



## C3 AI Announces Fiscal First Quarter 2023 Financial Results

August 31, 2022

*Revenue growth of 25% year over year to \$65.3 million*

*Company introduces transition to consumption-based pricing model to fuel growth*

REDWOOD CITY, Calif.--(BUSINESS WIRE)--Aug. 31, 2022-- [C3.ai Inc.](#) ("C3 AI," "C3," or the "Company") (NYSE: AI), the Enterprise AI application software company, today announced financial results for its fiscal first quarter ended July 31, 2022.

This is the seventh consecutive quarter in which C3 AI has met or exceeded our revenue guidance.

"I'm pleased to announce that C3 AI is transitioning from a subscription model to a consumption-based pricing model, bringing us in line with what is becoming the standard among enterprise SaaS companies," said CEO Thomas M. Siebel. "We have implemented a new pricing model, a new sales model, a new partner model, and new applications to accelerate sales cycles, accelerate product adoption, increase market share, and increase revenue growth and profitability in the medium and long-term."

Mr. Siebel added, "The economic downturn is real. Our customers are scrutinizing big deals as never before, which also makes this a smart time to launch consumption pricing. With 80% non-GAAP gross margins, and more than \$930 million in cash reserves, we are well positioned to weather market headwinds. Moreover, we are accelerating our planned path to profitability, aiming to be non-GAAP profitable during FY 2024."

### C3 AI announces

- **Consumption-Based Pricing:** C3 AI is now charging new customers based on vCPU/hour, similar to pricing at Snowflake, Google Cloud, AWS, and Microsoft Azure. The customer entry is now a six-month, pilot subscription, offering one AI Enterprise application, unlimited use of the C3 AI Platform, unlimited developer licensing, unlimited runtime licensing, and a concierge technical support and training program.
- **Partner Model:** The consumption model aligns well with C3 AI partners Baker Hughes, Google Cloud, Microsoft Azure, AWS, and fits perfectly with the hyperscaler marketplaces and their consumption-based pricing models.
- **Focus on Sales Force:** C3 AI has fundamentally reshaped its sales force over the past few quarters, bringing on professionals with deep domain and technical expertise.
- **Product Model:** The release of Version 8 of the C3 AI Platform – a four-year, 1,000-person effort – provided the capabilities prerequisite to the company's transition to a consumption-based pricing model.

### Fiscal First Quarter 2023 Financial Highlights

- **Revenue:** Total revenue for the quarter was \$65.3 million, an increase of 25% compared to \$52.4 million one year ago.
- **Subscription Revenue:** Subscription revenue for the quarter was \$57.0 million, an increase of 24% compared to \$46.1 million one year ago.
- **Gross Profit:** GAAP gross profit for the quarter was \$46.9 million, representing a 72% gross margin, compared to GAAP gross profit of \$39.4 million one year ago. Non-GAAP gross profit for the quarter was \$52.6 million, representing an 81% non-GAAP gross margin, compared to non-GAAP gross profit of \$40.9 million one year ago.
- **Remaining Performance Obligations ("RPO"):** GAAP RPO increased by 58% to \$458.2 million, up from \$290.6 million one year ago. Significantly, our GAAP RPO now represents 175% of Q1 annualized revenue. Non-GAAP RPO increased by 39% to \$496.8 million, from \$357.3 million one year ago.
- **Net Loss per Share:** GAAP net loss per share was \$(0.67), compared to \$(0.37) one year ago. Non-GAAP net loss per share was \$(0.12), compared to \$(0.22) one year ago.

### C3 AI First Quarter Customer Success

- **Shell** and C3 AI continue to expand the deployment of C3 AI applications to deliver cleaner, safer, more reliable energy with less environmental impact. With Shell, C3 AI integrates over 1.2 million data streams each day and monitors over 13,000 pieces of equipment.
- The **U.S. Missile Defense Agency ("MDA")** submitted its third order in C3 AI's five-year, \$500 million Production-Other Transaction Agreement that C3 AI was awarded in December 2021. The agreement makes it easy for all Department of Defense agencies to purchase C3 AI products and services.
- C3 AI continues to scale its efforts with the **USAF Rapid Sustainment Office ("RSO")** to improve aircraft readiness, with 14 aircraft platforms now live on C3 AI software including the F15, F16, F18, F35 Joint Strike Fighter, C5 Galaxy, KC-135, Blackhawk Helicopter, and others.
- **Raytheon Technologies** selected C3 AI to deliver next-generation AI and machine learning ("ML") capabilities for a ready-now solution for the U.S. Army's Tactical Intelligence Targeting Access Node ("TITAN") program.
- **A top five global pharmaceutical manufacturer** licensed the C3 AI Application Platform and C3 AI Reliability application.

The solution will provide predictive maintenance capabilities for equipment at the company's largest pharmaceutical production plant, including bioreactors, centrifuges, and other critical asset classes.

#### Partner Model Success

- **Google Cloud** and C3 AI expanded their partnership, increasing Google Cloud's commitment for co-selling and funding customer pilot programs over the next three years. C3 AI is also expanding its efforts with Google Cloud to ensure customer success.
- C3 AI's joint selling activity with **Microsoft** was brisk in Q1, with over 16 joint selling agreements.
- C3 AI and **AWS** are increasing their joint-selling activity, which C3 AI expects to contribute to growth in FY 2023 and beyond. AWS remains C3 AI's largest installed base.
- C3 AI's strategic partnership with **Baker Hughes** remains strong. In Q1, C3 AI and Baker Hughes signed one of the largest petrochemical companies in Latin America to license the C3 AI Reliability application.

#### New C3 AI Applications

- Since going public in December 2020, C3 AI has released five new applications. You can view demo videos about each [here](#) on the C3 AI corporate site.
  - **C3 AI CRM**, which lets customers make their existing CRM investments instantly predictive.
  - **C3 AI ESG**, which enables customers to integrate data from all their ERP, supplier, customer, and manufacturing systems, plus relevant exogenous market, emissions, and commodity data.
  - **C3 AI Property Appraisal**, which gives real estate appraisers real-time integration of all data sources and the application logic necessary to rapidly complete property appraisals.
  - **C3 AI Law Enforcement**, which provides law enforcement the ability to apply the power of AI to investigate crimes.
  - **C3 AI Ex Machina**, a point and click, drag and drop analytics tool that enables business analysts to apply sophisticated AI/ML techniques and predictive analytics to large datasets.

#### C3 AI Industry Leadership

- **Industry Recognition:** Forrester Research named C3 AI a Leader in The 2022 Forrester Wave™: AI/M Platforms, Q3 2022. This is a first-of-its-kind comprehensive analysis of enterprise AI and machine learning platforms, highlighting the importance of comprehensive AI/ML platforms to realize business value. Of the 15 vendors in the report, C3 AI received the top ranking in the Strategy category and the highest scores possible nine other criteria. Forrester concludes that C3 AI "...could become the de facto AI platform standard for the world's most complex industries."
- **Google Cloud Partner Award:** C3 AI was awarded the Google Cloud Technology Partner of the Year in the artificial intelligence and machine learning category for 2021. C3 AI was recognized for achievements in the Google Cloud ecosystem.

#### Financial Outlook:

The Company's guidance includes GAAP and non-GAAP financial measures.

The following table summarizes C3 AI's guidance for the second quarter of fiscal 2023 and full-year fiscal 2023:

| (in millions)                 | Second Quarter Fiscal 2023<br>Guidance | Full Year Fiscal 2023<br>Guidance |
|-------------------------------|--|-----------------------------------|
| Total revenue                 | \$60.0 - \$62.0                        | \$255.0 - \$270.0                 |
| Non-GAAP loss from operations | (\$15.0) - (\$20.0)                    | (\$90.0) - (\$98.0)               |

A reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, expenses that may be incurred in the future. Stock-based compensation expense-related charges, including employer payroll tax-related items on employee stock transactions, are impacted by the timing of employee stock transactions, the future fair market value of our common stock, and our future hiring and retention needs, all of which are difficult to predict and subject to constant change. We have provided a reconciliation of GAAP to non-GAAP financial measures in the financial statement tables for our historical non-GAAP results included in this press release. Our fiscal year ends April 30, and numbers are rounded for presentation purposes.

#### Conference Call Details

What: C3 AI First Quarter Fiscal 2023 Financial Results Conference Call  
When: Wednesday, August 31, 2022  
Time: 2:00 p.m. PT / 5:00 p.m. ET  
Participant Registration: <https://register.vevent.com/register/BI90c109ed52634acf9dae19914e915bf1> (live call)  
Webcast: <https://edge.media-server.com/mmc/p/68vzasfo> (live and replay)

#### Investor Presentation Details

An investor presentation providing additional information and analysis can be found at our investor relations page at [ir.c3.ai](http://ir.c3.ai).

## Statement Regarding Use of Non-GAAP Financial Measures

The Company reports the following non-GAAP financial measures, which have not been prepared in accordance with generally accepted accounting principles in the United States (GAAP), in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP.

- **Non-GAAP gross profit, non-GAAP gross margin, non-GAAP loss from operations, and non-GAAP net loss per share.** Our non-GAAP gross profit, non-GAAP gross margin, non-GAAP loss from operations, and non-GAAP net loss per share exclude the effect of stock-based compensation expense-related charges and employer payroll tax expense related to employee stock-based compensation. We believe the presentation of operating results that exclude these non-cash items provides useful supplemental information to investors and facilitates the analysis of our operating results and comparison of operating results across reporting periods.
- **Non-GAAP RPO:** Non-GAAP RPO represents our GAAP RPO plus the associated cancellable contracted backlog. We believe the presentation of our RPO inclusive of the cancellable backlog provides useful supplemental information to investors about our aggregate contractual backlog and facilitates the analysis of our operating results and comparison of operating results across reporting periods.

We use these non-GAAP financial measures internally for financial and operational decision-making purposes and as a means to evaluate period-to-period comparisons. Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP financial measures and should be read only in conjunction with our condensed consolidated financial statements prepared in accordance with GAAP. Our presentation of non-GAAP financial measures may not be comparable to similar measures used by other companies. We encourage investors to carefully consider our results under GAAP, as well as our supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand our business. Please see the tables included at the end of this release for the reconciliation of GAAP to non-GAAP financial measures.

## Use of Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release other than statements of historical facts, including our market leadership position, anticipated benefits from our partnerships and investments, financial outlook, our business strategies, plans, and objectives for future operations, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “may,” “will” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks and uncertainties. Some of these risks are described in greater detail in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended April 30, 2022, and other filings and reports we make with the Securities and Exchange Commission from time to time, including our Quarterly Report on Form 10-Q that will be filed for the fiscal quarter ended July 31, 2022, although new and unanticipated risks may arise. The future events and trends discussed in this press release may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, achievements, or events and circumstances reflected in the forward-looking statements will occur. Except to the extent required by law, we do not undertake to update any of these forward-looking statements after the date of this press release to conform these statements to actual results or revised expectations.

## About C3 AI

C3 AI is the Enterprise AI application software company. C3 AI delivers a family of fully integrated products including the C3 AI Application Platform, an end-to-end platform for developing, deploying, and operating enterprise AI applications and C3 AI Applications, a portfolio of industry-specific SaaS enterprise AI applications that enable the digital transformation of organizations globally. Learn more at: [www.c3.ai](http://www.c3.ai).

### C3.AI, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (In thousands, except per share data) (Unaudited)

|                                      | Three Months Ended July 31, |           |
|--------------------------------------|-----------------------------|-----------|
|                                      | 2022                        | 2021      |
| Revenue                              |                             |           |
| Subscription <sup>(1)</sup>          | \$ 57,026                   | \$ 46,122 |
| Professional services <sup>(2)</sup> | 8,282                       | 6,284     |
| Total revenue                        | 65,308                      | 52,406    |
| Cost of revenue                      |                             |           |
| Subscription <sup>(3)</sup>          | 14,092                      | 9,213     |
| Professional services                | 4,314                       | 3,812     |
| Total cost of revenue                | 18,406                      | 13,025    |
| Gross profit                         | 46,902                      | 39,381    |
| Operating expenses                   |                             |           |
| Sales and marketing <sup>(4)</sup>   | 42,987                      | 36,822    |

|   |                    |                    |
|---|--------------------|--------------------|
| Research and development  | 55,877             | 26,712             |
| General and administrative  | 21,247             | 12,364             |
| Total operating expenses  | 120,111            | 75,898             |
| Loss from operations  | (73,209)           | (36,517)           |
| Interest income   | 2,538              | 345                |
| Other (expense) income, net   | (1,021)            | (899)              |
| Net loss before provision for income taxes  | (71,692)           | (37,071)           |
| Provision for income taxes  | 179                | 388                |
| Net loss  | <u>\$ (71,871)</u> | <u>\$ (37,459)</u> |
| Net loss per share attributable to Class A and Class B common shareholders, basic and diluted   | <u>\$ (0.67)</u>   | <u>\$ (0.37)</u>   |
| Weighted-average shares used in computing net loss per share attributable to Class A and Class B common stockholders, basic and diluted | 106,842            | 102,155            |

(1) Including related party revenue of \$16,330 and \$10,208 for the three months ended July 31, 2022 and 2021, respectively.

(2) Including related party revenue of \$129 and \$2,074 for the three months ended July 31, 2022 and 2021, respectively.

(3) Including related party cost of revenue of nil and \$117 for the three months ended July 31, 2022 and 2021, respectively.

(4) Including related party sales and marketing expense of \$3,500 and \$61 for the three months ended July 31, 2022 and 2021, respectively.

**C3.AI, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands, except for share and per share data)  
(Unaudited)

|   | <u>July 31, 2022</u> | <u>April 30, 2022</u> |
|---|----------------------|-----------------------|
| <b>Assets</b>   |                      |                       |
| Current assets  |                      |                       |
| Cash and cash equivalents   | \$ 221,883           | \$ 339,528            |
| Short-term investments  | 685,397              | 620,633               |
| Accounts receivable, net of allowance of \$57 and \$157 as of July 31, 2022 and April 30, 2022, respectively <sup>(1)</sup>   | 81,298               | 80,271                |
| Prepaid expenses and other current assets <sup>(2)</sup>  | 18,056               | 20,004                |
| Total current assets  | 1,006,634            | 1,060,436             |
| Property and equipment, net   | 38,928               | 14,517                |
| Goodwill  | 625                  | 625                   |
| Long-term investments   | 30,885               | 32,086                |
| Other assets, non-current <sup>(3)</sup>  | 60,097               | 63,218                |
| Total assets  | <u>\$ 1,137,169</u>  | <u>\$ 1,170,882</u>   |
| <b>Liabilities and stockholders' equity</b>   |                      |                       |
| Current liabilities   |                      |                       |
| Accounts payable <sup>(4)</sup>   | \$ 40,748            | \$ 54,218             |
| Accrued compensation and employee benefits  | 29,208               | 32,223                |
| Deferred revenue, current <sup>(5)</sup>  | 43,644               | 48,854                |
| Accrued and other current liabilities <sup>(6)</sup>  | 17,651               | 14,874                |
| Total current liabilities   | 131,251              | 150,169               |
| Deferred revenue, non-current   | 21                   | 288                   |
| Other long-term liabilities <sup>(7)</sup>  | 26,919               | 30,948                |
| Total liabilities   | 158,191              | 181,405               |
| Commitments and contingencies   |                      |                       |
| Stockholders' equity  |                      |                       |
| Class A common stock, \$0.001 par value. 1,000,000,000 shares authorized as of July 31, 2022 and April 30, 2022; 104,843,908 and 102,725,041 shares issued and outstanding as of July 31, 2022 and April 30, 2022, respectively | 105                  | 103                   |
| Class B common stock, \$0.001 par value; 3,500,000 shares authorized as of July 31, 2022 and April 30, 2022; 3,499,992 and 3,499,992 shares issued and outstanding as of July 31, 2022 and April 30, 2022, respectively         | 3                    | 3                     |
| Additional paid-in capital  | 1,594,487            | 1,532,917             |
| Accumulated other comprehensive loss  | (2,348)              | (2,148)               |
| Accumulated deficit   | (613,269)            | (541,398)             |
| Total stockholders' equity  | 978,978              | 989,477               |
| Total liabilities and stockholders' equity  | <u>\$ 1,137,169</u>  | <u>\$ 1,170,882</u>   |

- (1) Including amounts from a related party of \$33,608 and \$35,848 as of July 31, 2022 and April 30, 2022, respectively.  
(2) Including amounts from a related party of \$4,862 and \$4,862 as of July 31, 2022 and April 30, 2022, respectively.  
(3) Including amounts from a related party of \$14,925 and \$16,141 as of July 31, 2022 and April 30, 2022, respectively.  
(4) Including amounts from a related party of \$4,688 and \$18,549 as of July 31, 2022 and April 30, 2022, respectively.  
(5) Including amounts from a related party of \$81 and \$132 as of July 31, 2022 and April 30, 2022, respectively.  
(6) Including amounts from a related party of \$2,422 and \$2,510 as of July 31, 2022 and April 30, 2022, respectively.  
(7) Including amounts from a related party of nil and \$2,448 as of July 31, 2022 and April 30, 2022, respectively.

**C3.AI, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(Unaudited)

|  | Three Months Ended July 31, |                   |
|--|-----------------------------|-------------------|
|  | 2022                        | 2021              |
| <b>Cash flows from operating activities:</b>   |                             |                   |
| Net loss   | \$ (71,871)                 | \$ (37,459)       |
| Adjustments to reconcile net loss to net cash (used in) provided by operating activities |                             |                   |
| Depreciation and amortization  | 1,461                       | 1,141             |
| Non-cash operating lease cost  | 1,862                       | 857               |
| Stock-based compensation expense   | 56,630                      | 13,912            |
| Other  | 78                          | (875)             |
| Changes in operating assets and liabilities  |                             |                   |
| Accounts receivable <sup>(1)</sup>   | (927)                       | 10,383            |
| Prepaid expenses, other current assets and other assets <sup>(2)</sup>                   | 2,910                       | 2,097             |
| Accounts payable <sup>(3)</sup>  | (21,318)                    | (2,067)           |
| Accrued compensation and employee benefits   | 491                         | (7,072)           |
| Operating lease liabilities  | (991)                       | (932)             |
| Other liabilities <sup>(4)</sup>   | (1,106)                     | (3,633)           |
| Deferred revenue <sup>(5)</sup>  | (5,477)                     | 24,670            |
| Net cash (used in) provided by operating activities                                      | <u>(38,258)</u>             | <u>1,022</u>      |
| <b>Cash flows from investing activities:</b>   |                             |                   |
| Purchases of property and equipment  | (15,536)                    | (511)             |
| Capitalized software development costs   | (1,000)                     | (500)             |
| Purchases of investments   | (226,367)                   | (95,948)          |
| Maturities and sales of investments  | 162,429                     | 248,986           |
| Net cash (used in) provided by investing activities                                      | <u>(80,474)</u>             | <u>152,027</u>    |
| <b>Cash flows from financing activities:</b>   |                             |                   |
| Payment of deferred offering costs   | —                           | (71)              |
| Proceeds from exercise of Class A common stock options                                   | 1,087                       | 5,046             |
| Net cash provided by financing activities  | <u>1,087</u>                | <u>4,975</u>      |
| Net (decrease) increase in cash, cash equivalents and restricted cash                    | (117,645)                   | 158,024           |
| Cash, cash equivalents and restricted cash at beginning of period                        | 352,519                     | 116,255           |
| Cash, cash equivalents and restricted cash at end of period                              | <u>\$ 234,874</u>           | <u>\$ 274,279</u> |
| Cash and cash equivalents  | \$ 221,883                  | \$ 273,779        |
| Restricted cash included in other assets   | 12,566                      | 500               |
| Restricted cash included in prepaid expenses and other current assets                    | 425                         | —                 |
| Total cash, cash equivalents and restricted cash   | <u>\$ 234,874</u>           | <u>\$ 274,279</u> |
| <b>Supplemental disclosure of cash flow information—cash paid for income taxes</b>       | \$ 66                       | \$ 235            |
| <b>Supplemental disclosures of non-cash investing and financing activities:</b>          |                             |                   |
| Purchases of property and equipment included in accounts payable and accrued liabilities | \$ 19,326                   | \$ 326            |
| Unpaid liabilities related to intangible purchases                                       | \$ 1,500                    | \$ 2,500          |
| Deferred offering costs included in accounts payable and accrued liabilities             | \$ —                        | \$ 34             |
| Vesting of early exercised stock options   | \$ 333                      | \$ 1,059          |

- (1) Including changes in related party balances of \$(2,240) and \$(13,921) for the three months ended July 31, 2022 and 2021, respectively.  
(2) Including changes in related party balances of \$(1,216) and \$(415) for the three months ended July 31, 2022 and 2021, respectively.  
(3) Including changes in related party balances of \$(13,861) and \$56 for the three months ended July 31, 2022 and 2021, respectively.  
(4) Including changes in related party balances of \$(2,536) and \$(3,309) for the three months ended July 31, 2022 and 2021, respectively.  
(5) Including changes in related party balances of \$(51) and \$16,940 for the three months ended July 31, 2022 and 2021, respectively.

**C3.AI, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES**  
(In thousands, except percentages and per share data)  
(Unaudited)

|   | <b>Three Months Ended July 31,</b> |                    |
|---|------------------------------------|--------------------|
|   | <b>2022</b>                        | <b>2021</b>        |
| <b>Reconciliation of GAAP gross profit to non-GAAP gross profit:</b>  |                                    |                    |
| Gross profit on a GAAP basis  | \$ 46,902                          | \$ 39,381          |
| Stock-based compensation expense <sup>(1)</sup>   | 5,343                              | 1,423              |
| Employer payroll tax expense related to employee stock-based compensation <sup>(2)</sup>                            | 386                                | 65                 |
| Gross profit on a non-GAAP basis  | <u>\$ 52,631</u>                   | <u>\$ 40,869</u>   |
| Gross margin on a GAAP basis  | 72%                                | 75%                |
| Gross margin on a non-GAAP basis  | 81%                                | 78%                |
| <b>Reconciliation of GAAP loss from operations to non-GAAP loss from operations:</b>                                |                                    |                    |
| Loss from operations on a GAAP basis  | \$ (73,209)                        | \$ (36,517)        |
| Stock-based compensation expense <sup>(1)</sup>   | 56,630                             | 13,912             |
| Employer payroll tax expense related to employee stock-based compensation <sup>(2)</sup>                            | 2,042                              | 855                |
| Loss from operations on a non-GAAP basis  | <u>\$ (14,537)</u>                 | <u>\$ (21,750)</u> |
| <b>Reconciliation of GAAP net loss per share to non-GAAP net loss per share:</b>                                    |                                    |                    |
| Net loss on a GAAP basis  | \$ (71,871)                        | \$ (37,459)        |
| Stock-based compensation expense <sup>(1)</sup>   | 56,630                             | 13,912             |
| Employer payroll tax expense related to employee stock-based compensation <sup>(2)</sup>                            | 2,042                              | 855                |
| Net loss on a non-GAAP basis  | <u>\$ (13,199)</u>                 | <u>\$ (22,692)</u> |
| GAAP net loss per share attributable common shareholders, basic and diluted   | <u>\$ (0.67)</u>                   | <u>\$ (0.37)</u>   |
| Non-GAAP net loss per share attributable common shareholders, basic and diluted                                     | <u>\$ (0.12)</u>                   | <u>\$ (0.22)</u>   |
| Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted | <u>106,842</u>                     | <u>102,155</u>     |

(1) Beginning in fiscal year 2023, the Company records stock-based compensation associated with the Company's annual bonus program that will be settled by shares of restricted Class A common stock. Stock-based compensation expense for gross profits and gross margin includes costs of subscription and cost of professional services as follows. Stock-based compensation expense for loss from operations includes total stock-based compensation expense as follows:

|  | <b>Three Months Ended July 31,</b> |                  |
|--|------------------------------------|------------------|
|  | <b>2022</b>                        | <b>2021</b>      |
| Cost of subscription                   | \$ 4,272                           | \$ 821           |
| Cost of professional services          | 1,071                              | 602              |
| Sales and marketing                    | 16,779                             | 6,135            |
| Research and development               | 25,217                             | 2,758            |
| General and administrative             | 9,291                              | 3,596            |
| Total stock-based compensation expense | <u>\$ 56,630</u>                   | <u>\$ 13,912</u> |

(2) Employer payroll tax expense related to employee stock-based compensation for gross profits and gross margin includes costs of subscription and cost of professional services as follows. Employer payroll tax expense related to employee stock-based compensation for loss from operations includes total employer payroll tax expense related to employee stock-based compensation as follows:

|                                    | <b>Three Months Ended July 31,</b> |               |
|------------------------------------|------------------------------------|---------------|
|                                    | <b>2022</b>                        | <b>2021</b>   |
| Cost of subscription               | \$ 286                             | \$ —          |
| Cost of professional services      | 100                                | 65            |
| Sales and marketing                | 530                                | 301           |
| Research and development           | 943                                | 182           |
| General and administrative         | 183                                | 307           |
| Total employer payroll tax expense | <u>\$ 2,042</u>                    | <u>\$ 855</u> |

**Reconciliation of remaining performance obligations ("RPO") to Non-GAAP RPO:**

The following table presents a reconciliation of RPO to Non-GAAP RPO:

|                                      | As of July 31,    |                   |
|--------------------------------------|-------------------|-------------------|
|                                      | 2022              | 2021              |
| RPO                                  | \$ 458,209        | \$ 290,613        |
| Cancellable amount of contract value | 38,626            | 66,638            |
| Non-GAAP RPO                         | <u>\$ 496,835</u> | <u>\$ 357,251</u> |

View source version on [businesswire.com](https://www.businesswire.com/news/home/20220831005147/en/): <https://www.businesswire.com/news/home/20220831005147/en/>

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