowing capacity under the Facility. As of December 31, 2025 and 2024, the Company had $2.7 million in secured letters of credit outstanding, respectively. At December 31, 2025, $2.0 million of the outstanding letters of credit were secured through a reduction in the Facility's borrowing capacity, with the remaining amount secured by restricted cash.

9. Stockholders' Equity

Common Stock

As of December 31, 2025, the Company has authorized 1,000,000,000 shares of Class A common stock with a par value of $0.0001 per share and 25,000,000 shares of Class B common stock with a par value of $0.0001 per share. Each holder of Class A and Class B common stock shall be entitled to one and ten votes, respectively, for each share held as of the record date and shall be entitled to receive dividends, when, as and if declared by the Board of Directors. Each share of Class B common stock is convertible into one share of Class A common stock at any time and will convert automatically upon certain transfers and upon the earlier of (i) the first date on which the voting power of all then outstanding shares of Class B common stock represents less than 10% of the combined voting power of all then outstanding shares of Class A common stock and Class B common stock, (ii) the date that is seven (7) years from the closing of the IPO on December 17, 2019 and (iii) the date specified by a vote of the holders of a majority of the then outstanding shares of Class B common stock, voting as a separate class. Following such conversion, each share of Class A common stock will have one vote per share and the rights of the holders of all outstanding shares of common stock will be identical. The total Class A and Class B common stock outstanding as of December 31, 2025 is 53,607,556 and 5,949,357 shares, respectively.

10. Incentive Stock Plan

Effective October 17, 2019, the Company established the Sprout Social, Inc. 2019 Incentive Award Plan (the "2019 Plan"), under which awards, including options, stock appreciation rights, restricted stock awards, restricted stock unit awards, other stock or cash based awards and dividend equivalent awards, for up to 5,293,497 shares of Class A common stock may, at the discretion of the Board of Directors, be issued to employees, consultants, and directors of the Company.

Effective December 12, 2019, the Company established the Sprout Social, Inc. 2019 Class B Incentive Award Plan (the "Class B Plan"), under which cash and equity incentive awards, for up to 550,000 shares of Class B common stock were, at the discretion of the Board of Directors, issued to employees, consultants, and directors of the Company, with the expectation that shares would only be issued to the Company's CEO depending on the valuation of the Company in connection with the IPO and the achievement of market capitalization thresholds thereafter. There are no further grants authorized under the Class B Plan.

The only awards granted as of December 31, 2025 are restricted stock units.

Stock-based Compensation Expense

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

	Years Ended December 31,		
	2025	2024	2023
Cost of revenue	$ 2,802	$ 3,936	$ 3,224
Research and development	25,162	25,619	18,478
Sales and marketing	22,783	31,544	30,116
General and administrative	27,972	23,204	15,886
Total stock-based compensation expense	$ 78,719	$ 84,303	$ 67,704

For the periods presented, stock-based compensation expense consisted of expense from restricted stock units. There was no expense related to stock options.

Restricted Stock Units

The Company issues restricted stock units to executives and employees. The general terms of the restricted stock units issued under the 2019 Plan require only a service condition to be satisfied prior to vesting. However, certain executive grants issued under the 2019 Plan require both the satisfaction of a service condition and a performance condition which includes the achievement of subscription revenue targets, prior to vesting.

The table below summarizes the activity regarding unvested restricted stock units for the year ended December 31, 2025:

	Restricted Stock Units		Weighted Average Grant Date Fair Value
Unvested at December 31, 2024	4,661,191	$	47.34
Granted	6,355,991		16.18
Vested	(1,731,374)		51.15
Forfeited	(1,375,264)		36.90
Unvested at December 31, 2025	7,910,544	$	23.28

The weighted-average grant date fair value per share for restricted stock units granted during the years ended December 31, 2025, 2024 and 2023 was $16.18, $40.79 and $50.75, respectively. The total unrecognized stock-based compensation expense relating to these awards as of December 31, 2025 was $164.8 million, which is expected to be recognized over a weighted-average period of 2.8 years.

11. Commitments and Contingencies

Contractual Obligations

The Company has non-cancellable minimum guaranteed purchase commitments for data and services. Material contractual commitments as of December 31, 2025 that are not disclosed elsewhere are as follows (in thousands):

Years ending December 31,		
2026	$	86,842
2027		16,207
2028		12,612
2029		—
2030		—
Thereafter		—
Total contractual obligations	$	115,661

Legal Matters

From time to time in the normal course of business, the Company may be subject to various legal matters such as threatened or pending claims or proceedings.

Beginning on May 13, 2024, the Company and certain of its executives were named in two putative securities fraud class action cases filed in the United States District Court for the Northern District of Illinois asserting claims under Sections 10(b) and 20(a) of the Exchange Act and SEC Rule 10b-5. The first action, captioned Munch v. Sprout Social, Inc., et al. was filed on May 13, 2024 and alleged that the defendants made false or misleading statements and omissions of fact relating to the Company’s business, operations and prospects, including (i) purported integration challenges arising from the Company’s August 2023 acquisition of Tagger Media, Inc. (“Tagger”), (ii) the Company’s ability to service (and the viability of its strategic plan to focus on) the enterprise market, and (iii) as a result, the Company’s 2024 financial guidance was required to be adjusted downward. The Munch complaint sought damages and costs on behalf of a putative class of Company stockholders from November 3, 2023 through and including May 2, 2024. The second case, captioned City of Hollywood Police Officers’

Retirement System v. Sprout Social, Inc., et al (the “City of Hollywood Action”), was filed in the United States District Court for the Northern District of Illinois on July 2, 2024. It asserted claims under the same statutory provisions based on substantially similar allegations of misconduct as its predecessor, but alleged a class period beginning on November 3, 2021 and ending on May 2, 2024.

On November 12, 2024, the court appointed the Employees’ Retirement System for the City of Baltimore (the “City of Baltimore”), who had been substituted as the named plaintiff in the City of Hollywood action, as the Lead Plaintiff under the Private Securities Litigation Reform Act of 1995 (“PSLRA”). The court subsequently consolidated the two cases (the “Consolidated Securities Action”) on December 13, 2024.

On January 24, 2025, the City of Baltimore filed an amended Consolidated Class Action Complaint (the “AC”). The AC retains the original defendants, but adds Jason Rechel, Sprout Social’s former head of Investor Relations, as an individual defendant.

The AC makes similar allegations to those asserted in the City of Hollywood Action and adds additional allegations, including purported statements attributed to 15 anonymous confidential witnesses. Most of these individuals are described in the AC as former Sprout Social sales representatives. It claims that the defendants failed to disclose that the Company lacked the infrastructure to successfully implement its strategic shift to the enterprise business market, which purportedly rendered positive statements about enterprise business generation and prospects, and Sprout Social’s financials, misleading. More specifically, the AC alleges that (1) Sprout Social’s “inbound” sales strategy model, which it also applied to enterprise sales efforts, was not effective for generating enterprise business; (2) Sprout Social’s platform lacked certain features valued by large clients; (3) Sprout Social’s partnership with Salesforce would not necessarily increase Sprout Social’s enterprise business; and (4) Sprout Social’s emphasis on ARR as a key metric for financial performance was misleading, given Sprout Social’s own abandonment of the metric as a viable performance indicator.

The AC alleges a slightly longer class period than that alleged in the City of Hollywood Action, beginning on September 22, 2021, and ending on May 2, 2024 (the City of Hollywood Action alleged class period that began on November 3, 2021 and ended on May 2, 2024).

On March 25, 2025, defendants filed a Motion to Dismiss (the “Motion”) the AC in its entirety. On May 23, 2025, Lead Plaintiff filed a brief in opposition to this Motion. Defendants filed a reply brief in further support of the Motion on July 17, 2025. The court has yet to issue any ruling on the Motion. Under the PSLRA, discovery and other proceedings in the Consolidated Securities Action are automatically stayed pending such a ruling.

On September 3, 2024, a putative stockholder derivative lawsuit captioned Hannaway v. Sprout Social, Inc. et al. (the “Hannaway Derivative Action”) was filed in the United States District Court for the Northern District of Illinois against the Company’s directors and certain officers. The complaint alleges that the defendants failed to disclose (or misrepresented) facts about the Company’s business, operations and prospects, including that (i) the Company’s sales and revenue results were not indicative of its growth as it transitioned to an enterprise sales cycle, (ii) the Company was unable to sell to enterprise customers and thus overpaid for, and faced integration challenges with respect to, Tagger, and (iii) as a result, the Company faced longer sales cycles and a slowing pipeline, requiring a downward revision of its 2024 guidance. Based on these allegations, the complaint asserts federal claims under Sections 10(b), 14(a) and 21D of the Exchange Act and Rules 10b-5 and 14a-9, and state law claims for breach of fiduciary duties, unjust enrichment, corporate waste, aiding and abetting and insider selling, and seeks damages in an unspecified amount on the Company’s behalf. On October 23, 2024, the court entered a stipulation and order staying the action until the earliest of (i) entry of a final, non-appealable order on any summary judgment motions in the Consolidated Securities Action; (ii) a settlement or other mediated resolution in the Consolidated Securities Action; or (iii) as otherwise agreed to by the Parties (the "Stay Order"). Under the Stay Order, any supplemental derivative action filed in the same court will be consolidated with the Hannaway Derivative Action and subject to the terms of the Stay Order.

On December 17, 2024, a second putative derivative action captioned Munch v. Howard et al. (the "Munch Derivative Action") was filed in the United States District Court for the Northern District of Illinois against the same defendants. This complaint alleges that, beginning in November 2021, the defendants failed to disclose (or misrepresented) facts about the Company's business, operations and prospects, including that (i) the Company was neither well-equipped to grow enterprise sales nor executing on its go to market strategy to grow enterprise business; (ii) marketing to enterprise customers would elongate the Company's sales cycles, and (iii) as a result, the Company was required to adjust its 2024 financial guidance downward. Based on these allegations, plaintiff asserts federal claims under Section 14(a) of the Exchange Act and a state law claim for breach of fiduciary duty, and seeks damages in an unspecified amount on the Company's behalf. On February 14, 2025, the court consolidated the Munch Derivative Action with the Hannaway Derivative Action (the "Consolidated Derivative Action") and stayed the Consolidated Derivative Action under the terms of the Stay Order.

The Company intends to vigorously defend against the claims asserted in the foregoing actions. The outcomes of these actions are subject to inherent uncertainties, and the actual defense and disposition costs will depend upon many unknown factors. The Company could be forced to expend significant resources in the defense of these actions and may not prevail. The Company currently is not able to estimate the possible cost from these matters, which are at an early stage, and the Company cannot be certain how long it may take to resolve these actions or the possible amount of any damages that the Company may be required to pay. Such amounts could be material to the Company's financial statements. The Company has not established any accrual for any potential liability relating to these actions. It is possible that the Company could, in the future, incur a judgment for monetary damages and/or enter into a settlement(s) in connection therewith, which could be material to the Company's results of operations, financial position and cash flows.

Indemnification

In the ordinary course of business, the Company often includes standard indemnification provisions in its arrangements with third parties, including vendors, customers, investors and the Company's directors and officers. Pursuant to these provisions, the Company may be obligated to indemnify such parties for losses or claims suffered or incurred. It is not possible to determine the maximum potential loss under these indemnification provisions due to the Company's limited history of prior indemnification claims and the unique facts and circumstances involved in each particular provision. Historically, the Company has not incurred any significant costs as a result of such indemnification.

12. Geographic Data

As described in the Summary of Significant Accounting Policies, the Company operates as one operating segment.

Long-lived assets by geographical region are based on the location of the legal entity that owns the assets. As of December 31, 2025 and 2024, there were no significant long-lived assets held by entities outside of the United States.

Revenue by geographical region is determined by location of the Company's customers. Revenue from customers outside of the United States was approximately 26%, 27% and 28% for each of the years ended December 31, 2025, 2024 and 2023, respectively. Revenue by geographical region is as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Americas	$ 365,417	$ 322,209	$ 262,290
EMEA	69,996	63,527	54,753
Asia Pacific	22,134	20,172	16,600
Total	$ 457,547	$ 405,908	$ 333,643

13. Net Loss per Share

Basic net loss per share is calculated by dividing the net loss by the weighted average number of outstanding shares of common stock each period. Diluted net loss per share is calculated by giving effect to all potential dilutive common stock equivalents, which includes stock options and restricted stock units. Because the Company incurred net losses each period, the basic and diluted calculations are the same. Basic and diluted net loss per share are the same for each class of common stock, as both Class A and Class B stockholders are entitled to the same liquidation and dividend rights.

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

	Year Ended December 31,		
	2025	2024	2023
Net loss attributable to common shareholders	$ (43,327)	$ (61,971)	$ (66,427)
Weighted average common shares outstanding	58,625,925	56,935,910	55,664,404
Net loss per share, basic and diluted	$ (0.74)	$ (1.09)	$ (1.19)

The following outstanding shares of common stock equivalents were excluded from the calculation of diluted net loss per share for each period, as the impact of including them would have been anti-dilutive.

	As of December 31,		
	2025	2024	2023
Stock options outstanding	—	—	27,010
RSUs outstanding	7,910,544	4,661,191	3,724,707
Total potentially dilutive shares	7,910,544	4,661,191	3,751,717

14. Fair Value Measurements

The Company measures certain financial assets and liabilities at fair value. Fair value is determined based upon the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as determined by either the principal market or the most advantageous market. Inputs used in the valuation techniques to derive fair values are classified based on a three-level hierarchy, as follows:

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

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

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Contingent consideration	—	—	8,873	8,873
Total liabilities	$ —	$ —	$ 8,873	$ 8,873

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable Securities:				
Corporate bonds	—	3,745	—	3,745
Total assets	$ —	$ 3,745	$ —	$ 3,745

There were no transfers of financial instruments between Level 1, Level 2, and Level 3 during the periods presented.

The contingent consideration as presented in the fair value table above relates to the NewsWhip acquisition, and represents the future potential earnout payments based on the achievement of specified financial performance metrics through June 30, 2027. Refer to Note 4 for further discussion of the acquisition.

The fair value of the contingent consideration was determined using a scenario-based approach. The model includes significant unobservable inputs including the discount rate and projected revenues over the earn-out period. The contingent consideration was classified as Level 3 within the fair value hierarchy.

The contingent consideration is remeasured to fair value at each reporting date until the contingency is resolved. Changes in the fair value of contingent consideration, other than measurement period adjustments, are recorded within General and administrative expenses within the consolidated statements of operations. The current and non-current portions of contingent consideration are recorded to Accrued expenses and other and Other noncurrent liabilities, respectively, within the consolidated balance sheets.

The change in fair value of the contingent consideration (a Level 3 input) was as follows (in thousands):

Contingent consideration liability as of NewsWhip acquisition date	$	8,450
Change due to accretion		423
Contingent consideration liability as of December 31, 2025	$	8,873

Marketable securities are classified within Level 2 because they are valued using inputs other than quoted prices that are directly or indirectly observable in the market. The Company’s marketable securities, which were accounted for as available-for-sale securities, matured as of June 30, 2025. There was not a significant difference between the amortized cost and fair value of these securities in the periods presented, and the gross unrealized gains and losses associated with these securities were immaterial. There were no available-for-sale securities as of December 31, 2025.

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

15. Employee Benefit Plan

The Company sponsors a qualified 401(k) defined contribution plan for the benefit of its employees. The Company made matching contributions to the plan totaling $3.6 million, $4.2 million and $3.7 million for the years ended December 31, 2025, 2024 and 2023, respectively.

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

None.

Item 9A. Controls and Procedures

Evaluation of disclosure controls and procedures

Our management, with the participation of our Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as of December 31, 2025. Based on such evaluation, our CEO and CFO have concluded that as of December 31, 2025, our disclosure controls and procedures are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

Our management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2025. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework* (2013).

Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2025.

The effectiveness of the Company’s internal control over financial reporting as of December 31, 2025 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in its report, which is included under Item 8 of this annual report on Form 10-K.

Changes in internal control over financial reporting

There have been no changes in our internal control over financial reporting during the quarter ended December 31, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Securities Trading Plans of Directors and Executive Officers

During the three months ended December 31, 2025, no directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted, modified or terminated “Rule 10b5-1 trading arrangements” (as defined in Item 408 of Regulation S-K of the Exchange Act), which are intended to satisfy the affirmative defense conditions under 10b5-1(c) under the Exchange Act.

In addition, our officers (as defined in Rule 16a-1(f) under the Exchange Act), have entered into sell-to-cover arrangements adopted pursuant to Rule 10b5-1, authorizing the pre-arranged sale of shares to satisfy tax withholding obligations of the Company arising exclusively from the vesting of restricted stock units and the related issuance of shares. The amount of shares to be sold to satisfy the Company’s tax withholding obligations under these arrangements is dependent on future events which cannot be known at this time, including the future trading price of the Company’s Class A common stock. The expiration date relating to these arrangements is dependent on future events which cannot be known at this time, including the final vest date of the applicable restricted stock units and the officer’s termination of service.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be incorporated by reference to the sections entitled "Board of Directors and Corporate Governance," "Executive Officers" and "Delinquent Section 16 Reports" (if applicable) in our Proxy Statement for the 2026 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission within 120 days of the year ended December 31, 2025.

Our written code of business conduct and ethics, the Code of Ethics and Conduct, applies to all of our employees, officers and directors, including our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. The Code of Ethics and Conduct is available on our corporate website at https://investors.sproutsocial.com/ under "Corporate Governance – Governance overview." The information on our website is not incorporated by reference in this Annual Report. We intend to promptly disclose on our website or in a Current Report on Form 8-K in the future (i) the date and nature of any amendment (other than technical, administrative or other non-substantive amendments) to the Code of Ethics and Conduct that applies to our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions and relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K and (ii) the nature of any waiver, including an implicit waiver, from a provision of the Code of Ethics and Conduct that is granted to one of these specified individuals that relates to one or more of the elements of the code of ethics definition enumerated in Item 406(b) of Regulation S-K, the name of such person who is granted the waiver and the date of the waiver.

Item 11. Executive Compensation

The information required by this item will be incorporated by reference to the sections entitled "Non-Employee Director Compensation," "Board of Directors and Corporate Governance – Compensation Committee Interlocks and Inside Participation," "Compensation Discussion and Analysis" and "Compensation of our Named Executive Officers" in our Proxy Statement for the 2026 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission within 120 days of the year ended December 31, 2025. The information in the section entitled "Compensation of our Named Executive Officers – Pay versus Performance" will not be deemed to be incorporated by reference herein.

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

The information required by this item will be incorporated by reference to the section entitled "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" in our Proxy Statement for the 2026 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission within 120 days of the year ended December 31, 2025.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be incorporated by reference to the sections entitled "Board of Directors and Corporate Governance" and "Related Person Transactions" in our Proxy Statement for the 2026 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission within 120 days of the year ended December 31, 2025.

Item 14. Principal Accounting Fees and Services

The information required by this item will be incorporated by reference to the section entitled "Fees Paid to the Independent Registered Public Accounting Firm" in our Proxy Statement for the 2026 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission within 120 days of the year ended December 31, 2025.

PART IV

Item 15. Exhibit, Financial Statement Schedules

INDEX TO EXHIBITS

Exhibit No.	
3.1	Amended and Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3.1 to Sprout Social's Current Report on Form 8-K (File No. 001-39156) filed on December 17, 2019).
3.2	Amended and Restated Bylaws of the Registrant (Incorporated by reference to Exhibit 3.1 to Sprout Social's Current Report on Form 8-K (File No. 001-39156) filed on October 31, 2022).
4.1	Specimen Stock Certificate evidencing the shares of Class A common stock (Incorporated by reference to Exhibit 4.1 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1 (File No. 333-23416) filed on December 2, 2019).
4.2	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (Incorporated by reference to Exhibit 4.4 to Sprout Social's Annual Report on Form 10-K for the year ended December 31, 2019).
10.1	Agreement and Plan of Merger, dated August 2, 2023, by and among Sprout Social, Inc., Tag Merger Sub, Inc., Tagger Media, Inc., and Shareholder Representative Services LLC (Incorporated by reference to Exhibit 10.1 to Sprout Social's Current Report on Form 8-K (File No. 001-39156) filed on August 2, 2023).
10.2	Credit Agreement, dated as of August 1, 2023, by and among Sprout Social, Inc., the banks and other financial institutions or entities party thereto as lenders and MUFG Bank, LTD. as administrative agent and collateral agent (Incorporated by reference to Exhibit 10.2 to Sprout Social's Current Report on Form 8-K (File No. 001-39156) filed on August 2, 2023).
10.3	First Amendment to Credit Agreement, dated April 4, 2025, by and among Sprout Social, Inc., the Subsidiaries of Sprout Social party thereto as Guarantors, the Lender and MUFG Bank, LTD., as administrative agent and collateral agent (Incorporated by reference to Exhibit 10.1 to Sprout Social's Current Report on Form 8-K (File No. 001-39156) filed on April 7, 2025).
10.4†	Sprout Social, Inc. 2019 Incentive Award Plan (Incorporated by reference to Exhibit 10.12 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1 (File No. 333-23416) filed on December 2, 2019).
10.5†	Sprout Social Inc. 2019 Employee Stock Purchase Plan (Incorporated by reference to Exhibit 10.14 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1 (File No. 333-23416) filed on December 2, 2019).
10.6†	Form of Notice of Grant of Restricted Stock Units and Restricted Stock Unit Agreement pursuant to the Sprout Social, Inc. 2019 Incentive Award Plan, approved February 19, 2020 (Incorporated by reference to Exhibit 10.18 to Sprout Social's Annual Report on Form 10-K for the year ended December 31, 2019).
10.7†	Form of Notice of Grant of Restricted Stock Units and Restricted Stock Unit Agreement pursuant to the Sprout Social, Inc. 2019 Incentive Award Plan, approved February 16, 2022 (Incorporated by reference to Exhibit 10.1 to Sprout Social's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022).
10.8†	Form of Notice of Grant of Restricted Stock Units and Restricted Stock Unit Agreement pursuant to the Sprout Social, Inc. 2019 Incentive Award Plan, approved February 15, 2023 (Incorporated by reference to Exhibit 10.14 to Sprout Social's Annual Report on Form 10-K for the year ended December 31, 2023).
10.9†	Form of Notice of Grant of Restricted Stock Units and Restricted Stock Unit Agreement pursuant to the Sprout Social, Inc. 2019 Incentive Award Plan, approved October 25, 2023 (Incorporated by reference to Exhibit 10.3 to Sprout Social's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023).

10.10†	Form of Non-Employee Director Notice of Grant of Restricted Stock Units and Restricted Stock Unit Agreement pursuant to the Sprout Social, Inc. 2019 Incentive Award Plan (Incorporated by reference to Exhibit 10.19 to Sprout Social's Annual Report on Form 10-K for the year ended December 31, 2020).
10.11†	Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Agreement pursuant to the Sprout Social, Inc. 2019 Class B Incentive Award Plan (Incorporated by reference to Exhibit 10.19 to Sprout Social's Annual Report on Form 10-K for the year ended December 31, 2019).
10.12†	Sprout Social, Inc. Non-Employee Director Compensation Policy (as amended effective January 1, 2022) Incorporated by Reference to Exhibit 10.22 to Sprout Social's Annual Report on Form 10-K for the year ended December 31, 2021).
10.13†	Offer Letter, dated September 30, 2024, by and between the Registrant and Ryan Barretto (Incorporated by reference to Exhibit 10.1 to Sprout Social's Current Report on Form 8-K/A filed on October 1, 2024).
10.14†	Amended and Restated Executive Employment Agreement, dated as of September 30, 2024, by and between the Registrant and Justyn Howard (Incorporated by reference to Exhibit 10.2 to Sprout Social's Current Report on Form 8-K/A filed on October 1, 2024).
10.15†	Amended and Restated Executive Employment Agreement, dated as of February 20, 2020, by and between the Registrant and Joe Del Preto (Incorporated by reference to Exhibit 10.1 to Sprout Social's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020).
10.16	Form of Indemnification Agreement between Registrant and each director and executive officer (Incorporated by reference to Exhibit 10.20 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1 (File No. 333-23416) filed on December 2, 2019).
10.17†	Sprout Social, Inc. 2023 Executive Severance Plan, approved November 1, 2023. (Incorporated by reference to Exhibit 10.1 to Sprout Social's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024).
10.18#**	Share Purchase Agreement, dated July 30, 2025, by and among Sprout Social, Inc. and the shareholders of NewsWhip Group Holdings Limited named therein (Incorporated by reference to Exhibit 10.1 to Sprout Social's Current Report on Form 8-K filed on July 30, 2025).
10.19#**	Put and Call Option Agreement, dated July 30, 2025, by and among Sprout Social, Inc. and the shareholders of NewsWhip Group Holdings Limited named therein (Incorporated by reference to Exhibit 10.2 to Sprout Social's Current Report on Form 8-K filed on July 30, 2025).
19.1	Sprout Social, Inc. Insider Trading Policy (as amended on July 24, 2025).
21.1	List of Subsidiaries of the Registrant.
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.
31.1	Certification Pursuant To Rule 13A-14(A) or 15D-14(A) Under The Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification Pursuant To Rule 13A-14(A) or 15D-14(A) Under The Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Sprout Social, Inc. Incentive Compensation Recoupment Policy
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.

101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page from the Annual Report on Form 10-K, formatted as Inline XBRL (included in Exhibits 101).

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† Indicates a management contract or compensatory plan or arrangement.
* Furnished, not filed.
# Certain of the exhibits and schedules to this exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.
** Pursuant to Item 601(b)(10) of Regulation S-K, portions of this exhibit have been omitted as the registrant has determined that the omitted information is (i) not material and (ii) the type of information that the registrant customarily and actually treats as private or confidential.

The agreements and other documents filed as exhibits to this Annual Report on Form 10-K are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

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Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duty authorized.

SPROUT SOCIAL, INC.

By: /s/ Ryan Barretto

Name: Ryan Barretto

Title:

Chief Executive Officer and Director

Date: February 27, 2026

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities set forth opposite their names and on the dates indicated.

Signature	Title	Date
/s/ Ryan Barretto Ryan Barretto	Chief Executive Officer (Principal Executive Officer) and Director	February 27, 2026
/s/ Justyn Howard Justyn Howard	Executive Chair and Director	February 27, 2026
/s/ Peter Barris Peter Barris	Director	February 27, 2026
/s/ Steven Collins Steven Collins	Director	February 27, 2026
/s/ Joe Del Preto Joe Del Preto	Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)	February 27, 2026
/s/ Greg Brown Greg Brown	Director	February 27, 2026
/s/ Aaron Rankin Aaron Rankin	Director	February 27, 2026
/s/ Thomas Stanley Thomas Stanley	Director	February 27, 2026
/s/ Karen Walker Karen Walker	Director	February 27, 2026

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