braze

FY 2022 **Annual Report**



Braze, Inc.
330 West 34th Street, Floor 18
New York, New York 10001

Dear Stockholders:

This has been a transformative year at Braze for many reasons, not least because you, as stockholders, have become part of the larger Braze family. Thank you for investing in our shared future.

The seed for Braze was planted at the dawn of the smartphone revolution, and our subsequent growth was driven by the wide-scale adoption of mobile technology that followed. In the eleven years since our founding, each of us has welcomed mobile devices into our lives and integrated them into nearly every aspect of our daily experience. When we started Braze, my co-founders and I shared a dual conviction about the change that mobile was catalyzing: first, that fast-growing new businesses would be born and built to be mobile first, and second, that generations-old brands would be driven by changing consumer behavior to transform the way they deliver products and services.

Our goal was to use advanced backend technology paired with mobile computing and communication to drive a customer engagement engine that would create long-lasting value for businesses of all kinds. To make that happen, we asked these businesses to trust us with their most valuable asset—their customer relationships. The Braze platform uses modern software architectures and approaches to enable companies to better understand the unique context of their customer base. We then act on those insights by delivering personalized experiences that create deeper connections between people and the brands they love.

Today, the validity of our early convictions is being affirmed not only by our financial results, but also by the depth of our relationships with a diverse range of Braze stakeholders, including:

- the investment community as it increasingly values technologies based on our foundational assumptions;
- our ecosystem of technology and solutions partners that continues to expand; and
- a growing global community of hands-on practitioners who are transforming customer experience through their skill and creativity.

Most importantly, our customers are investing in and strengthening the relationships with their customers through the adoption of modern customer engagement practices powered by Braze. We help companies of many sizes and across industries unlock the value of their first-party data, and Braze stream processing enables the creation of customer experiences with the real-time relevance consumers expect. Our no-code customer journey development tool, Canvas, gives interdisciplinary teams the ability to imagine, create, and evolve messaging programs of all kinds, multiplying the integration efforts employed by product and engineering teams. Braze technology simultaneously powers creative effectiveness for marketers while enabling product and data engineers to be more productive in their respective crafts.

As the customer engagement platform category matures, the leadership team at Braze remains committed to continuous improvement in the creation of long-lasting value for businesses of all kinds. We are excited for the opportunities ahead as we endeavor to deliver strong results for our communities and drive value for you, our stockholders, while also investing directly in our customers' business success.

At this time, I am pleased to invite you to attend the Braze Annual Meeting of Stockholders to be held on Friday, June 30, 2022 at 2 p.m. Eastern Time. Our annual meeting will be a "virtual meeting" of stockholders, which will be conducted exclusively online via live webcast. By hosting our meeting virtually, we are able to expand access, improve communication and lower costs. This approach also enables participation from our global community and aligns with our broader sustainability goals.

Your vote is very important. Whether you plan to participate in our annual meeting or not, please be sure to vote. Voting instructions can be found on page 4 of the proxy statement.

On behalf of our board of directors and the management team, thank you for your ongoing support of and continued interest in Braze.

Cheers,
Bill

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held on June 30, 2022

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders (the ''Annual Meeting'') of Braze, Inc., a Delaware corporation (the ''Company''). The Annual Meeting will be held virtually, via live webcast available at *www.virtualshareholdermeeting.com/BRZE2022*, originating from New York, New York, on Thursday, June 30, 2022, at 2:00 p.m., Eastern Time. We believe hosting a virtual meeting enables participation by more of our stockholders, while lowering the cost of conducting the Annual Meeting. Further, we believe the virtual meeting format also enables participation from our global community and aligns with our broader sustainability goals. Stockholders attending the virtual meeting will be afforded the same rights and opportunities to participate as they would at an in-person meeting. We encourage you to attend online and participate. In order to attend, you must log in prior to the start of the meeting using the control number included in your Notice of Internet Availability, voting instruction form or in the instructions that you received via email. We recommend that you log in a few minutes before 2:00 p.m., Eastern Time, on June 30, 2022, to ensure you are logged in when the Annual Meeting starts.

The Annual Meeting will be held for the following purposes:

1. To elect two Class I directors: Matthew Jacobson and Phillip M. Fernandez, each to hold office until our Annual Meeting of Stockholders in 2025.
2. To ratify the selection by the audit committee of our board of directors of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2023.
3. To conduct any other business properly brought before the Annual Meeting.

These items of business are more fully described in the proxy statement accompanying this Notice of Internet Availability.

You will be able to attend the Annual Meeting, submit questions and vote during the live webcast by visiting *www.virtualshareholdermeeting.com/BRZE2022* and logging in prior to start of the meeting using the control number included in your Notice of Internet Availability, voting instruction form, or in the instructions that you received via email. Please refer to the additional logistical details and recommendations in the accompanying proxy statement.

The record date for the Annual Meeting is May 2, 2022. Only stockholders of record at the close of business on that date may vote at the Annual Meeting or any adjournment thereof.

By Order of the Board of Directors



Susan Wiseman
General Counsel and Corporate Secretary

New York, New York
May 18, 2022

You are cordially invited to attend the Annual Meeting. Whether or not you expect to attend the Annual Meeting, PLEASE VOTE YOUR SHARES. As an alternative to voting online during the Annual Meeting, you may vote your shares in advance of the Annual Meeting through the internet, by telephone or, if you receive a paper proxy card in the mail, by mailing the completed proxy card. Voting instructions are provided in the Notice of Internet Availability of Proxy Materials or, if you receive a paper proxy card by mail, the instructions are printed on your proxy card.

Even if you have voted by proxy, you may still vote online if you attend the Annual Meeting. Please note, however, that if your shares are held of record by a broker, bank or other agent and you wish to vote at the Annual Meeting, you must follow the instructions from such organization and will need to obtain a proxy issued in your name from that record holder.

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Braze, Inc.
330 West 34th Street, Floor 18
New York, New York 10001

PROXY STATEMENT
FOR THE 2022 ANNUAL MEETING OF STOCKHOLDERS

To Be Held on June 30, 2022

Dear Stockholder:

Our board of directors is soliciting your proxy to vote at the 2022 Annual Meeting of Stockholders (the ''Annual Meeting'') of Braze, Inc., a Delaware corporation, to be held virtually, via live webcast available at *www.virtualshareholdermeeting.com/BRZE2022*, originating from New York, New York, on Thursday, June 30, 2022 at 2:00 p.m., Eastern Time, and any adjournment or postponement thereof. We believe hosting a virtual meeting enables participation by more of our stockholders, while lowering the cost of conducting the Annual Meeting. Further, we believe also enables participation from our global community and aligns with our broader sustainability goals. Stockholders attending the virtual meeting will be afforded the same rights and opportunities to participate as they would at an in-person meeting.

For the Annual Meeting, we have elected to furnish our proxy materials, including this proxy statement and our Annual Report on Form 10-K for the fiscal year ended January 31, 2022 (the ''Annual Report''), to our stockholders primarily via the internet. On or about May 18, 2022, we expect to mail to our stockholders a Notice of Internet Availability of Proxy Materials (the ''Notice'') that contains notice of the Annual Meeting and instructions on how to access our proxy materials on the internet, how to vote at the Annual Meeting, and how to request printed copies of the proxy materials. Stockholders may request to receive all future materials in printed form by mail or by email by following the instructions contained in the Notice. A stockholder's election to receive proxy materials by mail or email will remain in effect until revoked. We encourage stockholders to take advantage of the availability of the proxy materials on the internet to help reduce the environmental impact and cost of our Annual Meeting.

Only stockholders of record at the close of business on May 2, 2022 (the ''Record Date'') will be entitled to vote at the Annual Meeting. On the Record Date, there were 47,080,157 shares of our Class A common stock and 46,728,599 shares of our Class B common stock outstanding and entitled to vote (together, the ''common stock''). **Each holder of Class A common stock will have the right to one vote per share of Class A common stock and each holder of Class B common stock will have the right to ten votes per share of Class B common stock.** A list of stockholders entitled to vote at the Annual Meeting will be available for examination for ten days before the Annual Meeting by emailing us at *ir@braze.com*. The stockholder list will also be available online during the Annual Meeting. For instructions on how to attend the Annual Meeting, please see the instructions at *www.virtualshareholdermeeting.com/BRZE2022* and on page 2 of this proxy statement.

In this proxy statement, we refer to Braze, Inc. as ''Braze,'' ''the company,'' ''we'' or ''us'' and the board of directors of Braze as ''our board of directors.'' The Annual Report, which contains consolidated financial statements as of and for the fiscal year ended January 31, 2022, accompanies this proxy statement. You also may obtain a copy of the Annual Report without charge by emailing *ir@braze.com*.

QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING

Why did I receive a notice regarding the availability of proxy materials on the internet?

Pursuant to rules adopted by the Securities and Exchange Commission (the "SEC"), we have elected to provide access to our proxy materials over the internet. Accordingly, we have sent you the Notice because our board of directors is soliciting your proxy to vote at the Annual Meeting, including at any adjournments or postponements thereof. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or to request a printed set of the proxy materials. Instructions on how to access the proxy materials over the internet or to request a printed copy may be found in the Notice.

We intend to mail the Notice on or about May 18, 2022 to all stockholders of record entitled to vote at the Annual Meeting.

Will I receive any other proxy materials by mail?

We may send you a proxy card, along with a second Notice, on or after ten calendar days have passed since our first mailing of the Notice.

How do I attend, participate in, and ask questions during the Annual Meeting?

We will be hosting the Annual Meeting via live webcast only. Any stockholder can attend the Annual Meeting live online at *www.virtualshareholdermeeting.com/BRZE2022*. The Annual Meeting will start at 2:00 p.m., Eastern Time, on Thursday, June 30, 2022. Stockholders attending the Annual Meeting virtually will be afforded the same rights and opportunities to participate as they would at an in-person meeting.

In order to attend, you must log-in at *www.virtualshareholdermeeting.com/BRZE2022* prior to the start of the Annual Meeting using your control number. Your control number is included in the Notice, and, if you are a stockholder of record, on your proxy card, or, if you hold your common shares in "street name," in your voting instruction card and voting instructions received from your broker, bank or other agent. Instructions on how to attend and participate online are available at *www.proxyvote.com*. We recommend that you log in a few minutes before 2:00 p.m., Eastern Time, on June 30, 2022 to ensure you are logged in when the Annual Meeting starts. The virtual meeting room will open 15 minutes before the start of the Annual Meeting.

If you would like to submit a question during the Annual Meeting, you may log in at *www.virtualshareholdermeeting.com/BRZE2022* using your control number, type your question into the "Ask a Question" field, and click "Submit."

To help ensure that we have a productive and efficient meeting, and in fairness to all stockholders in attendance, you will also find posted our rules of conduct for the Annual Meeting when you log in prior to its start. These rules of conduct will include the following guidelines:

- You may submit questions and comments electronically through the meeting portal during the Annual Meeting.
- Only stockholders of record as of the Record Date for the Annual Meeting and their proxy holders may submit questions or comments.
- Please direct all questions to William Magnuson, our Chief Executive Officer.
- Please include your name and affiliation, if any, when submitting a question or comment.
- Limit your remarks to one brief question or comment that is relevant to the Annual Meeting and/or our business.
- Questions may be grouped by topic by our management.
- Questions may also be ruled as out of order if they are, among other things, irrelevant to our business, related to pending or threatened litigation, disorderly, repetitious of statements already made, or in furtherance of the speaker's own personal, political or business interests.
- Be respectful of your fellow stockholders and Annual Meeting participants.
- No audio or video recordings of the Annual Meeting are permitted.

What if I have technical difficulties or trouble accessing the Annual Meeting?

We will have technicians ready to assist you with any technical difficulties you may have accessing the virtual Annual Meeting. If you encounter any difficulties accessing the virtual Annual Meeting during the check-in or meeting time, please call the technical support number that is available online at *www.virtualshareholdermeeting.com/BRZE2022*.

Will a list of record stockholders as of the Record Date be available?

A list of our record stockholders as of the close of business on the Record Date will be made available to stockholders during the Annual Meeting at *www.virtualshareholdermeeting.com/BRZE2022*. In addition, for the ten days prior to the Annual Meeting, the list will be available for examination by any stockholder of record for a legally valid purpose by emailing us at *ir@braze.com*.

Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on the Record Date will be entitled to vote at the Annual Meeting. On the Record Date, there were 47,080,157 shares of Class A common stock outstanding and entitled to vote (representing an aggregate of 47,080,157 votes) and 46,728,599 shares of Class B common stock outstanding and entitled to vote (representing an aggregate of 467,285,990 votes).

- ***Stockholder of Record: Shares Registered in Your Name***. If, on the Record Date, your shares were registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, then you are a stockholder of record. As a stockholder of record, you may vote online during the Annual Meeting or by proxy in advance. Whether or not you plan to attend the Annual Meeting, we urge you to vote your shares by proxy in advance of the Annual Meeting through the internet, by telephone or by completing and returning a printed proxy card that you may request or that we may elect to deliver separate from the Notice prior to the Annual Meeting to ensure your vote is counted.
- ***Beneficial Owner: Shares Registered in the Name of a Broker or Bank***. If, on the Record Date, your shares were held not in your name, but rather in an account at a brokerage firm, bank or other similar organization, then you are the beneficial owner of shares held in ''street name'' and the Notice is being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker, bank or other agent regarding how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may be instructed to obtain a legal proxy from your broker, bank or other nominee and to submit a copy in advance of the Annual Meeting. Further instructions will be provided to you as part of your registration process.

How many votes do I have?

Each holder of shares of our Class A common stock will have one vote per share of Class A common stock held as of the Record Date, and each holder of shares of our Class B common stock will have ten votes per share of Class B common stock held as of the Record Date. The holders of the shares of our Class A common stock and Class B common stock will vote as a single class on all matters described in this proxy statement for which your vote is being solicited.

What am I voting on?

There are two matters scheduled for a vote:

- **Proposal 1**: Election of two Class I directors: Matthew Jacobson and Phillip M. Fernandez, each to hold office until our Annual Meeting of Stockholders in 2025; and
- **Proposal 2**: Ratification of selection by the Audit Committee of our Board of Directors of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2023.

What if another matter is properly brought before the Annual Meeting?

Our board of directors knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the Annual Meeting, it is the intention of the persons named in the accompanying proxy to vote on those matters in accordance with their best judgment.

How do I vote?

- ***Stockholder of Record: Shares Registered in Your Name***. If you are a stockholder of record, you may vote (1) online during the Annual Meeting or (2) in advance of the Annual Meeting by proxy through the internet, by telephone or by using a proxy card that you may request or that we may elect to deliver separate from the Notice prior to the Annual Meeting. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the Annual Meeting and vote online even if you have already voted by proxy.
  - To vote online during the Annual Meeting, follow the provided instructions to join the Annual Meeting at *www.virtualshareholdermeeting.com/BRZE2022*, starting at 2:00 p.m., Eastern Time, on Thursday, June 30, 2022. The webcast will open 15 minutes before the start of the Annual Meeting.
  - To vote in advance of the Annual Meeting through the internet, go to *www.proxyvote.com* to complete an electronic proxy card. You will be asked to provide the company number and control number from the Notice or the printed proxy card. Your internet vote must be received by 11:59 p.m., Eastern Time, on June 29, 2022 to be counted.
  - To vote in advance of the Annual Meeting by telephone, dial 1-800-690-6903 using a touch-tone phone and follow the recorded instructions. You will be asked to provide the company number and control number from the Notice or the printed proxy card. Your telephone vote must be received by 11:59 p.m., Eastern Time, on June 29, 2022 to be counted.
  - To vote in advance of the Annual Meeting using a printed proxy card that may be delivered to you, simply complete, sign and date the proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.
- ***Beneficial Owner: Shares Registered in the Name of Broker or Bank***. If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a Notice containing voting instructions from that organization rather than from us. To vote prior to the Annual Meeting, simply follow the voting instructions in the Notice to ensure that your vote is counted. You may also access and vote at the Annual Meeting by logging in with your control number on your voting instruction form at *www.virtualshareholdermeeting.com/BRZE2022*. However, since you are not the stockholder of record, you may be instructed to obtain a legal proxy from your broker, bank or other nominee and to submit a copy in advance of the Annual Meeting. Further instructions will be provided to you as part of your registration process.

Internet voting during the Annual Meeting and/or internet proxy voting in advance of the Annual Meeting allows you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your vote instructions. Please be aware that you must bear any costs associated with your internet access.

Can I vote my shares by filling out and returning the Notice?

No. The Notice identifies the items to be voted on at the Annual Meeting, but you cannot vote by marking the Notice and returning it. The Notice provides instructions on how to vote by proxy in advance of the Annual Meeting through the internet, by telephone, using a printed proxy card or online during the Annual Meeting.

What does it mean if I receive more than one Notice?

If you receive more than one Notice, your shares may be registered in more than one name or in different accounts. Please follow the voting instructions on the Notices to ensure that all of your shares are voted.

If I am a stockholder of record and I do not vote, or if I return a proxy card or otherwise vote without giving specific voting instructions, what happens?

If you are a stockholder of record and do not vote through the internet, by telephone, by completing the proxy card that may be delivered to you or online during the Annual Meeting, your shares will not be voted.

If you return a signed and dated proxy card or otherwise vote without marking voting selections, your shares will be voted in accordance with the recommendations of our board of directors: "**FOR**" the election of each of the two

nominees for director; and ''**FOR**'' the ratification of the selection of Ernst and Young LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2023. If any other matter is properly presented at the Annual Meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

If I am a beneficial owner of shares held in "street name" and I do not provide my broker or bank with voting instructions, what happens?

If you are a beneficial owner and do not instruct your broker, bank or other agent how to vote your shares, the question of whether your broker or nominee will still be able to vote your shares depends on whether, pursuant to stock exchange rules, the particular proposal is deemed to be a ''routine'' matter. Brokers and nominees can use their discretion to vote ''uninstructed'' shares with respect to matters that are considered to be ''routine,'' but not with respect to ''non-routine'' matters. Under applicable rules and interpretations, ''non-routine'' matters are matters that may substantially affect the rights or privileges of stockholders, such as mergers, stockholder proposals, elections of directors (even if not contested), executive compensation, and certain corporate governance proposals, even if management-supported. Accordingly, your broker or nominee may vote your shares on Proposal 2. Your broker or nominee, however, may not vote your shares on Proposal 1 without your instructions. Such an event would result in a ''broker non-vote'' and these shares will not be counted as having been voted on the applicable proposal. Please instruct your bank, broker or other agent to ensure that your vote will be counted.

If you are a beneficial owner of shares held in street name, and you do not plan to attend the Annual Meeting, in order to ensure your shares are voted in the way you would prefer, you must provide voting instructions to your broker, bank or other agent by the deadline provided in the materials you receive from your broker, bank or other agent.

What are "broker non-votes"?

As discussed above, when a beneficial owner of shares held in ''street name'' does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed to be ''non-routine,'' the broker or nominee cannot vote the shares. These unvoted shares are counted as ''broker non-votes.''

Can I change my vote after submitting my proxy?

- ***Stockholder of Record: Shares Registered in Your Name***. If you are a stockholder of record, then yes, you can revoke your proxy at any time before the final vote at the Annual Meeting. You may revoke your proxy in any one of the following ways:
  - Submit another properly completed proxy card with a later date.
  - Grant a subsequent proxy by telephone or through the internet.
  - Send a timely written notice that you are revoking your proxy via email at *ir@braze.com*.
  - Attend the Annual Meeting and vote online during the meeting. Simply attending the Annual Meeting will not, by itself, revoke your proxy. Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instructions or vote in advance of the Annual Meeting by telephone or through the internet so that your vote will be counted if you later decide not to attend the Annual Meeting.

  Your most current proxy card or telephone or internet proxy is the one that is counted.
- ***Beneficial Owner: Shares Registered in the Name of Broker or Bank***. If you are a beneficial owner and your shares are held in ''street name'' by your broker, bank or other agent, you should follow the instructions provided by your broker, bank or other agent.

How are votes counted?

Votes will be counted by the inspector of election appointed for the Annual Meeting, who will separately count, for the proposal to elect directors, votes ''**FOR**,'' ''**WITHHOLD**'' and broker non-votes; and, with respect to ratification of our independent registered public accounting firm, votes ''**FOR**'', ''**AGAINST**'' and abstentions. Broker non-votes on Proposal 1 will have no effect and will not be counted towards the vote total for this proposal. Abstentions on Proposal 2 will have no effect and will not be counted towards the vote total for this proposal.

How many votes are needed to approve each proposal?

The following table summarizes the minimum vote needed to approve each proposal and the effect of abstentions and broker non-votes.

Proposal Number	Proposal Description	Vote Required for Approval	Effect of Abstentions	Effect of Broker Non-Votes
1	Election of Directors	The two nominees receiving the most "**FOR**" votes will be elected; withheld votes will have no effect.	Not applicable	No effect
2	Ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2023	Must receive "**FOR**" votes from the holders of shares representing a majority of the voting power of the outstanding shares of common stock present virtually or represented by proxy and voting affirmatively or negatively (excluding abstentions and broker non-votes)	No effect	Not applicable

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders holding a majority of the voting power of the outstanding shares of common stock entitled to vote are present at the Annual Meeting by virtual attendance or represented by proxy. On the Record Date, there were 47,080,157 shares of Class A common stock and 46,728,599 shares of Class B common stock outstanding and entitled to vote, representing, together, an aggregate of 514,366,147 votes.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote online during the Annual Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of the voting power of shares present at the Annual Meeting or represented by proxy may adjourn the Annual Meeting to another date.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. In addition, final voting results will be published in a current report on Form 8-K that we expect to file within four business days after the Annual Meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after the Annual Meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an additional Form 8-K to publish the final results.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

When are stockholder proposals and director nominations due for next year's annual meeting?

To be considered for inclusion in next year's proxy materials, your proposal must be submitted in writing by January 18, 2023, to our Corporate Secretary at 330 West 34th Street, Floor 18, New York, New York 10001, Attention: Secretary.

Pursuant to our amended and restated bylaws, if you wish to submit a proposal (including a director nomination) at the 2023 Annual Meeting of Stockholders that is not to be included in next year's proxy materials, you must do so not later than the close of business on April 1, 2023, nor earlier than the close of business on March 2, 2023. However, if the date of our 2023 Annual Meeting of Stockholders is not held between May 31, 2023 and July 30, 2023, to be timely, notice by the stockholder must be received (A) not earlier than the close of business on the 120th day prior to the 2023 Annual Meeting of Stockholders and (B) not later than the close of business on the later of the 90th day prior to the 2023 Annual Meeting of Stockholders or the tenth day following the day on which public announcement of the date of the 2023 Annual Meeting of Stockholders is first made. You are also advised to review our amended and restated bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

PROPOSAL 1

ELECTION OF DIRECTORS

Our board of directors currently consists of seven members and is divided into three classes. Each class consists, as nearly as possible, of one-third of the total number of directors, and each class has a three-year term. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election until the third annual meeting following the election.

Our directors are divided into the three classes as follows:

- Class I directors: Matthew Jacobson and Phillip M. Fernandez, whose terms will expire at the upcoming Annual Meeting;
- Class II directors: Doug Pepper and Neeraj Agrawal, whose terms will expire at the Annual Meeting of Stockholders to be held in 2023; and
- Class III directors: William Magnuson, David Obstler and Tara Levy, whose terms will expire at the Annual Meeting of Stockholders to be held in 2024.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. Vacancies on the board of directors may be filled only by persons elected by a majority of the remaining directors. A director elected by the board of directors to fill a vacancy in a class, including vacancies created by an increase in the number of directors, shall serve for the remainder of the full term of that class and until the director's successor is duly elected and qualified. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control of Braze.

Each of Messrs. Jacobson and Fernandez is currently a member of our board of directors and has been nominated for reelection to serve as a Class I director. Each of these nominees has agreed to stand for reelection at the Annual Meeting. Our management has no reason to believe that any nominee will be unable to serve. If elected at the Annual Meeting, each of these nominees would serve until the annual meeting of stockholders to be held in 2025 and until his successor has been duly elected, or if sooner, until the director's death, resignation or removal.

Directors are elected by a plurality of the votes of the holders of shares present by virtual attendance or represented by proxy and entitled to vote on the election of directors. Accordingly, the two nominees receiving the highest number of "**FOR**" votes will be elected. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the two nominees named above. If any nominee becomes unavailable for election as a result of an unexpected occurrence, shares that would have been voted for that nominee will instead be voted for the election of a substitute nominee proposed by us.

Our nominating and corporate governance committee seeks to assemble a board that, as a whole, possesses the appropriate balance of professional and industry knowledge, financial expertise, diversity and high-level management experience necessary to oversee and direct our business. To that end, the committee has identified and evaluated nominees in the broader context of the board's overall composition, with the goal of recruiting members who possess relevant expertise and experience upon which to be able to offer advice and guidance to management, have sufficient time to devote to the affairs of Braze, demonstrate excellence in his or her field, have the ability to exercise sound business judgment, have experience as a board member or executive officer of another publicly held company, and have the commitment to rigorously represent the long-term interests of our stockholders. To provide a mix of experience and perspective on the board, the committee also takes into account diversity (including diversity of gender, ethnic background and country of origin), skills and such other factors that it deems appropriate to maintain a balance of knowledge, experience and capability on the board. The biographies below under "Information Regarding Director Nominees and Current Directors" include information, as of the date of this proxy statement, regarding the specific and particular experience, qualifications, attributes or skills of each director or director nominee that led the committee to believe that that nominee should continue to serve on the board. However, each of the members of the committee may have a variety of reasons why a particular person would be an appropriate nominee for the board, and these views may differ from the views of other members.

Our Board of Directors Recommends a Vote FOR Each Class I Director Nominee Named Above

INFORMATION REGARDING DIRECTOR NOMINEES AND CURRENT DIRECTORS

Our board of directors currently consists of seven members and is divided into three classes. Each class consists, as nearly as possible, of one-third of the total number of directors, and each class has a three-year term. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election until the third annual meeting following the election.

The following table sets forth, for the Class I nominees and our other directors who will continue in office after the Annual Meeting, their ages and position or office held with us as of April 30, 2022:

Name	Age	Position
Class I director nominees for election at the 2022 Annual Meeting of Stockholders		
Phillip M. Fernandez	61	Director
Matthew Jacobson	38	Director
Class II directors continuing in office until the 2023 Annual Meeting of Stockholders		
Neeraj Agrawal	49	Director
Doug Pepper	48	Director
Class III directors continuing in office until the 2024 Annual Meeting of Stockholders		
William Magnuson	34	Chief Executive Officer and Director
Tara Levy	48	Director
David Obstler	62	Director

Set forth below is biographical information for the director nominees and each person whose term of office as a director will continue after the Annual Meeting. This includes information regarding each director's experience, qualifications, attributes or skills that led our board of directors to recommend them for board service.

Nominees for Election at the 2022 Annual Meeting of Stockholders

Phillip M. Fernandez has served as a member of our board of directors since May 2019. In 2016, he retired from Marketo, Inc., a marketing software company, where he served as Chairman and Chief Executive Officer, since co-founding the company in 2006. Prior to founding Marketo, Mr. Fernandez was President and Chief Operating Officer of Epiphany, Inc., a marketing software company, and before that, was Chief Operating Officer of Red Brick Systems Inc., a relational database software company. Mr. Fernandez received his B.A. in History from Stanford University. We believe Mr. Fernandez is qualified to serve as a member of our board of directors because of his more than 40 years of experience in the technology field and his prior service as a public company director and executive.

Matthew Jacobson has served as a member of our board of directors since July 2017. He is a Partner at ICONIQ Capital, and a General Partner at ICONIQ Growth, an investment firm, where he has worked since September 2013 and sits on the firm's investment and management committees. Mr. Jacobson has served as a director of Datadog, Inc. since July 2019, Sprinklr, Inc. since December 2014 and GitLab Inc. since August 2018, and serves as a director of a number of private technology companies. Mr. Jacobson received his B.S. in Economics from The Wharton School at the University of Pennsylvania. We believe that Mr. Jacobson is qualified to serve as a member of our board of directors because of his extensive experience in the venture capital and technology industries and service as a director of various public and private companies.

Directors Continuing in Office Until the 2023 Annual Meeting of Stockholders

Neeraj Agrawal has served as a member of our board of directors since April 2016. He is a General Partner of Battery Ventures, a venture capital firm, where he has worked since August 2000. Mr. Agrawal has served as a director of Sprinklr, Inc. since August 2011 and Amplitude, Inc. since 2016, and he was previously a member of the boards of directors of Bazaarvoice, Inc., Coupa Software Incorporated, Marketo, Inc. and Wayfair, Inc. Mr. Agrawal received his B.S. in Computer Science from Cornell University and his M.B.A. from the Harvard Business School. We believe Mr. Agrawal is qualified to serve as a member of our board of directors based on his extensive business experience in the software and web services industries, his experience in venture capital and his service as a director of various public and private companies.

Doug Pepper has served as a member of our board of directors since August 2014. He is a General Partner at ICONIQ Capital, an investment and venture capital firm, where he has worked since August 2019. Before that, Mr. Pepper

served as Managing Director at Shasta Ventures from February 2016 to August 2019. He serves as a director of a number of private technology companies. Mr. Pepper received his M.B.A. from Stanford University and his B.A. from Dartmouth College. We believe that Mr. Pepper is qualified to serve as a member of our board of directors because of his extensive experience in the venture capital and technology industries.

Directors Continuing in Office Until the 2024 Annual Meeting of Stockholders

William Magnuson has served as our Chief Executive Officer since January 2017 and as a member of our board of directors since August 2014. He previously served as our Chief Technology Officer from July 2011 to December 2016. Mr. Magnuson received his Masters of Engineering (MEng) and B.S. from the Massachusetts Institute of Technology. We believe that Mr. Magnuson is qualified to serve as a member of our board of directors based on his experience building and leading our business and his insight into corporate matters as our Chief Executive Officer.

Tara Levy has served as a member of our board of directors since January 2020. Ms. Levy is the Vice President, Americas for YouTube, an entertainment technology company, a position she has held since November 2021. Prior to joining YouTube, Ms. Levy served as the Vice President of Agency and Brand Solutions for Google, Inc., a commercial and consumer technologies company, a position she held from April 2017 to November 2021. Ms. Levy also served as Vice President of Agency Solutions for Google from October 2014 to March 2017. Ms. Levy has served as a director of Bloomin' Brands, Inc. since July 2013. She is also the Chair of the Board of Directors of the American Advertising Federation and a member of the Executive Committee and Board of Directors of the Ad Council. Ms. Levy received her M.B.A. and B.A. from Harvard University. We believe that Ms. Levy is qualified to serve as a member of our board of directors because of her extensive experience in the technology industry and her experience as a public company director.

David Obstler has served as a member of our board of directors since May 2021. Mr. Obstler is the Chief Financial Officer of Datadog, Inc., a position he has held since November 2018. Prior to that, Mr. Obstler held Chief Financial Officer positions at a number of other companies, including TravelClick, Inc., a hospitality technology company, where he served from September 2014 to October 2018; OpenLink Financial LLC, a financial services software provider, where he served from November 2012 to July 2014; MSCI Inc., a financial index and investment management software company, where he served from June 2010 to September 2012; and Risk Metrics Group, Inc., a risk management and corporate governance service provider, where he served from January 2005 to June 2010. Earlier in his career, Mr. Obstler held various investment banking positions at J.P. Morgan, Lehman Brothers and Goldman Sachs. Mr. Obstler received his M.B.A. from Harvard Business School and his B.A. from Yale University. We believe that Mr. Obstler is qualified to serve as a member of our board of directors because of his financial expertise, management experience and extensive experience in the technology industry.

Board Diversity

Our board of directors believes that a diverse board is better able to effectively oversee our management and strategy, and position Braze to deliver long-term value for our stockholders. Our board of directors considers diversity (including diversity of gender, ethnic background and country of origin) an important factor to add to the overall mix of perspectives of our board as a whole and necessary to maintain a balance of knowledge, experience, and capability on our board of directors. With the assistance of the nominating and corporate governance committee, our board of directors regularly reviews trends in board composition, including on director diversity.

The table below provides additional diversity information regarding our board of directors as of April 30, 2022. Each of the categories listed in the below table has the meaning as it is used in Nasdaq Listing Rule 5605(f).

Board Diversity Matrix				
Total Number of Directors	7			
	Female	**Male**	**Non-Binary**	**Did Not Disclose Gender**
Part I: Gender Identity				
Directors	1	6		
Part II: Demographic Background				
African American or Black				
Alaskan Native or Native American				
Asian		1		
Hispanic or Latinx				
Native Hawaiian or Pacific Islander				
White		5		
Two or More Races or Ethnicities				
LGBTQ+	1			
Did Not Disclose Demographic Background	1			

INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Independence of Our Board of Directors

Our Class A common stock is listed on the Nasdaq Global Select Market (''Nasdaq''). Under the Nasdaq listing standards, a majority of the members of our board of directors must qualify as ''independent,'' as affirmatively determined by our board of directors. Our board of directors consults with our counsel to ensure that its determinations are consistent with relevant securities and other laws and regulations regarding the definition of ''independent,'' including those set forth in pertinent listing standards of Nasdaq, as in effect from time to time.

Consistent with these considerations, after review of the information provided by each director concerning his or her background, employment and other affiliations, relevant identified transactions and relationships between such director, and any of his or her family members, and Braze, our senior management and our independent auditors, if any, our board of directors has affirmatively determined that the following six directors are independent directors within the meaning of the applicable Nasdaq listing standards: Ms. Levy and Messrs. Agrawal, Fernandez, Jacobson, Obstler and Pepper. In making those independence determinations, our board of directors took into account certain relationships and transactions that occurred in the ordinary course of business between Braze and entities with which some of our directors are or have been affiliated. Mr. Magnuson is not independent due to his position as our Chief Executive Officer.

Accordingly, a majority of our directors are independent, as required under applicable Nasdaq rules. In making this determination, our board of directors considered the applicable Nasdaq rules and the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including their beneficial ownership of our capital stock.

Board Leadership Structure

Our board of directors is currently chaired by our Chief Executive Officer, Mr. Magnuson. Our board of directors has also appointed Mr. Fernandez as Lead Independent Director.

Our corporate governance guidelines specify that our board of directors will select our Chief Executive Officer and Chairperson of our board of directors in the manner that it determines to be in the best interests of our stockholders and in accordance with our amended and restated certificate of incorporation, our amended and restated bylaws, as each may be amended and restated from time to time, and any stockholder agreements, if any are then in effect. We do not believe there should be a fixed rule regarding the positions of Chief Executive Officer and Chairperson being held by different individuals, or whether the Chairperson should be an employee of the company or should be elected from among our non-employee directors. Our needs and the individuals available to assume these roles may require different outcomes at different times, and our board of directors believes that retaining flexibility in these decisions is in the best interests of our company. Our nominating and corporate governance committee periodically reviews this matter and has recommended, and our board of directors has determined, that the roles of Chief Executive Officer and Chairperson of our board of directors should be vested in the same person and that a Lead Independent Director shall be separately designated.

We believe that our current practice of combining the positions of Chief Executive Officer and Chairperson helps to ensure that the board and management act with a common purpose. In our view, separating the positions of Chief Executive Officer and Chairperson at this time has the potential to give rise to divided leadership, which could interfere with good decision-making or weaken our ability to develop and implement strategy. Instead, we believe that combining the positions of Chief Executive Officer and Chairperson provides a single, clear chain of command to execute our strategic initiatives and business plans. In addition, we believe that a combined Chief Executive Officer/Chairperson is better positioned to act as a bridge between management and the board, facilitating the regular flow of information. We also believe that it is advantageous to have a Chairperson with an extensive history with and knowledge of our company (as is the case with our Chief Executive Officer) as compared to a relatively less informed independent Chairperson.

Our corporate governance guidelines provide that one of our independent directors may serve as the Lead Independent Director at any time that we do not have an independent chair of the board of directors. The Lead Independent Director's duties include: (i) presiding at all meetings of our board of directors at which the Chairperson is not present, including executive sessions of the independent directors; (ii) acting as liaison between the independent directors and our Chief Executive Officer and Chairperson; (iii) presiding over meetings of the

independent directors; (iv) consulting with the Chairperson in planning and setting schedules and agendas for our board of director meetings; and (v) performing such other functions as our board of directors may delegate.

Role of the Board of Directors in Risk Oversight

One of the key functions of our board of directors is informed oversight of our risk management process. In particular, our board of directors is responsible for monitoring and assessing strategic risk exposure, including a determination of the nature and level of risk appropriate for our company. Our board of directors does not have a standing risk management committee, but rather administers this oversight function directly through our board of directors as a whole, as well as through various standing committees of the board of directors that address risks inherent in their respective areas of oversight. Our board of directors and its committees consider specific risk topics, including risks associated with our strategic plan, business operations, capital structure, information technology, data privacy and cyber security. It is the responsibility of each committee chair to report findings regarding material risk exposures to our board of directors as quickly as possible.

Our audit committee has the responsibility to consider and discuss with management and the auditors, as appropriate, our guidelines and policies with respect to financial risk management and financial risk assessment, including our major financial risk exposures and the steps taken by management to monitor and control these exposures. Areas of focus for the audit committee include our policies and other matters relating to our investments, cash management and foreign exchange management, major financial risk exposures, the adequacy and effectiveness of our privacy and information security policies and practices and the internal controls regarding privacy and information security, and the steps taken by management to monitor and mitigate or otherwise control these exposures and to identify future risks. Our compensation committee assesses and monitors whether any of our compensation policies and programs are reasonably likely to have a material adverse effect on us, including risks related to executive compensation and overall compensation and benefit strategies, plans, arrangements, practices and policies. Our nominating and corporate governance committee monitors the adequacy of our corporate governance practices and reporting.

In connection with its reviews of the operations and corporate functions of our company, our board of directors addresses the primary risks associated with those operations and corporate functions. In addition, our board of directors reviews the risks associated with our company's business strategies periodically throughout the year as part of its consideration of undertaking any such business strategies. While our board of directors and its committees oversee risk management strategy, management is responsible for implementing and supervising day-to-day risk management processes and reporting to our board of directors and its committees on such matters.

Meetings of the Board of Directors and its Committees

Our board of directors is responsible for the oversight of management and the strategy of our company and for establishing corporate policies. Our board of directors meets periodically during the year to review significant developments affecting us and to act on matters requiring the approval of our board of directors. Our board of directors met eleven times during the fiscal year ended January 31, 2022. With respect to the committees of our board of directors, the audit committee met nine times during the fiscal year ended January 31, 2022 and the compensation committee met three times during the fiscal year ended January 31, 2022. The nominating and corporate governance committee did not meet during the fiscal year ended January 31, 2022, as this committee was first established in connection with our initial public offering in November 2021. During the fiscal year ended January 31, 2022, each director attended 75% or more of the aggregate of the meetings of our board of directors and of the committees on which he or she served. We encourage our directors and nominees for director to attend our Annual Meeting.

Information Regarding Committees of the Board of Directors

Our board of directors has established a standing audit committee, a compensation committee and a nominating and corporate governance committee. Our board of directors may establish other committees to facilitate the management of our business. Our board of directors has adopted a written charter for each of our committees, which are available to stockholders on our investor relations website at *investors.braze.com*.

The following table provides membership and meeting information for the fiscal year ended January 31, 2022 for each of the standing committees of our board of directors:

Name	Audit	Compensation	Nominating and Corporate Governance
William Magnuson			
Neeraj Agrawal	X		
Phillip M. Fernandez		X*	
Matthew Jacobson	X		
Tara Levy		X	X*
David Obstler	X*		
Doug Pepper		X	X

* Committee Chairperson

Our board of directors has determined that each member of each standing committee meets the applicable Nasdaq rules and regulations regarding ''independence'' and each member is free of any relationship that would impair his or her individual exercise of independent judgment with regard to us.

Below is a description of each standing committee of our board of directors:

Audit Committee

Our audit committee consists of Mr. Agrawal, Mr. Jacobson and Mr. Obstler. Our board of directors has determined that each member of our audit committee satisfies the independence requirements under the listing standards of Nasdaq and Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended (the ''Exchange Act''). The chair of our audit committee is Mr. Obstler, who our board of directors has determined is an ''audit committee financial expert'' within the meaning of SEC regulations. Each member of our audit committee can read and understand fundamental financial statements in accordance with applicable requirements. In arriving at these determinations, our board of directors has examined each audit committee member's scope of experience and the nature of their employment in the corporate finance sector.

The principal duties and responsibilities of our audit committee include, among other things:

- selecting a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- helping to ensure the independence and performance of the independent registered public accounting firm;
- helping to maintain and foster an open avenue of communication between management and the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent accountants, our interim and year-end operating results;
- reviewing our policies on risk assessment and risk management;
- reviewing with management and the independent registered public accounting firm the scope, design, adequacy and effectiveness of internal control over financial reporting, including our information and cyber security systems, and our disclosure controls and procedures;
- obtaining and reviewing a report by the independent registered public accounting firm at least annually, that describes its internal quality-control procedures, any material issues with such procedures, and any steps taken to deal with such issues when required by applicable law;
- developing procedures for employees to submit concerns confidentially and anonymously about questionable accounting or audit matters;
- reviewing related-party transactions; and
- approving (or, as permitted, pre-approving) all audit and all permissible non-audit services to be performed by the independent registered public accounting firm.

We believe that the composition and functioning of our audit committee complies with all applicable requirements of the Sarbanes-Oxley Act, and all applicable SEC and Nasdaq rules and regulations. We intend to comply with future requirements to the extent they become applicable to us.

Report of the Audit Committee of the Board of Directors

The audit committee has reviewed and discussed the audited financial statements for the fiscal year ended January 31, 2022 with management of the company. The audit committee has also reviewed and discussed with Ernst & Young LLP, the company's independent registered public accounting firm, the matters required to be discussed by Auditing Standard No. 1301, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board (the ''PCAOB''). The audit committee has also received the written disclosures and the letter from Ernst & Young LLP required by applicable requirements of the PCAOB regarding the independent accountants' communications with the audit committee concerning independence, and has discussed with Ernst & Young LLP the accounting firm's independence. Based on the foregoing, the audit committee has recommended to our board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2022, and be filed with the SEC.

David Obstler, Chair
Neeraj Agrawal
Matthew Jacobson

The material in this report is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Compensation Committee

Our compensation committee consists of Mr. Fernandez, Ms. Levy and Mr. Pepper. The chair of our compensation committee is Mr. Fernandez. Our board of directors has determined that each member of our compensation committee is independent under the listing standards of the Nasdaq and is a ''non-employee director'' as defined in Rule 16b-3 promulgated under the Exchange Act.

The principal duties and responsibilities of our compensation committee include, among other things:

- approving the retention of compensation consultants and outside service providers and advisors;
- reviewing and approving, or recommending that our board of directors approve, the employment agreements, the compensation, individual and corporate performance goals and objectives and other terms of employment of our executive officers and other senior management, including evaluating the performance of our Chief Executive Officer and, with his assistance, that of our other executive officers;
- reviewing and approving, or recommending that our board of directors approve, the compensation of our directors;
- administering our equity and non-equity incentive plans;
- reviewing our practices and policies of employee compensation as they relate to risk management and risk-taking incentives;
- reviewing and approving, or recommending that our board of directors approve, incentive compensation and equity plans; and
- reviewing and establishing general policies relating to compensation and benefits of our employees and reviewing our overall compensation philosophy.

We believe that the composition and functioning of our compensation committee complies with all applicable SEC and Nasdaq rules and regulations. We intend to comply with future requirements to the extent they become applicable to us.

Compensation Committee Processes and Procedures

The compensation committee generally meets quarterly and with greater frequency if necessary. The compensation committee also acts periodically by unanimous written consent in lieu of a formal meeting. The agenda for each

meeting is usually developed by the Chairperson of the compensation committee, in consultation with management. The compensation committee meets regularly in executive session. However, from time to time, various members of management and other employees as well as outside advisors or consultants may be invited by the compensation committee to make presentations, to provide financial or other background information or advice, or to otherwise participate in compensation committee meetings. Our Chief Executive Officer may not participate in, or be present during, any deliberations or determinations of the compensation committee regarding his compensation.

The charter of the compensation committee grants the compensation committee full access to all books, records, facilities and personnel of Braze. In addition, under the charter, the compensation committee has the authority to obtain, at our expense, advice and assistance from compensation consultants and internal and external legal, accounting or other advisors and other external resources that the compensation committee considers necessary or appropriate in the performance of its duties. The compensation committee has direct responsibility for the oversight of the work of any consultants or advisers engaged for the purpose of advising the compensation committee. In particular, the compensation committee has the authority to retain compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve the consultant's reasonable fees and other retention terms. The compensation committee is also responsible for assessing the independence of any consultant in accordance with the requirements of the Nasdaq Stock Market.

During the past fiscal year, after taking into consideration the six factors prescribed by the SEC and Nasdaq that bear upon the adviser's independence, the compensation committee engaged Compensia, Inc. (''Compensia'') as compensation consultants. The compensation committee requested that Compensia:

- evaluate the efficacy of our existing compensation strategy and practices in supporting and reinforcing our long-term strategic goals; and
- assist in refining our compensation strategy and in developing and implementing an executive and director compensation program to execute that strategy.

As part of its engagement, Compensia was requested by the compensation committee to develop a comparative group of companies and to perform analyses of competitive performance and compensation levels for that group. Compensia ultimately developed recommendations that were presented to the compensation committee for its consideration.

Generally, the compensation committee's process for determining executive compensation comprises two related elements: the determination of compensation levels and the establishment of performance objectives for the current year. For executives other than our Chief Executive Officer, the compensation committee solicits and considers evaluations and recommendations submitted to the committee by our Chief Executive Officer. The evaluation of our Chief Executive Officer's performance is conducted by the compensation committee, which determines any adjustments to his compensation as well as awards to be granted. For all executives and directors, as part of its deliberations, the compensation committee may review and consider, as appropriate, materials such as financial results and projections, reported achievement of company targets and goals, operational data, executive and director stock ownership information, company stock performance data, analyses of historical and current executive compensation levels, reports of industry compensation trends, current company-wide compensation levels and recommendations of the compensation committee's compensation consultant, including analyses of executive and director compensation paid at other companies identified by the consultant.

Compensation Committee Interlocks and Insider Participation

No member of our compensation committee is currently one of our officers or employees. None of our executive officers currently serves, or has served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Ms. Levy and Mr. Pepper. The chair of our nominating and corporate governance committee is Ms. Levy. Our board of directors has determined that each member of our nominating and corporate governance committee is independent under the listing standards of the Nasdaq.

Specific responsibilities of our nominating and corporate governance committee include:

- identifying, evaluating, and selecting, or recommending that our board of directors approve, nominees for election to our board of directors and its committees;
- approving the retention of director search firms;
- evaluating the performance of our board of directors, the committees thereof and of individual directors, including overseeing an annual evaluation of the board's and each committee's performance;
- considering and making recommendations to our board of directors regarding the composition of our board of directors and its committees;
- reviewing possible conflicts of interest of our officers and directors; and
- evaluating the adequacy of our corporate governance practices and reporting.

We believe that the functioning of our nominating and corporate governance committee complies with all applicable SEC and Nasdaq rules and regulations. We intend to comply with future requirements to the extent they become applicable to us.

In recommending candidates to the board of directors, the nominating and corporate governance committee considers such factors as: (i) possessing relevant expertise and experience upon which to be able to offer advice and guidance to management; (ii) having sufficient time to devote to the affairs of the company; (iii) demonstrating excellence in his or her field; (iv) having the ability to exercise sound business judgment; (v) experience as a board member or executive officer of another publicly held company; (vi) within our board of directors as a whole, whether there is a diversity of personal backgrounds, perspectives and experiences; and (vii) having the commitment to rigorously represent the long-term interests of our stockholders. These qualifications may be modified from time to time. Candidates for director nominees are reviewed in the context of the current composition of the board of directors, the operating requirements of Braze and the long-term interests of our stockholders. In conducting this assessment, the nominating and corporate governance committee typically considers diversity (including gender, ethnic background and country of origin), age, skills and such other factors as it deems appropriate, given the needs of the board of directors and our business, to maintain a balance of knowledge, experience and capability on the board.

In the case of an incumbent director whose term of office is set to expire, the nominating and corporate governance committee reviews such director's overall service to Braze during his or her term, including the number of meetings attended, level of participation, quality of performance and any other relationships and transactions that might impair such director's independence. In the case of new director candidates, our nominating and corporate governance committee also evaluates whether the nominee is independent for Nasdaq purposes, based upon applicable Nasdaq listing standards, applicable SEC rules and regulations and the advice of counsel, if necessary. Our nominating and corporate governance committee conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of our board of directors. Our nominating and corporate governance committee meets to discuss and consider the candidates' qualifications and then selects a nominee(s) for recommendation to our board of directors.

From time to time, the nominating and corporate governance committee, in its discretion, may recommend to our board of directors changes to the criteria for membership on our board. If such changes are adopted by our board of directors, the nominating and corporate governance committee will evaluate, and make recommendations to the board of directors regarding, existing members according to the new criteria. Based on these recommendations, the board of directors may ask a director who no longer meets the complete criteria for board membership to adjust his or her committee assignments, not stand for re-election at Braze's annual meeting of stockholders or resign from our board of directors.

Our nominating and corporate governance committee will consider stockholder recommendations of director candidates, so long as they comply with applicable law and our amended and restated bylaws, which procedures are summarized below, and will review the qualifications of any such candidate in accordance with the criteria described in the two preceding paragraphs. Stockholders who wish to recommend individuals for consideration by our nominating and corporate governance committee to become nominees for election to our board of directors should do so by delivering a written recommendation to our nominating and corporate governance committee at 330 West 34th Street, Floor 18, New York, New York 10001, Attention: Secretary, at least 120 days prior to the anniversary date of the mailing of our proxy statement for the preceding year's annual meeting of stockholders.

Each submission must include, among other things, the name, age, business address and residence address of the proposed candidate, the principal occupation or employment of the proposed candidate, details of the proposed

candidate's ownership of our capital stock and related investment intent for such capital stock, a description of the proposed candidate's business experience for at least the last five years, a description of the proposed candidate's qualifications as a director and all other information concerning such proposed candidate as would be required to be disclosed in a proxy statement soliciting proxies for the election of such proposed candidate as a director. Any such submission must be accompanied by the written consent of the proposed candidate to be named as a nominee and to serve as a director if elected, and we may require any proposed nominee to furnish such other information as is reasonably required to determine the eligibility of such proposed nominee to serve as an independent director under applicable Nasdaq requirements or applicable law. Additionally, each potential candidate must provide a list of references and agree (i) to be interviewed by members of our nominating and corporate governance committee or other directors in the discretion of the nominating and corporate governance committee, and (ii) to a background check or other review of the qualifications of such proposed candidate by Braze. Prior to nomination of any potential candidate by our board of directors, each member of the board will have an opportunity to meet with the proposed candidate. Upon request, any candidate nominated will agree in writing to comply with our corporate governance guidelines, our code of business conduct and ethics and all other policies and procedures of Braze applicable to our board of directors.

If, rather than submitting a candidate to the nominating and corporate governance committee for consideration, you wish to formally nominate a director pursuant to proxy materials that you will prepare and file with the SEC, please see the deadline described in ''When are stockholder proposals and director nominations due for next year's annual meeting?'' above and refer to our amended and restated bylaws for a complete description of the required procedures for nominating a candidate to our board of directors.

Communications with Our Board of Directors

Our relationship with our stockholders is an important part of our corporate governance program. Engaging with stockholders helps us to understand how they view us, to set goals and expectations for our performance, and to identify emerging issues that may affect our strategies, corporate governance, compensation practices or other aspects of our operations. Our stockholder and investor outreach includes investor road shows, analyst meetings, and investor conferences and meetings. We also communicate with stockholders and other stakeholders through various media, including our annual report and SEC filings, proxy statement, news releases and our website. Our webcasts for quarterly earnings releases are open to all. These webcasts are available in real time and are archived on our website for a period of time.

Stockholders of Braze wishing to communicate with our board of directors or an individual director may do so by sending a written communication to the board of directors or such director c/o 330 West 34th Street, Floor 18, New York, New York 10001, Attn: Secretary. The Secretary will review each communication and will forward such communication to the board of directors or to any individual director to whom the communication is addressed unless the communication contains advertisements or solicitations or is unduly hostile, threatening or similarly inappropriate, in which case the Secretary shall discard the communication or inform the proper authorities, as may be appropriate.

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics (the ''Code of Conduct'') that applies to all our employees, officers and directors. This includes our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions. The full text of our Code of Conduct is posted on our website at *www.braze.com*. We intend to disclose on our website any future amendments of our Code of Conduct or waivers that exempt any principal executive officer, principal financial officer, principal accounting officer or controller, persons performing similar functions or our directors from provisions in the Code of Conduct. Information contained on, or that can be accessed through, our website is not incorporated by reference into this Notice and related proxy materials, and you should not consider information on our website to be part of this Notice and related proxy materials.

Hedging Policy

Our board of directors has adopted an insider trading policy, which prohibits hedging or monetization transactions with respect to our common stock, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars, and exchange funds. In addition, our insider trading policy generally prohibits trading in derivative securities related to our common stock, which include publicly traded call and put options and engaging in short selling of our common stock. Furthermore, our insider trading policy prohibits purchasing our common stock on margin or holding it in a margin account and pledging our shares as collateral for a loan, except in limited circumstances pre-approved by our board of directors or our nominating and corporate governance committee.

PROPOSAL 2

RATIFICATION OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audit committee of our board of directors has selected Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2023 and has further directed that management submit the selection of its independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. Ernst & Young LLP has audited our financial statements since 2019. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither our amended and restated bylaws nor other governing documents or law require stockholders' ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm. However, the audit committee is submitting the selection of Ernst & Young LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the audit committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the audit committee in its discretion may direct the appointment of different independent auditors at any time during the year if they determine that such a change would be in the best interests of Braze and our stockholders.

The affirmative vote of the holders of shares representing a majority of the voting power of the outstanding shares of common stock present by virtual attendance or represented by proxy and voting affirmatively or negatively (excluding abstentions and broker non-votes) at the Annual Meeting will be required to ratify the selection of Ernst & Young LLP.

Principal Accountant Fees and Services

The following table represents aggregate fees billed to us by Ernst & Young LLP for the periods set forth below.

	Fiscal Year Ended January 31,	
	2022	2021
	(in thousands)	
Audit Fees[(1)]	$1,100	$2,200
Audit-related Fees	—	—
Tax Fees	—	—
All Other Fees	2	—
Total Fees	$1,102	$2,200

(1) Audit fees consist of fees for professional services provided in connection with the audit of our annual consolidated financial statements, the review of our quarterly consolidated financial statements, and audit services that are normally provided by an independent registered public accounting firm in connection with statutory and regulatory filings or engagements for those fiscal years. The audit fees also include fees for professional services provided in connection with our initial public offering incurred during the fiscal years ended January 31, 2022 and 2021, including comfort letters, consents, and review of documents filed with the SEC and with our Registration Statements on Form S-8 filed during the fourth fiscal quarter of the fiscal year ended January 31, 2022.

All fees described above were pre-approved by the audit committee.

Pre-Approval Policies and Procedures

The audit committee has adopted a policy and procedures for the pre-approval of audit and non-audit services rendered by our independent registered public accounting firm, Ernst & Young LLP. The policy generally permits pre-approval of specified services in the defined categories of audit services, audit-related services, tax services and other non-audit services. Pre-approval may also be given as part of the audit committee's approval of the scope of the engagement of the independent registered public accounting firm or on an individual, explicit, case-by-case basis before the independent registered public accounting firm is engaged to provide each service. The pre-approval of services may be delegated to one or more of the audit committee's members, including the audit committee's Chairperson. Any such delegation shall be effective until modified or rescinded by the audit committee, and any pre-approval decision made pursuant to such delegation must be reported to the full audit committee at its next scheduled meeting.

The audit committee has determined that the rendering of services other than audit services by Ernst & Young LLP is compatible with maintaining the principal accountant's independence.

Our Board of Directors Recommends a Vote FOR the Ratification of Ernst & Young LLP as Our Independent Registered Public Accounting Firm.

EXECUTIVE OFFICERS

The following table sets forth, for our executive officers, their ages and position held with us as of April 30, 2022:

Name	Age	Principal Position
William Magnuson	34	Chief Executive Officer and Chairman
Jonathan Hyman	36	Chief Technology Officer
Myles Kleeger	47	President and Chief Customer Officer
Isabelle Winkles	44	Chief Financial Officer
Susan Wiseman	63	General Counsel

Biographical information for William Magnuson is included above with the director biographies under the caption ''Information Regarding Director Nominees and Current Directors.''

Jonathan Hyman has served as our Chief Technology Officer since December 2016. He previously served as our Chief Information Officer from July 2011 to December 2016. Mr. Hyman received his A.B. in computer science from Harvard College.

Myles Kleeger has served as our President since December 2016 and our Chief Customer Officer since January 2018. He previously served as our Chief Revenue Officer from December 2014 to January 2018. Mr. Kleeger received his M.B.A. from New York University and his B.A. from Duke University.

Isabelle Winkles has served as our Chief Financial Officer since January 2020. Prior to joining us, Ms. Winkles served in various roles, including Vice President, Finance of Cognizant Technologies Solutions Corp., a professional services company, from April 2018 to January 2020 and Managing Director of Morgan Stanley & Co., an investment bank, from January 2016 to April 2018. Ms. Winkles received her M.B.A. from Harvard University and her B.S. from the Massachusetts Institute of Technology.

Susan Wiseman has served as our General Counsel since January 2016. She previously served as Managing Counsel, Commercial at Salesforce.com, Inc., a customer relationship management technology company, from August 2012 to December 2015. Ms. Wiseman received her J.D. from New York University School of Law and her B.S. from Northwestern University.

EXECUTIVE COMPENSATION

Our named executive officers, consisting of our principal executive officer and the next two most highly compensated executive officers, for the fiscal year ended January 31, 2022 were:

- William Magnuson, our Chief Executive Officer;
- Jonathan Hyman, our Chief Technology Officer; and
- Myles Kleeger, our President and Chief Customer Officer.

2022 Summary Compensation Table

The following table shows for the fiscal years ended January 31, 2022 and, if applicable, 2021, compensation awarded to or paid to, or earned by, our named executive officers.

Name and Principal Position	Year	Salary ($)[1]	Bonus ($)	Option Awards ($)[2]	All Other Compensation ($)[3]	Total ($)
William Magnuson	2022	350,000	461,000	28,528,500	3,048	29,342,548
Chief Executive Officer	2021	315,000	307,400	—	3,048	625,448
Jonathan Hyman	2022	307,500	257,095	7,843,500	3,048	8,411,143
Chief Technology Officer						
Myles Kleeger	2022	328,750	419,350	7,843,500	3,048	8,594,648
President and Chief Customer Officer						

(1) Salary amounts represent actual amounts paid during the periods reported. See ''—Narrative Disclosure to Summary Compensation Table—Annual Base Salary'' below.

(2) Amounts reported represent the aggregate grant date fair value of the stock options granted to our named executive officers during the periods reported under our Amended and Restated 2011 Equity Incentive Plan (the ''2011 Plan'') or under our 2021 Equity Incentive Plan (the ''2021 Plan''), computed in accordance with ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options reported in this column are set forth in the notes to our audited consolidated financial statements included elsewhere in the Annual Report. This amount does not reflect the actual economic value that may be realized by the named executive officer.

(3) Amounts shown represent life insurance premiums paid by us on behalf of our named executive officers.

Narrative to the Summary Compensation Table

Annual Base Salary

Our named executive officers receive a base salary to compensate them for services rendered to us. The base salary payable to each named executive officer is intended to provide a fixed component of compensation reflecting the executive's skill set, experience, role and responsibilities. None of our named executive officers is currently party to an employment agreement or other agreement or arrangement that provides for automatic or scheduled increases in base salary. In February 2021, the base salaries for our named executive officers were adjusted for the fiscal year ended January 31, 2022 to: (a) $325,000 for Mr. Magnuson; (b) $300,000 for Mr. Hyman; and (c) $325,000 for Mr. Kleeger. In connection with the completion of our initial public offering, the base salaries for our named executive officers for the fiscal year ended January 31, 2022 were adjusted (retroactive to November 1, 2021) to: (a) $425,000 for Mr. Magnuson; (b) $330,000 for Mr. Hyman; and (c) $340,000 for Mr. Kleeger. In February 2022, the base salaries for our named executive officers were adjusted for the fiscal year ended January 31, 2023 to: (a) $450,000 for Mr. Magnuson; (b) $370,000 for Mr. Hyman; and (c) $360,000 for Mr. Kleeger.

Bonus

Our named executive officers are eligible to receive discretionary annual bonuses of up to a target amount, with the exact amount of bonus to be determined based on company performance and any other performance metrics or factors determined to be appropriate by our board of directors or the compensation committee.

Equity-Based Incentive Awards

Our equity award program is the primary vehicle for offering long-term incentives to our executives. We believe that equity awards provide our executives with a strong link to our long-term performance, create an ownership culture and help to align the interests of our executives and our stockholders. To date, we have used stock option grants for

this purpose because we believe they are an effective means by which to align the long-term interests of our executive officers with those of our stockholders. The use of options also can provide tax and other advantages to our executive officers relative to other forms of equity compensation. We believe that our equity awards are an important retention tool for our executive officers, as well as for our other employees.

We award stock options and restricted stock unit awards broadly to our employees, including to our non-executive employees. Grants to our executives and other employees are made at the discretion of our board of directors or compensation committee and are not made at any specific time period during a year.

On April 20, 2021:

- We issued to Mr. Magnuson options to purchase 450,000 shares of our Class B common stock with an exercise price of $35.01 per share, 25% of which vest on February 1, 2022 and the remainder of which vest in equal monthly installments beginning on March 1, 2022 and ending on February 1, 2025, and options to purchase 750,000 shares of our Class B common stock with an exercise price of $35.01 per share, 25% of which vest on February 1, 2023 and the remainder of which vest in equal monthly installments beginning on March 1, 2023 and ending on February 1, 2026.
- We issued to each of Messrs. Hyman and Kleeger options to purchase 150,000 shares of our Class B common stock with an exercise price of $35.01 per share, 25% of which vest on February 1, 2022 and the remainder of which vest in equal monthly installments beginning on March 1, 2022 and ending on February 1, 2025, and options to purchase 180,000 shares of our Class B common stock with an exercise price of $35.01 per share, 25% of which vest on February 1, 2023 and the remainder of which vest in equal monthly installments beginning on March 1, 2023 and ending on February 1, 2026.

Prior to our initial public offering in November 2021, all of the stock options we have granted were made pursuant to our 2011 Plan. Following the closing of our initial public offering, we grant any equity incentive awards under the terms of our 2021 Plan.

Outstanding Equity Awards as of January 31, 2022

The following table sets forth certain information regarding outstanding equity awards granted to our named executive officers that remain outstanding as of January 31, 2022.

	Option Awards[1]				
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
William Magnuson	3/12/2019	753,460[2]	—	3.46	3/11/2029
	4/20/2021	—	450,000[3]	35.01	4/19/2031
	4/20/2021	—	750,000[4]	35.01	4/19/2031
Jonathan Hyman	2/15/2018	88,449	—	1.6425	2/14/2028
	3/12/2019	166,813[2]	—	3.46	3/11/2029
	4/20/2021	—	150,000[3]	35.01	4/19/2031
	4/20/2021	—	180,000[4]	35.01	4/19/2031
Myles Kleeger	12/17/2014	257,448	—	0.26125	12/16/2024
	2/15/2018	231,449	—	1.6425	2/14/2028
	3/12/2019	220,615[2]	—	3.46	3/11/2029
	4/20/2021	—	150,000[3]	35.01	4/19/2031
	4/20/2021	—	180,000[4]	35.01	4/19/2031

(1) All awards listed in this table were granted pursuant to the 2011 Plan.

(2) Shares exercisable includes shares of Class B common stock which are not vested, but subject to an early exercise option for the benefit of the executive officer. The shares underlying these options vest in equal monthly installments until February 2023, subject to the executive

officer's continuous service through each such vesting date. In the event of a change of control, then the greater of (i) 50% of the number of unvested options and (ii) the number of options that would vest during the 12 months following the change of control will be immediately accelerated and become vested and exercisable.

(3) 25% of the shares underlying these options vest on February 1, 2022. Thereafter, the remaining shares vest in equal monthly installments until February 2025, subject to the executive officer's continuous service through each such vesting date. If named executive officer's employment is terminated in connection with or within 12 months following a change of control, then 100% of the unvested options will be immediately accelerated and become vested and exercisable.

(4) 25% of the shares underlying these options vest on February 1, 2023. Thereafter, the remaining shares vest in equal monthly installments until February 2026, subject to the executive officer's continuous service through each such vesting date. If named executive officer's employment is terminated in connection with or within 12 months following a change of control, then 100% of the unvested options will be immediately accelerated and become vested and exercisable.

Agreements with Our Named Executive Officers

We entered into confirmatory offer letters with Messrs. Magnuson, Hyman and Kleeger governing their positions as our Chief Executive Officer, Chief Technology Officer and President and Chief Customer Officer, respectively. Each letter has no specific term and provides for at-will employment. Pursuant to these confirmatory offer letters, each of Messrs. Magnuson, Hyman and Kleeger are eligible for discretionary performance-based compensation to be paid in conformity with our bonus practices in place from time to time, equal to $425,000, $198,000 and $340,000 annually, respectively, subject to corporate performance goals and any other performance metrics or factors otherwise determined to be appropriate by our board of directors or the compensation committee.

In addition, each of our named executive officers will be entitled to benefits in accordance with our executive severance plan described below, and has executed our standard employee covenants agreement governing the protection of confidential information, intellectual property and inventions.

Executive Severance Plan

Our board of directors has adopted an executive severance plan in which our named executive officers, and certain other executives and key employees, participate.

The executive severance plan provides that upon (a) a termination of an eligible participant's employment with us that is effected by us without ''cause,'' as defined in the executive severance plan, or (b) a resignation by an eligible participant for ''good reason,'' as defined in the executive severance plan, in each case outside of the change in control period, as defined in the executive severance plan, an eligible participant will be entitled to receive, subject to, among other things, the execution, delivery and effectiveness of a customary release of claims in our favor, (1) a lump sum cash payment equal to such eligible participant's annual base salary then in effect (or a portion thereof depending on the employee designation of such eligible participant), (2) an additional lump sum cash payment equal to any earned but unpaid annual bonus for any performance years completed as of the date of termination and (3) continued payment of premiums for the eligible participant's continued coverage under our health insurance plans for a period of time depending on the employee designation of such eligible participant.

The executive severance plan also provides that upon (a) a termination of an eligible participant's employment with us that is effected by us without ''cause'' or (b) a resignation by an eligible participant for ''good reason,'' in each case within the change in control period, the eligible participant will be entitled to receive, subject to, among other things, the execution, delivery and effectiveness of a customary release of claims in our favor, (1) a lump sum cash payment equal to such eligible participant's annual base salary then in effect (or a portion thereof depending on the employee designation of such eligible participant), (2) an additional lump sum cash payment equal to the sum of (i) any earned but unpaid annual bonus for any performance years completed as of the date of termination and (ii) a lump sum cash payment equal to the eligible participant's target bonus (or a prorated amount thereof, depending on the employee designation of such eligible participant) for the year of termination, (3) continued payment of premiums for the eligible participant's continued coverage under our health insurance plans for a period of time depending on the employee designation of such eligible participant and (4) accelerated vesting of certain outstanding and unvested equity awards held by such participant.

The payments and benefits provided under the executive severance plan in connection with a change in control may not be eligible for a federal income tax deduction by us pursuant to Section 280G of the Internal Revenue Code of 1986, as amended, or the Code. These payments and benefits may also subject an eligible participant, including the named executive officers, to an excise tax under Section 4999 of the Code. If the payments or benefits payable in connection with a change in control would be subject to the excise tax imposed under Section 4999 of the Code, then those payments or benefits will be reduced if such reduction would result in a higher net after-tax benefit to the recipient.

Employee Benefit Plans and Perquisites

All of our current named executive officers are eligible to participate in our employee benefit plans, including our medical, dental, vision, disability and life insurance plans, in each case on the same basis as all of our other employees. Other than as described herein, we generally do not provide perquisites or personal benefits to our named executive officers.

Indemnification Matters

Our amended and restated certificate of incorporation contains provisions that limit the liability of our current and former directors for monetary damages to the fullest extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for any breach of fiduciary duties as directors, except liability for: (1) any breach of the director's duty of loyalty to the corporation or its stockholders; (2) any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law; (3) unlawful payments of dividends or unlawful stock repurchases or redemptions; or (4) any transaction from which the director derived an improper personal benefit.

Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated certificate of incorporation authorizes us to indemnify our directors, officers, employees and other agents to the fullest extent permitted by Delaware law. Our amended and restated bylaws provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law and may indemnify our other employees and agents. Our amended and restated bylaws also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by our board of directors. With certain exceptions, these agreements provide for indemnification for related expenses including attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe these provisions in our amended and restated certificate of incorporation and amended and restated bylaws and these indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain customary directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for directors, executive officers or persons controlling us, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Equity Compensation Plan Information

The following table summarizes our equity compensation plan information as of January 31, 2022. Information is included for equity compensation plans approved by our stockholders. We do not have any equity compensation plans not approved by our stockholders:

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights[(1)]	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights[(2)]	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))[(3)]
Equity plans approved by stockholders	12,390,769	$12.56	14,065,271
Equity plans not approved by stockholders	—	—	—

(1) Includes the 2011 Plan and the 2021 Plan, but does not include future rights to purchase Class A common stock under our 2021 Employee Stock Purchase Plan (''ESPP''), which depend on a number of factors described in our ESPP and will not be determined until the end of the applicable purchase period.

(2) The weighted-average exercise price excludes any outstanding restricted stock unit awards, which have no exercise price.

(3) Includes the 2021 Plan and ESPP. Stock options or other stock awards granted under the 2011 Plan that are forfeited, terminated, expired or repurchased become available for issuance under the 2021 Plan.

The 2021 Plan provides that the total number of shares of our Class A common stock reserved for issuance thereunder will automatically increase on February 1st of each year for a period of ten years commencing on February 1, 2022 and ending on (and including) February 1, 2031, in an amount equal to 5.0% of the total number of shares of Class A common stock outstanding on January 31st before the date of the automatic increase; or such lesser number of shares of Class A common stock as determined by our board of directors prior to February 1st of a given year. In addition, the ESPP provides that the total number of shares of our common stock reserved for issuance thereunder will automatically increase on February 1st of each year for a period of up to ten years commencing on February 1, 2022 and ending on (and including) February 1, 2031, in an amount equal to the lesser of (i) 1.0% of the total number of shares of common stock outstanding on January 31st before the date of the automatic increase, and (ii) 2,737,000 shares; or such lesser number of shares of common stock as determined by our board of directors prior to February 1st of a given year.

Accordingly, on February 1, 2022, the number of shares of Class A common stock available for issuance under the 2021 Plan and the ESPP increased by 4,648,401 shares and 929,680 shares, respectively, pursuant to these provisions. These increases are not reflected in the table above.

NON-EMPLOYEE DIRECTOR COMPENSATION

The following table sets forth information regarding compensation earned by or paid to our non-employee directors for the year ended January 31, 2022:

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)[1] [2]	Total ($)
Neeraj Agrawal	10,000	—	10,000
Phillip M. Fernandez	14,750	—	14,750
Matthew Jacobson	—	—	—
Tara Levy	11,250	—	11,250
David Obstler[3]	12,500	1,884,693	1,897,193
Doug Pepper	—	—	—

(1) Amounts reported represent the aggregate grant date fair value of the stock options or RSUs granted to our non-employee directors during 2021 under the 2011 Plan, computed in accordance with ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options and RSUs reported in this column are set forth in the notes to our audited consolidated financial statements included elsewhere in the Annual Report. This amount does not reflect the actual economic value that may be realized by the non-employee directors.

(2) As of January 31, 2022, the aggregate number of shares underlying outstanding stock options and RSUs held by each of our non-employee directors was as follows:

Name	Number of Shares Underlying Options	Number of Restricted Stock Units
Neeraj Agrawal	—	—
Phillip M. Fernandez	179,692	—
Matthew Jacobson	—	—
Tara Levy	73,938	—
David Obstler	—	39,400
Doug Pepper	—	—

(3) Mr. Obstler joined our board of directors in May 2021.

Mr. Magnuson, our Chief Executive Officer, is also a member of our board of directors but does not receive any additional compensation for his service as a director. See the section titled ''Executive Compensation'' for more information regarding the compensation earned by Mr. Magnuson.

Non-Employee Director Compensation Policy

Our board of directors has adopted a non-employee director compensation policy that is applicable to all of our non-employee directors and provides that each such non-employee director will receive the following compensation for service on our board of directors:

- an annual cash retainer of $30,000;
- an additional annual cash retainer of $30,000 for service as non-executive Chairperson;
- an additional annual cash retainer of $15,000 for service as Lead Independent Director;
- an additional annual cash retainer of $10,000 for service as a member of the audit committee, $7,000 for service as a member of the compensation committee and $4,000 for service as a member of the nominating and corporate governance committee;
- an additional annual cash retainer of $20,000 for service as Chairperson of the audit committee, $14,000 for service as Chairperson of the compensation committee and $8,000 for service as Chairperson of the nominating and corporate governance committee, each in lieu of the annual cash retainer for service as a member of such committee as described above;
- an initial RSU award granted upon a non-employee director's initial election or appointment to the board of directors, with a value equal to $225,000 as of the date of grant and vesting in three equal annual installments on the first three anniversaries of the date of grant; and

- an additional RSU award, granted at each annual meeting of our stockholders, to each non-employee director serving on such date, with a value equal to $175,000 (subject to adjustment as set forth in the compensation policy) as of the date of grant and vesting on the earlier of the first anniversary of the date of grant or the date immediately preceding the date of the following annual meeting of our stockholders.

The vesting of each non-employee director's RSU award is subject to such director's continuous service with us as of the applicable vesting date. Any awards granted under the policy that are unvested as of the occurrence of a change in control (as defined in the 2021 Plan) will automatically vest immediately prior to such change in control. Pursuant to the policy, the compensation described above, with respect to any fiscal year beginning in fiscal year 2023, shall be subject to the limits on non-employee director compensation set forth in the 2021 Plan. Each of the RSU awards described above will be granted under our 2021 Plan.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the ownership of our common stock as of April 30, 2022 by:

- each of our named executive officers;
- each of our directors and director nominees;
- all of our executive officers, directors and director nominees as a group; and
- each person or entity known by us to be beneficial owners of more than five percent of our outstanding common stock.

We have determined beneficial ownership in accordance with the rules and regulations of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on information furnished to us, that the persons and entities named in the table below have sole voting and sole investment power with respect to all shares that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership is based on 47,075,698 shares of Class A common stock and 46,728,599 shares of Class B common stock outstanding as of April 30, 2022. In computing the number of shares beneficially owned by a person and the percentage ownership of such person, we deemed to be outstanding all shares subject to options or RSUs held by the person that are currently exercisable, or exercisable or would vest based on service-based vesting conditions, as applicable, within 60 days of April 30, 2022. However, except as described above, we did not deem such shares outstanding for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address for each beneficial owner listed in the table below is c/o Braze, Inc., 330 West 34th Street, Floor 18, New York, New York 10001.

	Beneficial Ownership				
	Class A Common Stock		Class B Common Stock		
Beneficial Owner	Number of Shares	%	Number of Shares	%	% of Total Voting Power†
5% Stockholders:					
Entities affiliated with Battery Ventures[1]	5,279,275	11.2	12,926,246	27.7	26.2
Entities affiliated with ICONIQ Capital[2]	7,605,851	16.2	6,881,134	14.7	14.9
Entities affiliated with MCG7 Capital Inc.[3]	2,000,000	4.3	6,634,408	14.2	13.3
Directors and Named Executive Officers:					
William Magnuson[4]	—	—	4,197,704	8.8	8.0
Jonathan Hyman[5]	—	—	2,109,720	4.5	4.1
Myles Kleeger[6]	—	—	2,006,734	4.2	3.8
Neeraj Agrawal[12]	5,279,275	11.2	12,926,246	27.7	26.2
Phillip M. Fernandez[7]	—	—	138,512	*	*
Matthew Jacobson[8]	724,718	1.5	2,349,685	5.0	4.7
Tara Levy[9]	—	—	82,468	*	*
David Obstler[10]	16,308	*	—	—	*
Doug Pepper	—	—	—	—	—
All executive officers and directors as a group (11 persons)[11]	6,056,007	12.9	24,089,600	49.2	46.0

* Less than one percent.

† Percentage of total voting power represents voting power with respect to all shares of our Class A and Class B common stock, as a single class. The holders of our Class B common stock are entitled to ten votes per share, and holders of our Class A common stock are entitled to one vote per share.

(1) Based on Schedule 13G filed on February 14, 2022 and Form 4s filed subsequent to that date, in each case, by entities associated with Battery Ventures. Consists of (a) 1,496,927 shares of Class A common stock and 4,490,780 shares of Class B common stock held by Battery Ventures XI-A, L.P.(“BV XI-A”), (b) 395,521 shares of Class A common stock and 1,186,562 shares of Class B common stock held by Battery Ventures XI-B, L.P. (“BV XI-B”), (c) 1,555,216 shares of Class A common stock and 4,665,647 shares of Class B common stock held by Battery Ventures XI-A Side Fund, L.P. (“BV XI-A SF”), (d) 337,232 shares of Class A common stock and 1,011,695 shares of Class B common stock held by Battery Ventures XI-B Side Fund, L.P. (“BV XI-B SF”) (e) 69,379 shares of Class A common stock and

208,137 shares of Class B common stock held by Battery Investment Partners XI, LLC (''BIP XI''), (f) 1,395,750 shares of Class A common stock and 1,141,717 shares of Class B common stock held by Battery Ventures Select Fund I, L.P. (''BV Select I'') and (g) 29,250 shares of Class A common stock and 221,708 shares of Class B common stock held by Battery Investment Partners Select Fund I, L.P. (''BIP Select I''). The sole general partner of BV XI-A and BV XI-B is Battery Partners XI, LLC (''BP XI''). The sole general partner of BV XI-A SF and BV XI-B SF is Battery Partners XI Side Fund, LLC (''BP XI SF''). The sole managing member of BIP IX is BP IX. The sole general partner of BV Select I is Battery Partners Select Fund I, L.P. whose sole general partner is Battery Partners Select Fund I GP, LLC (''BP Select''). The general partner of BIP Select I is BP Select. The investment adviser of BP XI, BP XI SF, and BP Select I is Battery Management Corp. (together with BP XI, BP XI SF, and BP Select I, the ''Battery Companies''). The managing members and officers of the Battery Companies who share voting and dispositive power with respect to such shares are Neeraj Agrawal, Michael Brown, Morad Elhafed, Jesse Feldman, Russell Fleischer, Roger Lee, Itzik Parnafes, Chelsea Stoner, Dharmesh Thakker, and Scott Tobin. Each of the foregoing persons disclaims beneficial ownership of these shares except to the extent of his or her pecuniary interest therein. The address of each of these entities is One Marina Park Drive, Suite 1100, Boston, Massachusetts 02210.

(2) Based on Schedule 13G filed on February 14, 2022 and Form 4s filed subsequent to that date, in each case, by entities associated with ICONIQ Strategic Partners. Consists of (a) 3,326,610 shares of Class A common stock and 2,190,680 shares of Class B common stock held by ICONIQ Strategic Partners III, LP (''ICONIQ III''), (b) 3,554,523 shares of Class A common stock and 2,340,769 shares of Class B common stock held by ICONIQ Strategic Partners III-B, LP (''ICONIQ III-B''), (c) 924,889 shares of Class B common stock held by ICONIQ Strategic Partners V, L.P. (''ICONIQ V''), (d) 1,424,796 shares of Class B common stock held by ICONIQ Strategic Partners V-B, L.P., (''ICONIQ V-B''), (e) 322,390 shares of Class A common stock held by ICONIQ Strategic Partners VI, L.P. (''ICONIQ VI''), and (f) 402,328 shares of Class A common stock held by ICONIQ Strategic Partners VI-B, L.P. (''ICONIQ VI-B''). ICONIQ III and ICONIQ III-B are the ''ICONIQ III Entities''. ICONIQ V and ICONIQ V-B are the ''ICONIQ V Entities''. ICONIQ VI and ICONIQ VI-B are the ″ICONIQ VI Entities″. ICONIQ Strategic Partners GP III, L.P. (''ICONIQ III GP'') is the sole general partner of each of ICONIQ III and ICONIQ III-B. ICONIQ Strategic Partners III TT GP, Ltd. (''ICONIQ Parent GP III'') is the sole general partner of ICONIQ III GP. Divesh Makan and William J.G. Griffith are the sole equity holders and directors of ICONIQ Parent GP III, and may be deemed to have shared voting, investment and dispositive power with respect to the shares held by the ICONIQ III Entities. ICONIQ Strategic Partners GP V, L.P. (''ICONIQ GP V'') is the sole general partner of each of ICONIQ V and ICONIQ V-B. ICONIQ Strategic Partners V TT GP, Ltd. (''ICONIQ Parent GP V'') is the sole general partner of ICONIQ GP V. Divesh Makan, William J.G. Griffith and Matthew Jacobson are the sole equity holders and directors of ICONIQ Parent GP V, and may be deemed to have shared voting, investment and dispositive power with respect to the shares held by the ICONIQ V Entities. ICONIQ Strategic Partners VI GP, L.P. (''ICONIQ VI GP'') is the sole general partner of each of the ICONIQ VI Entities. ICONIQ Strategic Partners VI TT GP, Ltd. (''ICONIQ VI Parent GP VI'') is the sole general partner of ICONIQ VI GP. Divesh Makan, William J.G.Griffith and Matthew Jacobson are the sole equity holders and directors of ICONIQ Parent GP VI, and may be deemed to have shared voting, investment and dispositive power with respect to the shares held by the ICONIQ VI Entities. The address of each of these entities and persons is ICONIQ Strategic Partners, 394 Pacific Avenue, 2nd Floor, San Francisco, California 94111.

(3) Based on Schedule 13G filed on February 14, 2022 and Form 4s filed subsequent to that date, in each case, by entities associated with MCG7 Capital Inc. Consists of 2,000,000 shares of Class A common stock and 6,634,408 shares of Class B common stock held by Binder Clip Holdings LLC (''Binder''). Binder is the indirect wholly-owned subsidiary of MCG7 Capital Inc. (''MCG7''), which may be deemed to beneficially own the shares held by Binder. Voting and dispositive power with respect to the shares held by Binder is exercised by the board of managers of Binder. The board of directors of MCG7 and the board of managers of Binder are composed of the same three individuals, Laurent Attar, Zev Zlotnick and Jacob Horowitz. Decisions of MCG7 are made by a vote of a majority of directors, and as a result, no single person has voting or dispositive authority over such securities. Decisions of Binder are made by a vote of a majority of managers, and as a result, no single person has voting or dispositive authority over such securities. Each director of MCG7 and each manager of Binder disclaims beneficial ownership of such securities. The address of each of MCG7 and Binder is c/o Paul Hastings LLP, 200 Park Avenue, New York, NY 10166.

(4) Consists of (a) 3,294,244 shares of Class B common stock and (b) 903,460 shares of Class B common stock issuable upon the exercise of options.

(5) Consists of (a) 1,766,048 shares of Class B common stock, (ii) 28,564 shares of Class B common stock held by a family trust, (iii) 28,564 shares of Class B common stock held by a family trust, and (iv) 286,544 shares of Class B common stock issuable upon the exercise of options.

(6) Consists of (a) 924,063 shares of Class B commons stock, (ii) 111,111 shares of Class B common stock held by a family trust, (iii) 111,111 shares of Class B common stock held by a family trust, (iv) 100,937 shares of Class B common stock held by a family GRAT and (v) 759,512 shares of Class B common stock issuable upon the exercise of options.

(7) Consists of 138,512 shares of Class B common stock issuable upon the exercise of options.

(8) Consists of the shares held by the ICONIQ V and ICONIQ VI entities referenced in footnote (2) above.

(9) Consists of (a) 62,562 shares of Class B common stock held by a family trust and (b) 19,906 shares of Class B common stock issuable upon the exercise of options.

(10) Consists of (a) 12,329 shares of Class A common stock, and (b) 3,979 shares of Class A common stock issuable upon vest and settlement of outstanding restricted stock units

(11) Consists of (a) 6,052,028 shares of Class A common stock, (b) 3,979 shares of Class A common stock issuable upon vest and settlement of outstanding restricted stock units, (c) 21,872,368 shares of Class B common stock and (d) 2,217,232 shares of Class B common stock issuable upon the exercise of options.

(12) Consists of the shares held by entities affiliated with Battery Ventures referenced in footnote (1) above.

Delinquent Section 16(a) Reports

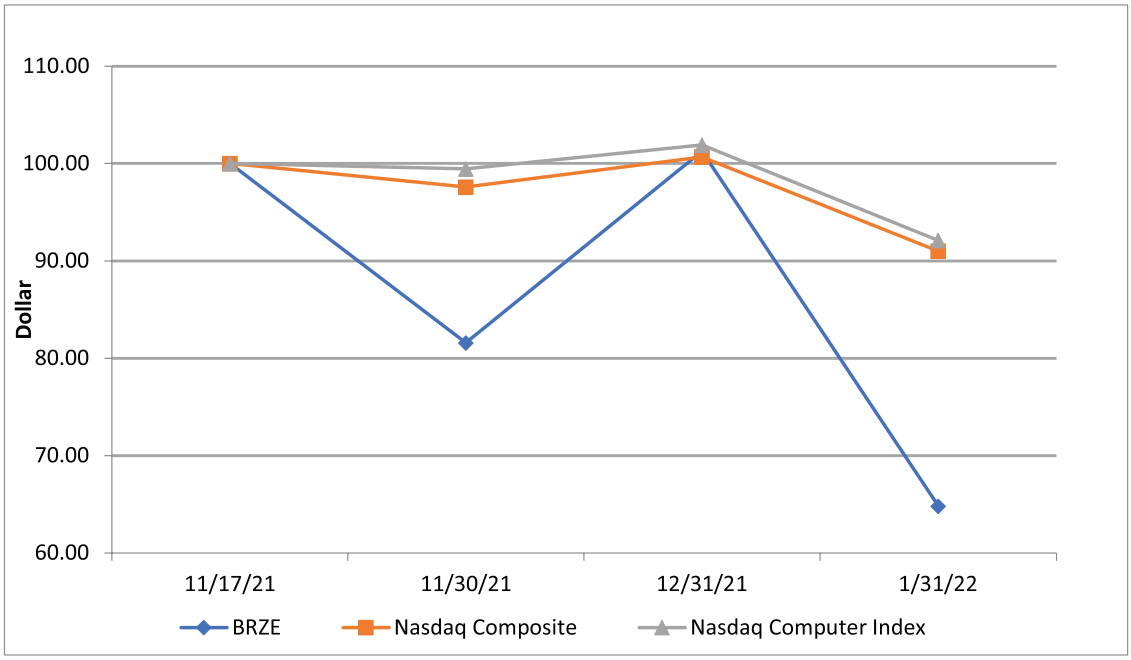
Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of Braze. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based on a review of the copies of such reports filed on the SEC's EDGAR system and written representations that no other reports were required, during the fiscal year ended January 31, 2022, all Section 16(a) filing requirements applicable to our officers, directors and greater than ten percent beneficial owners were complied with; except that two reports, covering an aggregate of 27 transactions, were filed late by Meritech Capital Associates VI L.L.C., two reports, covering an aggregate of 27 transactions, were filed late by Meritech Capital Associates V L.L.C. and an initial report of ownership was filed late by each of Meritech Capital Associates VI L.L.C. and Meritech Capital Associates V L.L.C.

Stock Performance Graph

The graph below shows a comparison, from November 17, 2021 (the date our Class A common stock commenced trading on Nasdaq) through January 31, 2022, of the cumulative total return to stockholders of our Class A common stock relative to the Nasdaq Composite Index (the "Nasdaq Composite") and the Nasdaq Computer Index (the "Nasdaq Computer").

The graph assumes that $100.00 was invested in each of our Class A common stock, the Nasdaq Composite and the Nasdaq Computer at their respective opening prices on November 17, 2021 and assumes reinvestment of gross dividends. The stock price performance shown in the graph represents past performance and should not be considered an indication of future stock price performance.



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

TRANSACTIONS WITH RELATED PERSONS

The following is a summary of transactions since February 1, 2021, to which we have been a participant in which:

- the amount involved exceeded or will exceed $120,000; and
- any of our directors, executive officers or holders of more than 5% of our capital stock, or any member of the immediate family of, or person sharing the household with, the foregoing persons, had or will have a direct or indirect material interest.

Director Affiliated Vendor

In May 2021, David Obstler joined our board of directors. Mr. Obstler also serves as the Chief Financial Officer of Datadog, Inc., one of our vendors. We have purchased services from Datadog, Inc. in the aggregate amount of approximately $1.2 million in the fiscal year ended January 31, 2022.

Equity Grants to Directors and Executive Officers

We have granted stock options and restricted stock awards to certain of our directors and executive officers. For more information regarding the stock options and stock awards granted to our directors and named executive officers, see the sections titled ‘‘Executive Compensation’’ and ‘‘Non-Employee Director Compensation.’’

Indemnification Agreements

Our amended and restated certificate of incorporation contains provisions limiting the liability of directors, and our amended and restated bylaws provide that we will indemnify each of our directors and officers to the fullest extent permitted under Delaware law. Our amended and restated certificate of incorporation and amended and restated bylaws also provide our board of directors with discretion to indemnify our employees and other agents when determined appropriate by the board. In addition, we have entered into an indemnification agreement with each of our directors and executive officers, which requires us to indemnify them. For more information regarding these agreements, see the section titled ‘‘Executive Compensation—Indemnification Matters.’’

Policies and Procedures for Transactions with Related Persons

We have adopted a policy that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our common stock and any members of the immediate family of any of the foregoing persons are not permitted to enter into a related person transaction with us without the approval or ratification of our board of directors or our audit committee. Any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of more than 5% of any class of our common stock or any member of the immediate family of any of the foregoing persons, in which the amount involved exceeds $120,000 and such person would have a direct or indirect interest, must be presented to our board of directors or our audit committee for review, consideration and approval. In approving or rejecting any such proposal, our board of directors or our audit committee is to consider the material facts of the transaction, including whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person’s interest in the transaction.

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for Notices of Internet Availability of Proxy Materials or other Annual Meeting materials with respect to two or more stockholders sharing the same address by delivering a single Notice addressed to those stockholders. This process, which is commonly referred to as ''householding,'' potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are our stockholders will likely be ''householding'' our proxy materials. A single Notice will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be ''householding'' communications to your address, ''householding'' will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in ''householding'' and would prefer to receive a separate Notice, please notify your broker or us. Direct your written request to us via email at *ir@braze.com*. Stockholders who currently receive multiple copies of the Notices at their addresses and would like to request ''householding'' of their communications should contact their brokers.

OTHER MATTERS

Our board of directors knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors

Susan Wiseman

Susan Wiseman
General Counsel and Corporate Secretary

May 18, 2022

We have filed our Annual Report on Form 10-K for the fiscal year ended January 31, 2022 with the SEC. It is available free of charge at the SEC's web site at www.sec.gov. Stockholders can also access this proxy statement and our Annual Report on Form 10-K at investors.braze.com. A copy of our Annual Report on Form 10-K for the fiscal year ended January 31, 2022 is also available without charge upon written request to us via email at ir@braze.com.

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 January 31, 2022
OR

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

For the transition period from___ to___
Commission file number: 001-41065

Braze, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**45-2505271**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

330 West 34th Street, Floor 18
New York, New York 10001
(Address of principal executive offices, including zip code)

(609) 964-0585
(Registrant's telephone number, including area code)

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

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

Securities registered pursuant to Section 12(g) of the Act:
None

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the "Exchange 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 Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

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

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

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based on the closing price of the registrant's shares of Class A common stock as reported by The Nasdaq Global Select Market on January 31, 2022 was approximately $2.7 billion. The registrant has elected to use January 31, 2022 as the calculation date, which was the last trading date of the registrant's most recently completed fiscal year, because on July 31, 2021 (the last business day of the registrant's second fiscal quarter), the registrant was a privately-held company.

At March 25, 2022, there were 26,327,254 shares of the registrant's Class A common stock and 66,905,307 shares of the registrant's Class B common stock, each with a par value of $0.0001 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for its 2022 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent stated herein. Such Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended January 31, 2022.

Braze, Inc.

Annual Report on Form 10-K

For the Fiscal Year Ended January 31, 2022

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Annual Report on Form 10-K, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will" or "would" or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our expectations regarding our revenue and the timing of revenue recognition under our customer contracts, expenses and other operating results;
- our ability to acquire new customers and successfully retain existing customers;
- our ability to increase usage of our platform and upsell and cross-sell additional products;
- our ability to achieve or sustain our profitability;
- future investments in our business, our anticipated capital expenditures and our estimates regarding our capital requirements;
- the costs and success of our marketing efforts, and our ability to promote our brand;
- our reliance on key personnel and our ability to identify, recruit and retain skilled personnel;
- our growth strategies for our platform and our ability to effectively manage our growth, including any international expansion;
- the estimated addressable market opportunity for our platform;
- our ability to protect and enforce our intellectual property rights and any costs associated therewith;
- the effect of COVID-19, including the emergence of new variant strains of COVID-19, or other public health crises on our business, industry and the global economy;
- our ability to compete effectively with existing competitors and new market entrants; and
- the size and growth rates of the markets in which we compete.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report on Form 10-K, primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled "Risk Factors" and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this report. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that "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 Annual Report on Form 10-K and are inherently uncertain. While we believe that 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.

The forward-looking statements made in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking

statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

Unless the context otherwise indicates, references in this Annual Report on Form 10-K to the terms "Braze," "the Company," "we," "our" and "us" refer to Braze, Inc. and its subsidiaries.

"Braze" "Braze Currents," "Braze Alloys," "Braze Firebrands," "Braze Classification," "Braze Teams," "Braze Cares" and other trade names and trademarks of ours appearing in this Annual Report on Form 10-K are our property. This Annual Report on Form 10-K contains trade names and trademarks of other companies, which are the property of their respective owners. We do not intend our use or display of other companies' trade names or trademarks to imply an endorsement or sponsorship of us by such companies, or any relationship with any of these companies.

We may announce material business and financial information to our investors using our investor relations website (www.investors.braze.com). We therefore encourage investors and others interested in Braze to review the information that we make available on our website, in addition to following our filings with the Securities and Exchange Commission, or the SEC, webcasts, press releases and conference calls.

PART I

Item 1. Business

Mission

Our mission is to forge human connections between consumers and the brands they love through relevant and memorable experiences.

Overview

Braze is a leading comprehensive customer engagement platform that powers customer-centric interactions between consumers and brands. Our platform empowers brands to listen to their customers better, understand them more deeply and act on that understanding in a way that is human and personal. Using our platform, brands ingest and process customer data in real time, orchestrate and optimize contextually relevant, cross-channel marketing campaigns and continuously evolve their customer engagement strategies. As of January 2022, more than 1,300 customers around the world trust Braze with their most valuable assets: their customer relationships. In January 2022, our platform enabled interactions with 3.7 billion monthly active users via our customers' apps, websites and other digital interfaces, up from 3.0 billion in January 2021. In fiscal year 2022 alone, we processed over nine trillion consumer-generated data points on our platform, and our customers sent approximately one and a half trillion messages to their consumers using our platform.

Today, consumers can interact with a seemingly unlimited number of brands anytime, anywhere, resulting in a dramatic increase in competitive pressure among brands. At the same time, the data generated from digital experiences and the increased number of consumer touchpoints have provided brands with new opportunities to reach consumers and personalize consumer experiences. But with this opportunity comes greater consumer expectations for highly relevant and seamless cross-channel interactions. These trends have led brands to increase their focus and investment on customer experience–the holistic impression that brands create across the customer journey–to differentiate themselves and form long-lasting customer relationships.

Most marketing platforms available today approach customer engagement on a channel-by-channel basis. Channel-centric strategies often lead to disjointed customer experiences that destroy brand equity and diminish customer loyalty.

We offer a new and different way of thinking about customer engagement. We built our platform on the premise that in order to foster positive customer experiences and long-lasting customer relationships, brands must create personal and human connections with consumers. To ensure that interactions between brands and consumers have the same relevance and cross-channel continuity as human interactions, we avoid channel silos so that each channel is aware of activity occurring in other channels and is able to react to that activity in real time.

The real-time nature of the interactions we enable is made possible by our proprietary, enterprise-grade stream processing architecture. This architecture receives, contextualizes, and responds to first-party customer data in the moment. We have designed it to mimic the human ability to listen, process new information in context, and react instantaneously.

We vertically integrate our orchestration, classification and personalization capabilities such that coordinating between them is simple and fast. Meanwhile, we decouple our data ingestion and message sending capabilities from the channels they support. This enables our capabilities to be centralized and available across channels and easily extensible to new channels. We support interactions across in-product and out-of-product messaging channels. Today, our in-product messaging channels consist of Content Cards, which are pieces of personalized content embedded into a brand's website or application, and in-app and in-browser messages. Our out-of-product channels include, but are not limited to, mobile push notifications, web push notifications, email, SMS and MMS messages, webhooks, Facebook and Google advertisements and multiple over-the-top, or OTT, media services and connected TV channels.

Braze unleashes the power of interdisciplinary teams by serving numerous stakeholders, beyond traditional marketers, including product and engineering teams and business intelligence teams. Our platform produces valuable data that informs decisions and actions across the entire customer engagement spectrum. Our messaging capabilities transcend marketing use cases, often being used for product or transactional use cases that facilitate or enhance the consumer's experience with the brand or product.

We enable brands to easily integrate our platform with both their in-house technical infrastructure and our expanding partner ecosystem of best-in-class technologies. Our customers can import data from other systems into any layer of our technology stack via our application programming interfaces, or APIs. They can also use Braze Currents to stream data in real time to those systems, which increases the return on our customers' other technology investments. We support direct integrations with cloud data service providers such as Snowflake, customer data management platforms such as Segment, analytic solutions such as Amplitude and other components of the modern marketing technology ecosystem.

Our platform is designed to serve the needs of customers across sizes, stages of growth, industries, and geographies. Our customers include many established global enterprises and leading technology innovators. We employ a land-and-expand business model centered around offering products that are easy to adopt and have a rapid time to value. We expand our reach within existing customers when our customers add new channels, purchase additional subscription products such as Braze Currents, implement new engagement strategies, or onboard new business units and geographies. We also grow as our customers grow because our pricing is based in large part on the number of consumers that our customers reach and the volume of messages our customers send.

Our Competitive Strengths

Cross-Channel Approach, Enabling Customer-Centric Experiences

Our cross-channel engagement approach enables customer-centric experiences. We build a more complete picture of the customer and draw insights from data to inform strategy, enabling brands to tactically deploy channels according to each channel's strengths and proven customer preferences.

Our architecture ensures that our capabilities can be used across all of our channels, maximizing the impact of new feature development. Additionally, when we add new channels, they immediately benefit from all of the existing features that we have already built, which makes them fully robust from the outset.

The applicability of features across all channels, combined with our intuitive user interface, allows our customers to quickly and easily construct cross-channel consumer journeys without the need to learn different skills for each channel or be constantly retrained. This is accomplished without sacrificing the unique qualities or capabilities associated with each individual channel that we support.

Data Streaming Architecture Processes First-Party Data in Real Time

The real-time nature of the interactions we enable is made possible by our proprietary, enterprise-grade stream processing architecture. This architecture receives, contextualizes and responds to first-party customer data in the moment. Our platform allows for high-volume, continuous data streaming, providing a live view of the various interactions that consumers are having with a brand. Unlike batch processing, where data is processed only when a specific time or threshold is hit, our data streaming architecture processes each unit of data as it is created. Real-time data processing enhances messaging relevance, while delayed data processing often leads to irrelevant messages and frustrated consumers.

We not only process data but also create analytical data. When a consumer interacts with an out-of-product marketing campaign or a website or application with the Braze software development kit, SDK, embedded, that consumer generates data that is processed and contextualized with existing data in real time.

Value Propositions Across the Organization

While for many brands the marketing organization has traditionally owned overall responsibility for customer engagement, cross-functional collaboration enhances the experience for the customer and improves the return on investment for the marketing organization. For brands that take a collaborative approach, marketing teams work hand-in-hand with other groups within the organization, including data, product and engineering teams to optimize customer engagement.

Braze unleashes the power of interdisciplinary teams by serving numerous stakeholders, beyond traditional marketers, including product and engineering teams, and business intelligence teams. Our platform produces valuable data that informs decisions and actions across the entire customer engagement spectrum. Our messaging capabilities transcend marketing use cases, often being used for product or transactional use cases that facilitate or enhance the customer's experience with the brand or product.

Braze gives teams across a company the power to imagine, create and evolve brilliant customer experiences. When designing campaigns, marketers use our composition tools to unlock new creative ideas that can be deployed across all appropriate channels and platforms. They can also leverage the strategic and creative insights of our Customer Success teams or find inspiration through engaging with our Braze Bonfire customer community as they brainstorm new approaches. When it comes time for execution, marketers and product engineers use Braze to orchestrate personalized messaging experiences directly into their products, and to ensure that all campaigns, regardless of channel, are highly coordinated and additive to the overall customer experience. Finally, data scientists and business intelligence teams analyze data gained from marketing and lifecycle campaigns, creating a rapid experimentation loop that compounds improvements and gains over time, and helps inspire new creative ideas. We serve as the unifying thread that enables brands to draw on the strength of multiple teams working in concert to bring creative, technical and business intelligence skills together.

Rapid Time to Value

Our platform's ease of use and seamless integration into existing technologies, coupled with the high value data and insights that it generates, enables brands to develop and run campaigns that meet their strategic goals quickly and efficiently. Using our intuitive user interface, individuals across all roles and technical skill levels can design and quickly deploy multi-message, multi-channel, A/B-tested strategies, with the process of new campaign creation accelerating over time.

High Performance at Scale

As brands continue to globalize and conduct more of their business digitally, they need a scalable customer engagement platform. In January 2022, our platform enabled interactions with 3.7 billion monthly active users via our customers' apps, websites and other digital interfaces, up from 3.0 billion in January 2021. Our scalability distinguishes our platform from point solutions, and we can handle the biggest of enterprise needs. We facilitate the rapid delivery of a high volume of messages, which enables us to power a brand's highest-volume events, whether they are expected, like Black Friday, or unexpected, like the sudden surge of food delivery demand during the COVID-19 pandemic.

Seamless, Real-Time Interoperability across the Customer Engagement Technology Stack

Our open APIs support easy-to-implement integrations with an expanding selection of technology partners, which we refer to as Braze Alloys, other third-party technology providers and in-house systems. These integrations allow our platform to import and export data to and from a wide variety of sources.

These seamless integrations with technology partners not only enrich the consumer insights collected by our platform but also increase the return on other technology investments by allowing other systems and tools to benefit from or add to the data and insights collected by our platform.

For example, a food delivery app may combine a consumer's food preferences with weather data to either send a campaign to encourage a consumer to order in their favorite foods when a blizzard is forecasted or skip the "order-in tonight" discount on days when the weather is sunny. A retailer might reach out to a consumer when a favorite article of clothing goes on sale after confirming with their inventory management technology that the particular article of clothing is in stock in the consumer's size and color preference.

Customer Engagement Expertise and Highly Engaged Community

When brands partner with us, they get access to strategic and technical advice from our experts and from a community of like-minded, forward-thinking marketers and product leaders.

Our documentation library, interactive online certification courses and customer success and technical support teams help brands design effective marketing strategies and use our platform to its maximum capability. Braze Bonfire, our virtual, global customer community, includes thousands of individuals across a wide spectrum of industries, business sizes, and roles. As of January 31, 2022, over 5,000 community members use Braze Bonfire to exchange growth marketing and lifecycle marketing best practices, to give direct feedback to our product and engineering teams and to attend events and engage in professional networking.

As of January 31, 2022, Braze Firebrands, our customer advocacy group, consists of over 300 customers that represent us in the market. In addition to serving as references to prospective customers, they participate in case studies, speaking engagements and media interviews, adding to our brand equity and overall market awareness.

Growth Strategy

The principal components of our growth strategy are:

- ***Acquire new customers:*** We intend to continue to expand our customer base in verticals where we already have a strong presence, such as retail, eCommerce, media, entertainment, and on-demand services, and to increase our presence in verticals where we are not yet strongly represented. Through our sales and marketing efforts, we plan to capitalize on the ongoing digital transformation in regulated industries like healthcare and financial services to further propel adoption of our technology.

- ***Expand within our existing customer base:*** We believe we can achieve significant growth by expanding sales within our existing customer base. We expand the use of our platform by existing customers by, among others, adding new channels and increasing the messaging volume we sell to our customers as their businesses and needs continue to grow and as they reach additional consumers, which in turn leads to a need for greater messaging capacity. We also anticipate that as more customers reach higher levels of digital sophistication, they will invest in additional data streaming and data management capabilities. We see an opportunity within our customers' organizations to create new use cases for our platform as they broaden the use of our platform beyond the traditional marketing team, as marketers become more technically savvy, as technologists work more closely with marketing teams, and as data scientists become more influential within their organizations. Given that many of our customers are multinational conglomerates, we also see the opportunity to further penetrate our existing customer base by expanding to new brands and new geographies within those existing customer organizations.

- ***Expand geographically:*** We believe there is a significant opportunity to continue to expand usage of our platform outside the United States, both by expanding our presence in international markets where we operate today and by entering markets we have not yet penetrated. We expect to increase market penetration in regions like Europe and Asia-Pacific and to further capitalize on the greenfield opportunity in regions such as Latin America.

- ***Expand our technology leadership through continued investment and new products:*** We are focused on investing in research and development to continue to enhance our platform. For example, we continue to develop our artificial intelligence capabilities to enable brands to better analyze and act on customer data. We believe our market-driven product development approach maximizes the return on new feature development and channel expansion. Our customers consistently volunteer to participate in the testing of new products, which indicates their appetite for new and innovative functionality. We believe our continued innovation will provide new avenues for growth through which we will continue to deliver differentiated outcomes for our customers.

- ***Continue to increase and strengthen our partnerships:*** We have built and plan to continue investing in direct integrations with technology partners that augment our core offering with a broad range of complementary offerings, including data augmentation and enrichment, analytics, and channel extensions. We are also expanding our relationships with the ecosystem of solution partners, marketing agencies, and consultancies that offer opportunities for new customer referrals.

Our Products

We offer a single, vertically integrated platform that encompasses the major functionalities, or layers, required for modern customer engagement: data ingestion, classification, orchestration, personalization, and action.

Data Ingestion

- **Braze SDKs:** The primary way in which customers integrate our platform into their websites and applications is via our SDKs. SDKs are software libraries that reside within our customers' applications or websites, automatically managing data ingestion and the delivery of mobile and web notifications, in-application / in-browser interstitial messages, and Content Cards. Our SDKs can be integrated into a wide variety of digital interfaces including iOS, Android, Desktop / Mobile Web, connected TVs, the Unity and Unreal game engines, and application development frameworks such as React Native and Cordova. By embedding new messaging capabilities directly in our SDKs, we can rapidly deploy new functionality to our customers, with little to no additional effort on their part.

- **REST API:** The majority of our customers also integrate via connecting to server-to-server APIs. The Braze REST API can be used to import or export data or to trigger workflows between Braze and brands' existing technology stacks. For example, customers can send messages using Braze within internal business processes or connect Braze to third-party services such as customer data platforms or attribution providers.

- **Partner Cohort Syncing:** Brands can sync user cohorts from partners such as Amplitude or Mixpanel to our platform. They can then use membership in these user cohorts as additional criteria in the Braze Classification layer.

Classification

- **Segmentation:** Customers can define reusable segments of consumers based upon attributes, events, or predictive propensity scores from our machine learning algorithms. Braze Segments are updated in real-time as data is ingested, allowing them to stay up-to-date with the latest data inputs.

- **Segment Insights:** Segment Insights allows customers to analyze how segments are performing relative to each other across a set of pre-selected key performance indicators. Additionally, customers can use this tool to understand the factors that determine which consumers belong to a particular segment.

- **Predictive Suite:** Our Predictive Suite allows customers to identify groups of consumers that are of critical business value such as "consumers who are likely to churn." Our platform uses machine learning to automatically identify consumers who have a propensity to behave similarly to the identified audience, allowing customers to preemptively engage these consumers and thereby encourage or discourage their predicted behaviors.

Orchestration

- **Canvas:** Canvas is our flagship orchestration tool, allowing customers to create journeys, mapping out multi-step, cross-channel messaging experiences such as onboarding flows, nurture campaigns, win-back strategies, and more. Canvases are designed to be flexible and real-time, able to execute nearly any digital marketing campaign strategy that customers can envision. Canvas is natively cross-channel and customers use it to design and execute strategies that span all of the platforms and channels that our platform supports. Using Canvas, customers can create multiple variants of a journey and automatically optimize customer journeys based on the performance of the variants.

- **Campaigns:** Campaigns allow customers to send one set of single-channel or multi-channel messages to be delivered to customers in a particular user segment. Campaigns can be one-time or recurring sends that are delivered on a time-based schedule, or can be sent in response to a user's actions, or triggered by an API call. Campaigns support all of Braze's messaging channels and offer experimentation such as A/B testing.

- **Event and API Triggering:** Messages, steps within a Canvas, or entire Canvas flows can be triggered in a variety of ways, such as when events of a certain type are received or when API calls are initiated from our customers' servers.

- **Frequency Capping and Rate Limiting:** Customers can limit the number of messages sent from the platform by capping the frequency of message type (e.g., no more than three push notifications per week or no more than one promotional email per day), or by limiting the speed at which our platform sends messages (e.g., no more than 10,000 messages per minute).

- **Intelligent Selection:** Our platform can automatically run a multi-armed bandit optimization to improve the outcomes of a recurring Canvas or Campaign. Consumers can traverse different Canvas paths or receive different Campaign variations in a manner designed to maximize the total number of conversions.

- **Reporting and Analytics:** We provide a variety of analytics features to help our customers understand and improve their customer engagement strategies:

    - *Campaign and Canvas Analytics:* Our platform provides analytics breakdowns for all Campaigns and Canvases, including tracking conversion rates. Customers can create multiple variants and results can be compared statistically against one another or a control.

    - *Funnel and Retention Reports:* Customers can analyze the retention uplift caused by a messaging strategy, or create and analyze funnels of actions that were taken by consumers after receiving a message.

    - *Report Builder:* Customers can create custom reports to analyze the total uplift and aggregate statistics from their usage of our platform.

    - *Global Holdout Groups:* To allow customers to isolate the impact of their marketing efforts, customers can create global holdout groups, consisting of consumers who should only receive a subset of critical communications from the customer (e.g., password reset emails) and otherwise be held out from all communication. Lifetime value of this holdout group can be easily compared against that of consumers who received the full suite of Braze engagement.

Personalization

- **Liquid Templating:** Customers can personalize messages using the Liquid Templating language to inject personalized content into their messages. Our platform allows customers to flexibly utilize a wide variety of data in this templating process, including data ingested and stored on consumer profiles, as well as contextual data, such as properties of a consumer action that triggered a message flow. Personalization options include use cases such as listing a set of consumer-specific recommendations or creating complex if/else logic inside of a message to conditionally determine what content to deliver.

- **Connected Content:** Customers can connect to remote servers (including both third-party partners and first-party customer-owned endpoints) and pull back data for advanced personalization use cases. For example, customers can personalize messages on a one-to-one basis by connecting to a recommendation engine or modify messages to a user based upon the current weather at the user's location.

- **Content Blocks:** Customers can store and reuse blocks of content (including Liquid Templating content) which can be used across multiple messages. Content Blocks can also be updated and managed via API, extending their functionality and connecting them to customer data sources dynamically.

- **Intelligent Timing:** Our platform will automatically calculate when consumers are most likely to engage with a particular messaging channel, and can send messages to consumers at the time that is optimal for them based upon their behavior patterns for a particular channel.

- **Promotion Codes:** Customers can store promotion codes within the platform, and use them to serve unique, one-time use promotional coupon codes to consumers.

Action

- **In-Product Messaging:**

    - *In-App and In-Browser Messages:* Our platform offers a variety of interstitial messages that can be added to mobile applications and web browsers for engagement use cases – ranging from reminders, confirmation dialogs, promotions, surveys, and more. These in-experience messages can be built from templates or built from scratch with nearly infinite customizability.

- *Content Cards:* In addition to ephemeral messages, we offer Content Cards, a proprietary Braze product where a personalized feed of user-controllable content is embedded directly into applications and browsers for persistent viewing.

- **Out-of-Product Messaging:**

  - *Push Notifications:* Our platform provides robust push notification messaging capabilities across both mobile and web. In addition to supporting push notifications on all major platforms, we have released advanced functionality such as Push Stories (paginated image carousels within notifications) to increase the power and flexibility of the channel.

  - *Email:* Our platform provides a full suite of email engagement technology, including email template editing and management, link tracking and heatmap analytics, email preference centers, and seed lists. We also support advanced email content types, such as Accelerated Mobile Pages, which enables marketers to embed interactive elements.

  - *SMS and MMS:* Our platform offers a native product for SMS and MMS messaging. In addition to sending messages via the SMS and MMS protocols, customers can manage links and analytics and respond to inbound keyword responses with an automated follow-up message.

  - *Ad Network Integrations:* Using Braze Audience Sync with Facebook or Google, brands can sync user data from Braze to Facebook Custom Audiences and Google Display Network to deliver advertisements outside the Braze platform based upon behavioral triggers, segmentation and more.

- **Webhooks:** Our platform offers flexible webhooks, allowing customers to connect Braze to any external application via outbound web requests, using all of the targeting and templating mechanisms available on other channels. Customers can use webhooks for utility purposes (such as messaging to their own servers) as well as to build integrations with other third-party partner systems, such as to direct email providers, extending the range and utility of our platform.

- **Transactional Messaging:** We offer an optional premium service with even higher speed and reliability guarantees for critical use cases.

- **Braze Currents:** All data sent to and generated by our platform can be exported to a range of partner systems. These systems include data storage partners such as Microsoft Azure, Amazon Web Services, and Google Cloud; Customer Data Platforms such as Segment, mParticle and Tealium; and analytics providers such as Amplitude and Mixpanel. Braze Currents can also export data to generic web endpoints for maximum flexibility. Customers can use these integrations to leverage their Braze data elsewhere within their technology ecosystem, thereby enabling tighter collaboration between marketing/growth teams and their partners in business intelligence or engineering.

- **Snowflake Data Sharing:** Alongside Braze Currents, data tracked and stored within our platform can also be accessed directly via our partnership with Snowflake using Snowflake's Data Sharing mechanism.

In addition, we provide several features for general management of our platform designed to allow customers of all sizes to maximize their efficiency:

- **Activity Logs:** we provide activity logs for major actions that occur in our platform, and changelogs for updates to objects such as Campaigns, Segments, or Canvases on our dashboard. These logs allow customers to troubleshoot their integrations and audit their team's activities on the platform.

- **Media Library:** we offer a media library consisting of images that can be stored and reused in messages across the entire platform.

- **User Permissions:** we provide a complete set of Role-Based Access Controls to allow large global teams to manage our platform effectively. In addition to these Role-Based Access Control mechanisms, we offer Braze Teams, which allows customers to break their consumer base into segments based on the consumer's country, language, or a custom attribute. With Braze Teams, customers can create groups to manage individual regions or subsets of their businesses while restricting their ability to view or manage data outside of their assigned region.

Our Competition

The market for customer engagement solutions is evolving and highly competitive. There are several established and emerging competitors that address specific aspects of customer engagement, but we believe that none of our competitors currently offer comparable comprehensive customer engagement solutions. We face intense competition from software companies that offer marketing solutions, such as legacy marketing clouds like Adobe and Salesforce, and point solutions like Airship, Iterable, Leanplum, MailChimp and MoEngage.

Many of our existing competitors have, and our potential competitors could have, substantial competitive advantages, such as greater name recognition, longer operating histories, larger sales and marketing budgets and resources, greater customer support resources, lower labor and development costs, larger and more mature intellectual property portfolios and substantially greater financial, technical and other resources than we do. In addition, our competitors may have an advantage in markets where our policies regarding the use of customer data are more restrictive than local laws, regulations, policies and standards. For example, competitors willing to sell customer data in markets where such activity is permissible may have a pricing advantage over us in such markets. With the introduction of new technologies and the entry of new competitors into the market, we expect competition to persist and intensify in the future. In addition, merger and acquisition activity in the technology industry could increase the likelihood that we compete with other large technology companies. This could harm our ability to increase sales, maintain or increase subscription renewals, and maintain our prices.

Conditions in our market could change rapidly and significantly as a result of technological advancements, partnering among our competitors or continuing market consolidation. Some of our larger competitors also have substantially broader product lines and market focus and therefore may not be as susceptible to downturns in a particular market. New start-up companies that innovate, and large companies that are making significant investments in research and development, may invent similar or superior products and technologies that compete with one or more of our platform offerings. In addition, some of our competitors may enter into new alliances with each other or may establish or strengthen cooperative relationships with agency partners, technology and application providers in complementary categories, or other parties. Competitors may also consolidate with existing partners that we rely on, and as a result we could lose such partnerships. Any such consolidation, acquisition, alliance or cooperative relationship could lead to pricing pressure, a loss of market share or a smaller addressable share of the market and could result in a competitor with greater financial, technical, marketing, service and other resources, all of which could harm our ability to compete.

Some of our larger competitors use their broader product offerings to compete with us, bundling their competitive products with other products being purchased from that company by a customer or closing access to their technology platform, thereby making it more difficult for customers to integrate. Potential customers may prefer to purchase from their existing suppliers rather than a new supplier, regardless of product performance or features. Furthermore, potential customers may be more willing to incrementally add solutions to their existing infrastructure from competitors than to replace their existing infrastructure with our platform and offerings. These competitive pressures in our market, or our failure to compete effectively, may result in price reductions, fewer sales, reduced revenue and gross margins, increased net losses and loss of, or failure to expand, our market share.

Sales and Marketing

We sell subscriptions to our platform primarily through a direct sales force with primary operations in New York City, San Francisco, Chicago, London, Berlin, Austin, Tokyo and Singapore. Our team of account executives is responsible for selling to new customers as well as existing customers who may renew their subscriptions, increase the usage of our platform over time and expand the deployment of our platform across their organizations. In addition, we sell our platform through our joint venture in Japan, as well as through resellers in South Korea, Australia and Latin America.

Our marketing activities are designed to build broad brand awareness, generate thought leadership and create demand and leads for our sales organizations within our target markets. Our marketing programs target influencers and decision makers participating in the buying cycle, including the chief marketing officer, chief customer officer, chief technology officer, and other key functional marketing and technology heads. Additionally, we conduct marketing programs to engage with our customers to promote upsell and cross-sell opportunities, and we engage with industry analysts, consulting firms, marketing service providers, data and technology partners, marketing agencies and other platform partners, business and trade press and other industry experts who exert considerable influence in our market.

Intellectual Property

Intellectual property rights are important to the success of our business. We rely on a combination of patent, copyright, trademark and trade secret laws in the United States and other jurisdictions, as well as license agreements, confidentiality procedures, non-disclosure agreements with third parties, and other contractual protections, to protect our intellectual property rights, including our proprietary technology, software, know-how and brand. We use open source software in our services.

As of January 31, 2022, we owned 19 patents and had seven patent applications pending for examination in the United States and no non-U.S. patents or patent applications. The pending U.S. patent applications, if issued, would be scheduled to expire in 2039 and 2040. Our pending U.S. patent applications may not result in issued patents. As of January 31, 2022, we owned ten registered trademarks in the United States and 19 registered trademarks in various non-U.S. jurisdictions.

Although we rely on intellectual property rights, including patents, copyrights, trademarks and trade secrets, as well as contractual protections to establish and protect our proprietary rights, we believe that factors such as the technological and creative skills of our personnel, creation of new services, features and functionality, and frequent enhancements to our platform are more essential to establishing and maintaining our technology leadership position.

We control access to and use of our proprietary technology and other confidential information through the use of internal and external controls, including contractual protections with employees, contractors, customers and partners. We require our employees, consultants and other third parties to enter into confidentiality and proprietary rights agreements, and we control and monitor access to our software, documentation, proprietary technology and other confidential information. Our policy is to require all employees and independent contractors to sign agreements assigning to us any inventions, trade secrets, works of authorship, developments, processes and other intellectual property generated by them on our behalf and under which they agree to protect our confidential information. In addition, we generally enter into confidentiality agreements with our customers and partners. See the section titled "Risk Factors" for a more comprehensive description of risks related to our intellectual property.

Security, Privacy, Data Protection and Regulatory Matters

In the ordinary course of our business, we may process personal data. We are, or may become, subject to a number of data privacy and security obligations, including federal, state and foreign laws and regulations that involve matters central to our business. These laws and regulations may involve privacy, data security, data protection, rights of publicity, content regulation, intellectual property, competition, consumer protection, taxation, anti-bribery, anti-money laundering and corruption, economic or other trade prohibitions or sanctions or securities law compliance or other subjects. Such obligations may include, without limitation, the Federal Trade Commission Act, or the FTCA, the Telephone Consumer Protection Act of 1991, the Children's Online Privacy Protection Act of 1998, or COPPA, the Controlling the Assault of Non-Solicited Pornography And Marketing Act of 2003, the California Consumer Privacy Act of 2018, or the CCPA, the European Union's General Data Protection Regulation 2016/679, or the EU GDPR, the EU GDPR as it forms part of United Kingdom, or the U.K., law by virtue of section 3 of the European Union (Withdrawal) Act 2018, or the U.K. GDPR, the ePrivacy Directive, and the Payment Card Industry Data Security Standard, or PCI DSS. In addition, several states within the United States have enacted or proposed data privacy laws. For example, Virginia passed the Consumer Data Protection Act, and Colorado passed the Colorado Privacy Act.

The CCPA and EU GDPR are examples of the increasingly stringent and evolving regulatory frameworks related to personal data processing that may increase our compliance obligations and exposure for any noncompliance. For example, the CCPA imposes obligations on covered businesses to provide specific disclosures related to a business's collecting, using, and disclosing 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 the individual's personal data, and to opt out of certain personal data disclosures). Also, the CCPA provides for civil penalties and a private right of action for data breaches which may include an award of statutory damages. In addition, it is anticipated that the California Privacy Rights Act of 2020, or the CPRA, effective January 1, 2023, will expand the CCPA. The CPRA will, among other things, give California residents the ability to limit use of certain sensitive personal data, establish restrictions on personal data retention, expand the types of data breaches that are subject to the CCPA's private right of action, and establish a new California Privacy Protection Agency to implement and enforce the new law. U.S. federal and state consumer protection laws may require us to publish statements that accurately and fairly describe how we handle personal data and choices individuals may have about the way we handle their personal data.

European data privacy and security laws (including the EU GDPR and U.K. GDPR) impose significant and complex compliance obligations on entities that are subject to those laws. For example, the EU GDPR applies to any company established in the European Economic Area, or the EEA, and to companies established outside the EEA that process personal data in connection with the offering of goods or services to data subjects in the EEA or the monitoring of the behavior of data subjects in the EEA. These obligations may 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 authorities and affected individuals; and mandating the appointment of representatives in the U.K. or the EU in certain circumstances.

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, please see the section titled "Risk Factors — Risks Related to Privacy, Data Security and Data Protection Laws."

Our Culture

We believe our culture and core values are critical to our success and have delivered tangible financial and operational benefits to our customers, employees, and stockholders. We are a mission-driven company and have designed our core values as a guiding set of principles for our employees and business.

Our core values are:

- **Take Your Seat at the Table:** Our community welcomes and respects our employees' unique talents and perspectives. We encourage employees to roll up their sleeves and join in as we build Braze together.

- **Don't Ignore Smoke:** With constant vigilance, we help each other notice issues before smoke turns to fire. When employees come to us, we celebrate the messenger and assist them however we can.

- **Shape the Future:** We believe in the positive trajectory of change. We make investments, take calculated risks and guide others down the path of our vision for the future.

- **Embrace Curiosity:** We are explorers of details and new horizons. We embrace a growth mindset and pursue our curiosities to acquire new mastery and hone existing skills.

- **Seek the Truth:** We combine intelligence with humility to challenge our assumptions and ask thoughtful questions. We make better decisions by deeply understanding our world.

- **Be a Human:** Each of us contributes to the Braze culture through our individuality. We operate with integrity, and above all else, we are kind.

Our core values were built from the ground up by our employees and represent what our employees have told us Braze means to them. Accordingly, these core values represent not only the ideals of our business, but the guiding tenets of how we operate every day, including how we communicate, how we make decisions, and how we treat our customers and our colleagues.

Diversity, Equity and Inclusion

We believe our impact is greatest when our workforce represents the diverse and global community that we serve. Accordingly, we started our Braze For ALL initiative in 2018 and our Social Impact Department in 2021 in support of our view that diversity, equity and inclusion, or DEI, efforts are integral to our success and a key part of our core values. As part of our Braze For ALL initiative, our DEI efforts include:

- **Hiring Practices:** We use a number of techniques focused on the achievement of a diverse workforce. For instance, we try to utilize recruitment strategies that will provide a diverse pipeline of candidates, including partnerships with colleges, universities and non-profit organizations that support underrepresented populations from which we can source talent.

- **Employee Resource Groups:** Employee resource groups at Braze are employee-led and organizationally-supported groups of employees that are drawn together by shared characteristics (such as ethnicity, gender, sexual orientation, etc.) or shared interests. Participation is open to all. Our employee resource groups serve as a resource, point of connection and community for underrepresented employees and their allies, and are an important part of building and maintaining an equitable, diverse and inclusive workforce and community.

- **Cultural Education, Bias Mitigation and Allyship:** We provide regular programming on cultural awareness, bias mitigation and allyship, including through partnerships with third parties. All new hires are required to participate in unconscious bias and diversity training.

As of January 31, 2022, our workforce was, based upon employee self-identification, 59% white, 20% Asian, 5% of two or more racial groups, 5% black, 4% of Latin background, 3% of our workforce identified as an ethnicity not included in these groups and the remainder declined to self-identify or did not respond. As of the same date, based upon employee self-identification, our workforce was 54% male, 44% female, 0.4% non-binary or gender fluid and the remainder declined to self-identify or did not respond.

Social Responsibility and Community Initiatives

Our core values not only express how we drive our business, but they also reflect how we seek to support the communities of which we are a part. To support this, we have established a Social Impact Department with the goal of using our technology, expertise, and resources to transform how the world connects and communicates to shape an equitable and more sustainable future. Our Social Impact Department oversees our corporate social responsibility and DEI initiatives under the pillars of community, education, and sustainability.

We desire to improve our communities through a number of social initiatives, core among them our participation in the joint-initiative Tech for Black Founders. As part of Tech for Black Founders, our mission is to create an ecosystem that provides resources and technology to empower Black-founded businesses and level the playing field for underserved founders. All companies led by one or more Black founders that have bootstrapped or raised less than $30.0 million in venture capital financing and with fewer than 150 employees are eligible for this program. Companies that satisfy these criteria are eligible to use certain aspects of our platform and certain products for free for a year, with the ability to apply for an additional year if the company continues to meet the applicable criteria. As of January 31, 2022, there were 16 companies using Braze through this initiative.

We have established the Braze Cares initiative which focuses on our charitable giving and fostering opportunities for our employees to volunteer in their communities. As of January 31, 2022, through our Braze Cares program, we and our employees have made donations of approximately $294,787 to over 567 organizations. Our employees have also volunteered with numerous organizations worldwide as part of this program.

We have also joined the Pledge 1% movement and have reserved up to 964,647 shares of our Class A common stock, which we may donate over the next ten years, to fund our social impact and environmental, social, and governance initiatives. We may also donate our time and technology, in addition to our equity and financial resources, to support our social responsibility and community initiatives.

Human Capital

As a technology company, our employees are our most valuable resource. We are led by a diverse, global, and talented team of software developers and subject matter experts who seek to understand our customers' challenges and are dedicated to tackling them.

As of January 31, 2022, we had a total of 1,164 full-time employees. We have not experienced any work stoppages, and we consider our relations with our employees to be good. We offer employees a variety of professional development opportunities and encourage a performance-driven environment. We have focused on creating a robust culture to encourage retention and engagement. See "— Our Culture" above for additional information about our human capital management practices.

General Corporate Information

We were incorporated in Delaware in 2011. Our headquarters is located at 330 West 34th Street, Floor 18, New York, New York 10001 and our telephone number is (609) 964-0585. Our website address is www.braze.com. Information contained on, or that can be accessed through, our website is not incorporated by reference into this Annual Report on Form 10-K, and you should not consider information on our website to be part of this Annual Report on Form 10-K.

Other Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, are filed with the SEC. Such reports and other information filed by us with the SEC are available free of charge on our website at

www.investors.braze.com when such reports are available on the SEC's website. The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov. The information contained on the websites referenced in this Annual Report on Form 10-K is not incorporated by reference into this filing. Further, our references to website URLs are intended to be inactive textual references only.

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties, including those described below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes. The risks and uncertainties described below are not the only ones we face. Additional risk and uncertainties not presently known to us or that we presently deem less significant may also impair our business operations. If any of the events or circumstances described in the following risk factors is realized, our business, operating results, financial condition, cash flows, and prospects could be materially and adversely affected. In that event, the market price of our Class A common stock could decline, and you could lose part or all of your investment.

Risk Factors Summary

Our business operations are subject to numerous risks, factors and uncertainties, including those outside of our control, that could cause our actual results to be harmed, including risks regarding the following:

- Our rapid revenue growth may not be indicative of our future revenue growth. Our rapid revenue growth also makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.
- We may require additional capital to support business growth, and this capital might not be available on acceptable terms, if at all.
- We have a limited history operating at our current scale, and our future results of operations may fluctuate significantly due to a wide range of factors, which make it difficult to forecast our future results of operations.
- We have a history of operating losses and may not achieve or sustain profitability in the future.
- The estimates of market opportunity and forecasts of market growth may prove to be inaccurate. Even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.
- We face intense competition, including from well-established companies that offer products that compete with ours. We may lack sufficient financial or other resources to maintain or improve our competitive position, which may harm our ability to add new customers, retain existing customers, and grow our business.
- If we are unable to attract new customers and renew existing customers, our business, financial condition and results of operations will be adversely affected.
- If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, or changing regulations, or to changing customer or consumer needs, requirements or preferences, our platform may become less competitive.
- We are substantially dependent upon customers renewing their subscriptions to, and expanding their use of, our platform to maintain and grow our revenue, which requires us to scale our platform infrastructure and business quickly enough to meet our customers' growing needs. If we are not able to grow in an efficient manner, our business, financial condition and results of operations could be harmed.
- Failure to effectively develop and expand our sales and marketing capabilities could harm our ability to expand our customer base and achieve broader market adoption of our platform and products.
- We are dependent on a single platform, and the failure to achieve continued market acceptance of our platform could cause our results of operations to suffer.
- If our platform fails to perform properly or there are defects or disruptions in the rollout of our platform updates or enhancements, our reputation could be adversely affected, our market share could decline, and we could be subject to liability claims.
- We may need to reduce prices or change our pricing model to remain competitive.
- Our business depends on our ability to send consumer engagement messages, including emails, SMS and mobile and web notifications, and any significant disruption in service with our third-party providers or on mobile operating systems could result in a loss of customers or less effective consumer-brand engagement, which could harm our business, financial condition and results of operations.
- We rely upon third-party providers of cloud-based infrastructure, including Amazon Web Services, to host our products. Any disruption in the operations of these third-party providers or limitations on capacity or interference with our use could adversely affect our business, financial condition and results of operations.

- We are subject to stringent and changing laws and regulations, industry standards and contractual obligations related to privacy, data security and data protection. The restrictions and costs imposed by these requirements and our actual or perceived failure to comply with them, could harm our business.
- If we or our third-party service providers experience a security breach or unauthorized parties otherwise obtain access to our customers' data, our data or our platform, our solution may be perceived as not being secure, our reputation may be harmed, demand for our platform and products may be reduced and we may incur significant liabilities.
- Changes in laws and regulations related to the internet or changes in the internet infrastructure itself may diminish the demand for our platform and could have a negative impact on our business.
- We employ third-party licensed software for use in or with our platform, and the inability to maintain these licenses or errors or vulnerabilities in the software we license could result in increased costs, or reduced service levels, which would adversely affect our business.
- We have identified three material weaknesses in our internal control over financial reporting, and if we are unable to achieve and maintain effective internal control over financial reporting, the accuracy and timing of our financial reporting may be adversely affected.
- The dual class structure of our common stock has the effect of concentrating voting control with our executive officers, directors and significant holders of our capital stock, which limits the ability of holders of our Class A common stock to influence the outcome of important transactions.

Risks Related to Our Growth and Capital Requirements

Our rapid revenue growth may not be indicative of our future revenue growth. Our rapid revenue growth also makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.

Our revenue was $238.0 million and $150.2 million for the fiscal years ended January 31, 2022 and 2021, respectively. You should not rely on our historical revenue growth as an indication of our future performance. Even if our revenue continues to increase, we expect that our annual revenue growth rate will decline in the future as a result of a variety of factors, including the maturation of our business. Overall growth of our revenue depends on several factors, including our ability to:

- expand subscriptions for our platform to our existing customers;
- expand the products for and functionality of our platform and achieve market acceptance for them;
- attract new customers, particularly in verticals and organizations where we have already experienced revenue growth;
- succeed in selling our products outside the United States;
- continue to partner with existing customers to improve our platform and its products and functionality;
- keep pace with technological developments;
- price our platform subscriptions effectively;
- provide our customers with support that meets their needs;
- successfully identify and acquire or invest in businesses, products or technologies that we believe could complement or expand our platform; and
- increase awareness of our brand on a global basis and successfully compete with other companies.

We may not successfully accomplish any of these objectives and, as a result, it is difficult for us to forecast our future results of operations. If the assumptions that we use to plan our business are incorrect or change in reaction to changes in our market, or if we are unable to maintain revenue growth, our stock price could be volatile, it may be difficult to achieve and maintain profitability, and our business, financial condition and results of operations may be adversely affected. The adverse effect on our results of operations resulting from a failure to achieve our revenue expectations may be particularly acute because of the significant research, development, marketing, sales and other expenses we expect to incur.

We may require additional capital to support business growth, and this capital might not be available on acceptable terms, if at all.

We have funded our operations since inception primarily through equity financings and, more recently, sales of subscriptions to our platform. We cannot be certain when or if our operations will generate sufficient cash to fully fund our ongoing operations or the growth of our business. We intend to continue to make investments to support our business and may require additional funds to respond to business challenges, including the need to develop new features or enhance our platform, improve our operating infrastructure or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. Additional financing may not be available on terms favorable to us, if at all. If adequate funds are not available on acceptable terms, we may be unable to invest in future growth opportunities, which could harm our business, financial condition and results of operations. If we incur debt, the debt holders would have

rights senior to holders of our Class A common stock to make claims on our assets, and the terms of any debt could include restrictive covenants relating to our capital raising activities and other financial and operational matters, any of which may make it more difficult for us to obtain additional capital and to pursue business opportunities. Furthermore, if we issue equity securities, our stockholders will experience dilution, and the new equity securities could have rights senior to those of our Class A common stock. Because our decision to issue securities in the future will depend on numerous considerations, including factors beyond our control, we cannot predict or estimate the amount, timing, or nature of any future issuances of debt or equity securities. As a result, our stockholders bear the risk of future issuances of debt or equity securities reducing the value of our Class A common stock and diluting their interests.

We have a limited history operating at our current scale, and our future results of operations may fluctuate significantly due to a wide range of factors, which make it difficult to forecast our future results of operations.

We were founded in 2011, but our business and revenue have grown rapidly over the last several years. As a result of our limited history operating at our current scale, our ability to accurately forecast our future results of operations is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. Our results of operations may fluctuate significantly from period to period due to many factors, many of which are outside of our control, including:

- failure to execute on our growth strategies;
- the level of demand for our platform;
- the rate of renewal of subscriptions with, and extent of sales of additional subscriptions to, existing customers;
- the size, timing, duration and pricing, and other terms of our subscription agreements with existing and new customers;
- the introduction of new products and product enhancements by existing competitors or new entrants into our market, and changes in pricing for products offered by our competitors;
- network outages, security breaches and other cyber-attacks, technical difficulties with or interruptions to our platform;
- customers delaying purchasing decisions in anticipation of new developments or enhancements by us or our competitors or otherwise;
- changes in customers' budgets;
- seasonal variations related to sales and marketing and other activities, such as expenses related to our customers' increased usage of our platform and products during the fourth quarter;
- our ability to increase, retain and incentivize the strategic partners that market and sell our platform;
- the timing of growth of our business, in particular through our hiring of new employees and international expansion;
- our ability to control our operating expenses and other costs;
- our ability to hire, train and maintain our direct sales team;
- unforeseen litigation and inability to enforce, protect or defend our intellectual property, or claims of infringement by third parties;
- the timing of our adoption of new or revised accounting pronouncements applicable to us and the impact on our results of operations;
- fluctuations in our effective tax rate; and
- general economic and political conditions, as well as economic conditions specifically affecting industries in which our customers operate.

Any one of these or other risks or uncertainties discussed elsewhere in this report or the cumulative effect of some of these factors may result in fluctuations in our revenue, results of operations and cash flows, meaning that quarter-to-quarter comparisons of our revenue, results of operations and cash flows may not necessarily be indicative of our future performance, may cause us to miss our guidance and analyst expectations and may cause the price of our Class A common stock to decline. Additionally, if our assumptions regarding these risks and uncertainties are incorrect or change, including as a result of the ongoing COVID-19 pandemic, including the emergence of new variant strains of COVID-19, or the ongoing geopolitical instability resulting from the conflict between Russia and Ukraine, or if we do not address these risks successfully, our revenue and results of operations could differ materially from our expectations, and our business, financial condition and results of operations may be adversely affected.

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

We have experienced net losses in each of our last several fiscal years. We generated a net loss of $78.2 million and $32.0 million for the fiscal years ended January 31, 2022 and 2021, respectively. As of January 31, 2022, we had an accumulated deficit of $215.0 million. While we have experienced significant revenue growth in recent periods, we are not certain whether or when we will achieve or maintain profitability in the future. We also expect our costs and expenses to

increase in future periods, which could negatively affect our future results of operations if our revenue does not continue to increase. In particular, we intend to continue to expend substantial financial and other resources on:

- our technology infrastructure and operations, including systems architecture, scalability, availability, performance and security;
- our sales and marketing organization, to engage our existing and prospective customers, increase brand awareness and drive adoption of our products;
- platform development, including investments in our platform development team and the development of new products and functionality for our platform as well as investments in further improving our existing platform and infrastructure;
- acquisitions or strategic investments;
- international expansion; and
- general administration, including increased insurance, legal and accounting expenses associated with being a public company.

These investments may not result in increased revenue. If we are unable to maintain or increase our revenue at a rate sufficient to offset the expected increase in our costs, our business, financial condition and results of operations will be adversely affected, and we may not be able to achieve or maintain profitability over the long term.

The estimates of market opportunity and forecasts of market growth may prove to be inaccurate. Even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

Market estimates and growth forecasts are uncertain and based on assumptions and estimates that may be inaccurate. Our addressable market depends on a number of factors, including businesses' desire to differentiate themselves through digital customer engagement, partnership opportunities, changes in the competitive landscape, technological changes, data security or privacy concerns, customer budgetary constraints, changes in business practices, changes in the regulatory environment and changes in economic conditions. Our estimates and forecasts relating to the size and expected growth of our market may prove to be inaccurate, and our ability to produce accurate estimates and forecasts may be impacted by economic uncertainty that is outside our control, including the uncertainty associated with (i) the ongoing COVID-19 pandemic, including the emergence of new variant strains of COVID-19, and any uncertainties related to the recovery therefrom, (ii) international conflicts that may impact international trade and global economic performance, such as the ongoing conflict between Russia and Ukraine and the related economic sanctions imposed by the United States and its trading partners against Russia and Belarus, and (iii) other macroeconomic trends, such as international and domestic supply chain risks that impact our customers. Any of these risks could have a significant impact on our business or the business of our customers, either of which could result in a material adverse effect on our results and operations and cause our current estimates and projections to be inaccurate. Even if the market in which we compete meets the size estimates and growth rates we forecast, our business could fail to grow at similar rates, if at all.

Risks Related to Our Business and Our Brand

We face intense competition, including from well-established companies that offer products that compete with ours. We may lack sufficient financial or other resources to maintain or improve our competitive position, which may harm our ability to add new customers, retain existing customers, and grow our business.

The market for customer engagement products is evolving and highly competitive. There are several established and emerging competitors that address specific aspects of customer engagement. We face intense competition from software companies that offer marketing solutions, such as legacy marketing clouds like Adobe and Salesforce, and point solutions like Airship, Iterable, Leanplum, MailChimp and MoEngage. Many of our existing competitors have, and our potential competitors could have, substantial competitive advantages, such as greater name recognition, longer operating histories, larger sales and marketing budgets and resources, greater customer support resources, lower labor and development costs, larger and more mature intellectual property portfolios and substantially greater financial, technical and other resources than we do. In addition, our competitors may have an advantage in markets where our policies regarding the use of customer data are more restrictive than local laws, regulations, policies and standards. For example, competitors willing to sell customer data in markets where such activity is permissible may have a pricing advantage over us in such markets. Any such pricing advantages that our competitors have may negatively affect our ability to gain new customers and retain existing customers. With the introduction of new technologies and the entry of new competitors into the market, we expect competition to persist and intensify in the future. In addition, merger and acquisition activity in the technology industry could increase the likelihood that we compete with other large technology companies. This could harm our ability to increase sales, maintain or increase subscription renewals, and maintain our prices.

Conditions in our market could change rapidly and significantly as a result of technological advancements, partnering by our competitors or continuing market consolidation. Some of our larger competitors also have substantially broader product lines and market focus and therefore may not be as susceptible to downturns in a particular market. New start-up companies that innovate, and large companies that are making significant investments in research and development, may invent similar or superior products and technologies that compete with one or more of our platform offerings. In addition, some of our competitors may enter into new alliances with each other or may establish or strengthen cooperative relationships with agency partners, technology and application providers in complementary categories, or other parties. Competitors may also consolidate with existing service providers or strategic partners that we rely on, and as a result we could lose partnerships that are difficult to replace. Any such consolidation, acquisition, alliance or cooperative relationship could lead to pricing pressure, a loss of market share or a smaller addressable share of the market and could result in a competitor with greater financial, technical, marketing, service and other resources, all of which could harm our ability to compete.

Some of our larger competitors may use their broader product offerings to compete with us, including by bundling their competitive products with other products being purchased from that company by a customer or by restricting access to their technology platforms thereby making it more difficult for customers to integrate the use of our platform with other competitor products. Potential customers may prefer to purchase from their existing suppliers rather than a new supplier regardless of product performance or features. Furthermore, potential customers may be more willing to incrementally add solutions to their existing infrastructure from competitors than to replace their existing infrastructure with our platform and products. These competitive pressures in our market, or our failure to compete effectively, may result in price reductions, fewer sales, reduced revenue and gross margins, increased net losses and loss of, or failure to expand, our market share. Any failure to address these challenges could harm our business, financial condition and results of operations.

If we are unable to attract new customers and renew existing customers, our business, financial condition and results of operations will be adversely affected.

To increase our revenue, we must continue to attract new customers and retain, and sell more products to, existing customers. Our success will depend to a substantial extent on the widespread adoption of our platform and products as an alternative to existing products in which many enterprises have invested substantial personnel and financial resources and, therefore, may be reluctant or unwilling to abandon. In addition, as our market matures, our products evolve and competitors introduce lower cost or differentiated products that are perceived to compete with our platform, products and services, our ability to sell subscriptions for our products could be impaired. Similarly, our subscription sales could be adversely affected if customers or users within these organizations perceive that features incorporated into competitive products reduce the need for our products or if they prefer to purchase other products that are bundled with products offered by other companies that operate in adjacent markets and compete with our products. In addition, the value of our products and services to our customers depends, in part, on our customers' ability to use them as part of an overall effective marketing strategy. To the extent our customers' marketing strategies are not effective, they may reduce the use of our products and services or fail to renew their existing contracts. As a result of these and other factors, we may be unable to attract new customers, which may have an adverse effect on our business, financial condition and results of operations.

If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, or changing regulations, or to changing customer or consumer needs, requirements or preferences, our platform may become less competitive.

Our ability to attract new customers and increase revenue from existing customers depends in large part on our ability to enhance and improve our platform and its products and functionality, increase adoption and usage of our platform, and introduce new products and functionality. The market in which we compete is relatively new and subject to rapid technological change, evolving industry standards and changing regulations, as well as changing customer and consumer needs, requirements and preferences, including changes in the use of channels through which consumers desire to communicate with brands. For instance, the SEC has recently indicated that it may increase regulatory focus on the use of customer engagement tools in the financial services industry, and we cannot predict if other regulators will take similar actions in other markets in the future. Any regulatory restrictions on the use of customer engagement tools from the SEC or other domestic or foreign regulators could have the effect of reducing demand for our platform in this and other markets. The success of our business will depend, in part, on our ability to adapt and respond effectively to these changes on a timely basis. If we were unable to enhance our platform offerings to keep pace with rapid technological and regulatory change, or if new technologies emerge that are able to deliver competitive products at lower prices, more efficiently, more conveniently or more securely than our platform, our business, financial condition and results of operations may be adversely affected.

The success of our platform depends, in part, on our ability to continuously modify and enhance our platform to adapt to changes and innovation in existing and new technologies to maintain and grow our integrations. We expect that the number of integrations with our customers' infrastructure that we will need to support will continue to expand as developers adopt new software solutions, and we will have to develop new versions of our platform to work with those new solutions. This development effort may require significant engineering, sales and marketing resources, all of which could adversely affect our business. Any failure of our platform to operate effectively with customer infrastructures could reduce the demand for our platform, and our business, financial condition and results of operations may be adversely affected.

We are substantially dependent upon customers renewing their subscriptions to, and expanding their use of, our platform to maintain and grow our revenue, which requires us to scale our platform infrastructure and business quickly enough to meet our customers' growing needs. If we are not able to grow in an efficient manner, our business, financial condition and results of operations could be harmed.

As usage of our platform grows and as customers use it for more complex projects, we may need to devote additional resources to improving our platform architecture, updating our platform's products and functionality, integrating with third-party systems and maintaining infrastructure performance. In addition, we will need to appropriately scale our internal business as well as grow our partner services network to serve our growing customer base, particularly as our customer base expands over time. Our ability to scale our business is dependent on our ability to maintain and grow our revenue through new and renewed customer subscriptions to our platform, from which we derive substantially all of our revenue. We cannot assure you that we will be able to renew subscriptions with any of our customers at the same or higher contract value. In addition, some customers have multiple order forms with different divisions of their entities, which could increase the complexity of negotiating renewals.

The market for customer engagement products is still evolving, and competitive dynamics may cause our pricing to change as the market matures and as existing and new market participants introduce new types of products and different approaches to enable customers to address their needs. As a result, we may be forced to reduce the prices we charge for our subscriptions and may be required to offer terms less favorable to us for new and renewal agreements, particularly for mid-to large-size enterprises that may demand substantial price discounts as part of the negotiation of subscription contracts.

Further, some of our contracts limit the amount we can increase prices from period to period or include pricing guarantees. In the past, we have made certain pricing concessions for customers that were significantly negatively impacted by the COVID-19 pandemic. If our customers do not renew their agreements, require pricing concessions, terminate their agreements as a result of a change of control or otherwise, renew their agreements on terms less favorable to us or fail to purchase additional product subscriptions, our revenue may decline, and as a result our ability to scale our business may be impaired and our business, financial condition and results of operations would likely be harmed as a result.

Any failure of or delay in efforts to scale our business could cause difficulty or delay in deploying our products or functionality to customers, could lead to impaired performance, other declines in quality or customer satisfaction, increased costs, difficulty in introducing new features or other operational inefficiencies or failures. These issues could reduce the attractiveness of our platform to customers, resulting in decreased subscriptions with existing and new customers, lower subscription renewal rates, the issuance of service credits or requests for refunds, which could hurt our revenue growth and our reputation. Even if we can upgrade our systems and expand our staff, any such expansion will be expensive and complex, requiring management time and attention, as well as improvements to our operational and financial controls and reporting systems and procedures. Because of these risks and other inherent risks associated with upgrading, improving and expanding our information technology systems, any needed expansion and improvements to our infrastructure and systems may not be fully or effectively implemented on a timely basis, if at all. Any such expansion efforts may reduce revenue or may not bring the benefits we anticipate, and our business, financial condition and results of operations may be adversely affected.

Failure to effectively develop and expand our sales and marketing capabilities could harm our ability to expand our customer base and achieve broader market adoption of our platform and products.

Our ability to expand our customer base and achieve broader market adoption of our platform will depend on our ability to expand our sales and marketing operations. We plan to continue expanding our sales team and strategic partners, both domestically and internationally; however, there is no assurance that we will be successful in attracting and retaining talented sales personnel or strategic partners or that any new sales personnel will be able to achieve productivity in a reasonable period of time or at all. We also plan to dedicate significant resources to sales and marketing programs to drive new customer acquisition, as well as engage with customers to promote upsell and cross-sell opportunities. We also engage with industry analysts, consulting firms, marketing service providers, data and technology partners, marketing agencies and other solution

partners, business and trade press, and other industry experts who exert considerable influence in our market to promote our platform and our brand. Our business, financial condition and results of operations may be harmed if our sales and marketing efforts do not generate a corresponding increase in revenue. In addition, we may not achieve anticipated revenue growth from expanding our sales team if we are unable to hire, develop and retain talented sales personnel, if our new sales personnel are unable to achieve desired productivity levels in a reasonable period of time, or if our sales and marketing programs are not effective. If the cost of marketing our platform and products increases or competition reduces the effectiveness of our marketing efforts, our business, financial condition and results of operations may be adversely affected.

We are dependent on a single platform, and the failure to achieve continued market acceptance of our platform could cause our results of operations to suffer.

Substantially all of our revenue is attributable to subscriptions for our cloud-based platform. We expect that we will be substantially dependent on our platform to generate revenue for the foreseeable future. As a result, our results of operations could suffer due to:

- any decline in demand for our platform;
- the failure of our platform to achieve continued market acceptance;
- the market for our platform not continuing to grow, or growing more slowly than we expect;
- the introduction of products and technologies that serve as a replacement or substitute for, or represent an improvement over, our platform;
- technological innovations or new standards that our platform does not address;
- incidents or interruptions with third-party service providers, including Apple or Google services, that affect the ability of our customers to use our platform;
- sensitivity to current or future prices offered by us or our competitors;
- our inability to release enhanced versions of our platform on a timely basis;
- the development of new communication channels with which we are not able to adequately integrate our platform; and
- changes to mobile devices and platforms that prevent or degrade the functionality of our platform, or our inability to maintain interoperability of our platform with such mobile devices and platforms.

If the market for our platform grows more slowly than anticipated or if demand for our products does not grow as quickly as anticipated, whether as a result of competition, pricing sensitivities, product obsolescence, technological change, unfavorable economic conditions, uncertain geopolitical environment, budgetary constraints of our customers or other factors, we may not be able to grow our revenue, and our business, financial condition and results of operations may be adversely affected.

If our platform fails to perform properly or there are defects or disruptions in the rollout of our platform updates or enhancements, our reputation could be adversely affected, our market share could decline, and we could be subject to liability claims.

Our platform is inherently complex and may contain material defects or errors. Any defects or errors that impact functionality or that cause interruptions in the availability of our platform could result in:

- loss or delayed market acceptance and subscriptions;
- breach of warranty claims;
- breach of contract claims;
- sales credits or refunds for prepaid amounts;
- loss of customers;
- diversion of development and support resources; and
- injury to our reputation.

The costs we would be forced to incur to correct any material defects or errors could be substantial and could adversely affect our business, financial condition and results of operations.

Our customer agreements often provide service level commitments. If we are unable to meet the stated service level commitments or suffer extended periods of unavailability of our platform, we may be contractually obligated to provide these customers with service credits or we could face contract terminations. We outsource substantially all the infrastructure relating to our cloud-based platform to third-party hosting providers and, as a result, our services may be impacted in the future, and have been impacted in the past, by unscheduled downtime at such providers that is beyond our control. Our revenue could be

significantly affected if we suffer unscheduled downtime that exceeds the allowed downtimes under our agreements with our customers.

Because of the large amount of data that we collect, process, transmit, store and manage, it is possible that hardware failures or errors in our systems could result in data loss or cause the information that we collect to be incomplete which may result in breach of contract claims, damage our reputation or subject us to regulatory fines or investigations. Furthermore, the availability or performance of our platform could be adversely affected by a number of factors outside our control, including customers' inability to access the internet, the failure of software systems caused by our third-party vendors, security breaches, cyberattacks or variability in user traffic for our services. For example, our customers access our platform through their internet service providers. If a customer's service provider fails to provide sufficient capacity to support our platform or otherwise experiences service outages, such failure could interrupt our customers' access to our platform and adversely affect their perception of our platform's reliability. In addition to potential liability, if we experience interruptions in the availability of our cloud-based platform, our reputation could be adversely affected, and we could lose customers or have difficulty acquiring new customers.

We also provide frequent incremental releases of updates and functional enhancements to our platform. Despite extensive pre-release testing, such new versions occasionally contain undetected errors when first introduced or released. We have, from time to time, found errors in our platform, and new errors in our platform may be detected in the future. Since our customers use our products for important aspects of their business, any errors, defects, disruptions in our platform or other performance problems with our solutions could hurt our reputation and may damage our customers' businesses. If that occurs, some of our customers may delay or withhold payment to us, elect not to renew their subscriptions with us, make service credit claims, warranty claims or other claims against us, and we could lose future sales. The occurrence of any of these events could result in an increase in our bad debt expense, an increase in collection cycles for accounts receivable or a decrease in future revenue and earnings, or could cause us to incur the risk or expense of litigation.

We may need to reduce prices or change our pricing model to remain competitive.

Our subscription fees are principally based on an upfront commitment by our customers for a specific number of monthly active users, volume of email, level of platform functionality, volume of SMS messages and certain add-on features. We expect that we may need to change our pricing from time to time. As new or existing competitors introduce products that compete with ours or reduce their prices, we may be unable to attract new customers or retain existing customers. We also must determine the appropriate price to enable us to compete effectively internationally. Customers may demand substantial price discounts as part of the negotiation of subscription agreements. As a result, we may be required or choose to reduce our prices or otherwise change our pricing model, which could adversely affect our business, financial condition and results of operations.

Our sales cycle with large enterprise customers can be long and unpredictable, and our sales efforts require considerable time and expense.

The timing of our sales cycles with our large enterprise customers and related revenue recognition is difficult to predict because of the length and unpredictability of the sales cycle for these customers. Large enterprise customers may have a lengthy sales cycle for the evaluation and procurement of our platform. Work-from-home arrangements resulting from, and continuing after, the COVID-19 pandemic may cause a lengthening of these sales cycles or a reduction in sales cycle win rates as we have historically benefited from using face-to-face selling techniques. Any delays in our sales cycles may cause a delay between increasing operating expenses for such sales efforts and, upon successful sales, the generation of corresponding revenue. We are often required to spend significant time and resources to better educate our potential large enterprise customers and familiarize them with the platform. The length of our sales cycle for these customers, from initial evaluation to contract execution, is generally three to six months but can vary substantially and sometimes extend for over 12 months. Large enterprise customers often view a subscription to our platform and products as a strategic decision with significant investment. As a result, customers frequently require considerable time to evaluate, test and qualify our platform prior to entering into or expanding a subscription. During the sales cycle, we expend significant time and money on sales and marketing and contract negotiation activities, which may not result in a sale. Additional factors that may influence the length and variability of our sales cycle include:

- the effectiveness of our sales team as we hire and train our new salespeople to sell to large enterprise customers;
- our ability to meet with customers in person during a sales cycle;
- the discretionary nature of purchasing and budget cycles and decisions;
- the obstacles placed by customers' procurement process;
- economic conditions and other factors impacting customer budgets;
- customers' familiarity with our products;

- customers' evaluation of competing products during the purchasing process; and
- evolving customer demands.

Given these factors, it is difficult to predict whether and when a sale will be completed. Consequently, a shortfall in demand for our products and services or a decline in new or renewed contracts in a given period may not significantly reduce our revenue for that period but could negatively affect our revenue in future periods, which could have a material adverse effect on our business, financial condition and results of operations.

Our business and reputation could be adversely affected if our customers are not satisfied with the integration, implementation, or services provided by us or our partners.

The success of our business depends on our customers' satisfaction with our platform, the support that we provide for our platform and the services that we provide to help integrate and utilize our platform. Onboarding services may be performed by our own staff, by a third party or by a combination of the two. We have partnered with third parties to increase the breadth, capability and depth of capacity for delivery of these onboarding services to our customers, and third parties provide a significant portion of such support. If a customer is not satisfied with the quality of work performed by us or a third party or with the solutions delivered, we could incur additional costs to address the deficiency, which would diminish the profitability of the customer relationship. If we do not help our customers quickly resolve issues and provide effective ongoing support, our ability to sell new products to existing and new customers will suffer and our reputation with existing or potential customers will be harmed, even if the dissatisfaction is with services provided by a third-party partner. Further, customer dissatisfaction with our services could impair our ability to expand the subscriptions within our customer base or adversely affect our customers' renewal of existing subscriptions. In addition, negative publicity related to our customer relationships, regardless of accuracy, may further damage our business by affecting our ability to compete for new business with actual and prospective customers.

Because we generally recognize revenue ratably over the term of each subscription agreement, downturns or upturns in our sales may not be immediately reflected in our financial condition and results of operations.

We recognize revenue ratably over the term of each subscription agreement. Consequently, while a decline in new sales or renewals in any one period may not be reflected in our revenue for that period, this decline will negatively affect our revenue in future periods. Accordingly, the effect of significant downturns in sales and market acceptance of our products and potential changes in our rate of renewals may not be fully reflected in our results of operations until future periods. Our model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers generally is recognized over the term of the applicable agreement.

If we fail to maintain and enhance our brand, our ability to expand our customer base may be impaired and our business, financial condition and results of operations may suffer.

We believe that maintaining and enhancing our brand is important to support the marketing and sale of our existing and future products to new customers and expand sales of our platform and products to existing customers. We also believe that the importance of brand recognition will increase as competition in our market increases. Successfully maintaining and enhancing our brand will depend largely on the effectiveness of our marketing efforts, our ability to provide reliable products that continue to meet the needs of our customers at competitive prices, our ability to maintain our customers' trust, our ability to continue to develop new functionality and use cases, and our ability to successfully differentiate our products and platform capabilities from competitive products. Our brand promotion activities may not generate customer awareness or yield increased revenue and, even if they do, any increased revenue may not offset the expenses we incur in building our brand. If we fail to successfully promote and maintain our brand, our business, financial condition and results of operations may be adversely affected.

If we fail to manage our growth effectively, we may be unable to execute our business plan, maintain high levels of service and customer satisfaction or adequately address competitive challenges.

We may continue to experience rapid growth and organizational change, which may continue to place significant demands on our management and our operational and financial resources. We have also experienced growth in the number of customers, the number of engagements we enable and the amount of data that our infrastructure supports. In particular, acquiring and supporting enterprise customers can require significant resources due to their size, volume of messaging and complexity. Our success will depend in part on our ability to manage this growth effectively. We will require significant capital

expenditures and valuable management resources to grow without undermining our culture of innovation, teamwork and attention to customer success, which has been central to our growth so far.

We intend to continue to expand our international operations in the future. For example, we recently announced our plans to expand our international operations to include offices in Canada and France. Our expansion will continue to place a significant strain on our managerial, administrative, financial and other resources. If we are unable to manage our growth successfully, our business, financial condition and results of operations may be adversely affected.

It is important that we maintain a high level of customer services, integration services, technical support and satisfaction as we expand our business. As our customer base continues to grow and as our penetration with existing customers expands, we will need to expand our account management, customer service and other personnel. Failure to manage growth could result in difficulty or delays in launching our platform, declines in quality or customer satisfaction, increases in costs, difficulties in introducing new features, or other operational difficulties. Any of these could adversely impact our business, financial condition and results of operations.

We anticipate that our operations will continue to increase in complexity as we grow, which will create management challenges.

Our business has experienced strong growth and is complex. We expect this growth to continue and for our operations to become increasingly complex. To manage this growth, we continue to make substantial investments to improve our operational, financial and management controls as well as our reporting systems and procedures. We may not be able to implement and scale improvements to our systems and processes in a timely or efficient manner or in a manner that does not negatively affect our results of operations. For example, we may not be able to effectively monitor certain contract requirements for specific products. We may have difficulty managing improvements to our systems, processes and controls or in connection with third-party software, which could impair our ability to provide our platform to our customers, causing us to lose customers, limiting our platform to less significant updates or increasing our technical support costs. If we are unable to manage this complexity, our business, financial condition and results of operations may be adversely affected.

As our customer base continues to grow, we will need to expand our services and other personnel, and maintain and enhance our partnerships, to provide a high level of customer service. We also will need to manage our sales processes as our sales personnel and partner network continue to grow and become more complex and as we continue to expand into new geographies and market segments. If we do not effectively manage this increasing complexity, the quality of our platform and customer service could suffer, and we may not be able to adequately address competitive challenges. These factors could impair our ability to attract and retain customers and expand our customers' use of our platform.

We depend on our senior management team and the loss of one or more key employees or an inability to attract and retain highly skilled employees could adversely affect our business.

Our success depends largely upon the continued services of our executive officers, particularly our chief executive officer. We rely heavily on our chief executive officer's vision, expertise and reputation. We rely on our leadership team for research and development, marketing, sales, services and general and administrative functions, and on mission-critical individual contributors. From time to time, our executive management team may change due to the hiring or departure of executives, which could disrupt our business. We do not have employment agreements with our executive officers or other key personnel that require them to continue to work for us for any specified period; therefore, they could terminate their employment with us at any time. The loss of one or more of our executive officers, particularly our chief executive officer, or key employees (including any limitation on the performance of their duties or short-term or long-term absences as a result of illness or disability) could have a serious adverse effect on our business.

To execute our growth plan, we must attract and retain highly qualified personnel. Competition for these personnel is intense, especially for experienced software engineers and senior sales executives. In addition, partially in response to the COVID-19 pandemic, we have a large, remote workforce, which adds to the complexity and costs of our business operations. We expect to continue to experience difficulty in hiring and retaining employees with appropriate qualifications. Additional stay-at-home, business closure and other restrictive orders may also impact our ability to identify, hire and train new personnel. We recently completed our initial public offering, and potential candidates may not perceive our compensation package, including our equity awards, as favorably as employees hired prior to our initial public offering. In addition, our recruiting personnel, methodology and approach may need to be altered to address a changing candidate pool and profile. We may not be able to identify or implement such changes in a timely manner. Also, it is not uncommon for companies to see significant turnover in their workforce following an initial public offering, a trend which may only be further amplified by the competitive market for highly-skilled employees. If we fail to attract new personnel, experience significant turnover or the loss of key

personnel or fail to retain and motivate our current personnel, it could adversely affect our business and future growth prospects. Further, many of the companies with which we compete for experienced personnel have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees or we have breached legal obligations, resulting in a diversion of our time and resources.

If we are unable to maintain our culture and core values as we grow, we could lose the innovation, teamwork, passion and focus on execution that we believe contribute to our success, and our business may be harmed.

We believe our culture and core values are critical to our success and have delivered tangible financial and operational benefits to our customers, employees and stockholders. We are a mission-driven company and have designed our core values as a guiding set of principles for our employees and business. Accordingly, we have invested substantial time and resources in building a team that reflects our culture and core values. As we grow and develop our infrastructure as a public company, our operations may become increasingly complex. We may find it difficult to maintain these important aspects of our culture and core values. In addition, the growth of our remote workforce, partially in response to the COVID-19 pandemic, may impact our ability to preserve our culture and core values. Any failure to preserve our culture or core values could negatively affect our future success, including our ability to retain and recruit personnel, and to effectively focus on and pursue our corporate objectives.

Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement, privacy law violations, data breaches and other losses.

Many of our agreements with customers and certain other third parties include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement, violation of privacy and other applicable law or breaches of information security obligations, or other liabilities relating to or arising from our platform, products or other contractual obligations. Some of these agreements provide for uncapped liability for losses caused by intellectual property infringement or gross negligence or willful misconduct, and some indemnity provisions survive termination or expiration of the applicable agreement. While we cap all other liabilities, in some instances, the cap may represent a significant amount of potential liability, and such large indemnity payments could harm our business, financial condition and results of operations. Although we normally contractually limit our liability with respect to these obligations, we may still incur substantial liability related to them and we may be required to cease use of certain functions of our platform or products as a result of any such claims. Additionally, while we maintain insurance related to these matters, this insurance might not cover all such claims, provide sufficient payments to cover all the costs to resolve one or more of such claims or continue to be available on terms acceptable to us. A claim brought against us that is uninsured or under-insured could result in unanticipated costs, and our business, financial condition and results of operations may be adversely affected. Further, any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer, other existing customers and new customers, which could adversely affect our business, financial condition and results of operations.

Our current operations are international in scope, and we plan further geographic expansion. This will create a variety of operational challenges.

A component of our growth strategy involves the further expansion of our operations and customer base internationally. We currently have customers in the United States, Canada, Europe, the Middle East, the Asia-Pacific region and Latin America. We are continuing to adapt and develop strategies to address international markets, but such efforts may not be successful. In addition, the ongoing COVID-19 pandemic, including the emergence of new variant strains COVID-19, and related stay-at-home, business closure and other restrictive orders and travel restrictions into and outside the United States, may pose additional challenges for international expansion and may impact our ability to launch new locations and further expand geographically.

We expect that our international activities will continue to grow over the foreseeable future as we continue to pursue opportunities in existing and new international markets. For example, we previously announced our plans to expand our international operations to include offices in Canada and France. This and any other future expansion of our international activities and operations will require significant management attention and financial resources.

Our current international operations and future initiatives involve a variety of risks, including:

- changes in a country's or region's political or economic conditions;
- the need to adapt and localize our platform for specific countries;
- greater difficulty collecting accounts receivable and longer payment cycles;
- unexpected changes in laws, regulatory requirements, taxes or trade laws;

- more stringent regulations relating to privacy and data security and the unauthorized collection, processing, transmission or use of, or access to, commercial and personal information, particularly in Europe;
- differing labor regulations, especially in Canada and Europe, where labor laws are generally more advantageous to employees as compared to the United States, including deemed hourly wage and overtime regulations in these locations;
- difficulties in managing a business in new markets with diverse cultures, languages, customs, legal systems, alternative dispute systems and regulatory systems;
- increased travel, real estate, infrastructure and legal compliance costs associated with international operations;
- currency exchange rate fluctuations and the resulting effect on our revenue and expenses and the cost and risk of entering into hedging transactions if we chose to do so in the future;
- laws and business practices favoring local competitors or general preferences for local vendors;
- limited or insufficient intellectual property protection or difficulties enforcing our intellectual property;
- political instability, economic sanctions, terrorist activities, or international conflicts, including the ongoing conflict between Russia and Ukraine, which may impact the operations of our business or the businesses of our customers;
- risks related to global health epidemics, such as the COVID-19 pandemic, including the emergence of new variant strains of COVID-19, and related restrictions on our ability and our customers' ability to travel;
- exposure to liabilities under anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the U.K. Bribery Act of 2010, the U.K. Proceeds of Crime Act 2002 and similar laws and regulations in other jurisdictions; and
- adverse tax burdens and foreign exchange controls that could make it difficult to repatriate earnings and cash.

Failure to overcome any of these difficulties could negatively affect our results of operations. If we invest substantial time and resources to expand our international operations and are unable to do so successfully, our business, financial condition and results of operations may be adversely affected.

Acquisitions, strategic investments, partnerships or alliances could be difficult to identify, pose integration challenges, divert the attention of management, disrupt our business, dilute stockholder value and adversely affect our business, financial condition and results of operations.

We have in the past and may in the future seek to acquire or invest in businesses, joint ventures, products and platform capabilities, or technologies that we believe could complement or expand our products and platform capabilities, enhance our technical capabilities or otherwise offer growth opportunities. Further, our proceeds from our initial public offering increase the likelihood that we will devote resources to exploring larger and more complex acquisitions and investments than we have previously attempted. We may not be able to find and identify desirable acquisition targets or business opportunities or be successful in entering into an agreement with any particular strategic partner. Additionally, any such acquisition or investment may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable opportunities, whether or not the transactions are completed, and may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies, products and platform capabilities, personnel or operations of any acquired companies, particularly if the key personnel of an acquired company choose not to work for us, their software is not easily adapted to work with our platform or we have difficulty retaining the customers of any acquired business due to changes in ownership, management or otherwise. These transactions may also disrupt our business, divert our resources and require significant management attention that would otherwise be available for development of our existing business. Any such transactions that we are able to complete may not result in any synergies or other benefits we had expected to achieve, which could result in impairment charges that could be substantial. These transactions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our business, financial condition and results of operations. In addition, if the resulting business from such a transaction fails to meet our expectations, our business, financial condition and results of operations may be adversely affected, or we may be exposed to unknown risks or liabilities.

Risks Related to Our Dependence on Third Parties

Our business depends on our ability to send consumer engagement messages, including emails, SMS and mobile and web notifications, and any significant disruption in service with our third-party providers or on mobile operating systems could result in a loss of customers or less effective consumer-brand engagement, which could harm our business, financial condition and results of operations.

Our brand, reputation and ability to attract new customers depend on the reliable performance of our technology infrastructure and content delivery. Our platform engages with consumers through emails, SMS, mobile and web notifications. We are dependent on third-party services for delivery of emails and SMS, and we are dependent on Apple services and Google services for delivery of mobile and web notifications. For example, unrelated third parties are utilized throughout our industry to deliver email and SMS messages to consumers. If these third-party services change their policies regarding the delivery of certain email or SMS messages, some of our customers may no longer be able to use these channels through our platform. If this were to occur, it could lead to customer dissatisfaction, harm to our reputation or subject us to liability, any of which may harm our business, financial condition and results of operations. Similarly, any incident broadly affecting the interaction of Apple or Android devices with necessary Apple or Google services (e.g., iCloud or Apple push notifications), including any delays or interruptions in such Apple or Google services, could adversely affect our business. Further, any cybersecurity events affecting Apple or Google Android devices could result in a disruption to Apple or Google services, regulatory investigations, reputational damage and a loss of sales and customers for Apple or Google, which could in turn impact our business. A prolonged disruption, cybersecurity event or any other negative event affecting Apple or Google could lead to customer dissatisfaction and could in turn damage our reputation with current and potential customers, expose us to liability and cause us to lose customers or otherwise harm our business, financial condition and results of operations.

We depend in part on mobile operating systems, such as Android and iOS, and their respective infrastructures to send notifications through various applications that utilize our platform. Any changes in such systems that negatively impact the functionality of our platform could adversely affect our ability to interact with consumers in a timely and effective fashion, which could adversely affect our ability to retain and attract new customers. For example, any anti-tracking features adopted by Apple or Google that require applications to obtain additional permissions to track end user data may impact our customers' decisions relating to how to interact with users on our platform. While it is the contractual obligation of our customers to comply with these requirements and applicable laws when using our platform, we cannot guarantee that all customers will do so at all times. Accordingly, if any of our customers were to use our platform in violation of these policies or applicable law, even without our knowledge, we may be subject to financial penalties and reputational harm. Additionally, if such mobile operating systems change their policies or otherwise limit or prohibit us from sending notifications or otherwise make changes that degrade the functionality of our platform, such changes could adversely affect our business, financial condition and results of operations.

As new mobile devices and mobile, web and email platforms are released, there is no guarantee that these mobile devices and platforms will continue to support our platform or effectively roll out updates to our customers' applications. The parties that control the operating systems for mobile devices and mobile, web and email platforms have no obligation to test the interoperability of new mobile devices or platforms with our platform, and third parties may produce new products that are incompatible with or not optimal for the operation of our platform. Additionally, in order to deliver high-quality customer engagement, we need to ensure that our platform is designed to work effectively with a range of mobile technologies, systems, networks and standards. If consumers choose to use products or platforms that do not support our platforms, or if we do not ensure our platform can work effectively with such products or platforms, our business and growth could be harmed. We also may not be successful in developing or maintaining relationships with key participants in the mobile industry that permit such interoperability. If we are unable to adapt to changes in popular operating systems, we expect that our customer retention and customer growth would be adversely affected.

We rely upon third-party providers of cloud-based infrastructure, including Amazon Web Services, to host our products. Any disruption in the operations of these third-party providers or limitations on capacity or interference with our use could adversely affect our business, financial condition and results of operations.

We outsource substantially all the infrastructure relating to our cloud-based platform to third-party hosting providers. Our customers need to be able to access our platform at any time, without interruption or degradation of performance, and we provide them with service-level commitments with respect to uptime and, occasionally, throughput. Our products depend on protecting the virtual cloud infrastructure hosted by third-party hosting providers by maintaining its configuration, architecture, features and interconnection specifications, as well as the information stored in these virtual data centers, which is transmitted by third-party internet service providers. Any limitation on the capacity or availability of our third-party hosting providers could impede our ability to onboard new customers or expand the usage of our existing customers, which could adversely affect our business, financial condition and results of operations. Currently, we rely on cloud computing infrastructure, particularly from Amazon Web Services, or AWS, to host our platform and support our operations and many of the internal products we use to operate our business. We do not have control over the operations of the facilities of AWS or other cloud providers. Each provider's respective facilities may be vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, cybersecurity attacks, terrorist attacks, power losses, telecommunications failures and other events beyond our or their control. In the event that AWS's or any other third-party provider's systems or service abilities are hindered by any of the events

discussed above, our ability to operate our platform may be impaired, our customers may be impacted, we may be subject to claims for refunds or terminations under our contracts, and our reputation and brand may be harmed. A decision to close these facilities without adequate notice, or other unanticipated problems, could result in lengthy interruptions to our platform. All of the aforementioned risks may be exacerbated if our or our partners' business continuity and disaster recovery plans prove to be inadequate in such a scenario.

Additionally, AWS or other cloud providers may experience threats or attacks from computer malware, ransomware, viruses, social engineering (including phishing attacks), denial of service or other attacks, employee error, theft or misuse and general hacking, including from state-sponsored or criminal hacking groups, which have become more prevalent in our industry. Any of these security incidents could result in unauthorized access or damage to, or the disablement, encryption, use or misuse, disclosure, modification, destruction or loss of our data or our partners' data, including personal information, or disrupt our ability to provide our platform or service. Our platform's continuing and uninterrupted performance is critical to our success. Users may become dissatisfied by any system failure that interrupts our ability to provide our platform to them and could make claims for refunds or terminations under our contracts. We may not be able to easily switch our AWS operations to another cloud or other data center provider if there are disruptions or interference with our use of any third-party provider's services, and even if we do switch our operations, the process can require significant time and expense and other cloud and data center providers are subject to the same risks. Sustained or repeated system failures would reduce the attractiveness of our platform to our partners, thereby reducing revenue. Moreover, negative publicity arising from these types of disruptions could damage our reputation and may adversely impact use of our platform. We may not carry sufficient business interruption insurance or have sufficient contractual remedies to compensate us for losses that may occur as a result of any events that cause interruptions in our service.

In the event that our service agreements with our third-party hosting providers are terminated or there is a lapse of service, elimination of services or features that we utilize, interruption of internet service provider connectivity or damage to such facilities, we could experience interruptions in access to our platform as well as significant delays and additional expense in arranging or creating new facilities and services and/or re-architecting our cloud solution for deployment on a different cloud infrastructure service provider, which could adversely affect our business, financial condition and results of operations.

Our agreement with AWS allows AWS to terminate for any reason with 30 days' advance notice or in case of a breach of contract if such breach is uncured for 30 days. AWS may also terminate immediately upon notice if (1) AWS determines that our use of its service poses a security risk to its services or any other third party, could otherwise adversely impact AWS's systems, could subject AWS to liability or could be fraudulent, (2) we fail to pay AWS in accordance with our agreement, (3) we cease to operate in the ordinary course, make an assignment for the benefit of creditors or become the subject of any bankruptcy, reorganization, liquidation, dissolution or other similar proceeding, (4) AWS's relationship with any third-party providers terminates or requires AWS to change the way it provides services or (5) termination is necessary to comply with the law or the requests of governmental entities. Although we expect that we could receive similar services from other third parties if any of our arrangements with AWS are terminated, transitioning the cloud infrastructure currently hosted by AWS to alternative providers would likely be disruptive, and we could incur significant one-time costs. If we are unable to renew our agreement with AWS on commercially reasonable terms or at all, our agreement with AWS is prematurely terminated or we add additional infrastructure providers, we may experience costs or downtime in connection with the transfer to, or the addition of, new data center providers. If AWS or other infrastructure providers increase the costs of their services, our business, financial condition and results of operations could be adversely affected.

Our growth depends in part on the success of our strategic relationships with third parties.

In order to grow our business, we anticipate that we will continue to depend on relationships with strategic partners, including cloud alliance/marketing, infrastructure and technology partners, to provide broader customer coverage and solution delivery capabilities, and also achieve product stickiness. While our strategic partners have not played a lead role in our customer generation process in the past, we intend to develop these relationships to rely more heavily on our partners to help us generate business going forward. Identifying partners, and negotiating, documenting and maintaining relationships with them, requires significant time and resources. Our agreements with our strategic partners are non-exclusive and do not prohibit them from working with our competitors or recommending competing products. Our competitors may be effective in providing incentives to such third parties to favor their products or services or to prevent or reduce subscriptions to our services. If our partners choose to place greater emphasis on products of their own or those offered by our competitors or do not effectively market and sell our platform, our ability to grow our business and sell our products and services may be adversely affected. In addition, acquisitions of our partners by our competitors could result in a decrease in the number of our current and potential customers, as our partners may no longer facilitate the adoption of our platform by potential customers.

We are highly dependent upon our relationship with the developer platforms, web browsers and operating systems provided by third-party technology companies such as Apple and Google. Changes to mobile device operating systems may diminish the usefulness of marketing providers or require significant modifications or demands on our business to continue supporting those operating systems. Changes to developer platform policies related to third-party software, such as Apple or Google, creating restrictions that limit the ability of our existing or potential customers to use SDKs or that further limit the use of cookies could similarly adversely affect our business.

If we are unsuccessful in establishing or maintaining our relationships with third parties, our ability to compete in the marketplace or to grow our revenue could be impaired and our business, financial condition and results of operations may suffer. Even if we are successful, it is not assured that these relationships will result in increased customer usage of our platform or increased revenue.

Risks Related to Privacy, Data Security and Data Protection Laws

We are subject to stringent and changing laws and regulations, industry standards and contractual obligations related to privacy, data security and data protection. The restrictions and costs imposed by these requirements and our actual or perceived failure to comply with them, could harm our business.

Operating our business and platform involves the collection, use, processing, storage, transfer and sharing of sensitive, proprietary, confidential, regulated and personal information, including such information that we handle on behalf of our customers. These activities subject us to numerous 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.

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. For example, the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and their respective implementing regulations, imposes specified requirements relating to the privacy, security and transmission of individually identifiable health information. Federal laws also limit the processing of data for children under 13. Violations of these laws can lead to statutory penalties (up to $46,515 per violation in the case of COPPA, for example). If a private plaintiff or regulator alleges that our privacy or security policies and practices are either unfair or deceptive, we may be subject to litigation or regulatory enforcement. In the United States, there are federal and state laws that prohibit unfair and deceptive acts and practices, with federal enforcement typically arising out of Section 5 of the FTCA. State analogs to the FTCA often allow for a private right of action as well (such as the California Unfair Competition Law).

Similarly, the CCPA imposes obligations on businesses to which it applies. These obligations include, but are not limited to, providing specific disclosures in privacy notices and affording California residents certain rights related to their personal data. The CCPA allows for statutory fines for noncompliance (up to $7,500 per violation). In addition, it is anticipated that the CPRA, effective January 1, 2023, will expand the CCPA. For example, the CPRA establishes a new California Privacy Protection Agency to implement and enforce the CCPA (as amended), which could increase the risk of an enforcement action. Other states have enacted data privacy laws. For example, Virginia passed the Consumer Data Protection Act, and Colorado passed the Colorado Privacy Act, both of which differ from the CPRA and become effective in 2023. If we become subject to new data privacy laws at the state level, the risk of enforcement action against us could increase because we may become subject to additional obligations, and the number of individuals or entities that can initiate actions against us may increase (including individuals, via a private right of action, and state actors).

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 U.K. GDPR impose strict requirements for processing the personal data of individuals located, respectively within the EEA and the U.K. 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. Further, individuals may initiate litigation related to our processing of their personal data. In Canada, the Personal Information Protection and Electronic Documents Act, or PIPEDA, and various related provincial laws, as well as Canada's Anti-Spam Legislation, or CASL, also apply to our operations.

In addition, many jurisdictions have enacted data localization laws and cross-border personal data transfer laws. These laws may make it more difficult for us to transfer personal data across jurisdictions, which could impede our business. For example, absent appropriate safeguards or other circumstances, the EU GDPR generally restricts the transfer of personal data to

countries outside of the EEA, such as the United States, which the European Commission does not consider providing an adequate level of data privacy and security. The European Commission released a set of "Standard Contractual Clauses" that are designed to be a valid mechanism by which entities can transfer personal data out of the EEA to jurisdictions that the European Commission has not found to provide an adequate level of protection. Currently, these Standard Contractual clauses are a valid mechanism to transfer personal data outside of the EEA. The Standard Contractual Clauses, however, require parties that rely upon that legal mechanism to comply with additional obligations, such as conducting transfer impact assessments to determine whether additional security measures are necessary to protect the personal data being transferred. Moreover, due to potential legal challenges, there exists some uncertainty regarding whether the Standard Contractual Clauses will remain a valid mechanism for transfers of personal data out of the EEA. In addition, laws in Switzerland and the U.K. similarly restrict transfers of personal data outside of those jurisdictions to countries such as the United States that do not provide an adequate level of personal data protection. In addition to European restrictions on cross-border transfers of personal data, other jurisdictions 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 those jurisdictions. If we cannot implement a valid compliance mechanism for cross-border privacy and security 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, including by limiting our ability to offer our full range of services in Europe and elsewhere; limiting our ability to collaborate with parties that are subject to European and other data privacy and security laws or requiring us to increase our personal data processing capabilities in Europe and elsewhere at significant expense.

Our obligations related to data privacy and security are quickly changing in an increasingly stringent fashion. These obligations may be subject to differing applications and interpretations, which may be inconsistent or in conflict among jurisdictions. Preparing for and complying with these obligations requires us to devote significant resources (including, without limitation, financial and time-related resources). 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. 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. Moreover, despite our efforts, our personnel or third parties upon whom we rely may fail to comply with such obligations which could impact our compliance posture. 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 or oversight, bans on 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 products, expenditure of time and resources to defend any claim or inquiry, adverse publicity or revision or restructuring of our operations.

If we or our third-party service providers experience a security breach or unauthorized parties otherwise obtain access to our customers' data, our data or our platform, our solution may be perceived as not being secure, our reputation may be harmed, demand for our platform and products may be reduced and we may incur significant liabilities.

Operating our business and platform involves the collection, processing, storage and transmission of sensitive, regulated, proprietary and confidential information, including personal information of our customers, their users and our personnel and our customers' proprietary and confidential information. We may rely upon third parties (such as service providers) for our data processing–related activities. We may share or receive sensitive data with or from third parties. Cyberattacks, malicious internet-based activity, and online and offline fraud are prevalent and continue to increase. These threats are becoming increasingly difficult to detect. These threats come from a variety of sources. In addition to traditional computer "hackers," threat actors, personnel (such as through theft or misuse), sophisticated nation-states, and nation-state-supported actors now engage in cyberattacks, including without limitation nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. We may be subject to a variety of evolving threats, including but not limited to social-engineering attacks (including through 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. Any of the previously identified or similar threats could cause a security incident. Additionally, the risk of these threats may increase for us and our third-party service providers due to ongoing international instability. In the past, nation-states have sponsored cybersecurity attacks against private companies in response to U.S.

governmental actions or for other strategic purposes. We cannot guarantee that similar actions will not occur the future, including in connection with the ongoing conflict between Russia and the Ukraine. A security incident could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to data. A security incident could disrupt our ability (and that of third parties upon whom we rely) to provide our platform.

We may expend significant resources or modify our business activities in an effort to protect against security incidents. Certain data privacy and security obligations may require us to implement and maintain specific security measures, industry-standard or reasonable security measures to protect our information technology systems and data. While we have taken steps designed to protect the proprietary, regulated, sensitive, confidential and personal information in our control, our security measures or those of the third parties on which we rely may not be effective against current or future security risks and threats. Moreover, we or our third-party service providers may be more vulnerable to such attacks in remote work environments, which have increased in response to the COVID-19 pandemic and will likely continue into the foreseeable future.

If we or our third-party service providers suffer, or are perceived to have suffered, a security breach or other security incident, we may experience adverse consequences. Applicable data privacy and security obligations may require us to notify relevant stakeholders of security incidents. 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 upon whom we rely) experience a security incident or are perceived to have experienced a security incident, we may experience adverse consequences. These consequences may include, but are not limited to, government enforcement actions (for example, investigations, fines, penalties, audits, and inspections), additional reporting requirements or oversight, restrictions on processing data (including personal data), litigation (including class action claims), indemnification obligations, negative publicity, reputational harm, monetary fund diversions, interruptions in our operations (including availability of data to us and our customers), financial loss and other similar harms. Security incidents and attendant consequences may cause customers to stop using our platform, deter new customers for using our platform and negatively impact our ability to grow and operate our business.

Our inability to comply with agreements we enter into with our customers regarding the collection, processing, use and disclosure of personal information could result in additional costs and liabilities to us or inhibit sales of our products.

We enter into agreements with our customers regarding our collection, processing, use, and disclosure of personal information in relation to the services we provide to them. Although we endeavor to comply with such agreements, we may at times fail to do so or may be perceived to have failed to do so, including due to the errors or omissions of our personnel and third-party service providers. Such failures or perceived failures can subject us to customer lawsuits, termination of customer agreements and governmental enforcement actions. Even if we eventually prevail in any such dispute, resolving them could be expensive and time-consuming to defend and could result in adverse publicity and reputational harm that could adversely affect our business, financial condition and results of operations.

Risks Related to Other Laws and Litigation

Changes in laws and regulations related to the internet or changes in the internet infrastructure itself may diminish the demand for our platform and could have a negative impact on our business.

The future success of our business depends upon the continued use of smart cell phones, other mobile devices and internet-connected devices as primary mediums for commerce, communication and business applications. Government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet and internet-connected devices and cell phones as commercial mediums. Changes in these laws or regulations could require us to modify our platform in order to comply with these changes. In addition, government agencies or private organizations may begin to impose taxes, fees or other charges for accessing the internet or commerce conducted via the internet. These laws or charges could limit the growth of internet-related commerce or communications generally, resulting in reductions in the demand for internet-based solutions such as ours.

In addition, the use of the internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease of use, accessibility and quality of service. The performance of the internet and its acceptance as a business tool have been adversely affected by "viruses," "worms" and similar malicious programs, along with distributed denial of service and similar attacks. As a result, the internet has experienced a variety of outages and other delays as a result of such damage to or attacks on portions of its infrastructure. If the use of the internet is adversely affected by these issues, demand for our platform could suffer.

Any future litigation against us could be costly and time-consuming to defend.

We may become subject to legal proceedings and claims that arise in the ordinary course of business, such as claims brought by our customers in connection with commercial disputes or employment claims made by our current or former employees. Litigation might result in substantial costs and may divert management's attention and resources, which might seriously harm our business, financial condition and results of operations. Insurance might not cover such claims, provide sufficient payments to cover all the costs to resolve one or more of such claims or continue to be available on terms acceptable to us. A claim brought against us that is uninsured or under-insured could result in unanticipated costs, and our business, financial condition and results of operations may be adversely affected.

If our platform fails to function in a manner that allows our customers to operate in compliance with regulations and/or industry standards, our revenue and results of operations could be harmed.

Since our customers are able to upload data into our platform, we may be hosting or otherwise processing substantial amounts of personally identifiable information. Some of our customers may require our platform to comply with certain privacy, security and other certifications and standards. Our cloud platform holds various security certifications from industry organizations, designed to meet, in all material respects, the ISO 27001 and various HIPAA standards. Governments and industry organizations may also adopt new laws, regulations or requirements, or make changes to existing laws or regulations, that could impact the demand for, or value of, our applications. If we fail to maintain our current security certifications and/or to continue to meet security standards, or if we are unable to adapt our platform to changing legal and regulatory standards or other requirements in a timely manner, our customers may lose confidence in our platform, and our revenue, business, financial condition and results of operations could be adversely affected.

We are subject to anti-corruption, anti-bribery, anti-money laundering and similar laws, and non-compliance with such laws can subject us to criminal or civil liability and harm our business, financial condition and results of operations.

We are subject to the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the U.K. Bribery Act of 2010, the U.K. Proceeds of Crime Act 2002 and other anti-corruption laws in countries in which we conduct activities. Anti-corruption laws are interpreted broadly and prohibit our company from authorizing, offering or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector. We use third-party law firms, accountants and other representatives for regulatory compliance, sales and other purposes in several countries. We can be held liable for the corrupt or other illegal activities of these third-party representatives, our employees, contractors, partners and other agents, even if we do not explicitly authorize such activities. In addition, although we have implemented policies and procedures to ensure compliance with anti-corruption laws, our employees, representatives, contractors, partners and agents may not comply with these laws at all times.

Noncompliance with these laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and/or debarment from contracting with certain persons, the loss of export privileges, reputational harm, adverse media coverage and other collateral consequences. If any subpoenas or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, financial condition and results of operations could be materially harmed. In addition, responding to any action will likely result in a materially significant diversion of management's attention and resources and significant defense costs and other professional fees. Enforcement actions and sanctions could further harm our business, financial condition and results of operations.

Moreover, as an issuer of securities, we also are subject to the accounting and internal controls provisions of the FCPA. These provisions require us to maintain accurate books and records and a system of internal controls sufficient to detect and prevent corrupt conduct. Failure to abide by these provisions may have an adverse effect on our business, financial condition or results of operations.

We are subject to governmental export and import controls that could impair our ability to compete in international markets and subject us to liability if we violate the controls.

Our platform is subject to U.S. export controls, including the Export Administration Regulations and economic sanctions administered by the U.S. Treasury Department's Office of Foreign Assets Control. We incorporate encryption technology into our platform. These encryption products and the underlying technology are currently considered "publicly available" by the Export Administration Regulations and may be exported outside of the United States. However, if they cease to be considered "publicly available," then these encryption products and underlying technology may be exported outside of the United States only with the required export authorizations, including by license, a license exception or other appropriate government authorizations.

Furthermore, our activities are subject to U.S. economic sanctions laws and regulations that prohibit the shipment of certain products and services to countries, governments and persons targeted by U.S. embargoes or sanctions. Obtaining the necessary export license or other authorization for a particular sale may be time consuming and may result in the delay or loss of sales opportunities even if the export license ultimately may be granted. While we take precautions to prevent our platform from being exported in violation of these laws, including obtaining authorizations for our platform and performing geolocation IP blocking and screenings against United States and other lists of restricted and prohibited persons, we cannot guarantee that the precautions we take will prevent violations of export control and sanctions laws. Additionally, U.S. embargoes and sanctions can change rapidly and unpredictably in response to international events, such as the recent application of new and broad sanctions against Russia and Belarus in connection with the invasion of Ukraine. Future embargoes or sanctions could have a significant impact on our business or the business of our customers, either of which could have a material adverse effect on our financial results and operations. Violations of U.S. sanctions or export control laws can result in significant fines or penalties and possible incarceration for responsible employees and managers could be imposed for criminal violations of these laws.

If our partners fail to obtain appropriate import, export or re-export licenses or permits, we may also be adversely affected through reputational harm as well as other negative consequences, including government investigations and penalties. We presently incorporate export control compliance requirements into our strategic partner agreements, however, our partners may not comply with such requirements.

Various countries regulate the import and export of certain encryption and other technology, including import and export licensing requirements. Some countries have enacted laws that could limit our ability to distribute our platform or could limit our customers' ability to implement our platform in those countries. Changes in our platform or future changes in export and import regulations may create delays in the introduction of our platform in international markets, prevent our customers with international operations from launching our platform globally or, in some cases, prevent the export or import of our platform to certain countries, governments or persons altogether. Various governmental agencies have proposed additional regulation of encryption technology, including the escrow and government recovery of private encryption keys. Any change in export or import regulations, economic sanctions or related legislation, or change in the countries, governments, persons or technologies targeted by such regulations, could limit our ability to export or sell our platform to existing or potential customers with international operations. Any decreased use of our platform or limitation on our ability to export or sell our platform would adversely affect our business, results of operations and prospects.

Our international operations may subject us to potential adverse tax consequences.

We are expanding our international operations and staff to better support our growth into international markets. Our corporate structure and associated transfer pricing policies contemplate future growth into the international markets, and consider the functions, risks and assets of the various entities involved in the intercompany transactions. The amount of taxes we pay in different jurisdictions may depend on (1) the application of the tax laws of the various jurisdictions, including the United States, to our international business activities, (2) changes in tax rates, (3) new or revised tax laws or interpretations of existing tax laws and policies and (4) our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. Taxing authorities may challenge the pricing methodologies of our intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a challenge or disagreement were to occur and our position were not sustained, we could be required to pay additional taxes, interest and penalties. This could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations. Our financial statements could fail to reflect adequate reserves to cover such a contingency.

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

As of January 31, 2022, we had net operating loss, or NOL, carryforwards for federal and state income tax purposes of approximately $179.4 million and $119.1 million, respectively, some of which may be available to offset taxable income in the future, and which expire in various years beginning in 2035 for federal purposes and 2026 for state purposes if not utilized. Under current law, U.S. federal NOLs incurred in tax years beginning after December 31, 2017 may be carried forward indefinitely, but the deductibility of federal NOLs is limited to 80% of taxable income in tax years beginning after December 31, 2020. Accordingly, $140.0 million of our NOLs may be carried forward indefinitely for federal tax purposes and various states have enacted tax policies or rules that conform to federal tax laws. A lack of future taxable income would adversely affect our ability to utilize NOLs incurred in tax years beginning on or before December 31, 2017 before they expire. In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an "ownership change" (which generally is defined under Section 382 of the Code and applicable Treasury Regulations as a greater than 50%

change, by value, in its equity ownership over a three-year period) is subject to limitations on its ability to utilize its pre-change NOLs to offset future taxable income. We have experienced ownership changes in the past and we may experience a future ownership change under Section 382 of the Code that could affect our ability to utilize the NOLs to offset our income, some of which may be outside of our control. Furthermore, our ability to utilize NOLs of companies that we have acquired or may acquire in the future may be subject to limitations. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to reduce future income tax liabilities, including for state tax purposes. For these reasons, we may not be able to utilize a material portion of the NOLs reflected on our balance sheets, even if we attain profitability, which could potentially result in increased future tax liability to us and could adversely affect our business, financial condition and results of operations.

Changes in our effective tax rate or tax liability may have an adverse effect on our results of operations.

Our effective tax rate could increase due to several factors, including:

- changes in the relative amounts of income before taxes in the various jurisdictions in which we operate that have differing statutory tax rates;
- expansion to new jurisdictions;
- changes in tax laws, tax treaties and regulations or the interpretation of them;
- changes in our assessment of our ability to realize our deferred tax assets that are based on estimates of our future results, the advisability and feasibility of possible tax planning strategies and the economic and political environments in which we do business;
- the outcome of future tax audits, examinations or administrative appeals; and
- limitations or adverse findings regarding our ability to do business in some jurisdictions.

Any of these developments could adversely affect our business, financial condition and results of operations.

We could be required to collect additional sales taxes or be subject to other tax liabilities that may increase the costs our customers would have to pay for our products and adversely affect our results of operations.

An increasing number of states have considered or adopted laws that attempt to impose tax collection obligations on out-of-state companies. Additionally, the Supreme Court of the United States ruled in 2018 in South Dakota v. Wayfair, Inc. et al, or Wayfair, that online sellers can be required to collect sales and use tax despite not having a physical presence in the buyer's state. In response to Wayfair, or otherwise, state or local governments may adopt, or begin to enforce, laws requiring us to calculate, collect and remit taxes on sales in their jurisdictions. In addition, we are subject to indirect taxes in foreign jurisdictions, such as value-added tax and goods and services tax, in connection with certain foreign sales transactions. A successful assertion by one or more tax authorities requiring us to collect taxes where we presently do not do so, or to collect more taxes in a jurisdiction in which we currently do collect some taxes, could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest that we otherwise have not accounted for in our financial statements. The imposition by tax authorities of indirect tax collection obligations on out-of-jurisdiction sellers also could create additional administrative burdens for us, put us at a competitive disadvantage if similar obligations are not imposed on our competitors and decrease our future sales, which could adversely affect our business, financial condition and results of operations.

Risks Related to Intellectual Property

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

Our platform incorporates certain third-party software obtained under licenses from third parties. We anticipate that we will continue to rely on such third-party software and development tools from third parties in the future. Although we believe that there are commercially reasonable alternatives to the third-party software, we currently license, including open-source software, this may not always be the case, or it may be difficult or costly to migrate to other third-party software. Our use of additional or alternative third-party software may require us to enter into new license agreements with third parties, which may not be available on as favorable terms as our current licenses. In addition, integration of the third-party software used in our software with new third-party software may require significant work and require substantial investment of our time and resources, or require downtime affecting our service level commitments. Also, any undetected errors or defects, or security vulnerabilities, in third-party software could prevent the deployment or impair the functionality of our software, delay new updates or enhancements to our platform, result in a failure of our platform and injure our reputation.

We use open-source software in our products, which could negatively affect our ability to sell our services or subject us to litigation or other actions.

We use open-source software in our products, and we expect to continue to incorporate open-source software in our services in the future. Few of the licenses applicable to open-source software have been interpreted by courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products or to maintain the confidentiality of our proprietary source code. Moreover, we may encounter instances in which we have incorporated additional open-source software in our proprietary software in a manner that is inconsistent with the terms of the applicable license or our current policies and procedures. While we have adopted guidelines for the appropriate use of, and regularly audit our use of, open-source software, these measures may not always be effective. If we were to combine or link our proprietary software products with open-source software in a certain manner, we could, under certain open-source licenses, be required to release the source code of our proprietary software products and allow others to use it at no cost. If an author or other third party that distributes such open-source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our products that contained the open-source software and required to comply with onerous conditions or restrictions on these products, which could disrupt the distribution and sale of these products or put our proprietary source code at risk.

From time to time, there have been claims challenging the ownership rights in open-source software against companies that incorporate it into their products and the licensors of such open-source software provide no warranties or indemnities with respect to such claims. As a result, we and our customers could be subject to lawsuits by parties claiming ownership of what we believe to be open-source software. Litigation could be costly for us to defend, have a negative effect on our business, financial condition and results of operations, or require us to devote additional research and development resources to change our products. Some open-source projects have known vulnerabilities and architectural instabilities and are provided on an "as-is" basis which, if not properly addressed, could negatively affect the performance of our product. If we inappropriately use or incorporate open-source software subject to certain types of open-source licenses that challenge the proprietary nature of our products, we may be required to re-engineer such products, discontinue the sale of such products or take other remedial actions.

Any failure to protect our proprietary technology and intellectual property rights could substantially harm our business, financial condition and results of operations.

Our success and ability to compete depend in part on our ability to protect our proprietary technology and intellectual property. To safeguard these rights, we rely on a combination of patent, trademark, copyright and trade secret laws and contractual protections, all of which provide only limited protection and may not now or in the future provide us with a competitive advantage.

As of January 31, 2022, we had 19 granted patents and seven patents pending related to our platform and its technology. Our patent applications may not result in the issuance of a patent, or the examination process may require us to narrow our claims. Any patents that issue from any patent applications may not give us the protection that we seek or may be challenged, invalidated or circumvented. Any patents that may issue in the future from our pending or future patent applications may not provide sufficiently broad protection and may not be valid and enforceable in actions against alleged infringers or provide us with a competitive advantage. Any patents we have obtained or may obtain in the future may be found to be invalid or unenforceable in light of recent and future changes in the law, or because of technology developed prior to the inventions we have sought to patent or because of defects in our patent prosecution process. The United States Patent and Trademark Office, or the USPTO, and various foreign governmental patent agencies also require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process and after a patent has issued. There are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction.

We have registered the "Braze" name, logo, and/or other marks as trademarks in the United Kingdom, United States, EU, Japan, Singapore, Canada and Tonga. However, any future trademark registrations for pending or future applications may not be issued, and any registered trademarks may not be enforceable or provide adequate protection of our proprietary rights. The USPTO and various foreign trademark offices also require compliance with a number of procedural, documentary, fee payment and other similar provisions during the trademark registration process and after a registration has issued. There are situations in which noncompliance can result in abandonment or cancellation of a trademark filing, resulting in partial or complete loss of trademark rights in the relevant jurisdiction. If this occurs, our competitors might be able to enter the market under identical or similar brands.

In order to protect our proprietary technologies and processes, we also rely on trade secret laws and confidentiality and invention assignment agreements with our employees, consultants, strategic partners, vendors and others. Also, despite our efforts to protect our proprietary technology and trade secrets, unauthorized parties may attempt to misappropriate, copy, reverse engineer or otherwise obtain and use them. In addition, others may independently discover our trade secrets. Further, the contractual provisions that we enter into may not prevent unauthorized use or disclosure of our proprietary technology or intellectual property rights and may not provide an adequate remedy in the event of unauthorized use or disclosure of our proprietary technology or intellectual property rights. Moreover, policing unauthorized use of our technologies, trade secrets and intellectual property is difficult, expensive and time-consuming, particularly in countries where the laws may not be as protective of intellectual property rights as those in the United States and where mechanisms for enforcement of intellectual property rights may be weak. For instance, in response to U.S. sanctions, the Russian government has adopted a decree which allows local companies and individuals to use inventions, utility models and industrial designs held by owners from "unfriendly countries" without the owner's consent and without paying any compensation. If similar policies or laws are adopted in other jurisdictions, it may be difficult for us to enforce our intellectual property rights internationally and subject us to material risk of unauthorized use of our technologies, trade secrets and intellectual property. As we expand our activities outside of the United States, our exposure to unauthorized copying and use of our platform and proprietary information may increase. We may be unable to determine the extent of any unauthorized use or infringement of our platform, technologies or intellectual property rights.

The steps that we take may not be adequate to protect our proprietary technology and intellectual property, others may develop or patent similar or superior technologies, products or services, or our trademarks, patents and other intellectual property may be challenged, invalidated or circumvented by others. Furthermore, effective trademark, patent, copyright and trade secret protection may not be available or commercially feasible in every country in which our software is available or where we have employees or independent contractors.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management. 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 materially adversely affect our brand and business. An adverse determination of any litigation proceedings could put our intellectual property at risk of being invalidated or interpreted narrowly and could put our related patents, patent applications and trademark filings at risk of not issuing or being cancelled. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, some of our confidential or sensitive information could be compromised by disclosure in the event of litigation. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our platform, impair the functionality of our platform, delay introductions of new functionality to our platform, result in our substituting inferior or more costly technologies into our platform or injure our reputation. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. If we fail to meaningfully protect our intellectual property and proprietary rights, our business, financial condition and results of operations could be adversely affected.

We may be subject to intellectual property rights claims by third parties, which are extremely costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies.

We cannot guarantee that the operation of our business does not infringe the intellectual property rights of third parties. Companies in the software and technology industries, including some of our current and potential competitors, own significant numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. In addition, many of these companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. Further, patent litigation may involve patent holding companies, commonly known as patent "trolls," or other adverse patent owners that have no relevant product revenue and against which our patents may therefore provide little or no deterrence. In the past, we have been subject to allegations of patent infringement that were unsuccessful, and we may in the future be subject to claims that we have misappropriated, misused, or infringed other parties' intellectual property rights, and, to the extent we gain greater market visibility or face increasing competition, we face a higher risk of being the subject of intellectual property infringement claims, which is not uncommon with respect to enterprise software companies. In addition, we may in the future be subject to claims that employees or contractors, or we, have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of our competitors or other parties. Because patent applications can take

years to issue and are often afforded confidentiality for some period of time, there may currently be pending applications, unknown to us, that later result in issued patents that could cover one or more of our products. To the extent that intellectual property claims are made against our customers based on their usage of our technology, we have certain obligations to indemnify and defend such customers from those claims. The term of our contractual indemnity provisions often survives termination or expiration of the applicable agreement. Large indemnity payments, defense costs or damage claims from contractual breach could adversely affect our business, financial condition and results of operations.

Any intellectual property claims, with or without merit, could be very time-consuming, could be expensive to settle or litigate, could divert our management's attention and other resources and could result in adverse publicity. These claims could also subject us to making substantial payments for legal fees, settlement payments and other costs or damages, potentially including treble damages if we are found to have willfully infringed patents or copyrights. Intellectual property claims could also result in our having to stop making, selling, offering for sale or using technology found to be in violation of a third party's rights. We might be required to seek a license for the third-party intellectual property rights, which may not be available on reasonable terms or at all. Even if a license is available to us, we may be required to pay significant upfront fees, milestone payments or royalties, which would increase our operating expenses. Moreover, to the extent we only have a license to any intellectual property used in our platform, there may be no guarantee of continued access to such intellectual property, including on reasonable terms. As a result, we may be required to develop alternative non-infringing technology, which could require significant effort and expense. If a third party is able to obtain an injunction preventing us from accessing such third-party intellectual property rights, or if we cannot license or develop technology for any infringing aspect of our business, we would be forced to limit or stop sales of our products or cease business activities covered by such intellectual property and may be unable to compete effectively. Any of these results would adversely affect our business, financial condition and results of operations.

We could face liability, or our reputation might be harmed, as a result of the activities of our customers, the content sent through our platform or the data they store on our servers.

As a provider of cloud-based solutions, we may be subject to potential liability for the activities of our customers on or in connection with the content or data they store on or send through our servers. Although our customer terms of use and our acceptable use policy, or AUP, prohibit (1) illegal use of our services by our customers, (2) the use of our services for certain activities that do not comply with industry standards and guidelines outlined in our AUP, or (3) the use of our services in any manner that would infringe, misappropriate or otherwise violate the intellectual property rights of third parties, customers may nonetheless engage in prohibited activities or upload or store content with us in violation of our agreement, our AUP, applicable law or the customer's own policies, which could subject us to liability and/or harm our reputation.

We do not typically monitor the content, activities or messages of our customers in connection with their use of our services, so inappropriate content may be sent to third parties, which could subject us to legal liability. Even if we comply with legal obligations to remove or disable certain content, our customers may continue to send messages through our platform that third parties may find hostile, offensive or inappropriate. The activities of our customers or the content of our customers' messages may lead us to experience adverse political, business and reputational consequences, especially if such use is high profile. For instance, if our customers use our platform in violation of law it may subject us to increased regulatory scrutiny or direct financial penalties, either of which may have an adverse effect on our reputation and financial results, even if we have complied with our legal obligations. Conversely, actions we take in response to the activities of our customers or users, up to and including suspending their use of our products or services, may harm our brand and reputation.

There are certain statutory and common law frameworks and doctrines that offer defenses against liability for customer activities, including the Digital Millennium Copyright Act, the Communications Decency Act, the fair use doctrine in the United States and the Electronic Commerce Directive in the EU. Although these and other statutes and case law in the United States offer certain defenses against liability from customer activities under U.S. copyright law or regarding secondary liability from the Telephone Consumer Protection Act or the Controlling the Assault of Non-Solicited Pornography and Marketing Act, they are subject to uncertain or evolving judicial interpretation and regulatory and legislative amendments, and in any event we cannot assure you that we will be successful in asserting them. In addition, pending or recently adopted legislation in the EU may impose additional obligations or liability on us associated with content uploaded by users to our platform. Laws governing these activities are unsettled in many international jurisdictions, or may prove difficult or impossible for us to comply with in some international jurisdictions. Even if ultimately resolved in our favor, we may become involved in related complaints, lawsuits or investigations which add cost to our doing business and may divert management's time and attention or otherwise harm our reputation.

Risks Related to Socioeconomic Factors

Our future revenue and results of operations could be harmed if the increases in demand we have seen from certain industries as a result of the COVID-19 pandemic fail to continue after the pandemic ends.

In response to the COVID-19 pandemic, including the emergence of new variant strains of COVID-19, governments have instituted shelter-in-place orders, social distancing requirements, travel restrictions and similar measures to slow infection rates. These restrictions have prompted shifts from physical commerce to ecommerce, from in-room dining to take out and delivery, from gyms to at home health and fitness and from the theaters to in-home media streaming services. Despite our penetration in these industries that have benefited from increased demand in the COVID-19 era, this trend may not continue. After the COVID-19 pandemic has abated, some of our customers may experience decreases or decreased growth rates in transactions, which would negatively affect our business, financial condition and results of operations. We may also experience decreases or decreased growth rates in sales of new subscriptions to some of our customers, which would adversely affect our business, financial condition and results of operations.

In light of the uncertain and rapidly evolving situation relating to the spread of COVID-19, in the past we have taken measures intended to help minimize the risk of the virus to our employees and the communities in which we participate, including promoting a remote work environment for our employees. While we have reopened many of our offices, a significant portion of our employees continue to work remotely.

We have a distributed workforce and our employees are accustomed to working remotely and working with others who are working remotely. However, as we continue to reopen our offices, we may face operational or other challenges as we and our customers, partners, suppliers and vendors and other parties with whom we do business continue to adjust to a hybrid model of remote and onsite work. These challenges may result in operational inefficiencies or employee dissatisfaction, either of which could harm our business. In addition, our management team has spent, and will likely continue to spend, significant time, attention, and resources monitoring the COVID-19 pandemic, including the emergence of new variant strains of COVID-19, and seeking to manage its effects on our business and workforce. For instance, due to the prior emergence of variant strains of COVID-19, we had to previously alter our office reopening plans and modified or cancelled anticipated events. If a new variant strain of COVID-19 were to arise, we might be forced to take similar actions again in the future. Further, the emergence of new variant strains of COVID-19 could also adversely affect workforces, economies and financial markets globally, potentially leading to an economic downturn and a reduction in customer spending on our products or an inability for our customers, partners, suppliers or vendors or other parties with whom we do business to meet their contractual obligations.

While it is not possible at this time to predict the duration and extent of the impact that COVID-19 or the emergence of new variant strains of COVID-19 could have on worldwide economic activity and our business in particular, the continued spread of COVID-19, especially in light of the emergence of new variant strains of COVID-19, the timing, distribution, rate of public acceptance and efficacy of vaccines and other treatments, and the measures taken by governments, businesses and other organizations in response to COVID-19 could adversely impact our business, financial condition and results of operations. Moreover, to the extent the COVID-19 pandemic adversely affects our business, financial condition, and results of operations, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section, including, but not limited to, those related to our ability to expand within our existing customer base, acquire new customers, develop and expand our sales and marketing capabilities, and expand internationally.

Natural catastrophic events and human-made problems such as power disruptions, computer viruses, global pandemics, data security breaches and terrorism may disrupt our business.

We rely heavily on our network infrastructure and information technology systems for our business operations. An online attack, damage as a result of civil unrest, earthquake, fire, terrorist attack, power loss, global pandemics (such as the COVID-19 pandemic, including the emergence of new variant strains of COVID-19), telecommunications failure or other similar catastrophic event could cause system interruptions, delays in accessing our service, reputational harm and loss of critical data. Such events could prevent us from providing our platform and products to our customers. A catastrophic event that results in the destruction or disruption of our data centers, or our network infrastructure, or information technology systems, including any errors, defects, or failures in third-party hardware, could affect our ability to conduct normal business operations and adversely affect our results of operations. In addition, many companies that provide cloud-based services have reported a significant increase in cyberattack activity since the beginning of the COVID-19 pandemic.

Risks Related to Being a Public Company

We are an "emerging growth company," and we cannot be certain if the reduced reporting and disclosure requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including the auditor attestation requirements of Section 404, or Section 404, of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Pursuant to Section 107 of the JOBS Act, as an emerging growth company, we have elected to use the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our consolidated financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make our Class A common stock less attractive to investors. In addition, if we cease to be an emerging growth company, we will no longer be able to use the extended transition period for complying with new or revised accounting standards.

We will remain an emerging growth company until the earliest of (1) the last day of the fiscal year following the fifth anniversary of our initial public offering, (2) the last day of the first fiscal year in which our annual gross revenue is $1.07 billion or more, (3) the date on which we have, during the previous rolling three-year period, issued more than $1 billion in non-convertible debt securities and (4) the last day of the fiscal year in which the market value of our Class A common stock held by non-affiliates exceeded $700 million as of July 31 of such fiscal year.

We cannot predict if investors will find our Class A common stock less attractive if we choose to rely on these exemptions. For example, if we do not adopt a new or revised accounting standard as a result of our election to use the extended transition period, our future results of operations may not be as comparable to the results of operations of certain other companies in our industry that adopted such standards. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock, and our share price may be more volatile.

We have identified three material weaknesses in our internal control over financial reporting, and if we are unable to achieve and maintain effective internal control over financial reporting, the accuracy and timing of our financial reporting may be adversely affected.

Prior to our initial public offering, we were a private company with limited accounting personnel and other resources with which to address our internal controls and procedures. In connection with the audits and preparation of our consolidated financial statements, we identified three material weaknesses in our internal controls, one over the financial statement close process specifically related to insufficient written policies and procedures for accounting and financial reporting and related controls, and the second over the lack of properly designed controls related to accounting for revenue recognition in accordance with standards under Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, and the third related to our inadequate information technology controls for systems that are relevant to the preparation of financial statements. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

We are working to remediate these material weaknesses through the development and implementation of processes and controls over the financial reporting process. Specifically, we have:

- invested in and continue to hire additional internal resources with appropriate knowledge and expertise to effectively operate financial reporting processes and internal controls;
- engaged external resources to assist with the remediation efforts and internal control execution, including the development of policies and procedures in certain areas;
- begun adopting new information security policies and procedures, including training for users to further educate them on best practices for information security procedures;
- begun developing program change management controls to ensure that IT program and data changes affecting financial IT applications and underlying accounting records are authorized and implemented appropriately;
- begun developing financial application user access controls designed to ensure appropriate segregation of duties, restriction and privileges to personnel;
- begun developing computer operations controls designed to ensure system interfaces and batch jobs process completely and accurately;
- begun training application users to further educate them on best practices for information security procedures; and

- implemented a revenue recognition system designed to reduce the number of manual controls required to recognize revenue.

We will also continue to invest in financial operations and reporting applications on an ongoing basis.

While we have designed and are implementing new controls to remediate these material weaknesses, they have not been in operation for a sufficient period of time to demonstrate that the material weaknesses have been remediated. We cannot assure you that the measures we have taken to date will be sufficient to remediate the material weaknesses we identified or avoid the identification of additional material weaknesses in the future. If the steps we take do not remediate the material weaknesses in a timely manner, there could continue to be a reasonable possibility that our internal control deficiencies or others could result in a material misstatement of our financial statements that would not be prevented or detected on a timely basis.

As a public company, we are required to further design, document and test our internal control over financial reporting to comply with Section 404. We cannot be certain that additional material weaknesses and control deficiencies will not be discovered in the future. If material weaknesses or control deficiencies occur in the future, we may be unable to report our financial results accurately on a timely basis or adequately reduce the risk of fraud, which could cause our reported financial results to be materially misstated and result in the loss of investor confidence or delisting and cause the market price of our Class A common stock to decline. If we have material weaknesses in the future, it could affect the financial results that we report or create a perception that those financial results do not fairly state our financial position or results of operations. Either of those events could have an adverse effect on the value of our Class A common stock.

Further, even if we conclude that our internal control over financial reporting provides 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 fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our results of operations or cause us to fail to meet our future reporting obligations.

Risks Related to Ownership of Our Class A Common Stock

We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our Class A common stock.

We have never declared or paid any cash dividends on our Class A or Class B common stock and we do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors and governed by the limitations of any credit agreements we may become party to. 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.

The dual class structure of our common stock has the effect of concentrating voting control with our executive officers, directors and significant holders of our capital stock, which limits the ability of holders of our Class A common stock to influence the outcome of important transactions.

Our Class B common stock has ten votes per share and our Class A common stock, which is the stock listed on the Nasdaq Global Select Market, has one vote per share. As a result, as of January 31, 2022, holders of our Class B common stock collectively beneficially owned, in the aggregate, shares representing approximately 97.6% of the voting power of our outstanding capital stock, and our executive officers, directors and holders of 5% or more of our common stock collectively beneficially owned, in the aggregate, outstanding shares representing approximately 76.3% of the total voting power of our outstanding capital stock. As a result, the holders of our Class B common stock, and in particular our executive officers, directors and holders of 5% or more of our common stock, will be able to exercise considerable influence over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our company or our assets, even if their stock holdings represent less than 50% of the outstanding shares of our capital stock. This concentration of ownership will limit the ability of other stockholders to influence corporate matters and may cause us to make strategic decisions that could involve risks to holders of our Class A common stock or that may not be aligned with the interests of holders of our Class A common stock. This control may adversely affect the market price of our Class A common stock.

Further, future transfers by holders of our Class B common stock will generally result in those shares converting into shares of our Class A common stock, subject to limited exceptions, such as certain transfers effected for tax or estate planning purposes. The conversion of shares of our Class B common stock into shares of our 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.

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

We cannot predict whether our dual class structure, combined with the concentrated control of certain stockholders, including our executive officers, employees and directors, investors and their affiliates, will result in a lower or more volatile market price of our Class A common stock or 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 indexes. In July 2017, FTSE Russell and Standard & Poor's announced that they would cease to allow most newly public companies utilizing dual or multi-class capital structures to be included in their indices. Under the announced policies, our dual class capital structure makes us ineligible for inclusion in either of these indices. Given the sustained flow of investment funds into passive strategies that seek to track certain indexes, exclusion from stock indexes would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

An active public trading market for our Class A common stock may not develop or be sustained.

Prior to the closing of our initial public offering in November 2021, no public market for our Class A common stock existed. An active public trading market for our Class A common stock may not continue to develop or, if further developed, it may not be sustained. The lack of an active market may impair the ability of holders of our Class A common stock to sell their shares at the time they wish to sell them or at a price that the holders of our Class A common stock consider reasonable. The lack of an active market may also reduce the fair value of shares of our Class A common stock. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our Class A common stock.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws, each as currently in effect, may have the effect of delaying or preventing a change of control or changes in our management. Such amended and restated certificate of incorporation and amended and restated bylaws include provisions that:

- authorize our board of directors to issue, without further action by the stockholders, shares of undesignated preferred stock with terms, rights and preferences determined by our board of directors that may be senior to our Class A common stock;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our board of directors, the chairperson of our board of directors or our chief executive officer;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- establish that our board of directors is divided into three classes, with each class serving three-year staggered terms;
- prohibit cumulative voting in the election of directors;
- provide that our directors may be removed for cause only upon the vote of at least 66 2/3% of our outstanding shares of voting stock;
- provide 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; and
- require the approval of our board of directors or the holders of at least 66 2/3% of our outstanding shares of voting stock to amend our bylaws and certain provisions of our certificate of incorporation.

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, because we are incorporated in Delaware, we are governed by the

provisions of Section 203 of the Delaware General Corporation Law, or DGCL, which generally, subject to certain exceptions, prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested" stockholder for a period of three years following the date on which the stockholder became an "interested" stockholder. Any of the foregoing provisions could limit the price that investors might be willing to pay in the future for shares of our Class A common stock, and they could deter potential acquirers of our company, thereby reducing the likelihood that holders of our Class A common stock would receive a premium for their shares of our Class A common stock in an acquisition.

The provision of our amended and restated certificate of incorporation requiring exclusive venue in the Court of Chancery in the State of Delaware and the federal district courts of the United States for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers.

Our amended and restated certificate of incorporation as currently in effect provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware be the sole and exclusive forum for:

- any derivative claim or cause of action brought on our behalf;
- any claim or cause of action asserting a breach of fiduciary duty;
- any claim or cause of action against us arising under the DGCL;
- any claim or cause of action arising under or seeking to interpret our amended and restated certificate of incorporation or our amended and restated bylaws; and
- any claim or cause of action against us that is governed by the internal affairs doctrine.

Our amended and restated certificate of incorporation as currently in effect further provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolutions of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, or the Securities Act, including all causes of action asserted against any defendant named in such complaint. The exclusive forum clauses described above shall not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. For the avoidance of doubt, this provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying any offering.

Although we believe these provisions benefit us by providing increased consistency in the application of applicable law in the types of lawsuits to which they apply, the provisions may have the effect of discouraging lawsuits against our directors and officers. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and there is uncertainty as to whether a court would enforce such provisions. In addition, investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. It is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in our currently effective amended and restated certificate of incorporation to be inapplicable or unenforceable in such action. If so, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business, financial condition and results of operations.

Future sales of our Class A common stock in the public market could cause the market price of our Class A common stock to decline.

Sales of a substantial number of shares of our Class A common stock in the public market following filing of this Annual Report on Form 10-K, 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. Many of our existing equity holders have substantial unrecognized gains on the value of the equity they hold, and therefore they may take steps to sell their shares or otherwise secure the unrecognized gains on those shares. We are unable to predict the effect that such sales may have on the prevailing market price of our Class A common stock.

In connection with our initial public offering, all of our directors, executive officers and the holders of substantially all of our capital stock issued prior to our initial public offering are subject to lock-up agreements or agreements with market standoff provisions that restrict their ability to transfer shares until the earlier of (a) the commencement of trading on May 15, 2022 or (b) two full trading days following our second public release of quarterly or annual financial results (which for this purpose shall not include "flash" numbers or preliminary, partial earnings) following November 16, 2021, subject to certain exceptions. On January 5, 2022, 20% of the then outstanding securities (including shares of Class A common stock, stock options and other equity) held by our current and former employees, contractors, consultants and advisors (excluding our directors, executive officers and individuals associated or affiliated with any of our institutional investors) were released from these transfer

restrictions. These transfer restrictions will end with respect to all other securities that remain subject to these lock-up restrictions at the commencement of trading on April 4, 2022. All such securities will then become eligible for immediate sale in the public market, subject to trading limitations on shares held by our affiliates, or other limitations imposed by Rule 144 under the Securities Act, continued vesting of any unvested equity awards as of such date and our insider trading policies. As a result, a substantial number of shares of our Class A common stock will become eligible for sale in the public market in April 2022.

We have registered all of our common stock issuable upon exercise of outstanding stock options, settlement of outstanding restricted stock units, or RSUs, or otherwise issuable pursuant to the terms of any equity incentives we may grant in the future, for public resale under the Securities Act. Such underlying common stock will become eligible for sale in the public market to the extent such options are exercised or RSUs are settled, subject to the lock-up agreements described above and compliance with applicable securities laws.

Further, the holders of Class A and Class B common stock issued in connection with the conversion of our previously outstanding convertible preferred stock immediately prior to the completion of our initial public offering have rights, subject to some conditions, to require us to file registration statements covering the sale of their shares or to include their shares in registration statements that we may file for ourselves or other stockholders.

General Risk Factors

The price of our Class A common stock may be volatile, and you may lose some or all of your investment.

The market price of our Class A common stock may be highly volatile and may fluctuate substantially as a result of a variety of factors. Factors that may affect the market price of our Class A common stock include:

- actual or anticipated fluctuations in our financial condition and results of operations;
- variance in our financial performance from expectations of securities analysts;
- changes in the prices of our products and services;
- changes in our projected financial condition and results of operations;
- changes in laws or regulations applicable to the provision of our products and services;
- announcements by us or our competitors of significant business developments, acquisitions or new offerings;
- security breaches impacting us or similar companies;
- our involvement in any material litigation;
- future sales of our Class A common stock by us or our stockholders, as well as the anticipation of lockup releases, or our sales of other securities in the future;
- changes in senior management or key personnel;
- the trading volume of our Class A common stock;
- changes in the anticipated future size and growth rate of our market;
- general economic, regulatory and market conditions; and
- technical factors in the public trading market for our Class A common stock that may produce price movements that may or may not comport with macro, industry, or company-specific fundamentals, including, without limitation, the sentiment of retail investors, the amount and status of short interest in our securities, access to margin debt, trading in options and other derivatives on our common stock and other technical trading factors.

Accordingly, we cannot assure you of the liquidity of an active trading market, your ability to sell your shares of our Class A common stock when desired, or the prices that you may obtain for your shares of our Class A common stock. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair value of your shares. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

The stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may negatively impact the market price of our Class A common stock. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial costs and divert our management's attention.

Our issuance of additional capital stock in connection with financings, acquisitions, investments, our equity incentive plans or otherwise will dilute all other stockholders.

We expect to issue additional capital stock in the future that will result in dilution to all other stockholders. We expect to grant equity awards to employees, directors and consultants under our equity incentive plans. We may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments in companies, products, services or technologies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per share value of our Class A common stock to decline.

If securities or industry analysts do not publish research or reports about our business or publish negative reports about our business, our share 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. We do not have any control over these analysts. If our financial performance fails to meet analyst estimates or one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our share price would likely decline. Our business results may vary significantly from such analyst estimates or any analyst consensus due to a number of factors, many of which are outside of our control, including due to the global economic uncertainty and financial market conditions caused by the COVID-19 pandemic or by geopolitical instability resulting from the conflict between Russia and Ukraine and resulting sanctions imposed by the United States and other countries against Russia and Belarus, which could adversely affect our business, financial condition and results of operations. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to support compliance with our public company responsibilities and corporate governance practices.

We have only recently become a public company. Accordingly, we have incurred, and expect to continue to incur, significant finance, legal, accounting and other expenses, including director and officer liability insurance, that we did not incur as a private company, which we expect to further increase after we are no longer an "emerging growth company." The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, stock exchange listing requirements, and other applicable securities rules and regulations impose various requirements on public companies in the United States. Our management and other personnel devote a substantial amount of time to support compliance with these requirements. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. We cannot predict or estimate the amount of additional costs we will incur as a public company or the specific timing of such costs.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our headquarters is located in New York City, where we lease approximately 84,000 square feet pursuant to two leases that expire in April 2024. We also lease additional office space in San Francisco, Austin, Chicago, Berlin, London, and Singapore. These offices are leased, and we do not own any real property. We believe that our current facilities are generally suitable to meet our needs for the foreseeable future. In addition, to the extent we require additional space in the future, we believe that it would be readily available on commercially reasonable terms.

Item 3. Legal Proceedings

From time to time, we may become involved in various legal proceedings arising from the normal course of business activities. As of the date of this Annual Report on Form 10-K, we are not presently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial condition. Defending such proceedings can be costly and can impose a significant burden on management and employees. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Market Information for Our Common Stock

Our Class A common stock is traded on The Nasdaq Global Select Market, or Nasdaq, under the symbol "BRZE". Our Class B common stock is not listed or traded on any exchange, but each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock, and is automatically converted upon sale or transfer into one share of Class A common stock.

Holders of Record

As of March 25, 2022, there were 5 stockholders of record of our Class A common stock. The number of stockholders of record is based upon the actual number of holders registered with our transfer agent on this date and does not include holders of Class A common stock in "street name" by brokers or other entities on behalf of stockholders or any other individual participants in security position listings.

As of March 25, 2022 there were approximately 63 stockholders of record of our Class B common stock.

Dividend Policy

We have never declared or paid any dividends on our Class A common stock or Class B common stock. We currently intend to retain all available funds and any future earnings for the operation and expansion of our business. Accordingly, we do not anticipate declaring or paying dividends in the foreseeable future. The payment of any future dividends will be at the discretion of our board of directors and will depend on our results of operations, capital requirements, financial condition, prospects, contractual arrangements, any limitations on payment of dividends present in any debt agreements, and other factors that our board of directors may deem relevant.

Unregistered Sales of Equity Securities

The following sets forth information regarding all unregistered securities sold since October 31, 2021:

- From November 1, 2021 to January 31, 2022, we issued an aggregate of 43,250 shares of common stock upon the exercise of stock options at a weighted-average exercise price of $2.21 per share, for an aggregate purchase price of $0.1 million.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. Unless otherwise specified above, we believe these transactions were exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act (and Regulation D or Regulation S promulgated thereunder) or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or under benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed on the share certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

Use of Proceeds

On November 19, 2021, we closed our initial public offering through which we sold 7,500,000 shares of our Class A common stock at an offering price of $65.00 per share, including 800,000 shares pursuant to the underwriters' overallotment option to purchase additional shares of our Class A common stock, resulting in gross proceeds to us of $487.5 million. In addition, the selling stockholders, named in our final prospectus that forms a part of the Registration Statement on Form S-1 (File No. 333-260428) for the initial public filed with the SEC pursuant to Rule 424(b)(4) on November 18, 2021, or the Final Prospectus, sold an additional 1,300,000 shares of our Class A common stock, for which we did not receive any proceeds. All of the shares issued and sold in our initial public offering were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-260428), which was declared effective by the SEC on November 16, 2021. Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Barclays Capital Inc., Piper Sandler & Co., William Blair & Company, L.L.C.,

Canaccord Genuity LLC, Cowen and Company, LLC, JMP Securities LLC, Needham & Company, LLC, Oppenheimer & Co. Inc., Raymond James & Associates, Inc. and Loop Capital Markets LLC acted as underwriters for our initial public offering. Following the sale of all the shares upon the closing of our initial public offering, the offer terminated.

The net proceeds to us after deducting underwriting discounts and commissions of $26.8 million and net offering expenses of $3.9 million were $456.8 million. No offering expenses were paid directly or indirectly to any of our directors or officers (or their associates) or persons owning ten percent or more of any class of our equity securities or to any other affiliates. There has been no material change in the planned use of proceeds from our initial public offering from those disclosed in the Final Prospectus.

Issuer Purchases of Equity Securities

The following table contains information relating to the repurchase of our early-exercised options made by us in the fourth quarter of fiscal year ended January 31, 2022:

Period	Total Number of Shares Purchased [(1)]	Average Price Paid per Share
November 1 - November 30, 2021	625	$1.64
December 1 - December 31, 2021	292	$1.88
January 1 - January 31, 2022	—	—
Total	917	

[(1)] All purchases represent the repurchase of unvested shares of Class A common stock previously issued to employees pursuant to our Amended and Restated 2011 Equity Incentive Plan.

Item 6. [Reserved]

Not Applicable in accordance with Regulation S-K issued by the Securities and Exchange Commission, effective February 10, 2021.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes that are included elsewhere in this Annual Report on Form 10-K. In addition to historical financial information, the following discussion contains forward-looking statements that are based upon current plans, expectations and beliefs that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including, but not limited to, those set forth under the section entitled "Risk Factors" in Item 1A of Part II of this Annual Report on Form 10-K. See "Special Note Regarding Forward Looking Statements" in this Annual Report on Form 10-K.

Overview

Braze is a leading comprehensive customer engagement platform that powers customer-centric interactions between consumers and brands. Our platform empowers brands to listen to their customers better, understand them more deeply, and act on that understanding in a way that is human and personal. Using our platform, brands ingest and process customer data in real time, orchestrate and optimize contextually relevant, cross-channel marketing campaigns, and continuously evolve their customer engagement strategies.

Our customers include many established global enterprises and leading technology innovators, and span a wide variety of sizes and industries, including retail, eCommerce, media, entertainment and on-demand services.

We primarily generate revenue from the sale of subscriptions to customers for the use of our platform. Our subscription fees are principally based on an upfront commitment by our customers for a specific number of monthly active users, on a cost-per-message basis for volume of email and/or SMS messages sent, platform access and/or support and certain add-on products. Additionally, we provide professional services, which better enable customers to successfully onboard and use our platform, including certain premium professional services such as email deliverability support and dedicated technical support staff.

We employ a land-and-expand business model centered around offering products that are easy to adopt and have a rapid time to value. We expand our reach within existing customers when our customers add new channels, purchase additional

subscription products such as Braze Currents, implement new engagement strategies, or onboard new business units and geographies. We also grow as our customers grow because our pricing is based in large part on the number of consumers that our customers reach and the volume of messages our customers send. Accordingly, as our customers increase the use of our platform and increase the number of end users reached via our platform, the value of our contracts with such customers also increases.

We have grown significantly in recent periods. We generated revenue of $238.0 million, $150.2 million, and $96.4 million in the fiscal years ended January 31, 2022, 2021, and 2020, respectively, representing year-over-year growth of 58% from the fiscal years ended January 31, 2021 to January 31, 2022 and 56% from the fiscal year ended January 31, 2020 to January 31, 2021. We had net losses of $78.2 million, $32.0 million and $31.8 million, in the fiscal years ended January 31, 2022, 2021, and 2020, respectively. We had net cash used in operating activities of $35.4 million, $6.1 million, and $7.4 million in the fiscal years ended January 31, 2022, 2021, and 2020, respectively. Our Non-GAAP free cash flow was $(39.8) million, $(9.9) million and $(10.4) million in the fiscal years ended January 31, 2022, 2021, and 2020, respectively. See the section titled "— Non-GAAP Free Cash Flow" for additional information about how we calculate free cash flow, a non-GAAP financial metric, and a reconciliation to net cash used in operating activities, the most directly comparable measure calculated in accordance with accounting principles generally accepted in the United States, or GAAP.

Factors Affecting Our Performance

Acquiring New Customers

We believe there is substantial opportunity to continue to grow our customer base. We intend to continue to expand our customer base in verticals where we already have a strong presence, such as retail, eCommerce, media, entertainment and on-demand services, and to increase our presence in verticals where we are not yet strongly represented. Through our sales and marketing efforts, we plan to capitalize on the ongoing digital transformation in regulated industries like healthcare and financial services to further propel adoption of our technology. As of January 31, 2022, we had 1,375 customers across a broad range of sizes and industries. Our ability to attract new customers will depend on a number of factors, including the quality and pricing of our products, offerings of our competitors and the effectiveness of our marketing efforts.

We define a customer as the separate and distinct, ultimate parent-level entity that has an active subscription with us to use our products. A single organization could have multiple distinct contracting divisions or subsidiaries, all of which together would be considered a single customer.

Expanding Within Our Existing Customer Base

We believe we can achieve significant growth by expanding sales within our existing customer base. We expand the use of our platform by existing customers by, among others, adding new channels and increasing the messaging volume we sell to our customers as their businesses and needs continue to grow. We intend to continue to invest in developing and enhancing our products and functionality. Our ability to increase sales to existing customers will depend on a number of factors, including our customers' satisfaction with our solutions, the ability of our customers to attract new end users, competition, pricing and overall changes in our customers' spending levels.

Historically, we have experienced significant expansion within a customer's business once our platform is deployed, with customers typically increasing the number of monthly active users, channels and use cases as well as purchasing additional products. A monthly active user is an end user of a customer who has engaged with the customer's applications and websites in the previous calendar month. We include each distinguishable end user in our calculation of monthly active users, even though some users may access our customers' applications and websites using more than one device, and multiple users may gain access using the same device. As of January 31, 2022, we had approximately 3.7 billion monthly active users, up from approximately 3.0 billion monthly active users as of January 31, 2021. Currently, our in-product messaging channels consist of Content Cards, which embed personalized content into a brand's website or application, and in-app and in-browser messages. Our out-of-product channels include, but are not limited to, mobile push notifications, web push notifications, email, SMS and MMS messages, webhooks, Facebook and Google advertisements and multiple over-the-top media services and connected TV channels.

In addition to monthly active users, we have a history of increasing annual recurring revenue, or ARR, from our customers. We define ARR as the annualized value of customer subscription contracts, including certain premium professional services that are subject to contractual subscription terms, as of the measurement date, assuming any contract that expires during the next 12 months is renewed on its existing terms (including contracts for which we are negotiating a renewal). Our

calculation of ARR is not adjusted for the impact of any known or projected future events (such as customer cancellations, expansion or contraction of existing customers relationships or price increases or decreases) that may cause any such contract not to be renewed on its existing terms. Our ARR may decline or fluctuate as a result of a number of factors, including customers' satisfaction or dissatisfaction with our products and professional services, pricing, competitive offerings, economic conditions or overall changes in our customers' spending levels. ARR should be viewed independently of revenue and does not represent our GAAP revenue on an annualized basis or a forecast of revenue, as it is an operating metric that can be impacted by contract start and end dates and renewal rates.

For clarity, we use annualized invoiced amounts per customer subscription contract, including certain premium professional services that are subject to contractual subscription terms, as compared to revenue calculated in accordance with GAAP, to calculate our ARR. Our invoiced amounts are not matched to the performance obligations associated with the underlying subscription contract and premium professional service obligations as they are with respect to our GAAP revenue. This can result in timing differences between our GAAP revenue and ARR calculations. For our revenue calculated in accordance with GAAP, we recognize revenue related to contracts with customers in an amount that reflects the consideration to which we expect to be entitled in exchange for subscription and professional services. See the section titled "— Critical Accounting Policies and Estimates" for additional information regarding how we recognize revenue on a GAAP basis. Investors should not place undue reliance on ARR as an indicator of our future or expected results. Moreover, ARR may differ from similarly titled metrics presented by other companies and may not be comparable to such other metrics.

A further indication of the propensity of our customer relationships to expand over time is our dollar-based net retention rate. We calculate our dollar-based net retention rate as of a period end by starting with the ARR from the cohort of all customers as of 12 months prior to such period-end, or the Prior Period ARR. We then calculate the ARR from these same customers as of the current period-end, or the Current Period ARR. Current Period ARR includes any expansion and is net of contraction or attrition over the last 12 months but excludes ARR from new customers in the current period. We then divide the total Current Period ARR by the total Prior Period ARR to arrive at the point-in-time dollar-based net retention rate. We then calculate the weighted average point-in-time dollar-based net retention rates as of the last day of each month in the current trailing 12-month period to arrive at the dollar-based net retention rate. Our dollar-based net retention rate for the trailing 12 months ended January 31, 2022, 2021, and 2020, was 128%, 123%, and 126% respectively, for all our customers, and 136%, 133%, and 127%, respectively, for our customers with ARR of $500,000 or more. In addition, 107, 71, and 45 of our customers had ARR of $500,000 or more as of January 31, 2022, 2021, and 2020, respectively.

Expanding Geographically

We believe there is a significant opportunity to continue to expand our presence in international markets we have already penetrated and by entering markets we have not yet penetrated. For the fiscal years ended January 31, 2022, 2021, and 2020, approximately 40%, 40%, and 39%, of our revenue was generated outside of the United States, respectively. We expect to increase market penetration in regions including Europe and Asia-Pacific and to further capitalize on the greenfield opportunity in regions such as Latin America. For example, in the second half of fiscal year 2021, we entered into a joint venture with our partner Japan Cloud Computing Co., Ltd., to facilitate further expansion into the Japanese market. Although these investments in geographic regions may negatively affect our operating results in the near term, we believe that they will contribute to our long-term growth.

Sustaining Innovation and Technology Leadership

Our success is dependent on our ability to sustain innovation and technology leadership in order to maintain our competitive advantage. We are focused on investing in research and development to continue to enhance our platform. For example, we continue to develop our artificial intelligence capabilities to enable brands to better analyze and act on customer data. We believe our market-driven product development approach maximizes the return on new feature development and channel expansion. Our customers consistently volunteer to participate in the testing of new products, which indicates their appetite for new and innovative functionality. We believe our continued innovation will provide new avenues for growth through which we will continue to deliver differentiated outcomes for our customers. We intend to continue to invest in building additional products that expand our capabilities and facilitate the extension of our platform to new channels and use cases.

Impact of COVID-19 on Our Business

Beginning in January 2020, the COVID-19 pandemic caused general business disruption worldwide. In response to the spread of COVID-19, including the emergence of new variant strains of COVID-19, a significant portion of our employees

currently work remotely to minimize the risk of the virus to our employees and the communities in which we operate, and we may continue to take actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, and business partners.

While we do not believe our results of operations, cash flows and financial condition have been materially impacted due to the COVID-19 pandemic to date, we have experienced, and may continue to experience, a modest adverse impact on certain aspects of our business, including a lengthening of the sales cycle for some prospective customers. We have also experienced, and may continue to experience, a modest positive impact on other aspects of our business, including an increase in the volume of messaging utilized by our existing customers. Moreover, we have seen slower growth in certain operating expenses due to reduced business travel, the virtualization or cancellation of customer and employee events and reduced lease obligations. While a reduction in these operating expenses may have an immediate positive impact on our results of operations, we do not yet have visibility into the full impact this will have on our business and we do not know if or when these expenses will return to pre-pandemic levels, which could negatively impact our results of operations in the future.

Certain of our customers negatively impacted by the spread of COVID-19 decreased or delayed their spending, requested pricing discounts, requested modified payment terms or sought to reduce their commitments when renewing subscriptions, and they may continue to do so, any of which may result in decreased revenue and cash receipts for us. Our customers that were positively impacted by increased demand during the COVID-19 pandemic may have similar requests or experience similar issues if this increased demand does not continue in the recovery from the COVID-19 pandemic.

Additionally, we cannot predict what, if any, changes to our business and the global economy generally will persist following the COVID-19 pandemic or how our business or the global economy will be impacted as restrictions on in-person activities are relaxed and the world returns to pre-pandemic normalcy. Given the uncertainty, we cannot reasonably estimate the impact on our future results of operations, cash flows or financial condition. For additional details, see the section titled “Risk Factors.”

Components of Results of Operations

Revenue

Revenue is derived from two primary sources: (1) subscription services and (2) professional services and other.

Subscription services primarily consist of access to our customer engagement platform and related customer support. Our customers enter into a subscription for committed contractual entitlements. To the extent that our customers’ usage exceeds the committed contractual entitlements under their subscription plans, they are charged for excess usage, or they may exercise an option to purchase an incremental volume tier of committed contractual entitlements. Revenue associated with platform subscriptions is recognized ratably over the contract term, which is consistent with the period over which services are provided to the customer. Fees associated with excess usage and incremental volume are also treated as subscription revenue. To date, fees associated with excess usage have not been material.

Professional services and other revenue consists of fees for distinct services rendered in training and assisting our customers to configure our platform for their use at the onset of their initial contract or when a new product is purchased. Such revenue is generally recognized over a period of up to six months from providing access to the platform. We also provide additional platform and feature enhancement and optimization services which are generally recognized ratably over the contract term.

Deferred revenue consists of customer billings in advance of revenue being recognized. We generally invoice our customers for subscription services arrangements annually in advance and for professional services upfront.

Cost of Revenue

Cost of revenue consists of direct costs related to providing platform access to our customers and to performing onboarding and professional services including consulting services. These costs primarily include payments to third-party cloud infrastructure providers for hosting software solutions, costs associated with application service providers utilized to deliver the platform, personnel-related costs, including salaries, cash-based performance compensation, benefits and stock-based compensation, and overhead cost allocations, including rent, utilities, depreciation, information technology costs, amortization of internal use software and certain administrative personnel costs.

We intend to continue to invest additional resources in our platform infrastructure and our customer support and success organizations to expand the capabilities of our platform. The level, timing and relative investment in our infrastructure could affect our cost of revenue in the future. We expect our cost of revenue to increase for the foreseeable future as we continue to grow our business.

Gross Profit and Gross Margin

Gross profit represents revenue less cost of revenue. Gross margin is gross profit expressed as a percentage of revenue. Our gross margin may fluctuate from period to period as our revenue and cost of revenue fluctuates, including as a result of the timing and amount of resources we dedicate to improving our platform and expanding our products.

Operating Expenses

Our operating expenses consist of sales and marketing, research and development and general and administrative expenses. Personnel costs, including salaries, cash-based performance compensation, benefits and stock-based compensation, are the most significant component of operating expenses. Operating expenses also include allocated overhead costs, which include rent, utilities, depreciation, information technology costs and certain administrative personnel costs. As we continue to expand our operations, we expect an increase in personnel headcount and expansion of our global footprint.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel costs for our sales and marketing organization, sales commissions, costs related to brand awareness, sponsorships, customer marketing events and advertising, agency costs, travel-related expenses and allocated overhead costs.

We intend to continue to invest in sales and marketing to help drive the growth of our business. During the short term, we expect travel to remain lower than our historical pre-pandemic norms as we focus our marketing and sales activities on virtual platforms. However, we expect our sales and marketing expenses will increase in absolute dollars as we continue to invest in sales and marketing activities to acquire new customers and increase sales to existing customers.

Research and Development

Research and development expenses consist primarily of personnel costs for our engineering, service, design and information technology teams. Additionally, research and development expenses include allocated overhead costs and contractor fees. Research and development costs are expensed as incurred. Capitalized internal-use software development costs are excluded from research and development expenses as they are capitalized as a component of property and equipment, net and amortized to cost of revenue over the software's expected useful life, which is generally three years.

We expect to continue our investment in research and development to enhance the user experience of our current customers and attract new customers. We expect research and development expenses to increase in absolute dollars as we continue to invest in enhancing our platform.

General and Administrative

General and administrative expenses consist primarily of personnel costs for finance, legal, human resources and other administrative functions, as well as non-personnel costs such as legal, accounting and other professional service fees, software costs, certain tax, license and insurance-related expenses and allocated overhead costs.

We expect that general and administrative expenses will increase in absolute dollars and vary from period to period as a percentage of revenue for the foreseeable future but decrease as a percentage of revenue over the long term, as we focus on processes, systems, and controls to enable our internal support functions to scale with the growth of our business. We expect to incur additional expenses as a result of operating as a public company, including expenses to comply with the rules and regulations applicable to companies listed on The Nasdaq Stock Market LLC, expenses related to compliance and reporting obligations pursuant to the rules and regulations of the SEC, and higher expenses for directors' and officers' insurance, investor relations and professional services.

Investment Income

Investment income consists primarily of income earned on our investments, cash and cash equivalents and restricted cash.

Other Income (Expense), Net

Other income (expense), net, primarily consists of net exchange gains or losses on foreign currency transactions.

Provision for Income Taxes

Provision for income taxes consists of state income taxes and income taxes in certain foreign jurisdictions in which we conduct business. We maintain a full valuation allowance on our net deferred tax assets as we have concluded that it is not more likely than not that the deferred tax assets will be realized.

Results of Operations

The following table sets forth our consolidated statement of operations data for each of the periods indicated:

	Fiscal Year Ended January 31,		
	2022	2021	2020
	(in thousands)		
Revenue	$ 238,035	$ 150,191	$ 96,364
Cost of revenue [1]	78,511	54,511	35,686
Gross profit	159,524	95,680	60,678
Operating expenses:			
Sales and marketing [1]	127,137	70,661	57,348
Research and development [1]	59,034	29,212	20,339
General and administrative [1]	51,564	27,959	16,524
Total operating expenses	237,735	127,832	94,211
Loss from operations	(78,211)	(32,152)	(33,533)
Other income (expense):			
Investment income	137	840	2,127
Other (expense) income, net	(258)	(120)	48
Loss before provision for income taxes	(78,332)	(31,432)	(31,358)
(Benefit from) provision for income taxes	(165)	537	452
Net loss	$ (78,167)	$ (31,969)	$ (31,810)

[1] Includes stock-based compensation expense, net of amounts capitalized as follows:

	Fiscal Year Ended January 31,		
	2022	2021	2020
	(in thousands)		
Cost of revenue	$ 2,185	$ 650	$ 276
Sales and marketing	16,281	2,892	6,365
Research and development	15,613	2,102	3,705
General and administrative	13,101	1,896	2,062
Total	$ 47,180	$ 7,540	$ 12,408

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

	Fiscal Year Ended January 31,		
	2022	2021	2020
	(as a percentage of revenue)		
Revenue	100 %	100 %	100 %
Cost of revenue	33 %	36 %	37 %
Gross profit	67 %	64 %	63 %
Operating expenses:			
Sales and marketing	53 %	47 %	60 %
Research and development	25 %	19 %	21 %
General and administrative	22 %	19 %	17 %
Total operating expenses	100 %	85 %	98 %
Loss from operations	(33)%	(21)%	(35)%
Other income (expense):			
Investment income	— %	1 %	2 %
Other (expense) income, net	— %	— %	— %
Loss before (benefit of) provision for income taxes	(33)%	(20)%	(33)%
(Benefit of) provision for income taxes	— %	— %	— %
Net loss	(33)%	20 %	(33)%

Comparison of the Fiscal Years Ended January 31, 2022 and January 31, 2021

Revenue

	Fiscal Year Ended January 31,			
	2022	2021	Change	% Change
	($ in thousands)			
Revenue	$ 238,035	$ 150,191	$ 87,844	58.5 %

The increase in revenue of $87.8 million, or 58.5%, for the fiscal year ended January 31, 2022 compared to the fiscal year ended January 31, 2021 was primarily driven by an $80.6 million or 57.1% increase in subscription revenue. Approximately 62.0% of the increase in subscription revenue was attributable to the growth from existing customers due to customer expansion of committed entitlements and features, and the remaining 38.0% was attributable to new customers. Total customers grew to 1,375 as of January 31, 2022 from 890 as of January 31, 2021. The increase in total customers was the primary driver of a $7.2 million or 79.4% increase in professional services revenue from configuration services provided to those new customers. Additionally, in the fiscal year ended January 31, 2022 our international revenue increased by $35.7 million as we continue to expand market penetration in regions such as Europe and Asia-Pacific.

Cost of Revenue, Gross Profit and Gross Margin

	Fiscal Year Ended January 31,			
	2022	2021	Change	% Change
	($ in thousands)			
Cost of revenue	$ 78,511	$ 54,511	$ 24,000	44.0 %
Gross profit	$ 159,524	$ 95,680	$ 63,844	66.7 %
Gross margin	67.0 %	63.7 %		

The increase in cost of revenue of $24.0 million, or 44.0%, for the fiscal year ended January 31, 2022 compared to the fiscal year ended January 31, 2021 was primarily driven by an increase of $11.0 million in hosting, infrastructure, and other third-party fees associated with delivering our platform and an $8.1 million increase in third-party messaging fees associated with growth in our email and SMS channels. In addition, we had an increase in personnel costs and overhead costs of $4.2 million. The increased infrastructure, messaging, and personnel costs were incurred to support overall revenue growth.

Our gross profit increased $63.8 million, or 66.7%, in the fiscal year ended January 31, 2022 compared to the fiscal year ended January 31, 2021, and our gross margin increased by 3.3% to 67.0% in the fiscal year ended January 31, 2022 from 63.7% in the fiscal year ended January 31, 2021. These increases were due to economies of scale as our infrastructure costs to support our revenue growth did not increase at the same pace as our revenue. In addition, we have undertaken initiatives to optimize the costs of our tech stack and drive personnel efficiencies related to customer support functions.

Operating Expenses

Sales and Marketing Expense

	Fiscal Year Ended January 31,			
	2022	2021	Change	% Change
	($ in thousands)			
Sales and marketing	$ 127,137	$ 70,661	$ 56,476	79.9 %

The increase in sales and marketing expense of $56.5 million, or 79.9%, for the fiscal year ended January 31, 2022 compared to the fiscal year ended January 31, 2021 was primarily driven by an increase in personnel costs and overhead costs of $42.4 million, which included $13.4 million of stock-based compensation costs, as a result of a year-over-year increase in headcount, and an increase in software and recruiting fees of $2.1 million as we continue to expand our sales and marketing presences globally. Additionally, the increase was driven in part by an increase in amortization of deferred contract costs of $6.4 million as a result of sales growth, an increase of $0.7 million in travel and entertainment costs due to the loosening of COVID-19 travel and event restrictions, and an increase in advertising and marketing costs of $4.1 million.

Research and Development Expense

	Fiscal Year Ended January 31,			
	2022	2021	Change	% Change
	($ in thousands)			
Research and development	$ 59,034	$ 29,212	$ 29,822	102.1 %

The increase in research and development expense of $29.8 million, or 102.1%, for the fiscal year ended January 31, 2022 compared to the fiscal year ended January 31, 2021 was primarily driven by an increase of personnel and overhead costs of $27.2 million, which included $13.5 million of stock-based compensation costs. The increase in personnel costs was primarily due to a year-over-year increase in headcount. In addition, professional service fees increased $1.0 million and infrastructure and software costs increased $0.8 million as part of our strategy to continue investing in our technology and to develop new and improve existing functionalities for our platform.

General and Administrative Expense

	Fiscal Year Ended January 31,			
	2022	2021	Change	% Change
	($ in thousands)			
General and administrative	$ 51,564	$ 27,959	$ 23,605	84.4 %

The increase in general and administrative expenses of $23.6 million, or 84.4%, for the fiscal year ended January 31, 2022 compared to the fiscal year ended January 31, 2021 was primarily driven by an increase in personnel and overhead costs of $20.9 million, which included $11.2 million of stock-based compensation costs. The increase in personnel costs was primarily due to a year-over-year increase in headcount as we continue to invest in our finance and administrative functions to build processes, systems, and controls to enable our internal support functions to scale with the growth of our business. In

addition, there was an increase in software costs of $1.6 million incurred in connection with our public company readiness initiatives, including investments in our infrastructure to support our operations.

Other Income (Expense)

	Fiscal Year Ended January 31,			
	2022	2021	Change	% Change
	($ in thousands)			
Investment income	$ 137	$ 840	$ (703)	(83.7)%
Other (expense) income, net	$ (258)	$ (120)	$ (138)	115.0 %

Other income (expense), which primarily consists of gains and losses from foreign exchange and investment income from marketable securities, decreased primarily due to a reduction in marketable securities and investments with a shorter time to maturity.

Liquidity and Capital Resources

Sources of Funds

As of January 31, 2022, our principal source of liquidity was cash, cash equivalents and marketable securities of $518.1 million. Our cash and cash equivalents consist of deposit accounts, interest-bearing money market accounts and overnight short-term repurchase agreements that are stated at fair value. Our marketable securities positions consists mostly of highly liquid short-term investments. The investment income that we generate on these investments is not material to our overall cash balance, but may be adversely affected due to volatility in interest rates.

In November 2021, we closed our initial public offering through which we issued and sold 7,500,000 shares of our Class A common stock at an offering price of $65.00 per share, including 800,000 shares pursuant to the underwriters' overallotment option to purchase additional shares of our Class A common stock, resulting in aggregate net proceeds to us of $456.8 million after deducting underwriting discounts and commissions and related offering expenses.

Since our inception, we have financed our operations primarily through the net proceeds received from the sales of equity securities and cash generated from the sale of subscriptions to our platform. We have generated losses from our operations as reflected in our accumulated deficit of $215.0 million as of January 31, 2022, and cash flows used in operating activities for the fiscal year ended January 31, 2022 of $35.4 million.

A substantial source of our cash used in operating activities is our deferred revenue, which is included on our consolidated balance sheets as a liability. Deferred revenue consists of the unearned portion of billed fees for our subscriptions, which is recorded as revenue over the term of the subscription agreement. As of January 31, 2022, we had total deferred revenue of $126.3 million of which substantially all was recorded as a current liability. Deferred revenue will be recognized as revenue when all of the revenue recognition criteria are met.

Cash Flow Overview

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

	Fiscal Year Ended January 31,		
	2022	2021	2020
	(in thousands)		
Net cash used in operating activities	$ (35,398)	$ (6,080)	$ (7,365)
Net cash provided by/(used in) investing activities	$ 18,040	$ 22,472	$ (87,234)
Net cash provided by financing activities	$ 467,910	$ 4,866	$ 1,257

Operating Activities

For the fiscal year ended January 31, 2022, net cash used in operating activities was $35.4 million, primarily due to a net loss of $78.2 million adjusted for non-cash charges of $68.4 million and net changes in our operating assets and liabilities of $25.7 million. The non-cash adjustments primarily relate to stock-based compensation of $47.2 million, amortization of deferred contract costs of $17.7 million and depreciation and amortization expense of $2.8 million. The cash outflow from

changes in our operating assets and liabilities were primarily due to an increase in deferred contract costs and accounts receivable of $32.0 million and $29.8 million, respectively, as a result of commissions and billings for new bookings and renewals and prepaid expense and other current assets of $17.5 million due to prepayments for third-party software fees, primarily consisting of hosting arrangements. The cash outflow was offset by cash inflows primarily from an increase in deferred revenue of $51.5 million, as a result of increased billings driven by timing of subscriptions and renewals and an increase in total bookings, and an overall increase in accrued expenses and other current liabilities of $6.0 million related to employee compensation costs.

For the fiscal year ended January 31, 2021, net cash used in operating activities was $6.1 million, primarily due to a net loss of $32.0 million adjusted for non-cash charges of $21.2 million and net changes in our operating assets and liabilities of $4.7 million. The non-cash adjustments primarily relate to stock-based compensation of $7.5 million, amortization of deferred contract costs of $10.6 million and depreciation and amortization expense of $1.6 million. The cash inflow from changes in our operating assets and liabilities was primarily the result of an increase of deferred revenue of $23.4 million due to timing of subscriptions and renewals and an overall increase in revenue and an increase in accrued expenses and other current liabilities of $13.8 million incurred to support the growth of the business. The increases were partially offset by an increase in accounts receivable and deferred contract costs of $12.4 million and of $20.0 million, respectively, due to increases in revenue.

Investing Activities

Net cash provided by investing activities was $18.0 million for the fiscal year ended January 31, 2022, primarily consisting of maturities of marketable securities of $59.3 million, partially offset by purchases of marketable securities of $36.9 million, purchases of property and equipment of $2.3 million and capitalized internal-use software costs of $2.1 million.

Net cash provided by investing activities was $22.5 million for the fiscal year ended January 31, 2021, primarily consisting of maturities of marketable securities of $86.2 million, partially offset by purchases of marketable securities of $59.4 million and purchases of property and equipment and capitalized internal-use software costs of $2.5 million and $1.9 million, respectively.

Financing Activities

Net cash provided by financing activities was $467.9 million for the fiscal year ended January 31, 2022, primarily consisting of the proceeds from the issuance of common stock upon our initial public offering, net of underwriting discounts and offering costs of $457.1 million, proceeds from the exercise of common stock options of $8.4 million and an investment from our redeemable non-controlling interest in connection with our joint venture Braze KK of $2.5 million.

Net cash provided by financing activities was $4.9 million for the fiscal year ended January 31, 2021, primarily consisting of the proceeds from the exercise of common stock options of $2.8 million and an investment in our redeemable non-controlling interest in connection with our joint venture Braze KK of $2.5 million.

Non-GAAP Free Cash Flow

We report our financial results in accordance with GAAP. To supplement our consolidated financial statements, we provide investors with the amount of free cash flow, which is a non-GAAP financial measure. Our management uses free cash flow to assess our operating performance and our progress towards our goal of positive free cash flow. We define free cash flow as net cash used in operating activities less cash used for purchases of property and equipment and amounts capitalized for internal-use software development costs. We believe that free cash flow is a useful indicator of liquidity as it measures our ability to generate cash, or our need to access additional sources of cash, to fund operations and investments.

Free cash flow has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are (1) it is not a substitute for net cash used in operating activities, (2) other companies may calculate free cash flow or similarly titled non-GAAP measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of free cash flow as a tool for comparison, and (3) the utility of free cash flow is further limited as it does not reflect our future contractual commitments and does not represent the total increase or decrease in our cash balance for any given period.

The following table presents a reconciliation of free cash flow to net cash used in operating activities, the most directly comparable measure calculated in accordance with GAAP, for the periods presented:

	Fiscal Year Ended January 31,		
	2022	2021	2020
	(in thousands)		
Net cash used in operating activities	$ (35,398)	$ (6,080)	$ (7,365)
Less:			
Purchases of property and equipment	(2,310)	(2,466)	(1,724)
Capitalized internal-use software costs	(2,065)	(1,886)	(830)
Non-GAAP Free cash flow	$ (39,773)	$ (10,432)	$ (9,919)
Net cash provided by (used in) investing activities	$ 18,040	$ 22,472	$ (87,234)
Net cash provided by financing activities	$ 467,910	$ 4,866	$ 1,257

Our free cash flow decreased for the fiscal year ended January 31, 2022 from the fiscal year ended January 31, 2021, primarily as a result of continued investment in our sales and marketing function and in our infrastructure to support the growth of our business and our operations as a public company. We expect our free cash flow to fluctuate in future periods with changes in our operating expenses and as we continue to invest in our growth.

Liquidity Outlook

We assess our liquidity primarily through our cash on hand as well as the projected timing of billings under contracts with our paying customers and related collection cycles. While our future capital requirements will depend on many factors, including revenue growth and costs incurred to support customer usage and growth in our customer base, increased research and development expenses to support the growth of our business and related infrastructure, and increased general and administrative expenses to support being a publicly-traded company, we believe our current cash, cash equivalents and marketable securities will be sufficient to meet our working capital and capital expenditure requirements for at least the next 12 months.

Our most significant funding requirements are principally comprised of employee compensation and related taxes and benefits, non-cancelable purchase commitments, and operating lease obligations. Non-cancelable purchase commitments for business operations and operating lease obligations total $189.9 million and $76.1 million, respectively, as of January 31, 2022, due primarily over the next five years. Purchase commitments for business operations are primarily related to cloud hosting, infrastructure, and other software-based services. Our future funding requirements to settle our obligations in foreign jurisdictions are subject to fluctuations due to changes in foreign exchange rates.

While we anticipate being able to satisfy our commitments through a combination of our available current cash, cash equivalents and marketable securities and cash generated from the sale of subscriptions to our platform, if our estimates prove to be inaccurate we may seek to sell additional equity or other securities that may result in dilution to our stockholders, issue debt or seek other third-party funding, in order to satisfy our future funding requirements.

Comparison of the Fiscal Years Ended January 31, 2021 and January 31, 2020

For a discussion regarding our financial condition and results of operations for the fiscal year ended January 31, 2021 compared to the fiscal year ended January 31, 2020, refer to “Management's Discussion and Analysis of Financial Condition and Results of Operations” in our Final Prospectus filed with the SEC pursuant to Rule 424(b)(4) on November 18, 2021.

Seasonality

We may experience seasonality in our cost of revenue as a result of our customers’ increase usage of our platform based on their business demands. We typically experience the highest sequential increase in overall messaging volume and compute and storage requirements during the fourth quarter due to the increased activity related to the holiday season and general customer engagement efforts around the end of the calendar year.

Critical Accounting Policies and Estimates

Our consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K are prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We

evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe that the following critical accounting policies involve a greater degree of judgement or complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Revenue Recognition

We recognize revenue in accordance with Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, which we adopted as of February 1, 2019 on a modified retrospective basis. We generate revenue from fees related to subscription services and professional services and other. We recognize revenue related to contracts with customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those services. This is determined by following a five-step process, which includes (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price and (5) recognizing revenue when we satisfy a performance obligation.

We identify performance obligations in a contract based on the goods and services that will be transferred to the customer that are identifiable from other promises in the contract, or that are distinct. If not considered distinct, the promised goods or services are combined with other goods or services and accounted for as a combined performance obligation. Determining the distinct performance obligations in a contract requires judgment. Our performance obligations primarily include access to our platform, which includes subscription contracts, technical support and platform updates and professional services, which include onboarding services.

We allocate the transaction price of the contract to each distinct performance obligation on a relative standalone selling price basis. Estimating standalone selling prices for our performance obligations requires judgment and is based on multiple factors, including, but not limited to, observable cost data, industry margin studies, historical selling prices, internal cost structure, internal pricing policies, and pricing practices in different regions and sales channels. We review the estimated standalone selling price for our performance obligations periodically and update, if needed, to ensure that the methodology utilized reflects our current pricing practices. The transaction price allocated to each performance obligation is recognized as revenue when or as the products or services are transferred to the customer.

Cost to Obtain a Contract with a Customer

We capitalize incremental costs of obtaining revenue contracts, which primarily consist of internal sales commissions and agent commissions. We amortize these commissions on a systematic basis, consistent with the pattern of transfer of the expected benefit period or services to which the contract relates, generally up to four years. Four years represents the estimated benefit period of the customer relationship taking into account factors such as peer estimates of technology lives and customer lives as well as our own historical data. Commissions paid for contract renewals are amortized over the renewal period.

Contract costs are amortized on a straight-line basis over up to four years, which reflects the expected period of benefit of the performance obligation, and may be longer than the initial contract period. We determine the estimated benefit period by considering both qualitative and quantitative factors, including the length of the subscription terms in our customer contracts and the anticipated life of our technology, among other factors.

Stock-Based Compensation

Accounting for stock-based compensation requires us to make a number of judgments, estimates and assumptions.

We estimate the fair value of stock options granted to employees and directors using the Black-Scholes option-pricing model, which requires the input of subjective assumptions, including (1) fair value of common stock, (2) expected volatility, (3) expected term of the award, (4) the risk-free interest rate and (5) expected dividends. We estimate forfeitures at the date of grant and revised, if necessary, in subsequent periods. These assumptions are estimated as follows:

- *Fair value of common stock*. Prior to the Company's initial public offering, the estimated fair value of the Company's shares were determined based on the "— Common Stock Valuations" discussion below.

- *Expected volatility*. Due to the lack of historical and implied volatility data of our common stock, the expected stock price volatility has been estimated based on the historical volatilities of a specified group of companies in our industry for a period equal to the expected life of the option. We selected companies with comparable characteristics to us, including enterprise value, risk profiles and position within the industry, and with historical share price information sufficient to meet the expected term of the stock options. We compute the historical volatility data using the daily closing prices for the selected companies.

- *Expected term*. We determine the expected term based on the average period the stock options are expected to remain outstanding using the simplified method, generally calculated as the midpoint of the stock options' vesting term and contractual expiration period, as we do not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior.

- *Risk-free interest rate*. We use the U.S. Treasury yield that corresponds with the expected term for our risk-free interest rate.

- *Expected dividends*. We utilize a dividend yield of zero, as we do not currently issue dividends and do not expect to do so in the foreseeable future.

- *Forfeiture rate*. We are required to estimate a forfeiture rate to calculate the stock-based compensation expense for our awards. Our forfeiture rate is based on an analysis of our actual forfeitures since the adoption of our equity award plan. We routinely evaluate the appropriateness of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover and expectations of future option exercise behavior.

We will continue to use judgment in evaluating the assumptions related to our stock-based compensation on a prospective basis. As we continue to accumulate additional data related to our common stock, we may have refinements to our estimates, which could materially impact our future stock-based compensation expense. Refer to Note 12. Employee Stock Plans for details around the assumptions used for valuing stock options.

Common Stock Valuations

Prior to our initial public offering, the fair value of the shares of our common stock underlying the stock options has historically been determined by our board of directors, with input from management and contemporaneous third-party valuations, as there was no public market for our common stock. We believe that our board of directors has the relevant experience and expertise to determine the fair value of our common stock. In accordance with the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately Held Company Equity Securities Issued as Compensation, our board of directors has exercised reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of the fair value of our common stock at each grant date. These factors include:

- the prices of our common or preferred stock sold to third-party investors by us and in secondary transactions;
- lack of marketability of our common stock;
- our actual operating and financial performance;
- current business conditions and projections;
- hiring of key personnel and the experience of our management;
- our history and the introduction of new services;
- our stage of development;
- likelihood of achieving a liquidity event, such as an initial public offering or a merger or acquisition given prevailing market conditions;
- the market performance of comparable publicly traded companies; and
- United States and global capital markets conditions.

Our board of directors historically determined the value of our common stock by probability-weighting different valuation approaches and methodologies, including both the income approach and select methodologies from the market approach. The income approach estimates value based on the expectation of future cash flows that a company will generate. These future cash flows are discounted to their present values using our weighted average cost of capital, or WACC. To derive our WACC, we calculate a cost of equity using the Capital Asset Pricing Model and comparable company betas while benchmarking to relevant equity return studies, and we calculate a cost of debt using our estimated cost of borrowing. The costs of equity and debt are then weighted based on our actual capital structure. The comparable company method is a market approach that estimates value based on a comparison of our company to comparable public companies in a similar line of

business and based on acquisitions in the market. From the comparable companies, a representative market multiple is determined and subsequently applied to our historical and forecasted financial results to estimate our enterprise value. The recent security transaction method is a market approach that considers the recent price paid by market participants for a security issued by our company to estimate our enterprise value. While we have historically considered an income approach, we have never included or relied upon a discounted cash flow analysis due to the lack of historical and projected profitability.

Application of these approaches involves the use of estimates, judgment and assumptions that are highly complex and subjective, such as those regarding our expected future revenue, expenses, and future cash flows, discount rates, market multiples, the selection of comparable companies, and the probability of possible future events.

Subsequent to our initial public offering, the fair value of each share of underlying common stock is based on the closing price of our Class A common stock as reported on the Nasdaq Stock Market on the date of grant.

Income Taxes

We account for income taxes using the asset and liability method. We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

In evaluating our ability to recover our deferred income tax assets, we consider all available positive and negative evidence, including our operating results, ongoing tax planning, and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. In the event we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the valuation allowance that would reduce the provision for income taxes. Conversely, in the event that all or part of the net deferred tax assets are determined not to be realizable in the future, we would charge an adjustment to the valuation allowance to earnings in the period when such determination is made. As of January 31, 2022, we recorded a full valuation allowance on our net deferred tax assets, which consist of net operating loss carryforwards and other basis differences, as we have concluded that it is more likely than not that our deferred tax assets will not be realized.

Recently Adopted Accounting Pronouncements

Refer to Note 2. Summary of Significant Accounting Policies, to the consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K for a discussion of recent accounting pronouncements.

JOBS Act Accounting Election

Section 107(b) of the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the extended transition period to comply with new or revised accounting standards and to adopt some of the reduced disclosure requirements available to emerging growth companies. As a result of the accounting standards election, we will not be subject to the same implementation timing for new or revised accounting standards as other public companies that are not emerging growth companies. This may make comparison of our consolidated financial statements to those of other public companies more difficult.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition, or results of operations, other than its impact on the general economy. Nonetheless, if our costs were to become subject to inflationary pressures, we might not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition, and results of operations.

Interest Rate Risk and Market Risk

We had cash, cash equivalents and marketable securities of $518.1 million as of January 31, 2022, of which $35.2 million was invested in government bonds, commercial paper, corporate debt securities and asset-backed securities. Our cash and cash equivalents are held for working capital and general corporate purposes. Our investments in marketable securities are made for capital preservation purposes. We do not enter into investments for trading or speculative purposes.

Our cash equivalents and our portfolio of marketable securities are subject to market risk due to changes in interest rates. Fixed rate securities may have their market value adversely affected due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. As of January 31, 2022, a hypothetical 10% change in interest rates would not have had a material impact on the value of our cash, cash equivalents, or available-for-sale investments. Because we classify our debt securities as "available for sale," no gains or losses are recognized due to changes in interest rates unless such securities are sold prior to maturity or unless declines in fair value are determined to be non-temporary.

Foreign Currency Exchange Rate Risk

Our reporting and functional currency is the U.S. dollar, and the functional currency of our foreign subsidiaries is the respective local currency. Substantially all of our sales are denominated in U.S. dollars. Our only sales denominated in a currency other than the U.S. dollars are our sales in Japan, which are denominated in Yen. Therefore, our revenue is not currently subject to significant foreign currency risk. Our operating expenses are denominated in the currencies of the countries in which our operations are located, which are primarily the United States, United Kingdom, Singapore and Japan. Our consolidated results of operations and cash flows are therefore subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates. The assets and liabilities of each of our foreign subsidiaries are translated into U.S. dollars at exchange rates in effect at each balance sheet date. Adjustments resulting from translating foreign functional currency financial statements into U.S. dollars are recorded as a separate component on the consolidated statements of comprehensive loss. Gains or losses due to transactions in foreign currencies are included in interest and other income, net in our consolidated statements of operations.

The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. We have experienced and will continue to experience fluctuations in foreign exchange gains and losses related to changes in foreign currency exchange rates. In the event our foreign currency denominated assets, liabilities, revenue, or expenses increase, our results of operations may be more greatly affected by fluctuations in the exchange rates of the currencies in which we do business. To date we have not engaged in the hedging of foreign currency transactions, although we may choose to do so in the future. A hypothetical 10% change in the relative value of the U.S. dollar to other currencies during any of the periods presented would not have had a material effect on our realized and unrealized gains (losses) on foreign exchange transactions.

Item 8. Financial Statements and Supplementary Data

BRAZE, INC.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Braze, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Braze, Inc. (the "Company") as of January 31, 2022 and 2021, the related consolidated statements of operations, comprehensive loss, convertible preferred stock, redeemable non-controlling interest and stockholders' equity (deficit), and cash flows for each of the three years in the period ended January 31, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended January 31, 2022, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

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

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

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2019.

New York, NY
March 31, 2022

BRAZE, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	January 31,	
	2022	**2021**
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 478,937	$ 28,509
Restricted cash, current	—	472
Accounts receivable, net of allowance for doubtful accounts of $743 and $934 at January 31, 2022 and January 31, 2021, respectively	64,504	34,771
Marketable securities	35,156	58,004
Prepaid expenses and other current assets	29,588	12,202
Total current assets	608,185	133,958
Restricted cash, noncurrent	4,036	4,037
Property and equipment, net	7,393	5,486
Deferred contract costs	41,689	27,433
Other assets	4,959	480
TOTAL ASSETS	$ 666,262	$ 171,394
LIABILITIES, CONVERTIBLE PREFERRED STOCK, REDEEMABLE NON-CONTROLLING INTEREST, AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	$ 2,083	$ 439
Accrued expenses and other current liabilities	31,623	25,904
Deferred revenue	126,260	74,789
Total current liabilities	159,966	101,132
Deferred tax liabilities	—	80
Other long-term liabilities	1,478	2,227
TOTAL LIABILITIES	161,444	103,439
COMMITMENTS AND CONTINGENCIES (Note 13)		
Convertible preferred stock, $0.0001 par value; shares and 65,318,250 shares authorized as of January 31, 2022 and January 31, 2021, respectively; no shares and 62,830,697 shares issued and outstanding, January 31, 2022 and January 31, 2021, respectively	—	174,229
Redeemable non-controlling interest (Note 4)	3,235	2,233
STOCKHOLDERS' DEFICIT		
Preferred stock, $0.0001 par value; 10,000,000 authorized as of January 31, 2022; no shares of preferred stock issued and outstanding as of January 31, 2022; no preferred stock authorized, issued, or outstanding as of January 31, 2021	—	—
Common stock, $0.0001 par value; no shares and 98,500,000 shares authorized as of January 31, 2022 and January 31, 2021, respectively; no shares and 19,498,295 shares issued and outstanding as of January 31, 2022 and January 31, 2021, respectively	—	—
Class A common stock, $0.0001 par value; 2,000,000,000 and no shares authorized as of January 31, 2022 and January 31, 2021, respectively; 18,549,183 and no shares issued and outstanding as of January 31, 2022 and January 31, 2021, respectively	8	—
Class B common stock, $0.0001 par value; 110,000,000 and no shares authorized as of January 31, 2022 and January 31, 2021, respectively; 74,418,847 and no shares issued and outstanding as of January 31, 2022 and January 31, 2021, respectively	1	—
Additional paid-in capital	717,175	29,777
Accumulated other comprehensive loss	(640)	(42)
Accumulated deficit	(214,961)	(138,242)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	501,583	(108,507)
TOTAL LIABILITIES, CONVERTIBLE PREFERRED STOCK, REDEEMABLE NON-CONTROLLING INTEREST AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 666,262	$ 171,394

The accompanying notes are an integral part of these consolidated financial statements.

BRAZE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Fiscal Year Ended January 31,		
	2022	2021	2020
Revenue	$ 238,035	$ 150,191	$ 96,364
Cost of revenue	78,511	54,511	35,686
Gross Profit	159,524	95,680	60,678
Operating expenses:			
Sales and marketing	127,137	70,661	57,348
Research and development	59,034	29,212	20,339
General and administrative	51,564	27,959	16,524
Total operating expenses	237,735	127,832	94,211
Loss from operations	(78,211)	(32,152)	(33,533)
Other income (expense):			
Investment income	137	840	2,127
Other (expense) income, net	(258)	(120)	48
Loss before provision for income taxes	(78,332)	(31,432)	(31,358)
(Benefit from) provision for income taxes	(165)	537	452
Net loss	(78,167)	(31,969)	(31,810)
Net loss attributable to redeemable non-controlling interest	(1,448)	(217)	—
Net loss attributable to Braze, Inc.	$ (76,719)	$ (31,752)	$ (31,810)
Net loss per share attributable to Braze, Inc. common stockholders, basic and diluted	$ (2.20)	$ (1.77)	$ (1.96)
Weighted-average shares used to compute net loss per share attributable to Braze, Inc. common stockholders, basic and diluted	34,897	17,972	16,189

The accompanying notes are an integral part of these consolidated financial statements.

BRAZE, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)

	Fiscal Year Ended January 31,		
	2022	2021	2020
Net loss	$ (78,167)	$ (31,969)	$ (31,810)
Other comprehensive loss:			
Change in foreign currency translation adjustments	(534)	(26)	(85)
Unrealized gains (losses) on marketable securities	(64)	(50)	87
Other comprehensive gain (loss), net	(598)	(76)	2
Comprehensive loss, net	(78,765)	(32,045)	(31,808)
Less: comprehensive loss, net, attributable to redeemable non-controlling interest	(1,448)	(217)	—
Comprehensive loss attributable to Braze, Inc.	$ (77,317)	$ (31,828)	$ (31,808)

The accompanying notes are an integral part of these consolidated financial statements.

BRAZE, INC.
CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK, REDEEMABLE NON-CONTROLLING INTEREST AND STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands)

	Convertible Preferred Stock		Redeemable Non-controlling Interest	Class A and Class B Common Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit)
	Shares	Amount		Shares	Amount	Shares	Amount				
Balance at January 31, 2019	**62,831**	**$ 174,229**	**$ —**	**—**	**$ —**	**14,966**	**$ —**	**$ 5,765**	**$ (84,683)**	**$ 32**	**$ (78,886)**
Cumulative effect of adoption of Topic 606	—	—	—	—	—	—	—	—	10,003	—	10,003
Issuance of common stock for options exercised	—	—	—	—	—	2,233	—	1,117	—	—	1,117
Vesting of early exercised options	—	—	—	—	—	—	—	260	—	—	260
Repurchase of shares related to early exercised options	—	—	—	—	—	(19)	—	(8)	—	—	(8)
Stock-based compensation	—	—	—	—	—	—	—	12,446	—	—	12,446
Other comprehensive income	—	—	—	—	—	—	—	—	—	2	2
Net loss attributable to Braze, Inc.	—	—	—	—	—	—	—	—	(31,810)	—	(31,810)
Balance at January 31, 2020	**62,831**	**$ 174,229**	**$ —**	**—**	**$ —**	**17,180**	**$ —**	**$ 19,580**	**$ (106,490)**	**$ 34**	**$ (86,876)**
Issuance of common stock for options exercised	—	—	—	—	—	2,334	—	2,482	—	—	2,482
Vesting of early exercised options	—	—	—	—	—	—	—	263	—	—	263
Repurchase of shares related to early exercised options	—	—	—	—	—	(5)	—	(10)	—	—	(10)
Repurchase of common shares				—	—	(11)		(204)			(204)
Stock-based compensation	—	—	—	—	—	—	—	7,666	—	—	7,666
Investment in redeemable non-controlling interests	—	—	2,450	—	—	—	—	—	—	—	—
Other comprehensive loss	—	—	—	—	—	—	—	—	—	(76)	(76)
Net loss attributable to redeemable non-controlling interests	—	—	(217)	—	—	—	—	—	—	—	—
Net loss attributable to Braze, Inc.	—	—	—	—	—	—	—	—	(31,752)	—	(31,752)
Balance at January 31, 2021	**62,831**	**$ 174,229**	**$ 2,233**	**—**	**$ —**	**19,498**	**$ —**	**$ 29,777**	**$ (138,242)**	**$ (42)**	**$ (108,507)**

The accompanying notes are an integral part of these consolidated financial statements.

BRAZE, INC.
CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK, REDEEMABLE NON-CONTROLLING INTEREST AND STOCKHOLDERS' EQUITY (DEFICIT) (Continued)
(in thousands, except share amounts)

	Convertible Preferred Stock		Redeemable Non-controlling Interest	Class A and Class B Common Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit)
	Shares	Amount		Shares	Amount	Shares	Amount				
Balance at January 31, 2021	**62,831**	**$ 174,229**	**$ 2,233**	**—**	**$ —**	**19,498**	**$ —**	**$ 29,777**	**$ (138,242)**	**$ (42)**	**$ (108,507)**
Issuance of common stock for options exercised	—	—	—	2,856	2	—	—	8,164	—	—	8,166
Issuance of common stock for warrants exercised				216							
Vesting of early exercised options	—	—	—	—	—	—	—	524	—	—	524
Vesting of restricted stock units				70							
Repurchase of unvested shares related to early exercised options	—	—	—	(3)	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	47,567	—	—	47,567
Investment in redeemable non-controlling interests	—	—	2,450	—	—	—	—	—	—	—	—
Other comprehensive loss	—	—	—	—	—	—	—	—	—	(598)	(598)
Net loss attributable to redeemable non-controlling interests	—	—	(1,448)	—	—	—	—	—	—	—	—
Initial public offering, net of issuance costs	—	—	—	7,500	1	—	—	456,920	—	—	456,921
Reclassification of common stock to class A and class B common stock	—	—	—	19,498		(19,498)	—	—	—	—	—
Conversion of convertible preferred stock to common stock	(62,831)	(174,229)	—	62,831	6		—	174,223	—	—	174,229
Net loss attributable to Braze, Inc.	—	—	—	—	—	—	—	—	(76,719)	—	(76,719)
Balance at January 31, 2022	**—**	**$ —**	**$ 3,235**	**92,968**	**$ 9**	**—**	**$ —**	**$ 717,175**	**$ (214,961)**	**$ (640)**	**$ 501,583**

The accompanying notes are an integral part of these consolidated financial statements.

BRAZE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Fiscal Year Ended January 31,		
	2022	**2021**	**2020**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss (including amounts attributable to redeemable non-controlling interests)	$ (78,167)	$ (31,969)	$ (31,810)
Adjustments to reconcile net loss to net cash used in operating activities:			
Stock-based compensation	47,180	7,540	12,408
Amortization of deferred contract costs	17,710	10,617	5,783
Depreciation and amortization	2,773	1,589	645
Provision for bad debt	88	853	580
Amortization of discount/premium on marketable securities	369	345	(456)
Non-cash foreign exchange loss (gain)	387	222	212
Deferred income taxes	(80)	60	57
Changes in operating assets and liabilities:			
Accounts receivable	(29,821)	(12,354)	(12,589)
Prepaid expenses and other current assets	(17,537)	(833)	(2,950)
Deferred contract costs	(31,967)	(19,969)	(14,649)
Other assets	(4,723)	643	25
Accounts payable	1,649	(776)	(2,551)
Accrued expenses and other current liabilities	6,026	13,797	8,222
Deferred revenue	51,471	23,378	28,507
Other long-term liabilities	(756)	777	1,201
Net cash used in operating activities	(35,398)	(6,080)	(7,365)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(2,310)	(2,466)	(1,724)
Capitalized internal-use software costs	(2,065)	(1,886)	(830)
Purchases of marketable securities	(36,894)	(59,418)	(123,130)
Maturities of marketable securities	59,309	86,242	38,450
Net cash provided by (used in) investing activities	18,040	22,472	(87,234)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of common stock upon initial public offering, net of underwriting discounts	462,260	—	—
Investment from redeemable non-controlling interest	2,450	2,450	—
Proceeds from exercise of common stock options	8,362	2,813	1,265
Payment of deferred offering costs	(5,157)	(183)	—
Repurchase of common shares	—	(204)	—
Repurchase of shares related to early exercised options	(5)	(10)	(8)
Net cash provided by financing activities	467,910	4,866	1,257
Effect of foreign currency exchange rate changes on cash, cash equivalents, and restricted cash	(597)	158	15
Net change in cash, cash equivalents, and restricted cash	449,955	21,416	(93,327)
Cash, cash equivalents, and restricted cash, beginning of period	33,018	11,602	104,929
Cash, cash equivalents, and restricted cash, end of period	$ 482,973	$ 33,018	$ 11,602

The accompanying notes are an integral part of these consolidated financial statements.

BRAZE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
SUPPLEMENTAL CASH FLOWS DISCLOSURE
(in thousands)

	Fiscal Year Ended January 31,		
	2022	2021	2020
SUPPLEMENTAL CASH FLOW DISCLOSURE:			
Cash paid for income taxes, net of refunds	$ 299	$ 472	$ 176
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Stock-based compensation capitalized to internal-use software	$ 387	$ 126	$ 38
Net change in capitalized internal-use software development costs in accrued expenses	$ (58)	$ 62	$ 17
Unrealized net loss on marketable investment securities	$ (64)	$ (50)	$ 87
Net change to property and equipment (included in accounts payable)	$ (23)	$ (15)	$ 57
Vesting of early exercised options	$ 524	$ 263	$ 260
Common stock option receivables	$ 22	$ —	$ —
Conversion of convertible preferred stock to common stock	$ 174,229	$ —	$ —
Deferred offering costs reclassed to Stockholders' Equity (Deficit)	$ 183	$ —	$ —

The accompanying notes are an integral part of these consolidated financial statements.

1. Company Overview

Description of Business

Braze, Inc., together with its subsidiaries (collectively, the "Company", "we", "us", "our" or "Braze"), is a cloud-based customer engagement platform that delivers customer-centric experiences across push notifications, email, in-product messaging, SMS and MMS messages, and more. Customers use the Braze platform to facilitate real-time experiences between brands and customers in a more authentic and human way.

We began operations in 2011 and are incorporated in the state of Delaware. Our headquarters are located in New York, New York. We also lease additional office space in Austin, Berlin, Chicago, London, San Francisco, Singapore, and Tokyo.

Initial Public Offering

On November 19, 2021, the Company completed an initial public offering ("IPO") of its Class A common stock. As part of the IPO, the Company issued and sold 7,500,000 shares of its Class A common stock at a public offering price of $65.00 per share, including 800,000 shares pursuant to the underwriters' overallotment option to purchase additional shares of its Class A common stock. The Company received net proceeds of approximately $456.8 million from the IPO, after deducting the underwriting discounts, commissions, and related offering expenses. In addition, the selling stockholders, named in the Company's final prospectus that forms a part of the Registration Statement on Form S-1 (File No. 333-260428) for the IPO filed with the Securities and Exchange Commission ("SEC") pursuant to Rule 424(b)(4) on November 18, 2021 (the "Final Prospectus"), sold an additional 1,300,000 shares of Class A common stock, for which the Company did not receive any proceeds. In connection with the IPO, all then outstanding shares of convertible preferred stock automatically converted into an aggregate of 62,830,697 shares of Class B common stock.

Emerging Growth Company Status

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and, for so long as we continue to be an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. In addition, pursuant to Section 107 of the JOBS Act, as an emerging growth company, we have elected to take advantage of the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. If we cease to be an emerging growth company, we will no longer be able to take advantage of these exemptions or the extended transition period for complying with new or revised accounting standards.

Impact of COVID-19

Beginning in January 2020, the outbreak of the novel Coronavirus Disease 2019 ("COVID-19") pandemic caused general business disruption worldwide. COVID-19 is considered to be highly contagious and poses a serious public health threat. Although certain restrictions are being lifted, state mandated lockdowns have adversely impacted many companies in the past, as many public health regulations transformed or even halted daily operations, and similar adverse effects may re-occur if any state mandated lockdowns are reinstated in the future. We have not experienced a materially negative impact from COVID-19 and continue to monitor the global situation and the potential impact on our financial condition, liquidity, operations, suppliers, industry, and workforce. Given the continued evolution of the COVID-19 outbreak, including the emergence of new variant strains of COVID-19, and the global responses to curb its spread, we are not able to estimate the ongoing effects on our results of operations, financial condition, or liquidity.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The accompanying consolidated financial statements

include the accounts of the Company and its wholly-owned subsidiaries, and variable interest entities ("VIE") for which we are the primary beneficiary. Intercompany balances and transactions have been eliminated in consolidation.

Reclassifications

Certain reclassifications and immaterial changes have been made to prior-period financial statements to conform to the current-period presentation.

Deferred Offering Costs

Deferred offering costs consisting primarily of accounting, legal, and other fees related to the IPO, were capitalized and recorded in other assets on the consolidated balance sheets. Upon completion of the IPO, $5.3 million of deferred offering costs were reclassified to stockholders' equity and recorded against the proceeds from the IPO.

Basic and Diluted Net Loss attributable to Braze, Inc. Common Stockholders per Share

Basic and diluted net loss attributable to Braze, Inc. common stockholders per share is presented in conformity with the two class method required for participating securities. Under the two-class method, net loss is attributed to common stockholders and participating securities based on their participation rights. Prior to our IPO, we considered all series of our convertible preferred stock to be participating securities. Under the two-class method, the net loss attributable to Braze, Inc. common stockholders is not allocated to the convertible preferred stock as the holders of our convertible preferred stock do not have a contractual obligation to share in our losses.

Basic loss attributable to Braze, Inc. per common stockholder's share is computed by dividing the net loss by the weighted-average number of shares of Braze, Inc. common stock outstanding during the period. Diluted loss per share is computed by dividing the net loss attributable to Braze, Inc. by the weighted-average number of shares of Braze, Inc. common stock together with the number of additional shares of Braze Inc. common stock that would have been outstanding if all potentially dilutive shares of Braze Inc. common stock had been issued. Since we were in a loss position for the periods presented, basic net loss per share attributable to Braze, Inc. common stockholders is the same as diluted net loss per share attributable to Braze, Inc. common stockholders since the effects of potentially dilutive securities are antidilutive.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the reported period. We evaluate estimates based on historical and anticipated results, trends, and various other assumptions. Significant items subject to such estimates and assumptions include but are not limited to the standalone selling price for separate performance obligations in our revenue arrangements, expected period of benefit for deferred contract costs, the valuation of common stock and stock-based compensation, the allocation of overhead costs between cost of revenue and operating expenses, the estimated useful lives of intangible and depreciable assets, the valuation of deferred tax assets and liabilities and other tax estimates including our ability to utilize net operating losses.

Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, and makes adjustments as facts and circumstances dictate. As future events and their effects, including the uncertainty surrounding rapidly changing market and economic conditions from the outbreak of COVID-19, cannot be determined with precision, actual results could differ from those estimates and many of our estimates and assumptions have required increased judgement and carry a higher degree of variability and volatility.

Segment Reporting

Operating segments are defined as components of an entity for which discrete financial information is available that is regularly reviewed by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources to an individual segment and in assessing performance. Our Chief Executive Officer ("CEO") is the CODM. The CODM reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. As such, we have one operating segment, which is the business of cloud-based customer engagement platform subscriptions.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The guidance describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

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

Level 2 – Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities; unadjusted quoted prices for identical or similar assets or liabilities 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 related assets or liabilities

Level 3 – Unobservable inputs that are supported by little or no market data for the related assets or liabilities

The categorization of a financial instrument within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Our financial instruments include cash equivalents, marketable securities, accounts receivable, accounts payable, and other current assets and liabilities. At January 31, 2022 and 2021, the carrying amounts of accounts receivable, accounts payable and other current assets and liabilities approximated fair values because of their short-term nature.

Foreign Currency

The functional currency of our foreign subsidiaries is the local currency. Transactions denominated in currencies other than the functional currency are remeasured to the functional currency at the exchange rate on the transaction date. Monetary assets and liabilities denominated in currencies other than the functional currency are remeasured at period-end using the period-end exchange rate. Gains and losses resulting from remeasurement are recorded in other income, net, on the consolidated statements of operations. All assets and liabilities of foreign subsidiaries are translated at the current exchange rate as of the end of the period, retained earnings and other equity items are translated at historical rates, and revenue and expenses are translated at average exchange rates in effect during the period. The gain or loss resulting from the process of translating foreign currency financial statements into U.S. dollars is reflected as foreign currency cumulative translation adjustments reported on the consolidated statements of comprehensive loss.

Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in other income (loss), net in the accompanying consolidated statements of operations when realized.

Cash and cash equivalents represent cash and highly liquid investments with original contractual maturities of three months or less at the date of purchase. Cash and cash equivalents consist of deposit accounts, interest-bearing money market accounts and overnight short-term repurchase agreements that are stated at fair value.

As of January 31, 2022 and 2021, approximately $4.0 million and $4.5 million, respectively, of deposits were restricted due to multiple letters of credit related to our leased and subleased properties. These deposits were classified as current and noncurrent based on the related underlying lease term.

The following table provides a reconciliation of the cash, cash equivalents and restricted cash as of January 31, 2022 and 2021 (in thousands):

	January 31,	
	2022	2021
Cash and cash equivalents	$ 478,937	$ 28,509
Restricted cash	—	472
Restricted cash, noncurrent	4,036	4,037
Total cash, cash equivalents and restricted cash	$ 482,973	$ 33,018

Accounts Receivable, Net

Accounts receivable are recorded at amounts billed and unbilled to customers, net of an allowance for doubtful accounts. Trade accounts receivable are recorded at invoiced amounts and do not bear interest. On a periodic basis, management evaluates its accounts receivable and determines whether to provide an allowance or if any accounts should be written off based on historical write-offs, collections, and current credit conditions. A receivable is considered past due if we have not received payment based on agreed-upon terms. We generally do not require any security or collateral to support our receivables. Unbilled amounts included in trade accounts receivable, net, which generally arise from our contractual right to bill our customers in advance of services on the contract effective date, were $2.2 million and $3.6 million as of January 31, 2022 and 2021, respectively.

Concentration of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, marketable securities and accounts receivable. Restricted cash consists of letters of credit related to our leased properties. For cash, cash equivalents, restricted cash, and marketable securities, we are exposed to credit risk in the event of default by the financial institutions to the extent of the amounts recorded on the accompanying consolidated balance sheets in excess of federal insurance limits.

Significant customers are those which represent 10% or more of our total revenue for the period or accounts receivable at the balance sheet dates. For fiscal years ended January 31, 2022 or 2021, no customer accounted for 10% or more of total revenue.

For accounts receivable, we are exposed to credit risk in the event of nonpayment by customers to the extent of the amounts recorded on the accompanying consolidated balance sheets. Our accounts receivable are derived from revenue contracts with customers. We maintain reserves for potential credit losses on customer accounts when deemed necessary. As of January 31, 2022, no customer accounted for 10% or more of our total accounts receivable balance, and as of January 31, 2021, one customer accounted for 11% of our total accounts receivable balance.

Marketable Securities

We classify our investments in marketable securities within current assets on the consolidated balance sheets as the investments are available for use, if needed, in current operations. Securities are classified as available-for-sale and are carried at fair value, with the change in unrealized gains and losses, net of tax, reported as a separate component on the consolidated statements of comprehensive loss, until realized.

Fair value is determined based on quoted market rates when observable or utilizing data points that are observable, such as quoted prices, interest rates and yield curves. Declines in fair value judged to be other-than-temporary on securities available for sale are included as a reduction to investment income. To determine whether a decline in value is other-than-temporary, we evaluate, among other factors: the duration and extent to which the fair value has been less than the carrying value and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in fair value. No impairment losses related to marketable securities have been recognized in any of the periods presented. For the purposes of computing realized and unrealized gains and losses, the cost of securities sold is based on the specific-identification method. Interest on securities classified as available for sale is included as a component of investment income. Subsequent gains or losses realized upon redemption or sale of these securities in excess or below their adjusted cost basis are also recorded as investment income.

Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful life of the related asset. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or estimated useful life of the asset. Costs of maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. Upon asset retirement or sale, the cost and related accumulated depreciation and amortization are removed from the consolidated balance sheet, and the resulting gain or loss is reflected in general and administrative expenses in the consolidated statements of operations. The estimated useful lives for significant property and equipment categories are as follows:

Computer equipment and software	3 years
Furniture and fixtures	7 years
Leasehold improvements	Shorter of lease term or estimated useful life of assets

Impairment of Long-Lived Assets

Long-lived assets, subject to depreciation and amortization, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of these assets or asset groups may not be recoverable or that the useful life is shorter than originally estimated. Recoverability of these assets or asset groups is measured by comparison of the carrying amount of each asset or asset group to the future undiscounted cash flows the asset or asset group is expected to generate over their remaining lives. If the asset or asset group is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset or asset group. If the useful life is shorter than originally estimated, we amortize the remaining carrying value over the new shorter useful life. There were no material impairment losses of long-lived assets recognized for the fiscal years ended January 31, 2022 and 2021.

Capitalized Internal-use Software Costs

We capitalize certain costs incurred to develop new or additional customer-facing software functionality, on the consolidated balance sheets as a component of property and equipment, net. We capitalize qualifying personnel costs, including stock-based compensation, and consulting costs incurred during the application development stage so long as the project is authorized, it is probable the project will be completed, and the software will be used to perform the function intended. Costs incurred during the preliminary project and post-implementation stages are expensed as incurred and included in research and development expenses on the consolidated statements of operations. These capitalized costs are amortized over the software's expected useful life, which is generally three years, within cost of revenue on the consolidated statements of operations.

Comprehensive Loss

Our comprehensive loss is currently comprised of unrealized gains or losses on available-for-sale securities and foreign currency translation adjustments.

Variable Interest Entity

A VIE is an entity that either has insufficient equity to permit the entity to finance its activities without additional subordinated financial support or has equity investors who lack the characteristics of a controlling financial interest. The primary beneficiary of a VIE is the party with both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb the losses or the right to receive benefits that could potentially be significant to the VIE.

To assess whether we have the power to direct the activities of a VIE that most significantly impact its economic performance, we consider all the facts and circumstances including our role in establishing the VIE and our ongoing rights and responsibilities. This assessment includes identifying the activities that most significantly impact the VIE's economic performance and identifying which party, if any, has power over those activities. In general, the party that makes the most significant decisions affecting the VIE is determined to have the power to direct the activities of the VIE. To assess whether we have the obligation to absorb the losses or the right to receive benefits that could potentially be significant to the VIE, we consider all of our economic interests, including debt and equity interests, servicing rights and fee arrangements, and any other variable interests in the VIE. If we determine that we are the party with the power to make the most significant decisions affecting the VIE, and we have an obligation to absorb the losses or the right to receive benefits that could potentially be significant to the VIE, then we consolidate the VIE.

We perform ongoing reassessments of whether we are the primary beneficiary of a VIE. The reassessment process considers whether we have acquired or divested the power to direct the most significant activities of the VIE through changes in governing documents or other circumstances. We also reconsider whether entities previously determined not to be VIEs have become VIEs, based on new events, and therefore could be subject to the VIE consolidation framework.

Redeemable Non-controlling Interest

Redeemable non-controlling interests represent the portion of net income (loss), net, and comprehensive income (loss), net, that is not allocable to us, in situations where we consolidate an equity interest or as the primary beneficiary of a VIE for which there are other owners. The amount of non-controlling interest is comprised of the greater of the amount of such interests at the date of the original acquisition of an equity interest in an investment, plus the other shareholders' share of changes in equity since the date of the investment or estimated redemption value. The resulting changes in the estimated redemption amount (increases or decreases) are recorded with corresponding adjustments against retained earnings or, in the absence of retained earnings, additional paid-in-capital. The redeemable non-controlling interest is classified outside of permanent equity as mezzanine equity on the consolidated balance sheets as the redemption option is outside of our control.

Revenue Recognition

Effective February 1, 2019, we adopted Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606) ("Topic 606"), and applied the guidance on a modified retrospective basis. We applied the standard to all contracts as of February 1, 2019, to aggregate the effect of all contract modifications that occurred prior to the adoption date. The cumulative impact of applying the new guidance was that $10.0 million was recorded as an adjustment to accumulated deficit as of February 1, 2019. We derive our revenue primarily from subscriptions to our platform, including associated support, and professional services. Our subscriptions do not provide customers with the right to take possession of the software supporting the applications and, as a result, are accounted for as service contracts. Professional services primarily consist of fees for distinct services rendered in training and assisting customers to configure and optimize the use of the platform. Revenue is recognized when control of the promised goods or services is transferred to clients in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. We apply the following five-step model to recognize revenue from contracts with clients:

- Identification of the contract or contracts with a customer;
- Identification of the performance obligation(s) in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligation(s) in the contract; and
- Recognition of revenue when, or as, a performance obligation is satisfied.

We identify the performance obligations in a contract or multiple contracts with a customer and determine whether they are distinct or distinct within the context of the contract. When there is more than one distinct performance obligation in a contract, we allocate the transaction price to the performance obligations on a relative standalone selling price basis based on standalone selling prices ("SSP"). We have identified two performance obligations within our contracts with our customers: (i) subscription and (ii) professional services and other.

All contracts generally contain fixed consideration payable upfront by the customer. Some of our multi-year arrangements may contain fixed fees with escalating pricing structures each year. The nature of our subscription performance obligation remains unchanged each period of the arrangement and therefore may create a contract asset reflecting the difference between the amount of revenue recognized compared to the amount billed.

Some of our contracts with customers contain terms, such as service level guarantees, product usage and overage fees, that, along with various potential claims, including breach of warranty, may result in variable consideration. Variable consideration exists when the amount which we expect to receive in a contract is affected by the occurrence or non-occurrence of future events. We develop estimates of variable consideration on the basis of historical information, current trends, and any other specific knowledge about future periods.

Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Typically, our contracts do not provide customers with any right of return or refund; however, we may make exceptions on a case-by-case basis when it makes commercial sense. Variable consideration, including as a result of service level guarantees, product usage and overage fees or other potential claims such as breach of warranty, was not material during the fiscal years ended January 31, 2022 and 2021. We allocate the variable consideration related to the product usages and overages to the distinct month during which the related services were performed as those fees relate specifically to providing usage of the platform in the period and represents the consideration we are entitled

to for the access to the platform. As a result, the usage and overage fees are included in the transaction price and recognized as revenue in the period in which the fee was generated.

To the extent that we grant customers an option to acquire additional products or services, we account for the option as a distinct performance obligation in the contract only if the option provides a material right to the customer that the customer would not receive without entering into the contract. If a material right exists in a contract, revenue allocated to the option is deferred and recognized as revenue only when those future products or services are transferred or when the option expires. Contracts do not typically contain material rights and when they do, the material right has not been significant to our consolidated financial statements.

Once the transaction price is determined, the total transaction price is allocated to each performance obligation in a manner depicting the amount of consideration to which we expect to be entitled in exchange for transferring the products or services to the customer. This allocation is based on the SSP of the products or services included in the arrangement.

Judgment is required to determine the SSP for each performance obligation. We determine SSP based on observable prices for those related goods or services when sold separately, if available. When such observable prices are not available, we determine SSP based on overarching pricing objectives and strategies, taking into consideration market conditions and other factors, including transaction size, product-specific factors, historical sales of the deliverables and costs to deliver the services and applicable margins.

Subscription Services

Subscription revenue is recognized ratably over the contract term beginning on the commencement date of each contract, which is the date the platform is made available to customers. We have determined that subscriptions to our platform represent a stand-ready obligation to perform over the subscription term. These performance obligations are satisfied over time as the customer simultaneously receives and consumes the benefits. Contracts are typically 1 year in length, but may be up to 5 years.

At the beginning of each subscription term we invoice our customers, typically in annual installments but also quarterly and semi-annually. Amounts that have been invoiced for non-cancelable contracts are recorded in accounts receivable and in deferred revenue or revenue. We report revenue net of sales tax and other taxes collected from customers to be remitted to government authorities.

Professional Services and Other

Professional services and other revenue primarily consist of onboarding services and are typically recognized as services are performed since our customers simultaneously receive the benefits of these services as they are performed, which is generally over a period of up to six months from provisioning access to the platform. We invoice our customers for professional services at the outset of the contract. Amounts that have been invoiced for non-cancelable contracts are recorded in accounts receivable and in deferred revenue or revenue. We report revenue net of sales tax and other taxes collected from customers to be remitted to government authorities.

Contract Balances

Contract Assets

A contract asset is the right to consideration for transferred goods or services when the amount is conditioned on something other than the passage of time. These balances are included in prepaid and other current assets on our consolidated balance sheets.

Deferred Revenue

We record deferred revenue when we have an unconditional right to payments in advance of satisfying the performance obligations on our contracts. The balance consists primarily of annual plan subscription services and professional services not yet provided as of the balance sheet date. Deferred revenue that will be recognized during the succeeding twelve-month period is recorded as a current liability in our consolidated balance sheets. The deferred revenue balance does not represent the total contract value of annual or multi-year, non-cancelable agreements.

Deferred Contract Costs

We capitalize costs of obtaining revenue contracts that are incremental and recoverable. Incremental costs primarily include sales commissions and bonuses for new and renewal revenue contracts and associated payroll tax and fringe benefit costs and are recorded within deferred contract costs on the consolidated balance sheets. Capitalized amounts are recoverable through future revenue streams under all customer contracts.

Contract costs are amortized on a straight-line basis up to 4 years, which reflects the expected period of benefit of the performance obligation and may be longer than the initial contract period. We determined the estimated benefit period having considered both qualitative and quantitative factors, including the length of the subscription terms in our customer contracts and the anticipated life of our technology, among other such factors. Deferred contract costs related to renewals are amortized over the renewal term which is generally one year to three years. Amortization of contract costs are classified within operating expenses based on the function of the underlying employee receiving the benefit in the accompanying consolidated statements of operations.

Deferred contract costs are periodically analyzed for impairment. As of January 31, 2022 and 2021, we have not identified any potential indicators of impairment.

Cost of Revenue

Cost of revenue consists of expenses related to providing platform access to customers and onboarding services. These costs include payments to third-party cloud infrastructure providers for hosting software solutions and costs associated with application service providers utilized to deliver the platform, allocated personnel-related costs, including salaries, cash-based performance compensation, benefits and stock-based compensation, overhead cost allocations related to facilities and shared IT-related expenses, including depreciation expense and amortization of internal use software.

Operating Expenses

Operating expenses consist of sales and marketing, research and development, and general and administrative expenses. Personnel costs are the most significant component of operating expenses and consist of salaries, cash performance-based compensation, employee benefits and stock-based compensation. Operating expenses also include overhead cost allocations.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel costs for sales and marketing organization, costs related to sponsorships, events and advertising, agency costs, travel-related expenses, and allocated overhead costs. Costs associated with our advertising and sales promotions are expensed as incurred. During the fiscal years ended January 31, 2022, 2021, and 2020, we recognized $12.2 million, $8.1 million, and $8.9 million, respectively, in advertising costs, which included brand and sponsorship costs.

Research and Development

Research and development expenses consist primarily of personnel costs for engineering, service, design, and information technology teams. Additionally, research and development expenses include allocated overhead costs and contractor fees. Research and development costs are expensed as incurred. Capitalized internal-use software development costs are excluded from research and development expenses as they are capitalized as a component of property and equipment, net and amortized to cost of revenue over the software's expected useful life, which is generally three years.

General and Administrative

General and administrative expenses consist primarily of personnel costs for finance, legal, human resources and other administrative functions, as well as outside professional services. In addition, general and administrative expense includes non-personnel costs, such as legal, accounting and other professional fees, software costs, certain tax, license and insurance-related expenses and allocated overhead costs.

Stock-Based Compensation

We measure and record the expense related to stock-based payment awards based on the fair value of those awards as determined on the date of grant. We recognize stock-based compensation expense over the requisite service period of the individual grant, generally equal to the vesting period, and use the straight-line method to recognize stock-based compensation. We use the Black-Scholes-Merton ("Black-Scholes") option pricing model to determine the fair value of stock based awards.

We estimate expected forfeitures of stock-based awards at the grant date and recognize compensation cost only for those awards expected to vest. We estimate our forfeitures rate based on an analysis of our actual historical forfeitures materializing in the previous fiscal years, and revise the estimates, if necessary, in subsequent periods if actual forfeitures differ from those estimates. We routinely evaluate the appropriateness of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover and expectations of future option exercise behavior.

We calculate the fair value of options granted by using the Black-Scholes option-pricing model with the following assumptions:

Expected Volatility

We estimate volatility for option grants by evaluating the average historical volatility of a peer group of companies for the period immediately preceding the option grant for a term that is approximately equal to the options' expected term since we do not have a trading history of our common stock.

Expected Term

The expected term of our stock options represents the period that the stock-based awards are expected to be outstanding. We have elected to use the simplified method to compute the expected term, which we believe is representative of future behavior. Our stock plans provide a contractual term of 10 years before the option is forfeited.

Risk-Free Interest Rate

The risk-free interest rate is based on the implied yield currently available on U.S. Treasury zero-coupon issues with an equivalent term of the expected life of the option on the grant date.

Dividend Yield

We have not declared or paid dividends to date and do not anticipate declaring dividends in the foreseeable future. As such, the dividend yield has been estimated to be zero.

Fair Value of Common Stock

Prior to our IPO, the fair value of the common stock underlying the stock option awards was determined by the board of directors ("the Board"). Given the absence of a public trading market, the Board considered numerous objective and subjective factors to determine the fair value of our common stock at each meeting at which awards were approved. These factors included, but were not limited to, (i) contemporaneous third party valuations of our common stock; (ii) the rights, preferences, and privileges of our convertible preferred stock relative to our common stock; (iii) the lack of marketability of our common stock; (iv) stage and development of our business; (v) general economic conditions; and (vi) the likelihood of achieving a liquidity event, such as an IPO or sale of the Company, given prevailing market conditions. To evaluate the fair value of the underlying shares for grants between two independent valuations and after the last independent valuation, a linear interpolation framework was used to evaluate the fair value of the underlying shares.

Subsequent to our IPO, the fair value of each share of underlying common stock is based on the closing price of our Class A common stock as reported on the Nasdaq Stock Market on the date of grant.

Investment Income

Investment income consists primarily of income earned on our investments, cash and cash equivalents and restricted cash.

Other Income (Expense), Net

Other income (expense), net, is primarily comprised of realized and unrealized foreign currency gains and losses.

Leases

We categorize leases at their inception as either operating or capital. In the ordinary course of business, we enter into non-cancelable operating leases, principally for office space. We recognize lease costs on a straight-line basis and treat lease incentives as a reduction of rent expense over the term of the agreement. The difference between cash payments and rent expense is recorded as a deferred rent liability in accrued expenses and other current liabilities and other long-term liabilities on the consolidated balance sheets.

Income Taxes

We account for income taxes using the asset and liability method. We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities 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.

In evaluating our ability to recover our deferred income tax assets, we consider all available positive and negative evidence, using a more likely than not standard. The evaluation considers our recent historical operating results, ongoing tax planning, and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. In the event we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the valuation allowance that would reduce the provision for income taxes. Conversely, in the event that all or part of the net deferred tax assets are determined not to be realizable in the future, we would charge an adjustment to the valuation allowance to earnings in the period when such determination is made. As of January 31, 2022, we recorded a full valuation allowance on our net deferred tax assets, which consist of net operating loss carryforwards and other basis differences, as we have concluded that it is more likely than not that our deferred tax assets will not be realized.

We recognize tax expense associated with Global Intangible Low-Taxed Income as it is incurred as part of the current income taxes to be paid or refunded for the current period.

We recognize the tax benefits on any uncertain tax positions taken or expected to be taken in the consolidated financial statements when it is more likely than not the position will be realized upon ultimate settlement with tax authorities, assuming full knowledge of the position and relevant facts. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

Recently Adopted Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board ("FASB") issued ASU No. 2018-15, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract ("ASU 2018-15"). This ASU is designed to reduce complexity for accounting for costs of implementing a cloud computing service arrangement. This standard aligns the accounting for implementation costs of hosting arrangements, regardless of whether they convey a license to the hosted software. The standard will be effective for the first interim period within annual reporting periods beginning after December 15, 2020, and early adoption is permitted. We adopted ASU 2018-15 prospectively on February 1, 2021, and the adoption of this update did not have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement ("ASU 2018-13"). ASU 2018-13 adds, modifies, and removes several disclosure requirements relative to the three levels of inputs used to measure fair value in accordance with ASC 820, Fair Value Measurement. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019. We adopted ASU 2018-13 on February 1, 2020, and the adoption of this update did not have a material impact on our consolidated financial statements.

In November 2019, the FASB issued ASU 2019-08, Codification Improvements — Share-Based Consideration Payable to a Customer ("ASU 2019-08"). ASU 2019-08 clarifies the accounting for share-based payments issued as consideration

payable to a customer in accordance with ASC 606. Under ASU 2019-08, entities apply the guidance in ASC 718 to measure and classify share-based payments issued to a customer that are not in exchange for a distinct good or service (i.e., share-based sales incentives). Accordingly, entities use a fair-value-based measure to calculate such incentives on the grant date, which is the date on which the grantor (the entity) and the grantee (the customer) reach a mutual understanding of the key terms and conditions of the share-based consideration. The result is reflected as a reduction of revenue in accordance with the guidance in ASC 606 on consideration payable to a customer. After initial recognition, the measurement and classification of the share-based sales incentives continue to be subject to ASC 718 unless (1) the award is subsequently modified when vested and (2) the grantee is no longer a customer. The guidance is effective for public and private companies' fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. We adopted ASU 2019-08 as of February 1, 2020. The amendments in ASU 2019-08 did not have a material impact on our consolidated financial statements.

In November 2019, the FASB issued ASU 2019-08, Codification Improvements — Share-Based Consideration Payable to a Customer ("ASU 2019-08"). ASU 2019-08 clarifies the accounting for share-based payments issued as consideration payable to a customer in accordance with ASC 606. Under ASU 2019-08, entities apply the guidance in ASC 718 to measure and classify share-based payments issued to a customer that are not in exchange for a distinct good or service (i.e., share-based sales incentives). Accordingly, entities use a fair-value-based measure to calculate such incentives on the grant date, which is the date on which the grantor (the entity) and the grantee (the customer) reach a mutual understanding of the key terms and conditions of the share-based consideration. The result is reflected as a reduction of revenue in accordance with the guidance in ASC 606 on consideration payable to a customer. After initial recognition, the measurement and classification of the share-based sales incentives continue to be subject to ASC 718 unless (1) the award is subsequently modified when vested and (2) the grantee is no longer a customer. The guidance is effective for public and private companies' fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. We adopted ASU 2019-08 as of February 1, 2020. The amendments in ASU 2019-08 did not have a material impact on our consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments — Credit Losses (Topic 326): Measurement on Credit Losses on Financial Instruments, and issued subsequent amendments to the initial guidance and transitional guidance between November 2018 and February 2020 within ASU No. 2018-19, ASU No. 2019-04, ASU No. 2019-05, ASU No. 2019-10, ASU No. 2019-11 and ASU No. 2020-02 (collectively, "Topic 326"). Topic 326 introduces new guidance for credit losses on instruments within its scope. The new guidance introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade and other receivables, held-to-maturity debt securities, loans and net investments in leases. The new guidance also modifies the impairment model for available-for-sale debt securities and requires entities to determine whether all or a portion of the unrealized loss on an available-for-sale debt security is a credit loss. Further, the new guidance indicates that entities may not use the length of time a security has been in an unrealized loss position as a factor in concluding whether a credit loss exists. Per ASU No. 2019-10, Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842), Topic 326, as amended, is effective for (1) public business entities that meet the definition of an SEC filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, and (2) all other entities for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Topic 326 is effective for our fiscal year beginning February 1, 2023. Early adoption is permitted. We expect to early adopt Topic 326 beginning February 1, 2022. We are currently evaluating the impact of the new guidance on our consolidated financial statements and do not expect the adoption to have a material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) and issued certain transitional guidance and subsequent amendments between January 2018 and February 2020 within ASU No. 2017-13, ASU No. 2018-01, ASU No. 2018-10, ASU No. 2018-11, ASU No. 2018-20, ASU No. 2019-01, ASU No. 2019-10, ASU No. 2020-02, and ASU No. 2020-05 (collectively, "Topic 842"). The guidance in Topic 842 supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statements of operations. Per ASU No. 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities, issued June 2020, Topic 842, as amended, is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Topic 842 is effective for our fiscal year beginning February 1, 2022. We plan to adopt this standard under the modified-retrospective approach, using the practical expedients allowing us to not reassess (i) whether any expired or existing contracts are or contain leases, (ii) the lease classification for any expired leases, and (iii) indirect costs for any existing leases. Additionally, any lease arrangements with a term of 12 months or less will be recognized on the statement of operations on a straight-line basis over the lease term and any non-lease components shall not be separated from the lease components, but

instead accounted for as a single lease component. We do not expect the adoption of this amended guidance to have a significant impact on our consolidated statements of operations, but will result in a right-of-use asset and lease liability estimated between $55.0 million to $65.0 million on our consolidated balance sheets.

In December 2019, the FASB issued ASU No. 2019-12, Simplifying the Accounting for Income Taxes (Topic 740) ("Topic 740"), which removes certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify U.S. GAAP for other areas of Topic 740 by clarifying and amending existing guidance. For public companies, the guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption of the amendments is permitted, including adoption in any interim period for (1) public business entities for periods for which financial statements have not yet been issued and (2) all other entities for periods for which financial statements have not yet been made available for issuance. We expect to adopt ASU 2019-12 beginning February 1, 2022 as the Company has elected to use the extended transition period under the JOBS Act. We are currently evaluating the impact of the new guidance and do not expect the adoption to have a material impact on our consolidated financial statements.

In October 2020, FASB issued ASU No. 2020-10, Codification Improvements ("ASU 2020-10"). The amendments in this guidance affect a wide variety of topics in the ASC by either clarifying the codification or correcting unintended application of guidance. The changes are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. For public companies, the guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption of the amendments is permitted, including adoption in any interim period for (1) public business entities for periods for which financial statements have not yet been issued and (2) all other entities for periods for which financial statements have not yet been made available for issuance. We expect to adopt ASU 2020-10 beginning February 1, 2022, and do not expect the adoption to have a material impact on our consolidated financial statements.

3. Revenue from Contracts with Customers

Disaggregated Revenue Streams

The following disaggregation depicts the nature, amount, timing and uncertainty of cash flows related to the primary types of revenue from contracts with customers.

The following table presents total revenue by type (in thousands):

	Fiscal Year Ended January 31,		
	2022	2021	2020
Subscription	$ 221,664	$ 141,068	$ 89,774
Professional Services and Other	16,371	9,123	6,590
Total	$ 238,035	$ 150,191	$ 96,364

The following table presents total revenue by geography (in thousands):

	Fiscal Year Ended January 31,		
	2022	2021	2020
United States	$ 142,640	$ 90,523	$ 58,832
International	95,395	59,668	37,532
Total	$ 238,035	$ 150,191	$ 96,364

Revenue by geography is determined based on the location of our users. Other than the United States, no other individual country accounted for 10% or more of total revenue for any of the periods presented.

Contract Balances

Contract Assets

Contract assets as of January 31, 2022 and January 31, 2021 were $0.8 million and $0.4 million, respectively. The change in contract assets for all periods presented primarily reflects revenue recognized in excess of billings partially offset by contract assets earned during the period.

Deferred Revenue

The change in deferred revenue for all periods presented primarily reflects cash payments received during the period for which the performance obligation was not satisfied prior to the end of the period, partially offset by revenues recognized during the period. Revenue recognized during the fiscal year ended January 31, 2022, 2021, 2020 from amounts included in deferred revenue at the beginning of each respective period was $74.6 million, $51.2 million, and $22.8 million, respectively.

Remaining Performance Obligations

The transaction price allocated to remaining performance obligations represents amounts under non-cancelable contracts expected to be recognized as revenue in future periods, and may be influenced by several factors, including seasonality, the timing of renewals, the timing of service delivery and contract terms. Unbilled portions of the remaining performance obligations are subject to future economic risks including bankruptcies, regulatory changes and other market factors.

The following table presents remaining performance obligations as of the dates indicated below (in millions):

	Total	Less than 1 Year	1-5 Years
January 31, 2021	$ 234.2	$ 150.0	$ 84.2
April 30, 2021	249.6	163.7	85.9
July 31, 2021	268.2	180.5	87.7
October 31, 2021	304.0	199.1	104.9
January 31, 2022	373.6	237.8	135.8

These amounts only include contracts subject to a guaranteed fixed amount or the guaranteed minimum under variable contracts. Unrecognized revenue under contracts disclosed above do not include (i) contracts with an original expected term of one year or less and (ii) agreements for which the right to invoice corresponds with the value provided to the customer.

4. Variable Interest Entity and Redeemable Non-Controlling Interest

On September 14, 2020, we, along with Japan Cloud Computing Co., Ltd. (“JCC”), and M30 LLC (“M30”), (the “Investors”), entered into an agreement (the “Share Purchase Agreement”), whereby each Investor agreed to purchase shares of common stock of Braze KK (“Braze KK Shares”) for a total purchase price of $10.0 million in two tranches of $5.0 million per tranche, to engage in the investment, organization, management and operation of Braze KK focused on the distribution of our products in Japan. The purpose of this arrangement was to further expand our business in the Japanese market. The Investors contributed their first tranche of the purchase price on September 14, 2020.

On September 23, 2020, the Investors executed a shareholders' agreement (the "Shareholders Agreement") in connection with the closing of the first tranche. The Shareholders' Agreement, along with the Articles of Incorporation, outlines the Investors' rights, including certain protective provisions of JCC and M30, (together referred to the "Non-controlling Interest Holders"). All of the common stock held by the Investors is callable by us or puttable by the Non-controlling Interest Holders upon certain contingent events but no later than the eighth anniversary of the Share Purchase Agreement. The price of the put and call option is based on our fair value as of the date of sale. Should the call or put option be exercised, the redemption value would be determined based on a prescribed formula derived from the discrete revenues of Braze KK and the Company and may be settled, at our discretion, with our stock or cash.

We determined that Braze KK was a VIE and we are the primary beneficiary, because Braze KK was dependent on us for ongoing financial support and we have both the power to direct the significant activities that impact the economic performance of Braze KK and the obligation to absorb losses and the right to receive expected benefits that could be significant to Braze KK.

In September 2021, following the first anniversary of the execution of the Share Purchase Agreement and pursuant to the terms and conditions of the Shareholders Agreement, the Investors purchased Braze KK Shares in the second tranche for a total purchase price of $5.0 million. The investment did not change the ownership interest between the Investors. The investment resulted in a reconsideration event and we determined that Braze KK still met the criteria of a VIE as Braze KK did not have sufficient equity at risk to finance their activities. As a result, we continue to operate Braze KK as a subsidiary, exposing us to business and foreign exchange risk. We consolidate Braze KK and present the results within our consolidated balance sheets, condensed consolidated statements of operations, and condensed consolidated statements of cash flows.

As of January 31, 2022 and January 31, 2021, the non-controlling interest in Braze KK is classified in mezzanine equity as redeemable non-controlling interest as a result of the put right available to the Non-controlling Interest Holders in the future, an event that is not solely in our control. The non-controlling interest is not accreted to redemption value because it is currently not probable that the non-controlling interest will become redeemable.

The following table summarizes the activity in the redeemable non-controlling interests for the periods indicated below (in thousands):

Balance as of January 31, 2020	$ —
Investment from redeemable non-controlling interest	2,450
Net loss attributable to redeemable non-controlling interest	(217)
Balance as of January 31, 2021	$ 2,233
Investment from redeemable non-controlling interest	2,450
Net loss attributable to redeemable non-controlling interest	(1,448)
Balance as of January 31, 2022	$ 3,235

The total combined VIE assets, which represent the maximum exposure to loss, and liabilities were as follows (in thousands):

	January 31,	
	2022	2021
Assets:		
Cash and cash equivalents	$ 6,705	$ 4,582
Accounts receivable, net of allowance for doubtful accounts	143	—
Prepaid expenses and other current assets	196	58
Total current assets	7,044	4,640
Property and equipment, net	38	12
Deferred contract costs	609	—
Other assets	32	23
Total assets	$ 7,723	$ 4,675
Liabilities:		
Accounts payable	$ 106	$ 19
Accrued expenses and other current liabilities	829	35
Deferred revenue	725	—
Total liabilities	$ 1,660	$ 54

5. Prepaid Expenses and Other Current Assets

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

	January 31,	
	2022	2021
Prepaid software subscriptions	$ 19,396	$ 8,426
Prepaid advertising	1,132	1,008
Prepaid insurance	4,372	187
Other	4,688	2,581
Total prepaid expenses and other current assets	$ 29,588	$ 12,202

6. Fair Value Measurements

The following table sets forth our financial instruments that were measured at fair value on a recurring basis at the periods indicated below, by level within the fair value hierarchy (in thousands):

	January 31, 2022			
	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	$ 439,627	$ —	$ —	$ 439,627
	439,627	—	—	439,627
Marketable securities				
U.S. government securities	$ 4,006	$ —	$ —	$ 4,006
Foreign government bonds	—	3,203	—	3,203
Commercial paper	—	18,993	—	18,993
Corporate debt securities	—	3,020	—	3,020
Asset-backed securities	—	5,934	—	5,934
Total marketable securities	4,006	31,150	—	35,156
Total	$ 443,633	$ 31,150	$ —	$ 474,783

	January 31, 2021			
	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	$ 12,584	$ —	$ —	$ 12,584
	12,584	—	—	12,584
Marketable securities				
U.S. government bonds	$ 10,533	$ —	$ —	$ 10,533
Commercial paper	—	17,582	—	17,582
Corporate debt securities	—	20,075	—	20,075
Asset-backed securities	—	9,814	—	9,814
Total marketable securities	10,533	47,471	—	58,004
Total	$ 23,117	$ 47,471	$ —	$ 70,588

Our money market funds are classified as Level 1 within the fair value hierarchy, because they are valued using quoted prices in active markets as of January 31, 2022 and January 31, 2021. Financial instruments classified as Level 2 within our fair value hierarchy are valued on the basis of prices from an orderly transaction between market participants provided by reputable dealers or pricing services. Prices of these securities are obtained through independent, third-party pricing services and include market quotations that may include both observable and unobservable inputs. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrices and market transactions in comparable investments and various relationships between investments. There were no transfers of financial instruments among Level 1, Level 2 and Level 3 during the periods presented.

7. Marketable Securities

Marketable securities consist of the following for the periods presented (in thousands):

	January 31, 2022			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total Estimated Fair Value
U.S. government securities	$ 4,021	$ —	$ (15)	$ 4,006
Foreign bonds	3,203	—	—	3,203
Commercial paper	18,993	—	—	18,993
Corporate debt securities	3,025	—	(5)	3,020
Asset-backed securities	5,941	—	(7)	5,934
Total	$ 35,183	$ —	$ (27)	$ 35,156

	January 31, 2021			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total Estimated Fair Value
U.S. government bonds	$ 10,546	$ 1	$ (14)	$ 10,533
Commercial paper	17,582	—	—	17,582
Corporate debt securities	20,089	25	(39)	20,075
Asset-backed securities	9,837	2	(25)	9,814
Total	$ 58,054	$ 28	$ (78)	$ 58,004

There were no material reclassifications of gains or losses from accumulated other comprehensive loss on the consolidated balance sheets to other income, net, on the consolidated statements of operations.

As of January 31, 2022 and January 31, 2021, we did not consider any of our marketable debt securities to be other-than-temporarily impaired and we did not purchase or hold a material amount of non-marketable debt securities.

As of January 31, 2022 and January 31, 2021, there were no debt securities in a continuous unrealized loss position for greater than 12 months for the periods presented. We believe that the losses incurred on the ten investment positions in an unrealized loss position as of January 31, 2022 were temporary because we had no intention of selling the investment and we had the ability to retain the investment for a period of time sufficient to allow for recovery of its amortized cost basis.

The contractual maturities of the investments classified as marketable securities are as follows (in thousands):

	January 31, 2022	
	Amortized Cost	Estimated Fair Value
Due within 1 year	$ 33,671	$ 33,646
Due in 1 year through 5 years	1,512	1,510
Total	$ 35,183	$ 35,156

	January 31, 2021	
	Amortized Cost	Estimated Fair Value
Due within 1 year	$ 55,811	$ 55,761
Due in 1 year through 5 years	2,243	2,243
Total	$ 58,054	$ 58,004

Investment Income

Investment income consists of interest income and accretion income/amortization expense on our cash, cash equivalents and marketable securities. The components of investment income were as follows (in thousands):

	Fiscal Year Ended January 31,		
	2022	2021	2020
Interest income	$ 506	$ 1,185	$ 1,671
Amortization of discount/premium, net	(369)	(345)	456
Investment income	$ 137	$ 840	$ 2,127

8. Property and Equipment, Net

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

	January 31,	
	2022	2021
Capitalized internal-use software	$ 5,353	$ 2,958
Computer equipment and software	3,833	2,077
Leasehold improvements	2,470	1,977
Furniture and fixtures	966	1,114
Total property and equipment	12,622	8,126
Less: accumulated depreciation and amortization	(5,229)	(2,640)
Total property and equipment, net	$ 7,393	$ 5,486

The total depreciation expense and amortization expense for property and equipment was $2.8 million, $1.6 million and $0.6 million, during the fiscal years ended January 31, 2022, 2021 and 2020, respectively.

We capitalized internal-use software of $2.4 million, $2.1 million and $0.9 million during the fiscal years ended January 31, 2022, 2021, and 2020 respectively. Amortization for capitalized internal-use software costs recognized within cost of revenue on the consolidated statements of operations was $1.2 million, $0.5 million and $0.1 million for the fiscal years ended January 31, 2022, 2021, and 2020, respectively.

9. Accrued Expenses and Other Current Liabilities

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

	January 31,	
	2022	2021
Accrued compensation costs	$ 14,075	$ 8,117
Accrued software subscriptions	3,217	5,672
Accrued commissions	5,961	4,761
Accrued professional service fees	2,218	2,864
Other	6,152	4,490
Total accrued expenses and other current liabilities	$ 31,623	$ 25,904

10. Employee Benefit Plans

We sponsor a 401(k) defined contribution plan covering all eligible U.S. employees. Contributions to the 401(k) plan are discretionary. Matching contributions under the plan were $2.4 million, $1.5 million, and $1.0 million for the fiscal years ended January 31, 2022, 2021, and 2020 respectively.

11. Stockholders' Equity (Deficit)

Class A and Class B Common Stock

The Company has two classes of common stock, Class A and Class B. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting, conversion and transfer rights. Each share of Class A common stock will be entitled to one vote. Each share of Class B common stock is entitled to ten votes and may be converted at the option of the holder into one share of Class A common stock. In addition, all shares of Class B common stock will automatically convert into shares of Class A common stock in certain circumstances, including on the earlier of (i) the last

trading day of the fiscal quarter during which the number of shares of Class B common stock then outstanding represents less than 10% of the aggregate number of shares of Class A common stock and Class B common stock then outstanding, or (ii) the last trading day of the fiscal quarter immediately following the fifth anniversary of the IPO. All shares of the Company's capital stock outstanding immediately prior to the IPO, including all shares held by its executive officers, directors and their respective affiliates, and all shares issuable upon the conversion of its then outstanding convertible preferred stock, were reclassified into shares of Class B common stock immediately prior to the completion of the IPO.

Convertible Preferred Stock Conversion

According to the terms of our amended and restated certificate of incorporation in effect immediately prior to our IPO, all outstanding shares of convertible preferred stock would automatically be converted into shares of common stock upon either a (i) the closing of the sale of shares of common stock to the public (x) at a price at least equal to the original issue price of the Series E convertible preferred stock and (y) resulting in at least $50.0 million of gross proceeds to Braze, or (ii) the occurrence of an event specified by vote or written consent of the holders of (i) at least a majority of the outstanding shares of convertible preferred stock voting as a single class on an as-converted basis, (ii) at least a majority of the outstanding shares of Series C convertible preferred stock, voting separately on an as-converted basis, (iii) at least a majority of the outstanding shares of Series D convertible preferred stock, voting separately on an as-converted basis, and (iv) at least a majority of the outstanding shares of Series E convertible preferred stock, voting separately on an as-converted basis. In connection with the completion of the IPO on November 19, 2021, all shares of convertible preferred stock then outstanding were automatically converted into 62.8 million shares of Class B common stock.

Warrants

All outstanding common stock warrants were net exercised pursuant to their terms for an aggregate of 216,354 shares of Class B common stock in connection with the IPO.

12. Employee Stock Plans

Amended and Restated 2011 Equity Incentive Plan

The Amended and Restated 2011 Equity Incentive Plan (the "2011 Plan") provided for the award of stock options and restricted stock units ("RSUs") to employees, officers, directors, advisors and other service providers of Braze. The terms of each award and the exercise price are determined by the Board. Following effectiveness of the 2021 Equity Incentive Plan in connection with the IPO, no further awards were made under the 2011 Plan.

2021 Equity Incentive Plan

In November 2021, the Board and our stockholders approved the 2021 Equity Incentive Plan (the "2021 Plan"), which became effective on the date of the underwriting agreement related to the IPO. No grants were made under the 2021 Plan prior to its effectiveness. No further grants will be made under the 2011 Equity Incentive Plan. We have reserved 25,660,249 shares of our Class A common stock to be issued under the 2021 Plan. In addition, the number of shares of our Class A common stock reserved for issuance under the 2021 Plan will automatically increase on February 1 of each year for a period of ten years, beginning on February 1, 2022 and continuing through February 1, 2031, in an amount equal to (1) 5% of the total number of shares of our common stock (both Class A and Class B) outstanding on the preceding January 31, or (2) a lesser number of shares determined by the Board no later than the February 1 increase.

Stock Options

A summary of stock option activity for the periods presented, is as follows:

	Options Outstanding			
	Number of Options	**Weighted Average Exercise Price**	**Average Remaining Contractual Life (Years)**	**Aggregate Intrinsic Value (in thousands)**
Balance as of January 31, 2020	10,456,625	$2.39	8.23	$30,253
Granted	3,464,655	5.65		
Exercised	(2,334,263)	1.20		
Forfeited	(377,318)	4.28		
Expired	(23,299)	2.95		
Balance as of January 31, 2021	11,186,400	$3.58	7.99	$351,321
Granted	3,120,516	35.02		
Exercised	(2,855,522)	2.94		
Forfeited	(415,690)	5.48		
Balance as of January 31, 2022	11,035,704	$12.56	7.69	$413,384
Vested and expected to vest as of January 31, 2022	10,230,240	$11.60	7.61	$393,072
Exercisable - January 31, 2022	4,741,556	$3.25	6.64	$221,763

	Fiscal Year Ended January 31,		
	2022	**2021**	**2020**
Weighted-average grant date fair value per share of options granted during each respective period	$24.53	$7.41	$2.24
Aggregate intrinsic value of options exercised during each respective period (in thousands)	$121.9	$78.9	$10.3

We estimate the fair value of stock options using the Black-Scholes option-pricing model on the date of grant. The assumptions used in the Black-Scholes option-pricing model were as follows:

	Fiscal Year Ended January 31,		
	2022	**2021**	**2020**
Dividend yield (in percentage)	—%	—%	—%
Expected volatility (in percentage)	61.8 - 66.1%	55.7 - 62.5%	55.1 - 57.3%
Expected term (in years)	5.9 - 6.7	5.5 - 6.1	5.6 - 6.1
Risk-free interest rate (in percentage)	1.0 - 1.2%	0.3 - 1.5%	1.4 - 2.6%
Fair value of common stock	$65.00	$5.28 - $28.35	$3.46 - $5.14

Early Exercise of Stock Options

Prior to July 2019, stock options granted contained a provision whereby the holders of the stock options were able to exercise the options prior to vesting. We recorded a share repurchase liability related to stock options with four-year vesting schedules that were exercised early. The liability is included within accrued expenses and other current liabilities on the consolidated balance sheets. Upon termination of service of an employee, we have the right to repurchase any non-vested but issued common shares at the original purchase price. Such an exercise is not substantive for accounting purposes. The liability is being amortized into additional paid-in capital over the course of the vesting schedule.

During the fiscal years ended January 31, 2022, 2021, and 2020, $0.5 million, $0.3 million, and $0.3 million was recorded to additional paid in capital related to the vesting of early exercised awards, respectively. During the fiscal years ended January 31, 2022, 2021, and 2020, 88,099, 287,963, and 129,225 options were early exercised for cash in an amount of $0.2 million, $0.4 million, and $0.2 million, respectively. As of January 31, 2022 and 2021, $0.2 million and $0.5 million is recorded as a liability on the consolidated balance sheets in account payables and other accrued expenses, respectively.

A summary for activities for early exercised options is as follows:

	Unvested Options
Balance as of January 31, 2020	195,989
Exercises	287,963
Vested	(210,764)
Repurchased	(4,524)
Balance as of January 31, 2021	268,664
Exercises	88,099
Vested	(296,400)
Repurchased	(3,251)
Balance as of January 31, 2022	57,112

Restricted Stock Units

Prior to the IPO, all granted restricted stock units ("RSUs") contained both a service-based vesting condition and a performance-based vesting condition. The service-based vesting condition is satisfied over either a four year or three year period. Some RSUs vest on a quarterly basis and other RSUs have a one year cliff vesting period with quarterly vesting thereafter.

The performance-based vesting condition in relation to the then outstanding RSUs was deemed satisfied as a result of the closing of the IPO in November 2021. As such, the Company recorded stock-based compensation vesting of RSUs in connection with the IPO using the accelerated attribution method during the fourth quarter of the fiscal year ended January 31, 2022. Upon completion of the IPO, the Company recognized compensation expense of $16.1 million related to RSUs granted to employees and directors that were subject to performance-based vesting conditions that were satisfied upon completion of the IPO.

The following table summarized unvested RSU award activity and related information:

	Shares	Weighted-Average Grant Date Fair Value
Balance as of January 31, 2021	—	
Granted	1,512,709	$52.20
Vested	(70,121)	$46.71
Forfeited	(87,523)	$45.08
Balance as of January 31, 2022	1,355,065	

Stock-based Compensation Expense

The following table summarizes stock-based compensation expense, which was included in the consolidated statements of operations as follows (in thousands):

	Fiscal Year Ended January 31,		
	2022	2021	2020
Cost of revenue	$ 2,185	$ 650	$ 276
Sales and marketing	16,281	2,892	6,365
Research and development	15,613	2,102	3,705
General and administrative	13,101	1,896	2,062
Stock-based compensation, net of amounts capitalized	$ 47,180	$ 7,540	$ 12,408
Capitalized stock-based compensation expense	387	126	38
Total stock-based compensation expense	$ 47,567	$ 7,666	$ 12,446

As of January 31, 2022, total compensation cost not yet recognized related to unvested equity awards and the weighted-average remaining period over which these costs are expected to be realized were as follows:

	Stock Options	RSUs
Unrecognized compensation costs (in thousands)	$65,615	$40,400
Weighted-average remaining recognition period (Years)	3.38	1.78

Secondary Transaction

In March 2021, certain existing investors entered into an arms-length transaction to purchase 292,486 shares of our common stock from certain of our current employees (the "2021 Secondary Transaction"). The purchase price paid was in excess of the fair value of the common stock on the purchase date. In connection with the 2021 Secondary Transaction, we recognized $3.0 million of stock-based compensation expense which represented the amounts paid above fair value of common stock. The expense is included in the same financial statement line items as the employees' other compensation. No secondary transactions involving employees occurred during the fiscal year ended January 31, 2021.

During the fiscal year ended January 31, 2020, we facilitated a transaction whereby a related-party investor purchased 893,500 shares of our common stock from our current and former employees (the "2020 Secondary Transaction"). The purchase price paid was in excess of the fair value of the common stock on the purchase date. In connection with the 2020 Secondary Transaction, we recognized $8.7 million stock-based compensation expense which represented the amounts paid above fair value of common stock and the charge associated with employees selling shares which were held for less than six months. The expense is included in the same category of operating expense as the employees' other compensation.

Employee Stock Purchase Plan

In November 2021, the Board and our stockholders approved the 2021 Employee Stock Purchase Plan (the "ESPP"), which became effective on the date of the underwriting agreement related to the IPO. Following completion of the IPO, the ESPP authorized the issuance of 1,825,000 shares of our Class A common stock under purchase rights granted to our employees or to employees of any of our designated affiliates. The number of shares of our Class A common stock reserved for issuance will automatically increase on February 1 of each year for a period of ten years, beginning on February 1, 2022 and continuing through February 1, 2031, by the lesser of (i) 1% of the total number of shares of our common stock (both Class A and Class B) outstanding on the preceding January 31; and (ii) 2,737,000 shares, except before the date of any such increase, the Board may determine that such increase will be less than the amount set forth in clauses (i) and (ii).

13. Commitments and Contingencies

Leases

We have noncancellable operating leases for office space that expire at various dates through 2031. Rental expense for operating leases for the fiscal years ended January 31, 2022, 2021, and 2020 was $10.2 million, $8.8 million, and $5.9 million respectively.

This rental expense includes sublease income of $0.4 million, $1.1 million, and $0.9 million, respectively, for the fiscal years ended January 31, 2022, 2021, and 2020. Our operating leases generally provide for annual rent increases and may include rent holidays, typically at the outset of a lease agreement.

The following represents the Company's future minimum payments under non-cancelable operating leases as of January 31, 2022 for each of the next five years and thereafter (in thousands):

Fiscal Years Ended January 31,	Net Rent
2023	$ 9,900
2024	11,557
2025	11,112
2026	8,804
Thereafter	34,697
Total future lease payments	$ 76,070

The contractual commitment amounts in the table above are associated with agreements that are enforceable and legally binding. Obligations under contracts that we can cancel without a significant penalty are not included in the table above.

Indirect Taxes

We are subject to indirect taxation in some, but not all, of the various U.S. states and foreign jurisdictions in which we conduct business. Therefore, we have an obligation to charge, collect and remit Value Added Tax ("VAT") or Goods and Services Tax ("GST") in connection with certain of our foreign sales transactions and sales and use tax in connection with eligible sales to subscribers in certain U.S. states. On June 21, 2018, the U.S. Supreme Court issued an opinion in South Dakota v. Wayfair. The State of South Dakota alleged that U.S. constitutional law should be revised to permit South Dakota to require remote sellers to collect and remit sales tax in South Dakota in accordance with South Dakota's sales tax statute. Under the U.S. Supreme Court's ruling, the longstanding Quill Corp v. North Dakota sales tax case was overruled, and states may now require remote sellers to collect sales tax under certain circumstances. We began collecting sales tax in relevant jurisdictions for the fiscal year ended January 31, 2019. As a result of this ruling and given the scope of our operations, taxing authorities continue to provide regulations that increase the complexity and risks to comply with such laws and could result in substantial liabilities, prospectively as well as retrospectively. Based on the information available, we continue to evaluate and assess the jurisdictions in which indirect tax nexus exists and believe that the indirect tax liabilities are adequate and reasonable. Due to the complexity and uncertainty around the application of these rules by taxing authorities, results may vary materially from expectations, and we have recognized liabilities for contingencies related to state sales and use tax, VAT, and GST deemed probable and estimable totaling $1.3 million and $0.6 million as of January 31, 2022 and 2021, respectively, which is included in other current liabilities on the consolidated balance sheets. As of fiscal year ended January 31, 2022, we have entered into several voluntary disclosure agreements with jurisdictions where we identified a potential exposure due to not filing prior returns.

Legal Contingencies

From time to time, in the ordinary course of business, we are or may be involved in various legal or regulatory proceedings, claims or purported class actions related to alleged infringement of third-party patents and other intellectual property rights, commercial, labor and employment, wage and hour and other claims. We have been, and may in the future be, put on notice or sued by third parties for alleged infringement of their proprietary rights, including patent infringement. We accrue a liability when we believe that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. We believe we have recorded adequate provisions for any such matters and, as of January 31, 2022, we believe that no material loss will be incurred in excess of the amounts recognized in our financial statements.

14. Income Taxes

The components of the (benefit from) provision for income taxes are as follows (in thousands):

	Fiscal Year Ended January 31,		
	2022	**2021**	**2020**
Current:			
Federal	$ —	$ —	$ —
State and local	15	$ 26	$ 26
Foreign	(100)	451	369
Total current	$ (85)	$ 477	$ 395
Deferred:			
Federal	$ —	$ —	$ —
State and local	—	—	—
Foreign	(80)	60	57
Total deferred	(80)	60	57
(Benefit from) provision for income taxes	$ (165)	$ 537	$ 452

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

	Fiscal Year Ended January 31,		
	2022	2021	2020
United States	$ (76,030)	$ (33,352)	$ (32,880)
Foreign	(2,302)	1,920	1,522
Loss before provision for income taxes	$ (78,332)	$ (31,432)	$ (31,358)

A reconciliation of the (benefit from) provision for income taxes to the amounts computed by applying the statutory federal income tax rate to earnings before income taxes is shown as follows:

	Fiscal Year Ended January 31,		
	2022	2021	2020
Statutory income tax expense	21.0 %	21.0 %	21.0 %
Foreign tax rate differential	0.8 %	0.2 %	0.3 %
State taxes	2.8 %	5.3 %	2.4 %
Permanent items	(3.0)%	(2.0)%	(2.3)%
Change in valuation allowance	(29.3)%	(27.0)%	(6.3)%
Section 382 NOL	— %	— %	(9.0)%
Stock-based compensation	5.8 %	(1.4)%	(7.5)%
Tax credits	2.1 %	2.2 %	— %
Effective tax rate	0.2 %	(1.7)%	(1.4)%

Deferred Income Taxes

The tax effects of cumulative temporary differences that give rise to significant deferred tax assets and deferred tax liabilities are presented below (in thousands). The valuation allowance relates to deferred tax assets for which it is more likely than not that the tax benefit will not be realized.

	Fiscal Year Ended January 31,	
	2022	2021
Deferred tax assets:		
Net operating losses	$ 46,886	$ 30,743
Bad debt reserve	186	237
Other reserves	1,016	1,105
Stock-based compensation	8,402	106
Property, equipment, and software	272	185
Accrued taxes	113	37
Accrued bonus	1,552	902
R&D credit	3,541	1,927
Deferred payroll taxes	250	594
Other	410	432
Deferred tax assets	62,628	36,268
Less: valuation allowance	(52,209)	(29,297)
Deferred tax asset, net of valuation allowance	$ 10,419	$ 6,971
Deferred tax liabilities:		
Capitalized costs	$ (10,286)	$ (6,952)
Property, equipment and software	(133)	(99)
Deferred tax liabilities	(10,419)	(7,051)
Net deferred tax assets/(liabilities)	$ —	$ (80)

As of January 31, 2022, we had NOL carryforwards for federal and state income tax purposes of approximately $179.4 million and $119.1 million, respectively. Under current law, U.S. federal NOLs incurred in tax years beginning after December 31, 2017 may be carried forward indefinitely, but the deductibility of federal NOLs is limited to 80% of taxable income in tax years beginning after December 31, 2020. Accordingly, $140.0 million of our NOLs may be carried forward indefinitely for federal tax purposes and $39.4 million, if not utilized, will expire at various times between 2035 and 2037. The

state NOLs if not utilized, will expire at various times between 2026 and 2042. We also had foreign NOL carryforwards as of January 31, 2022 of $7.6 million, the majority of which may be carried forward indefinitely. As of January 31, 2021, we had NOL carryforwards for federal and state income tax purposes of approximately $118.3 million and $79.7 million, respectively.

At January 31, 2022, the Company had tax credit carryforwards of $3.5 million related to credits for research activities. The credit carryforwards will expire between 2037 and 2042.

IRC Sections 382 and 383 place a limitation on the amount of taxable income that can be offset by carryforward tax attributes, such as net operating losses or tax credits, after a change in control. Generally, after a change in control, a loss corporation cannot deduct carryforward tax attributes in excess of the limitation prescribed by Sections 382 and 383. Therefore, certain of our carryforward tax attributes may be subject to an annual limitation regarding their utilization against taxable income in future periods. As a result of issuances of different classes of preferred stock to investors in 2013, 2014 and 2017, we triggered "ownership shifts" as defined in Internal Revenue Code Section 382 and related provisions. These ownership shifts resulted in a reduction of NOLs in the fiscal year ended January 31, 2020 of $13.8 million and credits of $0.7 million. Our utilization of our NOLs and credits is limited by these ownership shifts but those limitations do not have a significant impact to the financial statements since there is no utilization of the NOLs and credits and a full valuation allowance exists against the net operating losses and credits. Subsequent ownership changes may subject us to additional annual limitations of its net operating losses. Such annual limitation could result in the expiration of the NOLs and credits. As of January 31, 2022, there were no additional limitations to the net operating losses or credits.

We determine our valuation allowance on deferred tax assets by considering both positive and negative evidence to ascertain whether it is more likely than not that deferred tax assets will be realized. Realization of deferred tax assets is dependent upon the generation of future taxable income, if any, the timing, and amount of which are uncertain. Due to our history of losses, we believe that it is not more likely than not that all the deferred tax assets can be realized as of January 31, 2022. Accordingly, we have recorded a full valuation allowance against our deferred tax assets. The valuation allowance increased by $22.9 million, and $8.5 million, during the fiscal years ended January 31, 2022, and 2021, respectively.

The Company has not provided for U.S. federal income and foreign withholding taxes on undistributed earnings from non-U.S. operations as of January 31, 2022 because the Company intends to reinvest such earnings indefinitely outside of the United States. The amount of any unrecognized deferred tax liability related to these earnings would not be material.

A reconciliation of the beginning and ending amount of unrecognized tax benefits, including penalties but excluding interest, is as follows (in thousands):

	Fiscal Year Ended January 31,		
	2022	2021	2020
Balance at February 1	$ 902	$ 647	$ —
Additions for tax positions of prior years	—	902	647
Reductions for tax positions of prior years	(255)	(647)	—
Balance at January 31	$ 647	$ 902	$ 647

The Company recognizes interest and, if applicable, penalties related to unrecognized tax benefits in the income tax provision. As of January 31, 2022, 2021 and 2020, there were no interest and penalties recorded.

As of January 31, 2022, 2021 and 2020, accrued unrecognized tax benefits were $0.6 million, $0.9 million, and $0.6 million, respectively, and if recognized would reduce the provision for income taxes, and our effective tax rate. We expect the majority of the unrecognized tax benefits to be released during the next twelve months.

We are subject to income tax examinations in the United States and various state and foreign jurisdictions. Our most significant operations are in the United States and the earliest open tax year subject to potential examination is the period ended January 31, 2019. However, amounts reported as NOLs from these prior tax periods also remain subject to review by most tax authorities.

15. Net Loss per Share Attributable to Braze, Inc. Common Shareholders

The following table sets forth the computation of basic and diluted net loss per share attributable to Braze, Inc. common shareholders during the periods presented (in thousands, except per share amounts):

	Fiscal Year Ended January 31,		
	2022	2021	2020
Numerator:			
Net loss attributable to Braze, Inc.	$ (76,719)	$ (31,752)	$ (31,810)
Denominator:			
Weighted-average shares of Braze, Inc. common stock outstanding	35,078	18,205	16,446
Less: weighted-average unvested shares of Braze, Inc. subject to repurchase	(181)	(233)	(257)
Weighted-average shares used to calculate net loss per share attributable to Braze, Inc. common stockholders, basic and diluted	34,897	17,972	16,189
Net loss per share attributable to Braze, Inc. common stockholders, basic and diluted	$ (2.20)	$ (1.77)	$ (1.96)

The following outstanding shares of potentially dilutive securities have been excluded from diluted net loss per share attributable to Braze, Inc. common shareholders for the periods presented, because their inclusion would be anti-dilutive (in thousands):

	Fiscal Year Ended January 31,		
	2022	2021	2020
Convertible preferred stock on an as-converted basis	—	62,831	62,831
Options to purchase common stock	11,036	11,186	10,456
Restricted stock units	1,355	—	—
Warrants to purchase common stock	—	218	218
Total	12,391	74,235	73,505

16. Related Party Transactions

In May 2021, the Chief Financial Officer of Datadog, Inc., one of our vendors, joined our board of directors. We have purchased services from Datadog, Inc. in the aggregate amount of approximately $0.7 million during the fiscal year ended fiscal year ended January 31, 2021 and $1.2 million during the fiscal year ended January 31, 2022.

17. Subsequent Events

In March 2022, the Company granted a total of 1.6 million Class A common stock RSUs to employees pursuant to the 2021 Plan. The fair value of the RSU grants was determined based upon the market closing price of the Company's common stock on the date of grant. The RSUs vest over the requisite service period, subject to the continued service of the individual. The Company expects to recognize aggregate stock-based compensation expense of $60.4 million related to the RSUs over a weighted-average requisite service period of approximately 3.5 years.

In March 2022, we entered into a memorandum of understanding with Tides Foundation to establish a donor advised fund in support of our philanthropic goals and our commitment to the Pledge 1% movement.

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

None.

Item 9A. Controls and Procedures

Management's Report on Internal Control Over Financial Reporting

This Annual Report on Form 10-K does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) due to a transition period established by rules of the SEC for newly public companies.

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), that are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of January 31, 2022, the end of the period covered by this Annual Report on Form 10-K. Our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of January 31, 2022 because of the three material weaknesses in our internal control, discussed below.

Notwithstanding the material weakness in internal control over financial reporting described below, our management has concluded that our consolidated financial statements included in this Annual Report on Form 10-K are fairly stated in all material respects in accordance with accounting principles generally accepted in the United States of America.

Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis.

As previously identified and disclosed in our final IPO prospectus dated November 16, 2021, we have three material weaknesses in our internal control that remain unremediated as of January 31, 2022. One material weakness is over the financial reporting close process specifically related to insufficient written policies and procedures for accounting and financial reporting and related controls, the second over the lack of properly designed controls related to accounting for revenue recognition in accordance with standards under Accounting Standards Codification Topic 606, Revenue from Contracts with Customers and the third related to our inadequate information technology controls for systems that are relevant to the preparation of financial statements. These control deficiencies could result in a misstatement of our accounts or disclosures that could result in a material misstatement of our financial results that would not be prevented or detected, and accordingly, we determined that these control deficiencies constitute a material weakness.

Remediation Plan

We have developed a detailed plan for remediation of the material weakness, as well as compliance with Section 404 of the Sarbanes-Oxley Act, including developing and maintaining appropriate IT general controls and process level controls. While we have performed certain remediation activities to strengthen our controls to address the identified material weakness, control weaknesses are not considered remediated until new internal controls have been operational for a period of time, are tested, and management concludes that these controls are operating effectively. We will continue to monitor the effectiveness of our remediation measures in connection with our future assessments of the effectiveness of internal control over financial reporting and disclosure controls and procedures, and we will make any changes to the design of our plan and take such other actions that we deem appropriate given the circumstances.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal years ended January 31, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We are continuing to take steps to remediate the material weakness in our internal control over financial reporting, as discussed above.

Inherent Limitation on the Effectiveness of Internal Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, and not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our Company have been detected.

Item 9B. Other Information

None.

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 included in our Definitive Proxy Statement for our 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended January 31, 2022, or the 2022 Proxy Statement, and is incorporated herein by reference.

Code of Conduct

We have adopted a Code of Conduct that applies to all our employees, officers and directors. This includes our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions. The full text of our Code of Conduct is posted on our website at www.braze.com. We intend to disclose on our website any future amendments of our Code of Conduct or waivers that exempt any principal executive officer, principal financial officer, principal accounting officer or controller, persons performing similar functions or our directors from provisions in the Code of Conduct. Information contained on, or that can be accessed through, our website is not incorporated by reference into this report, and you should not consider information on our website to be part of this report on Annual Report on Form 10-K.

Item 11. Executive Compensation

The information required by this item will be included in the 2022 Proxy Statement and is incorporated herein by reference.

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

The information required by this item will be included in the 2022 Proxy Statement and is incorporated herein by reference.

Securities Authorized for Issuance under Equity Compensation Plan

The information required by this item will be included in the 2022 Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be included in the 2022 Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this item will be included in the 2022 Proxy Statement and is incorporated herein by reference.

With the exception of the information incorporated in Items 10, 11, 12, 13, and 14 of this Annual Report on Form 10-K, the 2022 Proxy Statement is not deemed “filed” as part of this Annual Report on Form 10-K.

PART IV

Item 15. Exhibits and Financial Statement Schedules

Documents filed as part of this report are as follows:

1. Consolidated Financial Statements:

   Our Consolidated Financial Statements are listed in the "Index to Consolidated Financial Statements" under Part II, Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules:

   Financial Statement Schedules have been omitted as information required is inapplicable or the information is presented in the consolidated financial statements and the related notes.

3. Exhibits:

   The documents listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Annual Report on Form 10-K.

Exhibit Index

		Incorporated by Reference			
Exhibit Number	**Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**
3.1	Amended and Restated Certificate of Incorporation of Braze, Inc.	8-K	001-41065	3.1	November 23, 2021
3.2	Amended and Restated Bylaws of Braze, Inc.	8-K	001-41065	3.2	November 23, 2021
4.1	Form of Class A Common Stock Certificate.	S-1/A	333-260428	4.1	November 8, 2021
4.2*	Description of Registrant's Securities.				
10.1	Fourth Amended and Restated Investors' Rights Agreement, dated as of September 24, 2018.	S-1	333-260428	10.1	October 22, 2021
10.2+	Amended and Restated 2011 Equity Incentive Plan and forms of agreements thereunder.	S-1	333-260428	10.2	October 22, 2021
10.3+	2021 Equity Incentive Plan and forms of agreements thereunder	S-1/A	333-260428	10.3	November 8, 2021
10.4+	2021 Employee Stock Purchase Plan.	S-1/A	333-260428	10.4	November 8, 2021
10.5+	Form of Indemnification Agreement entered into by and between Registrant and each director and executive officer.	S-1/A	333-260428	10.5	November 8, 2021
10.6+	Confirmatory Offer Letter, by and between Braze, Inc. and William Magnuson, dated November 2, 2021.	S-1/A	333-260428	10.6	November 8, 2021
10.7+	Confirmatory Offer Letter, by and between Braze, Inc. and Isabelle Winkles, dated November 2, 2021.	S-1/A	333-260428	10.7	November 8, 2021
10.8+	Confirmatory Offer Letter, by and between Braze, Inc. and Susan Wiseman, dated November 2, 2021.	S-1/A	333-260428	10.8	November 8, 2021
10.9+	Confirmatory Offer Letter, by and between Braze, Inc. and Jonathan Hyman, dated November 2, 2021.	S-1/A	333-260428	10.9	November 8, 2021

10.10+	Confirmatory Offer Letter, by and between Braze, Inc. and Myles Kleeger, dated November 2, 2021.	S-1/A	333-260428	10.1	November 8, 2021
10.11+	Executive Severance Plan.	S-1/A	333-260428	10.11	November 8, 2021
10.12+	Non-Employee Director Compensation Policy.	S-1/A	333-260428	10.12	November 8, 2021
10.13	Sub-sublease Agreement by and between Braze, Inc. and ContextMedia Health, LLC, dated December 20, 2018.	S-1	333-260428	10.13	October 22, 2021
10.14	Sublease by and between Braze, Inc. and Web.com Group, Inc., dated June 30, 2019.	S-1	333-260428	10.14	October 22, 2021
21.1	List of Subsidiaries of the Company.	S-1	333-260428	21.1	October 22, 2021
23.1*	Consent of Ernst & Young LLP, independent registered public accounting firm.				
24.1*	Power of Attorney (included in signature pages hereto).				
31.1*	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2*	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1*†	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS*	Inline XBRL Instance Document				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)				

* Filed herewith.

\+ Indicates management contract or compensatory plan.

† The certifications attached as Exhibit 32.1 that accompany this Annual Report on Form 10-K are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Braze, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on March 31, 2022.

BRAZE, INC.

By: /s/ William Magnuson
Name: William Magnuson
Title: Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints William Magnuson, Isabelle Winkles and Susan Wiseman, and each of them, as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ William Magnuson William Magnuson	Chief Executive Officer and Director (Principal Executive Officer)	March 31, 2022
/s/ Isabelle Winkles Isabelle Winkles	Chief Financial Officer (Principal Financial Officer)	March 31, 2022
/s/ Pankaj Malik Pankaj Malik	Chief Accounting Officer (Principal Accounting Officer)	March 31, 2022
/s/ Neeraj Argawal Neeraj Argawal	Director	March 31, 2022
/s/ Phillip M. Fernandez Phillip M. Fernandez	Director	March 31, 2022
/s/ Matthew Jacobson Matthew Jacobson	Director	March 31, 2022
/s/ Tara Levy Tara Levy	Director	March 31, 2022
/s/ David Obstler David Obstler	Director	March 31, 2022

/s/ Doug Pepper Doug Pepper	Director	March 31, 2022

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Executive Leadership

William Magnuson
CEO and Co-Founder

Jon Hyman
CTO and Co-Founder

Isabelle Winkles
Chief Financial Officer

Myles Kleeger
President and CCO

Susan Wiseman
General Counsel and Secretary

Board of Directors

William Magnuson
CEO and Co-Founder

Neeraj Agrawal
General Partner,
Battery Ventures

Phillip Fernandez
Lead Independent
Director

Matthew Jacobson
Partner
ICONIQ Capital

Tara Levy
VP, Americas
YouTube

David Obstler
CFO
DataDog

Doug Pepper
General Partner
ICONIQ Capital

Investor Information

Common Stock Listing
Listed: Nasdaq Global Select Market
Symbol: BRZE

Transfer Agent and Registrar
American Stock Transfer & Trust Company
6201 15th Ave.
Brooklyn, NY 11219
www.astfinancial.com

Legal Counsel
Cooley LLP
New York, NY

Independent Registered Public Accounting Firm
Ernst & Young LLP
5 Times Square
New York, NY 10036

Annual Meeting
June 30, 2022 at 2:00 pm ET
Online at:
www.virtualshareholdermeeting.com/BRZE2022

Investor Relations
For copies of this annual report or other financial information, please visit our website at investors.braze.com or contact:

Braze Investor Relations
ir@braze.com
+1 609-964-0585

Our Form 10-K can also be accessed through the SEC website at www.sec.gov

Corporate Headquarters
Braze, Inc.
330 W 34th St., 18th floor
New York, NY 10001
Website: braze.com

braze

BRAZE.COM