

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

**FORM 10-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 2021  
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 001-36456

**ZENDESK, INC.**

(Exact name of Registrant as specified in its Charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)  
**989 Market Street**  
(Address of principal executive offices)

**San Francisco** **California**

**26-4411091**  
(I.R.S. Employer  
Identification No.)  
**94103**  
(Zip Code)

Registrant's telephone number, including area code: **(415) 418-7506**

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	ZEN	New York Stock Exchange

**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 Act. Yes  No

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

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

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

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 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 common stock held by non-affiliates of the Registrant, computed by reference to the price at which the common stock was last sold on June 30, 2021, the last business day of the Registrant's most recently completed second fiscal quarter, as reported on the New York Stock Exchange, was approximately \$12.4 billion. Shares of common stock held by each executive officer, director and holder of 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status does not reflect a determination that such persons are affiliates of the Registrant for any other purpose.

The number of shares of the Registrant's Common Stock outstanding as of February 14, 2022 was 121,868,122.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant's definitive Proxy Statement for its 2022 Annual Meeting of Stockholders are incorporated by reference in Part III of this Annual Report on Form 10-K. Such Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year ended December 31, 2021. Except with respect to information specifically incorporated by reference in this Annual Report on Form 10-K, the Proxy Statement is not deemed to be filed as part of this Annual Report on Form 10-K.

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### **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Annual Report on Form 10-K contains forward-looking statements within the meaning of federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “should,” “might,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” or “continue,” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions.

You should not rely upon 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, operating results, and prospects. 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 Annual Report on Form 10-K. We cannot assure you that the results, events, and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

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 we may make.

## PART I

### Overview

Modern organizations need technology that adapts to their individual needs and empowers them with the ability to guide and enhance their customers' experiences. To position themselves for success, organizations must integrate service into every customer interaction and use customer insights and service data to enrich the overall experience. With the right technology, organizations can empathize with their customers and identify points of friction in their customers' experiences with their businesses and address them.

Zendesk believes that every customer relationship is built upon one ongoing conversation between a customer and the organization. As champions of customer service, we are a service-first customer relationship management ("CRM") company, with support, sales, and other customer engagement solutions designed to improve customer relationships.

Founded to democratize customer service software by making it easy to try, buy, and use, our solutions are built on an open and flexible platform that is both quick to set up and customizable. With roots in service and a deep understanding of the customer mindset, Zendesk gives companies the solutions they need to create easy, cohesive, and frictionless experiences. Through our solutions, organizations of all sizes and across many industries can set their teams up for success and keep their businesses in sync, while making it easy for customers to do business with them. The result: better, more conversational experiences for everyone.

We are a software development company founded in Copenhagen, Denmark in 2007, and reincorporated in Delaware in 2009. Our principal executive offices are located at 989 Market Street, San Francisco, California 94103, and our telephone number is (415) 418-7506. Our website address is [www.zendesk.com](http://www.zendesk.com). Information contained on or that can be accessed through our website does not constitute part of this Annual Report on Form 10-K, and inclusions of our website address in this Annual Report on Form 10-K are inactive textual references only. Unless expressly indicated or the context requires otherwise, the terms "Zendesk," "company," "we," "us," and "our" in this Annual Report on Form 10-K refer to Zendesk, Inc., a Delaware corporation, and its consolidated subsidiaries.

### The Zendesk Approach

We build software that helps organizations build better customer relationships through conversational experiences, and we believe in the design and delivery of products and solutions that are unique and innovative, while also being fast to implement and easy to use, yet robust and sophisticated for all types and sizes of organizations and across all industries. Our focus on these core principles has led us to design customer experience solutions that share the following characteristics:

- ***A more conversational experience:*** Through our product and platform solutions, we enable organizations to have seamless conversations with their customers, allowing organizations of all sizes and industries to transform how they engage with customers regardless of how and when those customers want to communicate. As we expand the reach of our technology, we recognize the critical importance of having our solutions work cohesively together and we are continuing to invest in supporting our product solutions on a shared services platform.
- ***Easy to use and implement:*** We build our solutions first and foremost for the people that use them every day. We focus on making the user experience intuitive and product implementation fast while managing complex processes and interactions on the backend of our software. Because of our attention to ease of use, we believe organizations who use our solutions are more effective and efficient, and are able to engage with and deliver better experiences to their customers as a result.
- ***Open and flexible platform:*** We believe that the establishment of open and public cloud computing has fundamentally changed how organizations can and will build their customer experiences. Our flexible platform leverages public cloud technologies and open standards. Organizations are able to connect and integrate customer data to build customer-focused experiences, by providing relevant customer data in one modern, flexible, and developer-friendly environment. Our platform enables many audiences - from customer support agents, to developers, to sales representatives - to get a more complete picture of the customer so they can deliver personalized experiences and adapt to evolving customer expectations.

- **Expanding access to analytics and data science:** We are committed to enabling and empowering organizations of all sizes to better understand their customers through analytics that unify data across our product and platform solutions and connect easily to outside data sources. We believe our investments in building machine learning and artificial intelligence into our solutions gives more organizations and users access to data science so they can be more efficient, informed, and proactive with their customers.

We have witnessed business software continue to undergo a sweeping shift toward consumerization over the past decade. Zendesk has embraced this shift with an approach to delivering customer experience solutions that is different from earlier generations of business software. Our goal is to remove barriers that make business software difficult to buy, deploy, and use. Our approach to software delivery focuses on the following key elements:

- **Elastic and agile:** Our product and platform solutions can easily grow and scale with our customers and be used in new departments and use cases without the expensive deployment projects required in the past. Zendesk product solutions are flexible by design and easy to configure and use. In addition to our product solutions, we enable our customers through our platform solution, which gives customers the freedom to build customer applications and experiences using open tools and cloud architecture, instead of proprietary tools and technology.
- **Try before you buy:** We believe customers should be able to try our solutions and see how they work before they commit to a purchase. Free trials are core to the marketing of our solutions and we can deliver fast prototypes and proof of concepts for our most sophisticated prospective customers. We offer a wide range of trial experiences for our solutions, ranging from introductory offerings to experiences geared towards larger organizations, each with an ability to begin an implementation during the evaluation period.
- **Price transparency:** We provide our customers a well-defined total cost of ownership across our solutions by providing transparent and predictable pricing. Our pricing is designed to make our software accessible to customers of all sizes by offering a variety of subscription packages that include features based on customer need. We offer subscriptions that may be purchased online and deployed without the need to engage a sales or enablement professional.

## Growth Strategy

Zendesk was founded with a mission to help organizations build better relationships with their customers. We have continued to pursue that mission by building and delivering our customer experience solutions, which include product solutions and a platform, that help organizations be the company their customers want them to be. We believe our future growth will be a natural extension of our mission, and we are focused on the following key growth drivers:

- **Making experiences simple for organizations and their customers:** At our core, we believe that customer experiences should be simple and effortless. This belief has enabled us to build a compelling brand among both small to mid-sized organizations and larger organizations for which our ease of use, quick return on investment, and agility and flexibility are important differentiators. Our customer experience solutions provide simple and contextual interfaces across the customer journey and multiple communication channels for organizations interacting with their customers. Additionally, our product and platform solutions have been built on the premise that our solutions should be easy to discover, deploy, and purchase so that any organization, from startup to large organizations, can realize their value.
- **Expanding our market by maturing and investing in our customer experience solutions:** From our roots in customer service software, we have evolved to helping organizations design, build, and manage their entire customer experience infrastructure and transform how they interact and proactively engage with their customers. Our product solutions have expanded to serve the entire customer journey. Our focus is to engage in customer-facing conversations for our customers and to expand our footprint in support, sales, and beyond. We will continue to mature our product and platform features and usability across communication channels, while also integrating and expanding our solutions across functions and use cases.

Our objective is to enhance the customer experience by extending our solution and accelerating development through our unified platform. With our platform solution, we provide organizations the ability to unify and use customer data to build a more complete picture of that customer and deliver them unique experiences. Developers gain the ability to build and deploy custom applications and services faster because of the flexibility, scale, and capabilities of the public cloud. With the addition of our messaging platform, organizations can build more unified conversational experiences by integrating social, web, and mobile messaging channels into their own apps and services. We will continue to expand the capabilities of our platform solution and its integration with our product solutions.

Additionally, we will continue our investments in building automation, machine learning and artificial intelligence into our product and platform solutions, empowering organizations to harness the power of data science and be more efficient, informed, and proactive with their customers.

- **Being strategic partners with our customers who are larger organizations:** With our customer experience solutions, we are increasingly evolving from a software vendor to a trusted partner that is strategically engaging with our customers around their visions and digital transformations. We are helping organizations build or transform their organizations around their customer experience. We are scaling these capabilities by continuing to build and mature our expertise in sales, success, relationships, systems architecture, and integrations. Additionally, we are continuing to develop a partner ecosystem strategy to help us reach and serve more of our customers who are larger organizations and build a community of developer evangelists for our CRM platform.
- **Intentionally differentiate for our customers:** With approximately 111,100 logos as of December 31, 2021, our customers range from startups to traditional small and mid-sized organizations to large organizations. These customers have very different dynamics and needs. To better engage with our customers, we are differentiating our offerings and services. For large organizations, we want to be the strategic provider of modern customer experiences, built on and extended with our platform solution. To accomplish this, we aim to continue to develop and focus a coordinated team to collaborate product development, go-to-market initiatives, and customer success and support for our customers that are larger organizations. For our customers who are small and mid-sized organizations, we want to continue to be the easiest solution to implement, use, and scale. We will continue to enhance our self-service capabilities for our customers' standard needs and requests, while engaging with our customers on higher-value strategic initiatives. For further details as to how we calculate our number of logos, please see the discussion in the "Key Business Metrics" section included in Item 7 of Part II of this Annual Report on Form 10-K.

Our principle of democratizing software has developed into an efficient business model represented by expansion within customers and organic growth through promotion by our customers. We will continue our focus on providing customer experience solutions that create simple and straightforward experiences for both our customers and the organizations they support.

With our customer experience solutions, Zendesk has served a global market and, for the year ended December 31, 2021, we generated 49% of our revenue outside of the United States. We have customers in more than 160 countries and territories, and solutions available in more than 30 languages. We will continue to invest in expanding our global footprint, particularly in those markets where we have demonstrated significant customer traction with our democratized approach or which represent particularly strategic opportunities. We are also taking a more coordinated approach to our business outside the U.S. to further invest in our international business. We plan to continue to develop our leadership in sales and operations, standardize processes and metrics, share best practices across regions, and mature our partner ecosystem.

### **Zendesk Solutions**

Zendesk's customer service and sales solutions are built to help organizations address the rise in customer expectations and to craft their customer experiences into a competitive differentiator. Zendesk solutions are developed to support a shared services infrastructure and common customer data platform. Zendesk's solutions are developed using agile software techniques, and are designed to quickly incorporate and innovate on feedback from our customers. This approach allows us to share our newest technology with customers, and quickly adapt our solutions to address customer needs.

Zendesk offers product solutions that are used throughout the customer lifecycle by key customer facing teams, including support, sales, customer success, and more.

- **Zendesk Support**, our flagship product solution, is an easy-to-use system for tracking, prioritizing, and solving customer support tickets across multiple channels, bringing customer information and interactions into one place.
- **Zendesk Chat** is live chat and messaging software that provides a fast and responsive way to connect with customers on websites, on mobile devices, and through social messaging applications.
- **Zendesk Talk** is cloud-based call center software for more personal and productive voice and short message service support conversations and enables organizations to provide voice support from the same platform they use to manage all other support channels.

- **Zendesk Guide** is a knowledge base that powers both customer self-service and support agent productivity through content that is created and organized by our customers. Guide content is available via self-service website, accessible through APIs on websites, in apps and mobile devices, and surfaced to agents within Support and Chat. Additionally, Answer Bot is a feature available within Guide that uses machine learning to automatically answer customers' questions by suggesting content from the Guide knowledge base.
- **Zendesk Gather** is community forum software that allows customer end-users to connect and collaborate.
- **Zendesk Explore** provides analytics for organizations to measure and improve the entire customer experience, with instant access to the customer analytics that matter and the deeper understanding of customers and business that comes with it.
- **Zendesk Sell** is a sales CRM product solution to enhance productivity, processes, and pipeline visibility across customers' organizations. Sell is easy to use and designed to keep sales representatives selling. Zendesk Sell eliminates the friction from deal updates so representatives and management are always able to access, analyze, and collaborate on relevant deal data.

Zendesk's platform solutions and developer tools allow organizations to extend the functionality of our customer experience solutions, integrate into internal and third-party systems, and customize the experience for their employees and customers. These include:

- **Zendesk Sunshine**, our open and flexible platform solution that allows organizations to address an increasingly broader set of customer experiences. Sunshine provides organizations with the ability to develop a more complete picture of their customer with flexible databases and the ability to model, store and manage customer profiles, events, objects and relationships. Organizations can connect and integrate this data across our product solutions with other business applications to build highly specialized workflow and unique customer experiences.

Zendesk Sunshine includes the following key features: *Unified Profiles* facilitate building customer profiles with attributes from third-party applications to obtain a more complete picture of customers; *Custom Events* capture customer interactions, such as shopping cart, web, or mobile activity, which in turn provides a dynamic view of the customer journey; and *Custom Objects* store and connect new data sources, such as products and order history, for greater context about customers.

- **Sunshine Conversations** is the platform solution our messaging capabilities are built on that allows businesses to extend Zendesk's messaging capabilities for more sophisticated use cases and empowers organizations to proactively engage customers, introduce third-party bots for automation, and design bespoke messaging experiences that help customers transact directly within the conversation, such as browsing products, making reservations, and making payments.
- **Zendesk Developer Tools**, a combination of our application programming interfaces, or APIs, web widget, and mobile software development kits allow developers to embed Zendesk experiences natively on the web and within mobile applications.
- **Zendesk APIs** are extensible and built on open standards, allowing users to build custom integrations and interact with Zendesk data using over 1,000 different API endpoints.
- **Zendesk Apps** enable organizations to customize Zendesk product and platform solution interfaces and optimize workflow through powerful plug-ins. Our customers can build custom apps or select from over a thousand pre-built apps and integrations on the Zendesk Marketplace.

## Zendesk Suite

In the first quarter of 2021, we released a new version of our omnichannel offering, which combines many of our existing solutions (which among other features include Support, Chat, Talk, Guide, Explore, and Sunshine) into a complete customer experience offering - Zendesk Suite. Zendesk Suite combines our customer experience solutions into easy to purchase plans, which grow as our customers' needs grow.

With Zendesk Suite, our customers get the components they need to deliver exceptional customer experiences. First, we help our customers provide support where and how it is convenient for their customers, and we allow our customers to

customize the experience to fit their businesses. Second, we help agents, administrators, and internal teams do their best work by giving them powerful tools to manage conversations, collaborate effectively, and create content for customers all within a unified workspace. Finally, we keep our customers' businesses in sync during the customer experience process through a unified view of their customer, enhanced integration and extension capabilities, world-class customer experience analytics, and workflows that make it easy to automate and optimize the experience.

Zendesk Suite also features our unified messaging capabilities. Zendesk messaging delivers rich conversational experiences for businesses that are connected and engaging with customers across websites, mobile devices or social messaging applications. Zendesk messaging is easy to automate and can be customized within our open and flexible platform.

## Technology

We employ a modern technology architecture in which our solutions are built upon a set of core APIs that enable rapid innovation and deep integration. The technology infrastructure used for the Zendesk customer experience solutions are designed to provide a highly available and scalable cloud-based platform with industry-standard security measures.

Zendesk's strategy is to leverage the open and public cloud both in hosting our applications and providing platform tools and services for developers, for both extensions of Zendesk as well as to power their own applications and experiences. We believe this provides Zendesk and our customers with greater reliability, performance, and flexibility than operating through proprietary platforms and self-managed data centers.

The architecture and deployment of our software are described and guided by the following key characteristics:

- **Reliability.** Our customers are highly dependent on our solutions, which are designed to be available 24 hours a day, 365 days a year. We provide transparency to customers on availability and technical operations matters that impact them through our website and other channels.
- **Scalability.** Our data infrastructure is highly scalable and regularly processes a high volume of data driven requests that require the processing of specific data.
- **Security.** Each of our solutions is designed to host a large quantity of customer data. We maintain a comprehensive security program designed to help safeguard the security and integrity of our customers' data. We regularly review our security program. In addition, we regularly obtain third-party security audits and examinations of our technical operations and practices covering data security.

## Customers

As of December 31, 2021, we had an aggregate of approximately 111,100 logos using our solutions. Prior to purchase, we generally provide our prospective customers with the opportunity to try fully-functioning versions of our solutions for a free trial period. This is a central part of our business model as we believe prospective customers should have the right to try solutions before being locked into a subscription. Providing our customers with a free trial period exposes customers to our brand and establishes a relationship that can facilitate further adoption of our solutions as organizations grow in size and their needs become more complex. For further details as to how we calculate our number of logos, please see the discussion in the "Key Business Metrics" section included in Item 7 of Part II of this Annual Report on Form 10-K.

Our customers are located in over 160 countries and territories and represent organizations across a broad array of sizes, industries, and geographies.

## Research and Development

Our research and development organization is responsible for the development, design, and testing of all aspects of our product and platform solutions. We invest heavily in these efforts to continuously improve and innovate. In addition to our product and platform solutions, we have developed multi-functional APIs that we utilize to build our solutions as well as facilitate integrations of our solutions with third-party applications.

Our global research and development team is primarily based in San Francisco, California; Melbourne, Australia; Dublin, Ireland; Krakow, Poland; Copenhagen, Denmark; Singapore; and Madison, Wisconsin. To foster rapid innovation, our research and development team is further apportioned into smaller, agile development teams.



We deploy new features, functionality, and technologies across our solutions through software releases or updates in order to minimize disruption and provide for constant improvement.

To create a product roadmap that meets our customers' needs, we emphasize collaboration during the development process. Customers provide input through feedback forums, dialogue with our product support and research and development teams, and feature utilization. As a result of using our solutions internally to support our customers, we also develop new or improved features based on our own employees' feedback.

As of December 31, 2021, we had approximately 1,650 employees in our research and development organization. Our research and development expenses were \$352 million, \$255 million, and \$208 million for the years ended December 31, 2021, 2020, and 2019, respectively.

### **Sales and Marketing**

Subscriptions to our product and platform solutions are designed to be easy to purchase. A substantial number of our customers subscribe to our solutions with limited or no direct interaction with our sales team.

We also deploy a direct sales approach, which includes a sales team based in four regional hubs: North America, LATAM (Latin America), EMEA (Europe, Middle East, and Africa), and APAC (Asia-Pacific). This team manages prospective and current customers, aiming to initiate, retain, and expand their use of our solutions over time, and is responsible for driving expansions and renewals of existing contracts. Our sales team also partners with sales and product engineers to provide pre-sales technical support to prospective customers.

We expect to continue increasing penetration into larger organizations through a land and expand strategy whereby we attempt to capitalize on the use of our solutions by a functional or geographic department to expand the use of our solutions into other use cases throughout the organization. Through our sales team, we also seek to discover and work with a growing number of forward-thinking organizations on larger initiatives to transform their approach to customer experience.

We also utilize indirect sales channels, including referral partners, resellers, business process outsourcers and implementation partners. These channel partners provide additional sales coverage, particularly in geographic markets where we may have limited presence, as well as implementation services to our customers. We plan to continue investing in these relationships to help us in certain markets and to complement our direct sales efforts.

Our marketing efforts are focused on generating awareness of our solutions, creating sales leads, nurturing prospective customers through the process of product discovery and evaluation, establishing and promoting our brand, and cultivating a community of successful and vocal customers. Based on our belief that the best method to sell subscriptions to our solutions is to provide customers with the opportunity to actively use and explore our solutions' capabilities, one focus of our marketing team is to drive and encourage free trials and the successful conversion of free trials to paid subscriptions. We utilize both online and offline marketing initiatives, including digital advertising such as search engine, paid social, e-mail and product marketing, content marketing, user events, conferences, corporate communications, web marketing and optimization, and outbound list and contact generation.

As of December 31, 2021, we had approximately 2,340 employees in our sales and marketing organizations. Our sales and marketing expenses were \$680 million, \$512 million, and \$397 million for the years ended December 31, 2021, 2020, and 2019, respectively.

### **Product Support, Customer Success, and Professional Services**

We strive to exemplify the great customer experiences that organizations of all sizes can provide with our product and platform solutions by offering multi-channel service from our product support team, a rich self-help knowledge base with detailed product guides, and active community forums for agents, managers, and developers.

We offer different levels of product support based upon the subscription plans purchased by our customers. Regardless of the plan purchased, our solutions provide a unified intuitive interface, connectivity to our self-help knowledge base and community forums, and step-by-step tutorials to help users learn, use, and deploy our solutions effectively.

We additionally offer a variety of customer success initiatives aimed to address customer needs with varying levels of complexity, from our small business customers to even our largest customers. These initiatives are designed to ensure that our customers are best equipped to meet their business goals and to realize the full value of the implementation of our solutions.

Along with our global partners, our professional services team assists our customers in implementing more complex deployments of our solutions. These services include implementing our products for new and existing business processes, advising our customers on customer experience best practices and optimizing their infrastructure as a trusted partner. Service engagements are typically scoped on a time and materials or fixed fee basis and billed separately from the subscription to our solutions.

Through our training platform, we offer free on-demand training, paid courses and certifications to help our customers quickly learn how to effectively use our solutions as well as implement best practices. Courses are available online. Our training sessions are typically targeted for specific roles, such as agent essentials or administrator expert, to more effectively tailor training to intended audiences.

### **Seasonality**

We have experienced, and expect to continue to experience in the future, seasonality in our business, and our operating results and financial condition may be affected by such trends in the future. We generally experience seasonal fluctuations in demand for our solutions and services, and believe that our quarterly sales are affected by industry buying patterns. For example, we typically have customers who add flexible agents when they need more capacity during busy periods, especially in the fourth quarter, and then subsequently scale back in the first quarter of the following year. We believe that the seasonal trends that we have experienced in the past may continue for the foreseeable future.

### **Competition**

There are a number of established and emerging competitors in the broad market of customer engagement software. This market is fragmented, rapidly evolving, and highly competitive, with relatively low barriers to entry in some segments. We consider the principal competitive differentiators in our market to include:

- Enablement of customer communications across channels;
- Solutions that are open and flexible;
- Time to value realization through ease-of-deployment and use;
- Availability of self-service options;
- Data-rich analytics and performance recommendations;
- Mobile and multi-device capabilities;
- Proactive outreach tools;
- Product and platform solutions grounded in customer experience;
- Customization and integration with third-party applications;
- Brand recognition and thought leadership; and
- Total cost of ownership for the customer (including software updates, ongoing maintenance, and consulting and system integration fees).

While we believe that we successfully compete with respect to these dynamics, given the large number, disparate sizes, and varying areas of focus of other organizations with which we compete in the provision of customer experience solutions, we may not always compare favorably with respect to some or all of the foregoing factors.

For small to midsized organizations, we often compete with general use computer applications and other tools that organizations have adapted for managing relationships with their customers, including shared accounts for email communication, phone banks for voice communication and text messaging, shared accounts for social messaging, and pen and paper, text editors, and spreadsheets for tracking and management. In addition, we compete with a number of other software as a service, or SaaS, providers with focused applications or broader suites of product offerings designed to appeal to small to midsized organizations, which may be competitive to one or more of our product and platform solutions, such as Freshworks Inc. and HubSpot, Inc. For larger organizations, we compete with custom software systems and software vendors geared towards larger organizations, including salesforce.com, Inc. and ServiceNow, Inc., each of which may have greater operational flexibility to bundle competing products and services with other software offerings, or offer them at a lower price than our current Zendesk Suite offering, which will negatively affect our competitiveness for that offering. Other established SaaS

providers not currently focused on the functionality that our solutions provide may expand their services to compete with us as well. Additionally, some existing and potential customers, particularly large organizations, have elected, and may in the future elect, to develop their own internal customer support software system. Pricing pressures and increased competition generally could result in reduced sales, reduced margins, losses, or the failure of our solutions to achieve or maintain more widespread market acceptance, any of which could harm our business.

In order to maintain and improve our competitive position in the market, we remain focused in our development, operations, and sales and marketing efforts on the evolving customer service needs of all organizations.

### **Intellectual Property**

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

We have developed a patent program, and a strategy to identify, apply for, and secure patents for innovative aspects of our platform and technology. We have fourteen issued U.S. patents and fourteen U.S. patent applications pending. We intend to pursue additional patent protection to the extent we believe it would be beneficial and cost-effective.

We actively pursue registration of our trademarks, logos, service marks, and domain names in the United States and in other key jurisdictions. We are the registered holder of a variety of United States and international domain names that include the term Zendesk or certain variations. Our solutions and services utilize our “Zendesk” trademark as well as our logo and images.

We also rely on certain intellectual property rights that we license from third parties, including under certain open source licenses. Though such third-party technologies may not continue to be available to us on commercially reasonable terms, we believe that alternative technologies would be available to us.

Our policy is to require employees and independent contractors to sign agreements assigning to us any inventions, trade secrets, works of authorship, developments, and other processes generated by them on our behalf and agreeing to protect our confidential information, and all of our key employees and contractors have done so. In addition, we generally enter into confidentiality agreements with our vendors and customers. We also control and monitor access to, and distribution of, our software, documentation, and other proprietary information.

Although we rely on intellectual property rights, including patents, trade secrets, copyrights, trademarks, a variety of contractual arrangements, and confidentiality procedures, we believe that factors such as the technical and creative skills of our personnel, development of new features and functionality, and frequent enhancements to our solutions are more fundamental to establishing and maintaining our technology leadership position.

### **Human Capital Management**

As a service-first customer relationship management company, we design customer experience solutions that drive improvements in the relationships between organizations and their customers. We believe that to achieve that purpose, it is essential to invest in building an engaged, diverse, supported, and incentivized workforce who can empathize and empower our customers to build those relationships.

Our values are as follows:

- **Inclusivity.** We believe diversity makes us stronger and strive for a workplace where everyone feels welcome.
- **Humblidence.** We achieve success with our winning combination of humility and confidence.
- **Trust.** We put our customers at the center of our business and are always working to earn their trust.
- **Simplicity.** We design technology to reduce complexity and create better experiences for everyone.
- **Purpose.** We do everything with intention and focus on work that moves us forward.
- **Community.** We want to be a champion of empathy and a force for good in the places we live and work, and the world at large. Our values are deeply woven into the fabric of our company and will be represented in how we show up for our employees and our customers.

The Company employed approximately 5,860 people as of December 31, 2021, including the following employees in each region as provided below:

Region	Employee Count
Americas	2,800
EMEA	1,390
APAC	1,390
LATAM	280

Although we have statutory employee representation obligations in certain countries, our U.S. employees are not represented by a labor union. We have not experienced any work stoppages.

Our primary initiatives in attracting, retaining, and developing our employees include:

#### *Diversity, Equity, and Inclusion*

Inclusivity is the first among our values and we are working to build a diverse and creative company where all employees feel empowered and comfortable being their authentic selves. Our diversity, equity and inclusion strategy is focused on taking sustained action to build a belonging-rich environment where the mosaic of our employees can find success and where differences can be leveraged towards innovation.

In the year ended December 31, 2021, our workforce grew by over 1,700 employees. As of December 31, 2021, approximately 39% of our global workforce identify as female and 59% identify as male, with approximately 2% of employees who did not disclose an identification. Within the United States, our employees self-identified their race and ethnicity as provided below (as of December 31, 2021):

Race/Ethnicity	Employees (% of total)
White	61 %
Asian	20 %
Hispanic or Latino	7 %
Black	6 %
Multiracial	4 %
Native Hawaiian or Other Pacific Islander	< 1%
American Indian or Alaska Native	< 1%
Undisclosed	1 %

We will continue to drive progress through targeted recruiting partnerships, debiasing our job descriptions using artificial intelligence software, and implementing initiatives that focus on ensuring greater representation from underrepresented communities in our sourcing processes.

We are also focused on the retention of diverse talent through a focus on building belonging-rich environments. Our employee communities continued to play a critical role in building our inclusive culture in 2021 by embedding inclusive practices within leadership and providing our employees with support tailored to their needs. Employee communities are supported by executive sponsors, representing many of our regions and offering development opportunities through coaching, mentorship programs, and discussion forums. We currently offer eight communities that represent persons of color, LGBTQ+ employees, women, veterans, parents and caregivers, multigenerational employees, and persons who are neurodivergent or have physical disabilities.

To ensure that our value of inclusivity permeates throughout our organization, in 2021, we continued our investments in inclusive talent management. We have a global equity policy which encourages our employees to seek opportunities to promote equity through our work, model respectful and inclusive behavior, and prevent and report policy violations. We established a diversity council made up of senior executives to ensure governance and accountability on our commitments by promoting policies and practices that are conducive to the development of a diverse, high-performing organization. We also successfully launched and graduated the first cohort of our talent development program, Ignite, aimed at developing the next generation of

rising underrepresented leaders at Zendesk through one-on-one mentoring, networking events, and group coaching. The positive impact of these combined efforts was evidenced in our 2021 employee engagement scores (with a response rate over 80%) with results evidencing confidence that our leaders are promoting an inclusive work environment.

#### *Culture and Engagement*

As a company, we are investing in the future of our employee experience with a philosophy aligned to our view on the future of customer experience. Just as we build our solutions first and foremost for the people that use them every day, we also build an organization and culture that trusts, values, and empowers our employees. We listen to our employees and use their feedback to shape our employee experience priorities. Based on results from our internal employee survey, our employee engagement in 2021 remained above our industry benchmark and we hit a record percentage of employee participation.

We continue to primarily operate in a remote capacity during the pandemic. Post-pandemic, we intend for a significant proportion of our workforce to continue to be designated as remote employees. By hiring and maintaining more remote teams, we are able to more easily enter new geographical regions to support our customers, and expand our talent footprint while keeping diversity top-of-mind. Throughout 2021, we have supported our employee population in working remotely by providing them with guiding principles on how to embrace a dynamic work style - principles that give our employees flexibility in how they best work, leveraging technology to bring people together in an easy and more inclusive way while being more thoughtful when we ask people to come together in person.

We believe that building a high performing and agile workforce requires enabling our employees to learn, adapt, and model strong leadership capabilities as we grow. Over 1,000 employees across levels actively participated in learning programs in 2021. All employees had access to always-on learning opportunities via our online learning platform, which included programs both internal and external for building leadership capabilities, fostering equity and inclusion, and working in a digital-first environment.

#### *Total Rewards*

Our total rewards programs are designed to attract, reward and motivate our employees in a transparent and equitable way in line with our company core values. We strive to innovate and evolve our reward programs to be market competitive and comprehensive to cover employees at every stage of their personal and professional path. We are focused on keeping wellness as the foundation for all employees globally. We review our programs annually to ensure we maintain competitiveness and rely on employee feedback to shape and evolve our offerings.

- *Comprehensive Benefits:* We strive to offer options that are competitive, locally relevant and provide the resources needed to live fully, healthily, and balanced in work and life. Our benefits include comprehensive healthcare, income protection insurance, time off and leave programs, retirement programs and additional resources to support employees' overall well-being.
- *Mental Health & Well-being:* We provide access to programs that strengthen and support the emotional wellness and resiliency of our workforce. These resources include online therapy programs from licensed clinicians, relationship counseling and critical incident support, and an online application that promotes mindfulness and guided meditation. In 2021, we continued to see strong employee engagement in our well-being solutions where utilization remained consistent in all programs throughout the year.
- *Family Resources:* We have established programming, policies, and workplace practices to promote work and life harmony and strengthen social connectedness. Employees have access to an online platform that finds general care services to support employees in balancing work and life. We also offer family-forming benefits with access to employer-sponsored funds to pay for fertility treatments and family-forming services, including adoption and surrogacy. We have a global parental leave program with an equal length of time for all parents.
- *Pay Equity:* We are committed to pay equity and perform a global pay equity analysis on an annual basis.

#### *Social Impact*

Our Social Impact initiatives are informed by our core value of community. With the goal of facilitating life-changing moments of connection – by mobilizing our people, product and resources – we support nonprofit organizations that strengthen communities, advance equity and promote resilience. Our goals for social impact fall into four core areas:

- *Giving Money:* In 2021, Zendesk’s corporate foundation funded approximately \$4 million in grants to global and community nonprofits supporting our areas of focus. Additional funds were allocated to employees through our giving platform, with funds going to a wide range of recipients and causes including Afghan refugees, schoolgirls in India, coral reef restoration, and COVID-19 relief.
- *Giving Time:* Zendesk has transitioned to virtual volunteering as a way to stay connected to one another and our communities, even during the COVID-19 pandemic. In 2021, our employees volunteered over 5,000 hours, mentoring students and job seekers, creating greeting cards and participating in educational and advocacy programs.
- *Giving Technology and Expertise:* Zendesk’s Tech for Good program provides free software and expertise to nonprofits that address urgent social problems. By leveraging the power of customer experience tools, our partners are able to improve efficiency and magnify their impact.
- *Improve our Environmental Stewardship:* Zendesk’s sustainability program has three components: measuring our impact on the environment; trying to reduce that impact; and, mitigating our impact through carbon offsets and removals. We support ecosystem restoration under the broader umbrella of promoting resilience in local communities.

### **Regulatory Considerations**

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

Our customers, and those with whom they communicate using our product and platform solutions, upload and store customer service and other data into our solutions and provide access to such data, generally without any restrictions imposed by us. This presents legal challenges to our business and operations, such as rights of privacy related to the content loaded into our solutions. Both in the United States and internationally, we must monitor and comply with a host of legal concerns regarding the data stored and processed in our solutions by customers. We must also monitor and comply with these issues directly in the operation of our business in these jurisdictions.

### **Geographic Information**

For a description of our revenue and long-lived assets by geographic location, see Note 15 of the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K.

### **Additional Information**

Our website is located at <http://www.zendesk.com>, and our investor relations website is located at <http://investor.zendesk.com>. Copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, are available, free of charge, on our investor relations website as soon as reasonably practicable after we file such material electronically with or furnish it to the Securities and Exchange Commission, or the SEC. The SEC also maintains a website that contains our SEC filings. The address of the site is <http://www.sec.gov>.

We webcast our earnings calls and certain events we participate in or host with members of the investment community on our investor relations website. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, press and earnings releases, and blogs as part of our investor relations website. We have used, and intend to continue to use, our investor relations website, our Twitter account (@Zendesk), and our Chief Executive Officer’s Twitter account (@mikkelsvane), as means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Further corporate governance information, including our certificate of incorporation, bylaws, governance guidelines, board committee charters, and code of business conduct and ethics, is also available on our investor relations website under the heading “Corporate Governance.” The contents of our websites are not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

**Item 1A. Risk Factors.**

*A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider such risks and uncertainties, together with the other information contained in this report, and in our other public filings. If any of such risks and uncertainties actually occurs, our business, financial condition, or operating results could differ materially from the plans, projections, and other forward-looking statements included in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report and in our other public filings. In addition, if any of the following risks and uncertainties, or if any other risks and uncertainties, actually occurs, our business, financial condition, or operating results could be harmed substantially, which could cause the market price of our stock to decline, perhaps significantly.*

**Risk Factors Summary**

Our business is subject to a number of risks that may adversely affect our business, financial condition, results of operations, and cash flows. These risks are discussed more fully below and include, but are not limited to:

***Risks Related to our Product and Platform Solutions***

- our substantial reliance on the continued market acceptance of our Support solution;
- developing our current solutions as well as new solutions that keep pace with the customer experience market;
- our ability to integrate new enhancements and solutions into our infrastructure;
- our reliance on application platform interfaces to integrate with third-party applications;

***Risks Related to our Industry***

- the intensely competitive nature of the customer experience industry among organizations of all sizes;
- our dependency on the growth of the SaaS market overall;
- the delayed reflection of new sales in our results due to recognizing revenue over the term of our customer contracts;
- the unpredictability of our results due to seasonality in industry buying patterns;

***Risks Related to Customer Retention and Acquisition***

- our substantial reliance on our customers renewing their subscriptions and purchasing additional subscriptions;
- selling to and developing our solutions for both large organizations and small to midsized organizations;
- our ability to develop and maintain successful relationships with channel partners;
- our ability to optimize the pricing model for our solutions to maximize attraction of new customers;
- our reliance on conversion of free trials, other inbound lead generation strategies, and third-party technology partners;
- the difficulty of continuing to offer high-quality product support and customer success initiatives;
- our ability to maintain our brand;

***Risks Related to Operating and Growing a Global Business***

- quarterly fluctuations in our financial results due to various factors and increasing variability in our sales cycles;
- scaling our sales capabilities and managing our organization to achieve acceptance of our solutions internationally;
- retaining our key employees and attracting qualified personnel, particularly in the primary regions we operate;
- our history of losses and our expectation that our revenue growth rate will decline over time;
- the ability to effectively acquire or invest in companies and to successfully integrate acquired businesses;
- maintaining compliance with export and import controls given our global business;
- our ability to secure additional financing on favorable terms to meet our future capital needs;

***Risks Related to Cybersecurity, Reliability, and Data Privacy***

- service interruptions, errors, failures, or bugs in our solutions, and improper implementation of our solutions;
- our ability to securely maintain customer data and to prevent and respond to historical and future data breaches;
- increased costs from complying with privacy and security regulation, including the General Data Protection Regulation ("GDPR") and the California Consumer Privacy Act ("CCPA");

***Risks Related to Intellectual Property Matters***

- our exposure to contractual indemnification for intellectual property infringement and third-party claims;
- our use of open source software;
- a failure to protect our intellectual property rights;

***Risks Related to Tax and Accounting Matters***

- taxing authorities which may assert we owe income, sales, value added or similar taxes, either in the future or for past amounts;
- international operations which subject us to potential tax consequences and foreign exchange rate fluctuations;
- the potential for our goodwill or intangible assets to be impaired;

- limitations on our ability to use our net operating losses to offset future taxable income;
- our reliance on third-party SaaS technologies to operate our business;

***Risks Related to Macroeconomic Conditions***

- the effect of COVID-19 on global markets, the demand for our solutions, and the demand for our customers' solutions;
- unfavorable conditions in the business software applications industry;
- the occurrence of future catastrophic events;

***Risks Related to Ownership of our Common Stock and our Outstanding Convertible Notes***

- volatility in our stock price separate from our operating performance and the absence of a dividend on our stock;
- high concentration of ownership among relatively few principal stockholders;
- changing laws and regulations and potential legal proceedings related to governance and public disclosure;
- anti-takeover provisions in our charter and limitation of forum to the Delaware Court of Chancery for certain state law claims and the district courts of the United States for claims arising under the Securities Act;
- dependency on favorable securities and industry analyst reports;
- pressures on cash flows resulting from servicing our outstanding debt;
- conversion features on our debt which may affect our operating results and value of our common stock;
- counterparty risk with respect to capped call transactions entered into in connection with our debt offerings;
- accounting considerations related to interest, settlement, and expense recognition related to our outstanding debt;

***Risks Related to the Proposed Acquisition of Momentive***

- our inability to complete the proposed acquisition within the time frame anticipated or at all;
- failure to realize the anticipated benefits of the proposed acquisition or those benefits taking longer than anticipated to be realized;
- negative effects associated with uncertainty about the completion of the acquisition;
- the potential dilution of Zendesk stockholders' ownership percentage of the combined company as compared to their ownership percentage of Zendesk prior to the Merger;
- stockholder litigation could negatively affect our business and operations; and
- actions of activist shareholders or unsolicited bidders could impair our ability to consummate the Merger or otherwise negatively affect our business.

**Risks Related to Our Product and Platform Solutions**

***We derive, and expect to continue to derive, substantially all of our revenue and cash flows from Support. If we fail to adapt this product to changing market dynamics and customer preferences or to maintain or achieve increased market acceptance of Support, our business, results of operations, financial condition, and growth prospects would be harmed.***

We derive, and expect to continue to derive, substantially all of our revenue and cash flows from sales of subscriptions to Support or from sales of subscriptions to offerings and solutions primarily resulting from an interest in Support. As such, the market acceptance of this product solution is critical to our success. Demand for our solutions is affected by a number of factors, many of which are beyond our control, such as continued market acceptance of our solutions by customers for existing and new use cases, the timing of development and release of new product and platform solutions, features, and functionality introduced by our competitors, and growth or contraction in our addressable market. We expect that an increasing focus on the customer experience and the growth of various communications channels will continue to impact the market for our software and blur distinctions between traditionally separate systems for customer support, customer engagement and retention software, messaging, sales force automation, and other customer relationship management product and platform solutions, enabling new competitors to emerge. If we are unable to meet customer demands to improve relationships between organizations and their customers through flexible solutions designed to address all these needs or otherwise achieve more widespread market acceptance of our solutions, our business, results of operations, financial condition, and growth prospects will be adversely affected. Conversely, if the market for customer experience does not continue to increase relative to prior quarters, demand for our solutions will be negatively impacted.



***If we are not able to develop enhancements to our product and platform solutions, provide a unified and reliable experience between our solutions, or introduce new solutions and services that achieve market acceptance and that keep pace with technological developments, our business would be harmed.***

Our ability to attract new customers and increase revenue from existing customers depends in large part on our ability to enhance and improve our existing solutions and to introduce new solutions. In order to grow our business, we must research and develop solutions and services that reflect the changing nature of the customer experience, and expand beyond customer service to other areas of improving relationships between organizations and their customers or potential customers. In addition, as we develop and introduce new products and services, including those incorporating or utilizing artificial intelligence and machine learning, they may raise new, or heighten existing, technological, legal and other challenges. In order to retain our business, we must ensure that our existing solutions and services maintain the high level of reliability, security, and sophistication our customers will continue to expect, while ensuring that we provide a unified and seamless experience across our solutions. Those expectations will continue to evolve and the resources required to continue to maintain reliable and secure solutions and services, particularly as we increasingly rely on and sell offerings which incorporate multiple solutions such as the Zendesk Suite, will increase over time.

We have limited history in offering multiple product and platform solutions as part of a comprehensive customer experience solution to our customers. As we increase focus on the customer experience and increasingly seek to offer our solutions as part of a broader offering, we may discover challenges in creating a seamless, unified offering across our solutions that achieves market acceptance and grows our business. In the fiscal years ending 2021 and 2020, our research and development expenses were 26% and 25% of our revenue, respectively. If we do not spend our research and development budget efficiently or effectively on compelling innovation and technologies, our operating results may be harmed and we may not realize the expected benefits of our strategy.

The success of any enhancement to our solutions depends on several factors, including timely completion, adequate quality testing, service reliability, and market acceptance. Any new solution or service that we develop may not be introduced in a timely or cost-effective manner, may contain defects, introduce new service reliability issues, or may not achieve the market acceptance necessary to generate sufficient revenue. If we are unable to successfully develop new solutions or services, integrate those solutions with our existing solutions, enhance our existing solutions to meet new customer requirements, or otherwise gain market acceptance, our business and operating results will be harmed. In particular, as we continue to manage operational costs, our long-term plans for the development of our products and services may be negatively impacted.

***We may not be able to integrate new product and platform solutions into our infrastructure, which could negatively impact our future sales and results of operations.***

Our business depends in part on our ability to build or acquire product and platform solutions that both complement our existing solutions and respond to our customers' needs. Our customers also expect that new solutions will integrate with existing solutions that we currently offer. This expectation has increased especially with the launch of the Zendesk Suite, which packages multiple solutions into one offering. Our ability to successfully integrate newly developed or acquired solutions into a shared services infrastructure is unproven. Because we have a limited history in integrating newly developed or acquired solutions and the market for such solutions is rapidly evolving, it is difficult for us to predict our operating results following the integration of such solutions. If we are not able to fully integrate new solutions into our infrastructure and across multiple solutions, customer usage of our product may be disrupted, new demand for our solutions may be negatively affected if those disruptions are more broadly known, and retention of our current customers may be impacted.

***If we fail to integrate our product and platform solutions with a variety of operating systems, software applications, and hardware that are developed by others, our solutions may become less marketable, less competitive, or obsolete, and our operating results would be harmed.***

Our solutions must integrate with a variety of e-mail, messaging, software platforms, network, and hardware, and we need to continuously modify and enhance our product and platform solutions to adapt to changes in cloud-enabled hardware, software, networking, messaging, browser, and database technologies. For example, we have developed our solutions to be able to easily integrate with third-party SaaS applications and messaging platforms, including the applications of software providers that compete with us, through the interaction of application platform interfaces, or APIs. To date, we have not typically relied on a long-term written contract to govern our relationship with these providers. Instead, we are typically subject to the standard terms and conditions for application developers of such providers, which govern the distribution, operation, and fees of such software systems, and which are subject to change by such providers from time to time. To the extent that we do not have long-term written contracts to govern our relationship with these providers, we rely on the fact that the providers of such software systems continue to allow us access to their APIs to enable these customer integrations. Our business may be harmed if any provider of such software systems:

- discontinues or limits our access to its APIs;
- modifies its terms of service or other policies, including fees charged to, or other restrictions on, us or other application developers;
- changes how customer information is accessed by us or our customers;
- establishes more favorable relationships with or acquires one or more of our competitors;
- is acquired by our competitors, potentially resulting in more limited access to their systems; or
- otherwise favors its own competitive offerings over ours.

We believe a significant component of our value proposition to customers is the ability to optimize and configure our solutions to communicate with these third-party applications through our respective APIs. If we are not permitted or able to integrate with these and other third-party applications in the future, demand for our solutions could be adversely impacted and business and operating results would be harmed. In addition, we have designed mobile applications to provide access to our solutions through these devices. If we cannot provide effective functionality through these mobile applications as required by organizations and individuals that widely use mobile devices, we may experience difficulty attracting and retaining customers. Failure of our solutions to operate effectively with future infrastructure platforms and technologies could also reduce the demand for our solutions, resulting in customer dissatisfaction and harm to our business. If we are unable to respond to changes in a cost-effective manner, our solutions may become less marketable, less competitive, or obsolete, and our operating results may be negatively impacted.

#### **Risks Related to Our Industry**

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

Pricing pressures and increased competition generally could result in reduced sales, reduced margins, losses, or the failure of our solutions to achieve or maintain more widespread market acceptance, any of which could harm our business. The market for customer experience solutions is fragmented, rapidly evolving, and highly competitive, with relatively low barriers to entry. Our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, or customer requirements, and we expect competition to continue to intensify in the future. Among the small to mid-sized organizations that make up a large proportion of our customers, we often compete with general use computer applications and other tools, which these organizations use to provide support and which can be deployed for little or no cost. These include shared accounts for email communication, phone banks for voice communication and text messaging, shared accounts for social messaging, text editors, and spreadsheets for tracking and management. In addition, we compete with a number of other SaaS providers with focused applications or broader suites of product offerings, which may be competitive to one or more of our product and platform solutions that our potential customers may elect to use in lieu of our solutions, such as Freshworks Inc. and HubSpot, Inc. As a result, small to mid-sized organizations are able to switch to one of our competitors relatively easily. Additionally, as the barriers to entry are low into this market, new entrants or current competitors may be able to change branding, marketing, or sales strategy more quickly and effectively than us, and/or develop products that mimic our new product releases and sell those products at a low price, resulting in a decreased ability for us to increase our marketing pipeline or sales.

We face competition from in-house software systems, large integrated systems vendors, and smaller companies offering alternative SaaS applications. Many of our current and potential competitors have established marketing relationships, access to larger customer bases, pre-existing customer relationships, and major distribution agreements with consultants, system integrators, and resellers. Some existing and potential customers, particularly large organizations, have elected, and may in the future elect, to develop their own internal customer support software systems. Certain of our competitors have partnered with, or have acquired, and may in the future partner with or acquire, other competitors to offer services, leveraging their collective competitive positions, which makes it more difficult for us to compete with them. In particular, as multiproduct and platform offerings increase in prevalence, our competitors who focus on such offerings may, through organic growth or acquisition, be able to increasingly provide customizable platform solutions which would impact our ability to compete with them. As our offerings have additionally expanded to adjacent markets, such as integration of messaging into the customer experience platform, sales force automation and platform-based features and functionality, in which we may not have the operational history or familiarity, we may find it difficult to compete with established vendors in those markets. For all of these reasons, we may not be able to compete successfully against our current and future competitors or retain existing customers, which would harm our business.

With respect to larger organizations seeking to deploy a customer service software system, we have many competitors that are larger than us and which have greater name recognition, much longer operating histories, more established customer relationships, larger marketing budgets, and significantly greater resources than we do. For larger organizations, we compete

with customer software systems and large enterprise software vendors such as salesforce.com, Inc. and ServiceNow, Inc., each of which may have greater operational flexibility to bundle competing products and services with other software offerings, or offer them at a lower price than our current solutions, which will negatively affect our competitiveness for our solutions. Further, other established SaaS providers not currently focused on the functionality that our solutions provide may expand their services to compete with us as well. Large enterprise software vendors additionally have a greater ability to aggressively price their product at a level below their typical selling price in order to retain their existing customers and gain market share, both within the United States and in regions across the world, decreasing our ability to compete successfully with such vendors.

***If the market for SaaS business software applications develops more slowly than we expect or declines, our business would be adversely affected.***

The market for SaaS business software applications is less mature than the market for on-premise business software applications, and the adoption rate of SaaS business software applications may be slower among subscribers in industries with heightened data security interests, business practices requiring highly customizable application software, or large employee bases requiring a high level of sophistication from their business software. Our success will depend to a substantial extent on the widespread adoption of SaaS business applications in general, and of SaaS customer service applications in particular. The expansion of the SaaS business applications market depends on a number of factors, including the cost, performance, and perceived value associated with SaaS, as well as the ability of SaaS providers to address data security and privacy concerns. If SaaS business applications do not continue to achieve market acceptance, if there is a reduction in demand for SaaS business applications caused by a lack of customer acceptance, or if there are technological challenges, weakening economic conditions, data residency, data security or privacy concerns, governmental regulation, competing technologies and products, or decreases in information technology spending, it would result in decreased revenue and our business would be adversely affected.

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

We generally recognize subscription revenue from customers ratably over the terms of their contracts and a majority of our revenue is derived from subscriptions that have terms longer than one month. As a result, a portion of the revenue we report in each quarter is derived from the recognition of deferred revenue relating to subscriptions entered into during previous quarters. Consequently, a decline in new or renewed subscriptions with terms that are longer than one month in any single quarter may have a small impact on our revenue results for that quarter. However, such a decline will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our solutions, and potential changes in our pricing policies or rate of expansion or retention, may not be fully reflected in our results of operations until future periods. We may also be unable to reduce our cost structure in line with a significant deterioration in sales. In addition, because we believe a substantial percentage of subscriptions to our solutions are shorter than many comparable SaaS companies and because we have many variations of billing cycles, our deferred revenue may be a less meaningful indicator of our future financial results as compared to other SaaS companies. A significant majority of our costs are expensed as incurred, while revenue is recognized over the life of the agreement with the applicable customer. As a result, increased growth in the number of our customers could continue to result in our recognition of more costs than revenue in the earlier periods of the terms of our agreements. Our subscription model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers must be recognized over the applicable subscription term.

***Certain of our operating results and financial metrics may be difficult to predict as a result of seasonality and usage-based factors.***

We have experienced, and expect to continue to experience in the future, seasonality in our business, and our operating results and financial condition may be affected by such trends in the future. We generally experience seasonal fluctuations in demand for our solutions and services, and believe that our quarterly sales are affected by industry buying patterns. For example, we have customers who add flexible agents when they need more capacity during busy periods and then subsequently scale back the following year. We believe that the seasonal trends that we have experienced in the past may continue for the foreseeable future, particularly as we expand our sales to larger organizations. Since a large percentage of our subscriptions are monthly, customers are able to increase and decrease the number of authorized agents for whom they require a subscription quickly and easily, thereby potentially increasing the impact of seasonality on our revenue. Further, while not significant, a portion of our revenue results is not subscription-based, such as revenue related to our Talk product or revenue related to professional services, and is primarily dependent on usage-based demand, which can be difficult to predict. Seasonality within our business may be reflected to a much lesser extent, and sometimes may not be immediately apparent, in our revenue, due to the fact that we recognize subscription revenue over the term of our agreement. To the extent we experience this seasonality, it may cause fluctuations in our operating results and financial metrics, and make forecasting our future operating results and

financial metrics difficult. Additionally, we do not have sufficient experience in selling certain of our solutions to determine if demand for these services are or will be subject to material seasonality.

#### **Risks Related to Customer Retention and Acquisition**

***Our business depends substantially on our customers renewing their subscriptions, expanding the use of their subscriptions, and purchasing subscriptions for additional product and platform solutions from us. Any decline in our customer retention or expansion, or any failure by us to sell subscriptions to additional solutions to existing customers, would harm our future operating results.***

In order for us to maintain or improve our operating results, it is important that our customers renew their subscriptions when the initial contract term expires and add additional authorized agents or additional product and platform solutions to their customer accounts. Even though the majority of our revenue is derived from subscriptions to our solutions that have terms longer than one month, a significant portion of the subscriptions to our solutions have monthly terms. Our customers have no obligation to renew their subscriptions, and our customers may not renew subscriptions with a similar contract period or with the same or a greater number of agents. Some of our customers elect not to renew their agreements with us and it is difficult to accurately predict long-term customer retention. Because the revenue derived from our customers on contracts with monthly terms are often small and midsized organizations, and because small and midsized organizations can have liquidity and expense limitations more restrictive than large organizations, such revenue is particularly susceptible to changes in global demand arising from economic downturns. Additionally, as we continue to expand our offerings to appeal to larger enterprises and such customers agree to longer contractual terms with subscriptions to additional solutions, if and when such larger enterprise customers decide not to renew their contractual arrangements, the negative impact on our results and operations will accordingly be increasingly larger. Further, a substantial proportion of our revenue derives from, and our future success is substantially dependent on, our ability to expand our existing customers' use of our solutions by expanding the number of solutions to which such customers subscribe. This has required and will continue to require increasingly sophisticated and costly sales efforts, may not result in additional sales, and it may be difficult to predict the success of such efforts.

Further, we have seen the impact of COVID-19 vary significantly across different industries. Certain industries have seen increased demand for their products and services as the needs of the economy shift, while other industries have struggled to maintain demand for their products and services consistent with historical levels. Our ability to retain current customers or sell additional solutions to those customers has and will depend on our ability to understand the short-term and long-term impacts of COVID-19 on each industry. Because we have a limited history in understanding these impacts, our ability to adapt our sales and marketing initiatives to such changes may be uncertain and our ability to forecast rates of customer retention and expansion may be negatively impacted.

Our customer retention, our ability to sell additional product and platform solutions to existing customers, and the rate at which our existing customers purchase subscriptions to additional solutions may be impacted by a number of factors, including our customers' satisfaction with our solutions, our product support, our prices, the prices of competing software systems, the effects of global economic conditions, or reductions in our customers' spending levels. In addition, the rate at which our existing customers purchase subscriptions to additional solutions depends on a number of factors, including the perceived need for additional solutions to build better relationships between organizations and their customers. If our customers do not renew their subscriptions, renew on less favorable terms, fail to add more agents, fail to increase use of our usage-based solutions, or fail to purchase subscriptions to additional solutions, our revenue may decline, and we may not realize improved operating results from our customer base.

***We face a number of risks in targeting larger organizations for sales of our solutions and, if we do not manage these efforts effectively, our business and results of operations could be adversely affected.***

As we target a portion of our sales efforts to larger organizations, we expect to incur high costs and long sales cycles, and we may be less effective at predicting when we will complete these sales. In this market segment, the decision to subscribe to one or more of our product and platform solutions may require the approval of a greater number of technical personnel and management levels within a potential customer's organization than we have historically encountered, and if so, these types of sales would require us to invest more time educating these potential customers on the benefits of our solutions.

The success of the broader market acceptance of our product and platform solutions depends on offering solutions designed to give organizations of all sizes the ability to deliver powerful customer experiences with a focus on solutions that have the broadest market appeal across those organizations. Larger organizations may demand more features and integration services than small to midsized organizations. We may not be able to devote sufficient resources to developing those features and functionality in our solutions that are exclusively in demand by large organizations, which may negatively affect our potential sales to those organizations. Further, as we continue to focus on self-serve capabilities and simplicity in buying our

solutions, many of those efforts may not be effective in selling and marketing to larger organizations as those organizations may require greater customer-specific investment, which may additionally impact our potential sales to those organizations. To the extent we do invest in customer-specific investment, such investment is and will continue to be a disproportionately large focus of internal resources on a small number of customers, negatively impacting our efficient use of those resources.

We have limited experience in developing and managing sales channels and distribution arrangements for larger organizations. We may experience difficulty hiring employees with qualifications appropriate for selling to larger organizations, which could adversely affect our ability to meet expected sales targets. Further, given their generally broader international presence, selling to larger organizations also may require us to divert resources to international regions in which we may not have sufficient personnel, affecting our results of operations. Sales opportunities to larger organizations may require us to devote greater research and development, sales, marketing events, product support, and professional services resources to individual customers, resulting in increased costs and reduced profitability, and would likely lengthen our typical sales cycle, which could strain our resources. Moreover, these transactions may require us to delay recognizing portions of the associated revenue we derive from these customers until any technical or implementation requirements have been met, and larger customers may demand discounts to the subscription prices they pay for our solutions. Furthermore, because we have limited experience selling to larger organizations, our investment in marketing our solutions to these potential customers may not be successful, which could harm our results of operations and our overall ability to grow our customer base. Following sales to larger organizations, we may not fully understand the opportunities to expand usage of our solutions or to sell additional functionality within such organizations, and we may not be able to effectively predict subscription terminations, any of which could harm our results of operations.

***Our business and growth depend substantially on the success of our strategic relationships with third parties, including technology partners, channel partners, and professional services partners.***

We depend on, and anticipate that we will continue to depend on, various third-party relationships in order to sustain and grow our business. We are highly dependent upon third-party technology partners for certain critical features and functionality of our platform. For example, the features available on Zendesk Talk are highly dependent on our technology integration with products offered by Twilio Inc., the features available on Zendesk Support are highly dependent on our technology integration with products offered by Alphabet Inc., and the features available across our platform are generally dependent on our third-party hosting services and integrations with messaging services. Failure of this or any other technology provider to maintain, support, or secure its technology platforms in general, and our integrations in particular, or errors or defects in its technology, could materially and adversely impact our relationship with our customers, damage our reputation and brand, and harm our business and operating results. Any loss of the right to use any of this hardware or software could result in delays or difficulties in our ability to provide our solutions until equivalent technology is either developed by us or, if available, identified, obtained, and integrated.

For deployments of our solutions into complex technology environments and workflows, we are dependent on third-party implementation consultants to provide professional services to our customers. The failure of these third-party consultants to perform their services adequately may disrupt or damage the relationship between us and our customers, damage our brand, and harm our business.

Identifying, negotiating, and documenting relationships with strategic third parties such as technology partners and implementation providers requires significant time and resources. In addition, integrating third-party technology is complex, costly, and time-consuming. Our agreements with technology partners and implementation providers are typically limited in duration, non-exclusive, and do not prohibit them from working with our competitors or from offering competing services. Our competitors may be effective in providing incentives to third parties to favor their solutions or services or to prevent or reduce subscriptions to our solutions.

If we are unsuccessful in establishing or maintaining our relationships with these strategic third parties, our ability to compete in the marketplace or to grow our revenue could be impaired and our operating results would suffer. Even if we are successful, we cannot assure you that these relationships will result in improved operating results.

***We employ a pricing model that subjects us to various challenges that could make it difficult for us to derive sufficient value from our customers particularly because we do not have the history with our subscription or pricing models that we need to accurately predict optimal pricing necessary to attract and retain customers.***

We generally charge our customers for their use of our product and platform solutions based on the number of users they enable as 'agents' under their customer account, as well as the features and functionality enabled. The features and functionality we provide within our solutions enable our customers to promote customer self-service and otherwise efficiently and cost-effectively address product support requests without the need for substantial human interaction. As a result of these features, customer agent staffing requirements may be minimized and our revenue may be adversely impacted. Conversely, customers

may overestimate their agent needs when they initially use our solutions, negatively affecting our ability to accurately forecast the number of agents our customers need in a period. Other than subscriptions related to the Zendesk Suite, we generally require a separate subscription to enable the functionality of each of our solutions. We are continuing to analyze and improve our pricing and packaging models as we adapt to a changing market, but we do not know whether our current or potential customers or the market in general will accept changes to those models and, if it fails to gain acceptance, our business and results of operations could be harmed. In particular, in February 2021, we released a new version of our omnichannel offering, the Zendesk Suite, which offers access to Support, Chat, Talk, Guide, Explore, and Sunshine at new, unified purchase plans with various levels of pricing for different types of organizations. While we believe that simple purchase plans will enable greater adoption of the Zendesk Suite, certain organizations, such as small or midsized businesses, may not want to purchase all the included solutions in the Zendesk Suite, and other organizations may want more features offered in one solution without paying for the next purchase plan level, affecting our new business, retention, and sales for additional solutions. Those purchasing decisions will be difficult to predict due to our limited experience offering the new Zendesk Suite, and we may not fully understand the impact of our pricing changes in the market. If we fail to find an optimal pricing strategy for our latest offering, our business and results of operations may be harmed. If customers do not accept our new purchase plans, we may increasingly have difficulty in our ability to attract new customers as well as our ability to retain existing customers to the extent we apply new pricing models to existing customer agreements. Our current pricing model may be either too complex, too simple, or too expensive depending on the size of the organization to which we are selling our offering. Pricing decisions may also impact the mix of adoption among our subscription plans and negatively impact our overall revenue. Moreover, larger organizations may demand substantial price concessions. As a result, in the future we may be required to reduce our prices or develop new pricing models, which could adversely affect our revenue, gross margin, profitability, financial position, and cash flow.

Finally, as the market for our solutions matures, or as new competitors introduce new solutions or services that compete with ours, we may be unable to attract new customers at the same price or based on the same pricing models as we have used historically.

Our terms of service generally prohibit the sharing of user logins and passwords. These restrictions may be improperly circumvented or otherwise bypassed by certain users and, if they are, we may not be able to capture the full value of the use of our solutions. We provide access and use of our solutions exclusively for our customers' internal use. If customers improperly resell or otherwise make our solutions available to their customers, it may cannibalize our sales or commoditize our solutions in the market. Additionally, if a customer that has received a volume discount from us offers our solutions to its customers in violation of our terms of service, we may experience price erosion and be unable to capture sufficient value from the use of our solutions by those customers.

While our terms of service provide us the ability to enforce our terms, our customers may resist or refuse to allow us to audit their usage, in which case we may have to pursue legal recourse to enforce our rights. Any such enforcement action would require us to spend money, distract management, and potentially adversely affect our relationship with our customers.

***We are highly dependent upon free trials of our solutions and other inbound lead generation strategies to drive our sales and revenue. If these strategies fail to continue to generate sales opportunities or do not convert into paying customers, our business and results of operations would be harmed.***

We are highly dependent upon our marketing strategy of offering free trials of our solutions and other inbound lead generation strategies to generate sales opportunities. As we increasingly focus on our core strengths of simplicity, agility, and offering solutions that are easy to adopt, it will be additionally increasingly critical to maintain a simple trial experience that markets and leads to an easy adoption of our solutions. These strategies may not be successful in continuing to generate sufficient sales opportunities necessary to increase our revenue. Many early users never convert from the trial version of a solution to a paid version of such solution. We often depend on individuals within an organization who initiate the trial versions of our solutions being able to convince decision makers within their organization to convert to a paid version. Many of these organizations increasingly have complex and multi-layered purchasing requirements, especially the larger organizations that we continue to target. Furthermore, in the case of our sales force automation software and features and functionality related to our platform offering, we are increasingly pursuing decision makers that are not in the customer support organizations that we have traditionally targeted. Additionally, as we offer new, broader pricing and packaging offerings for our solutions, we may not be able to understand how our prospective customers trial and use each individual solution, negatively affecting our ability to sell additional solutions effectively to those organizations. To the extent that these users do not become, or are unable to convince others to become, paying customers, we will not realize the intended benefits of this marketing strategy and our ability to grow our revenue will be adversely affected.

***Any failure to offer high-quality product support or customer success initiatives may adversely affect our relationships with our customers and our financial results.***

In deploying and using our product and platform solutions, our customers depend on our product support team, customer success organization, and our professional services organization to resolve complex technical and operational issues. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for product support. We also may be unable to modify the nature, scope, and delivery of our product support to compete with changes in product support services provided by our competitors. Increased customer demand for product support, without corresponding revenue, could increase costs and adversely affect our operating results. Adoption of the Zendesk Suite and increasing usage by customers of multiple solutions may additionally increase demand on our product support team and customer success organizations. We may allocate resources to support such increased demand and, as a consequence, our support of any individual solution may suffer. Additionally, we may be unable to develop our customer success organization to continue to support the increasing level of complexity that our customers that are large organizations require while maintaining the same level of engagement across all customers. For example, adoption of features and functionality related to our platform offering may increase demand on our professional services organization as customers may increasingly demand platform-related features that may not currently exist.

Our sales are highly dependent on our business reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality product support, or a market perception that we do not maintain high-quality product support, maintain a high complexity customer success organization, or maintain an adaptive and responsive professional services organization, could adversely affect our reputation, our ability to sell our solutions to existing and prospective customers, and our business, operating results, and financial position.

***If we are unable to develop and maintain successful relationships with channel partners, our business, operating results, and financial condition could be adversely affected.***

To date, we have been primarily dependent on our direct sales force to sell subscriptions to our product and platform solutions. Although we have developed certain channel partners, such as referral partners, resellers, and integration partners, these channels have resulted in limited revenue to date. We believe identifying, developing, and maintaining strategic relationships with additional channel partners are important to driving revenue growth for our company, and we will continue to dedicate resources to those efforts. Our agreements with our existing channel partners are non-exclusive, meaning our channel partners may offer customers the solutions of several different companies, including solutions that compete with ours. They may also cease marketing our solutions with limited or no notice and with little or no penalty. We expect that any additional channel partners we identify and develop will be similarly non-exclusive and not bound by any requirement to continue to market our solutions. If we fail to identify additional channel partners, in a timely and cost-effective manner, or at all, or are unable to assist our current and future channel partners in independently selling and deploying our solutions, our business, results of operations, and financial condition could be adversely affected. Additionally, customer retention and expansion attributable to customers acquired through our channel partners may differ significantly from customers acquired through our direct sales efforts. If our channel partners do not effectively market and sell our solutions, or fail to meet the needs of our customers, our reputation and ability to grow our business may also be adversely affected.

Sales by channel partners are more likely than direct sales to involve collectability concerns. In particular, sales by our channel partners into developing markets, and accordingly, variations in the mix between revenue attributable to sales by channel partners and revenue attributable to direct sales, may result in fluctuations in our operating results.

***If we are not able to maintain and enhance our brand, our business, operating results, and financial condition may be adversely affected.***

We believe that maintaining and enhancing our reputation as a differentiated and category-defining company in customer experience solutions is critical to our relationships with our existing customers and to our ability to attract new customers. The successful promotion of our brand attributes will depend on a number of factors, including our marketing efforts, our ability to continue to develop high-quality software, and our ability to successfully differentiate our product and platform solutions from competitive solutions and services. Our ability to maintain our brand will depend on ensuring we communicate our core strengths in simplicity, agility of our solutions, and easy adoption of sophisticated solutions to our prospective customers, particularly as compared to our competitors offering products to small and midsized organizations and other competitors offering products to larger organizations. We are and have been highly dependent upon “consumer” tactics to build our brand and develop brand loyalty, but may need to increasingly spend significant energy to develop branding to retain and increase brand recognition with our customers who are larger organizations. In addition, independent industry analysts often provide reviews of our solutions, as well as products and services offered by our competitors, and perception of our solutions in the marketplace may be significantly influenced by these reviews. If these reviews are negative, or less positive as compared to those of our competitors’ products and services, our brand may be adversely affected. It may also be difficult to maintain and

enhance our brand, specifically following the launch of our updated corporate brand, in connection with sales through channel or strategic partners.

The promotion of our brand requires us to make substantial expenditures, and we anticipate that these expenditures will continue to increase, as our market becomes more competitive, as we expand into new markets, and as more sales are generated through our channel partners. To the extent that these activities yield increased revenue, this revenue may not offset the increased expenses we incur. If we do not successfully maintain and enhance our brand, our business may not grow, we may have reduced pricing power relative to competitors, and we could lose customers or fail to attract potential customers, all of which would adversely affect our business, results of operations, and financial condition.

#### **Risks Related to Operating and Growing a Global Business**

***Our quarterly results may fluctuate significantly from period to period, and if we fail to meet the expectations of analysts or investors, our stock price and the value of an investment in our common stock could decline substantially.***

Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control. If our quarterly financial results fall below the expectations of investors or any securities analysts who follow our stock, the price of our common stock could decline substantially. Some of the important factors that may cause our revenue, operating results, and cash flows to fluctuate from quarter to quarter include:

- the short-term and long-term impacts of COVID-19 or any other worldwide pandemic on our business, including but not limited to a decreased demand for our solutions and services, particularly in certain industries, negative impacts on our revenue results, and an increased unpredictability in expenses and cash flow;
- our ability to attract new customers, retain and increase sales to existing customers, and satisfy our customers' requirements;
- the amount and timing of operating costs and capital expenditures related to the operations and expansion of our business;
- the rate of expansion and productivity of our sales force;
- general economic conditions that may adversely affect either our customers' ability or willingness to purchase additional subscriptions, delay a prospective customer's purchasing decision, reduce the value of new subscription contracts, or affect customer retention;
- changes in our or our competitors' pricing policies;
- the impact of security breaches, service interruptions, or other technical difficulties or reliability considerations on our solutions;
- our ability to meet the increasing expectations on product functionality of larger organizations while continuing to maintain an easily accessible solution for organizations of all sizes;
- changes in our billing and invoicing policies and customer reception of those changes;
- our investments in and our ability to successfully sell newly developed or acquired products, features, or functionality;
- increasing efforts by our customers to develop native applications as a substitute for our own;
- the timing of customer payments and payment defaults by customers;
- the timing of the grant, price of our common stock, or vesting of equity awards to employees;
- expenses such as litigation or other dispute-related settlement payments;
- changes in foreign currency exchange rates and our customers' willingness to accept the risk of those changes; and
- the impact of new accounting pronouncements.

Many of these factors are outside of our control, and the occurrence of one or more of them might cause our revenue, operating results, cash flows, gross margin, operating margin, profitability, unearned revenue, and remaining revenue performance obligations, to vary widely. As such, we believe that quarter-to-quarter comparisons of our revenue, operating results, and cash flows may not be meaningful and should not be relied upon as an indication of future performance.

***Failure to effectively maintain and scale our sales capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our product and platform solutions.***

Increasing our customer base and achieving broader market acceptance of our product and platform solutions will depend, to a significant extent, on our ability to effectively maintain and scale our sales and marketing operations and activities. We are substantially dependent on our direct sales force to obtain certain of our new customers, including larger organizations. We plan to continue to invest in our direct sales force both domestically and internationally to increase the effectiveness of our sales motions and increase our sales capacity. During the year ended December 31, 2021, our sales and marketing organization increased by approximately 700 employees to approximately 2,340 employees. There is significant competition for experienced



sales and marketing professionals with the skills and technical knowledge that we require, both domestically and internationally. Our ability to achieve significant revenue growth in the future will depend, in part, on our success in recruiting, training, and retaining a sufficient number of experienced sales and marketing professionals. New hires require significant training and time before they achieve full productivity, particularly in new sales segments and territories. In territories outside the United States, attraction, recruiting and retention of our sales personnel has been and will be increasingly difficult and costly, affecting our ability to compete in such jurisdictions. Further, as organizations worldwide adjust to continuing precautions and safety measures related to decreasing the health risks of COVID-19, our ability to connect in person with our customers and potential customers may be and has been negatively impacted, resulting in delayed sales cycles.

We cannot predict whether, or to what extent, our sales will increase as we continue to invest in our sales and marketing functions or how long it will take for new personnel to become productive, continue to focus on our core strengths, and achieve broader market acceptance. Our business will be harmed if our sales and marketing efforts do not generate a significant increase in revenue.

***We depend on our executive officers and other key employees and the loss of one or more of these 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 and other key employees. We rely on our leadership team and on individual contributors in the areas of research and development, operations, security, sales, marketing, support, and general and administrative functions. From time to time, there may be changes in our executive management team resulting from the hiring, departure, or reorganization of our executive team, 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 of time and, therefore, they could terminate their employment with us at any time. The loss of one or more of our executive officers, especially our Chief Executive Officer, or other key employees globally could have an adverse effect on our business.

In addition, to execute on our growth plan, we must attract and retain highly qualified personnel. Competition for these personnel in the San Francisco Bay Area, where our headquarters is located, and in other locations where we maintain offices, especially in Dublin, Ireland and Singapore is intense, especially for engineers experienced in designing and developing software and SaaS applications and experienced sales professionals. As organizations increasingly promote digital-first employee experiences and seek to hire across multiple jurisdictions, we will additionally face competition in hiring qualified employees in areas outside our physical offices.

We have, from time to time, experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. For example, certain domestic immigration laws restrict or limit our ability to recruit internationally. Any changes to U.S. immigration policies that restrain the flow of technical and professional talent may inhibit our ability to recruit and retain highly qualified employees. Additionally, 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 their legal obligations, resulting in a diversion of our time and resources. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived or actual value of our equity awards declines, it may adversely affect our ability to recruit and retain highly skilled employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects could be adversely affected.

***If we fail to effectively manage our growth and organizational change in a manner that preserves the key aspects of our culture, our business and operating results could be harmed.***

We have experienced and may continue to experience rapid growth and organizational change, which has placed, and may continue to place, significant demands on our management, operational, and financial resources. For example, our headcount has grown from approximately 4,130 employees as of December 31, 2020 to approximately 5,860 employees as of December 31, 2021. In addition, we have established subsidiaries in Denmark, the United Kingdom, Australia, Ireland, Japan, the Philippines, Brazil, Germany, India, Mexico, and South Korea since our inception in 2007, and, as a result of acquisitions, we also have subsidiaries in Singapore, France, Poland, Portugal, and Canada. We may continue to invest in our international operations and expand into other countries in the future. We have also experienced significant growth in the number of customers, end users, transactions, and data that our solutions support. Our organizational structure is becoming more complex and we may need to scale and adapt our operational, financial, and management controls, as well as our reporting systems and procedures, to manage this complexity. Further, as our employees work from geographic areas across the globe, we will require investment of resources and close monitoring of local regulations and requirements that continually change due to events that may have a global impact, such as the shift to remote work or hybrid remote and in-office models arising from the COVID-19

pandemic, and we may experience unpredictability in our expenses, employee retention, and employee work culture. We will require significant capital expenditures and the allocation of valuable management resources to grow and change in these areas without undermining our corporate culture of rapid innovation, simplicity in design, and attention to customer experience that has been critical to our growth so far. If we fail to manage our anticipated growth and change in a manner that preserves the key aspects of our culture, the retention and productivity of our employees may be impacted, and the quality of our solutions and services may suffer, which could negatively affect our brand and reputation and harm our ability to retain and attract customers.

***We have a history of losses and we expect our revenue growth rate to decline. As our costs increase, we may not be able to generate sufficient revenue to achieve and sustain our profitability.***

We have incurred net losses in each year since our inception, including net losses of \$62 million and \$70 million for the three months ended December 31, 2021 and 2020, respectively, and net losses of \$224 million and \$218 million for the fiscal years ended December 31, 2021 and 2020, respectively. We had an accumulated deficit of \$1,140 million as of December 31, 2021. For the three months ended December 31, 2021 and 2020, our revenue was \$375 million and \$283 million, respectively, representing a 32% growth rate. For the fiscal years ended December 31, 2021 and 2020, our revenue was \$1,339 million and \$1,030 million, respectively, representing a 30% growth rate. Our historical revenue growth has been inconsistent and should not be considered indicative of our future performance. We expect that our revenue growth rate will decline over time. We may not be able to generate sufficient revenue to achieve and sustain profitability as we also expect our costs to increase in future periods. We expect to continue to expend substantial financial and other resources on:

- development of our existing product and platform solutions or acquisition of new product and platform solutions to appeal to as many types and sizes of organizations as possible, including investments in our research and development team and improvements to the scalability, availability, and security of our solutions;
- continued international investment in an effort to increase our customer base and sales;
- investments in programs to ensure retention of current customers and expansion of use cases for our products with those customers;
- enhancements to our network operations and infrastructure;
- sales and marketing; and
- general administration, including legal, accounting, and other expenses related to being a public company.

These investments may not result in increased revenue or growth of our business. If we fail to continue to grow our revenue, our operating results and business would be harmed.

***Our international sales and operations subject us to additional risks that can adversely affect our business, operating results, and financial condition.***

In the fiscal years ended December 31, 2021 and 2020, we derived 49% and 48%, respectively, of our revenue from customers located outside of the United States. We are continuing to invest in our international operations as part of our growth strategy. We currently have sales personnel and sales and product support operations in certain countries across North America, Europe, Australia, Asia, and South America. To date, a limited portion of our sales has been driven by resellers or other channel partners. We believe our ability to convince new customers to subscribe to our solutions or to convince existing customers to renew or expand their use of our solutions is directly correlated to the level of engagement we obtain with the customer. To the extent we are unable to effectively engage with non-U.S. customers due to our limited sales force capacity and limited channel partners, we may be unable to effectively grow in international markets.

Our international operations subject us to a variety of additional risks and challenges, including:

- economic conditions in each country or region and general economic uncertainty around the world;
- the need for sales representatives to be recruited, hired, and retained locally in increasing numbers of countries abroad;
- communication and integration problems related to entering new markets with different languages, cultures, and political systems, particularly in regions with a high level of such differences between each country;
- compliance with foreign privacy and security laws and regulations and the risks and costs of non-compliance;
- the need for localized software and licensing programs, including the need for localized language support and data residency requirements;
- burdens of complying with a variety of foreign laws, including laws related to marketing restrictions and other data privacy regulations;
- increased management, travel, visa compliance, infrastructure, and legal compliance costs associated with having multiple international operations;
- longer payment cycles and difficulties in enforcing contracts, collecting accounts receivable, or satisfying revenue recognition criteria, especially in emerging markets;

- differing technical standards, existing or future regulatory and certification requirements and required features and functionality;
- exposure to political developments in the United Kingdom (“U.K.”), including the departure of the U.K. from the European Union (“EU”) on January 31, 2021 (“Brexit”), which has created an uncertain political, economic and regulatory environment, instability for businesses, and volatility in global financial markets and the value of foreign currencies, all of which could disrupt trade, the sale of our services, and the mobility of our employees and contractors between the U.K., EU and other jurisdictions;
- compliance with laws and regulations for foreign operations, including anti-bribery laws (such as the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. Travel Act, and the U.K. Bribery Act 2010), import and export controls laws, tariffs, trade barriers, economic sanctions, anti-slavery laws, and other regulatory or contractual limitations on our ability to sell our solutions in certain foreign markets, and the risks and costs of non-compliance;
- heightened risks of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact our financial results and result in restatements of our consolidated financial statements;
- fluctuations in foreign currency exchange rates and the related effect on our operating results, particularly as our customers increasingly demand less exposure to such fluctuations;
- difficulties in repatriating or transferring funds from or converting currencies in certain countries;
- requirements or preferences for domestic products;
- differing labor standards, including restrictions related to, and the increased cost of, terminating employees in some countries;
- reduced protection for intellectual property rights in some countries and practical difficulties of enforcing rights abroad;
- compliance with the laws of numerous foreign tax jurisdictions, including withholding obligations, and overlapping of different tax regimes; and
- the impact of natural disasters, diseases and pandemics, such as COVID-19, and travel restrictions and other measures undertaken by governments in response to such issues.

Any of these risks could adversely affect our international operations, reduce our international revenue, or increase our operating costs, adversely affecting our business, operating results, financial condition, and growth prospects.

Compliance with laws and regulations applicable to our international operations substantially increases our cost of doing business in foreign jurisdictions. We may be unable to keep current with new or revised government requirements as they change from time to time. Failure to comply with these regulations could have adverse effects on our business. Additionally, in many foreign countries it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. or other regulations applicable to us. Although we have implemented certain policies and procedures designed to ensure compliance with these laws and policies, there can be no assurance that all of our employees, contractors, partners, and agents will comply with these laws and policies. Violations of laws or key control policies by our employees, contractors, partners, or agents could result in delays in revenue recognition, financial reporting misstatements, enforcement actions, disgorgement of profits, fines, civil and criminal penalties, damages, injunctions, other collateral consequences, or the prohibition of the importation or exportation of our solutions and services, and could adversely affect our business and results of operations.

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

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

Any acquisition, investment, or business relationship may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties assimilating or integrating the business strategy, sales plans, technologies, products, personnel, or operations of the acquired companies, particularly if the key personnel of the acquired company choose not to work for us, their software is not easily adapted to work with our solutions, or we have difficulty retaining the customers of any acquired business due to changes in ownership, management, customers’ experience with the acquired company prior to acquisition, or otherwise. Acquisitions may also disrupt our business, divert our resources, and require significant management attention that would otherwise be available for development of our existing business. Moreover, the anticipated benefits of any acquisition, investment, or business relationship may not be realized or we may be exposed to unknown risks or liabilities.

Negotiating these transactions can be time-consuming, difficult, and expensive, and our ability to complete these transactions may often be subject to approvals that are beyond our control. Consequently, these transactions, even if announced, may not be completed. For one or more of these transactions, we may:

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

***Our financial results may fluctuate due to increasing variability in our sales cycles.***

We plan our expenses based on certain assumptions about the length and variability of our sales cycle. These assumptions are based upon historical trends for sales cycles and conversion rates associated with our existing customers, many of whom to date have been small to midsized organizations that make purchasing decisions with limited interaction with our sales or other personnel. As we continue to sell to larger organizations, we expect our sales cycles to those organizations to lengthen and become less predictable. This may adversely affect our financial results. Factors that may influence the length and variability of our sales cycle include:

- the competitive nature of evaluation and purchasing processes;
- the need to educate prospective customers about the uses and benefits of our product and platform solutions;
- the discretionary nature of purchasing and budget cycles and decisions;
- announcements or planned introductions of new solutions, features, or functionality by us or our competitors; and
- lengthy purchasing approval processes.

If we are unable to close one or more expected significant transactions with these customers in a particular period, or if an expected transaction is delayed until a subsequent period, our operating results for that period, and for any future periods in which revenue from such transaction would otherwise have been recognized, may be adversely affected.

Additionally, the COVID-19 pandemic has, and may continue to, put pressure on global economic conditions and overall spending for customer experience solutions, and may cause our customers or their customers to modify spending priorities or delay or abandon purchasing decisions, thereby lengthening sales cycles, and may make it difficult for us to forecast our sales and operating results. Further, as the pandemic continues, organizations that previously delayed their purchasing decision may later purchase our solutions on a timeline not consistent with historical patterns, negatively impacting our ability to accurately forecast such decisions and sales results.

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

We incorporate encryption technology into our solutions that is enabled through mobile applications and other software we may be deemed to export, and therefore we may be subject to U.S. export controls and economic sanctions regulations. These encryption solutions and the underlying technology may be exported outside of the U.S. only with the required export authorizations, including by license, a license exception, or other appropriate government authorizations. We previously deployed mobile applications prior to obtaining the required export authorizations. Accordingly, we have not fully complied with applicable encryption controls in U.S. export administration regulations.

Furthermore, U.S. export controls laws and economic sanctions prohibit the shipment or provision of certain products and services to countries, governments, territories, and persons targeted by U.S. sanctions. While we are currently taking precautions to prevent our solutions from being enabled by persons targeted by U.S. sanctions, including IP blocking and periodic customer screening against U.S. government lists of prohibited persons, such measures may be circumvented. Given the technical limitations in developing measures that will prevent access to internet-based services from particular geographies or by particular individuals, we have previously identified and expect we will continue to identify customer accounts for our solutions that we suspect originate from countries or parties which are subject to U.S. sanctions restrictions.

We are aware that trials of and subscriptions to our solutions have been initiated by persons and organizations in countries that are the subject of U.S. embargoes, or to persons and organizations supporting customers in countries that are the subject of U.S. embargoes, or to parties which are subject to targeted export and sanctions restrictions. Our provision of

services in these instances was likely in violation of U.S. export controls and sanctions laws. We have terminated the accounts of such organizations as we have become aware of them, implemented certain measures designed to prevent future unauthorized access by such persons and organizations, and filed voluntary self-disclosures with the U.S. Department of Commerce's Bureau of Industry and Security, or BIS, and the U.S. Department of Treasury's Office of Foreign Assets Control, or OFAC, concerning prior potential violations. With respect to these resolved matters, each of BIS and OFAC completed its investigations, and no monetary penalties or other sanctions were imposed. With respect to future matters, there is the potential for the government to impose fines or sanctions.

If we are found to be in violation of U.S. sanctions or export controls laws, it could result in fines or penalties for us and for individuals, including civil penalties of approximately \$300,000 or twice the value of the transaction, whichever is greater, per violation, and in the event of conviction for a criminal violation, fines of up to \$1 million and possible incarceration for responsible employees and managers for willful and knowing violations.

If our channel 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 sanctions compliance requirements in our channel partner agreements for our solutions. Complying with export controls and sanctions regulations for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities. Failure to comply with export controls and sanctions regulations for a particular sale may expose us to government investigations and penalties, which could have an adverse effect on our business, operating results, and financial condition.

In addition, various countries regulate the import of certain encryption technology, including import permitting and licensing requirements, and have enacted laws that could limit our ability to offer or distribute our solutions or could limit our customers' ability to implement our solutions in those countries. Changes in our solutions or future changes in export and import regulations may create delays in the introduction of our solutions in international markets or prevent our customers with international operations from deploying our solutions globally. 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 result in decreased use of our solutions by, or in our decreased ability to export or sell our solutions to, existing or potential customers with international operations. Any decreased use of our solutions or limitation on our ability to export or sell our solutions would likely adversely affect our business operations and financial results.

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

We have funded our operations since inception primarily through customer payments for subscription services, the issuance of our convertible senior notes, and public and private equity financings. In the future, we may require additional capital to respond to business opportunities, challenges, acquisitions, a decline in the level of subscriptions for our solutions, or unforeseen circumstances. We may not be able to timely secure additional debt or equity financing on favorable terms, or at all. Any additional debt financing obtained by us could involve restrictive covenants relating to financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. Additionally, we may not be able to generate sufficient cash to service any debt financing obtained by us, which may force us to reduce or delay capital expenditures or sell assets or operations. If we raise additional funds through further issuances of equity, convertible debt securities, or other securities convertible into equity, our existing stockholders could suffer significant dilution in their percentage ownership of our company, and any new equity securities we issue could have rights, preferences, and privileges senior to those of holders of our common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited.

**Risks Related to Cybersecurity, Reliability, and Data Privacy**

***Our network and computer systems have been breached in the past. In light of prior incidents, and in the event that we are subject to any future breaches or we learn that the extent of prior breaches are more significant than is currently known, our solutions may be perceived as insecure, we may lose existing customers or fail to attract new customers, and we may incur significant liabilities.***

The continued growth in sales of our services and solutions and customer retention are increasingly dependent on the trust of existing customers in and the perception by potential customers of the secure and reliable use of our solutions. As we develop our product and platform solutions to reflect our core strengths of simplicity, agility, and transparency in the customer experience for organizations of all sizes, we will continue to focus on developing a product and information security program that minimizes vulnerabilities and protects our customers' data. If we fail to meet our customers' expectations in maintaining

that trust, our customer retention will decrease, our perception in the market will be harmed, and our results of operations will be negatively affected.

Use of our product and platform solutions involves the storage, transmission, and processing of our customers' proprietary data, including personally identifiable information and other sensitive data regarding their customers or employees. Unauthorized access to, or disclosure, compromise, destruction, alteration or corruption of, such information or security breaches of our solutions, or our service providers' solutions, could result in the loss of data, loss of intellectual property or trade secrets, loss of business, severe reputational damage adversely affecting customer and investor confidence, disruption to our business, regulatory investigations and orders, litigation, or indemnity obligations, or other legal, regulatory, and financial exposure and liability. If our network or computer systems are breached or unauthorized access to customer data is otherwise obtained, we may be held responsible for damages for contract breach, or be subjected to penalties for violation of applicable laws and regulations and we could incur significant costs for remediation that may include liability for stolen assets or information and repair of system damage that may have been caused, incentives offered to customers or other business partners in an effort to maintain business relationships after a breach, and other liabilities. Furthermore, security breaches of our solutions could make it easier for malicious third parties to discover vulnerabilities in such solutions or allow our competitors to create similar solutions with decreased development effort, harming our competitive position. Notifications related to a security breach regarding or pertaining to any of such service providers have impacted and could in the future impact our reputation, harm customer confidence, hurt our sales and expansion into new markets, or cause us to lose existing customers.

We have incurred, and expect to continue to incur, significant expenses to prevent, investigate, and remediate security breaches and vulnerabilities, including deploying additional personnel and protection technologies, implementing increasingly mature processes and programs, hiring and training employees, and engaging third-party experts and consultants. Our errors and omissions insurance coverage covering certain security and privacy damages and claim expenses may not be sufficient to compensate for all liability related to or arising out of any security incidents.

We have previously experienced significant data breaches and security incidents. We have also previously identified major vulnerabilities of our security measures and the security measures deployed by third-party vendors upon which we rely, and our solutions have been and may continue to be at risk for future breaches as a result of third-party action against ourselves or our vendors, employee, vendor, or contractor error, malfeasance, or other factors. In light of prior incidents, and in the event that we are subject to any future breaches or we learn that the extent of prior incidents is more significant than is currently known, our solutions may be perceived as insecure, we may lose existing customers or fail to attract new customers, and we may incur significant liabilities.

In addition, new solutions and services, including newly acquired solutions and services, may rely on systems, networks, personnel, equipment, and vendors that may initially be different from those utilized in connection with our existing solutions and which may not have been subject to the same security reviews and assessments as those used to provide our existing solutions. Any failure to complete these security reviews and assessments and to implement improvements to the security measures deployed to protect our new solutions in a timely manner could increase our risk of a security breach with respect to these solutions, which would harm our reputation and our business as a whole.

Cyber incidents have been increasing in sophistication and frequency, increasing the difficulty of detecting and successfully defending against them. Such incidents can include third parties gaining access to employee or customer data using stolen or inferred credentials, computer malware, exploiting vulnerabilities in hardware, software, or other infrastructure, social engineering techniques, viruses, spamming, phishing attacks, ransomware, card skimming code, and other deliberate attacks and attempts to gain unauthorized access. Additionally, our continued use of remote work environments and virtual platforms may also increase our cybersecurity vulnerabilities and risks. Because the techniques used and vulnerabilities exploited to obtain unauthorized access to or to sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or vulnerabilities or to implement adequate preventative measures. We may also experience security breaches that may remain undetected for an extended period.

Data security is a critical competitive factor in our industry, therefore, we make numerous statements in our legal documents, public facing documents, privacy policies, terms of service, and data processing agreements, through our certifications to privacy standards, and in our marketing materials, providing assurances about the security of our solutions, including detailed descriptions of security measures we employ. Should any of these statements be untrue or become untrue, even due to circumstances beyond our reasonable control, we may face claims of misrepresentation or deceptiveness by the U.S. Federal Trade Commission, state and foreign regulators, and private litigants.

***Interruptions or performance problems associated with our technology and infrastructure may adversely affect our business and operating results.***

Our continued growth depends in part on the ability of our existing and potential customers to access our solutions at any time and within an acceptable amount of time. Our solutions are proprietary, and we rely on the expertise of members of our

engineering, operations, and software development teams for their continued performance. We have experienced, and may in the future continue to experience, disruptions, outages, and other performance problems due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, capacity constraints due to an overwhelming number of users simultaneously accessing our solutions, distributed denial of service attacks, or other security related incidents, which may affect and have affected our perception of reliability with customers. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. It may become increasingly difficult to maintain and improve our performance, especially during peak usage times and as our solutions become more complex and our user traffic increases. If any of our solutions are unavailable or if our users are unable to access our solutions within a reasonable amount of time or at all, impacted existing customers may decide to not renew or expand usage of our solutions, and new customers who hear of such disruptions may as a result decide to not purchase our solutions, negatively affecting our business. In addition, a significant portion of our infrastructure does not implement multi-region data replication. Therefore, in the event of any of the factors described above, or certain other failures of our infrastructure, customer data may be and have been permanently lost. Moreover, some of our customer agreements and certain subscription plans include performance guarantees and service level standards that obligate us to provide credits or termination rights in the event of a significant disruption in our services. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed, and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business and operating results may be adversely affected.

***We rely substantially on third-party managed hosting services to support our operations and disruption or interference in such service may negatively impact our business.***

Given that we are significantly reliant on third-party managed hosting services, any significant disruption of or interference in our use of such services will negatively impact our operations and customer satisfaction. Third-party managed hosting services may additionally take actions beyond our control that could seriously harm our business, including discontinuing or limiting our access to the service, increasing price terms, including establishing more favorable relationships or pricing terms with one or more of our competitors, maintaining control over the pricing models of those hosting services for when customers experience unique spikes in demand and usage, terminating or seeking to terminate the contractual relationship altogether, or modifying or interpreting its terms of service or other policies in a manner that impacts our ability to run our businesses and operations. Different types of challenges may arise from our various solutions' usage of third-party hosting services, and if we are not able to provide a seamless experience contemporaneously across our solutions, our reputation and perception of reliability may be negatively impacted, and our customer retention and prospective business may be harmed.

We have made and will continue to make substantial expenditures for third-party managed hosting services to support our growth and provide enhanced levels of service to our customers. If costs associated with third-party managed hosting services utilized to support our growth are greater than expected, the negative impact on our operating results would likely exceed our initial expectations.

***Domestic and international privacy and data security concerns and laws could result in additional costs and liabilities to us or inhibit sales of our solutions.***

The regulatory framework for privacy and security concerns and laws worldwide are rapidly evolving and are likely to remain uncertain for the foreseeable future. Many federal, state, and foreign government bodies and agencies have adopted, or are considering adopting, laws and regulations regarding the collection, use, and disclosure of personal information. In the United States, these include rules and regulations promulgated under the authority of federal agencies and state attorneys general and consumer protection agencies. Certain state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to sensitive and personal information than federal or other state laws, and such laws may differ from each other, which may complicate compliance efforts. For example, in 2018, California enacted the California Consumer Privacy Act, or CCPA, which went into effect in January 2020 and became enforceable by the California Attorney General in July 2020. The CCPA established certain transparency requirements and individual rights and, among other things, requires companies covered by the legislation to provide new disclosures to California consumers and afford such consumers new rights with respect to their personal information, including the right to request deletion of their personal information, the right to receive the personal information on record for them, the right to know what categories of personal information generally are maintained about them, as well as the right to opt-out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action may increase the likelihood of, and risks associated with, data breach litigation.

Additionally, a new California ballot initiative, the California Privacy Rights Act, or CPRA, was passed in November 2020. Effective on January 1, 2023, the CPRA imposes additional obligations on companies covered by the legislation and will significantly modify the CCPA, including by expanding consumers' rights with respect to certain sensitive personal

information. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and the CPRA. The effects of the CCPA and the CPRA are potentially significant and may require us to modify our data collection or processing practices and policies and to incur substantial costs and expenses in an effort to comply and increase our potential exposure to regulatory enforcement and/or litigation.

Certain other state laws impose similar privacy obligations and we also anticipate that more states will increasingly enact legislation similar to the CCPA. The CCPA has prompted a number of proposals for new federal and state-level privacy legislation and in some states efforts to pass comprehensive privacy laws have been successful. For example, on March 2, 2021, Virginia enacted the Consumer Data Protection Act, or CDDA. The CDDA will become effective January 1, 2023. The CDDA will regulate how businesses (which the CDDA refers to as “controllers”) collect and share personal information. While the CDDA incorporates many similar concepts of the CCPA and CPRA, there are also several key differences in the scope, application, and enforcement of the law that will change the operational practices of controllers. The new law will impact how controllers collect and process personal sensitive data, conduct data protection assessments, transfer personal data to affiliates, and respond to consumer rights requests.

Also, on July 8, 2021, Colorado’s governor signed the Colorado Privacy Act, or CPA, into law. The CPA is rather similar to Virginia’s CDDA, but also contains additional requirements. The new measure applies to companies conducting business in Colorado or who produce or deliver commercial products or services intentionally targeted to residents of the state that either: (1) control or process the personal data of at least 100,000 consumers during a calendar year; or (2) derive revenue or receive a discount on the price of goods or services from the sale of personal data and process or control the personal data of at least 25,000 consumers.

With the CPA, Colorado became the third state to enact a comprehensive privacy law. A number of additional other states have proposed bills for comprehensive consumer privacy laws and it is quite possible that certain of these bills will pass. The existence of comprehensive privacy laws in different states in the country, if enacted, will add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment of resources in compliance programs, impact strategies and the availability of previously useful data, and has resulted in and will result in increased compliance costs and/or changes in business practices and policies.

Internationally, virtually every jurisdiction in which we operate has established its own data security and privacy legal framework with which we or our customers must comply. In May 2018, the European General Data Protection Regulation, or GDPR, came into effect and established requirements applicable to the handling of personal data and may result in fines up to €20 million or up to 4% of annual global turnover in the preceding financial year, whichever is higher, and other administrative penalties. Compliance with GDPR has and will continue to require valuable management and employee time and resources. In many European jurisdictions enforcement actions and consequences for non-compliance are also rising.

In February 2016, the European Union and U.S. officials announced an agreement, which established the EU-U.S. Privacy Shield Framework, or the Privacy Shield, as a means for legitimizing the transfer of personal data from the European Economic Area to the U.S. We have in the past relied on various transfer safeguards, including the Privacy Shield, to legitimize data transfers from the EU to the U.S. However, in July 2020, the Court of Justice of the European Union, or the CJEU, in Case C-311/18 (Data Protection Commissioner v Facebook Ireland and Maximilian Schrems or Schrems II) invalidated the Privacy Shield on the grounds that the Privacy Shield failed to offer adequate protections to EU personal data transferred to the U.S. The CJEU, in the same decision, deemed that the Standard Contractual Clauses, or SCCs, remain valid. However, the CJEU ruled that transfers made pursuant to the SCCs need to be assessed on a case-by-case basis taking into account the legal regime applicable in the destination country, and required businesses to assess whether supplementary measures that provide privacy protections additional to those provided under SCCs need to be implemented to ensure an essentially equivalent level of data protection to that afforded in the EU. Subsequent guidance published by the European Data Protection Board, or EDPB, in June 2021 described what such supplementary measures must be, and stated that businesses should avoid or cease transfers of personal data if, in the absence of supplementary measures, equivalent protections cannot be afforded. Additionally, the EDPB guidance clarified that the CJEU’s requirements regarding the SCCs also apply to other transfer mechanisms, such as the Binding Corporate Rules, which serve as Zendesk’s primary mechanism to legitimize data transfers from the EU to other jurisdictions, including the U.S. In June 2021, the European Commission published new versions of the SCCs, which seek to address items identified by the CJEU’s Schrems II decision and provide further details regarding the transfer assessments that the parties are required to conduct when implementing the new SCCs. The new SCCs must be used for relevant new data transfers from September 27, 2021; existing SCCs arrangements must be migrated to the new SCCs by December 27, 2022. Similarly, the Swiss data protection authority determined the Swiss-U.S. Privacy Shield framework was no longer a valid mechanism for Swiss-U.S. data transfers.

Outside of the EU, on August 27, 2021, the Swiss Federal Data Protection and Information Commissioner (FDPIK) announced that the new EU SCCs could be relied upon to legitimize transfers of personal data out of Switzerland to third countries that have not been deemed to provide “adequate” protection to personal data. The new EU SCCs must be used for any new contract entered into as of September 27, 2021 and implemented in existing contracts that incorporate the prior version of



the SCCs by January 1, 2023. In the UK, following Brexit, the UK is no longer subject to the EC's new standard contractual clauses but has published a draft version of a UK-specific transfer mechanism, which, once finalized, will enable transfers from the UK. We will be required to implement these new safeguards when conducting restricted data transfers and doing so will require significant effort and cost. These and other future developments regarding the flow of data across borders could increase the cost and complexity of delivering our services in some markets and may lead to governmental enforcement actions, litigation, fines, and penalties or adverse publicity, which could adversely affect our business and financial position.

Jurisdictions outside of Europe are also considering and/or enacting comprehensive data protection legislation. For example, as of August 2020, the Brazilian General Data Protection Law imposes requirements similar to GDPR on products and services offered to users in Brazil. Cross-border data transfers and other future developments regarding local data residency could increase the cost and complexity of delivering our services in some markets and may lead to governmental enforcement actions, litigation, fines, and penalties or adverse publicity, which could adversely affect our business and financial position, could greatly increase our cost of providing our products and services, require significant changes to our operations, or even prevent us from offering certain services in specific jurisdictions.

In addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards that either legally or contractually apply to us. Further, our customers or potential customers may require us to comply with more stringent privacy and data security contractual requirements or decide not to do business with us. For example, some of our customers or potential customers who do business in the European Union may require us to host all personal data within the European Union and may decide to do business with one of our competitors who hosts personal data within the European Union instead of doing business with us. Particularly in this regulatory environment, if we or other SaaS providers experience data security incidents, loss of customer data, disruptions in delivery, or other problems, the market for SaaS business applications, including our solutions, may be negatively affected.

We also continue to see jurisdictions imposing data localization laws, which may require personal information of citizens of a jurisdiction to be, among other data processing operations, initially collected, stored, and modified locally within such jurisdiction. These regulations may deter customers from using services such as ours, and may inhibit our ability to expand into those markets or prohibit us from continuing to offer services in those markets without significant additional costs.

Because the interpretation and application of many privacy and data protection laws, commercial frameworks, and standards are uncertain, it is possible that these laws, frameworks, and standards may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the features of our solutions. If so, in addition to the possibility of fines, lawsuits, breach of contract claims, and other claims and penalties, we could be required to fundamentally change our business activities and practices or modify our solutions, which could have an adverse effect on our business. Any inability to adequately address privacy and security concerns, even if unfounded, or comply with applicable privacy and security or data security laws, regulations, and policies, could result in additional cost and liability to us, damage our reputation, inhibit sales, and adversely affect our business.

Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, and policies that are applicable to the businesses of our customers may limit the use and adoption of, and reduce the overall demand for, our solutions. Privacy and data security concerns, whether valid or not valid, may inhibit market adoption of our solutions, particularly in certain industries and foreign countries.

***Real or perceived errors, failures, or bugs in our solutions could adversely affect our operating results and growth prospects.***

Because our solutions are complex, undetected errors, failures, vulnerabilities, or bugs may occur, especially when updates are deployed. Our solutions are often used in connection with large-scale computing environments with different operating systems, system management software, equipment, and networking configurations, which may cause errors or failures of our solutions or other aspects of the computing environment into which they are deployed. In addition, deployment of our solutions into complicated, large-scale computing environments may expose undetected errors, failures, vulnerabilities, or bugs in our solutions. We have discovered, and expect to continue to discover, software errors, failures, vulnerabilities, and bugs in our solutions, some of which have been or may only be discovered and remediated after deployment to customers. Real or perceived errors, failures, vulnerabilities, or bugs in our solutions could result in negative publicity, loss of or delay in market acceptance of our solutions, loss of competitive position, or claims by customers for losses sustained by them. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to help correct the problem.

***Incorrect or improper implementation or use of our product and platform solutions could result in customer dissatisfaction and negatively affect our business, results of operations, financial condition, and growth prospects.***

Our product and platform solutions are deployed in a wide variety of technology environments and into a broad range of complex workflows. Increasingly, our solutions have been, and will continue to be, integrated into large-scale, complex

technology environments and specialized use cases, and we believe our future success will depend on our ability to increase use of our solutions in such deployments. We often assist our customers in implementing our solutions, but many customers attempt to implement deployments, including complex deployments, themselves. If we or our customers are unable to implement our solutions successfully, or are unable to do so in a timely manner, customer perceptions of our solutions and of our company may be impaired, our reputation and brand may suffer, and customers may choose not to renew or expand the use of our solutions.

Our customers and third-party partners may need training in the proper use of our solutions to maximize their potential. If our solutions are not implemented or used correctly or as intended, inadequate performance may result. Because our customers rely on our solutions to manage a wide range of operations and to drive a number of their internal processes, the incorrect or improper implementation or use of our solutions, our failure to train customers on how to efficiently and effectively use our solutions, or our failure to provide adequate product support to our customers, may result in negative publicity or legal claims against us. Also, as we continue to expand our customer base, any failure by us to properly provide these services will likely result in lost opportunities for additional subscriptions to our solutions.

#### **Risks Related to Intellectual Property Matters**

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

Our agreements with customers and other third parties may include indemnification or other provisions under which we agree to indemnify or otherwise be liable to them for losses suffered or incurred as a result of claims of intellectual property infringement, damages caused by us to property or persons, or other liabilities relating to or arising from our solutions or other acts or omissions. The term of these contractual provisions often survives termination or expiration of the applicable agreement. Large indemnity payments or damage claims from contractual breach could harm our business, operating results, and financial condition. From time to time, customers require us to indemnify or otherwise be liable to them for breach of confidentiality or failure to implement adequate security measures with respect to their data stored, transmitted, or processed by our product and platform solutions. Although we normally contractually limit our liability with respect to such obligations, we may still incur substantial liability related to them. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other current and prospective customers, reduce demand for our solutions, and harm our business and operating results.

##### ***Our use of “open source” software could negatively affect our ability to sell our solutions and subject us to possible litigation.***

We use open source software in our solutions and expect to continue to use open source software in the future. We may face claims from others claiming ownership of, or seeking to enforce the terms of, an open source license, including by demanding release of the open source software, derivative works, or our proprietary source code that was developed using such software. These claims could also result in litigation, require us to purchase a costly license, or require us to devote additional research and development resources to change our solutions, any of which would have a negative effect on our business and operating results. In addition, if the license terms for the open source software we utilize change, we may be forced to reengineer our solutions or incur additional costs. Although we have implemented policies to regulate the use and incorporation of open source software into our solutions, we cannot be certain that we have not incorporated open source software in our solutions in a manner that is inconsistent with such policies.

##### ***Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand.***

Our success and ability to compete depend in part upon our intellectual property. We currently have fourteen issued patents and have a limited number of pending patent applications, none of which may result in an issued patent. We rely on copyright, trade secret, and trademark laws, patents, and confidentiality or license agreements with our employees, customers, partners, and others to protect our intellectual property rights. However, the steps we take to protect our intellectual property rights may be inadequate.

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, and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights. Our failure to secure, protect, and enforce our intellectual property rights could adversely affect our brand and adversely impact our business.

***We have been, and may in the future be, sued by third parties for alleged infringement of their proprietary rights.***

There is considerable patent and other intellectual property development activity in our industry. Our future success depends in part on not infringing upon the intellectual property rights of others. From time to time, our competitors or other third parties have claimed, and may in the future claim, that we, our solutions or our underlying technology are infringing upon or otherwise violating their intellectual property rights, and we may be found to be infringing or violating upon such rights. We may be unaware of the intellectual property rights of others that may cover some or all of our technology. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering one or more of our solutions, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or business partners in connection with any such litigation and to obtain licenses, modify our solutions, or refund subscription fees, which could further exhaust our resources. In addition, we may incur substantial costs to resolve claims or litigation, whether or not successfully asserted against us, which could include payment of significant settlement, royalty, or license fees, modification of our solutions, or refunds to customers of subscription fees. Even if we were to prevail in the event of claims or litigation against us, any claim or litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and other employees from our business operations. Such disputes could also disrupt our solutions, adversely impacting our customer satisfaction and ability to attract customers.

**Risks Related to Tax and Accounting Matters**

***Taxing authorities may successfully assert that we should have collected, or in the future should collect, sales and use, value added, or similar taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our results of operations.***

We do not collect sales and use, value added, or similar taxes in all jurisdictions in which we have sales, based on our understanding that such taxes are not applicable. Sales and use, value added, and similar tax laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties, and interest, and we may be required to collect such taxes in the future. Such tax assessments, penalties, and interest, or future requirements, may adversely affect our results of operations.

***Our international operations subject us to potentially adverse tax consequences.***

We were founded in Denmark in 2007 and were headquartered in Denmark until we reincorporated in Delaware in 2009. Today, we generally conduct our international operations through subsidiaries and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships and transactions are subject to complex regulations, including but not limited to transfer pricing regulations administered by taxing authorities in various jurisdictions. Our tax returns are generally subject to audit and/or further examination by taxing authorities and the relevant taxing authorities have and will disagree with our transfer pricing practices and procedures, including our determinations as to the value of assets sold or acquired or income and expenses attributable to specific jurisdictions or transactions. If our position were not sustained, we could be required to pay additional taxes, interest, and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows, and lower overall profitability of our operations.

Additionally, tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. The United States continuously enacts tax legislation, including regulations related to the significant tax reform legislation enacted in 2017, and certain tax provisions may potentially adversely affect us in the future. For example, U.S. President Joseph Biden's plan to increase the U.S. federal corporate income tax rate could materially increase the amount of taxes we owe, thereby negatively impacting our results of operations as well as our cash flows from operations. In addition, governmental tax authorities are increasingly scrutinizing the tax positions of companies. Many countries in the European Union, as well as a number of other countries and organizations such as the Organization for Economic Cooperation and Development, are actively considering changes to existing tax laws that, if enacted, could increase our tax obligations in

countries where we do business. If U.S. or other foreign tax authorities change applicable tax laws, our overall taxes could increase, and our business, financial condition, or results of operations may be adversely impacted.

***If our goodwill or intangible assets become impaired, we may be required to record a significant charge to earnings.***

We review our intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment at least annually. As of December 31, 2021, we had a net balance of \$197 million of goodwill and intangible assets related to business acquisitions. An adverse change in market conditions, particularly a change resulting in a significant decrease in our share price, or if such change has the effect of changing one of our critical assumptions or estimates, could result in a change to the estimation of fair value that could result in an impairment charge to our goodwill or intangible assets. Any such charges may have a material negative impact on our operating results.

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

As of December 31, 2021, we had federal and state net operating loss carryforwards, or NOLs, of \$1,601 million and \$665 million, respectively, due to prior period losses. In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an “ownership change” (generally defined as a greater than 50-percent-point cumulative change (by value) in the equity ownership of certain stockholders over a rolling three-year period) is subject to limitations on its ability to utilize its NOLs to offset future taxable income. Our existing NOLs may be subject to limitations arising from previous ownership changes, including in connection with our initial public offering or our follow-on public offering. Future changes in our stock ownership, some of which are outside of our control, could result in an ownership change under Section 382 of the Code. Furthermore, our ability to utilize NOLs of companies that we may acquire in the future may be subject to limitations. Our NOLs generated before fiscal year 2018 are subject to a 20-year carryover limitation and may expire if unused within that period. There is also a risk that due to legislative changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. Our NOLs may also be subject to limitations under state law. For example, California recently enacted legislation suspending the use of NOLs for taxable years 2020, 2021 and 2022 for many taxpayers. In addition, under the Tax Cuts and Jobs Act of 2017, as modified by the Coronavirus Aid, Relief, and Economic Security Act, the amount of NOLs that we are permitted to deduct in any taxable year is limited to 80% of our taxable income in such year, where taxable income is determined without regard to the NOL deduction itself. For these reasons, we may not be able to realize a tax benefit from the use of our NOLs, whether or not we attain profitability.

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

Generally accepted accounting principles, or GAAP, in the United States are subject to interpretation by the Financial Accounting Standards Board, or FASB, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of a change. For example, on January 1, 2018, we adopted Accounting Standards Codification, or ASC, 606, “Revenue from Contracts with Customers,” which changed our accounting policies regarding revenue recognition and incremental costs to acquire customer contracts. We also adjusted our consolidated financial statements from amounts previously reported to reflect the adoption. Certain other standards that become effective in the future may have a material impact on our consolidated financial statements. See Note 2 of the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K for information regarding the effect of new accounting pronouncements on our consolidated financial statements. Any difficulties in implementing these standards could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors’ confidence in us.

***We depend and rely upon SaaS technologies from third parties to operate our business and interruptions or performance problems with these technologies may adversely affect our business and operating results.***

We rely heavily on hosted SaaS applications from third parties in order to operate critical functions of our business, including billing and order management, enterprise resource planning, and financial accounting processes. If these services become unavailable due to extended outages or interruptions, or because they are no longer available on commercially reasonable terms, our expenses could increase, our ability to manage finances could be interrupted, and our processes for managing sales of our solutions and supporting our customers could be impaired until equivalent services, if available, are identified, obtained, and implemented, all of which could adversely affect our business.

***We face exposure to foreign currency exchange rate fluctuations.***

As our international operations expand, our exposure to the effects of fluctuations in currency exchange rates grows. While we have primarily transacted with customers in U.S. dollars historically, we expect to continue to expand the number of transactions with our customers that are denominated in foreign currencies in the future. Fluctuations in the value of the U.S. dollar and foreign currencies may make our subscriptions more expensive for international customers, which could harm our business. Additionally, we incur expenses for employee compensation and other operating expenses at our non-U.S. locations in the local currency for such locations. Fluctuations in the exchange rates between the U.S. dollar and other currencies could result in an increase to the U.S. dollar equivalent of such expenses. These fluctuations could cause our results of operations to differ from our expectations or the expectations of our investors. Additionally, such foreign currency exchange rate fluctuations could make it more difficult to detect underlying trends in our business and results of operations.

Our international subsidiaries maintain net assets that are denominated in currencies other than the functional operating currencies of these entities. Accordingly, changes in the value of foreign currencies relative to the U.S. dollar can affect our operating results due to transactional and translational remeasurements that are reflected in our results of operations. To the extent that fluctuations in foreign currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors, the trading price of our common stock could be adversely affected.

We currently operate a hedging program to mitigate the impact of foreign currency exchange rate fluctuations on our cash flows and earnings. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign currency exchange rates over the limited time the hedges are in place. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments, which could adversely affect our financial condition and operating results.

**Risks Related to Macroeconomic Conditions**

***The COVID-19 pandemic has and may continue to cause harm to our business, results of operations, and financial condition.***

In March 2020, the World Health Organization declared the novel coronavirus and resulting COVID-19 disease a global pandemic. The COVID-19 pandemic has caused adverse public health developments, including orders to shelter-in-place, travel restrictions, and mandated business closures, which have adversely affected workforces, organizations, customers, economies, and financial markets globally. In light of the uncertain and rapidly evolving situation relating to the spread of COVID-19, we have taken precautionary measures, including imposing travel restrictions for our employees, mandating a global work from home policy, and shifting customer events to virtual-only experiences. Operationally, we have increased our focus on being prudent in managing operating expenses. Although we continue to monitor the situation and may adjust our current policies as more information and public health guidance become available, precautionary measures that have been adopted could negatively affect our customer success efforts, customer retention, sales and marketing efforts, delay and lengthen our sales cycles, affect our revenue growth rate, or create operational or other challenges, any of which could harm our business and results of operations. Additionally, our customers and potential customers may and have been exposed to similar operational considerations, resulting in significant pressures on their expenditures, and subsequently resulting in a decreased demand for our solutions.

In addition, the COVID-19 pandemic has and may continue to disrupt the operations of our customers and partners for an indefinite period of time, including as a result of travel restrictions and/or business shutdowns, all of which could negatively impact our business and results of operations, including cash flows. More generally, the COVID-19 pandemic has adversely affected economies and financial markets globally, potentially leading to prolonged and disproportionate impacts to certain industries, which could decrease technology spending and adversely affect demand for our offerings and harm our business and results of operations. Further, as companies adapt to the changing economic environment, they may have purchasing behavior which does not match historical trends, negatively impacting our ability to forecast our results.

It is not possible for us to estimate the duration or magnitude of the adverse results of the outbreak and its effects on our business, results of operations, or financial condition at this time as the impact will depend on future developments, which are highly uncertain and cannot be predicted. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this “Risk Factors” section.

***Unfavorable conditions in our industry or the global economy or reductions in information technology spending could limit our ability to grow our business and negatively affect our operating results.***

Our operating results may vary based on the impact of changes in our industry or the global economy on us or our customers. The revenue growth and potential profitability of our business depend on demand for business software applications and services generally and for customer service systems in particular. In addition, our revenue is dependent on the number of users of our solutions, which in turn is influenced by the employment and hiring patterns of our customers. To the extent that weak economic conditions cause our customers and prospective customers to freeze or reduce their hiring for personnel providing service and support, demand for our solutions may be negatively affected. Historically, during economic downturns there have been reductions in spending on information technology and customer service systems as well as pressure for extended billing terms and other financial concessions. If global economic conditions deteriorate, our customers and prospective customers may elect to decrease their information technology and customer service budgets, which would limit our ability to grow our business and negatively affect our operating results.

***Catastrophic events may disrupt, and have disrupted, our business.***

Our corporate headquarters are located in San Francisco, California and we operate in or utilize hosting resources that are located in North America, Europe, Asia, and Australia. Key features and functionality of our solutions are enabled by third parties that are headquartered in California and operate in or utilize data centers in the United States and Europe. Additionally, we rely on our network and third-party infrastructure and enterprise applications, internal technology systems, and our website for our development, marketing, operational support, hosted services, and sales activities. In the event of a major earthquake, hurricane, or catastrophic event such as fire, pandemic, flood, power loss, telecommunications failure, cyber-attack, war, or terrorist attack, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our application development, lengthy interruptions in our solutions, breaches of data security, disruption to our customer success efforts, and loss of critical data, all of which could have an adverse effect on our future operating results.

### **Risks Related to Ownership of Our Common Stock**

***Our stock price has been, and may continue to be, volatile or may decline regardless of our operating performance, resulting in substantial losses for our stockholders.***

The trading price of our common stock has been, and may continue to be, volatile and could fluctuate widely regardless of our operating performance. The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our operating results;
- the financial projections we may provide to the public, any changes in these projections, or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of our company, changes in financial estimates, and publication of other news by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- ratings changes by any securities analysts who follow our company;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- price and volume fluctuations in the overall stock market from time to time, including as a result of trends in the economy as a whole;
- the short and long-term impact of the COVID-19 pandemic, including on the global economy, our results of operations, software spending and business continuity;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- actual or anticipated developments in our business or our competitors’ businesses or the competitive landscape generally;

- developments or disputes concerning our intellectual property or our solutions, or third-party proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- any major change in our board of directors or management;
- sales of shares of our common stock by us or our stockholders;
- lawsuits threatened or filed against us; and
- other events or factors, including those resulting from war, incidents of terrorism, public health crises or responses to these events.

In addition, 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 technology companies. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation in the future or if we are unsuccessful in defending securities-related litigation currently filed against us, it could subject us to substantial costs, make it more expensive for us to obtain director and officer liability insurance, divert resources and the attention of management from operating our business, and adversely affect our business, results of operations, financial condition, and cash flows.

***Our directors, officers, and principal stockholders beneficially own a significant percentage of our stock and will be able to exert significant influence over matters subject to stockholder approval.***

Based on public filings available as of the filing date of this Annual Report on Form 10-K, as of December 31, 2021, our directors, officers, five percent or greater stockholders, and their respective affiliates beneficially owned in the aggregate approximately 30% of our outstanding common stock. As a result, these stockholders have the ability to influence us through this ownership position. These stockholders may be able to exert significant influence in matters requiring stockholder approval. For example, these stockholders may be able to exert significant influence in elections of directors, amendments of our organizational documents, and approval of any merger, sale of assets, or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may feel are in your best interest as one of our stockholders.

***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 common stock.***

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our certificate of incorporation and bylaws include provisions that:

- authorize our board of directors to issue, without further action by our stockholders, shares of undesignated preferred stock with terms, rights, and preferences determined by our board of directors that may be senior to our 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 Chair 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, Class I, Class II, and Class III, with each class serving three-year staggered terms;
- prohibit cumulative voting in the election of directors;
- provide that our directors may be removed only for cause;
- 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 75% of our outstanding shares of capital 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 General Corporation Law of the State of Delaware (“Section 203”), which generally 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. The provisions of our certificate of incorporation and bylaws cited above and the applicability of Section 203 may tend to delay, defer or prevent a potential unsolicited offer or takeover attempt that is not approved by our board of directors but that our stockholders might consider to be in their best interest, including an attempt that might result in stockholders receiving a premium over the market price for their shares. Any delay or prevention of a change of control transaction or changes in our management could cause the market price of our common stock to decline.

***The changing laws and regulations related to being a public company may strain our resources and divert management’s attention.***

Changing laws, regulations, and standards relating to corporate governance and public disclosure can create uncertainty for public companies and increase legal and financial compliance costs. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to continue to invest resources to comply with evolving laws, regulations, and standards, and this investment may result in increased general and administrative expenses and a diversion of management’s time and attention from business operations to compliance activities. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected. Further, we may in the future hire lobbyists or engage in other permissible political activities with the intent of furthering our business interests or otherwise; such efforts may not be successful and would result in additional costs to the business.

***We do not intend to pay dividends on our common stock so any returns will be limited to changes in the value of our common stock.***

We have never declared or paid any cash dividends on our common stock. We currently anticipate that we will retain future earnings for the development, operation, and expansion of our business, and do not anticipate declaring or paying any cash dividends for the foreseeable future. In addition, our ability to pay cash dividends on our common stock may be prohibited or limited by the terms of our future debt financing arrangements. Any return to stockholders will therefore be limited to the increase, if any, of our stock price, which may never occur.

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

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

***Our charter documents designate specific courts as the exclusive forum for certain litigation that may be initiated by the Company’s stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us.***

Our certificate of incorporation and bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for state law claims for (A) any derivative action or proceeding brought on our behalf; (B) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders; (C) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or our certificate of incorporation or bylaws (including the interpretation, validity or enforceability thereof); or (D) any action asserting a claim governed by the internal affairs doctrine (the “Delaware Forum Provision”). The Delaware Forum Provision will not apply to any causes of action arising under the Securities Act or the Exchange Act. Our bylaws further provide that unless we consent in writing to the selection of an alternative forum, the district courts of the United States shall be the sole and exclusive forum for resolving any complaint



asserting a cause of action arising under the Securities Act (the “Federal Forum Provision”). In addition, our bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the Delaware Forum Provision and the Federal Forum Provision; provided, however, that stockholders cannot and will not be deemed to have waived our compliance with the U.S. federal securities laws and the rules and regulations thereunder.

The Delaware Forum Provision and the Federal Forum Provision in our bylaws may impose additional litigation costs on stockholders in pursuing any such claims. Additionally, these forum selection clauses may limit our stockholders’ ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers or employees, which may discourage the filing of lawsuits against us and our directors, officers and employees, even though an action, if successful, might benefit our stockholders. In addition, Section 22 of the Securities Act creates a concurrent jurisdiction for state and federal courts over all suits brought concerning a duty or liability created by the securities laws, rules and regulations thereunder. While the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are “facially valid” under Delaware law, there is uncertainty as to whether other courts will enforce our Federal Forum Provision. If the Federal Forum Provision is found to be unenforceable, we may incur additional costs associated with resolving such matters. The Federal Forum Provision may also impose additional litigation costs on stockholders who assert that the provision is not enforceable or invalid. The Court of Chancery of the State of Delaware and the federal district courts of the United States may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

#### **Risks Related to our Outstanding Convertible Notes**

***Servicing our debt may require a significant amount of cash. We may not have sufficient cash flow from our business to pay our indebtedness, and we may not have the ability to raise the funds necessary to settle cash conversions of the Notes or to repurchase the Notes for cash upon a fundamental change, which could adversely affect our business and results of operations.***

In March 2018, we issued \$575 million in aggregate principal amount of 0.25% convertible senior notes due 2023 (the “2023 Notes”), in a private offering. The interest rate on the 2023 Notes is fixed at 0.25% per annum and is payable semi-annually in arrears on March 15 and September 15 of each year. In June 2020, we issued \$1,150 million aggregate principal amount of 0.625% convertible senior notes due 2025 in a private offering (the “2025 Notes,” and together with the 2023 Notes, the “Notes”). The interest rate on the 2025 Notes is fixed at 0.625% per annum and is payable semi-annually in arrears on June 15 and December 15 of each year, commencing on December 15, 2020. In connection with the offering of the 2025 Notes, the Company used \$618 million of the net proceeds from the offering of the 2025 Notes to repurchase \$426 million aggregate principal amount of the 2023 Notes in cash through individual privately negotiated transactions (the “2023 Notes Partial Repurchase”). As of the repurchase date, the carrying value of the 2023 Notes subject to the 2023 Notes Partial Repurchase, net of unamortized debt discount and issuance costs, was \$367 million. The 2023 Notes Partial Repurchase resulted in a \$26 million loss on early debt extinguishment. As of December 31, 2021, \$149 million of principal remains outstanding on the 2023 Notes. Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the Notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flows from operations in the future that are sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flows, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional debt financing or equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

Holders of the Notes have the right to require us to repurchase their Notes upon the occurrence of a fundamental change (as defined in the indenture governing the Notes) at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any. Upon conversion, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the Notes being converted. We may not have enough available cash or be able to obtain financing at the time we are required to make repurchases in connection with such conversion and our ability to pay may additionally be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase the Notes at a time when the repurchase is required by the indenture governing the Notes or to pay any cash payable on future conversions as required by such indenture would constitute a default under such indenture. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the

indebtedness and repurchase the Notes or make cash payments upon conversions thereof. Additionally, subject to certain exceptions, if we fail to timely file any document or report required under the Securities and Exchange Act of 1934, in certain circumstances we may be required to pay additional interest of up to 0.50% per annum on our Notes in order to avoid an event of default under the indenture, which may affect our ability to repay the Notes. Furthermore, if we do not remedy such failure within 360 days after receiving notice thereof from the noteholders, there would be an event of default under the indenture.

***The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and operating results.***

In the event the conditional conversion feature of the Notes is triggered, holders of Notes will be entitled to convert the Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. As disclosed in Note 9 of the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K, the conditional conversion feature of the 2023 Notes that is based on the closing stock price of our common stock during the last 30 trading days of a calendar quarter was triggered as of December 31, 2021, and the 2023 Notes are convertible at the option of the holders, in whole or in part, between January 1, 2022 and March 31, 2022. Whether the 2023 Notes will be convertible following such calendar quarter will depend on the satisfaction of this conditional conversion feature or another conversion condition in the future. The 2025 Notes are not currently convertible.

In addition, even if holders do not elect to convert their Notes at a time when they are convertible, we are required to reclassify the outstanding principal of the Notes that are convertible as a current rather than long-term liability, resulting in a material reduction of our net working capital. We have classified the 2023 Notes as a current liability on the consolidated balance sheet as of December 31, 2021.

***Transactions relating to our Notes may affect the value of our common stock.***

The conversion of some or all of the Notes would dilute the ownership interests of existing stockholders to the extent we satisfy our conversion obligation by delivering shares of our common stock upon any conversion of such Notes. Our Notes may become in the future convertible at the option of their holders under certain circumstances. If holders of our Notes elect to convert their Notes, we may settle our conversion obligation by delivering to them a significant number of shares of our common stock, which would cause dilution to our existing stockholders.

In addition, in connection with the issuance of the Notes, we entered into capped call transactions with certain financial institutions, or the Option Counterparties. The capped call transactions are expected generally to reduce the potential dilution to our common stock upon any conversion or settlement of the Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted Notes, as the case may be, with such reduction and/or offset subject to a cap. From time to time, the Option Counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the Notes. This activity could cause a decrease in the market price of our common stock.

***We are subject to counterparty risk with respect to the capped call transactions.***

The Option Counterparties are financial institutions, and we are subject to the risk that any or all of them may default under the capped call transactions. Our exposure to the credit risk of the Option Counterparties will not be secured by collateral. Global economic conditions have resulted in actual or perceived failure or financial difficulties of many institutions. If an Option Counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings, with a claim equal to our exposure at that time under our transactions with the Option Counterparty. Our exposure will depend on many factors, but generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon default by an Option Counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the Option Counterparties.

***The accounting method for convertible debt securities, such as the Notes, could have a material effect on our reported financial results.***

Under FASB ASC 470-20, *Debt with Conversion and Other Options*, or ASC 470-20, an entity must separately account for the liability and equity components of convertible debt instruments (such as the Notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer's economic interest cost. ASC 470-20 requires the value of

the conversion option of the Notes, representing the equity component, to be recorded as additional paid-in capital within stockholders' equity in our consolidated balance sheet and as a discount to the Notes, which reduces their initial carrying value. The carrying value of the Notes, net of the discount recorded, is accreted up to the principal amount of the Notes from the issuance date until maturity, which results in non-cash charges to interest expense in our consolidated statement of operations. Accordingly, we have reported lower net income or higher net loss in our financial results because ASC 470-20 requires interest to include both the current period's accretion of the debt discount and the instrument's coupon interest, which could adversely affect our reported or future financial results, the trading price of our common stock and the trading price of the Notes.

In addition, under certain circumstances, convertible debt instruments (such as the Notes) that may be settled entirely or partly in cash are currently accounted for utilizing the treasury stock method, the effect of which is that the shares issuable upon conversion of the Notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of the Notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued.

In August 2020, the FASB published an Accounting Standard Update that, for most convertible instruments (such as the Notes), requires the entire debt amount to be classified as a liability. This would eliminate the recognition of non-cash charges to interest expense, and accordingly, would result in higher net income or lower net loss in our financial statements. Additionally, the new guidance eliminates the treasury stock method for most convertible instruments and instead requires application of the "if-converted" method. Under that method, diluted earnings per share would generally be calculated assuming that all the Notes were converted solely into shares of common stock at the beginning of the reporting period, unless the result would be antidilutive. Upon adoption of the standard, which we will adopt in fiscal year 2022, we will be unable to use the treasury stock method in accounting for the shares issuable upon conversion of the Notes. Accordingly, our diluted earnings per share is expected to be adversely affected in periods when we report net income after adoption of the standard.

#### **Risks Related to the Proposed Acquisition of Momentive**

***We may not complete the proposed acquisition of Momentive within the time frame we anticipate or at all.***

On October 28, 2021, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement"), by and among the Company, Milky Way Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of the Company ("Merger Sub"), and Momentive Global Inc., a Delaware corporation ("Momentive"), whereby Merger Sub will be merged with and into Momentive (the "Merger"), with Momentive continuing as a wholly owned subsidiary of the Company.

The completion of the Merger is subject to a number of conditions, including approval of the Company's stockholders, approval of Momentive's stockholders, and customary closing conditions. The failure to satisfy all of the required conditions could delay the completion of the Merger for a significant period of time or prevent it from occurring at all. A delay in completing the Merger could prevent us from realizing some or all of the expected benefits of the Merger within the time frame currently anticipated or at all, which could result in additional transaction costs or in other negative effects associated with uncertainty about the completion of the Merger.

Furthermore, either the Company or Momentive may terminate the Merger Agreement under certain circumstances, including, among others, if the Merger is not completed by July 28, 2022. If the Merger is not completed, we would not realize any of the anticipated benefits of the Merger, and we may suffer other consequences that could adversely affect our business, results of operations and stock price, including the payment of a termination fee of \$150 million under specified circumstances, transaction costs that are payable by us whether or not the Merger is completed, and possible legal proceedings related to the Merger or the failure to complete the Merger.

***We may fail to realize all of the anticipated benefits of the proposed acquisition of Momentive or those benefits may take longer to realize than expected.***

We believe that there are significant benefits and synergies that may be realized through leveraging the products, platforms, scale and combined customer bases of the Company and Momentive. However, the efforts to realize these benefits and synergies will be a complex process and may disrupt both companies' existing operations if not implemented in a timely and efficient manner. The full benefits of the transactions contemplated by the Merger Agreement, including the anticipated sales or growth opportunities, may not be realized as expected or may not be achieved within the anticipated time frame, or at all. Failure to achieve the anticipated benefits of the Merger could adversely affect our results of operations or cash flows, cause dilution to our earnings per share, decrease or delay any accretive effect of the Merger and negatively impact the price of our common stock.

Following completion of the Merger, our success will depend, in part, on our ability to manage our expansion, which poses numerous risks and uncertainties, including the need to integrate the operations and business of Momentive into our existing business in an efficient and timely manner, to combine systems and management controls and to integrate relationships with industry contacts and business partners.

In addition, we and Momentive will be required to devote significant attention and resources prior to closing to prepare for the post-closing integration and operation of the combined company, and we will be required post-closing to devote significant attention and resources to successfully align our business practices and operations with those of Momentive. This process may disrupt the businesses and, if ineffective, would limit the anticipated benefits of the Merger.

***Uncertainty about the proposed acquisition of Momentive may adversely affect relationships with our customers, partners, suppliers, and employees, whether or not the Merger is completed.***

In response to the announcement of our proposed acquisition of Momentive, our existing or prospective customers, partners, or suppliers may:

- delay, defer, or cease purchasing products or services from, or providing products or services to, us or the combined company;
- delay or defer other decisions concerning us or the combined company; or
- otherwise seek to change the terms on which they do business with us or the combined company.

Any such delays or changes to terms could materially harm our business or, if the Merger is completed, the business of the combined company.

In addition, as a result of the announcement of our proposed acquisition of Momentive, our current and prospective employees could experience uncertainty about their future with us or the combined company. As a result, key employees may depart because of issues relating to such uncertainty or a desire not to remain with the Company following the completion of the Merger.

Losses of customers, partners, employees, or other important strategic relationships could have a material adverse effect on our business, results of operations, and financial condition. Such adverse effects could also be exacerbated by a delay in the completion of the Merger for any reason, including delays associated with obtaining the approval of our and Momentive's stockholders.

***Our existing stockholders will experience dilution if the Merger is completed.***

The Merger, if completed, will dilute the ownership position of our existing stockholders. Upon completion of the Merger, our existing stockholders are expected to own approximately 78% of our outstanding shares of common stock and former Momentive stockholders are expected to own approximately 22% of our outstanding shares of common stock. Consequently, our existing stockholders may have less influence over our management and policies if the Merger is completed than they currently have over our management and policies.

***Stockholder litigation could negatively affect our business and operations.***

Transactions such as the Merger are frequently subject to litigation or other legal proceedings. As of the date of this Annual Report on Form 10-K, nine complaints have been filed by purported stockholders of the Company and purported stockholders of Momentive, each of which seeks to enjoin the Merger and other relief. The complaints assert claims against certain defendants under Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder for allegedly false and misleading statements in the joint proxy statement/prospectus and against certain defendants under Section 20(a) of the Exchange Act for alleged "control person" liability with respect to such allegedly false and misleading statements. The Company and Momentive intend to defend against the lawsuits filed, but might not be successful in doing so. An adverse outcome in such matters, as well as the costs and efforts of a defense even if successful, could have an adverse effect on our business, results of operation or financial position, including through the possible diversion of the Company's resources or distraction of key personnel.

Furthermore, one of the conditions to the completion of the Merger is that no injunction by any governmental body of competent jurisdiction will be in effect that prevents the consummation of the Merger. As such, if any of the plaintiffs are successful in obtaining an injunction preventing the consummation of the Merger, that injunction may prevent the Merger from becoming effective or from becoming effective within the expected time frame.

***Actions of activist shareholders or unsolicited bidders could impair our ability to consummate the Merger or otherwise negatively affect our business.***

We value constructive input from investors and regularly engage in dialogue with our shareholders regarding strategy and performance. Our board of directors and management team are committed to acting in the best interests of all of our shareholders. There is no assurance that the actions taken by our board of directors and management in seeking to maintain constructive engagement with certain shareholders will be successful.

Recently, an activist shareholder holding shares of the Company's stock has publicly opposed the Merger. The actions of this or other shareholder activists may make it more difficult to obtain approvals from the Company's and Momentive's respective stockholders for the Merger.

Responding to actions by activist shareholders and third parties making unsolicited bids to acquire the Company or a portion of its business may be costly and time-consuming, disrupt our operations and divert the attention of management, our board of directors and our employees. A proxy contest or other activist campaign and related actions could also require us to incur substantial legal, public relations and other advisor fees and proxy solicitation expenses.

Additionally, perceived uncertainties as to our future strategy, performance, operations or governance as a result of shareholder activism, changes to the composition of our board of directors, or an unsolicited bid for the Company or a portion of its business may lead to the perception of a change in the direction of our business or other instability, which may be exploited by our competitors and/or other activist shareholders or other unsolicited bidders and cause concern to our current or potential customers, employees, investors, strategic partners and other constituencies. This could result in lost sales and the loss of business opportunities, including the anticipated benefits of the Merger, and make it more difficult to attract and retain qualified personnel and business partners. If customers choose to delay, defer or reduce transactions with us or do business with our competitors instead of us, then our business, financial condition and operating results would be adversely affected. In addition, our share price could experience periods of increased volatility as a result of shareholder activism.

**Item 1B. Unresolved Staff Comments.**

None.

**Item 2. Properties.**

Our corporate headquarters are located in San Francisco, California, where we lease approximately 108,000 square feet of total space under multiple leases.

We also maintain offices in various locations in North America, South America, Europe, Australia, and Asia. All of our properties are currently leased. We believe our existing facilities are adequate to meet our current requirements. See Note 7 in the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K for more information about our lease commitments. We may expand our facilities capacity as our employee base grows. We believe we will be able to obtain such space on acceptable and commercially reasonable terms.

**Item 3. Legal Proceedings.**

From time to time, we may be subject to other legal proceedings, claims, investigations, and government inquiries in the ordinary course of business. We have received, and may in the future continue to receive, claims from third parties asserting, among other things, infringement of their intellectual property rights, defamation, labor and employment rights, privacy, and contractual rights. Legal risk is enhanced in certain jurisdictions outside the United States where our protection from liability for content added to our products by third parties may be unclear and where we may be less protected under local laws than we are in the United States. Future litigation may be necessary to defend ourselves, our partners, and our customers by determining the scope, enforceability, and validity of third-party proprietary rights, or to establish our proprietary rights. 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. In general, the resolution of a legal matter could prevent the Company from offering its service to others, could be material to the Company's financial condition or cash flows, or both, or could otherwise adversely affect the Company's operating results.

For more information regarding legal proceedings, such as the Reidinger securities class action, see Note 10 in the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K.

It is not possible for the Company to quantify the extent of potential liability to the individual defendants, if any. Management believes that the lawsuits currently filed against us lack merit and intends to vigorously defend the actions. We cannot predict the outcome of or estimate the possible loss or range of loss from the described matters.

In management's opinion, resolution of all current matters is not expected to have a material adverse impact on the business, consolidated balance sheets, results of operations, comprehensive loss, or cash flows. However, the outcome of these matters is inherently uncertain. Therefore, if one or more of these matters were resolved against us for amounts in excess of management's expectations, our results of operations and financial condition, including in a particular reporting period in which any such outcome becomes probable and estimable, could be materially adversely affected.

**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 Common Stock

Our common stock has been listed on the New York Stock Exchange under the symbol “ZEN” since May 15, 2014, the date of our initial public offering. Prior to that date, there was no public trading market for our common stock.

#### Holders

As of December 31, 2021, there were approximately 32 holders of record of our common stock. However, because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to accurately estimate the total number of stockholders represented by these record holders.

#### Dividends

We have never declared or paid any cash dividend on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, operating results, capital requirements, contractual restrictions, general business conditions, and other factors that our board of directors may deem relevant.

#### Issuer Purchases of Equity Securities

No shares of our common stock were repurchased during the three months ended December 31, 2021.

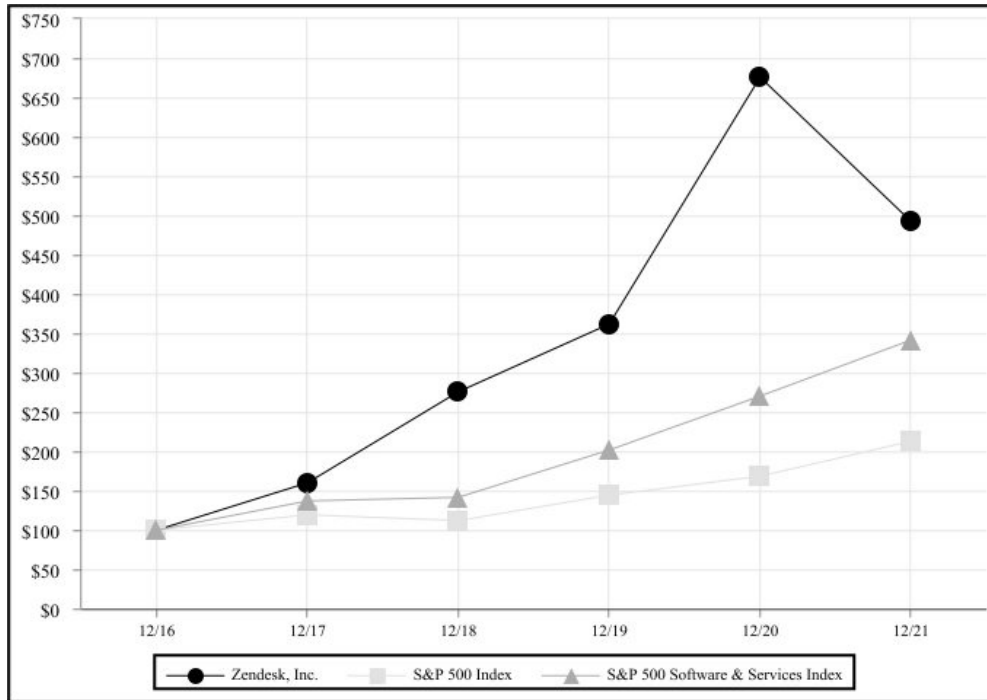
#### Securities Authorized for Issuance Under Equity Compensation Plans

See Item 12, “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” for information regarding securities authorized for issuance.

#### Stock Performance Graph

The following stock performance graph and related information shall not be deemed “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that we specifically incorporate it by reference into such filing.

The following stock performance graph compares total stockholder returns for Zendesk, Inc. from December 31, 2016, through December 31, 2021, against the S&P 500 Index and the S&P 500 Software & Services Index, assuming a \$100 investment made on December 31, 2016. The S&P 500 Software & Services Index is the official name of the index referred to in prior Annual Reports on Form 10-K as the S&P 500 Composite/Software Index. This change to refer to such index's official name has no effect on the identity or values of the index. Each of the two comparative measures of cumulative total return assumes reinvestment of dividends. The stock performance shown in the graph below is not necessarily indicative of future price performance.



**Item 6. [Reserved]**

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

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes appearing in this Annual Report on Form 10-K. As discussed in the section titled "Special Note Regarding Forward-Looking Statements," the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, impacts on our business and general economic conditions due to the current COVID-19 pandemic, those identified below and those discussed in the section titled "Risk Factors" included in this Annual Report on Form 10-K.*

**Overview**

We are a software development company that provides software as a service solutions that are intended to help organizations and their customers build better experiences. Our customer experience solutions are built upon a modern architecture that enables us and our customers to rapidly innovate, adapt our technology in novel ways, and easily integrate with other products and applications. With our origins in customer service, we have evolved our offerings over time to product and platform solutions that work together to help organizations understand the broader customer journey, improve communications across all channels, and engage where and when it’s needed most.

We believe in developing solutions that serve organizations of all sizes and across all industries. Our flagship product solution, Zendesk Support, provides organizations with the ability to track, prioritize, and solve customer support tickets across



multiple channels, bringing customer information and interactions into one place. Our other widely available product solutions integrate with Support and include Zendesk Chat, Zendesk Talk, and Zendesk Guide. Chat is live chat software that provides a fast and responsive way for organizations to connect with their customers. Talk is cloud-based call center software that facilitates personal and productive voice and short message service support conversations between organizations and their customers. Guide is a self-service destination that organizations can use to provide articles, interactive forums, and a community that help an organization's customers help themselves.

We additionally offer Zendesk Gather, a product solution that enables companies to provide trusted and transparent support to customers through online community forums, Zendesk Explore, a solution to provide analytics for organizations to measure and improve the entire customer experience, Zendesk Sell, sales customer relationship management software that complements our mission in delivering solutions that provide a better customer experience, Zendesk Sunshine, a customer relationship management platform which enables organizations to connect and integrate customer data generated through our product solutions, and Sunshine Conversations, a messaging platform solution that allows businesses to integrate messaging through social channels and directly interact and transact with customers. For a service solution which provides Support, Chat, Talk, Guide, Explore, and Sunshine together, we offer the Zendesk Suite.

We offer a range of subscription account plans for our solutions that vary in price based on functionality, type, and the amount of product support we offer. We also offer a range of additional features that customers can purchase and add to their subscriptions.

For the years ended December 31, 2021, 2020, and 2019, our revenue was \$1,339 million, \$1,030 million, and \$816 million, respectively, representing a 30% growth rate from 2020 to 2021 and a 26% growth rate from 2019 to 2020. For the years ended December 31, 2021, 2020, and 2019, we derived \$659 million, or 49%, \$493 million, or 48%, and \$389 million, or 48%, respectively, of our revenue from customers located outside of the United States. We expect that the rate of growth in our revenue will decline as our business scales, even if our revenue continues to grow in absolute terms. For the years ended December 31, 2021, 2020, and 2019, we generated net losses of \$224 million, \$218 million, and \$170 million, respectively.

The growth of our business and our future success depend on many factors, including our ability to continue to innovate, further develop our product and platform solutions geared towards the entire customer experience, build brand recognition and scalable solutions for larger organizations, sell to and provide a unified and reliable service to those larger organizations, maintain our leadership in the small and mid-sized business market, add new customers, generate additional revenue from our existing customer base, and increase our global customer footprint. While these areas represent significant opportunities for us, we also face significant risks and challenges that we must successfully address in order to sustain the growth of our business and improve our operating results. We anticipate that we will continue to invest in our operations. The expected expenditures that we anticipate will be necessary to manage our anticipated growth, including personnel costs, expenditures relating to hosting capabilities, leasehold improvements, and related fixed assets, will make it more difficult for us to achieve profitability in the near term. Many of these investments will occur in advance of us experiencing any direct benefit and will make it difficult to determine if we are allocating our resources efficiently.

We have focused on rapidly growing our business and plan to continue to invest for long-term growth. We expect to continue to develop our hosting capabilities primarily through expenditures for third-party managed hosting services. The amount and timing of these expenditures will vary based on our estimates of projected growth and planned use of hosting resources. Over time, we anticipate that we will continue to gain economies of scale by efficiently utilizing our hosting and personnel resources to support the growth of our customer base. In addition, we expect to incur third-party license fees to support certain products and amortization expense associated with acquired intangible assets and capitalized internal-use software. As a result, we expect our gross margin to improve in the long-term, although our gross margin may decrease in the near-term and may vary from period to period as our revenue fluctuates and as a result of the timing and amount of such costs.

We expect our operating expenses to continue to increase in absolute dollars in future periods. We have invested, and expect to continue to invest, in our software development efforts to broaden the functionality of our existing solutions, to further integrate these solutions and services, and to introduce new solutions. We plan to continue to invest in our sales and marketing organizations, particularly in connection with our efforts to expand our customer base and expand usage of our solutions. We also expect to continue to incur additional general and administrative costs in order to support the growth of our business and the infrastructure required to comply with our obligations as a global, public company.

#### COVID-19 Update

We are continuing to ascertain the long-term impact of the novel coronavirus and resulting disease ("COVID-19") pandemic on our business. The full effect on our results of operations in future quarters is uncertain, but in the near to intermediate term, we expect our financial performance to continue to be impacted by the economic crisis arising from COVID-19. We continue to focus on supporting our employees, customers, and community.

As organizations and governments continue to adapt to changing conditions related to the COVID-19 pandemic worldwide, our business continuity plans have continued to focus on the health and safety of our employees while continuing to drive innovation in customer experience solutions for our customers. The ongoing global shift to a digital-first world has continued to emphasize the importance of fast time-to-value solutions such as our own and our need to reimagine the way our employees engage with each other and their customers. As we adjust to that new normal, we will continue to evaluate conditions in each region we operate. We continue to reassess local restrictions across the globe, focusing on leveraging technology to bring employees together virtually, while being more thoughtful when we ask people to come together in person.

As commercial, personal, and social spheres continue to increasingly rely on digital interactions and experiences worldwide, some of our customers' businesses have continued to see increased activity, while other customers may have seen a decrease in previously heightened activity as businesses adjust to a new normal. We may continue to experience curtailed customer demand for our solutions that could materially adversely impact our business, results of operations, and overall financial performance in future periods. Because we primarily have a subscription-based business model which generally results in recognition of revenue in subsequent periods originating from customer contracts executed in prior periods, the effects of the COVID-19 pandemic may continue to have a delayed impact on our results of operations. See the "Risk Factors" section for further discussion of the possible impact of the COVID-19 pandemic on our business.

### Key Business Metrics

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

**Logos.** Our number of logos is a consolidation of paid customer accounts across our solutions, exclusive of our legacy Starter plan, free trials, or other free services, as of the end of the period. A paid customer account is one individual billing relationship for subscription to our services. We calculate our logo number by consolidating paid customer accounts that share common corporate information as a single organization or customer may have multiple paid customer accounts across our solutions to service separate subsidiaries, divisions, or work processes. As of December 31, 2021, we had 111,100 logos. We do not currently include in our logo metric logos associated with our legacy analytics product, our legacy Outbound product, our legacy Starter plan, our Sell product, Sunshine Conversations, our legacy Smooch product, free trials, or other free services. We may from time to time refer to "customers" or "brands" in our publicly-available disclosures, each of which refers to our number of logos.

**Dollar-Based Net Expansion Rate.** Our ability to generate revenue is dependent upon our ability to maintain our relationships with our customers and to increase their utilization of our solutions. We believe we can achieve this by focusing on delivering value and functionality that retains our existing customers, expands the number of authorized agents associated with an existing logo, and results in upgrades to higher-priced subscription plans and the purchase of additional products. Maintaining customer relationships allows us to sustain and increase revenue to the extent customers maintain or increase the number of authorized agents licensed to use our products. We assess our performance in this area by measuring our dollar-based net expansion rate. Our dollar-based net expansion rate provides a measurement of our ability to increase revenue across our existing customer base through expansion of authorized agents associated with a logo, upgrades in subscription plans, and the purchase of additional products as offset by contraction and churn in authorized agents associated with a logo, and downgrades in subscription plans. We do not currently incorporate operating metrics associated with our legacy analytics product, our legacy Outbound product, our legacy Starter plan, our Sell product, Sunshine Conversations, our legacy Smooch product, free trials, or other free services into our measurement of dollar-based net expansion rate.

Our dollar-based net expansion rate is based upon our annual recurring revenue for a set of logos on our products. Annual recurring revenue is determined by multiplying monthly recurring revenue by 12. Monthly recurring revenue is a legal and contractual determination made by assessing the contractual terms, as of the date of determination, as to the revenue we expect to generate in the next monthly period, assuming no changes to the subscription and without taking into account any usage above the subscription base, if any, that may be applicable to such subscription. We exclude the impact of revenue that we expect to generate from fixed-term contracts that are each associated with an existing account, are solely for additional temporary agents, and are not contemplated to last for the duration of the primary contract for the existing account from our determination of monthly recurring revenue. We additionally exclude the impact of accounts that are free-trial accounts that did not result in paid subscriptions, and temporary coupons, such as short-term discounts that were applied to certain accounts due to the COVID-19 pandemic, from our annual recurring revenue. Monthly recurring revenue is not determined by reference to historical revenue, deferred revenue, or any other United States generally accepted accounting principles, or GAAP, financial measure over any period.

We calculate our dollar-based net expansion rate by dividing our retained revenue net of contraction and churn by our base revenue. We define our base revenue as the aggregate annual recurring revenue across our products from logos as of the date one year prior to the date of calculation. We define our retained revenue net of contraction and churn as the aggregate annual recurring revenue across our products from the same customer base included in our measure of base revenue at the end of the annual period being measured.

Our dollar-based net expansion rate was 122% as of December 31, 2021. We expect that, among other factors, our continued focus on adding larger logos at the time of addition and the growth in our revenue will result in an overall decline in our dollar-based net expansion rate over time as our aggregate annual recurring revenue grows.

## Components of Results of Operations

### **Revenue**

We generate substantially all of our revenue from subscription services, which are comprised of subscription fees from customer accounts on Zendesk Support and, to a lesser extent, Chat, Talk, Guide, Gather, Explore, Sell, Sunshine, and Sunshine Conversations and includes related support services. We also derive revenue from Zendesk Suite, our omnichannel offering, which combines many of these existing solutions into easy to purchase plans. Each subscription may have multiple authorized users, and we refer to each user as an "agent." The number of agents ranges from one to thousands for various customer accounts. Our pricing is generally established on a per agent basis. We offer a range of subscription account plans for our solutions that vary in price based on functionality, type, and the amount of support we offer. We also offer a range of additional features that customers can purchase and add to their subscriptions. Certain arrangements provide for incremental fees above a fixed maximum number of monthly agents during the subscription term. Additionally, certain customers have arrangements that provide for unlimited users during the subscription term for a fixed fee. We sell subscription services under contractual agreements that vary in length, ranging between one month and multiple years, with the majority of subscriptions having a term of either one month or one year.

Subscription fees are generally non-refundable regardless of the actual use of the service. Subscription revenue is typically affected by the number of customer accounts, number of agents, and the type of plan purchased by our customers, and is recognized ratably over the term of the arrangement beginning on the date that our services are made available to our customers. Subscription services purchased online are typically paid for via a credit card on the date of purchase while subscription services purchased through our internal sales organization are generally billed with monthly, quarterly, or annual payment frequencies. Due to our mixed contract lengths and billing frequencies, the annualized value of the arrangements we enter into with our customers may not be fully reflected in deferred revenue at any single point in time. Accordingly, we do not believe that the change in deferred revenue for any period provides sufficient context to accurately predict our future revenue for a given period of time.

We also derive revenue from implementation and training services, for which we recognize revenue based on proportional performance, and Talk usage, for which we recognize revenue based on usage.

### **Cost of Revenue, Gross Margin, and Operating Expenses**

*Cost of Revenue.* Cost of revenue consists primarily of personnel costs (primarily including salaries, share-based compensation, and benefits) for employees associated with our infrastructure, product support, and professional service organizations, and expenses for hosting capabilities, primarily for third-party managed hosting services located in North America, Europe, Asia and Australia. Cost of revenue also includes third-party license fees, payment processing fees, amortization expense associated with acquired intangible assets, amortization expense associated with capitalized internal-use software, and allocated shared costs. We allocate shared costs such as facilities, information technology, and security costs to all departments based on headcount. As such, allocated shared costs are reflected in cost of revenue and each operating expense category.

We intend to continue to invest additional resources in our infrastructure, professional service organizations, and product support organically and through acquisitions. We expect that recent and future business acquisitions will result in increased amortization expense of intangible assets such as acquired technology. As we continue to invest in technology innovation, we expect to continue to incur capitalized internal-use software costs and related amortization. We expect these investments in technology to not only expand the capabilities of our solutions but also to increase the efficiency of how we deliver these services, enabling us to improve our gross margin over time, although our gross margin may decrease in the near-term and may vary from period to period as our revenue fluctuates and as a result of the timing and amount of these investments. To the extent that we continue to rely on third-party technology to provide certain functionality within our solutions or for certain subscription plans or integrations, we expect third-party license fees for technology that is incorporated in such solutions and subscription plans to remain significant over time.

*Gross Margin.* Gross margin is gross profit expressed as a percentage of revenue. Our gross margin may fluctuate from period to period as our revenue fluctuates and as a result of the timing and amount of usage of third-party managed hosting resources, investments to expand our product support and professional services teams, investments in additional personnel, increased share-based compensation expense, as well as the amortization of certain acquired intangible assets, costs associated with capitalized internal-use software, and third-party license fees.

*Research and Development.* Research and development expenses consist primarily of personnel costs (primarily including salaries, share-based compensation, and benefits) for employees associated with our research and development organization and allocated shared costs.

We focus our research and development efforts on the continued development of our solutions, including the development and deployment of new features and functionality and enhancements to our software architecture and integration across our solutions. We expect that, in the future, research and development expenses will increase in absolute dollars. However, we expect our research and development expenses to decrease modestly as a percentage of our revenue in the long-term, although this may fluctuate from period to period depending on fluctuations in revenue and the timing and the extent of our research and development expenses.

*Sales and Marketing.* Sales and marketing expenses consist of personnel costs (primarily including salaries, share-based compensation, sales commissions, and benefits) for employees associated with our sales and marketing organizations, costs of marketing activities, and allocated shared costs. Marketing activities include online and offline marketing initiatives, including digital advertising, such as search engine, paid social, e-mail and product marketing, content marketing, user events, conferences, corporate communications, web marketing and optimization, and outbound list and contact generation. Sales commissions are considered incremental costs of obtaining customer contracts and are capitalized and amortized on a straight-line basis over their anticipated period of benefit, which we have determined to be three years.

We focus our sales and marketing efforts on generating awareness of our solutions, establishing and promoting our brand, and cultivating a community of successful and vocal customers. We plan to continue investing in sales and marketing by increasing the number of sales employees, developing our marketing teams, improving our demand generation strategies, and building brand awareness, which we believe will enable us to add new customers and increase penetration within our existing customer base. Because we do not have a long history of undertaking or growing many of these activities, we cannot predict whether, or to what extent, our revenue will increase as we invest in these strategies. We expect our sales and marketing expenses to continue to increase in absolute dollars and continue to be our largest operating expense category for the foreseeable future. Our sales and marketing expenses as a percentage of our revenue over time may fluctuate from period to period depending on fluctuations in revenue and the timing and extent of our sales and marketing expenses.

*General and Administrative.* General and administrative expenses consist primarily of personnel costs (primarily including salaries, share-based compensation, and benefits) for our executive, finance, legal, human resources, and other administrative employees. In addition, general and administrative expenses include fees for third-party professional services,

including legal, accounting, and tax related services, allowance for credit losses on accounts receivable, other corporate expenses, and allocated shared costs.

We expect to incur incremental costs associated with supporting the growth of our business, both in terms of size and geographic expansion. As a result, we expect our general and administrative expenses to continue to increase in absolute dollars for the foreseeable future. Our general and administrative expenses as a percentage of our revenue over time may fluctuate from period to period depending on fluctuations in revenue and the timing and extent of our general and administrative expenses.

**Other Income (Expense), Net**

Other income (expense), net consists primarily of interest income from marketable securities, strategic investment gains and losses, foreign currency gains and losses, interest expense from our convertible senior notes, and loss on early extinguishment of debt. Interest expense includes amortization of the debt discount, amortization of issuance costs, and contractual interest expense.

**Provision for (Benefit from) Income Taxes**

Provision for (benefit from) income taxes consists of federal and state income taxes in the United States and income taxes in certain foreign jurisdictions.

**Results of Operations for Fiscal Years 2021, 2020, and 2019**

The following tables set forth our results of operations for the periods presented in dollars and as a percentage of our revenue (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Revenue	\$ 1,338,603	\$ 1,029,564	\$ 816,416
Cost of revenue (1)	274,883	251,255	234,282
Gross profit	1,063,720	778,309	582,134
Operating expenses (1):			
Research and development	352,049	255,400	207,548
Sales and marketing	679,801	512,339	396,514
General and administrative	198,554	166,469	141,076
Total operating expenses	1,230,404	934,208	745,138
Operating loss	(166,684)	(155,899)	(163,004)
Other income (expense), net			
Interest expense	(58,721)	(43,319)	(26,708)
Loss on early extinguishment of debt	—	(25,950)	—
Interest and other income (expense), net	8,637	12,751	21,409
Total other income (expense), net	(50,084)	(56,518)	(5,299)
Loss before provision for income taxes	(216,768)	(212,417)	(168,303)
Provision for income taxes	6,876	5,761	1,350
Net loss	\$ (223,644)	\$ (218,178)	\$ (169,653)

(1) Includes share-based compensation expense as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Cost of revenue	\$ 21,004	\$ 20,068	\$ 20,858
Research and development	68,197	53,967	46,965
Sales and marketing	98,688	74,796	53,964
General and administrative	42,296	33,373	34,943

	Year Ended December 31,		
	2021	2020	2019
Revenue	100.0 %	100.0 %	100.0 %
Cost of revenue (1)	20.5	24.4	28.7
Gross profit	79.5	75.6	71.3
Operating expenses (1):			
Research and development	26.3	24.8	25.4
Sales and marketing	50.8	49.8	48.6
General and administrative	14.8	16.2	17.3
Total operating expenses	91.9	90.8	91.3
Operating loss	(12.4)	(15.2)	(20.0)
Other income (expense), net			
Interest expense	(4.4)	(4.2)	(3.3)
Loss on early extinguishment of debt	—	(2.5)	—
Interest and other income (expense), net	0.6	1.2	2.6
Total other income (expense), net	(3.8)	(5.5)	(0.6)
Loss before provision for income taxes	(16.2)	(20.7)	(20.6)
Provision for income taxes	0.5	0.6	0.2
Net loss	(16.7)%	(21.3)%	(20.8)%

1) Includes share-based compensation expense as follows:

	Year Ended December 31,		
	2021	2020	2019
Cost of revenue	1.6 %	1.9 %	2.6 %
Research and development	5.1	5.2	5.8
Sales and marketing	7.4	7.3	6.6
General and administrative	3.2	3.2	4.3

### Revenue

	Year Ended December 31,			2020 to 2021 % change	2019 to 2020 % change
	2021	2020	2019		
Revenue	\$ 1,338,603	\$ 1,029,564	\$ 816,416	30 %	26 %

(In thousands, except percentages)

Revenue increased \$309 million, or 30%, in 2021 compared to 2020. The total increase in revenue was primarily attributable to expansions from existing accounts and the remainder was attributable to revenue from new accounts. Revenue from new accounts on a year-to-date basis reflects the revenue recognized from new customers acquired in the 12 months prior for each discrete quarter within the year-to-date period.

Revenue increased \$213 million, or 26%, in 2020 compared to 2019. The total increase in revenue was primarily attributable to expansions from existing accounts and the remainder was attributable to revenue from new accounts.

### Cost of Revenue and Gross Margin

	Year Ended December 31,			2020 to 2021 % change	2019 to 2020 % change
	2021	2020	2019		
	(In thousands, except percentages)				
Cost of Revenue	\$ 274,883	\$ 251,255	\$ 234,282	9 %	7 %
Gross Margin	79.5 %	75.6 %	71.3 %		

Cost of revenue increased \$24 million, or 9%, in 2021 compared to 2020. The overall increase was primarily due to increased hosting and related costs of \$13 million and increased third-party license fees of \$8 million, driven by customer growth. The increase was also driven by increased employee compensation-related costs of \$7 million, mainly driven by headcount growth and incentive compensation. The overall increase was partially offset by a decrease in amortization expense from fully amortized acquired intangible assets of \$3 million.

Our gross margin increased by 3.9 percentage points in 2021 compared to 2020, driven primarily by increased optimization of our personnel costs in our product support organization and efficiency from our hosting infrastructure.

Cost of revenue increased \$17 million, or 7%, in 2020 compared to 2019. The overall increase was primarily due to increased expenditures for third-party managed hosting services of \$9 million and increased third-party license fees of \$4 million, driven by customer growth. The increase was also driven by increased employee compensation-related costs of \$2 million, mainly driven by headcount growth and incentive compensation.

Our gross margin increased by 4.3 percentage points in 2020 compared to 2019, driven primarily by increased optimization of our personnel costs in our product support organization and efficiency from our hosting infrastructure.

### Operating Expenses

#### Research and Development Expenses

	Year Ended December 31,			2020 to 2021 % change	2019 to 2020 % change
	2021	2020	2019		
	(In thousands, except percentages)				
Research and Development	\$ 352,049	\$ 255,400	\$ 207,548	38 %	23 %

Research and development expenses increased \$97 million, or 38%, in 2021 compared to 2020. The overall increase was primarily due to increased employee compensation-related costs of \$77 million, driven by headcount growth and incentive compensation. Further contributing to the increase was higher allocated shared costs of \$10 million.

Research and development expenses increased \$48 million, or 23%, in 2020 compared to 2019. The overall increase was primarily due to increased employee compensation-related costs of \$40 million, driven by headcount growth and incentive compensation. Further contributing to the increase was an increase in allocated shared costs of \$5 million.

#### Sales and Marketing Expenses

	Year Ended December 31,			2020 to 2021 % change	2019 to 2020 % change
	2021	2020	2019		
	(In thousands, except percentages)				
Sales and Marketing	\$ 679,801	\$ 512,339	\$ 396,514	33 %	29 %

Sales and marketing expenses increased \$167 million, or 33%, in 2021 compared to 2020. The overall increase was primarily due to increased employee compensation-related costs, including amortization of capitalized commissions, of \$126 million, driven by headcount growth and increased utilization of our product support organization, and an increase in allocated

shared costs of \$20 million. The increase was also driven by higher marketing program costs of \$17 million, primarily due to increased volume of marketing and advertising activities.

Sales and marketing expenses increased \$116 million, or 29%, in 2020 compared to 2019. The overall increase was primarily due to increased employee compensation-related costs, including amortization of capitalized commissions, of \$103 million, driven by headcount growth, and an increase in allocated shared costs of \$16 million. The overall increase was partially offset by decreased travel costs of \$9 million, driven by reduced in-person activities due to the COVID-19 pandemic.

#### **General and Administrative Expenses**

	Year Ended December 31,			2020 to 2021 % change	2019 to 2020 % change
	2021	2020	2019		
	(In thousands, except percentages)				
General and Administrative	\$ 198,554	\$ 166,469	\$ 141,076	19 %	18 %

General and administrative expenses increased \$32 million, or 19%, in 2021 compared to 2020. The overall increase was primarily due to increased employee compensation-related costs of \$38 million, driven by headcount growth and incentive compensation, and higher allocated shared costs of \$4 million. The overall increase was partially offset by a real estate impairment charge of \$15 million recorded in the fourth quarter of 2020.

General and administrative expenses increased \$25 million, or 18%, in 2020 compared to 2019. The overall increase was primarily driven by a real estate impairment charge of \$15 million in the fourth quarter of 2020 and increased employee compensation-related costs of \$12 million, driven by headcount growth and incentive compensation. Further contributing to the overall increase was increased expense of \$5 million for the allowance for credit losses, driven by a reduction in customer collectability caused by the COVID-19 pandemic. The overall increase was partially offset by acquisition related costs of \$6 million associated with our acquisition of Smooch and accelerated retention compensation of \$3 million, recorded in 2019.

#### **Other Income (Expense), Net**

	Year Ended December 31,			2020 to 2021 % change	2019 to 2020 % change
	2021	2020	2019		
	(In thousands, except percentages)				
Interest expense	\$ (58,721)	\$ (43,319)	\$ (26,708)	36 %	62 %
Loss on early extinguishment of debt	—	(25,950)	—	*	*
Interest and other income (expense), net	8,637	12,751	21,409	(32)%	(40)%

\*not meaningful

Interest expense increased \$15 million, or 36%, in 2021 compared to 2020 primarily due to the issuance of the 2025 Notes in the second quarter of 2020. The loss on early extinguishment of debt of \$26 million in 2020 was due to the 2023 Notes Partial Repurchase. Interest and other income (expense), net decreased by \$4 million in 2021 compared to 2020, primarily due to a decrease in interest rates.

Interest expense increased \$17 million, or 62%, in 2020 compared to 2019 primarily due to the issuance of the 2025 Notes. The loss on early extinguishment of debt of \$26 million in 2020 was due to the 2023 Notes Partial Repurchase. Interest and other income (expense), net decreased by \$9 million in 2020 compared to 2019, primarily due to a decrease in interest rates, partially offset by a gain on the sale of a strategic investment of \$1 million in 2020.

#### **Provision for Income Taxes**



	Year Ended December 31,			2020 to 2021 % change	2019 to 2020 % change
	2021	2020	2019		
Provision for income taxes	\$ 6,876	\$ 5,761	\$ 1,350	19%	*

(In thousands, except percentages)

\*not meaningful

Provision for income taxes increased \$1 million in 2021 compared to 2020 primarily due to income taxes in foreign jurisdictions.

Provision for income taxes increased \$4 million in 2020 compared to 2019 primarily due to income taxes in foreign jurisdictions and the adoption of ASU 2019-12.

The effective tax rate for each period differs from the statutory rate primarily as a result of not recognizing a deferred tax asset for U.S. losses due to having a full valuation allowance against U.S. deferred tax assets.

### Liquidity and Capital Resources

As of December 31, 2021, our principal sources of liquidity were cash, cash equivalents and marketable securities totaling \$1,576 million, which were held for working capital and general corporate purposes. Our cash equivalents and marketable securities are comprised of U.S. Treasury securities, corporate bonds, money market funds, asset-backed securities, agency securities, commercial paper, certificates of deposit, and time deposits.

The following table summarizes our cash flows for the periods indicated (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Net cash provided by operating activities	\$ 169,762	\$ 26,428	\$ 89,261
Net cash used in investing activities	(159,452)	(382,329)	(66,752)
Net cash provided by financing activities	59,225	563,817	48,411

To date, we have financed our operations primarily through customer payments for subscription services, the issuance of our convertible senior notes, and public and private equity financings. Cash from operations could be affected by various risks and uncertainties, including, but not limited to, the effects of the COVID-19 pandemic, including timing of cash collections from our customers, and other risks detailed in the "Risk Factors" section. However, based on our current business plan and revenue prospects, we believe that our existing cash, cash equivalents, and marketable securities balances, together with cash generated from operations, will be sufficient to meet our working capital and capital expenditure requirements for at least the next 12 months.

In March 2018, we issued \$575 million aggregate principal amount of 0.25% convertible senior notes due March 15, 2023 (refer to Note 9 of the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K for more information). As of the date of this filing, we have received one request for conversion for an immaterial amount. The 2023 Notes are convertible during the three months ending March 31, 2022.

In June 2020, we issued \$1,150 million aggregate principal amount of 0.625% convertible senior notes due June 15, 2025 (refer to Note 9 of the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K for more information). In connection with the offering of the 2025 Notes, we used \$618 million of the proceeds from the offering to repurchase a portion of the 2023 Notes, of which \$39 million was related to repayment of the debt discount and was reflected as a cash outflow from operating activities. We also terminated a portion of our existing capped call in amounts corresponding to the principal of the 2023 Notes repurchased. The 2025 Notes are not convertible during the three months ending March 31, 2022.

We are in compliance with all covenants under both the 2023 Notes and the 2025 Notes as of December 31, 2021.

The impact of the 2023 Notes and the 2025 Notes on our liquidity will depend on whether we elect to settle any conversions in shares of our common stock or a combination of cash and shares. We currently intend to settle the principal amount of any converted 2023 Notes or 2025 Notes in cash.

On October 28, 2021, we entered into the Merger Agreement to acquire Momentive. Under the terms of the Merger Agreement, each issued and outstanding share of Momentive common stock will be converted into the right to receive 0.225 shares of Zendesk common stock. The Merger Agreement also provides for Zendesk's assumption of outstanding options and other unvested equity awards held by continuing Momentive employees. Based on approximately 150 million shares of Momentive common stock issued and outstanding as of January 3, 2022, and the exchange ratio of 0.225, it is expected that Zendesk will issue approximately 33.8 million shares of Zendesk common stock in the Merger.

Further, we expect to incur non-recurring costs associated with combining the operations of the two companies, as well as transaction fees and other costs related to the Merger. The transaction is subject to approval by Zendesk and Momentive stockholders, the receipt of any required regulatory approvals, and other customary closing conditions. If the Merger Agreement is terminated under specified circumstances, Zendesk or Momentive may be required to pay the other a termination fee of \$150 million.

Our material cash requirements from known contractual and other obligations consist of our convertible senior notes, obligations under operating leases for office space, and contractual commitments for third-party managed hosting and other support services. For more information regarding our convertible senior notes, refer to Note 9 of the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K. For more information regarding our lease obligations, refer to Note 7 of the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K. Our other contractual obligations consist primarily of purchase commitments for third-party managed hosting services. As of December 31, 2021, these contractual commitments were \$246 million, with \$138 million committed within the next 12 months.

For more information on our contractual obligations, refer to Note 10 of the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K.

Our future capital requirements will depend on many factors, including employee-related expenditures from expansion of our headcount, hosting costs to support the growth in our customer accounts and continued customer expansion, the timing and extent of spending to support product development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced solutions, features, and functionality, and costs related to building out our leased office facilities. We may in the future enter into arrangements to acquire or invest in complementary businesses, services, and technologies, and intellectual property rights. We may be required to seek additional equity or debt financing in order to meet these future capital requirements. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us, or at all. If we are unable to raise additional capital when desired, our business, results of operations, and financial condition would be adversely affected.

### ***Operating Activities***

Our largest source of operating cash inflows is cash collections from our customers. Our primary uses of cash from operating activities are for employee-related expenditures, hosting costs, office facilities, and marketing programs.

Net cash provided by operating activities in 2021 was \$170 million, reflecting our net loss of \$224 million, adjusted by non-cash charges including share-based compensation expense of \$230 million, amortization of deferred costs of \$68 million, amortization of debt discount and issuance costs of \$51 million, depreciation and amortization expense of \$38 million, and allowance for credit losses on accounts receivable of \$7 million, partially offset by net changes in operating assets and liabilities of \$5 million. The net outflow from changes in operating assets and liabilities was primarily attributable to an increase in deferred costs of \$105 million, primarily related to sales commissions, an increase in accounts receivable of \$87 million due to sales growth and the timing of customer billings and collections, a decrease in lease liabilities of \$27 million driven partially by the execution of a lease termination, and an increase in other assets and liabilities of \$10 million largely due to an increase in deferred tax assets, partially offset by an increase in deferred revenue of \$136 million due to sales growth and the timing of customer billings, an increase in accrued compensation and related benefits of \$34 million, an increase in accounts payable of \$33 million due to timing of payments, and a decrease in lease right-of-use assets of \$17 million.

Net cash provided by operating activities in 2020 was \$26 million, reflecting our net loss of \$218 million, adjusted by non-cash charges including share-based compensation expense of \$182 million, amortization of deferred costs of \$45 million, depreciation and amortization expense of \$42 million, amortization of debt discount and issuance costs of \$39 million, loss on early extinguishment of debt of \$26 million, a real estate impairment of \$15 million, and the allowance for credit losses on accounts receivable of \$10 million, partially offset by repayment of debt discount of \$39 million related to the 2023 Notes Partial Repurchase and net changes in operating assets and liabilities of \$82 million. The net outflow from changes in operating assets and liabilities was primarily attributable to an increase in accounts receivable of \$81 million due to sales growth and the timing of customer billings and collections, an increase in deferred costs of \$77 million, primarily related to sales commissions,

and a decrease in accounts payable of \$21 million due to timing of payments, partially offset by an increase in deferred revenue of \$59 million due to sales growth and the timing of customer billings and an increase in accrued compensation and related benefits of \$38 million.

Net cash provided by operating activities in 2019 was \$89 million, reflecting our net loss of \$170 million, adjusted by non-cash charges including share-based compensation expense of \$157 million, depreciation and amortization expense of \$39 million, amortization of deferred costs of \$32 million, amortization of debt discount and issuance costs of \$25 million, and net changes in operating assets and liabilities of \$5 million. The net inflow from changes in operating assets and liabilities was primarily attributable to an increase in deferred revenue of \$78 million due to sales growth and the timing of customer billings, and an increase in accounts payable and accrued compensation of \$33 million due to overall growth in our business and timing of payments. These sources of cash were partially offset by an increase in deferred costs of \$50 million, primarily related to sales commissions, an increase in accounts receivable of \$50 million due to sales growth and the timing of customer billings and collections, and an increase in prepaid expenses and other current assets of \$8 million.

#### ***Investing Activities***

Net cash used in investing activities in 2021 of \$159 million was primarily attributable to purchases of marketable securities of \$119 million, net of sales and maturities, purchases of property and equipment of \$15 million, primarily for employee equipment, capitalized internal-use software costs of \$14 million related to the development of additional features and functionality for our platform, cash paid for the acquisition of Cleverly, net of cash acquired, of \$8 million, and net purchases of strategic investments of \$4 million.

Net cash used in investing activities in 2020 of \$382 million was primarily attributable to purchases of marketable securities of \$344 million, net of sales and maturities, purchases of property and equipment of \$23 million primarily associated with leasehold improvements for newly leased office facilities, and capitalized internal-use software costs of \$16 million related to the development of additional features and functionality for our platform.

Net cash used in investing activities in 2019 of \$67 million was primarily attributable to cash paid for the acquisition of Smooch, net of cash acquired, of \$71 million, purchases of property and equipment of \$39 million primarily associated with leasehold improvements for newly leased office facilities, and capitalized internal-use software costs of \$8 million related to the development of additional features and functionality for our platform, partially offset by proceeds from sales and maturities of marketable securities of \$52 million, net of purchases.

#### ***Financing Activities***

Net cash provided by financing activities in 2021 of \$59 million was primarily attributable to proceeds from our employee stock purchase plan of \$49 million and proceeds from exercises of employee stock options of \$22 million, partially offset by payments for withholding taxes related to net share settlement of RSUs of \$11 million.

Net cash provided by financing activities in 2020 of \$564 million was primarily attributable to proceeds from issuance of the 2025 Notes of \$1,129 million, proceeds from the termination of capped calls related to the 2023 Notes of \$83 million, proceeds from our employee stock purchase plan of \$40 million, and proceeds from exercises of employee stock options of \$29 million, partially offset by payment for the 2023 Notes Partial Repurchase of \$579 million, the purchase of the capped calls related to the 2025 Notes of \$130 million, and payments for withholding taxes related to net share settlement of RSUs of \$9 million.

Net cash provided by financing activities in 2019 of \$48 million was primarily attributable to proceeds from our employee stock purchase plan of \$31 million and proceeds from exercises of employee stock options of \$26 million, partially offset by payments for withholding taxes related to net share settlement of RSUs of \$10 million.

#### **Critical Accounting Policies and Estimates**

We prepare our consolidated financial statements in accordance with GAAP. In the preparation of these consolidated financial statements, we are required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations would be affected. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. We refer to accounting estimates of this type as critical accounting policies and estimates, which we discuss below.

### **Revenue Recognition**

We generate substantially all of our revenue from subscription services, which are comprised of subscription fees from customer accounts on Zendesk Support and, to a lesser extent, Chat, Talk, Guide, Gather, Explore, Sell, Sunshine, and Sunshine Conversations and includes related support services. We also derive revenue from Zendesk Suite, our omnichannel offering, which combines many of these existing solutions into easy to purchase plans.

Additionally, we derive revenue from implementation and training services, for which we recognize revenue based on proportional performance, and Talk usage, for which we recognize revenue based on usage.

Subscription revenue is recognized on a ratable basis over the contractual subscription term of the arrangement, as the underlying service is a stand-ready performance obligation, beginning on the date that our service is made available to the customer. Payments received in advance of services being rendered are recorded as deferred revenue.

Certain customers have arrangements that provide for a maximum number of users over the subscription term, with usage measured monthly, and additional fees are incurred for incremental users above the maximum. In determining the transaction price for these arrangements, we evaluate the expected usage and estimate any additional fees that we are entitled to throughout the subscription term and recognize revenue ratably over the subscription term. Our estimates for expected usage are based on the trend of historical usage as of each reporting period. We constrain our estimates based on the length of the remaining subscription term, seasonality, and other relevant economic or other factors, as applicable. To date, there have been no significant reversals of revenue recognized.

### **Costs to Obtain Customer Contracts**

Sales commissions and related expenses are capitalized and amortized on a straight-line basis over their anticipated period of benefit, which we have estimated to be three years. Significant judgment is required in arriving at this average period of benefit. We determined the period of benefit by taking into consideration the length of our customer contracts, our technology lifecycle, and other factors.

### **Capitalized Internal-Use Software Costs**

We capitalize certain development costs incurred in connection with software development for our platform and software used in operations. Costs incurred in the preliminary stages of development are expensed as incurred. Once software has reached the development stage, internal and external costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. We also capitalize costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Capitalized costs are recorded as part of property and equipment. Maintenance and training costs are expensed as incurred.

Capitalized internal-use software is amortized on a straight-line basis over its estimated useful life and generally recorded in cost of revenue within the accompanying consolidated statements of operations. We evaluate the useful lives of these assets and test for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. There were no material impairments of internal-use software during the years ended December 31, 2021, 2020, or 2019 other than those disclosed in Note 6 of the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K.

### **Business Combinations and Valuation of Goodwill and Acquired Intangible Assets**

When we acquire a business, we allocate the purchase price to the net tangible and identifiable intangible assets acquired. Any residual purchase price is recorded as goodwill. The allocation of the purchase price requires management to make significant estimates in determining the fair values of assets acquired and liabilities assumed, especially with respect to intangible assets. These estimates can include, but are not limited to, the cash flows that an asset is expected to generate in the future, the appropriate weighted-average cost of capital, and the cost savings expected to be derived from acquiring an asset. These estimates are inherently uncertain and unpredictable.

Goodwill is evaluated for impairment annually in the third quarter, and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Triggering events that may indicate impairment include, but are not limited to, a significant adverse change in customer demand or business climate or a significant decrease in expected cash flows. Goodwill is evaluated for impairment at the consolidated level, as we operate as a single reporting unit.

Acquired intangible assets consist of identifiable intangible assets, primarily developed technology and customer relationships, resulting from our acquisitions. Acquired intangible assets are recorded at fair value on the date of acquisition and amortized over their estimated useful lives. The carrying amounts of our acquired intangible assets are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable or that the useful life is shorter than originally estimated.

***Recently Issued and Adopted Accounting Pronouncements***

Refer to Note 2 of the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K for a summary of recently issued and adopted accounting pronouncements.

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

***Foreign Currency Exchange Rate Risk***

While we primarily transact with customers in the U.S. dollar, we also transact in foreign currencies, including the Euro, British Pound Sterling, Australian Dollar, Singapore Dollar, Danish Krone, Brazilian Real, Philippine Peso, Japanese Yen, Indian Rupee, Korean Won, Polish Zloty, Canadian Dollar, and Mexican Peso due to foreign operations and customer sales. We expect to continue to grow our foreign operations and customer sales. Our international subsidiaries maintain certain asset and liability balances that are denominated in currencies other than the functional currencies of these subsidiaries, which is the U.S. dollar for all international subsidiaries. Changes in the value of foreign currencies relative to the U.S. dollar can result in fluctuations in our total assets, liabilities, revenue, operating expenses, and cash flows. As of December 31, 2021, the effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have had a material impact on our cash and marketable securities.

We operate a hedging program to mitigate the impact of foreign currency fluctuations on our cash flows and earnings. For additional information, see Note 4 of the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K.

***Interest Rate and Market Risk***

We had cash, cash equivalents and marketable securities totaling \$1,576 million at December 31, 2021, of which \$1,339 million was invested in U.S. Treasury securities, corporate bonds, money market funds, asset-backed securities, agency securities, commercial paper, certificates of deposit, and time deposits. The 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 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. Due in part to these factors, our future investment income may fluctuate due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates. Our debt securities are classified as "available for sale." When the fair value of the security declines below its amortized cost basis, any portion of that decline attributable to credit losses, to the extent expected to be nonrecoverable before the sale of the security, is recognized in our consolidated statement of operations. When the fair value of the security declines below its amortized cost basis due to changes in interest rates, such amounts are recorded in other comprehensive income (loss), and are recognized in our consolidated statement of operations only if we sell or intend to sell the security before recovery of its cost basis.

As of December 31, 2021, an immediate increase of 100-basis points in interest rates would have resulted in a decline in the fair value of our cash equivalents and portfolio of marketable securities of approximately \$10 million. This estimate is based on a sensitivity model that measures market value changes when changes in interest rates occur.

We had non-controlling equity investments in privately-held companies totaling \$16 million as of December 31, 2021. The fair value of these strategic investments may fluctuate depending on the financial condition and near-term prospects of these companies, and we may be required to record an impairment loss if the carrying values of these investments exceed their fair values.

In March 2018, we issued \$575 million aggregate principal amount of 0.25% convertible senior notes due 2023. In June 2020, we issued \$1,150 million aggregate principal amount of 0.625% convertible senior notes due 2025. In connection with

the offering of the 2025 Notes, we used part of the proceeds from the offering to repurchase a portion of the 2023 Notes. The fair values of our convertible senior notes are subject to interest rate risk, market risk and other factors due to the conversion feature. The fair values of the convertible senior notes will generally increase as our common stock price increases and will generally decrease as our common stock price declines. The interest and market value changes affect the fair values of our convertible senior notes but do not impact our financial position, cash flows or results of operations due to the fixed nature of the debt obligations. Additionally, we carry the convertible senior notes at face value less unamortized discount on our balance sheet, and we present the fair value for required disclosure purposes only.

The table below provides a sensitivity analysis of hypothetical 10% changes of our stock price as of December 31, 2021 and the estimated impact on the fair value of the convertible senior notes (in thousands, except percentages). The selected scenarios are not predictions of future events, but rather are intended to illustrate the effect such events may have on the fair value of the convertible senior notes.

Hypothetical change in Zendesk stock price	2023 Notes fair value	Estimated change in fair value	Hypothetical percentage increase (decrease) in fair value
10% increase	\$ 276,981	\$ 22,731	8.9 %
No change	\$ 254,250	\$ —	— %
10% decrease	\$ 232,304	\$ (21,946)	(8.6) %

Hypothetical change in Zendesk stock price	2025 Notes fair value	Estimated change in fair value	Hypothetical percentage increase (decrease) in fair value
10% increase	\$ 1,417,743	\$ 77,291	5.8 %
No change	\$ 1,340,452	\$ —	— %
10% decrease	\$ 1,268,588	\$ (71,864)	(5.4) %

#### Item 8. Financial Statements and Supplementary Data.

#### ZENDESK, INC.

#### INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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## Report of Independent Registered Public Accounting Firm

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

### Opinion on the Financial Statements

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

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 15, 2022 expressed an unqualified opinion thereon.

### 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 PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. 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.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which they relate.

**Revenue Recognition**

*Description of the Matter*

As described in Note 2 of the consolidated financial statements, the Company recognizes revenue when control of promised services is transferred to customers. The Company must assess whether promises made to customers represent distinct performance obligations, the appropriate measure of the transfer of control and when the transfer of control has occurred. These assessments can require significant judgment, particularly when contracts include non-standard terms. In addition, key inputs important to revenue recognition, including those related to the transaction price, and the period over which control of performance obligations is transferred, are input in systems that are different from systems where the calculations are performed, and where revenue is ultimately recorded.

*How We Addressed the Matter in Our Audit*

Auditing the Company's accounting for revenue recognition was challenging because certain determinations, such as whether performance obligations are distinct and the timing of revenue recognition, require judgment. For example, there were nonstandard terms and conditions that required judgment to determine if distinct performance obligations were created, and the impact on the timing of revenue recognition.

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process to identify and evaluate performance obligations including identification and consideration of non-standard contractual terms, the transaction price, the measure of progress of the transfer of control, and whether system controls that are important to the initiation, recording and billing of revenue transactions were effective and underlying data was complete and accurate.

Among other audit procedures, we read a sample of contracts and evaluated whether management appropriately identified and considered terms within those documents that would affect revenue recognition. For a sample of contracts, we assessed whether the timing of revenue recognition was appropriate. We also evaluated the accuracy and completeness of the underlying data used in management's determination of relative selling prices, and the reasonableness of management's judgments. We also incorporated IT professionals with appropriate skills and expertise as members of our team to assess whether revenue systems were properly configured.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2013.

San Jose, CA  
February 15, 2022



## Report of Independent Registered Public Accounting Firm

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

### Opinion on Internal Control Over Financial Reporting

We have audited Zendesk, Inc.'s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, Zendesk, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2021 and our report dated February 15, 2022 expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ Ernst & Young LLP

San Jose, CA  
February 15, 2022

**ZENDESK, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except par value and shares)

	December 31, 2021	December 31, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 476,103	\$ 405,430
Marketable securities	539,780	565,593
Accounts receivable, net of allowance for credit losses of \$6,190 and \$5,787 as of December 31, 2021 and 2020, respectively	273,898	199,243
Deferred costs	72,042	51,878
Prepaid expenses and other current assets	56,809	53,829
Total current assets	1,418,632	1,275,973
Marketable securities, noncurrent	559,652	428,678
Property and equipment, net	97,815	94,208
Deferred costs, noncurrent	72,553	52,731
Lease right-of-use assets	69,936	84,013
Goodwill and intangible assets, net	197,098	196,218
Other assets	35,593	25,458
<b>Total assets</b>	<b>\$ 2,451,279</b>	<b>\$ 2,157,279</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 49,213	\$ 15,428
Accrued liabilities	50,075	38,921
Accrued compensation and related benefits	138,127	103,437
Deferred revenue	512,933	378,935
Lease liabilities	21,253	23,533
Current portion of convertible senior notes, net	139,738	132,388
Total current liabilities	911,339	692,642
Convertible senior notes, net	979,350	935,576
Deferred revenue, noncurrent	4,277	4,423
Lease liabilities, noncurrent	63,212	85,275
Other liabilities	3,883	7,532
Total liabilities	1,962,061	1,725,448
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, par value \$0.01 per share: no shares issued or outstanding; 10.0 million shares authorized as of December 31, 2021 and 2020	—	—
Common stock, par value \$0.01 per share: 400.0 million shares authorized; 121.6 million and 117.5 million shares issued and outstanding as of December 31, 2021 and 2020, respectively	1,215	1,174
Additional paid-in capital	1,637,157	1,344,337
Accumulated other comprehensive (loss) income	(8,911)	3,203
Accumulated deficit	(1,140,243)	(916,883)
Total stockholders' equity	489,218	431,831
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,451,279</b>	<b>\$ 2,157,279</b>

See Notes to Consolidated Financial Statements.

**ZENDESK, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share data)

	Year Ended December 31,		
	2021	2020	2019
Revenue	\$ 1,338,603	\$ 1,029,564	\$ 816,416
Cost of revenue (1)	274,883	251,255	234,282
Gross profit	1,063,720	778,309	582,134
Operating expenses (1):			
Research and development	352,049	255,400	207,548
Sales and marketing	679,801	512,339	396,514
General and administrative	198,554	166,469	141,076
Total operating expenses	1,230,404	934,208	745,138
Operating loss	(166,684)	(155,899)	(163,004)
Other income (expense), net			
Interest expense	(58,721)	(43,319)	(26,708)
Loss on early extinguishment of debt	—	(25,950)	—
Interest and other income (expense), net	8,637	12,751	21,409
Total other income (expense), net	(50,084)	(56,518)	(5,299)
Loss before provision for income taxes	(216,768)	(212,417)	(168,303)
Provision for income taxes	6,876	5,761	1,350
Net loss	\$ (223,644)	\$ (218,178)	\$ (169,653)
Net loss per share, basic and diluted	\$ (1.87)	\$ (1.89)	\$ (1.53)
Weighted-average shares used to compute net loss per share, basic and diluted	119,573	115,240	110,606

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

	Year Ended December 31,		
	2021	2020	2019
Cost of revenue	\$ 21,004	\$ 20,068	\$ 20,858
Research and development	68,197	53,967	46,965
Sales and marketing	98,688	74,796	53,964
General and administrative	42,296	33,373	34,943

See Notes to Consolidated Financial Statements.

**ZENDESK, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**(In thousands)**

	Year Ended December 31,		
	2021	2020	2019
Net loss	\$ (223,644)	\$ (218,178)	\$ (169,653)
Other comprehensive (loss) income, before tax:			
Net unrealized (loss) gain on available-for-sale investments	(7,938)	1,765	5,473
Net unrealized (loss) gain on derivative instruments	(4,224)	847	2,836
Other comprehensive (loss) income, before tax	(12,162)	2,612	8,309
Tax effect	—	—	(1,994)
Other comprehensive (loss) income, net of tax	(12,162)	2,612	6,315
Comprehensive loss	\$ (235,806)	\$ (215,566)	\$ (163,338)

See Notes to Consolidated Financial Statements.

**ZENDESK, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(In thousands)

	Stockholders' Equity					
	Common Stock			Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Additional Paid-In Capital			
<b>Balances as of December 31, 2018</b>	108,038	\$ 1,080	\$ 950,693	\$ (5,724)	\$ (529,128)	\$ 416,921
Issuance of common stock upon exercise of stock options	1,297	13	26,482	—	—	26,495
Issuance of common stock for settlement of RSUs and PRSUs	3,099	31	(9,605)	—	—	(9,574)
Issuance of common stock in connection with employee stock purchase plan	647	6	29,485	—	—	29,491
Share-based compensation	—	—	157,989	—	—	157,989
Other comprehensive income, net of income taxes	—	—	—	6,315	—	6,315
Net loss	—	—	—	—	(169,653)	(169,653)
<b>Balances as of December 31, 2019</b>	113,081	\$ 1,130	\$ 1,155,044	\$ 591	\$ (698,781)	\$ 457,984
Issuance of common stock upon exercise of stock options	1,074	11	29,112	—	—	29,123
Issuance of common stock for settlement of RSUs and PRSUs	2,705	27	(8,874)	—	—	(8,847)
Issuance of common stock in connection with employee stock purchase plan	629	6	38,060	—	—	38,066
Share-based compensation	—	—	186,506	—	—	186,506
Equity component of 2025 convertible senior notes	—	—	216,026	—	—	216,026
Purchase of capped calls related to 2025 convertible senior notes	—	—	(129,950)	—	—	(129,950)
Equity component of partial repurchase of 2023 convertible senior notes	—	—	(224,639)	—	—	(224,639)
Proceeds from capped calls related to 2023 convertible senior notes	—	—	83,040	—	—	83,040
Other comprehensive income, net of income taxes	—	—	—	2,612	—	2,612
Net loss	—	—	—	—	(218,178)	(218,178)
Other	—	—	12	—	76	88
<b>Balances as of December 31, 2020</b>	117,489	\$ 1,174	\$ 1,344,337	\$ 3,203	\$ (916,883)	\$ 431,831
Issuance of common stock upon exercise of stock options	1,004	10	22,048	—	—	22,058
Issuance of common stock for settlement of RSUs and PRSUs	2,468	25	(11,366)	—	—	(11,341)
Issuance of common stock in connection with employee stock purchase plan	636	6	47,743	—	—	47,749
Share-based compensation	—	—	234,395	—	—	234,395
Other comprehensive loss, net of income taxes	—	—	—	(12,162)	—	(12,162)
Net loss	—	—	—	—	(223,644)	(223,644)
Other	1	—	—	48	284	332
<b>Balances as of December 31, 2021</b>	121,598	\$ 1,215	\$ 1,637,157	\$ (8,911)	\$ (1,140,243)	\$ 489,218

See Notes to Consolidated Financial Statements.

**ZENDESK, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

	Year Ended December 31,		
	2021	2020	2019
<b>Cash flows from operating activities</b>			
Net loss	\$ (223,644)	\$ (218,178)	\$ (169,653)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	37,610	42,247	38,602
Share-based compensation	230,185	182,204	156,730
Amortization of deferred costs	67,736	45,426	32,116
Amortization of debt discount and issuance costs	51,124	38,588	25,288
Loss on early extinguishment of debt	—	25,950	—
Real estate impairment	—	14,975	—
Allowance for credit losses on accounts receivable	6,858	10,136	5,061
Repayment of convertible senior notes attributable to debt discount	—	(38,637)	—
Other, net	4,681	5,602	(4,321)
Changes in operating assets and liabilities:			
Accounts receivable	(87,472)	(80,945)	(50,061)
Prepaid expenses and other current assets	(1,799)	(1,909)	(8,349)
Deferred costs	(105,173)	(77,380)	(49,922)
Lease right-of-use assets	17,424	20,372	18,940
Other assets and liabilities	(9,501)	799	(1,081)
Accounts payable	32,703	(20,804)	22,128
Accrued liabilities	5,427	4,800	3,259
Accrued compensation and related benefits	34,455	38,458	11,282
Deferred revenue	136,464	59,397	78,110
Lease liabilities	(27,316)	(24,673)	(18,868)
<b>Net cash provided by operating activities</b>	<b>169,762</b>	<b>26,428</b>	<b>89,261</b>
<b>Cash flows from investing activities</b>			
Purchases of property and equipment	(15,147)	(22,877)	(39,140)
Internal-use software development costs	(13,925)	(15,646)	(7,841)
Purchases of marketable securities	(963,622)	(849,656)	(454,649)
Proceeds from maturities of marketable securities	717,438	375,686	177,376
Proceeds from sales of marketable securities	127,607	130,087	328,921
Business combinations, net of cash acquired	(7,811)	—	(70,919)
Purchases of strategic investments	(5,000)	(1,500)	(500)
Proceeds from sales of strategic investments	1,008	1,577	—
<b>Net cash used in investing activities</b>	<b>(159,452)</b>	<b>(382,329)</b>	<b>(66,752)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of 2025 convertible senior notes, net of issuance costs paid of \$21,030	—	1,128,970	—
Purchase of capped calls related to 2025 convertible senior notes	—	(129,950)	—
Payments for 2023 convertible senior notes partial repurchase	—	(578,973)	—
Proceeds from capped calls related to 2023 convertible senior notes	—	83,040	—
Proceeds from exercises of employee stock options	22,058	29,123	26,495
Proceeds from employee stock purchase plan	48,509	40,454	31,490
Taxes paid related to net share settlement of share-based awards	(11,342)	(8,847)	(9,574)
<b>Net cash provided by financing activities</b>	<b>59,225</b>	<b>563,817</b>	<b>48,411</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(44)	46	101
Net increase in cash, cash equivalents and restricted cash	69,491	207,962	71,021
Cash, cash equivalents and restricted cash at beginning of period	407,859	199,897	128,876
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 477,350</b>	<b>\$ 407,859</b>	<b>\$ 199,897</b>
<b>Reconciliation of cash, cash equivalents and restricted cash to consolidated balance sheets</b>			
Cash and cash equivalents	\$ 476,103	\$ 405,430	\$ 196,591
Restricted cash included in prepaid expenses and other current assets	1,242	1,872	2,583
Restricted cash included in other assets	5	557	723
Total cash, cash equivalents and restricted cash	<b>\$ 477,350</b>	<b>\$ 407,859</b>	<b>\$ 199,897</b>
<b>Supplemental cash flow data</b>			
Cash paid for interest	\$ 7,560	\$ 4,748	\$ 1,438
Cash paid for taxes	\$ 11,097	\$ 5,884	\$ 5,381
<b>Non-cash investing and financing activities</b>			
Share-based compensation capitalized in internal-use software development costs	\$ 1,655	\$ 2,992	\$ 2,176
Share-based compensation capitalized in deferred costs	\$ 2,550	\$ 1,807	\$ 1,417
Balance of property and equipment in accounts payable and accrued expenses	\$ 4,690	\$ 1,005	\$ 9,139
Asset retirement obligations incurred	\$ —	\$ —	\$ 1,809
Property and equipment acquired through tenant improvement allowances	\$ 1,494	\$ 110	\$ 414

See Notes to Consolidated Financial Statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 1. Organization

Zendesk was founded in Denmark in 2007 and reincorporated in Delaware in April 2009.

We are a software development company that provides software as a service, or SaaS, solutions that are intended to help organizations and their customers build better experiences. Our customer experience solutions are built upon a modern architecture that enables us and our customers to rapidly innovate, adapt our technology in novel ways, and easily integrate with other products and applications. With our origins in customer service, we have evolved our offerings over time to product and platform solutions that work together to help organizations understand the broader customer journey, improve communications across all channels, and engage where and when it's needed most.

References to Zendesk, the "Company," "our," or "we" in these notes refer to Zendesk, Inc. and its subsidiaries on a consolidated basis.

### Note 2. Summary of Significant Accounting Policies

#### *Basis of Presentation*

The consolidated financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles, or GAAP. The consolidated financial statements include the accounts of Zendesk, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

#### *Reclassification*

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had an immaterial effect on our reported results of operations.

#### *Use of Estimates*

The preparation of our consolidated financial statements in conformity with GAAP requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reported periods.

Significant items subject to such estimates and assumptions include:

- the estimate of variable consideration related to revenue recognition;
- the estimate of credit losses for accounts receivable and marketable securities;
- the fair value and useful lives of acquired intangible assets;
- the capitalization and useful life of capitalized costs to obtain customer contracts;
- the valuation of strategic investments;
- the fair value and useful lives of property and equipment;
- the capitalization and useful lives of internal-use software;
- the lease term and incremental borrowing rate for lease liabilities;
- the fair value of our convertible senior notes;
- the fair value of asset retirement obligations;
- the fair value and expense recognition for certain share-based awards;
- the preparation of financial forecasts used in currency hedging;
- the recognition and measurement of legal contingencies; and
- the recognition of tax benefits and forecasts used to determine our effective tax rate.

As of the date of issuance of the financial statements, we are not aware of any material specific events or circumstances that would require us to update our estimates, judgments, or to revise the carrying values of our assets or liabilities. These estimates may change, as new events occur and additional information is obtained, and are recognized in the consolidated financial statements as soon as they become known. Actual results could differ from those estimates and any such differences may be material to our financial statements.

### ***Segment Information***

Our chief operating decision maker reviews the financial information presented on a consolidated basis for purposes of allocating resources and evaluating our financial performance. Accordingly, we have determined that we operate in a single operating segment.

### ***Revenue Recognition***

We generate substantially all of our revenue from subscription services, which are comprised of subscription fees from customer accounts on Zendesk Support and, to a lesser extent, Chat, Talk, Guide, Gather, Explore, Sell, Sunshine, and Sunshine Conversations and includes related support services. We also derive revenue from Zendesk Suite, our omnichannel offering, which combines many of these existing solutions into easy to purchase plans. In addition, we generate revenue by providing additional features to certain of our subscription plans for a fee that is incremental to the base subscription rate for such plans. Subscription service arrangements are generally non-cancelable and do not provide for refunds to customers in the event of cancellations or any other right of return. We record revenue net of sales or excise taxes.

We also derive revenue from implementation and training services, for which we recognize revenue based on proportional performance, and Talk usage, for which we recognize revenue based on usage.

Revenues are recognized when control of these services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those services.

We determine revenue recognition through the following steps:

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

Subscription revenue is recognized on a ratable basis over the contractual subscription term of the arrangement, as the underlying service is a stand-ready performance obligation, beginning on the date that our service is made available to the customer. Payments received in advance of services being rendered are recorded as deferred revenue.

Certain customers have arrangements that provide for a maximum number of users over the subscription term, with usage measured monthly, and additional fees are incurred for incremental users above the maximum. In determining the transaction price for these arrangements, we evaluate the expected usage and estimate any additional fees that we are entitled to throughout the subscription term and recognize revenue ratably over the subscription term. In making these assessments, we constrain our estimates based on factors that could lead to a probable significant reversal of cumulative revenue recognized. Additionally, certain customers have arrangements that provide for unlimited users during the subscription term for a fixed fee. We recognize revenue from these arrangements on a ratable basis over the subscription term.

To a lesser extent, we derive revenue through indirect sales channels, including referral partners and resellers, as well as implementation partners, for which we recognize revenue on a gross basis, as we act as the principal in such arrangements.

Certain of our product solutions include service-level agreements warranting defined levels of uptime reliability and performance and permitting those customers to receive credits for future services in the event that we fail to meet those levels. To date, we have not accrued for any material liabilities in our consolidated financial statements as a result of these service-level agreements.

### ***Deferred Revenue***



We invoice customers for subscriptions to our solutions in monthly, quarterly, or annual installments. Deferred revenue consists primarily of customer billings made in advance of performance obligations being satisfied and revenue being recognized, and includes an immaterial amount of billings for subscriptions with customer cancellation rights. The term between invoicing and when payment is due is not significant and we do not provide financing arrangements to customers. Deferred revenue associated with performance obligations that are anticipated to be satisfied, and thus revenue recognized, during the succeeding 12-month period is recorded as current deferred revenue and the remaining portion is recorded as noncurrent deferred revenue.

We invoice customers based on billing schedules established in our contracts. Accounts receivable are recorded when the right to consideration becomes unconditional.

#### **Cost of Revenue**

Cost of revenue consists primarily of personnel costs (primarily including salaries, share-based compensation, and benefits) for employees associated with our infrastructure, product support, and professional service organizations, and expenses for hosting capabilities, primarily for third-party managed hosting services. Cost of revenue also includes third-party license fees, payment processing fees, amortization expense associated with acquired intangible assets, amortization expense associated with capitalized internal-use software, and allocated shared costs, primarily including facilities, information technology, and security costs.

#### **Cash, Cash Equivalents, and Restricted Cash**

We consider all highly liquid investments purchased with a remaining maturity of three months or less to be cash equivalents. Cash and cash equivalents are recorded at fair value and consist primarily of bank deposits and money market funds.

As of December 31, 2021 and 2020, our restricted cash balance was \$1 million and \$2 million, respectively, consisting primarily of cash pledged for charitable donation. Restricted cash is included within prepaid expenses and other current assets and other assets on our consolidated balance sheets.

#### **Marketable Securities**

Marketable securities consist of U.S. Treasury securities, corporate bonds, money market funds, asset-backed securities, agency securities, commercial paper, certificates of deposit, and time deposits. We classify marketable securities as available-for-sale at the time of purchase and reevaluate such classification as of each balance sheet date. All marketable securities are recorded at their estimated fair values. When the fair value of a marketable security declines below its amortized cost basis, any portion of that decline attributable to credit losses, to the extent expected to be nonrecoverable before the sale of the security, is recognized in our consolidated statement of operations. When the fair value of the security declines below its amortized cost basis due to changes in interest rates, such amounts are recorded in accumulated other comprehensive income (loss), or AOCI, and are recognized in our consolidated statement of operations only if we sell or intend to sell the security before recovery of its cost basis. Realized gains and losses are determined based on the specific identification method and are reported in interest and other income (expense), net in our consolidated statements of operations.

#### **Accounts Receivable and Allowance for Credit Losses**

Accounts receivable are recorded at the invoiced amount, net of allowance for credit losses. The allowance is based upon historical loss patterns, the age of each past due invoice, and an evaluation of the potential risk of loss associated with delinquent accounts, including reasonable and supportable forecasts of future economic conditions. Accounts receivable deemed uncollectible are charged against the allowance for credit losses when identified.

Our allowance for credit losses on accounts receivable consists of the following activity (in thousands):

	Year Ended December 31,	
	2021	2020
Allowance for credit losses, beginning balance	\$ 5,787	\$ 2,846
Additions	15,200	14,015
Write-offs	(14,797)	(11,074)
Allowance for credit losses, ending balance	<u>\$ 6,190</u>	<u>\$ 5,787</u>

When revenue is recognized in advance of invoicing we record contract assets, which are included in prepaid expenses and other current assets on our consolidated balance sheets. As of December 31, 2021 and 2020, the balance of contract assets was \$4 million and \$5 million, respectively.

#### ***Costs to Obtain Customer Contracts***

Sales commissions and related expenses are considered incremental and recoverable costs of acquiring customer contracts. These costs are capitalized and amortized on a straight-line basis over their anticipated period of benefit, which we have estimated to be three years. We determined the period of benefit by taking into consideration the length of our customer contracts, our technology lifecycle, and other factors. Amortization expense is recorded in sales and marketing expense within our consolidated statement of operations. Sales commissions paid for contract renewals are not material.

#### ***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Maintenance and repair costs are charged to expense as incurred. The estimated useful lives of our property and equipment are as follows:

Furniture and fixtures	5 years
Computer equipment and licensed software and patents	3 to 5 years
Leasehold improvements	Shorter of the lease term or estimated useful life

#### ***Leases***

We lease office space under noncancelable operating leases with various expiration dates. Additionally, we are the sublessor for certain office space. All of our office leases are classified as operating leases with lease expense recognized on a straight-line basis over the lease term.

Lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As our leases do not provide an implicit rate, we estimate our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The lease right-of-use assets also include any lease payments made and exclude lease incentives such as tenant improvement allowances. Options to extend the lease term are included in the lease term when it is reasonably certain that we will exercise the extension option.

Our operating leases typically include non-lease components such as common-area maintenance costs. We have elected to include non-lease components with lease payments for the purpose of calculating lease right-of-use assets and liabilities, to the extent that they are fixed. Non-lease components that are not fixed are expensed as incurred as variable lease payments.

Leases with a term of one year or less are not recognized on our consolidated balance sheets; we recognize lease expense for these leases on a straight-line basis over the lease term.

#### ***Derivative Instruments and Hedging***

We enter into foreign currency forward contracts with certain financial institutions to mitigate the impact of foreign currency fluctuations on our future cash flows and earnings. All of our foreign currency forward contracts are designated as cash flow hedges. Our foreign currency forward contracts generally have maturities of 15 months or less.

We recognize all forward contracts on our balance sheet at fair value as either assets or liabilities. The effective portion of the gain or loss on each forward contract is reported as a component of AOCI, and reclassified into revenue, cost of revenue or operating expense in the same period, or periods, during which the hedged transaction affects earnings. The ineffective portion of the gains or losses, if any, is recorded immediately in interest and other income (expense), net. We include time value related to our cash flow hedges for effectiveness testing purposes and the entire change in the unrecognized value of our hedge contracts is recorded in AOCI. We evaluate the effectiveness of our cash flow hedges on a quarterly basis.

We have a master netting agreement with each of our counterparties, which permit net settlement of multiple, separate derivative contracts with a single payment. We do not have collateral requirements with any of our counterparties. GAAP permits companies to present the fair value of derivative instruments on a net basis according to master netting arrangements. We have elected to present our derivative instruments on a gross basis in our consolidated financial statements. We do not enter into any derivative contracts for trading or speculative purposes. All derivatives have been designated as hedging instruments.

### ***Fair Value Measurements***

We measure certain financial instruments at fair value using a fair value hierarchy. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Three levels of inputs may be used to measure fair value:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs that are supported by little or no market activity.

Our marketable securities are classified within either Level 1 or Level 2, and our foreign currency forward contracts and convertible senior notes are classified within Level 2. We have no financial assets or liabilities measured using Level 3 inputs. The fair values of our Level 1 marketable securities are based on quoted market prices of identical underlying securities. The fair values of our Level 2 marketable securities are based on indirect or directly observable market data, including readily available pricing sources for identical underlying securities that may not be actively traded. The fair values of our foreign currency forward contracts are based on quoted prices and market observable data of similar instruments in active markets, such as currency spot rates, forward rates, and LIBOR. We estimate the fair value of our convertible senior notes based on their last traded prices or market observable inputs.

For certain other financial instruments, including accounts receivable, accounts payable and other current liabilities, the carrying amounts approximate their fair value due to the relatively short maturity of these instruments.

### ***Capitalized Internal-Use Software Costs***

We capitalize certain development costs incurred in connection with software development for our platform and software used in operations, including implementation costs incurred in hosting arrangements that are service contracts. Costs incurred in the preliminary stages of development are expensed as incurred. Once software has reached the development stage, internal and external costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. We also capitalize costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Capitalized costs are recorded as part of property and equipment. Maintenance and training costs are expensed as incurred.

Capitalized internal-use software is amortized on a straight-line basis over its estimated useful life and is typically recorded in cost of revenue within the consolidated statements of operations.

### ***Business Combinations***

When we acquire businesses, we allocate the purchase price to the net tangible and identifiable intangible assets. Any residual purchase price is recorded as goodwill. The allocation of the purchase price requires management to make significant estimates in determining the fair values of assets acquired and liabilities assumed, especially with respect to intangible assets. These estimates can include, but are not limited to, the cash flows that an asset is expected to generate in the future, the appropriate weighted-average cost of capital, and the cost savings expected to be derived from acquiring an asset. These estimates are inherently uncertain and unpredictable.

### ***Goodwill, Acquired Intangible Assets, and Impairment Assessment of Long-Lived Assets***

*Goodwill.* Goodwill represents the excess purchase consideration of an acquired business over the fair value of the net tangible and identifiable intangible assets. Goodwill is evaluated for impairment annually in the third quarter, and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Triggering events that may indicate impairment include, but are not limited to, a significant adverse change in customer demand or business climate or a significant decrease in expected cash flows. No impairment charges were recorded for the years ended December 31, 2021, 2020, or 2019.

*Acquired Intangible Assets.* Acquired intangible assets consist of identifiable intangible assets, primarily developed technology and customer relationships, resulting from our acquisitions. Intangible assets are recorded at fair value on the date of acquisition and amortized over their estimated useful lives.

*Impairment of Long-Lived Assets.* The carrying amounts of our long-lived assets, including property and equipment, lease right-of-use assets, capitalized internal-use software, costs to obtain customer contracts, and acquired intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not

be recoverable or that the useful lives are shorter than originally estimated. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to future undiscounted net cash flows the asset is expected to generate over its remaining life. If the asset 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. 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 impairments for the years ended December 31, 2021, 2020, and 2019, other than those disclosed in Note 6, Note 7, and Note 8.

#### ***Strategic Investments***

Strategic investments consist of non-controlling equity investments in privately-held companies. We have elected to apply the measurement alternative for these investments as they do not have readily determinable fair values, measuring them at cost, less any impairment, plus or minus adjustments resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. An impairment loss is recorded when events or circumstances indicate a decline in value has occurred. We include strategic investments in other assets in our consolidated balance sheets.

#### ***Share-Based Compensation***

Share-based compensation expense to employees is measured based on the fair value of the awards on the grant date and recognized in our consolidated statements of operations over the period during which the employee is required to perform services in exchange for the award (generally the vesting period of the award, which is typically four years). The contractual term of our stock options is typically ten years. We estimate the fair value of stock options granted using the Black-Scholes option valuation model. We measure the fair value of Restricted Stock Units, or RSUs, and Performance Restricted Stock Units, or PRSUs, based on the fair value of the underlying shares on the date of grant. Compensation expense for awards with only service conditions is recognized over the vesting period of the applicable award using the straight-line method. We record share-based compensation expense for performance-based equity awards using the accelerated attribution method. Share-based compensation expense for our Employee Stock Purchase Plan, or ESPP, is recognized over each 18-month offering period using the straight-line method.

#### ***Advertising Expense***

Advertising costs are expensed as incurred. For the years ended December 31, 2021, 2020, and 2019, advertising expense was \$69 million, \$52 million, and \$57 million, respectively.

#### ***Government Grants***

We have obtained government grants in certain jurisdictions where we operate. We receive the grant funds as we meet certain commitments, including targeted levels of employment and/or spending within the local jurisdictions. If we fail to maintain these commitments, we may be required to repay grant funds received or be ineligible to receive future funding. We recognize grant proceeds to offset costs to which the grants relate on a straight-line basis when it is reasonably assured that the applicable commitments have been met. For the years ended December 31, 2021, 2020, and 2019, we recognized grant proceeds of \$2 million, \$4 million, and \$4 million, respectively, in our consolidated statements of operations.

#### ***Income Taxes***

We record income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled. Valuation allowances are provided when necessary to reduce deferred tax assets to the amount expected to be realized.

We recognize tax benefits from uncertain tax positions if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. Although we believe that we have adequately reserved for our uncertain tax positions, we can provide no assurance that the final tax outcome of these matters will not be materially different. We make adjustments to these reserves when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on our financial condition and results of operations.

We have elected to record interest accrued and penalties related to unrecognized tax benefits in our consolidated statements of operations within provision for income taxes.

#### ***Foreign Currency***

The functional currency of our foreign subsidiaries is the U.S. dollar. Accordingly, monetary balance sheet accounts are remeasured using exchange rates in effect at the balance sheet dates and non-monetary items are remeasured at historical exchange rates. Expenses are generally remeasured at the average exchange rates for the period. Foreign currency remeasurement and transaction gains and losses are included in interest and other income (expense), net.

#### **Concentrations of Risk**

Financial instruments potentially exposing us to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, marketable securities, accounts receivable, and derivative instruments, including the capped calls associated with our convertible senior notes. We place our cash and cash equivalents with high-credit-quality financial institutions. However, we maintain balances in excess of the FDIC insurance limits. We do not require our customers to provide collateral to support accounts receivable and maintain an allowance for credit losses on accounts receivable balances. We seek to mitigate counterparty credit risk related to our derivative instruments by transacting with major financial institutions with high credit ratings.

At December 31, 2021 and 2020, no customers represented 10% or greater of our total accounts receivable balance. There were no customers that individually exceeded 10% of our revenue in any of the periods presented.

#### **Recently Issued Accounting Pronouncements**

In August 2020, the FASB issued ASU 2020-06, regarding ASC Topic 470 “*Debt*” and ASC Topic 815 “*Derivatives and Hedging*,” which reduces the number of accounting models for convertible instruments, including amending the calculation of diluted earnings per share and the balance sheet presentation of those instruments, as well as the resulting recognition of interest expense, among other changes. The guidance is effective for annual reporting periods beginning after December 15, 2021, including interim periods within that reporting period. Early adoption is permitted. We intend to adopt this standard using the modified retrospective method in the first quarter of 2022.

Adoption of the standard will impact the 2023 Notes and 2025 Notes outstanding as of January 1, 2022, and will result in the re-combination of the liability and equity components of each instrument into a single liability instrument measured at amortized cost. As a result, at transition we expect to record an increase to the total carrying value of our Notes, to reflect the full principal amount of the Notes outstanding net of issuance costs, a decrease to additional paid-in-capital, to remove the equity component separately recorded for the conversion features associated with the Notes, and a cumulative effect adjustment to the beginning balance of accumulated deficit. Interest expense recognized in future periods will be reduced as a result of accounting for each instrument as a single liability measured at amortized cost. In addition, the required use of the if-converted method in calculating diluted earnings per share for convertible instruments is expected to increase the number of potentially dilutive shares.

#### **Recently Adopted Accounting Pronouncements**

In October 2021, the FASB issued ASU 2021-08 “*Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*,” which clarified the accounting for acquired revenue contracts with customers in a business combination. ASU 2021-08 requires acquirers to measure contract assets and contract liabilities acquired in a business combination in accordance with ASC 606. As a result, it is generally expected that an acquirer will recognize and measure contract assets and liabilities in a manner consistent with how they were recognized by the acquiree in its preacquisition financial statements. The guidance is effective for interim and annual periods beginning after December 15, 2022, with early adoption permitted. Early adoption in an interim period requires that the amendments be applied retrospectively to all business combinations for which the acquisition occurs on or after the beginning of the fiscal year including the interim period and prospectively to all business combinations that occur on or after the date of initial application. We early adopted ASU 2021-08 in the fourth quarter of 2021 and applied the amendments retrospectively to all businesses combinations that took place in 2021. The adoption did not have an effect on our consolidated financial statements.

#### **Note 3. Business Combinations**

##### *Cleverly, Lda.*

In the third quarter of 2021, we completed the acquisition of Cleverly, Lda., or Cleverly, resulting in increases of \$7 million and \$1 million to goodwill and developed technology, respectively.

From the date of the acquisition, the financial results of Cleverly have been included in and are immaterial to our consolidated financial statements. Pro forma revenue and results of operations have not been presented because the historical results are not material to our consolidated financial statements in any period presented.

*Smooch Technologies Holdings ULC*

On May 14, 2019, we completed the acquisition of Smooch Technologies Holdings ULC, or Smooch, a developer of messaging technology. We acquired Smooch for purchase consideration of \$72 million in cash. We recognized developed technology, customer relationships, and backlog intangible assets of \$8 million, \$4 million, and \$1 million, respectively, with assigned useful lives of 5.5, 8.0, and 2.0 years, respectively.

*Pending Acquisition*

On October 28, 2021, we entered into a definitive agreement to acquire Momentive Global Inc., or Momentive, an experience management company that offers SaaS feedback solutions. Under the terms of the agreement, each issued and outstanding share of Momentive common stock will be converted into the right to receive 0.225 shares of Zendesk common stock. The agreement also provides for Zendesk’s assumption of outstanding options and other unvested equity awards held by continuing Momentive employees.

The transaction, which is anticipated to close in the first half of calendar year 2022, is subject to approval by Zendesk and Momentive stockholders, the receipt of any required regulatory approvals, and other customary closing conditions. A fee of up to \$150 million may be payable by Zendesk or by Momentive upon termination of the transaction, as more fully described in the agreement.

**Note 4. Financial Instruments**

*Investments*

The following tables present information about our financial assets measured at fair value on a recurring basis based on the three-tier fair value hierarchy (in thousands):

	Fair Value Measurement at December 31, 2021		
	Level 1	Level 2	Total
U.S. Treasury securities	\$ —	\$ 480,726	\$ 480,726
Corporate bonds	—	430,018	430,018
Money market funds	234,123	—	234,123
Asset-backed securities	—	93,620	93,620
Agency securities	—	50,057	50,057
Commercial paper	—	48,950	48,950
Certificates of deposit and time deposits	—	1,488	1,488
Total	\$ 234,123	\$ 1,104,859	\$ 1,338,982
Included in cash and cash equivalents			\$ 239,550
Included in marketable securities			\$ 1,099,432

	Fair Value Measurement at December 31, 2020		
	Level 1	Level 2	Total
U.S. Treasury securities	\$ —	\$ 431,087	\$ 431,087
Corporate bonds	—	366,638	366,638
Money market funds	162,156	—	162,156
Asset-backed securities	—	101,239	101,239
Agency securities	—	80,394	80,394
Commercial paper	—	36,954	36,954
Certificates of deposit and time deposits	—	10,657	10,657
Total	\$ 162,156	\$ 1,026,969	\$ 1,189,125
Included in cash and cash equivalents			\$ 194,854
Included in marketable securities			\$ 994,271

As of December 31, 2021 and 2020, there were no securities within Level 3 of the fair value hierarchy. There were no transfers between fair value measurement levels during the years ended December 31, 2021 or 2020.

Gross unrealized gains and losses for marketable securities as of December 31, 2021 were \$1 million and \$3 million, respectively. The aggregate amortized cost basis for cash equivalents and marketable securities as of December 31, 2021 was \$1,341 million and excludes accrued interest of \$3 million. The aggregate fair value of securities with unrealized losses was \$795 million.

Gross unrealized gains and losses for marketable securities as of December 31, 2020 were \$6 million and not material, respectively. The aggregate amortized cost basis for cash equivalents and marketable securities as of December 31, 2020 was \$1,183 million and excludes accrued interest of \$3 million. The aggregate fair value of securities with unrealized losses was \$107 million.

Unrealized losses for securities that have been in an unrealized loss position for more than 12 months as of December 31, 2021 and 2020 were not material. We have not recorded an allowance for credit losses, as we believe any such losses would be immaterial based on the high-grade credit rating for each of our marketable securities as of the end of each period. We intend to hold our marketable securities to maturity and it is unlikely that they would be sold before their cost bases are recovered.

The following table classifies our marketable securities by contractual maturity as of December 31, 2021 and 2020 (in thousands):

	December 31, 2021	December 31, 2020
Due in one year or less	\$ 539,780	\$ 565,593
Due after one year and within five years	559,652	428,678
Total	\$ 1,099,432	\$ 994,271

As of December 31, 2021 and 2020, the balance of strategic investments without readily determinable fair values was \$16 million and \$11 million, respectively. There have been no adjustments to the carrying values of strategic investments resulting from impairments or observable price changes. During each of the years ended December 31, 2021 and 2020, we sold strategic investments and realized a gain of approximately \$1 million, which was recorded in interest and other income (expense), net in our consolidated statements of operations.

For our other financial instruments, including accounts receivable, accounts payable, and other current liabilities, the carrying amounts approximate their fair values due to the relatively short maturity of these balances.

#### ***Derivative Instruments and Hedging***

As of December 31, 2021, the balance of AOCI included an unrecognized net loss of \$2 million related to the changes in the fair value of foreign currency forward contracts designated as cash flow hedges. We expect to reclassify a net loss of \$3 million into earnings over the next 12 months associated with our cash flow hedges.

The following tables present information about our derivative instruments on our consolidated balance sheets as of December 31, 2021 and 2020 (in thousands):

December 31, 2021			
Asset Derivatives		Liability Derivatives	
Balance Sheet Location	Fair Value (Level 2)	Balance Sheet Location	Fair Value (Level 2)
Foreign currency forward contracts	\$ 6,439	Accrued liabilities	\$ 9,422
<b>Total</b>	<b>\$ 6,439</b>		<b>\$ 9,422</b>

December 31, 2020			
Asset Derivatives		Liability Derivatives	
Balance Sheet Location	Fair Value (Level 2)	Balance Sheet Location	Fair Value (Level 2)
Foreign currency forward contracts	\$ 7,922	Accrued liabilities	\$ 5,768
<b>Total</b>	<b>\$ 7,922</b>		<b>\$ 5,768</b>

Our foreign currency forward contracts had a total notional value of \$488 million and \$345 million as of December 31, 2021 and 2020, respectively.

The following table presents information about our foreign currency forward contracts on our consolidated statements of operations for the years ended December 31, 2021 and 2020 (in thousands):

Classification	Gain (Loss) Reclassified from AOCI into Earnings	
	Year Ended December 31,	
	2021	2020
Revenue	\$ (3,154)	\$ 1,117
Cost of revenue	205	(515)
Research and development	99	(485)
Sales and marketing	371	(987)
General and administrative	214	(264)
Total	<b>\$ (2,265)</b>	<b>\$ (1,134)</b>

The loss recognized in AOCI related to foreign currency forward contracts was \$6 million and not material for the years ended December 31, 2021 and 2020, respectively.

The cash flow effects related to foreign currency forward contracts are included within operating activities on our consolidated statements of cash flows.

Amounts recognized in earnings related to hedge ineffectiveness for the years ended December 31, 2021 and 2020 were not material.

#### **Convertible Senior Notes**

As of December 31, 2021, the fair values of our 0.25% convertible senior notes due 2023 and our 0.625% convertible senior notes due 2025 were \$254 million and \$1,340 million, respectively. We estimate the fair value of our convertible senior notes based on their last traded prices or market observable inputs, resulting in a Level 2 classification in the fair value hierarchy. Based on the closing price of our common stock of \$104.29 on the last trading day of the quarter, the if-converted value of the 2025 convertible senior notes did not exceed the principal amount of \$1,150 million, and the if-converted value of the 2023 convertible senior notes exceeded the remaining principal amount by \$98 million as of December 31, 2021.

#### **Note 5. Costs to Obtain Customer Contracts**

The balance of deferred costs to obtain customer contracts was \$145 million and \$105 million as of December 31, 2021 and 2020, respectively. Amortization expense for these deferred costs was \$68 million, \$45 million, and \$32 million for the



years ended December 31, 2021, 2020, and 2019, respectively. There were no impairment losses related to deferred costs for the periods presented.

**Note 6. Property and Equipment**

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

	December 31, 2021	December 31, 2020
Leasehold improvements	\$ 79,661	\$ 91,205
Capitalized internal-use software	58,135	48,730
Computer equipment and licensed software and patents	41,512	30,725
Furniture and fixtures	14,627	13,759
Construction in progress	20,927	13,222
Total	214,862	197,641
Less accumulated depreciation and amortization	(117,047)	(103,433)
Property and equipment, net	\$ 97,815	\$ 94,208

Depreciation expense was \$23 million, \$26 million, and \$21 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Amortization expense of capitalized internal-use software was \$7 million, \$8 million, and \$6 million for the years ended December 31, 2021, 2020, and 2019, respectively. We recorded impairment losses for capitalized internal-use software of \$3 million for the year ended December 31, 2020. The impairments were recorded primarily to construction in progress and were included primarily within research and development expenses on our consolidated statement of operations. The carrying values of capitalized internal-use software at December 31, 2021 and 2020 were \$40 million and \$32 million, respectively, including \$15 million and \$13 million in construction in progress, respectively. These balances include \$7 million and \$2 million, respectively, of implementation costs incurred in hosting arrangements that are service contracts, all of which is included in construction in progress.

**Note 7. Leases**

The following table presents information about leases on our consolidated balance sheets (in thousands):

	December 31, 2021	December 31, 2020
<b>Assets</b>		
Lease right-of-use assets	\$ 69,936	\$ 84,013
<b>Liabilities</b>		
Lease liabilities	21,253	23,533
Lease liabilities, noncurrent	63,212	85,275

As of December 31, 2021 and 2020, the weighted average remaining lease term was 5.8 years and 6.0 years, respectively. As of December 31, 2021 and 2020, the weighted average discount rate was 4.6% and 4.7%, respectively.

The following table presents information about leases on our consolidated statements of operations (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Operating lease expense	\$ 22,109	\$ 25,575	\$ 23,540
Short-term lease expense	511	577	2,293
Variable lease expense	5,121	6,161	6,607
Sublease income	(1,692)	(1,822)	(1,968)

The following table presents supplemental cash flow information about our leases (in thousands):

	Year Ended December 31,				
	2021		2020		2019
Cash paid for amounts included in the measurement of lease liabilities	\$	26,317	\$	31,254	\$ 22,333
Operating lease assets obtained in exchange for new lease liabilities		4,452		23,394	27,559

In the fourth quarter of 2020, we determined that we would no longer occupy the leased premises located at 1019 Market Street and 988 Market Street, San Francisco, California 94103 and recorded an aggregate impairment charge of \$15 million in general and administrative expenses related to lease right-of-use assets and leasehold improvements. In the second quarter of 2021, we executed a termination agreement for the leased premises located at 1019 Market Street, including a one-time payment of \$7 million, which is not included in the supplemental cash flow table above.

As of December 31, 2021, remaining maturities of lease liabilities are as follows:

2022	\$	24,180
2023		19,794
2024		10,065
2025		8,848
2026		8,385
Thereafter		24,967
Total lease payments		96,239
Less: imputed interest		11,774
Total	\$	84,465

#### Note 8. Goodwill and Acquired Intangible Assets

The changes in the carrying amount of goodwill for the two years ended December 31, 2021 are as follows (in thousands):

Balance as of December 31, 2019	\$	169,647
Goodwill adjustments		15
Balance as of December 31, 2020		169,662
Goodwill acquired		7,103
Balance as of December 31, 2021	\$	176,765

Acquired intangible assets subject to amortization consist of the following (in thousands):

	As of December 31, 2021			
	Cost	Accumulated Amortization	Net	Weighted Average Remaining Useful Life (In years)
Developed technology	\$ 28,000	\$ (13,734)	\$ 14,266	3.0
Customer relationships	14,300	(8,233)	6,067	3.2
	\$ 42,300	\$ (21,967)	\$ 20,333	

As of December 31, 2020

	Cost	Accumulated Amortization	Net	Weighted Average Remaining Useful Life (In years)
Developed technology	\$ 30,200	\$ (12,445)	\$ 17,755	4.1
Customer relationships	14,710	(6,076)	8,634	4.0
Backlog	3,200	(3,033)	167	0.3
	<u>\$ 48,110</u>	<u>\$ (21,554)</u>	<u>\$ 26,556</u>	

In 2021, we removed developed technology, customer relationships, and backlog intangible assets which had become fully amortized from our consolidated balance sheet. Amortization expense of acquired intangible assets was \$7 million, \$11 million, and \$10 million for the years ended December 31, 2021, 2020, and 2019, respectively. Amortization expense for the year ended December 31, 2020 included a \$1 million impairment of developed technology recorded within cost of revenue on our consolidated statement of operations.

Estimated future amortization expense as of December 31, 2021 is as follows (in thousands):

2022	\$ 7,283
2023	6,587
2024	4,842
2025	973
2026	488
Thereafter	160
	<u>\$ 20,333</u>

## Note 9. Convertible Senior Notes

### 2025 Convertible Senior Notes

In June 2020, we issued \$1,150 million aggregate principal amount of 0.625% convertible senior notes due June 15, 2025 in a private offering, the “2025 Notes.” The 2025 Notes are senior unsecured obligations and bear interest at a fixed rate of 0.625% per annum, payable semi-annually in arrears on June 15 and December 15 of each year, commencing on December 15, 2020. The total net proceeds from the offering, after deducting initial purchase discounts and estimated debt issuance costs, were approximately \$1,129 million.

Each \$1,000 principal amount of the 2025 Notes will initially be convertible into 9.1944 shares of our common stock, which is equivalent to an initial conversion price of approximately \$108.76 per share, subject to adjustment upon the occurrence of specified events.

The 2025 Notes will be convertible at the option of the holders at any time prior to the close of business on the business day immediately preceding March 15, 2025, only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on September 30, 2020 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any ten consecutive trading day period in which, for each trading day of that period, the trading price per \$1,000 principal amount of 2025 Notes for such trading day was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; (3) if we call any or all of the 2025 Notes for redemption, at any time prior to the close of business on the second business day immediately prior to the redemption date as discussed further below, but only with respect to the 2025 Notes called (or deemed called) for redemption; or (4) upon the occurrence of specified corporate events (as set forth in the indenture).

On or after March 15, 2025 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2025 Notes, in minimum denominations of \$1,000 or an integral

multiple in excess thereof, at the option of the holders regardless of the foregoing circumstances. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election.

If certain specified fundamental changes occur (as set forth in the indenture) prior to the maturity date, holders of the 2025 Notes may require us to repurchase for cash all or any portion of their notes at a repurchase price equal to 100% of the principal amount of the 2025 Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. In addition, if specific corporate events occur prior to the applicable maturity date or if we deliver a notice of redemption, we will increase the conversion rate for a holder who elects to convert their notes in connection with such a corporate event or converts its notes called (or deemed called) for redemption in connection with such notice of redemption in certain circumstances. It is our current intent and policy to settle conversions through combination settlement with a specified dollar amount of \$1,000 per \$1,000 principal amount of 2025 Notes.

During the three months ended December 31, 2021, the conditions allowing holders of the 2025 Notes to convert were not met. As the criteria for conversion were not met, the 2025 Notes are classified as a long-term liability as of December 31, 2021.

We may not redeem the 2025 Notes prior to June 20, 2023. We may redeem for cash all or any portion of the 2025 Notes, at our option, on or after June 20, 2023 and on or prior to the 41st scheduled trading day immediately preceding the maturity date, if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which we provide notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption, at a redemption price equal to 100% of the principal amount of the 2025 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the 2025 Notes.

In accounting for the transaction, the 2025 Notes were separated into liability and equity components. The carrying amount of the liability component was calculated by measuring the fair value of a similar debt instrument that does not have an associated convertible feature. The fair value of the liability component was estimated by calculating the present value of expected cash flows using an interest rate that reflects our incremental borrowing rate, with an estimated adjustment for our credit standing on nonconvertible debt with similar maturity. The carrying amount of the equity component representing the conversion option was \$220 million and was determined by deducting the fair value of the liability component from the par value of the 2025 Notes. The equity component was recorded in additional paid-in capital and is not remeasured as long as it continues to meet the conditions for equity classification. The excess of the principal amount of the liability component over its carrying amount is amortized to interest expense over the contractual term of the 2025 Notes at an effective interest rate of 5.00%.

In accounting for the debt issuance costs of \$21 million related to the 2025 Notes, we allocated the total amount incurred to the liability and equity components of the 2025 Notes based on their relative values. Issuance costs attributable to the liability component were \$17 million and will be amortized to interest expense using the effective interest method over the contractual term of the 2025 Notes. Issuance costs attributable to the equity component were netted with the equity component in additional paid-in capital.

The net carrying amount of the liability component of the 2025 Notes is as follows (in thousands):

	As of December 31, 2021	As of December 31, 2020
Principal	\$ 1,150,000	\$ 1,150,000
Unamortized Debt Discount	(157,983)	(198,857)
Unamortized issuance costs	(12,667)	(15,567)
Net carrying amount	<u>\$ 979,350</u>	<u>\$ 935,576</u>

The net carrying amount of the equity component of the 2025 Notes is as follows (in thousands):

	As of December 31, 2021	As of December 31, 2020
Debt Discount for Conversion Option	\$ 220,061	\$ 220,061
Issuance costs	(4,035)	(4,035)
Net carrying amount	<u>\$ 216,026</u>	<u>\$ 216,026</u>

The interest expense related to the 2025 Notes is as follows (in thousands):

	Year Ended December 31,	
	2021	2020
Contractual interest expense	\$ 7,188	\$ 3,873
Amortization of Debt Discount	40,874	21,204
Amortization of issuance costs	2,900	1,439
Total interest expense	\$ 50,962	\$ 26,516

The difference between the book and tax treatment of the debt discount and debt issuance costs of the 2025 Notes resulted in a difference between the carrying amount and tax basis of the 2025 Notes. This taxable temporary difference resulted in the recognition of a \$51 million net deferred tax liability which was recorded as an adjustment to additional paid-in capital. The creation of the deferred tax liability represents a source of future taxable income which supports realization of deferred tax assets. As we continue to maintain a full valuation allowance against our deferred tax assets, this additional source of income resulted in the release of a portion of our valuation allowance. Consistent with the adoption of ASU 2019-12, the release of the valuation allowance of \$51 million was recorded as an adjustment to additional paid-in capital.

#### *2025 Capped Calls*

In connection with the pricing of the 2025 Notes, we entered into privately negotiated capped call transactions with certain counterparties, the “2025 Capped Calls.” The 2025 Capped Calls each have an initial strike price of approximately \$108.76 per share, subject to certain adjustments, which correspond to the initial conversion price of the 2025 Notes. The 2025 Capped Calls have initial cap prices of \$164.17 per share, subject to certain adjustments. The 2025 Capped Calls cover, subject to anti-dilution adjustments, approximately 10.6 million shares of our common stock. Conditions that cause adjustments to the initial strike price of the 2025 Capped Calls are similar to the conditions that result in corresponding adjustments for the 2025 Notes. The 2025 Capped Calls are generally intended to reduce or offset the potential dilution to our common stock upon any conversion of the 2025 Notes with such reduction or offset, as the case may be, subject to a cap based on the cap price. For accounting purposes, the 2025 Capped Calls are separate transactions, and not part of the terms of the 2025 Notes. As these transactions meet certain accounting criteria, the 2025 Capped Calls are recorded in stockholders’ equity and are not accounted for as derivatives. The cost of \$130 million incurred in connection with the 2025 Capped Calls was recorded as a reduction to additional paid-in capital.

#### *2023 Convertible Senior Notes*

In March 2018, we issued \$575 million aggregate principal amount of 0.25% convertible senior notes due March 15, 2023 in a private offering, the “2023 Notes.” The 2023 Notes are unsecured obligations and bear interest at a fixed rate of 0.25% per annum, payable semi-annually in arrears on March 15 and September 15 of each year, commencing on September 15, 2018. The total net proceeds from the offering, after deducting initial purchase discounts and estimated debt issuance costs, were approximately \$561 million.

In connection with the offering of the 2025 Notes, we used \$618 million of the net proceeds from the offering of the 2025 Notes to repurchase \$426 million aggregate principal amount of the 2023 Notes in cash through individual privately negotiated transactions (the “2023 Notes Partial Repurchase”). Of the \$618 million consideration, \$393 million and \$225 million were allocated to the debt and equity components on our consolidated balance sheets, respectively, utilizing an effective interest rate to determine the fair value of the liability component. The fair value of the liability component is estimated by calculating the present value of expected cash flows using an interest rate that reflects our incremental borrowing rate, with an estimated adjustment for our credit standing on nonconvertible debt with similar maturity. As of the repurchase date, the carrying value of the 2023 Notes subject to the 2023 Notes Partial Repurchase, net of unamortized debt discount and issuance costs, was \$367 million. The 2023 Notes Partial Repurchase resulted in a \$26 million loss on early debt extinguishment. Additionally, \$39 million of the total consideration was related to repayment of the debt discount and reflected as a cash outflow from operating activities. As of December 31, 2021, \$149 million of principal remains outstanding on the 2023 Notes.

Each \$1,000 principal amount of the 2023 Notes will initially be convertible into 15.8554 shares of our common stock, the “Conversion Option,” which is equivalent to an initial conversion price of approximately \$63.07 per share, subject to adjustment upon the occurrence of specified events. The 2023 Notes will be convertible at the option of the holders at any time prior to the close of business on the business day immediately preceding December 15, 2022, only under the following

circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2018 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any five consecutive trading day period, the “Measurement Period,” in which the trading price per \$1,000 principal amount of notes for each trading day of the Measurement Period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; or (3) upon the occurrence of specified corporate events (as set forth in the indenture). On or after December 15, 2022 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their 2023 Notes at any time, regardless of the foregoing circumstances. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. If certain specified fundamental changes occur (as set forth in the indenture governing the 2023 Notes) prior to the maturity date, holders of the 2023 Notes may require us to repurchase for cash all or any portion of their notes at a repurchase price equal to 100% of the principal amount of the 2023 Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. In addition, if specific corporate events occur prior to the applicable maturity date, we will increase the conversion rate for a holder who elects to convert their notes in connection with such a corporate event in certain circumstances. It is our current intent and policy to settle conversions through combination settlement with a specified dollar amount of \$1,000 per \$1,000 principal amount of 2023 Notes.

During the three months ended December 31, 2021, the conditions allowing holders of the 2023 Notes to convert were met. The 2023 Notes are therefore convertible during the three months ending March 31, 2022 and are classified as a current liability as of December 31, 2021. To date, we have received one request for conversion for an immaterial amount of 2023 Notes.

In accounting for the issuance of the 2023 Notes, the 2023 Notes were separated into liability and equity components. The carrying amount of the liability component was calculated by measuring the fair value of a similar debt instrument that does not have an associated conversion feature. The carrying amount of the equity component was determined by deducting the fair value of the liability component from the par value of the 2023 Notes. The equity component was recorded in additional paid-in capital and is not remeasured as long as it continues to meet the conditions for equity classification. The excess of the principal amount of the liability component over its carrying amount is amortized to interest expense over the contractual term of the 2023 Notes at an effective interest rate of 5.26%.

In accounting for the debt issuance costs related to the 2023 Notes, we allocated the total amount incurred to the liability and equity components of the 2023 Notes based on their relative values. Issuance costs attributable to the liability component are amortized to interest expense using the effective interest method over the contractual term of the 2023 Notes. Issuance costs attributable to the equity component were netted with the equity component in additional paid-in capital.

The net carrying amount of the liability component of the 2023 Notes is as follows (in thousands):

	As of December 31, 2021	As of December 31, 2020
Principal	\$ 149,194	\$ 149,194
Unamortized Debt Discount	(8,641)	(15,394)
Unamortized issuance costs	(815)	(1,412)
Net carrying amount	<u>\$ 139,738</u>	<u>\$ 132,388</u>

The net carrying amount of the equity component of the 2023 Notes is as follows (in thousands):

	As of December 31, 2021	As of December 31, 2020
Debt Discount for Conversion Option	\$ 32,427	\$ 32,427
Issuance costs	(765)	(765)
Net carrying amount	<u>\$ 31,662</u>	<u>\$ 31,662</u>

The interest expense related to the 2023 Notes is as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Contractual interest expense	\$ 373	\$ 863	\$ 1,438
Amortization of Debt Discount	6,753	14,731	23,457
Amortization of issuance costs	597	1,214	1,831
Total interest expense	\$ 7,723	\$ 16,808	\$ 26,726

### 2023 Capped Calls

In connection with the pricing of the 2023 Notes, we entered into privately negotiated capped call transactions with certain counterparties, the “2023 Capped Calls.” The 2023 Capped Calls each have an initial strike price of approximately \$63.07 per share, subject to certain adjustments, which correspond to the initial conversion price of the 2023 Notes. The 2023 Capped Calls have initial cap prices of \$95.20 per share, subject to certain adjustments. The 2023 Capped Calls covered, subject to anti-dilution adjustments, approximately 9.1 million shares of our common stock. Conditions that cause adjustments to the initial strike price of the 2023 Capped Calls mirror conditions that result in corresponding adjustments for the 2023 Notes. The 2023 Capped Calls are generally intended to reduce or offset the potential dilution to our common stock upon any conversion of the 2023 Notes with such reduction or offset, as the case may be, subject to a cap based on the cap price. For accounting purposes, the 2023 Capped Calls are separate transactions, and not part of the terms of the 2023 Notes. As these transactions meet certain accounting criteria, the 2023 Capped Calls are recorded in stockholders' equity and are not accounted for as derivatives. The cost of \$64 million incurred in connection with the 2023 Capped Calls was recorded as a reduction to additional paid-in capital.

In June 2020, and in connection with the 2023 Notes Partial Repurchase, we terminated the 2023 Capped Calls corresponding to approximately 6.7 million shares for cash proceeds of \$83 million. The proceeds were recorded as an increase to additional paid-in capital in the consolidated balance sheets. As of December 31, 2021, there remains outstanding 2023 Capped Calls giving the Company the option to purchase approximately 2.4 million shares (subject to adjustment).

The net impact to our stockholders' equity, included in additional paid-in capital, of the above components of the 2023 Notes is as follows (in thousands):

	At Issuance
Conversion Option	\$ 12
Purchase of Capped Calls	(6)
Issuance Costs	(1)
Net deferred tax liability	(1)
Total	\$ 4

## Note 10. Commitments and Contingencies

### Commitments

As of December 31, 2021, our contractual obligations are as follows for the years ending December 31 (in thousands):

	Operating Lease Obligations <sup>(1)</sup>	Purchase Commitments <sup>(2)</sup>	Convertible Senior Notes <sup>(3)</sup>	Total
2022	\$ 26,738	\$ 138,303	\$ 7,560	\$ 172,601
2023	20,320	89,421	156,459	266,200
2024	10,065	18,112	7,188	35,365
2025	8,848	—	1,153,294	1,162,142
2026	8,385	—	—	8,385
Thereafter	24,967	—	—	24,967
Total	\$ 99,323	\$ 245,836	\$ 1,324,501	\$ 1,669,660

- (1) Represents obligations under non-cancellable lease agreements for our corporate headquarters and worldwide offices.
- (2) Primarily relates to third-party managed hosting services.
- (3) Consists of principal and interest payments. Principal of \$149 million and \$1,150 million is due in March 2023 and June 2025, respectively.

#### **Letters of Credit**

As of December 31, 2021 and 2020, we had a total of \$3 million and \$5 million, respectively, in unsecured letters of credit outstanding, including bank guarantees, related to leased office space, which expire at various dates through 2024.

#### **Litigation and Loss Contingencies**

We accrue estimates for resolution of legal and other contingencies when losses are probable and estimable. These estimates are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, estimated settlements, legal rulings, advice of legal counsel and other information and events pertaining to a particular matter.

On October 24, 2019 and November 7, 2019, purported stockholders of the Company filed two putative class action complaints in the United States District Court for the Northern District of California, entitled *Charles Reidinger v. Zendesk, Inc., et al.*, 3:19-cv-06968-CRB and *Ho v. Zendesk, Inc., et al.*, No. 3:19-cv-07361-WHA, respectively, against the Company and certain of the Company's executive officers. The complaints were nearly identical and alleged violations of Section 10(b) and Section 20(a) of the Securities Exchange Act of 1934, as amended, purportedly on behalf of all persons who purchased Zendesk, Inc. common stock between February 6, 2019 and October 1, 2019, inclusive. The claims are based upon allegations that the defendants misrepresented and/or omitted material information in certain of our prior public filings. The court appointed a lead plaintiff and consolidated the various lawsuits into a single action (Case No. 3:19-cv-06968-CRB), and the lead plaintiff filed its amended complaint on April 14, 2020 asserting the same alleged violations of securities laws as the initial complaints. On June 29, 2020, Zendesk and the executive officer defendants moved to dismiss the amended complaint. On November 9, 2020, the court granted Zendesk's motion to dismiss and granted plaintiff leave to amend its complaint. On January 8, 2021, plaintiff filed its second amended complaint and on January 22, 2021, Zendesk and the executive officer defendants moved to dismiss the second amended complaint. On March 23, 2021, judgment was entered in favor of Zendesk and the executive officer defendants. On April 20, 2021, plaintiff filed a notice of appeal with the U.S. Court of Appeals for the Ninth Circuit. On July 29, 2021, plaintiff filed its opening brief in the appeal, and on October 13, 2021, the Company and the executive officer defendants filed their answering brief. Oral arguments occurred on February 7, 2022.

On June 2, 2020, a purported stockholder of the Company filed a derivative complaint in the United States District Court for the Northern District of California, entitled *Anderson v. Svane, et al.*, 3:20-cv-03671, against certain of the Company's executive officers and directors. The derivative complaint alleges breaches of fiduciary duty against all defendants, and includes claims for insider trading and violations of Section 10(b) of the Securities Exchange Act of 1934 against the officer defendants, purportedly on behalf of the Company itself. The claims are based on nearly identical allegations as the two putative class action complaints described above, namely that the defendants misrepresented and/or omitted material information in certain of the Company's prior public filings. On July 27, 2020, the court ordered the derivative action related to the class action. The derivative action had been stayed pending resolution of the class action. On May 6, 2021, the court approved a joint stipulation to extend the stay of action pending the outcome of the appeal of the class action.

It is not possible for the Company to quantify the extent of potential liability to the individual defendants, if any. Management believes that the lawsuits lack merit and intends to vigorously defend the actions. We cannot predict the outcome of or estimate the possible loss or range of loss from the above described matter.

As of the date of this Annual Report on Form 10-K, nine complaints have been filed by purported stockholders of the Company or purported stockholders of Momentive, each of which seeks to enjoin the Merger and other relief. The complaints assert claims against certain defendants under Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder for allegedly false and misleading statements in the joint proxy statement/prospectus and against certain defendants under Section 20(a) of the Exchange Act for alleged "control person" liability with respect to such allegedly false and misleading statements.

It is not possible for the Company to quantify the extent of potential liability to the individual defendants, if any. We believe the claims asserted in the complaints are without merit, and the Company and Momentive intend to defend against the lawsuits filed. We cannot predict the outcome of or estimate the possible loss or range of loss from the matter.

From time to time, we may be subject to other legal proceedings, claims, investigations, and government inquiries in the ordinary course of business. We have received, and may in the future continue to receive, legal demands from third parties



asserting, among other things, infringement of their intellectual property rights, defamation, labor and employment rights, privacy, and contractual rights. In general, the resolution of a legal matter could prevent the Company from offering its service to others, could be material to the Company's financial condition or cash flows, or both, or could otherwise adversely affect the Company's operating results.

The outcomes of legal proceedings and other contingencies are inherently unpredictable and subject to significant uncertainties. As a result, the Company is not able to reasonably estimate the amount or range of possible losses in excess of any amounts accrued, including losses that could arise as a result of application of non-monetary remedies, with respect to the contingencies it faces. In management's opinion, resolution of all current matters is not expected to have a material adverse impact on business, consolidated balance sheets, results of operations, comprehensive loss, or cash flows.

#### ***Indemnifications***

In the ordinary course of business, we enter into contractual arrangements under which we agree to provide indemnification of varying scope and terms to customers, business partners, and other parties with respect to certain matters, including, but not limited to, losses arising out of the breach of such agreements, intellectual property infringement claims made by third parties, and other liabilities relating to or arising from our products or our acts or omissions. In these circumstances, payment may be conditional on the other party making a claim pursuant to the procedures specified in the particular contract. Further, our obligations under these agreements may be limited in terms of time and/or amount, and in some instances, we may have recourse against third parties for certain payments. In addition, we have indemnification agreements with our directors and executive officers that require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The terms of such obligations may vary. To date, we have not incurred any material costs, and we have not accrued any liabilities in our consolidated financial statements, as a result of these obligations.

Certain of our product offerings include service-level agreements warranting defined levels of uptime reliability and performance, which permit those customers to receive credits for future services in the event that we fail to meet those levels. To date, we have not accrued for any significant liabilities in our consolidated financial statements as a result of these service-level agreements.

#### **Note 11. Common Stock and Stockholders' Equity**

##### ***Common Stock***

As of December 31, 2021 and 2020, there were 400 million shares of common stock authorized for issuance with a par value of \$0.01 per share and 121.6 million and 117.5 million shares were issued and outstanding as of December 31, 2021 and 2020, respectively.

##### ***Preferred Stock***

As of December 31, 2021 and 2020, there were 10 million shares of preferred stock authorized for issuance with a par value of \$0.01 per share and no shares of preferred stock were issued or outstanding.

##### ***Employee Equity Plans***

###### ***Employee Stock Purchase Plan***

Under the ESPP, eligible employees are granted options to purchase shares of our common stock through payroll deductions. The ESPP provides for 18-month offering periods, which include three six-month purchase periods. At the end of each purchase period, employees are able to purchase shares at 85% of the lower of the fair market value of our common stock at the beginning of the offering period or the fair market value of our common stock at the end of the purchase period. During each of the years ended December 31, 2021 and 2020, 0.6 million shares of common stock were purchased under the ESPP. Pursuant to the terms of the ESPP, the number of shares reserved under the ESPP increased by 1.2 million shares on each of January 1, 2022 and 2021. As of December 31, 2021, 5.4 million shares of common stock were available for issuance under the ESPP.

###### ***Stock Option and Grant Plans***

Our board of directors adopted the 2009 Stock Option and Grant Plan, or the 2009 Plan, in July 2009. The 2009 Plan was terminated in connection with our initial public offering in May 2014, and accordingly, no shares are available for issuance under this plan. The 2009 Plan continues to govern outstanding awards granted thereunder.

Our 2014 Stock Option and Incentive Plan, or the 2014 Plan, serves as the successor to our 2009 Plan. Pursuant to the terms of the 2014 Plan, the number of shares reserved for issuance under the 2014 Plan increased by 6.1 million and 5.9 million shares on January 1, 2022 and 2021, respectively. As of December 31, 2021, we had 18.4 million shares of common stock available for future grants under the 2014 Plan.

A summary of our share based award activity for the year ended December 31, 2021 is as follows (in thousands, except per share information):

	Options Outstanding				RSUs Outstanding			
	Shares Available for Grant	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value	Number of Shares	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
Outstanding — January 1, 2021	14,415	4,235	\$ 31.42	5.21	\$ 473,358	5,141	\$ 75.93	\$ 735,869
Increase in authorized shares	5,874							
Stock options granted	(426)	426	147.26					
RSUs granted	(2,850)					2,850	139.57	
Stock options exercised		(1,004)	21.96					
RSUs vested						(2,430)	73.60	
Stock options forfeited or canceled	200	(200)	95.92					
RSUs forfeited or canceled	1,159					(1,159)	92.79	
PRSUs forfeited	3							
Outstanding — December 31, 2021	<u>18,375</u>	<u>3,457</u>	<u>\$ 44.71</u>	<u>4.43</u>	<u>\$ 222,460</u>	<u>4,402</u>	<u>\$ 113.97</u>	<u>\$ 459,150</u>
Options vested and exercisable as of December 31, 2021		2,807	\$ 28.66	3.59	\$ 214,948			
RSUs expected to vest as of December 31, 2021						3,485		\$ 363,477

The aggregate intrinsic value for options outstanding represents the difference between the closing market price of our common stock on the last trading day of the reporting period and the exercise price of outstanding, in-the-money options.

The total intrinsic value of stock options exercised during the years ended December 31, 2021, 2020, and 2019 was \$111 million, \$70 million, and \$76 million, respectively. The intrinsic value for options exercised represents the difference between the exercise price and the market value on the date of exercise. The weighted-average grant date fair value of stock options granted during the years ended December 31, 2021, 2020, and 2019 was \$52.35, \$32.03, and \$28.65, respectively.

The total fair value of RSUs vested during the years ended December 31, 2021, 2020, and 2019 was \$321 million, \$241 million, and \$240 million, respectively. The fair value of RSUs vested represents market value on the vesting date. The weighted-average grant date fair value of RSUs granted during the years ended December 31, 2021, 2020, and 2019 was \$139.57, \$89.69, and \$73.40, respectively.

#### Share-Based Compensation Expense

All share-based awards to employees and members of our board of directors are measured based on the grant date fair value of the awards and recognized in the consolidated statements of operations over the period during which the employee is required to perform services in exchange for the award (generally the vesting period of the award, which is typically four years). The contractual term of our stock options is typically ten years. We record share-based compensation expense for service-based equity awards using the straight-line attribution method. We record share-based compensation expense for performance-based equity awards using the accelerated attribution method. Forfeitures are recognized as they occur.

We estimate the fair value of stock options granted using the Black-Scholes option valuation model, which requires inputs, including the fair value of our underlying common stock, expected term, expected volatility, risk-free interest rate and dividend yield of our common stock. These inputs involve inherent uncertainties and the application of management's

judgment. If factors change and different assumptions are used, our share-based compensation expense could be materially different in the future.

The inputs are as follows:

- *Expected Term.* We determine the expected term based on the historical exercise activity of our employees.
- *Expected Volatility.* We determine expected volatility based on the historical volatility of our own common stock.
- *Risk-Free Interest Rate.* The risk-free interest rate is based on the yield available on U.S. Treasury zero-coupon issues with an equivalent remaining term of the stock options for each stock option group.
- *Dividend Yield.* We have not paid and do not anticipate paying any cash dividends in the foreseeable future and, therefore, use an expected dividend yield of zero.

The assumptions used to estimate the fair value of stock options are as follows:

	Year Ended December 31,		
	2021	2020	2019
Expected volatility	42% - 43%	40% - 44%	43%
Dividend yield	0%	0%	0%
Risk-free interest rate	0.5% - 1.2%	0.3%-1.4%	2.5%
Expected term (in years)	4.5	4.7	4.6

The assumptions used to estimate the fair value of ESPP awards are as follows:

	Year Ended December 31,		
	2021	2020	2019
Expected volatility	38% - 48%	43% - 60%	39% - 43%
Dividend yield	0%	0%	0%
Risk-free interest rate	0.03% - 0.4%	0.1% - 0.2%	1.5% - 2.4%
Expected term (in years)	0.5 -1.5	0.5 -1.5	0.5 -1.5

As of December 31, 2021, we had a total of \$512 million in future expense related to all equity awards to be recognized over a weighted average period of 2.7 years.

For the years ended December 31, 2021 and 2020, we recorded \$4 million and \$1 million, respectively, of share-based compensation expense for award modifications primarily related to accelerated vesting of share-based awards associated with certain employee terminations. There were no material share-based award modifications for the year ended December 31, 2019.

#### *Performance Restricted Stock Units*

In 2018, PRSUs representing 0.2 million shares of common stock were granted in connection with the acquisition of FutureSimple Inc. The PRSUs vested in four semi-annual tranches through March 2021 and were subject to service and performance conditions. For the years ended December 31, 2021, 2020, and 2019, we recorded \$1 million, \$6 million, and \$7 million of share-based compensation expense related to the PRSUs, respectively, including accelerated amounts upon termination. For the years ended December 31, 2021, 2020, and 2019, 37 thousand, 60 thousand, and 48 thousand PRSUs were vested, respectively.

**Note 12. Deferred Revenue and Performance Obligations**

The changes in the balances of deferred revenue are as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Balance, beginning of period	\$ 383,358	\$ 323,962	\$ 247,962
Billings	1,472,455	1,088,960	892,416
Subscription and services revenue	(1,267,822)	(977,311)	(776,610)
Other revenue*	(70,781)	(52,253)	(39,806)
Balance, end of period	<u>\$ 517,210</u>	<u>\$ 383,358</u>	<u>\$ 323,962</u>

\*Other revenue primarily includes implementation and training services, Talk usage, and amounts from contract assets.

For the years ended December 31, 2021, 2020, and 2019, less than half of revenue recognized was from the deferred revenue balances at the beginning of each period.

The aggregate balance of remaining performance obligations as of December 31, 2021 was \$1,291 million. We expect to recognize \$862 million of the balance as revenue in the next 12 months and the substantial majority of the remainder in the next 13-36 months. The aggregate balance of remaining performance obligations represents contracted revenue that has not yet been recognized, including contracted revenue from renewals, and does not include contract amounts which are cancellable by the customer and amounts associated with optional renewal periods.

**Note 13. Net Loss Per Share**

Basic net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by giving effect to all potential shares of common stock, including those related to outstanding share-based awards and our convertible senior notes, to the extent dilutive. Basic and diluted net loss per share were the same for each period presented as the inclusion of all potential common stock outstanding would have been anti-dilutive.

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

	Year Ended December 31,		
	2021	2020	2019
Net loss	\$ (223,644)	\$ (218,178)	\$ (169,653)
Weighted-average shares used to compute basic and diluted net loss per share	119,573	115,240	110,606
Net loss per share, basic and diluted	<u>\$ (1.87)</u>	<u>\$ (1.89)</u>	<u>\$ (1.53)</u>

The anti-dilutive securities excluded from the shares used to calculate diluted net loss per share are as follows (in thousands):

	As of December 31,		
	2021	2020	2019
Shares subject to outstanding common stock options and employee stock purchase plan	3,565	4,355	4,962
Restricted stock units	4,402	5,141	5,361
Shares related to convertible senior notes	974	2,459	1,265
	<u>8,941</u>	<u>11,955</u>	<u>11,588</u>

The shares related to convertible senior notes in the table above are calculated based on the average market price of our common stock for the three months ended December 31 of each year.

We expect to settle the principal amount of both the 2023 Notes and 2025 Notes in cash and therefore use the treasury stock method for calculating any potential dilutive effect of the conversion spread on diluted net income per share, if applicable. The conversion spread has a dilutive impact on diluted net income per share when the average market price of our common

stock for a given reporting period exceeds the initial conversion prices of \$63.07 and \$108.76 per share for the 2023 Notes and 2025 Notes, respectively. Based on the initial conversion price, potential dilution related to the 2023 Notes and 2025 Notes is approximately 2.4 million and 10.6 million shares, respectively.

#### Note 14. Income Taxes

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

	Year Ended December 31,		
	2021	2020	2019
U.S.	\$ (263,621)	\$ (232,967)	\$ (186,697)
Foreign	46,853	20,550	18,394
Total	\$ (216,768)	\$ (212,417)	\$ (168,303)

The income tax provision is composed of the following (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Current tax provision:			
Federal	\$ 8	\$ —	\$ (1,994)
State	80	80	80
Foreign	12,442	7,941	5,586
	12,530	8,021	3,672
Deferred tax provision:			
Foreign	(5,654)	(2,260)	(2,322)
Total provision for income taxes	\$ 6,876	\$ 5,761	\$ 1,350

Significant components of deferred tax assets are as follows (in thousands):

	As of December 31,	
	2021	2020
Deferred tax assets:		
Tax credit carryforward	\$ 917	\$ 3,311
Net operating loss carryforward	382,149	294,671
Share-based compensation	9,629	10,986
Accrued liabilities and reserves	9,079	7,222
Property and equipment	6,253	4,850
Lease liabilities	17,785	20,780
Disallowed interest	3,121	1,115
Other	3,252	825
Total deferred tax assets	432,185	343,760
Less: valuation allowance	(322,879)	(237,719)
Deferred tax assets, net of valuation allowance	109,306	106,041
Deferred tax liabilities:		
Deferred commissions	(33,823)	(24,379)
Convertible debt transaction	(38,497)	(49,118)
Intangible assets	(9,820)	(8,620)
Lease right-of-use assets	(14,132)	(16,543)
Total deferred tax liabilities	(96,272)	(98,660)
Net deferred tax assets	\$ 13,034	\$ 7,381

The following is a reconciliation of the statutory federal income tax rate and the effective tax rates:

	Year Ended December 31,		
	2021	2020	2019
Tax at federal statutory rate	21.0 %	21.0 %	21.0 %
Valuation allowance	(37.1)	(30.4)	(32.6)
Share-based compensation	16.4	9.5	13.6
Officers' compensation	(5.3)	(1.7)	(1.9)
Benefit from other comprehensive gain	1.2	—	1.2
Foreign withholding tax	(1.7)	(1.3)	(1.1)
Foreign rate differential	3.1	0.7	1.5
Other	(0.8)	(0.5)	(2.5)
Effective tax rate	<u>(3.2)%</u>	<u>(2.7)%</u>	<u>(0.8)%</u>

We have not provided income taxes for the possible tax consequences of repatriating undistributed earnings of foreign subsidiaries as of December 31, 2021 because we intend to permanently reinvest such earnings outside of the U.S. If these foreign earnings were to be repatriated in the future, the related U.S. tax liability may be reduced by any foreign income taxes previously paid on these earnings. As of December 31, 2021, the cumulative amount of earnings upon which U.S. income taxes have not been provided is approximately \$0.1 million. Determination of the amount of unrecognized deferred tax liability related to these earnings is not practicable.

As of December 31, 2021, we had net operating loss carryforwards of approximately \$1,601 million for federal income taxes and \$665 million for state income taxes. Of the federal net operating loss carryforwards, \$520 million will begin to expire in 2029 and \$1,081 million will carry forward indefinitely. The state carryforwards will begin to expire in 2029. We also had \$30 million of foreign net operating losses, which do not expire. As of December 31, 2021, we had research and development credit carryforwards of approximately \$27 million for each of federal and state income taxes. If not utilized, the federal carryforwards will begin to expire in 2029. The state tax credit can be carried forward indefinitely. Internal Revenue Code Section 382 limits the use of net operating loss and tax credit carryforwards in certain situations where changes occur in the stock ownership of a company. In the event that we had a change of ownership, utilization of the net operating loss and tax credit carryforwards may be restricted.

We account for income taxes under an asset and liability approach. Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for income tax reporting purposes, net operating loss carryforwards, and other tax credits measured by applying currently enacted tax laws. Realization of deferred tax assets is dependent on future earnings, if any, the timing and amount of which are uncertain. We regularly assess the need for a valuation allowance against our deferred tax assets by considering both positive and negative evidence to determine whether it is more-likely-than-not that some or all of the deferred tax assets will not be realized. We recorded a valuation allowance to fully offset our U.S. deferred tax assets, as we consider our cumulative loss in recent years to be strong negative evidence for retaining the valuation allowance. The valuation allowance increased by \$85 million during the year ended December 31, 2021. We will continue to assess the future realization of our deferred tax assets in each applicable jurisdiction and adjust the valuation allowance accordingly.

A reconciliation of the beginning and ending amount of unrecognized tax benefits (excluding interest and penalties) for the three years ending December 31, 2021 is as follows (in thousands):

Balance at December 31, 2018	\$ 21,531
Additions from tax positions related to the current year	7,763
Balance at December 31, 2019	29,294
Additions from tax positions related to the current year	10,492
Balance at December 31, 2020	39,786
Additions from tax positions related to the current year	14,826
Balance at December 31, 2021	<u>\$ 54,612</u>

As of December 31, 2021, we had no accrued interest and penalties related to the uncertain tax positions. We have elected to record interest and penalties in the financial statements as a component of provision for income taxes. Included in the

balance of unrecognized tax benefits at December 31, 2021 and 2020 are no potential benefits, which if recognized, would affect the effective tax rate.

We are currently unaware of any uncertain tax positions that could result in significant additional payments, accruals, or other material deviation in this estimate over the next 12 months.

We are subject to taxation in the United States and foreign jurisdictions. Our tax years 2009 to 2020 remain subject to examination in most jurisdictions.

**Note 15. Geographic Information**

Our chief operating decision maker reviews the financial information presented on a consolidated basis for purposes of allocating resources and evaluating our financial performance. Accordingly, we have determined that we operate in a single reporting segment.

**Revenue**

The following table presents our revenue by geographic area, as determined based on the billing address of our customers (in thousands):

	Year Ended December 31,		
	2021	2020	2019
United States	\$ 679,194	\$ 536,199	\$ 427,693
EMEA	392,776	292,547	231,497
APAC	137,463	110,875	89,029
Other	129,170	89,943	68,197
Total	\$ 1,338,603	\$ 1,029,564	\$ 816,416

**Long-Lived Assets**

The following table presents our long-lived assets by geographic area (in thousands):

	As of December 31,	
	2021	2020
United States	\$ 59,776	\$ 76,383
EMEA:		
Republic of Ireland	34,728	38,010
Other EMEA	8,261	5,784
Total EMEA	42,989	43,794
APAC:		
Singapore	13,145	19,560
Other APAC	5,948	6,466
Total APAC	19,093	26,026
Other	5,883	344
Total	\$ 127,741	\$ 146,547

The table above includes property and equipment and lease right-of-use assets and excludes capitalized internal-use software and intangible assets.

**Note 16. Retirement Plans**

We have a 401(k) retirement and savings plan made available to all United States employees. The 401(k) plan allows each participant to contribute up to an amount not to exceed an annual statutory maximum. For the years ended December 31, 2021, 2020, and 2019, we incurred expense of \$8 million, \$8 million, and \$4 million, respectively, for matching contributions.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None.

**Item 9A. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), as of the end of the period covered by this Annual Report on Form 10-K.

Based on this evaluation, our management concluded that, as of December 31, 2021, our disclosure controls and procedures are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

**Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) of the Exchange Act. Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Our internal control over financial reporting includes policies and procedures that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2021. Our independent registered public accounting firm, Ernst & Young LLP, has issued an audit report with respect to our internal control over financial reporting, which appears in Part II, Item 8 of this Annual Report on Form 10-K, and is incorporated herein by reference.

**Changes in Internal Control over Financial Reporting**

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Further, while the majority of our employees are currently working remotely, we have not experienced any material impact in our internal control over financial reporting as a result of the COVID-19 pandemic.

**Limitations on Effectiveness of Controls and Procedures**

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

**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 set forth in our Proxy Statement for the 2022 Annual Meeting of Stockholders, or the 2022 Proxy Statement, to be filed with the SEC within 120 days of the fiscal year ended December 31, 2021 and is incorporated herein by reference.

We have a code of business ethics and conduct that applies to all of our employees, including our Principal Executive Officer, Principal Financial Officer, Principal Accounting Officer, and our Board of Directors. A copy of this code, “Code of Business Conduct and Ethics,” is available on our website at <http://investor.zendesk.com>. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendment to, or waiver from, a provision of our Code of Business Conduct and Ethics by posting such information on our investor relations website under the heading “Corporate Governance” at <http://investor.zendesk.com>.

**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.

**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.

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules.**

(a) The following documents are filed as part of this report:

(1) Financial Statements.

The financial statements filed as part of this report are listed on the Index to Consolidated Financial Statements in Item 8.

(2) Financial Statement Schedules.

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes herein.

(3) Exhibits.

The documents listed in the Exhibit Index of this report are incorporated by reference or are filed with this report, in each case as indicated therein.

**Item 16. Form 10-K Summary.**

Not applicable.

**Exhibit Index**

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
2.1	<a href="#">Agreement and Plan of Merger, dated as of October 28, 2021, by and among Zendesk Inc., Milky Way Acquisition Corp. and Momentive Global Inc.</a>	8-K	001-36456	2.1	October 29, 2021
3.1	<a href="#">Amended and Restated Certificate of Incorporation of the Registrant.</a>	10-Q	001-36456	3.1	August 7, 2014
3.2	<a href="#">Amended and Restated By-laws of the Registrant.</a>	10-Q	001-36456	3.2	July 30, 2021
4.1	<a href="#">Form of Common Stock Certificate of the Registrant.</a>	S-1/A	333-195176	4.1	May 5, 2014
4.2	<a href="#">Description of Registrant’s Securities Registered Pursuant to Section 12 of the Securities Act of 1934</a>	10-K	001-36456	4.2	February 13, 2020
4.3	<a href="#">Indenture, dated as of June 16, 2020, between Zendesk, Inc. and Wilmington Trust, National Association, as Trustee</a>	8-K	001-36456	4.1	June 17, 2020
4.4	<a href="#">Form of 0.625% Convertible Senior Notes due 2025 (included in Exhibit 4.1)</a>	8-K	001-36456	4.2	June 17, 2020
10.1#	<a href="#">2009 Stock Option and Grant Plan, as amended, and related form agreements.</a>	S-1	333-195176	10.2	April 10, 2014
10.2#	<a href="#">2014 Stock Option and Incentive Plan, and related form agreements.</a>				
10.3#	<a href="#">2014 Employee Stock Purchase Plan, as amended.</a>	10-Q	001-36456	10.2	November 6, 2014
10.4#	<a href="#">Form of Inducement Option Agreement.</a>	8-K	001-36456	10.1	May 6, 2016
10.5#	<a href="#">Form of Inducement RSU Agreement.</a>	8-K	001-36456	10.2	May 6, 2016
10.6#	<a href="#">Offer Letter between the Registrant and Adrian McDermott, dated as of June 16, 2010.</a>	S-1	333-195176	10.7	April 10, 2014
10.7#	<a href="#">Offer Letter between the Registrant and John Geschke, dated as of May 30, 2012.</a>	10-K	001-36456	10.9	February 26, 2016
10.8#	<a href="#">Offer Letter between the Registrant and Elena Gomez, dated as of April 6, 2016.</a>	10-K	001-36456	10.9	February 27, 2017
10.9#	<a href="#">Offer Letter between the Registrant and Tom Keiser, dated as of March 29, 2016.</a>	10-K	001-36456	10.10	February 27, 2017
10.10#	<a href="#">Offer Letter between the Registrant and Norman Gennarro, dated as of November 26, 2017.</a>	10-K	001-36456	10.11	February 22, 2018
10.11#	<a href="#">Offer Letter between the Registrant and Jeffrey Titterton, dated as of April 6, 2017.</a>	10-K	001-36456	10.12	February 22, 2018
10.12#	<a href="#">Offer Letter between the Registrant and InaMarie Johnson, dated as of April 26, 2018.</a>	10-K	001-36456	10.13	February 14, 2019
10.13#	<a href="#">Offer Letter between the Registrant and Alex Constantinople, dated as of March 3, 2021.</a>	8-K	001-36456	10.1	May 3, 2021
10.14#	<a href="#">Offer Letter between the Registrant and Shelagh Glaser, dated as of April 27, 2021.</a>	8-K	001-36456	10.2	May 3, 2021
10.15#	<a href="#">Letter between the Registrant and Adrian McDermott, dated as of April 6, 2021.</a>	8-K	001-36456	10.3	May 3, 2021
10.16#	<a href="#">Letter between the Registrant and Jeffrey Titterton, dated as of April 6, 2021.</a>	8-K	001-36456	10.4	May 3, 2021
10.17#	<a href="#">Offer Letter between the Registrant and Michael Curtis, dated as of January 21, 2022</a>				
10.18	<a href="#">Office Lease between the Registrant and 989 Market Street, LLC, dated as of April 29, 2011.</a>	S-1	333-195176	10.8	April 10, 2014
10.19	<a href="#">First Amendment to Lease between the Registrant and 989 Market Street, LLC, dated as of June 28, 2011.</a>	S-1	333-195176	10.9	April 10, 2014
10.20	<a href="#">Second Amendment to Lease between the Registrant and 989 Market Street, LLC, dated as of August 11, 2011.</a>	S-1	333-195176	10.10	April 10, 2014

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10.21	<a href="#">Third Amendment to Lease between the Registrant and HMC Mid-Market Ventures LLC, dated as of September 11, 2013.</a>	S-1	333-195176	10.11	April 10, 2014
10.22	<a href="#">Fourth Amendment to Lease between the Registrant and ASB 989 Market, LLC, dated as of January 19, 2017.</a>	10-Q	001-36456	10.1	May 8, 2017
10.23	<a href="#">Fifth Amendment to Lease between the Registrant and ASB 989 Market, LLC, dated as of August 2, 2017.</a>	10-Q	001-36456	10.1	November 3, 2017
10.24	<a href="#">Sixth Amendment to Lease between the Registrant and ASB 989 Market, LLC, dated as of January 25, 2019</a>	10-K	001-36456	10.20	February 14, 2019
10.25	<a href="#">Seventh Amendment to Lease between the Registrant and ASB 989 Market, LLC, dated as of December 17, 2019</a>				
10.26	<a href="#">Eighth Amendment to Lease between the Registrant and ASB 989 Market, LLC, dated as of December 17, 2019</a>	10-K	001-36456	10.20	February 13, 2020
10.27	<a href="#">Lease Agreement between the Registrant and 1019 Market St. Property, LLC, dated as of September 6, 2013, as amended.</a>	10-K	001-36456	10.21	February 13, 2020
10.28	<a href="#">Lease by and between Zendesk, Inc. and 1035 Market Street, LLC, dated June 22, 2016.</a>	10-Q	001-36456	10.1	November 6, 2014
10.29	<a href="#">Lease Agreement by and between Marlin Cove, Inc. and SF Prosperity I, LLC, as tenants in common and the Registrant.</a>	8-K	001-36456	10.1	June 27, 2016
10.30	<a href="#">Lease Agreement by and between Marlin Cove, Inc. and SF Prosperity I, LLC, as tenants in common and the Registrant.</a>	10-Q	001-36456	10.2	August 3, 2018
10.31	<a href="#">Indenture, dated as of March 20, 2018, between Zendesk, Inc., and Wilmington Trust National Association, as trustee.</a>	8-K	001-36456	4.1	March 20, 2018
10.32	<a href="#">Form of 0.25% Convertible Senior Notes due 2023</a>	8-K	001-36456	4.1	March 20, 2018
10.33#	<a href="#">Form of Capped Call Confirmation</a>	8-K	001-36456	10.1	March 20, 2018
10.34#	<a href="#">Amended and Restated Non-Employee Director Compensation Policy.</a>	8-K	001-36456	10.4	April 29, 2021
10.35#	<a href="#">Amended and Restated Executive Incentive Bonus Plan.</a>	8-K	001-36456	10.1	April 6, 2021
10.36#	<a href="#">Zendesk, Inc. Change in Control Acceleration Plan.</a>	8-K	001-36456	10.1	May 15, 2015
10.37	<a href="#">Forms of Indemnification Agreement.</a>	8-K	001-36456	10.1	July 30, 2021
10.38	<a href="#">Form of Capped Call Transaction Confirmation</a>	8-K	001-36456	10.1	June 17, 2020
10.39	<a href="#">Voting Agreement, dated as of October 28, 2021, by and among Zendesk, Inc., Momentive Global Inc. and Ryan Nabil Finley</a>	8-K	001-36456	10.1	October 29, 2021
10.40	<a href="#">Voting Agreement, dated as of October 28, 2021, by and among Zendesk, Inc., Momentive Global Inc. and Sheryl K Sandberg Revocable Trust Dated 9/3/2004</a>	8-K	001-36456	10.2	October 29, 2021
10.41	<a href="#">Voting Agreement, dated as of October 28, 2021, by and among Zendesk, Inc., Momentive Global Inc. and SM Profits, LLC</a>	8-K	001-36456	10.3	October 29, 2021
10.42	<a href="#">Voting Agreement, dated as of October 28, 2021, by and among Zendesk, Inc., Momentive Global Inc. and Alexander Joseph Lurie</a>	8-K	001-36456	10.4	October 29, 2021
10.43	<a href="#">Voting Agreement, dated as of October 28, 2021, by and among Zendesk, Inc., Momentive Global Inc. and Eliza and Larry Becker Family 2018 Irrevocable Trust Dated May 31, 2018</a>	8-K	001-36456	10.5	October 29, 2021
10.44	<a href="#">Voting Agreement, dated as of October 28, 2021, by and among Zendesk, Inc., Momentive Global Inc. and Jason and Jennifer Lurie Family 2018 Irrevocable Trust Dated May 31, 2018</a>	8-K	001-36456	10.6	October 29, 2021
10.45#	<a href="#">Voting Agreement, dated as of October 28, 2021, by and among Zendesk, Inc., Momentive Global Inc. and Scott and Caitlin Vogelsong Family 2018 Irrevocable Trust Dated May 31, 2018</a>	8-K	001-36456	10.7	October 29, 2021
10.45#	<a href="#">Death and Leave of Absence Policy</a>				

21.1	<a href="#">List of Significant Subsidiaries of the Registrant.</a>
23.1	<a href="#">Consent of Independent Registered Public Accounting Firm.</a>
24.1	<a href="#">Power of Attorney (see Part IV of this Annual Report on Form 10-K).</a>
31.1	<a href="#">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.</a>
31.2	<a href="#">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.</a>
32.1†	<a href="#">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.</a>
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	<a href="#">Inline XBRL Taxonomy Extension Calculation Linkbase Document.</a>
101.DEF	<a href="#">Inline XBRL Taxonomy Extension Definition Linkbase Document.</a>
101.LAB	<a href="#">Inline XBRL Taxonomy Extension Label Linkbase Document.</a>
101.PRE	<a href="#">Inline XBRL Taxonomy Extension Presentation Linkbase Document.</a>
104	Cover Page with Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

# Indicates management contract or compensatory plan, contract, or agreement.

† The certifications attached as Exhibit 32.1 that accompany this Annual Report on Form 10-K, are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Zendesk, 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.

#### SIGNATURES

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

Zendesk, Inc.

Date: February 15, 2022

By: /s/ Shelagh Glaser

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Shelagh Glaser  
Chief Financial Officer  
(Principal Financial Officer)

#### POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Mikkel Svane and Shelagh Glaser, 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 or her substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Mikkel Svane</u> Mikkel Svane	Chief Executive Officer and Chair of the Board of Directors (Principal Executive Officer)	2/15/2022
<u>/s/ Shelagh Glaser</u> Shelagh Glaser	Chief Financial Officer (Principal Financial Officer) Chief Accounting Officer (Principal Accounting Officer)	2/15/2022
<u>/s/ Carl Bass</u> Carl Bass	Director	2/15/2022
<u>/s/ Hilarie Koplou-McAdams</u> Hilarie Koplou-McAdams	Director	2/15/2022
<u>/s/ Michael Frandsen</u> Michael Frandsen	Director	2/15/2022
<u>/s/ Archana Agrawal</u> Archana Agrawal	Director	2/15/2022
<u>/s/ Michael Curtis</u> Michael Curtis	Director	2/15/2022
<u>/s/ Michelle Wilson</u> Michelle Wilson	Director	2/15/2022
<u>/s/ Thomas Szkutak</u> Thomas Szkutak	Director	2/15/2022
<u>/s/ Brandon Gayle</u> Brandon Gayle	Director	2/15/2022
<u>/s/ Steve Johnson</u> Steve Johnson	Director	2/15/2022

ZENDESK, INC.

2014 STOCK OPTION AND INCENTIVE PLAN

Section 1. GENERAL PURPOSE OF THE PLAN; DEFINITIONS

The name of the plan is the Zendesk, Inc. 2014 Stock Option and Incentive Plan (the "Plan"). The purpose of the Plan is to encourage and enable the officers, employees, Non-Employee Directors and other key persons (including Consultants) of Zendesk, Inc. (the "Company") and its Subsidiaries upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business to acquire a proprietary interest in the Company. It is anticipated that providing such persons with a direct stake in the Company's welfare will assure a closer identification of their interests with those of the Company and its stockholders, thereby stimulating their efforts on the Company's behalf and strengthening their desire to remain with the Company.

The following terms shall be defined as set forth below:

*"Act"* means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

*"Administrator"* means either the Board or the compensation committee of the Board or a similar committee performing the functions of the compensation committee and which is comprised of not less than two Non-Employee Directors who are independent.

*"Award"* or *"Awards,"* except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Units, Restricted Stock Awards, Unrestricted Stock Awards, Cash-Based Awards, Performance Share Awards and Dividend Equivalent Rights.

*"Award Certificate"* means a written or electronic document setting forth the terms and provisions applicable to an Award granted under the Plan. Each Award Certificate is subject to the terms and conditions of the Plan.

*"Board"* means the Board of Directors of the Company.

*"Cash-Based Award"* means an Award entitling the recipient to receive a cash-denominated payment.

*"Code"* means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

*"Consultant"* means any natural person that provides bona fide services to the Company, and such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities.

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*“Covered Employee”* means an employee who is a “Covered Employee” within the meaning of Section 162(m) of the Code.

*“Dividend Equivalent Right”* means an Award entitling the grantee to receive credits based on cash dividends that would have been paid on the shares of Stock specified in the Dividend Equivalent Right (or other award to which it relates) if such shares had been issued to and held by the grantee.

*“Effective Date”* means the date on which the Plan is approved by stockholders as set forth in Section 21.

*“Exchange Act”* means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

*“Fair Market Value”* of the Stock on any given date means the fair market value of the Stock determined in good faith by the Administrator; provided, however, that if the Stock is admitted to quotation on the National Association of Securities Dealers Automated Quotation System (“NASDAQ”), NASDAQ Global Market or another national securities exchange, the determination shall be made by reference to market quotations. If there are no market quotations for such date, the determination shall be made by reference to the last date preceding such date for which there are market quotations; provided further, however, that if the date for which Fair Market Value is determined is the first day when trading prices for the Stock are reported on a national securities exchange, the Fair Market Value shall be the “Price to the Public” (or equivalent) set forth on the cover page for the final prospectus relating to the Company’s Initial Public Offering.

*“Incentive Stock Option”* means any Stock Option designated and qualified as an “incentive stock option” as defined in Section 422 of the Code.

*“Initial Public Offering”* means the first offer and sale by the Company of its Stock in an underwritten, firm-commitment public offering, or such other event as a result of or following which the Stock shall be publicly held.

*“Non-Employee Director”* means a member of the Board who is not also an employee of the Company or any Subsidiary.

*“Non-Qualified Stock Option”* means any Stock Option that is not an Incentive Stock Option.

*“Option”* or *“Stock Option”* means any option to purchase shares of Stock granted pursuant to Section 5.

*“Performance-Based Award”* means any Restricted Stock Award, Restricted Stock Units, Performance Share Award or Cash-Based Award granted to a Covered Employee that is intended to qualify as “performance-based compensation” under Section 162(m) of the Code and the regulations promulgated thereunder.

*“Performance Criteria”* means the criteria that the Administrator selects for purposes of establishing the Performance Goal or Performance Goals for an individual for a Performance Cycle.



The Performance Criteria (which shall be applicable to the organizational level specified by the Administrator, including, but not limited to, the Company or a unit, division, group, or Subsidiary of the Company) that will be used to establish Performance Goals are limited to the following: total shareholder return, earnings before interest, taxes, depreciation and amortization, net income (loss) (either before or after interest, taxes, depreciation and/or amortization), changes in the market price of the Stock, economic value-added, funds from operations or similar measure, sales or revenue, acquisitions or strategic transactions, operating income (loss), cash flow (including, but not limited to, operating cash flow and free cash flow), return on capital, assets, equity, or investment, return on sales, gross or net profit levels, productivity, expense, margins, operating efficiency, customer satisfaction, working capital, earnings (loss) per share of Stock, sales or market shares and number of customers, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group.

*“Performance Cycle”* means one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more Performance Criteria will be measured for the purpose of determining a grantee’s right to and the payment of a Restricted Stock Award, Restricted Stock Units, Performance Share Award or Cash-Based Award, the vesting and/or payment of which is subject to the attainment of one or more Performance Goals. Each such period shall not be less than 12 months.

*“Performance Goals”* means, for a Performance Cycle, the specific goals established in writing by the Administrator for a Performance Cycle based upon the Performance Criteria.

*“Performance Share Award”* means an Award entitling the recipient to acquire shares of Stock upon the attainment of specified Performance Goals.

*“Registration Effective Time”* means the date and time at which the registration statement on Form S-1 that is filed by the Company with respect to the Initial Public Offering is declared effective by the Securities and Exchange Commission.

*“Restricted Stock Award”* means an Award of shares of Stock subject to such restrictions and conditions as the Administrator may determine at the time of grant.

*“Restricted Stock Units”* means an Award of phantom stock units to a grantee.

*“Sale Event”* shall mean (i) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (ii) a merger, reorganization or consolidation pursuant to which the holders of the Company’s outstanding voting power and outstanding stock immediately prior to such transaction do not own a majority of the outstanding voting power and outstanding stock or other equity interests of the resulting or successor entity (or its ultimate parent, if applicable) immediately upon completion of such transaction, (iii) the sale of all of the Stock of the Company to an unrelated person, entity or group thereof acting in concert, or (iv) any other transaction in which the owners of the Company’s outstanding voting power immediately prior to such transaction do not own at least a majority of the outstanding voting power of the Company or any successor entity immediately upon completion of the transaction other than as a result of the acquisition of securities directly from the Company.



“*Sale Price*” means the value as determined by the Administrator of the consideration payable, or otherwise to be received by stockholders, per share of Stock pursuant to a Sale Event.

“*Section 409A*” means Section 409A of the Code and the regulations and other guidance promulgated thereunder.

“*Stock*” means the Common Stock, par value \$0.01 per share, of the Company, subject to adjustments pursuant to Section 3.

“*Stock Appreciation Right*” means an Award entitling the recipient to receive shares of Stock having a value equal to the excess of the Fair Market Value of the Stock on the date of exercise over the exercise price of the Stock Appreciation Right multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised.

“*Subsidiary*” means any corporation or other entity (other than the Company) in which the Company has at least a 50 percent interest, either directly or indirectly.

“*Ten Percent Owner*” means an employee who owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation.

“*Unrestricted Stock Award*” means an Award of shares of Stock free of any restrictions.

## SECTION 2. ADMINISTRATION OF PLAN; ADMINISTRATOR AUTHORITY TO SELECT GRANTEES AND DETERMINE AWARDS

(a) Administration of Plan. The Plan shall be administered by the Administrator.

(b) Powers of Administrator. The Administrator shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

(i) to select the individuals to whom Awards may from time to time be granted;

(ii) to determine the time or times of grant, and the extent, if any, of Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Restricted Stock Units, Unrestricted Stock Awards, Cash-Based Awards, Performance Share Awards and Dividend Equivalent Rights, or any combination of the foregoing, granted to any one or more grantees;

(iii) to determine the number of shares of Stock to be covered by any Award;

(iv) to determine and modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and grantees, and to approve the forms of Award Certificates;

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(v) to accelerate at any time the exercisability or vesting of all or any portion of any Award;

(vi) subject to the provisions of Section 5(b), to extend at any time the period in which Stock Options may be exercised; and

(vii) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including related written instruments); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Administrator shall be binding on all persons, including the Company and Plan grantees.

(c) Delegation of Authority to Grant Options and Restricted Stock Units. Subject to applicable law, the Administrator, in its discretion, may delegate to the Chief Executive Officer of the Company all or part of the Administrator's authority and duties with respect to the granting of Options and/or Restricted Stock Units to individuals who are (i) not subject to the reporting and other provisions of Section 16 of the Exchange Act and (ii) not Covered Employees. Any such delegation by the Administrator shall include a limitation as to the amount of Options and/or Restricted Stock Units that may be granted during the period of the delegation and shall contain guidelines as to the determination of the exercise price and the vesting criteria. The Administrator may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Administrator's delegate or delegates that were consistent with the terms of the Plan.

(d) Award Certificate. Awards under the Plan shall be evidenced by Award Certificates that set forth the terms, conditions and limitations for each Award which may include, without limitation, the term of an Award and the provisions applicable in the event employment or service terminates.

(e) Indemnification. Neither the Board nor the Administrator, nor any member of either or any delegate thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and the members of the Board and the Administrator (and any delegate thereof) shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, reasonable attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under the Company's articles or bylaws or any directors' and officers' liability insurance coverage which may be in effect from time to time and/or any indemnification agreement between such individual and the Company.

(f) Foreign Award Recipients. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Subsidiaries operate or have employees or other individuals eligible for Awards, the Administrator,





in its sole discretion, shall have the power and authority to: (i) determine which Subsidiaries shall be covered by the Plan; (ii) determine which individuals outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to individuals outside the United States to comply with applicable foreign laws; (iv) establish subplans and modify exercise procedures and other terms and procedures, to the extent the Administrator determines such actions to be necessary or advisable (and such subplans and/or modifications shall be attached to this Plan as appendices); provided, however, that no such subplans and/or modifications shall increase the share limitations contained in Section 3(a) hereof; and (v) take any action, before or after an Award is made, that the Administrator determines to be necessary or advisable to obtain approval or comply with any local governmental regulatory exemptions or approvals. Notwithstanding the foregoing, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act or any other applicable United States securities law, the Code, or any other applicable United States governing statute or law.

### SECTION 3. STOCK ISSUABLE UNDER THE PLAN; MERGERS; SUBSTITUTION

(a) Stock Issuable. The maximum number of shares of Stock reserved and available for issuance under the Plan shall be the sum of (i) 7,500,000 shares (the "Initial Limit"), (ii) the number of shares of Stock that remain available for grants under the Company's 2009 Stock Option and Grant Plan, as amended (the "2009 Plan") immediately prior to the Registration Effective Time, and (iii) on January 1, 2015 and each January 1 thereafter, the number of shares of Stock reserved and available for issuance under the Plan shall be cumulatively increased by 5 percent of the number of shares of Stock issued and outstanding on the immediately preceding December 31 (the "Annual Increase"), subject, in each case, to adjustment as provided in Section 3(b). Subject to such overall limitation, the maximum aggregate number of shares of Stock that may be issued in the form of Incentive Stock Options shall not exceed the Initial Limit cumulatively increased on January 1, 2015 and on each January 1 thereafter by the lesser of the Annual Increase for such year or 7,500,000 shares of Stock, subject in all cases to adjustment as provided in Section 3(b). For purposes of this limitation, the shares of Stock underlying any Awards under the Plan or any awards under the Company's 2009 Plan that are forfeited, canceled, held back upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding, reacquired by the Company prior to vesting, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) shall be added back to the shares of Stock available for issuance under the Plan. In the event the Company repurchases shares of Stock on the open market, such shares shall not be added to the shares of Stock available for issuance under the Plan. Subject to such overall limitations, shares of Stock may be issued up to such maximum number pursuant to any type or types of Award; provided, however, that Stock Options or Stock Appreciation Rights with respect to no more than 5,000,000 shares of Stock may be granted to any one individual grantee during any one calendar year period. The shares available for issuance under the Plan may be authorized but unissued shares of Stock or shares of Stock reacquired by the Company.

(b) Changes in Stock. Subject to Section 3(c) hereof, if, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company's capital stock, the outstanding shares of Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the



Company, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Stock or other securities, or, if, as a result of any merger or consolidation, sale of all or substantially all of the assets of the Company, the outstanding shares of Stock are converted into or exchanged for securities of the Company or any successor entity (or a parent or subsidiary thereof), the Administrator shall make an appropriate or proportionate adjustment in (i) the maximum number of shares reserved for issuance under the Plan, including the maximum number of shares that may be issued in the form of Incentive Stock Options, (ii) the number of Stock Options or Stock Appreciation Rights that can be granted to any one individual grantee and the maximum number of shares that may be granted under a Performance-Based Award, (iii) the number and kind of shares or other securities subject to any then outstanding Awards under the Plan, (iv) the repurchase price, if any, per share subject to each outstanding Restricted Stock Award, and (v) the exercise price for each share subject to any then outstanding Stock Options and Stock Appreciation Rights under the Plan, without changing the aggregate exercise price (i.e., the exercise price multiplied by the number of Stock Options and Stock Appreciation Rights) as to which such Stock Options and Stock Appreciation Rights remain exercisable. The Administrator shall also make equitable or proportionate adjustments in the number of shares subject to outstanding Awards and the exercise price and the terms of outstanding Awards to take into consideration cash dividends paid other than in the ordinary course or any other extraordinary corporate event. The adjustment by the Administrator shall be final, binding and conclusive. No fractional shares of Stock shall be issued under the Plan resulting from any such adjustment, but the Administrator in its discretion may make a cash payment in lieu of fractional shares.

(c) Mergers and Other Transactions. Except as the Administrator may otherwise specify with respect to particular Awards in the relevant Award Certificate, in the case of and subject to the consummation of a Sale Event, the parties thereto may cause the assumption or continuation of Awards theretofore granted by the successor entity, or the substitution of such Awards with new Awards of the successor entity or parent thereof, with appropriate adjustment as to the number and kind of shares and, if appropriate, the per share exercise prices, as such parties shall agree. To the extent the parties to such Sale Event do not provide for the assumption, continuation or substitution of Awards, upon the effective time of the Sale Event, the Plan and all outstanding Awards granted hereunder shall terminate. In the event of such termination, (i) the Company shall have the option (in its sole discretion) to make or provide for a cash payment to the grantees holding Options and Stock Appreciation Rights, in exchange for the cancellation thereof, in an amount equal to the difference between (A) the Sale Price multiplied by the number of shares of Stock subject to outstanding Options and Stock Appreciation Rights (to the extent then exercisable at prices not in excess of the Sale Price) and (B) the aggregate exercise price of all such outstanding Options and Stock Appreciation Rights; or (ii) each grantee shall be permitted, within a specified period of time prior to the consummation of the Sale Event as determined by the Administrator, to exercise all outstanding Options and Stock Appreciation Rights (to the extent then exercisable) held by such grantee.

(d) Substitute Awards. The Administrator may grant Awards under the Plan in substitution for stock and stock based awards held by employees, directors or other key persons of another corporation in connection with the merger or consolidation of the employing corporation



with the Company or a Subsidiary or the acquisition by the Company or a Subsidiary of property or stock of the employing corporation. The Administrator may direct that the substitute awards be granted on such terms and conditions as the Administrator considers appropriate in the circumstances. Any substitute Awards granted under the Plan shall not count against the share limitation set forth in Section 3(a).

#### SECTION 4. ELIGIBILITY

Grantees under the Plan will be such full or part-time officers and other employees, Non-Employee Directors and key persons (including Consultants) of the Company and its Subsidiaries as are selected from time to time by the Administrator in its sole discretion.

#### SECTION 5. STOCK OPTIONS

Any Stock Option granted under the Plan shall be in such form as the Administrator may from time to time approve.

Stock Options granted under the Plan may be either Incentive Stock Options or Non-Qualified Stock Options. Incentive Stock Options may be granted only to employees of the Company or any Subsidiary that is a "subsidiary corporation" within the meaning of Section 424(f) of the Code. To the extent that any Option does not qualify as an Incentive Stock Option, it shall be deemed a Non-Qualified Stock Option.

Stock Options granted pursuant to this Section 5 shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable. If the Administrator so determines, Stock Options may be granted in lieu of cash compensation at the optionee's election, subject to such terms and conditions as the Administrator may establish.

(a) Exercise Price. The exercise price per share for the Stock covered by a Stock Option granted pursuant to this Section 5 shall be determined by the Administrator at the time of grant but shall not be less than 100 percent of the Fair Market Value on the date of grant. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the option price of such Incentive Stock Option shall be not less than 110 percent of the Fair Market Value on the grant date.

(b) Option Term. The term of each Stock Option shall be fixed by the Administrator, but no Stock Option shall be exercisable more than ten years after the date the Stock Option is granted. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the term of such Stock Option shall be no more than five years from the date of grant.

(c) Exercisability; Rights of a Stockholder. Stock Options shall become exercisable at such time or times, whether or not in installments, as shall be determined by the Administrator at or after the grant date. The Administrator may at any time accelerate the exercisability of all or any portion of any Stock Option. An optionee shall have the rights of a stockholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options.



(d) Method of Exercise. Stock Options may be exercised in whole or in part, by giving written or electronic notice of exercise to the Company, specifying the number of shares to be purchased. Payment of the purchase price may be made by one or more of the following methods to the extent provided in the Option Award Certificate:

(i) In cash, by certified or bank check or other instrument acceptable to the Administrator;

(ii) Through the delivery (or attestation to the ownership) of shares of Stock that are not then subject to restrictions under any Company plan. Such surrendered shares shall be valued at Fair Market Value on the exercise date;

(iii) By the optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company for the purchase price; provided that in the event the optionee chooses to pay the purchase price as so provided, the optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; or

(iv) With respect to Stock Options that are not Incentive Stock Options, by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price.

Payment instruments will be received subject to collection. The transfer to the optionee on the records of the Company or of the transfer agent of the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the optionee (or a purchaser acting in his stead in accordance with the provisions of the Stock Option) by the Company of the full purchase price for such shares and the fulfillment of any other requirements contained in the Option Award Certificate or applicable provisions of laws (including the satisfaction of any withholding taxes that the Company is obligated to withhold with respect to the optionee). In the event an optionee chooses to pay the purchase price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the optionee upon the exercise of the Stock Option shall be net of the number of attested shares. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the exercise of Stock Options, such as a system using an internet website or interactive voice response, then the paperless exercise of Stock Options may be permitted through the use of such an automated system.

(e) Annual Limit on Incentive Stock Options. To the extent required for “incentive stock option” treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the shares of Stock with respect to which Incentive Stock Options granted under this Plan and any other plan of the Company or its parent and subsidiary corporations become exercisable for the first time by an optionee during any calendar year shall not exceed \$100,000. To the extent that any Stock Option exceeds this limit, it shall constitute a Non-Qualified Stock Option.





## SECTION 6. STOCK APPRECIATION RIGHTS

(a) Exercise Price of Stock Appreciation Rights. The exercise price of a Stock Appreciation Right shall not be less than 100 percent of the Fair Market Value of the Stock on the date of grant.

(b) Grant and Exercise of Stock Appreciation Rights. Stock Appreciation Rights may be granted by the Administrator independently of any Stock Option granted pursuant to Section 5 of the Plan.

(c) Terms and Conditions of Stock Appreciation Rights. Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined from time to time by the Administrator. The term of a Stock Appreciation Right may not exceed ten years.

## SECTION 7. RESTRICTED STOCK AWARDS

(a) Nature of Restricted Stock Awards. The Administrator shall determine the restrictions and conditions applicable to each Restricted Stock Award at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives. The terms and conditions of each such Award Certificate shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and grantees.

(b) Rights as a Stockholder. Upon the grant of the Restricted Stock Award and payment of any applicable purchase price, a grantee shall have the rights of a stockholder with respect to the voting of the Restricted Stock and receipt of dividends; provided that if the lapse of restrictions with respect to the Restricted Stock Award is tied to the attainment of performance goals, any dividends paid by the Company during the performance period shall accrue and shall not be paid to the grantee until and to the extent the performance goals are met with respect to the Restricted Stock Award. Unless the Administrator shall otherwise determine, (i) uncertificated Restricted Stock shall be accompanied by a notation on the records of the Company or the transfer agent to the effect that they are subject to forfeiture until such Restricted Stock are vested as provided in Section 7(d) below, and (ii) certificated Restricted Stock shall remain in the possession of the Company until such Restricted Stock is vested as provided in Section 7(d) below, and the grantee shall be required, as a condition of the grant, to deliver to the Company such instruments of transfer as the Administrator may prescribe.

(c) Restrictions. Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Restricted Stock Award Certificate. Except as may otherwise be provided by the Administrator either in the Award Certificate or, subject to Section 18 below, in writing after the Award is issued, if a grantee's employment (or other service relationship) with the Company and its Subsidiaries terminates for any reason, any Restricted Stock that has not vested at the time of termination shall automatically and without any requirement of notice to such grantee from or other action by or on behalf of, the Company be deemed to have been reacquired by the Company at its original purchase price (if any) from such grantee or such grantee's legal representative simultaneously with such termination of

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employment (or other service relationship), and thereafter shall cease to represent any ownership of the Company by the grantee or rights of the grantee as a stockholder. Following such deemed reacquisition of unvested Restricted Stock that are represented by physical certificates, a grantee shall surrender such certificates to the Company upon request without consideration.

(d) Vesting of Restricted Stock. The Administrator at the time of grant shall specify the date or dates and/or the attainment of pre-established performance goals, objectives and other conditions on which the non-transferability of the Restricted Stock and the Company's right of repurchase or forfeiture shall lapse. Subsequent to such date or dates and/or the attainment of such pre-established performance goals, objectives and other conditions, the shares on which all restrictions have lapsed shall no longer be Restricted Stock and shall be deemed "vested." Except as may otherwise be provided by the Administrator either in the Award Certificate or, subject to Section 18 below, in writing after the Award is issued, a grantee's rights in any shares of Restricted Stock that have not vested shall automatically terminate upon the grantee's termination of employment (or other service relationship) with the Company and its Subsidiaries and such shares shall be subject to the provisions of Section 7(c) above.

#### SECTION 8. RESTRICTED STOCK UNITS

(a) Nature of Restricted Stock Units. The Administrator shall determine the restrictions and conditions applicable to each Restricted Stock Unit at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives. The terms and conditions of each such Award Certificate shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and grantees. At the end of the deferral period, the Restricted Stock Units, to the extent vested, shall be settled in the form of shares of Stock. To the extent that an award of Restricted Stock Units is subject to Section 409A, it may contain such additional terms and conditions as the Administrator shall determine in its sole discretion in order for such Award to comply with the requirements of Section 409A.

(b) Election to Receive Restricted Stock Units in Lieu of Compensation. The Administrator may, in its sole discretion, permit a grantee to elect to receive a portion of future cash compensation otherwise due to such grantee in the form of an award of Restricted Stock Units. Any such election shall be made in writing and shall be delivered to the Company no later than the date specified by the Administrator and in accordance with Section 409A and such other rules and procedures established by the Administrator. Any such future cash compensation that the grantee elects to defer shall be converted to a fixed number of Restricted Stock Units based on the Fair Market Value of Stock on the date the compensation would otherwise have been paid to the grantee if such payment had not been deferred as provided herein. The Administrator shall have the sole right to determine whether and under what circumstances to permit such elections and to impose such limitations and other terms and conditions thereon as the Administrator deems appropriate. Any Restricted Stock Units that are elected to be received in lieu of cash compensation shall be fully vested, unless otherwise provided in the Award Certificate.

(c) Rights as a Stockholder. A grantee shall have the rights as a stockholder only as to shares of Stock acquired by the grantee upon settlement of Restricted Stock Units; provided,



however, that the grantee may be credited with Dividend Equivalent Rights with respect to the phantom stock units underlying his Restricted Stock Units, subject to such terms and conditions as the Administrator may determine.

(d) Termination. Except as may otherwise be provided by the Administrator either in the Award Certificate or, subject to Section 18 below, in writing after the Award is issued, a grantee's right in all Restricted Stock Units that have not vested shall automatically terminate upon the grantee's termination of employment (or cessation of service relationship) with the Company and its Subsidiaries for any reason.

#### SECTION 9. UNRESTRICTED STOCK AWARDS

Grant or Sale of Unrestricted Stock. The Administrator may, in its sole discretion, grant (or sell at par value or such higher purchase price determined by the Administrator) an Unrestricted Stock Award under the Plan. Unrestricted Stock Awards may be granted in respect of past services or other valid consideration, or in lieu of cash compensation due to such grantee.

#### SECTION 10. CASH-BASED AWARDS

Grant of Cash-Based Awards. The Administrator may, in its sole discretion, grant Cash-Based Awards to any grantee in such number or amount and upon such terms, and subject to such conditions, as the Administrator shall determine at the time of grant. The Administrator shall determine the maximum duration of the Cash-Based Award, the amount of cash to which the Cash-Based Award pertains, the conditions upon which the Cash-Based Award shall become vested or payable, and such other provisions as the Administrator shall determine. Each Cash-Based Award shall specify a cash-denominated payment amount, formula or payment ranges as determined by the Administrator. Payment, if any, with respect to a Cash-Based Award shall be made in accordance with the terms of the Award and may be made in cash or in shares of Stock, as the Administrator determines.

#### SECTION 11. PERFORMANCE SHARE AWARDS

(a) Nature of Performance Share Awards. The Administrator may, in its sole discretion, grant Performance Share Awards independent of, or in connection with, the granting of any other Award under the Plan. The Administrator shall determine whether and to whom Performance Share Awards shall be granted, the Performance Goals, the periods during which performance is to be measured, which may not be less than one year except in the case of a Sale Event, and such other limitations and conditions as the Administrator shall determine.

(b) Rights as a Stockholder. A grantee receiving a Performance Share Award shall have the rights of a stockholder only as to shares actually received by the grantee under the Plan and not with respect to shares subject to the Award but not actually received by the grantee. A grantee shall be entitled to receive shares of Stock under a Performance Share Award only upon satisfaction of all conditions specified in the Performance Share Award Certificate (or in a performance plan adopted by the Administrator).



(c) Termination. Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 18 below, in writing after the Award is issued, a grantee's rights in all Performance Share Awards shall automatically terminate upon the grantee's termination of employment (or cessation of service relationship) with the Company and its Subsidiaries for any reason.

#### SECTION 12. PERFORMANCE-BASED AWARDS TO COVERED EMPLOYEES

(a) Performance-Based Awards. Any employee or other key person providing services to the Company and who is selected by the Administrator may be granted one or more Performance-Based Awards in the form of a Restricted Stock Award, Restricted Stock Units, Performance Share Awards or Cash-Based Award payable upon the attainment of Performance Goals that are established by the Administrator and relate to one or more of the Performance Criteria, in each case on a specified date or dates or over any period or periods determined by the Administrator. The Administrator shall define in an objective fashion the manner of calculating the Performance Criteria it selects to use for any Performance Cycle. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, or an individual. The Administrator, in its discretion, may adjust or modify the calculation of Performance Goals for such Performance Cycle in order to prevent the dilution or enlargement of the rights of an individual (i) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event or development, (ii) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or (iii) in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions provided however, that the Administrator may not exercise such discretion in a manner that would increase the Performance-Based Award granted to a Covered Employee. Each Performance-Based Award shall comply with the provisions set forth below.

(b) Grant of Performance-Based Awards. With respect to each Performance-Based Award granted to a Covered Employee, the Administrator shall select, within the first 90 days of a Performance Cycle (or, if shorter, within the maximum period allowed under Section 162(m) of the Code) the Performance Criteria for such grant, and the Performance Goals with respect to each Performance Criterion (including a threshold level of performance below which no amount will become payable with respect to such Award). Each Performance-Based Award will specify the amount payable, or the formula for determining the amount payable, upon achievement of the various applicable performance targets. The Performance Criteria established by the Administrator may be (but need not be) different for each Performance Cycle and different Performance Goals may be applicable to Performance-Based Awards to different Covered Employees.

(c) Payment of Performance-Based Awards. Following the completion of a Performance Cycle, the Administrator shall meet to review and certify in writing whether, and to what extent, the Performance Goals for the Performance Cycle have been achieved and, if so, to also calculate and certify in writing the amount of the Performance-Based Awards earned for the Performance Cycle. The Administrator shall then determine the actual size of each Covered





Employee's Performance-Based Award, and, in doing so, may reduce or eliminate the amount of the Performance-Based Award for a Covered Employee if, in its sole judgment, such reduction or elimination is appropriate.

(d) Maximum Award Payable. The maximum Performance-Based Award payable to any one Covered Employee under the Plan for a Performance Cycle is 5,000,000 shares of Stock (subject to adjustment as provided in Section 3(b) hereof) or \$5 million in the case of a Performance-Based Award that is a Cash-Based Award.

#### SECTION 13. DIVIDEND EQUIVALENT RIGHTS

(a) Dividend Equivalent Rights. A Dividend Equivalent Right may be granted hereunder to any grantee as a component of an award of Restricted Stock Units, Restricted Stock Award or Performance Share Award or as a freestanding award. The terms and conditions of Dividend Equivalent Rights shall be specified in the Award Certificate. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid currently or may be deemed to be reinvested in additional shares of Stock, which may thereafter accrue additional equivalents. Any such reinvestment shall be at Fair Market Value on the date of reinvestment or such other price as may then apply under a dividend reinvestment plan sponsored by the Company, if any. Dividend Equivalent Rights may be settled in cash or shares of Stock or a combination thereof, in a single installment or installments. A Dividend Equivalent Right granted as a component of an award of Restricted Stock Units or Restricted Stock Award with performance vesting or Performance Share Award shall provide that such Dividend Equivalent Right shall be settled only upon settlement or payment of, or lapse of restrictions on, such other Award, and that such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other Award.

(b) Interest Equivalents. Any Award under this Plan that is settled in whole or in part in cash on a deferred basis may provide in the grant for interest equivalents to be credited with respect to such cash payment. Interest equivalents may be compounded and shall be paid upon such terms and conditions as may be specified by the grant.

(c) Termination. Except as may otherwise be provided by the Administrator either in the Award Certificate or, subject to Section 18 below, in writing after the Award is issued, a grantee's rights in all Dividend Equivalent Rights or interest equivalents granted as a component of an award of Restricted Stock Units, Restricted Stock Award or Performance Share Award that has not vested shall automatically terminate upon the grantee's termination of employment (or cessation of service relationship) with the Company and its Subsidiaries for any reason.

#### SECTION 14. TRANSFERABILITY OF AWARDS

(a) Transferability. Except as provided in Section 14(b) below, during a grantee's lifetime, his or her Awards shall be exercisable only by the grantee, or by the grantee's legal representative or guardian in the event of the grantee's incapacity. No Awards shall be sold, assigned, transferred or otherwise encumbered or disposed of by a grantee other than by will or by the laws of descent and distribution or pursuant to a domestic relations order. No Awards shall be subject,



in whole or in part, to attachment, execution, or levy of any kind, and any purported transfer in violation hereof shall be null and void.

(b) Administrator Action. Notwithstanding Section 14(a), the Administrator, in its discretion, may provide either in the Award Certificate regarding a given Award or by subsequent written approval that the grantee (who is an employee or director) may transfer his or her Non-Qualified Options to his or her immediate family members, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Award. In no event may an Award be transferred by a grantee for value.

(c) Family Member. For purposes of Section 14(b), "family member" shall mean a grantee's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the grantee's household (other than a tenant of the grantee), a trust in which these persons (or the grantee) have more than 50 percent of the beneficial interest, a foundation in which these persons (or the grantee) control the management of assets, and any other entity in which these persons (or the grantee) own more than 50 percent of the voting interests.

(d) Designation of Beneficiary. Each grantee to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award or receive any payment under any Award payable on or after the grantee's death. Any such designation shall be on a form provided for that purpose by the Administrator and shall not be effective until received by the Administrator. If no beneficiary has been designated by a deceased grantee, or if the designated beneficiaries have predeceased the grantee, the beneficiary shall be the grantee's estate.

#### SECTION 15. TAX WITHHOLDING

(a) Payment by Grantee. Each grantee shall, no later than the date as of which the value of an Award or of any Stock or other amounts received thereunder first becomes includable in the gross income of the grantee for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Administrator regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld by the Company with respect to such income. The Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the grantee. The Company's obligation to deliver evidence of book entry (or stock certificates) to any grantee is subject to and conditioned on tax withholding obligations being satisfied by the grantee.

(b) Payment in Stock. Subject to approval by the Administrator, the Company's minimum required tax withholding obligation may be satisfied, in whole or in part, by the Company withholding from shares of Stock to be issued pursuant to any Award a number of shares with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due.

#### SECTION 16. SECTION 409A AWARDS



To the extent that any Award is determined to constitute “nonqualified deferred compensation” within the meaning of Section 409A (a “409A Award”), the Award shall be subject to such additional rules and requirements as specified by the Administrator from time to time in order to comply with Section 409A. In this regard, if any amount under a 409A Award is payable upon a “separation from service” (within the meaning of Section 409A) to a grantee who is then considered a “specified employee” (within the meaning of Section 409A), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the grantee’s separation from service, or (ii) the grantee’s death, but only to the extent such delay is necessary to prevent such payment from being subject to interest, penalties and/or additional tax imposed pursuant to Section 409A. Further, the settlement of any such Award may not be accelerated except to the extent permitted by Section 409A.

#### SECTION 17. TRANSFER, LEAVE OF ABSENCE, ETC.

For purposes of the Plan, the following events shall not be deemed a termination of employment:

(a) a transfer to the employment of the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another; or

(b) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the employee’s right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Administrator otherwise so provides in writing.

#### SECTION 18. AMENDMENTS AND TERMINATION

The Board may, at any time, amend or discontinue the Plan and the Administrator may, at any time, amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall adversely affect rights under any outstanding Award without the holder’s consent. The Administrator is specifically authorized to exercise its discretion to reduce the exercise price of outstanding Stock Options or Stock Appreciation Rights or effect the repricing of such Awards through cancellation and re-grants. To the extent required under the rules of any securities exchange or market system on which the Stock is listed, to the extent determined by the Administrator to be required by the Code to ensure that Incentive Stock Options granted under the Plan are qualified under Section 422 of the Code, or to ensure that compensation earned under Awards qualifies as performance-based compensation under Section 162(m) of the Code, Plan amendments shall be subject to approval by the Company stockholders entitled to vote at a meeting of stockholders. Nothing in this Section 18 shall limit the Administrator’s authority to take any action permitted pursuant to Section 3(b) or 3(c).

#### SECTION 19. STATUS OF PLAN

With respect to the portion of any Award that has not been exercised and any payments in cash, Stock or other consideration not received by a grantee, a grantee shall have no rights greater than those of a general creditor of the Company unless the Administrator shall otherwise expressly



determine in connection with any Award or Awards. In its sole discretion, the Administrator may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver Stock or make payments with respect to Awards hereunder, provided that the existence of such trusts or other arrangements is consistent with the foregoing sentence.

#### SECTION 20. GENERAL PROVISIONS

(a) No Distribution. The Administrator may require each person acquiring Stock pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof.

(b) Delivery of Stock Certificates. Stock certificates to grantees under this Plan shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have mailed such certificates in the United States mail, addressed to the grantee, at the grantee's last known address on file with the Company. Uncertificated Stock shall be deemed delivered for all purposes when the Company or a Stock transfer agent of the Company shall have given to the grantee by electronic mail (with proof of receipt) or by United States mail, addressed to the grantee, at the grantee's last known address on file with the Company, notice of issuance and recorded the issuance in its records (which may include electronic "book entry" records). Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing shares of Stock pursuant to the exercise of any Award, unless and until the Administrator has determined, with advice of counsel (to the extent the Administrator deems such advice necessary or advisable), that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the shares of Stock are listed, quoted or traded. All Stock certificates delivered pursuant to the Plan shall be subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with federal, state or foreign jurisdiction, securities or other laws, rules and quotation system on which the Stock is listed, quoted or traded. The Administrator may place legends on any Stock certificate to reference restrictions applicable to the Stock. In addition to the terms and conditions provided herein, the Administrator may require that an individual make such reasonable covenants, agreements, and representations as the Administrator, in its discretion, deems necessary or advisable in order to comply with any such laws, regulations, or requirements. The Administrator shall have the right to require any individual to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Administrator.

(c) Stockholder Rights. Until Stock is deemed delivered in accordance with Section 20(b), no right to vote or receive dividends or any other rights of a stockholder will exist with respect to shares of Stock to be issued in connection with an Award, notwithstanding the exercise of a Stock Option or any other action by the grantee with respect to an Award.

(d) Other Compensation Arrangements; No Employment Rights. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, including trusts, and such arrangements may be either generally applicable or





applicable only in specific cases. The adoption of this Plan and the grant of Awards do not confer upon any employee any right to continued employment with the Company or any Subsidiary.

(e) Trading Policy Restrictions. Option exercises and other Awards under the Plan shall be subject to the Company's insider trading policies and procedures, as in effect from time to time.

(f) Forfeiture of Awards under Sarbanes-Oxley Act. If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, then any grantee who is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002 shall reimburse the Company for the amount of any Award received by such individual under the Plan during the 12-month period following the first public issuance or filing with the United States Securities and Exchange Commission, as the case may be, of the financial document embodying such financial reporting requirement.

#### SECTION 21. EFFECTIVE DATE OF PLAN

This Plan shall become effective upon the last to occur of (i) stockholder approval of the Plan in accordance with applicable state law, the Company's bylaws and articles of incorporation, and applicable stock exchange rules and (ii) immediately prior to the date of the Registration Effective Time. No grants of Stock Options and other Awards may be made hereunder after the tenth anniversary of the Effective Date and no grants of Incentive Stock Options may be made hereunder after the tenth anniversary of the date the Plan is approved by the Board.

#### SECTION 22. GOVERNING LAW

This Plan and all Awards and actions taken thereunder shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

DATE APPROVED BY BOARD OF DIRECTORS: February 2014

DATE APPROVED BY STOCKHOLDERS: April 2014

### **INCENTIVE STOCK OPTION AGREEMENT UNDER THE ZENDESK, INC. 2014 STOCK OPTION AND INCENTIVE PLAN**

Name of Optionee:

No. of Option Shares:

Option Exercise Price per Share:

**[FMV on Grant Date (110% of FMV if a 10% owner)]**

Grant Date:

Expiration Date:

**[up to 10 years (5 if a 10% owner)]**

Pursuant to the Zendesk, Inc. 2014 Stock Option and Incentive Plan as amended through the date hereof (the "Plan"), Zendesk, Inc. (the "Company") hereby grants to the Optionee named above an option (the "Stock Option") to purchase on or prior to the Expiration Date specified above all or part of the number of shares of Common Stock, par value \$0.01 per share (the "Stock"), of the Company specified above at the Option Exercise Price per Share specified above subject to the terms and conditions set forth herein and in the Plan.

1. Exercisability Schedule. No portion of this Stock Option may be exercised until such portion shall have become exercisable. Except as set forth below, and subject to the discretion of the Administrator (as defined in Section 2 of the Plan) to accelerate the exercisability schedule hereunder, this Stock Option shall be exercisable with respect to the following number of Option Shares on the dates indicated so long as the Optionee remains an employee of the Company or a Subsidiary on such dates:



Incremental Number of  
Option Shares Exercisable\*

Exercisability Date

\_\_\_\_\_ ( \_\_\_ %)  
\_\_\_\_\_ ( \_\_\_ %)  
\_\_\_\_\_ ( \_\_\_ %)  
\_\_\_\_\_ ( \_\_\_ %)  
\_\_\_\_\_ ( \_\_\_ %)

\* Max. of \$100,000 per yr.

Once exercisable, this Stock Option shall continue to be exercisable at any time or times prior to the close of business on the Expiration Date, subject to the provisions hereof and of the Plan.

2. Manner of Exercise.

(a) The Optionee may exercise this Stock Option only in the following manner: from time to time on or prior to the Expiration Date of this Stock Option, the Optionee may give written notice to the Administrator of his or her election to purchase some or all of the Option Shares purchasable at the time of such notice. This notice shall specify the number of Option Shares to be purchased.

Payment of the purchase price for the Option Shares may be made by one or more of the following methods: (i) in cash, by certified or bank check or other instrument acceptable to the Administrator; (ii) through the delivery (or attestation to the ownership) of shares of Stock that have been purchased by the Optionee on the open market or that are beneficially owned by the Optionee and are not then subject to any restrictions under any Company plan and that otherwise satisfy any holding periods as may be required by the Administrator; or (iii) by the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the option purchase price, provided that in the event the Optionee chooses to pay the option purchase price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; or (iv) a combination of (i), (ii) and (iii) above. Payment instruments will be received subject to collection.

The transfer to the Optionee on the records of the Company or of the transfer agent of the Option Shares will be contingent upon (i) the Company's receipt from the Optionee of the full purchase price for the Option Shares, as set forth above, (ii) the satisfaction of any obligations for Tax-Related Items (as defined below) due in connection with the Option, (iii) the fulfillment of any other requirements contained herein or in the Plan or in any other agreement or provision of laws, and (iv) the receipt by the Company of any agreement, statement or other evidence that the Company may require to satisfy itself that the issuance of Stock to be purchased pursuant to the exercise of Stock Options under the Plan and any subsequent resale of the shares of Stock will be in compliance with applicable laws and regulations. In the event the Optionee chooses to pay the purchase price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the Optionee upon the exercise of the Stock Option shall be net of the Shares attested to.

(b) The shares of Stock purchased upon exercise of this Stock Option shall be transferred to the Optionee on the records of the Company or of the transfer agent upon compliance to the satisfaction of the Administrator with all requirements under applicable laws or regulations in connection with such transfer and with the requirements hereof and of the Plan. The determination of the Administrator as to such compliance shall be final and binding on the Optionee. The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Stock subject to this Stock Option unless and until this Stock Option shall have been exercised pursuant to the terms hereof, the Company or the transfer agent shall have transferred the shares to the Optionee, and the Optionee's name shall have been entered as the stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such shares of Stock.

(c) The minimum number of shares with respect to which this Stock Option may be exercised at any one time shall be 100 shares, unless the number of shares with respect to which this Stock Option is being exercised is the total number of shares subject to exercise under this Stock Option at the time.

(d) Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Option shall be exercisable after the Expiration Date hereof.

3. Termination of Employment. If the Optionee's employment by the Company or a Subsidiary (as defined in the Plan) is terminated, the period within which to exercise the Stock Option may be subject to earlier termination as set forth below.



(a) Termination Due to Death. If the Optionee's employment terminates by reason of the Optionee's death, any portion of this Stock Option outstanding on such date, to the extent exercisable on the date of death, may thereafter be exercised by the Optionee's legal representative or legatee for a period of [12] months from the date of death or until the Expiration Date, if earlier. Any portion of this Stock Option that is not exercisable on the date of death shall terminate immediately and be of no further force or effect.

(b) Termination Due to Disability. If the Optionee's employment terminates by reason of the Optionee's disability (as determined by the Administrator), any portion of this Stock Option outstanding on such date, to the extent exercisable on the date of such termination, may thereafter be exercised by the Optionee for a period of [12] months from the date of termination or until the Expiration Date, if earlier. Any portion of this Stock Option that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect.

(c) Termination for Cause. If the Optionee's employment terminates for Cause, any portion of this Stock Option outstanding on such date shall terminate immediately and be of no further force and effect. For purposes hereof, "Cause" shall mean, unless otherwise provided in an employment agreement between the Company and the Optionee, a determination by the Administrator that the Optionee shall be dismissed as a result of (i) any material breach by the Optionee of any agreement between the Optionee and the Company or any Subsidiary; (ii) the conviction of, indictment for or plea of nolo contendere by the Optionee to a felony or a crime involving moral turpitude; or (iii) any material misconduct or willful and deliberate non-performance (other than by reason of disability) by the Optionee of the Optionee's duties to the Company or any Subsidiary.

(d) Other Termination. If the Optionee's employment terminates for any reason other than the Optionee's death, the Optionee's disability, or Cause, and unless otherwise determined by the Administrator, any portion of this Stock Option outstanding on such date may be exercised, to the extent exercisable on the date of termination, for a period of three months from the date of termination or until the Expiration Date, if earlier. Any portion of this Stock Option that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect.

The Administrator's determination of the reason for termination of the Optionee's employment shall be conclusive and binding on the Optionee and his or her representatives or legatees.

4. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Stock Option shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

5. Transferability. This Agreement is personal to the Optionee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. This Stock Option is exercisable, during the Optionee's lifetime, only by the Optionee, and thereafter, only by the Optionee's legal representative or legatee.

6. Status of the Stock Option. This Stock Option is intended to qualify as an "incentive stock option" under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), but the Company does not represent or warrant that this Stock Option qualifies as such. The Optionee should consult with his or her own tax advisors regarding the tax effects of this Stock Option and the requirements necessary to obtain favorable income tax treatment under Section 422 of the Code, including, but not limited to, holding period requirements. To the extent any portion of this Stock Option does not so qualify as an "incentive stock option," such portion shall be deemed to be a non-qualified stock option. If the Optionee intends to dispose or does dispose (whether by sale, gift, transfer or otherwise) of any Option Shares within the one-year period beginning on the date after the transfer of such shares to him or her, or within the two-year period beginning on the day after the grant of this Stock Option, he or she will so notify the Company within 30 days after such disposition.

7. Responsibility for Taxes. The Optionee acknowledges that, regardless of any action taken by the Company or, if different, the Subsidiary which employs the Optionee (the "Employer"), the ultimate liability for all Federal, state and other income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax related items related to the Optionee's participation in the Plan and legally applicable to the Optionee ("Tax-Related Items") is and remains the Optionee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Optionee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Stock Option, including, but not limited to, the grant, vesting or exercise of this Stock Option, the subsequent sale of Option Shares acquired pursuant to such exercise and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of this Stock Option to reduce or eliminate the Optionee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Optionee is subject to Tax-Related Items in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, the Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(a) Prior to the relevant taxable or tax withholding event, as applicable, the Optionee agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items to the extent applicable. In this



regard, the Optionee authorizes the Company or its agent to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(i) withholding from the Optionee's wages or other cash compensation paid to the Optionee by the Company and/or the Employer; or

(ii) withholding from proceeds of the sale of Option Shares acquired upon exercise of the Stock Option either through a voluntary sale or through a mandatory sale arranged by the Company (on the Optionee's behalf pursuant to this authorization without further consent); or

(iii) withholding in Option Shares to be issued upon exercise of the Option a number of shares of Stock with an aggregate Fair Market Value that would satisfy the minimum withholding amount due; or

(iv) by any other method deemed by the Company to comply with applicable laws.

(b) Depending on the withholding method and subject to the foregoing, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates in the Grantee's jurisdiction, in which case the Optionee will receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in shares. If the obligation for Tax-Related Items is satisfied by withholding in Option Shares, for tax purposes, the Optionee is deemed to have been issued the full number of Option Shares subject to the exercised Stock Option, notwithstanding that a number of the Option Shares are held back solely for the purpose of paying the Tax-Related Items.

(c) Finally, the Optionee agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Optionee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Option Shares or the proceeds of the sale of Option Shares if the Optionee fails to comply with his or her obligations in connection with the Tax-Related Items.

8. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Optionee in employment and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Optionee at any time.

9. Integration. This Agreement constitutes the entire agreement between the parties with respect to this Stock Option and supersedes all prior agreements and discussions between the parties concerning such subject matter.

10. Nature of Grant. In accepting this Stock Option, the Optionee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company and it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of this Stock Option is voluntary and occasional and does not create any contractual or other right to receive future grants of stock options, or benefits in lieu of stock options, even if stock options have been granted in the past;

(c) all decisions with respect to future stock option or other grants, if any, will be at the sole discretion of the Company;

(d) this Stock Option grant and the Optionee's participation in the Plan shall not be interpreted as forming an employment contract with the Company;

(e) the Optionee is voluntarily participating in the Plan;

(f) this Stock Option and any Option Shares acquired under the Plan are not intended to replace any pension rights or compensation;

(g) this Stock Option and any Option Shares acquired under the Plan, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or payments or welfare benefits or similar payments;

(h) the future value of this Option Shares underlying the Stock Option is unknown, indeterminable, and cannot be predicted with certainty;

(i) if the underlying Option Shares do not increase in value, this Stock Option will have no value;





(j) if the Optionee exercises this Stock Option and acquires Option Shares, the value of such Option Shares may increase or decrease in value, even below the Option Exercise Price;

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of this Stock Option resulting from the termination of the Optionee's employment relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Optionee is employed or the terms of the Optionee's employment agreement, if any), and in consideration of the grant of this Stock Option to which the Optionee is otherwise not entitled, the Optionee irrevocably agrees never to institute any claim against the Employer, the Company or any of its Subsidiaries, waives his or her ability, if any, to bring any such claim, and releases the Employer, the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Optionee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim; and

(l) unless otherwise provided in the Plan or by the Company in its discretion, this Stock Option and the benefits evidenced by this Agreement do not create any entitlement to have this Stock Option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Stock.

11. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Optionee's participation in the Plan, or the Optionee's acquisition or sale of the underlying Option Shares. The Optionee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

12. Data Privacy. *The Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee's personal data as described in this Agreement and any other Stock Option grant materials by and among, as applicable, the Employer, the Company and any Subsidiary for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan.*

*The Optionee understands that the Employer, the Company and its Subsidiaries may hold certain personal information about the Optionee, including, but not limited to, the Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all stock options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.*

*The Optionee understands that Data will be transferred to the stock plan service provider selected by the Company, which is assisting the Company with the implementation, administration and management of the Plan. The Optionee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Optionee's country. The Optionee understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Optionee authorizes the Company, the stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing the Optionee's participation in the Plan. The Optionee understands that Data will be held only as long as is necessary to implement, administer and manage the Optionee's participation in the Plan. The Optionee understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, the Optionee understands that he or she is providing the consents herein on a purely voluntary basis. If the Optionee does not consent, or if the Optionee later seeks to revoke his or her consent, his or her employment status or service and career with the Company or any Subsidiary will not be adversely affected; the only adverse consequence of refusing or withdrawing consent is that the Company would not be able to grant the Optionee Stock Options or other equity awards or administer or maintain such awards. Therefore, the Optionee understands that refusing or withdrawing his or her consent may affect the Optionee's ability to participate in the Plan. For more information on the consequences of the Optionee's refusal to consent or withdrawal of consent, the Optionee understands that he or she may contact his or her local human resources representative.*

13. Governing Law; Venue. This Stock Option grant and the provisions of this Agreement are governed by, and subject to, the laws of the State of Delaware, without regard to the conflict of law provisions. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of San Francisco County, California, or the federal courts for the United States for the



Northern District of California, and no other courts, including the courts where this grant is made and/or to be performed.

14. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

15. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

16. Insider Trading Restrictions/Market Abuse Laws. The Optionee acknowledges that, depending on the Optionee's country of residence, the Optionee may be subject to insider trading restrictions and/or market abuse laws, which may affect the Optionee's ability to acquire or sell Option Shares or rights to Option Shares (*e.g.*, the Option) under the Plan during such times as the Optionee is considered to have "inside information" regarding the Company (as defined by the laws in the Optionee's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Optionee acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Optionee is advised to speak to his or her personal advisor on this matter.

17. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Optionee's participation in the Plan, on this Stock Option and on any Option Shares purchased upon exercise of this Stock Option, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

18. Waiver. The Optionee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Optionee or any other Plan participant.

19. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Optionee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

ZENDESK, INC.

By:

Title:

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Optionee (including through an online acceptance process) is acceptable.

Dated:

Optionee's Signature

Optionee's name and address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**NON-QUALIFIED STOCK OPTION AGREEMENT  
FOR COMPANY EMPLOYEES  
UNDER THE ZENDESK, INC.  
2014 STOCK OPTION AND INCENTIVE PLAN**

Name of Optionee:

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No. of Option Shares:

Option Exercise Price per Share:

[FMV on Grant Date]

Grant Date:

Expiration Date:

Pursuant to the Zendesk, Inc. 2014 Stock Option and Incentive Plan as amended through the date hereof (the "Plan"), Zendesk, Inc. (the "Company") hereby grants to the Optionee named above an option (the "Stock Option") to purchase on or prior to the Expiration Date specified above all or part of the number of shares of Common Stock, par value \$0.01 per share (the "Stock") of the Company specified above at the Option Exercise Price per Share specified above subject to the terms and conditions set forth herein and in the Plan. This Stock Option is not intended to be an "incentive stock option" under Section 422 of the Internal Revenue Code of 1986, as amended.

1. Exercisability Schedule. No portion of this Stock Option may be exercised until such portion shall have become exercisable. Except as set forth below, and subject to the discretion of the Administrator (as defined in Section 2 of the Plan) to accelerate the exercisability schedule hereunder, this Stock Option shall be exercisable with respect to the following number of Option Shares on the dates indicated so long as the Optionee remains an employee of the Company or a Subsidiary on such dates:

<u>Incremental Number of Option Shares Exercisable</u>	<u>Exercisability Date</u>
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____

Once exercisable, this Stock Option shall continue to be exercisable at any time or times prior to the close of business on the Expiration Date, subject to the provisions hereof and of the Plan.

2. Manner of Exercise.

(a) The Optionee may exercise this Stock Option only in the following manner: from time to time on or prior to the Expiration Date of this Stock Option, the Optionee may give written notice to the Administrator of his or her election to purchase some or all of the Option Shares purchasable at the time of such notice. This notice shall specify the number of Option Shares to be purchased.

Payment of the purchase price for the Option Shares may be made by one or more of the following methods: (i) in cash, by certified or bank check or other instrument acceptable to the Administrator; (ii) through the delivery (or attestation to the ownership) of shares of Stock that have been purchased by the Optionee on the open market or that are beneficially owned by the Optionee and are not then subject to any restrictions under any Company plan and that otherwise satisfy any holding periods as may be required by the Administrator; (iii) by the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the option purchase price, provided that in the event the Optionee chooses to pay the option purchase price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; (iv) by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; or (v) a combination of (i), (ii), (iii) and (iv) above. Payment instruments will be received subject to collection.

The transfer to the Optionee on the records of the Company or of the transfer agent of the Option Shares will be contingent upon (i) the Company's receipt from the Optionee of the full purchase price for the Option Shares, as set forth above,



(ii) the satisfaction of any obligations for Tax-Related Items (as defined below) due in connection with the Option; (iii) the fulfillment of any other requirements contained herein or in the Plan or in any other agreement or provision of laws, and (iv) the receipt by the Company of any agreement, statement or other evidence that the Company may require to satisfy itself that the issuance of Stock to be purchased pursuant to the exercise of Stock Options under the Plan and any subsequent resale of the shares of Stock will be in compliance with applicable laws and regulations. In the event the Optionee chooses to pay the purchase price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the Optionee upon the exercise of the Stock Option shall be net of the Shares attested to.

(b) The shares of Stock purchased upon exercise of this Stock Option shall be transferred to the Optionee on the records of the Company or of the transfer agent upon compliance to the satisfaction of the Administrator with all requirements under applicable laws or regulations in connection with such transfer and with the requirements hereof and of the Plan. The determination of the Administrator as to such compliance shall be final and binding on the Optionee. The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Stock subject to this Stock Option unless and until this Stock Option shall have been exercised pursuant to the terms hereof, the Company or the transfer agent shall have transferred the shares to the Optionee, and the Optionee's name shall have been entered as the stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such shares of Stock.

(c) The minimum number of shares with respect to which this Stock Option may be exercised at any one time shall be 100 shares, unless the number of shares with respect to which this Stock Option is being exercised is the total number of shares subject to exercise under this Stock Option at the time.

(d) Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Option shall be exercisable after the Expiration Date hereof.

3. Termination of Employment. If the Optionee's employment by the Company or a Subsidiary (as defined in the Plan) is terminated, the period within which to exercise the Stock Option may be subject to earlier termination as set forth below.

(a) Termination Due to Death. If the Optionee's employment terminates by reason of the Optionee's death, any portion of this Stock Option outstanding on such date, to the extent exercisable on the date of death, may thereafter be exercised by the Optionee's legal representative or legatee for a period of [12] months from the date of death or until the Expiration Date, if earlier. Any portion of this Stock Option that is not exercisable on the date of death shall terminate immediately and be of no further force or effect.

(b) Termination Due to Disability. If the Optionee's employment terminates by reason of the Optionee's disability (as determined by the Administrator), any portion of this Stock Option outstanding on such date, to the extent exercisable on the date of such termination, may thereafter be exercised by the Optionee for a period of [12] months from the date of termination or until the Expiration Date, if earlier. Any portion of this Stock Option that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect.

(c) Termination for Cause. If the Optionee's employment terminates for Cause, any portion of this Stock Option outstanding on such date shall terminate immediately and be of no further force and effect. For purposes hereof, "Cause" shall mean, unless otherwise provided in an employment agreement between the Company and the Optionee, a determination by the Administrator that the Optionee shall be dismissed as a result of (i) any material breach by the Optionee of any agreement between the Optionee and the Company or any Subsidiary; (ii) the conviction of, indictment for or plea of nolo contendere by the Optionee to a felony or a crime involving moral turpitude; or (iii) any material misconduct or willful and deliberate non-performance (other than by reason of disability) by the Optionee of the Optionee's duties to the Company or any Subsidiary.

(d) Other Termination. If the Optionee's employment terminates for any reason other than the Optionee's death, the Optionee's disability or Cause, and unless otherwise determined by the Administrator, any portion of this Stock Option outstanding on such date may be exercised, to the extent exercisable on the date of termination, for a period of three months from the date of termination or until the Expiration Date, if earlier. Any portion of this Stock Option that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect.

The Administrator's determination of the reason for termination of the Optionee's employment shall be conclusive and binding on the Optionee and his or her representatives or legatees.

4. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Stock Option shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

5. Transferability. This Agreement is personal to the Optionee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. This Stock Option is exercisable, during





the Optionee's lifetime, only by the Optionee, and thereafter, only by the Optionee's legal representative or legatee.

6. Responsibility for Taxes. The Optionee acknowledges that, regardless of any action taken by the Company or, if different, the Subsidiary which employs the Optionee (the "Employer"), the ultimate liability for all Federal, state and other income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax related items related to the Optionee's participation in the Plan and legally applicable to the Optionee ("Tax-Related Items") is and remains the Optionee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Optionee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Stock Option, including, but not limited to, the grant, vesting or exercise of this Stock Option, the subsequent sale of Option Shares acquired pursuant to such exercise and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of this Stock Option to reduce or eliminate the Optionee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Optionee is subject to Tax-Related Items in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, the Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(a) Prior to the relevant taxable or tax withholding event, as applicable, the Optionee agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Optionee authorizes the Company or its agent to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(i) withholding from the Optionee's wages or other cash compensation paid to the Optionee by the Company and/or the Employer; or

(ii) withholding from proceeds of the sale of Option Shares acquired upon exercise of the Stock Option either through a voluntary sale or through a mandatory sale arranged by the Company (on the Optionee's behalf pursuant to this authorization without further consent); or

(iii) withholding in Option Shares to be issued upon exercise of the Option a number of shares of Stock with an aggregate Fair Market Value that would satisfy the minimum withholding amount due; or

(iv) by any other method deemed by the Company to comply with applicable laws.

(b) Depending on the withholding method and subject to the foregoing, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case the Optionee will receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in shares. If the obligation for Tax-Related Items is satisfied by withholding in Option Shares, for tax purposes, the Optionee is deemed to have been issued the full number of Option Shares subject to the exercised Stock Option, notwithstanding that a number of the Option Shares are held back solely for the purpose of paying the Tax-Related Items.

(c) Finally, the Optionee agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Optionee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Option Shares or the proceeds of the sale of Option Shares if the Optionee fails to comply with his or her obligations in connection with the Tax-Related Items.

7. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Optionee in employment and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Optionee at any time.

8. Integration. This Agreement constitutes the entire agreement between the parties with respect to this Stock Option and supersedes all prior agreements and discussions between the parties concerning such subject matter.

9. Nature of Grant. In accepting this Stock Option, the Optionee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company and it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of this Stock Option is voluntary and occasional and does not create any contractual or other right to receive future grants of stock options, or benefits in lieu of stock options, even if stock options have been granted in the past;

(c) all decisions with respect to future stock option or other grants, if any, will be at the sole discretion of the Company;

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(d) this Stock Option grant and the Optionee's participation in the Plan shall not be interpreted as forming an employment contract with the Company;

(e) the Optionee is voluntarily participating in the Plan;

(f) this Stock Option and any Option Shares acquired under the Plan are not intended to replace any pension rights or compensation;

(g) this Stock Option and any Option Shares acquired under the Plan, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or payments or welfare benefits or similar payments;

(h) the future value of this Option Shares underlying the Stock Option is unknown, indeterminable, and cannot be predicted with certainty;

(i) if the underlying Option Shares do not increase in value, this Stock Option will have no value;

(j) if the Optionee exercises this Stock Option and acquires Option Shares, the value of such Option Shares may increase or decrease in value, even below the Option Exercise Price;

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of this Stock Option resulting from the termination of the Optionee's employment relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Optionee is employed or the terms of the Optionee's employment agreement, if any), and in consideration of the grant of this Stock Option to which the Optionee is otherwise not entitled, the Optionee irrevocably agrees never to institute any claim against the Employer, the Company or any of its Subsidiaries, waives his or her ability, if any, to bring any such claim, and releases the Employer, the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Optionee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim; and

(l) unless otherwise provided in the Plan or by the Company in its discretion, this Stock Option and the benefits evidenced by this Agreement do not create any entitlement to have this Stock Option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Stock.

10. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Optionee's participation in the Plan, or the Optionee's acquisition or sale of the underlying Option Shares. The Optionee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

11. **Data Privacy.** *The Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee's personal data as described in this Agreement and any other Stock Option grant materials by and among, as applicable, the Employer, Company and any Subsidiary for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan.*

*The Optionee understands that the Employer, the Company and its Subsidiaries may hold certain personal information about the Optionee, including, but not limited to, the Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all stock options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.*

*The Optionee understands that Data will be transferred to the stock plan service provider selected by the Company, which is assisting the Company with the implementation, administration and management of the Plan. The Optionee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Optionee's country. The Optionee understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Optionee authorizes the Company, the stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing the Optionee's participation in the Plan. The Optionee understands that Data will be held only as*



*long as is necessary to implement, administer and manage the Optionee's participation in the Plan. The Optionee understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, the Optionee understands that he or she is providing the consents herein on a purely voluntary basis. If the Optionee does not consent, or if the Optionee later seeks to revoke his or her consent, his or her employment status or service and career with the Company or any Subsidiary will not be adversely affected; the only adverse consequence of refusing or withdrawing consent is that the Company would not be able to grant the Optionee Stock Options or other equity awards or administer or maintain such awards. Therefore, the Optionee understands that refusing or withdrawing his or her consent may affect the Optionee's ability to participate in the Plan. For more information on the consequences of the Optionee's refusal to consent or withdrawal of consent, the Optionee understands that he or she may contact his or her local human resources representative.*

12. Governing Law; Venue. This Stock Option grant and the provisions of this Agreement are governed by, and subject to, the laws of the State of Delaware, without regard to the conflict of law provisions. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of San Francisco County, California, or the federal courts for the United States for the Northern District of California, and no other courts, including the courts where this grant is made and/or to be performed.

13. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

14. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

15. Insider Trading Restrictions/Market Abuse Laws. The Optionee acknowledges that, depending on the Optionee's country of residence, the Optionee may be subject to insider trading restrictions and/or market abuse laws, which may affect the Optionee's ability to acquire or sell Option Shares or rights to Option Shares (e.g., the Option) under the Plan during such times as the Optionee is considered to have "inside information" regarding the Company (as defined by the laws in the Optionee's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Optionee acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Optionee is advised to speak to his or her personal advisor on this matter.

16. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Optionee's participation in the Plan, on this Stock Option and on any Option Shares purchased upon exercise of this Stock Option, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

17. Waiver. The Optionee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Optionee or any other Plan participant.

18. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Optionee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

ZENDESK, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Optionee (including through an online acceptance process) is acceptable.



Dated: \_\_\_\_\_

\_\_\_\_\_  
Optionee's Signature

Optionee's name and address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**NON-QUALIFIED STOCK OPTION AGREEMENT  
FOR NON-EMPLOYEE DIRECTORS  
UNDER THE ZENDESK, INC.  
2014 STOCK OPTION AND INCENTIVE PLAN**

Name of Optionee: \_\_\_\_\_

No. of Option Shares: \_\_\_\_\_

Option Exercise Price per Share: \$ \_\_\_\_\_  
[FMV on Grant Date]

Grant Date: \_\_\_\_\_

Expiration Date: \_\_\_\_\_  
[No more than 10 years]

Pursuant to the Zendesk, Inc. 2014 Stock Option and Incentive Plan as amended through the date hereof (the "Plan"), Zendesk, Inc. (the "Company") hereby grants to the Optionee named above, who is a Director of the Company but is not an employee of the Company, an option (the "Stock Option") to purchase on or prior to the Expiration Date specified above all or part of the number of shares of Common Stock, par value \$0.01 per share (the "Stock"), of the Company specified above at the Option Exercise Price per Share specified above subject to the terms and conditions set forth herein and in the Plan. This Stock Option is not intended to be an "incentive stock option" under Section 422 of the Internal Revenue Code of 1986, as amended.

1. Exercisability Schedule. No portion of this Stock Option may be exercised until such portion shall have become exercisable. Except as set forth below, and subject to the discretion of the Administrator (as defined in Section 2 of the Plan) to accelerate the exercisability schedule hereunder, this Stock Option shall be exercisable with respect to the following number of Option Shares on the dates indicated so long as the Optionee remains in service as a member of the Board on such dates:

<u>Incremental Number of Option Shares Exercisable</u>	<u>Exercisability Date</u>
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____

Once exercisable, this Stock Option shall continue to be exercisable at any time or times prior to the close of business on the Expiration Date, subject to the provisions hereof and of the Plan.

2. Manner of Exercise.

(a) The Optionee may exercise this Stock Option only in the following manner: from time to time on or prior to the

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Expiration Date of this Stock Option, the Optionee may give written notice to the Administrator of his or her election to purchase some or all of the Option Shares purchasable at the time of such notice. This notice shall specify the number of Option Shares to be purchased.

Payment of the purchase price for the Option Shares may be made by one or more of the following methods: (i) in cash, by certified or bank check or other instrument acceptable to the Administrator; (ii) through the delivery (or attestation to the ownership) of shares of Stock that have been purchased by the Optionee on the open market or that are beneficially owned by the Optionee and are not then subject to any restrictions under any Company plan and that otherwise satisfy any holding periods as may be required by the Administrator; (iii) by the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the option purchase price, provided that in the event the Optionee chooses to pay the option purchase price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; (iv) by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; or (v) a combination of (i), (ii), (iii) and (iv) above. Payment instruments will be received subject to collection.

The transfer to the Optionee on the records of the Company or of the transfer agent of the Option Shares will be contingent upon (i) the Company's receipt from the Optionee of the full purchase price for the Option Shares, as set forth above, (ii) the satisfaction of any obligations for Tax-Related Items (as defined below) due in connection with the Option, (iii) the fulfillment of any other requirements contained herein or in the Plan or in any other agreement or provision of laws, and (iv) the receipt by the Company of any agreement, statement or other evidence that the Company may require to satisfy itself that the issuance of Stock to be purchased pursuant to the exercise of Stock Options under the Plan and any subsequent resale of the shares of Stock will be in compliance with applicable laws and regulations. In the event the Optionee chooses to pay the purchase price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the Optionee upon the exercise of the Stock Option shall be net of the Shares attested to.

(b) The shares of Stock purchased upon exercise of this Stock Option shall be transferred to the Optionee on the records of the Company or of the transfer agent upon compliance to the satisfaction of the Administrator with all requirements under applicable laws or regulations in connection with such transfer and with the requirements hereof and of the Plan. The determination of the Administrator as to such compliance shall be final and binding on the Optionee. The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Stock subject to this Stock Option unless and until this Stock Option shall have been exercised pursuant to the terms hereof, the Company or the transfer agent shall have transferred the shares to the Optionee, and the Optionee's name shall have been entered as the stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such shares of Stock.

(c) The minimum number of shares with respect to which this Stock Option may be exercised at any one time shall be 100 shares, unless the number of shares with respect to which this Stock Option is being exercised is the total number of shares subject to exercise under this Stock Option at the time.

(d) Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Option shall be exercisable after the Expiration Date hereof.

3. Termination as Director. If the Optionee ceases to be a Director of the Company, the period within which to exercise the Stock Option may be subject to earlier termination as set forth below.

(a) Termination Due to Death. If the Optionee's service as a Director terminates by reason of the Optionee's death, any portion of this Stock Option outstanding on such date, to the extent exercisable on the date of death, may thereafter be exercised by the Optionee's legal representative or legatee for a period of [12] months from the date of death or until the Expiration Date, if earlier. Any portion of this Stock Option that is not exercisable on the date of death shall terminate immediately and be of no further force or effect.

(b) Other Termination. If the Optionee ceases to be a Director for any reason other than the Optionee's death, any portion of this Stock Option outstanding on such date may be exercised, to the extent exercisable on the date the Optionee ceased to be a Director, for a period of [six] months from the date the Optionee ceased to be a Director or until the Expiration Date, if earlier. Any portion of this Stock Option that is not exercisable on the date the Optionee ceases to be a Director shall terminate immediately and be of no further force or effect.

4. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Stock Option shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.



5. Transferability. This Agreement is personal to the Optionee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. This Stock Option is exercisable, during the Optionee's lifetime, only by the Optionee, and thereafter, only by the Optionee's legal representative or legatee.

6. No Obligation to Continue as a Director. Neither the Plan nor this Stock Option confers upon the Optionee any rights with respect to continuance as a Director.

7. Responsibility for Taxes. The Grantee acknowledges that, regardless of any action taken by the Company, the ultimate liability for all Federal, state and other income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax related items related to the Grantee's participation in the Plan and legally applicable to the Grantee ("Tax-Related Items") is and remains the Grantee's responsibility and may exceed the amount (if any) actually withheld by the Company. To the extent that the Company is required to withhold any Tax-Related Items, such withholding may be satisfied in accordance with the terms of the Plan.

8. Integration. This Agreement constitutes the entire agreement between the parties with respect to this Stock Option and supersedes all prior agreements and discussions between the parties concerning such subject matter.

9. Nature of Grant. In accepting this Stock Option, the Optionee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company and it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of this Stock Option is voluntary and occasional and does not create any contractual or other right to receive future grants of stock options, or benefits in lieu of stock options, even if stock options have been granted in the past;

(c) all decisions with respect to future stock option or other grants, if any, will be at the sole discretion of the Company;

(d) this Stock Option grant and the Optionee's participation in the Plan shall not be interpreted as forming an employment or other service contract with the Company;

(e) the Optionee is voluntarily participating in the Plan;

(f) this Stock Option and any Option Shares acquired under the Plan are not intended to replace any pension rights or compensation;

(g) this Stock Option and any Option Shares acquired under the Plan, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or payments or welfare benefits or similar payments;

(h) the future value of this Option Shares underlying the Stock Option is unknown, indeterminable, and cannot be predicted with certainty;

(i) if the underlying Option Shares do not increase in value, this Stock Option will have no value;

(j) if the Optionee exercises this Stock Option and acquires Option Shares, the value of such Option Shares may increase or decrease in value, even below the Option Exercise Price;

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of this Stock Option resulting from the termination of the Optionee's employment or other service relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Optionee provides services or the terms of the Optionee's employment or service agreement, if any), and in consideration of the grant of this Stock Option to which the Optionee is otherwise not entitled, the Optionee irrevocably agrees never to institute any claim against the Company or any of its Subsidiaries, waives his or her ability, if any, to bring any such claim, and releases the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Optionee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim; and

(l) unless otherwise provided in the Plan or by the Company in its discretion, this Stock Option and the benefits evidenced by this Agreement do not create any entitlement to have this Stock Option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Stock.



10. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Optionee's participation in the Plan, or the Optionee's acquisition or sale of the underlying Option Shares. The Optionee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

11. Data Privacy. *The Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee's personal data as described in this Agreement and any other Stock Option grant materials by and among, as applicable, the Company and any Subsidiary for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan.*

*The Optionee understands that the Company and its Subsidiaries may hold certain personal information about the Optionee, including, but not limited to, the Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all stock options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.*

*The Optionee understands that Data will be transferred to the stock plan service provider selected by the Company, which is assisting the Company with the implementation, administration and management of the Plan. The Optionee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Optionee's country. The Optionee understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Optionee authorizes the Company, the stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing the Optionee's participation in the Plan. The Optionee understands that Data will be held only as long as is necessary to implement, administer and manage the Optionee's participation in the Plan. The Optionee understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, the Optionee understands that he or she is providing the consents herein on a purely voluntary basis. If the Optionee does not consent, or if the Optionee later seeks to revoke his or her consent, his or her employment status or service and career with the Company or any Subsidiary will not be adversely affected; the only adverse consequence of refusing or withdrawing consent is that the Company would not be able to grant the Optionee Stock Options or other equity awards or administer or maintain such awards. Therefore, the Optionee understands that refusing or withdrawing his or her consent may affect the Optionee's ability to participate in the Plan. For more information on the consequences of the Optionee's refusal to consent or withdrawal of consent, the Optionee understands that he or she may contact his or her local human resources representative.*

12. Governing Law; Venue. This Stock Option grant and the provisions of this Agreement are governed by, and subject to, the laws of the State of Delaware, without regard to the conflict of law provisions. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of San Francisco County, California, or the federal courts for the United States for the Northern District of California, and no other courts, including the courts where this grant is made and/or to be performed.

13. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

14. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

15. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Optionee's participation in the Plan, on this Stock Option and on any Option Shares purchased upon exercise of this Stock Option, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

16. Waiver. The Optionee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Optionee or any other Plan participant.



17. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Optionee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

ZENDESK, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Optionee (including through an online acceptance process) is acceptable.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Optionee's Signature

Optionee's name and address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**NON-QUALIFIED STOCK OPTION AGREEMENT  
FOR NON-U.S. OPTIONEES  
UNDER THE ZENDESK, INC.  
2014 STOCK OPTION AND INCENTIVE PLAN**

Name of Optionee: \_\_\_\_\_

No. of Option Shares: \_\_\_\_\_

Option Exercise Price per Share: \_\_\_\_\_

\$

\_\_\_\_\_  
**[FMV on Grant Date]**

Grant Date: \_\_\_\_\_

Expiration Date: \_\_\_\_\_

Pursuant to the Zendesk, Inc. 2014 Stock Option and Incentive Plan as amended through the date hereof (the "Plan"), Zendesk, Inc. (the "Company") hereby grants to the Optionee named above an option (the "Stock Option") to purchase on or prior to the Expiration Date specified above all or part of the number of shares of Common Stock, par value \$0.01 per share (the "Stock") of the Company specified above at the Option Exercise Price per Share specified above. This Stock Option shall be governed by and subject to the terms and conditions of the Plan and this Non-Qualified Stock Option Agreement for Non-U.S. Optionees (the "Stock Option Agreement"), including any special terms and conditions for the Optionee's country set forth in any appendix to this Stock Option Agreement (the "Appendix") (together with the Stock Option Agreement, the "Agreement").

This Stock Option is not intended to be an "incentive stock option" under Section 422 of the U.S. Internal Revenue Code of 1986, as amended.

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1. Exercisability Schedule. No portion of this Stock Option may be exercised until such portion shall have become exercisable. Except as set forth below, and subject to the discretion of the Administrator (as defined in Section 2 of the Plan) to accelerate the exercisability schedule hereunder, this Stock Option shall be exercisable with respect to the following number of Option Shares on the dates indicated so long as Optionee remains an employee or other service provider with the Company or a Subsidiary on such dates, as further described in Paragraph 3 of this Stock Option Agreement:

<u>Incremental Number of Option Shares Exercisable</u>	<u>Exercisability Date</u>
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____

Once exercisable, this Stock Option shall continue to be exercisable at any time or times prior to the close of business on the Expiration Date, subject to the provisions of the Agreement and of the Plan.

2. Manner of Exercise.

(a) The Optionee may exercise this Stock Option only in the following manner: from time to time on or prior to the Expiration Date of this Stock Option, the Optionee may give written notice to the Administrator of his or her election to purchase some or all of the Option Shares purchasable at the time of such notice. This notice shall specify the number of Option Shares to be purchased.

Payment of the purchase price for the Option Shares may be made by one or more of the following methods: (i) in cash, by certified or bank check or other instrument acceptable to the Administrator; (ii) by the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the option purchase price, provided that in the event the Optionee chooses to pay the option purchase price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; (iii) if permitted by the Administrator, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; or (iv) a combination of (i), (ii) and (iii) above. Payment instruments will be received subject to collection.

The transfer to the Optionee on the records of the Company or of the transfer agent of the Option Shares will be contingent upon (i) the Company's receipt from the Optionee of the full purchase price in the Agreement for the Option Shares, as set forth above, (ii) the satisfaction of any obligations for Tax-Related Items (as defined in Paragraph 6 below) due in connection with the Option, (iii) the fulfillment of any other requirements contained in the Agreement or in the Plan or in any other agreement or provision of laws, and (iii) the receipt by the Company of any agreement, statement or other evidence that the Company may require to satisfy itself that the issuance of Stock to be purchased pursuant to the exercise of Stock Options under the Plan and any subsequent resale of the shares of Stock will be in compliance with applicable laws and regulations.

(b) The shares of Stock purchased upon exercise of this Stock Option shall be transferred to the Optionee on the records of the Company or of the transfer agent upon compliance to the satisfaction of the Administrator with all requirements under applicable laws or regulations in connection with such transfer and with the requirements of the Agreement and of the Plan. The determination of the Administrator as to such compliance shall be final and binding on the Optionee. The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Stock subject to this Stock Option unless and until this Stock Option shall have been exercised pursuant to the terms hereof, the Company or the transfer agent shall have transferred the shares to the Optionee, and the Optionee's name shall have been entered as the stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such shares of Stock.

(c) The minimum number of shares with respect to which this Stock Option may be exercised at any one time shall be 100 shares, unless the number of shares with respect to which this Stock Option is being exercised is the total number of shares subject to exercise under this Stock Option at the time.

(d) Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Option shall be exercisable after the Expiration Date hereof.



3. Termination of Service Relationship. If the Optionee's service relationship by the Company or its Subsidiaries is terminated, the period within which to exercise the Stock Option may be subject to earlier termination as set forth below. For purposes of this Stock Option, the Optionee's service relationship will be considered terminated as of the date the Optionee is no longer actively providing services to the Company or any Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of labor laws in the jurisdiction where the Optionee is providing services or the terms of the Optionee's service agreement, if any). Unless otherwise determined by the Company, (i) the Optionee's right to vest in this Stock Option under the Plan, if any, will terminate as of such date and will not be extended by any notice period (*e.g.*, the Optionee's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Optionee is a service provider or the terms of the Optionee's service agreement, if any); and (ii) the period (if any) during which the Optionee may exercise this Stock Option after such termination will commence on the date the Optionee ceases to actively provide services and will not be extended by any notice period mandated under labor laws in the jurisdiction where the Optionee is providing services. The Administrator shall have the exclusive discretion to determine when the Optionee is no longer actively providing services for purposes of his or her Stock Option grant (including whether the Optionee may still be considered to be providing services while on a leave of absence).

(a) Termination Due to Death. If the Optionee's service relationship terminates by reason of the Optionee's death, any portion of this Stock Option outstanding on such date, to the extent exercisable on the date of death, may thereafter be exercised by the Optionee's legal representative or legatee, for a period of [12] months from the date of death or until the Expiration Date, if earlier. Any portion of this Stock Option that is not exercisable on the date of death shall terminate immediately and be of no further force or effect.

(b) Termination Due to Disability. If the Optionee's service relationship terminates by reason of the Optionee's disability (as determined by the Administrator), any portion of this Stock Option outstanding on such date, to the extent exercisable on the date of such termination, may thereafter be exercised by the Optionee for a period of [12] months from the date of termination or until the Expiration Date, if earlier. Any portion of this Stock Option that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect.

(c) Termination for Cause. If the Optionee's service relationship terminates for Cause, any portion of this Stock Option outstanding on such date shall terminate immediately and be of no further force and effect. For purposes hereof, "Cause" shall mean a determination by the Administrator that the Optionee shall be dismissed as a result of (i) any material breach by the Optionee of any agreement between the Optionee and the Company or any Subsidiary; (ii) the conviction of, indictment for or plea of *nolo contendere* by the Optionee to a felony or a crime involving moral turpitude; or (iii) any material misconduct or willful and deliberate non-performance (other than by reason of disability) by the Optionee of the Optionee's duties to the Company or any Subsidiary.

(d) Other Termination. If the Optionee's service relationship terminates for any reason other than the Optionee's death, the Optionee's disability or Cause, and unless otherwise determined by the Administrator, any portion of this Stock Option outstanding on such date may be exercised, to the extent exercisable on the date of termination, for a period of three months from the date of termination or until the Expiration Date, if earlier. Any portion of this Stock Option that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect.

The Administrator's determination of the reason for termination of the Optionee's service relationship shall be conclusive and binding on the Optionee and his or her representatives or legatees.

4. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Stock Option shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

5. Transferability. This Agreement is personal to the Optionee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. This Stock Option is exercisable, during the Optionee's lifetime, only by the Optionee, and thereafter, only by the Optionee's legal representative or legatee.

6. Responsibility for Taxes. The Optionee acknowledges that, regardless of any action taken by the Company or, if different, any Subsidiary for which the Optionee renders services (the "Service Recipient"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Optionee's participation in the Plan and legally applicable to the Optionee ("Tax-Related Items") is and remains the Optionee's responsibility and may exceed the amount actually withheld by the Company or the Service Recipient. The Optionee further acknowledges that the Company and/or the Service Recipient (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Stock Option, including, but not limited to, the grant, vesting or exercise of this Stock Option, the subsequent sale of Option Shares acquired pursuant to such exercise and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of this Stock Option to reduce or eliminate the Optionee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Optionee is subject to Tax-Related Items in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as



applicable, the Optionee acknowledges that the Company and/or the Service Recipient (or former service recipient, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or tax withholding event, as applicable, the Optionee agrees to make adequate arrangements satisfactory to the Company and/or the Service Recipient to satisfy all Tax-Related Items. In this regard, the Optionee authorizes the Company and/or the Service Recipient, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) withholding from the Optionee's wages or other cash compensation paid to the Optionee by the Company and/or the Service Recipient; or

(b) withholding from proceeds of the sale of Option Shares acquired upon exercise of the Stock Option either through a voluntary sale or through a mandatory sale arranged by the Company (on the Optionee's behalf pursuant to this authorization without further consent); or

(c) withholding in Option Shares to be issued upon exercise of the Option; or

(d) by any other method deemed by the Company to comply with applicable laws.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case the Optionee will receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in shares. If the obligation for Tax-Related Items is satisfied by withholding in Option Shares, for tax purposes, the Optionee is deemed to have been issued the full number of Option Shares subject to the exercised Stock Option, notwithstanding that a number of the Option Shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, the Optionee agrees to pay to the Company or the Service Recipient any amount of Tax-Related Items that the Company or the Service Recipient may be required to withhold or account for as a result of the Optionee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Option Shares or the proceeds of the sale of Option Shares if the Optionee fails to comply with his or her obligations in connection with the Tax-Related Items.

7. No Obligation to Continue Service Relationship. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Optionee's service relationship and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the Optionee's service relationship at any time.

8. Integration. This Agreement constitutes the entire agreement between the parties with respect to this Stock Option and supersedes all prior agreements and discussions between the parties concerning such subject matter.

9. Nature of Grant. In accepting this Stock Option, the Optionee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company and it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of this Stock Option is voluntary and occasional and does not create any contractual or other right to receive future grants of stock options, or benefits in lieu of stock options, even if stock options have been granted in the past;

(c) all decisions with respect to future stock option or other grants, if any, will be at the sole discretion of the Company;

(d) this Stock Option grant and the Optionee's participation in the Plan shall not be interpreted as forming a service contract with the Company;

(e) the Optionee is voluntarily participating in the Plan;

(f) this Stock Option and any Option Shares acquired under the Plan are not intended to replace any pension rights or compensation;

(g) this Stock Option and any Option Shares acquired under the Plan, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or payments or welfare benefits or similar payments;

(h) the future value of this Option Shares underlying the Stock Option is unknown, indeterminable, and cannot be



predicted with certainty;

(i) if the underlying Option Shares do not increase in value, this Stock Option will have no value;

(j) if the Optionee exercises this Stock Option and acquires Option Shares, the value of such Option Shares may increase or decrease in value, even below the Option Exercise Price;

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of this Stock Option resulting from the termination of the Optionee's service relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Optionee is providing services or the terms of the Optionee's service agreement, if any), and in consideration of the grant of this Stock Option to which the Optionee is otherwise not entitled, the Optionee irrevocably agrees never to institute any claim against the Company, the Service Recipient or any other Subsidiary, waives his or her ability, if any, to bring any such claim, and releases the Company, the Service Recipient and any other Subsidiary from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Optionee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(l) unless otherwise provided in the Plan or by the Company in its discretion, this Stock Option and the benefits evidenced by this Agreement do not create any entitlement to have this Stock Option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Stock; and

(m) neither the Company, the Service Recipient nor any other Subsidiary shall be liable for any foreign exchange rate fluctuation between the Optionee's local currency and the United States Dollar that may affect the value of this Stock Option or of any amounts due to the Optionee pursuant to the exercise of this Stock Option or the subsequent sale of any Option Shares acquired upon exercise.

10. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Optionee's participation in the Plan, or the Optionee's acquisition or sale of the underlying Option Shares. The Optionee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

11. Data Privacy. *The Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee's personal data as described in this Agreement and any other Stock Option grant materials by and among, as applicable, the Company, the Service Recipient and any other Subsidiary for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan.*

*The Optionee understands that the Company, the Service Recipient and any other Subsidiary may hold certain personal information about the Optionee, including, but not limited to, the Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all stock options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.*

*The Optionee understands that Data will be transferred to the stock plan service provider selected by the Company, which is assisting the Company with the implementation, administration and management of the Plan. The Optionee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Optionee's country. The Optionee understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Optionee authorizes the Company, the stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing the Optionee's participation in the Plan. The Optionee understands that Data will be held only as long as is necessary to implement, administer and manage the Optionee's participation in the Plan. The Optionee understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, the Optionee understands that he or she is providing the consents herein on a purely voluntary basis. If the Optionee does not consent, or if the Optionee later seeks to revoke his or her consent, his or her service relationship with the Company, the Service Recipient or any other Subsidiary will not be adversely affected; the only adverse consequence of refusing or withdrawing consent is that the Company would not be able to grant the Optionee Stock Options or other equity*





*awards or administer or maintain such awards. Therefore, the Optionee understands that refusing or withdrawing his or her consent may affect the Optionee's ability to participate in the Plan. For more information on the consequences of the Optionee's refusal to consent or withdrawal of consent, the Optionee understands that he or she may contact his or her local human resources representative.*

12. Governing Law; Venue. This Stock Option grant and the provisions of this Agreement are governed by, and subject to, the laws of the State of Delaware, without regard to the conflict of law provisions. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of San Francisco County, California, or the federal courts for the United States for the Northern District of California, and no other courts, including the courts where this grant is made and/or to be performed.

13. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

14. Language. If the Optionee has received this Agreement, or any other document related to this Stock Option and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

15. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

16. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Optionee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

17. Appendix. Notwithstanding any provisions in this Stock Option Agreement, this Stock Option grant shall be subject to any special terms and conditions set forth in any Appendix to this Stock Option Agreement for the Optionee's country. Moreover, if the Optionee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Optionee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Stock Option Agreement.

18. Insider Trading Restrictions/Market Abuse Laws. The Optionee acknowledges that, depending on the Optionee's country of residence, the Optionee may be subject to insider trading restrictions and/or market abuse laws, which may affect the Optionee's ability to acquire or sell Option Shares or rights to Option Shares (*e.g.*, the Option) under the Plan during such times as the Optionee is considered to have "inside information" regarding the Company (as defined by the laws in the Optionee's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Optionee acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Optionee is advised to speak to his or her personal advisor on this matter.

19. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Optionee's participation in the Plan, on this Stock Option and on any Option Shares purchased upon exercise of this Stock Option, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. Waiver. The Optionee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Optionee or any other Plan participant.

ZENDESK, INC.

By:

\_\_\_\_\_ Title:

The Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Optionee (including through an online acceptance process) is acceptable.



Dated: \_\_\_\_\_

\_\_\_\_\_  
Optionee's Signature

Optionee's name and address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**APPENDIX  
TO THE  
STOCK OPTION AGREEMENT FOR NON-U.S. OPTIONEES**

***Terms and Conditions***

This Appendix includes additional terms and conditions that govern this Stock Option if the Optionee works and/or resides in one of the countries listed below. If the Optionee is a citizen or resident of a country other than the one in which the Optionee is currently working and/or residing (or is considered as such for local law purposes), or the Optionee transfers employment to a different country after this Stock Option is granted, the Company will, in its discretion, determine the extent to which the terms and conditions contained herein will apply to the Optionee.

***Notifications***

This Appendix also includes information regarding certain other issues of which the Optionee should be aware with respect to the Optionee's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of December 2013. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Optionee not rely on the information noted herein as the only source of information relating to the consequences of participation in the Plan because the information may be out-of-date at the time the Optionee vests in or exercises this Stock Option or sells any Option Shares acquired at exercise.

In addition, the information contained herein is general in nature and may not apply to the Optionee's particular situation. As a result, the Company is not in a position to assure the Optionee of any particular result. Accordingly, the Optionee is strongly advised to seek appropriate professional advice as to how the relevant laws in the Optionee's country may apply to the Optionee's individual situation.

If the Optionee is a citizen or resident of a country other than the one in which the Optionee is currently working and/or residing (or is considered as such for local law purposes), or if the Optionee transfers employment to a different country after this Stock Option is granted, the notifications contained in this Appendix may not be applicable to the Optionee in the same manner.

Capitalized terms used but not defined in this Appendix shall have the same meanings assigned to them in the Plan and the Stock Option Agreement.

**AUSTRALIA**

***Terms and Conditions***

Exercisability Schedule. The following provision supplements Paragraph 1 of the Stock Option Agreement:

The Optionee shall not be permitted to exercise this Stock Option when the Fair Market Value per Option Share is equal to or less than the Option Exercise Price. If all or a portion of this Stock Option vests when the Fair Market Value per Option Share is equal to or less than the Option Exercise Price, this Stock Option may only be exercised starting on the first U.S. business day following the day on which the Fair Market Value per Option Share exceeds the Option Exercise Price. If the first U.S. business day following the day on which the Fair Market Value per Option Share exceeds the Option Exercise Price falls in closed trading window (determined under applicable law or pursuant to the Company's insider trading policy, if any), this Stock Option may be exercised only on the first U.S. business day following such closed trading window, provided the Fair Market Value per Option Share exceeds the Option Exercise Price on such day.



Expiration Date. Notwithstanding the Expiration Date set forth in the Stock Option Agreement, this Stock Option shall expire on the day immediately preceding the seventh (7th) anniversary of the Grant Date.

#### ***Notifications***

Securities Law Information. If the Optionee acquires Option Shares under the Plan and offers the Option Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. The Optionee should consult with his or her personal legal advisor before making any such offer in Australia.

### **BRAZIL**

#### ***Terms and Conditions***

Compliance with Law. The Optionee must comply with applicable Brazilian laws and is responsible for paying any and all applicable taxes associated with the exercise of this Stock Option, the receipt of any dividends, and the sale of Option Shares acquired under the Plan.

#### ***Notifications***

Exchange Control Information. If the Optionee is resident or domiciled in Brazil, the Optionee will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights equals or exceeds US\$100,000. Assets and rights that must be reported include any Option Shares acquired under the Plan. Foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement and must declare at least the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil.

### **FRANCE**

#### ***Terms and Conditions***

Language Consent. By accepting this Stock Option, the Optionee confirms having read and understood the documents relating to this Stock Option (the Plan and the Agreement) which were provided to the Optionee in English. The Optionee accepts the terms of those documents accordingly.

*Reconnaissance Relative à la Langue Utilisée. En acceptant le attribution, le Participant confirme avoir lu et compris les documents relatifs à cette attribution (le Plan et ce Contrat) qui ont été communiqués au Participant en langue anglaise. Le Participant accepte les termes de ces documents en connaissance de cause.*

#### ***Notifications***

Foreign Asset/Account Reporting Information. If the Optionee maintains a foreign bank account, the Optionee is required to report such account to the French tax authorities on his or her annual tax return.

### **GERMANY**

#### ***Notifications***

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). In case of payments in connection with securities (including proceeds realized upon the sale of Option Shares or the receipt of any dividends), the report must be made by the 5th day of the month following the month in which the payment was received. Effective from September 2013, the report must be filed electronically. The form of report ("*Allgemeine Meldeportal Statistik*") can be accessed via the Bundesbank's website ([www.bundesbank.de](http://www.bundesbank.de)) and is available in both German and English. The Optionee is responsible for making this report.

### **IRELAND**

#### ***Notifications***

Director Reporting Obligation. If the Optionee is a director, shadow director or secretary of a Subsidiary in Ireland, the Optionee must notify the Irish Subsidiary in writing within five business days of receiving or disposing of an interest in the Company (*e.g.*, Stock Options, Option Shares), or within five business days of becoming aware of the event giving rise to the notification requirement or within five days of becoming a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of the Optionee's spouse or children under the age of 18 (whose interests will be attributed to the Optionee if the Optionee is a director, shadow director or secretary).

### **JAPAN**



### ***Notifications***

**Exchange Control Information.** If the Optionee pays more than ¥30,000,000 for the purchase of Option Shares in any one transaction, the Optionee must file an *ex post facto* Payment Report with the Ministry of Finance (through the Bank of Japan or the bank carrying out the transaction). The precise reporting requirements vary depending on whether the relevant payment is made through a bank in Japan. If the Optionee acquires Option Shares with a value in excess of ¥100,000,000 in a single transaction, the Optionee must also file an *ex post facto* Report Concerning Acquisition of Shares with the Ministry of Finance through the Bank of Japan within 20 days of acquiring the Option Shares. The forms to make these reports can be acquired at the Bank of Japan.

A Payment Report is required independently of a Report Concerning Acquisition of Securities. Consequently, if the total amount that the Optionee pays on a one-time basis at exercise of this Stock Option exceeds ¥100,000,000, the Optionee must file both a Payment Report and a Report Concerning Acquisition of Securities.

**Foreign Asset/Account Reporting Information.** The Optionee is required to report details of any assets held outside of Japan as of December 31, including Option Shares acquired under the Plan, to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15 each year. The Optionee is responsible for complying with this reporting obligation and is advised to consult his or her personal tax advisor in this regard.

## **PHILIPPINES**

### ***Notifications***

**Securities Law Information.** The Optionee acknowledges that he or she is permitted to sell Option Shares acquired under the Plan through the designated Plan broker appointed by the Company (or such other broker to whom the Optionee transfers his or her Option Shares), provided that such sale takes place outside of the Philippines through the facilities of the [insert stock market on which shares will be listed] on which the Option Shares are listed.

## **SINGAPORE**

### ***Notifications***

**Securities Law Information.** The grant of the Stock Options is being made pursuant to the “Qualifying Person” exemption” under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”). The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. The Optionee should note that the Stock Options are subject to section 257 of the SFA and the Optionee will not be able to make (i) any subsequent sale of the Option Shares in Singapore or (ii) any offer of such subsequent sale of the Option Shares subject to the Stock Options in Singapore, unless such sale or offer in is made pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the SFA. The Option Shares are currently traded on the [insert stock exchange on which shares will be listed], which is located outside of Singapore, under the ticker symbol “[insert]” and Option Shares acquired under the Plan may be sold through this exchange.

**Director Reporting Obligation.** If the Optionee is a director, associate director or shadow director of a Singapore Subsidiary, he or she is subject to certain notification requirements under the Singapore Companies Act, regardless of whether he or she is a Singapore resident or employed in Singapore. Among these requirements is the obligation to notify the Singapore Subsidiary in writing when the Optionee receives or disposes of an interest (*e.g.*, Stock Options, Option Shares) in the Company or a Subsidiary. These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any Subsidiary or within two business days of becoming a director, associate director or shadow director if such an interest exists at that time.

## **UNITED KINGDOM**

### ***Terms and Conditions***

**Responsibility for Taxes.** The following provisions supplement Paragraph 6 of the Stock Option Agreement:

If payment or withholding of income tax is not made within ninety (90) days of the event giving rise to the Tax-Related Items or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the “Due Date”), the amount of any uncollected income tax will constitute a loan owed by the Optionee to the Service Recipient, effective on the Due Date. The loan will bear interest at the then-current official rate of Her Majesty’s Revenue and Customs (“HMRC”) and it will be immediately due and repayable by the Optionee, and the Company or the Service Recipient may recover it at any time thereafter by any of the means referred to in Paragraph 6 of the Stock Option Agreement.

Notwithstanding the foregoing, if the Optionee is a director or executive officer of the Company (within the meaning of Section 13(k) of the 1934 Act), the Optionee will not be eligible for such a loan to cover the unpaid income tax. In the event that the





Optionee is such a director or executive officer and the income tax is not collected from or paid by the Optionee by the Due Date, the amount of any uncollected taxes will constitute a benefit to the Optionee on which additional income tax and national insurance contributions ("NICs") will be payable. The Optionee will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company or the Service Recipient, as applicable, any employee NICs due on this additional benefit, which the Company or the Service Recipient may recover from the Optionee by any of the means referred to in Paragraph 6 of the Stock Option Agreement.

Joint Election. As a condition of the Optionee's participation in the Plan and the exercise of the Stock Option, the Optionee shall accept any liability for secondary Class 1 NICs which may be payable by the Company and/or the Service Recipient in connection with the Stock Option and any event giving rise to Tax-Related Items (the "Employer's Liability"). Without prejudice to the foregoing, the Optionee shall enter into a joint election with the Company or the Service Recipient, the form of such joint election being formally approved by HMRC (the "Joint Election"), and any other required consent or elections, including any such other joint elections as may be required between the Optionee and any successor to the Company and/or the Service Recipient. The Company and/or the Service Recipient may collect the Employer's Liability from the Optionee by any of the means set forth in Paragraph 6 of the Stock Option Agreement.

**RESTRICTED STOCK UNIT AWARD AGREEMENT  
FOR COMPANY EMPLOYEES  
UNDER THE ZENDESK, INC.  
2014 STOCK OPTION AND INCENTIVE PLAN**

Name of Grantee: \_\_\_\_\_

No. of Restricted Stock Units: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Pursuant to the Zendesk, Inc. 2014 Stock Option and Incentive Plan as amended through the date hereof (the "Plan"), Zendesk, Inc. (the "Company") hereby grants an award of the number of Restricted Stock Units listed above (an "Award") to the Grantee named above. Each Restricted Stock Unit shall relate to one share of Common Stock, par value \$0.01 per share (the "Stock") of the Company.

1. Restrictions on Transfer of Award. This Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and any shares of Stock issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Restricted Stock Units have vested as provided in Paragraph 2 of this Agreement and (ii) shares of Stock have been issued to the Grantee in accordance with the terms of the Plan and this Agreement.

2. Vesting of Restricted Stock Units. The restrictions and conditions of Paragraph 1 of this Agreement shall lapse on the Vesting Date or Dates specified in the following schedule so long as the Grantee remains an employee of the Company or a Subsidiary on such Dates. If a series of Vesting Dates is specified, then the restrictions and conditions in Paragraph 1 shall lapse only with respect to the number of Restricted Stock Units specified as vested on such date.

<u>Incremental Number of Restricted Stock Units Vested</u>	<u>Vesting Date</u>
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____

The Administrator may at any time accelerate the vesting schedule specified in this Paragraph 2.



3. Termination of Employment. If the Grantee's employment with the Company and its Subsidiaries terminates for any reason (including death or disability) prior to the satisfaction of the vesting conditions set forth in Paragraph 2 above, any Restricted Stock Units that have not vested as of such date shall automatically and without notice terminate and be forfeited, and neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such unvested Restricted Stock Units.

For purposes of the Award, the Grantee's employment will be considered terminated as of the date the Grantee is no longer actively providing services to the Company or any Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment agreement, if any). Unless otherwise determined by the Company, the Grantee's right to vest in the Restricted Stock Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., the Grantee's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment agreement, if any). The Administrator shall have the exclusive discretion to determine when the Grantee is no longer actively providing services for purposes of his or her Award (including whether the Grantee may still be considered to be providing services while on a leave of absence).

4. Issuance of Shares of Stock. As soon as practicable following each Vesting Date (but in no event later than two and one-half months after the end of the year in which the Vesting Date occurs), the Company shall issue to the Grantee the number of shares of Stock equal to the aggregate number of Restricted Stock Units that have vested pursuant to Paragraph 2 of this Agreement on such date and the Grantee shall thereafter have all the rights of a stockholder of the Company with respect to such shares.

5. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

6. Responsibility for Taxes. The Grantee acknowledges that, regardless of any action taken by the Company or, if different, the Subsidiary which employs the Grantee (the "Employer"), the ultimate liability for all Federal, state and other income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax related items related to the Grantee's participation in the Plan and legally applicable to the Grantee ("Tax-Related Items") is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of any shares of Stock acquired under the Plan and the receipt of any dividends or dividend equivalents; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Grantee is subject to Tax-Related Items in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, the Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(a) Prior to the relevant taxable or tax withholding event, as applicable, the Grantee agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations, if any, with regard to all Tax-Related Items by one or a combination of the following:

(i) withholding from the Grantee's wages or other cash compensation paid to the Grantee by the Company and/or the Employer; or

(ii) withholding from proceeds of the sale of shares of Stock acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on the Grantee's behalf pursuant to this authorization without further consent); or

(iii) withholding from shares of Stock to be issued upon settlement of the Restricted Stock Units a number of shares with an aggregate Fair Market Value that would satisfy the required minimum withholding amount due; or

(iv) by any other method deemed by the Company to comply with applicable laws.

(b) Depending on the withholding method and subject to the foregoing, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case the Grantee will receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in shares. If the obligation for Tax-Related Items is satisfied by withholding in shares of Stock,



for tax purposes, the Grantee is deemed to have been issued the full number of shares subject to the vested Restricted Stock Units, notwithstanding that a number of the shares are held back solely for the purpose of paying the Tax-Related Items.

(c) Finally, the Grantee agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Grantee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the shares or the proceeds of the sale of shares of Stock if the Grantee fails to comply with his or her obligations in connection with the Tax-Related Items.

7. Section 409A of the Code. This Agreement shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A of the Code as "short-term deferrals" as described in Section 409A of the Code.

8. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Grantee in employment and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Grantee at any time.

9. Integration. This Agreement constitutes the entire agreement between the parties with respect to this Award and supersedes all prior agreements and discussions between the parties concerning such subject matter.

10. Nature of Grant. In accepting the Award, the Grantee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of restricted stock units, or benefits in lieu of restricted stock units, even if restricted stock units have been granted in the past;

(c) all decisions with respect to future restricted stock units or other grants, if any, will be at the sole discretion of the Company;

(d) the Award and the Grantee's participation in the Plan shall not be interpreted as forming an employment contract with the Company;

(e) the Grantee is voluntarily participating in the Plan;

(f) the Award and any shares of Stock acquired under the Plan are not intended to replace any pension rights or compensation;

(g) the Award and any shares of Stock acquired under the Plan, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or payments or welfare benefits or similar payments;

(h) the future value of the shares of Stock underlying the Award is unknown, indeterminable, and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from the termination of the Grantee's employment relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment agreement, if any), and in consideration of the grant of the Restricted Stock Units to which the Grantee is otherwise not entitled, the Grantee irrevocably agrees never to institute any claim against the Employer, the Company or any of its Subsidiaries, waives his or her ability, if any, to bring any such claim, and releases the Employer, the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Grantee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim; and

(j) unless otherwise provided in the Plan or by the Company in its discretion, the Award and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Stock.

11. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or the Grantee's acquisition or sale of the



underlying shares of Stock. The Grantee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

12. **Data Privacy.** *The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this Agreement and any other Award grant materials by and among, as applicable, the Employer, the Company and any Subsidiary for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.*

*The Grantee understands that the Employer, the Company and its Subsidiaries may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all awards or any other entitlement to shares of Stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.*

*The Grantee understands that Data will be transferred to the stock plan service provider selected by the Company, which is assisting the Company with the implementation, administration and management of the Plan. The Grantee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Grantee's country. The Grantee understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Grantee authorizes the Company, the stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, the Grantee understands that he or she is providing the consents herein on a purely voluntary basis. If the Grantee does not consent, or if the Grantee later seeks to revoke his or her consent, his or her employment status or service and career with the Company or any Subsidiary will not be adversely affected; the only adverse consequence of refusing or withdrawing consent is that the Company would not be able to grant the Grantee Restricted Stock Units or other equity awards or administer or maintain such awards. Therefore, the Grantee understands that refusing or withdrawing his or her consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that he or she may contact his or her local human resources representative.*

13. **Governing Law; Venue.** The Award and the provisions of this Agreement are governed by, and subject to, the laws of the State of Delaware, without regard to the conflict of law provisions. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of San Francisco County, California, or the federal courts for the United States for the Northern District of California, and no other courts, including any courts where this grant is made and/or to be performed.

14. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

15. **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

16. **Notices.** Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

17. **Insider Trading Restrictions/Market Abuse Laws.** The Grantee acknowledges that, depending on the Grantee's country of residence, the Grantee may be subject to insider trading restrictions and/or market abuse laws, which may affect the Grantee's ability to acquire or sell shares of Stock or rights to shares of Stock (e.g., Restricted Stock Units) under the Plan during such times as the Grantee is considered to have "inside information" regarding the Company (as defined by the laws in the Grantee's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Grantee acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Grantee is advised to speak to his or her personal advisor on this matter.





18. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on the Award and on any shares of Stock issued upon settlement of the Award, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

19. Waiver. The Grantee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Grantee or any other Plan participant.

ZENDESK, INC.

By: \_\_\_\_\_

Title:

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Grantee (including through an online acceptance process) is acceptable.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Grantee's Signature

Grantee's name and address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**RESTRICTED STOCK UNIT AWARD AGREEMENT  
FOR NON-EMPLOYEE DIRECTORS  
UNDER THE ZENDESK, INC.  
2014 STOCK OPTION AND INCENTIVE PLAN**

Name of Grantee: \_\_\_\_\_

No. of Restricted Stock Units: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Pursuant to the Zendesk, Inc. 2014 Stock Option and Incentive Plan as amended through the date hereof (the "Plan"), Zendesk, Inc. (the "Company") hereby grants an award of the number of Restricted Stock Units listed above (an "Award") to the Grantee named above. Each Restricted Stock Unit shall relate to one share of Common Stock, par value \$0.01 per share (the "Stock") of the Company.

1. Restrictions on Transfer of Award. This Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and any shares of Stock issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Restricted Stock Units have vested as

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provided in Paragraph 2 of this Agreement and (ii) shares of Stock have been issued to the Grantee in accordance with the terms of the Plan and this Agreement.

2. Vesting of Restricted Stock Units. The restrictions and conditions of Paragraph 1 of this Agreement shall lapse on the Vesting Date or Dates specified in the following schedule so long as the Grantee remains in service as a member of the Board on such Dates. If a series of Vesting Dates is specified, then the restrictions and conditions in Paragraph 1 shall lapse only with respect to the number of Restricted Stock Units specified as vested on such date.

<u>Incremental Number of Restricted Stock Units Vested</u>	<u>Vesting Date</u>
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____

The Administrator may at any time accelerate the vesting schedule specified in this Paragraph 2.

3. Termination of Service. If the Grantee's service with the Company and its Subsidiaries terminates for any reason (including death or disability) prior to the satisfaction of the vesting conditions set forth in Paragraph 2 above, any Restricted Stock Units that have not vested as of such date shall automatically and without notice terminate and be forfeited, and neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such unvested Restricted Stock Units.

4. Issuance of Shares of Stock. As soon as practicable following each Vesting Date (but in no event later than two and one-half months after the end of the year in which the Vesting Date occurs), the Company shall issue to the Grantee the number of shares of Stock equal to the aggregate number of Restricted Stock Units that have vested pursuant to Paragraph 2 of this Agreement on such date and the Grantee shall thereafter have all the rights of a stockholder of the Company with respect to such shares.

5. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

6. Responsibility for Taxes. The Grantee acknowledges that, regardless of any action taken by the Company, the ultimate liability for all Federal, state and other income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax related items related to the Grantee's participation in the Plan and legally applicable to the Grantee ("Tax-Related Items") is and remains the Grantee's responsibility and may exceed the amount (if any) actually withheld by the Company. To the extent that the Company is required to withhold upon settlement of this Award with respect to any Tax-Related Items, such withholding may be satisfied in accordance with the terms of the Plan.

7. Section 409A of the Code. This Agreement shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A of the Code as "short-term deferrals" as described in Section 409A of the Code.

8. No Obligation to Continue as a Director. Neither the Plan nor this Award confers upon the Grantee any rights with respect to continuance as a Director.

9. Integration. This Agreement constitutes the entire agreement between the parties with respect to this Award and supersedes all prior agreements and discussions between the parties concerning such subject matter.

10. Nature of Grant. In accepting the Award, the Grantee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of restricted stock units, or benefits in lieu of restricted stock units, even if restricted stock units have been granted in the past;



(c) all decisions with respect to future restricted stock units or other grants, if any, will be at the sole discretion of the Company;

(d) the Award and the Grantee's participation in the Plan shall not be interpreted as forming an employment or other service contract with the Company;

(e) the Grantee is voluntarily participating in the Plan;

(f) the Award and any shares of Stock acquired under the Plan are not intended to replace any pension rights or compensation;

(g) the Award and any shares of Stock acquired under the Plan, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or payments or welfare benefits or similar payments;

(h) the future value of the shares of Stock underlying the Award is unknown, indeterminable, and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from the termination of the Grantee's employment or other service relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee provides services or the terms of the Grantee's employment or service agreement, if any), and in consideration of the grant of the Restricted Stock Units to which the Grantee is otherwise not entitled, the Grantee irrevocably agrees never to institute any claim against the Company or any of its Subsidiaries, waives his or her ability, if any, to bring any such claim, and releases the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Grantee shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim; and

(j) unless otherwise provided in the Plan or by the Company in its discretion, the Award and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Stock.

11. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or the Grantee's acquisition or sale of the underlying shares of Stock. The Grantee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

12. **Data Privacy.** *The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this Agreement and any other Award grant materials by and among, as applicable, the Company and any Subsidiary for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.*

*The Grantee understands that the Company and its Subsidiaries may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all awards or any other entitlement to shares of Stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.*

*The Grantee understands that Data will be transferred to the stock plan service provider selected by the Company, which is assisting the Company with the implementation, administration and management of the Plan. The Grantee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Grantee's country. The Grantee understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Grantee authorizes the Company, the stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee*



*understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, the Grantee understands that he or she is providing the consents herein on a purely voluntary basis. If the Grantee does not consent, or if the Grantee later seeks to revoke his or her consent, his or her employment status or service and career with the Company or any Subsidiary will not be adversely affected; the only adverse consequence of refusing or withdrawing consent is that the Company would not be able to grant the Grantee Restricted Stock Units or other equity awards or administer or maintain such awards. Therefore, the Grantee understands that refusing or withdrawing his or her consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that he or she may contact his or her local human resources representative.*

13. Governing Law; Venue. The Award and the provisions of this Agreement are governed by, and subject to, the laws of the State of Delaware, without regard to the conflict of law provisions. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of San Francisco County, California, or the federal courts for the United States for the Northern District of California, and no other courts, including any courts where this grant is made and/or to be performed.

14. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

15. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

16. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

17. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on the Award and on any shares of Stock issued upon settlement of the Award, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

18. Waiver. The Grantee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Grantee or any other Plan participant.

ZENDESK, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Grantee (including through an online acceptance process) is acceptable.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Grantee's Signature

Grantee's name and address:  
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**RESTRICTED STOCK UNIT AWARD AGREEMENT  
FOR NON-U.S. GRANTEES  
UNDER THE ZENDESK, INC.  
2014 STOCK OPTION AND INCENTIVE PLAN**

Name of Grantee: \_\_\_\_\_

No. of Restricted Stock Units: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Pursuant to the Zendesk, Inc. 2014 Stock Option and Incentive Plan as amended through the date hereof (the "Plan"), Zendesk, Inc. (the "Company") hereby grants an award of the number of Restricted Stock Units listed above (an "Award") to the Grantee named above. Each Restricted Stock Unit shall relate to one share of Common Stock, par value \$0.01 per share (the "Stock") of the Company. The Award shall be governed by and subject to the terms of the Plan and this Restricted Stock Unit Award Agreement for Non-U.S. Grantees (the "Award Agreement") including any special terms and conditions for the Grantee's country set forth in any appendix to this Award Agreement (the "Appendix") (together with the Award Agreement, the "Agreement").

1. Restrictions on Transfer of Award. This Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and any shares of Stock issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Restricted Stock Units have vested as provided in Paragraph 2 of this Award Agreement and (ii) shares of Stock have been issued to the Grantee in accordance with the terms of the Plan and this Agreement.

2. Vesting of Restricted Stock Units. The restrictions and conditions of Paragraph 1 of this Award Agreement shall lapse on the Vesting Date or Dates specified in the following schedule so long as the Grantee remains an employee or other service provider with the Company or a Subsidiary on such Dates, as further described in Paragraph 3 of this Award Agreement. If a series of Vesting Dates is specified, then the restrictions and conditions in Paragraph 1 shall lapse only with respect to the number of Restricted Stock Units specified as vested on such date.

<u>Incremental Number of Restricted Stock Units Vested</u>	<u>Vesting Date</u>
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____

The Administrator may at any time accelerate the vesting schedule specified in this Paragraph 2.

3. Termination of Service Relationship. If the Grantee's service relationship with the Company and its Subsidiaries terminates for any reason (including death or disability) prior to the satisfaction of the vesting conditions set forth in Paragraph 2 above, any Restricted Stock Units that have not vested as of such date shall automatically and without notice terminate and be forfeited, and neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such unvested Restricted Stock Units.

For purposes of the Award, the Grantee's service relationship will be considered terminated as of the date the Grantee is no longer actively providing services to the Company or any Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of labor laws in the jurisdiction where the Grantee is providing services or the terms of the Grantee's service agreement, if any). Unless otherwise determined by the Company, the Grantee's right to vest in the Restricted



Stock Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., the Grantee's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under labor laws in the jurisdiction where the Grantee is providing services or the terms of the Grantee's service agreement, if any). The Administrator shall have the exclusive discretion to determine when the Grantee is no longer actively providing services for purposes of his or her Award (including whether the Grantee may still be considered to be providing services while on a leave of absence).

4. Issuance of Shares of Stock. As soon as practicable following each Vesting Date (but in no event later than two and one-half months after the end of the year in which the Vesting Date occurs), the Company shall issue to the Grantee the number of shares of Stock equal to the aggregate number of Restricted Stock Units that have vested pursuant to Paragraph 2 of this Award Agreement on such date and the Grantee shall thereafter have all the rights of a stockholder of the Company with respect to such shares.

5. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

6. Responsibility for Taxes. The Grantee acknowledges that, regardless of any action taken by the Company or, if different, any Subsidiary for which the Grantee renders services (the "Service Recipient"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Grantee's participation in the Plan and legally applicable to the Grantee ("Tax-Related Items") is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company or the Service Recipient. The Grantee further acknowledges that the Company and/or the Service Recipient (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of any shares of Stock acquired under the Plan and the receipt of any dividends or dividend equivalents; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Grantee is subject to Tax-Related Items in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, the Grantee acknowledges that the Company and/or the Service Recipient (or former service recipient, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or tax withholding event, as applicable, the Grantee agrees to make adequate arrangements satisfactory to the Company and/or the Service Recipient to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company and/or the Service Recipient, or their respective agents, at their discretion, to satisfy their withholding obligations, if any, with regard to all Tax-Related Items by one or a combination of the following:

- (1) withholding from the Grantee's wages or other cash compensation paid to the Grantee by the Company and/or the Service Recipient; or
- (2) withholding from proceeds of the sale of shares of Stock acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on the Grantee's behalf pursuant to this authorization without further consent); or
- (3) withholding in shares of Stock to be issued upon settlement of the Restricted Stock Units; or
- (4) by any other method deemed by the Company to comply with applicable laws.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case the Grantee will receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in shares. If the obligation for Tax-Related Items is satisfied by withholding in shares of Stock, for tax purposes, the Grantee is deemed to have been issued the full number of shares subject to the vested Restricted Stock Units, notwithstanding that a number of the shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, the Grantee agrees to pay to the Company or the Service Recipient any amount of Tax-Related Items that the Company or the Service Recipient may be required to withhold or account for as a result of the Grantee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the shares or the proceeds of the sale of shares of Stock if the Grantee fails to comply with his or her obligations in connection with the Tax-Related Items.

7. Section 409A of the Code. This Agreement shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A of the Code as "short-term deferrals" as described in Section 409A of the Code.

8. No Obligation to Continue Service Relationship. Neither the Company nor any Subsidiary is obligated by or as a result



of the Plan or this Agreement to continue the Grantee's service relationship and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the Grantee's service relationship at any time.

9. **Integration.** This Agreement constitutes the entire agreement between the parties with respect to this Award and supersedes all prior agreements and discussions between the parties concerning such subject matter.

10. **Nature of Grant.** In accepting the Award, the Grantee acknowledges, understands and agrees that:

(i) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(ii) the grant of the Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of restricted stock units, or benefits in lieu of restricted stock units, even if restricted stock units have been granted in the past;

(iii) all decisions with respect to future restricted stock units or other grants, if any, will be at the sole discretion of the Company;

(iv) the Award and the Grantee's participation in the Plan shall not be interpreted as forming a service contract with the Company;

(v) the Grantee is voluntarily participating in the Plan;

(vi) the Award and any shares of Stock acquired under the Plan are not intended to replace any pension rights or compensation;

(vii) the Award and any shares of Stock acquired under the Plan, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or payments or welfare benefits or similar payments;

(viii) the future value of the shares of Stock underlying the Award is unknown, indeterminable, and cannot be predicted with certainty;

(ix) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from the termination of the Grantee's service relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee is providing services or the terms of the Grantee's service agreement, if any), and in consideration of the grant of the Restricted Stock Units to which the Grantee is otherwise not entitled, the Grantee irrevocably agrees never to institute any claim against the Company, the Service Recipient or any other Subsidiary, waives his or her ability, if any, to bring any such claim, and releases, the Company, the Service Recipient and any other Subsidiary from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Grantee shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(x) unless otherwise provided in the Plan or by the Company in its discretion, the Award and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Stock; and

(xi) neither, the Company, the Service Recipient nor any other Subsidiary shall be liable for any foreign exchange rate fluctuation between the Grantee's local currency and the United States Dollar that may affect the value of the Award or of any amounts due to the Grantee pursuant to settlement of the Award or the subsequent sale of any shares of Stock acquired upon settlement.

11. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or the Grantee's acquisition or sale of the underlying shares of Stock. The Grantee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

12. **Data Privacy.** *The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this Agreement and any other Award grant materials by and among, as applicable, the Company, the Service Recipient and any other Subsidiary for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.*



*The Grantee understands that the Company, the Service Recipient and any other Subsidiary may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all awards or any other entitlement to shares of Stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.*

*The Grantee understands that Data will be transferred to the stock plan service provider selected by the Company, which is assisting the Company with the implementation, administration and management of the Plan. The Grantee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Grantee's country. The Grantee understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Grantee authorizes the Company, the stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, the Grantee understands that he or she is providing the consents herein on a purely voluntary basis. If the Grantee does not consent, or if the Grantee later seeks to revoke his or her consent, his or her service relationship with the Company, the Service Recipient or any other Subsidiary will not be adversely affected; the only adverse consequence of refusing or withdrawing consent is that the Company would not be able to grant the Grantee Restricted Stock Units or other equity awards or administer or maintain such awards. Therefore, the Grantee understands that refusing or withdrawing his or her consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that he or she may contact his or her local human resources representative.*

13. Governing Law; Venue. The Award and the provisions of this Agreement are governed by, and subject to, the laws of the State of Delaware, without regard to the conflict of law provisions. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of San Francisco County, California, or the federal courts for the United States for the Northern District of California, and no other courts, including any courts where this grant is made and/or to be performed.

14. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

15. Language. If the Grantee has received this Agreement, or any other document related to the Award and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

16. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

17. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

18. Appendix. Notwithstanding any provisions in this Award Agreement, the Award shall be subject to any special terms and conditions set forth in any Appendix to this Award Agreement for the Grantee's country. Moreover, if the Grantee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Award Agreement.

19. Insider Trading Restrictions/Market Abuse Laws. The Grantee acknowledges that, depending on the Grantee's country of residence, the Grantee may be subject to insider trading restrictions and/or market abuse laws, which may affect the Grantee's ability to acquire or sell shares of Stock or rights to shares of Stock (e.g., Restricted Stock Units) under the Plan during such times as the Grantee is considered to have "inside information" regarding the Company (as defined by the laws in the Grantee's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may





be imposed under any applicable Company insider trading policy. The Grantee acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Grantee is advised to speak to his or her personal advisor on this matter.

20. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on the Award and on any shares of Stock issued upon settlement of the Award, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

21. Waiver. The Grantee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Grantee or any other Plan participant.

ZENDESK, INC.

By:

\_\_\_\_\_

Title:

The Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Grantee (including through an online acceptance process) is acceptable.

Dated: \_\_\_\_\_

\_\_\_\_\_

Grantee's Signature

Grantee's name and address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**APPENDIX  
TO THE  
RESTRICTED STOCK UNIT AWARD AGREEMENT  
FOR NON-U.S. GRANTEES**

***Terms and Conditions***

This Appendix includes additional terms and conditions that govern the Award if the Grantee works and/or resides in one of the countries listed below. If the Grantee is a citizen or resident of a country other than the one in which the Grantee is currently working and/or residing (or is considered as such for local law purposes), or the Grantee transfers employment to a different country after the Award is granted, the Company will, in its discretion, determine the extent to which the terms and conditions contained herein will apply to the Grantee.

***Notifications***

This Appendix also includes information regarding certain other issues of which the Grantee should be aware with respect to the Grantee's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of December 2013. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Grantee not rely on the information noted herein as the only source of information relating to the consequences of participation in the Plan because the information may be out-of-date at the time the Grantee vests in the Restricted Stock Units or sells any shares of Stock issued at settlement of the Award.



In addition, the information contained herein is general in nature and may not apply to the Grantee's particular situation. As a result, the Company is not in a position to assure the Grantee of any particular result. Accordingly, the Grantee is strongly advised to seek appropriate professional advice as to how the relevant laws in the Grantee's country may apply to the Grantee's individual situation.

If the Grantee is a citizen or resident of a country other than the one in which the Grantee is currently working and/or residing (or is considered as such for local law purposes), or if the Grantee transfers employment to a different country after the Award is granted, the notifications contained in this Appendix may not be applicable to the Grantee in the same manner.

Capitalized terms used but not defined in this Appendix shall have the same meanings assigned to them in the Plan and the Award Agreement.

## **AUSTRALIA**

### ***Notifications***

Securities Law Information. If the Grantee acquires shares of Stock under the Plan and offers the shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. The Grantee should consult with his or her personal legal advisor before making any such offer in Australia.

## **BRAZIL**

### ***Terms and Conditions***

Compliance with Law. The Grantee must comply with applicable Brazilian laws and is responsible for paying any and all applicable taxes associated with the settlement of the Award, the receipt of any dividends, and the sale of shares of Stock acquired under the Plan.

### ***Notifications***

Exchange Control Information. If the Grantee is a resident or is domiciled in Brazil, he or she will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights equals or exceeds US\$100,000. Assets and rights that must be reported include any shares of Stock acquired under the Plan. Foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement and must declare at least the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil.

## **DENMARK**

### ***Notifications***

Securities/Tax Reporting Information. The Grantee may hold shares of Stock acquired under the Plan in a safety-deposit account (e.g., a brokerage account) with either a Danish bank or with an approved foreign broker or bank. If the shares of Stock are held with a foreign broker or bank, the Grantee is required to inform the Danish Tax Administration about the safety-deposit account. For this purpose, the Grantee must file a Form V (Erklæring V) with the Danish Tax Administration. Both the Grantee and the broker or bank must sign the Form V. By signing the Form V, the broker or bank undertakes an obligation, without further request each year, to forward information to the Danish Tax Administration concerning the shares of Stock in the safety-deposit account. In the event that the applicable broker or bank with which the account is held does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, the Grantee will be solely responsible for providing certain details regarding the foreign brokerage or bank account and any shares of Stock acquired in connection with the Plan and held in such account to the Danish Tax Administration as part of the Grantee's annual income tax return. By signing the Form V, the Grantee authorizes the Danish Tax Administration to examine the account. A sample of the Declaration V can be found at the following website: [www.skat.dk/getFile.aspx?Id=47392](http://www.skat.dk/getFile.aspx?Id=47392).

In addition, if the Grantee opens a brokerage account (or a deposit account with a U.S. bank), the brokerage account (or bank account, as applicable) will be treated as a deposit account because cash can be held in the account. Therefore, the Grantee must also file a Form K (Erklæring K) with the Danish Tax Administration. Both the Grantee and the broker must sign the Form K. By signing the Form K, the broker or bank, as applicable, undertakes an obligation, without further request each year, to forward information to the Danish Tax Administration concerning the content of the deposit account. In the event that the applicable financial institution (broker or bank) with which the account is held does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, the Grantee will be solely responsible for providing certain details regarding the foreign brokerage or bank account to the Danish Tax Administration as part of the Grantee's annual income tax return. By signing the Form K, the Grantee authorizes the Danish Tax Administration to examine the account. A sample of Declaration K can be found at the following website: [www.skat.dk/getFile.aspx?Id=42409&newwindow=true](http://www.skat.dk/getFile.aspx?Id=42409&newwindow=true).



## FRANCE

### *Term and Conditions*

Language Consent. By accepting the Award, the Grantee confirms having read and understood the documents relating to this grant (the Plan and the Agreement) which were provided to the Grantee in English. The Grantee accepts the terms of those documents accordingly.

*Reconnaissance Relative à la Langue Utilisée. En acceptant le attribution, le Bénéficiaire confirme avoir lu et compris les documents relatifs à cette attribution (le Plan et ce Contrat) qui ont été communiqués au Bénéficiaire en langue anglaise. Le Bénéficiaire accepte les termes de ces documents en connaissance de cause.*

### *Notifications*

Foreign Asset/Account Reporting Information. If the Grantee maintains a foreign bank account, the Grantee is required to report such account to the French tax authorities on his or her annual tax return.

## GERMANY

### *Notifications*

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank ( *Bundesbank* ). In case of payments in connection with securities (including proceeds realized upon the sale of shares of Stock or the receipt of dividends), the report must be made by the 5th day of the month following the month in which the payment was received. Effective from September 2013, the report must be filed electronically. The form of report (“ *Allgemeine Meldeportal Statistik* “) can be accessed via the Bundesbank’s website ([www.bundesbank.de](http://www.bundesbank.de)) and is available in both German and English. The Grantee is responsible for making this report.

## IRELAND

### *Notifications*

Director Reporting Obligation. If the Grantee is a director, shadow director or secretary of a Subsidiary in Ireland, the Grantee must notify the Irish Subsidiary in writing within five business days of receiving or disposing of an interest in the Company (e.g., Restricted Stock Units, shares of Stock), or within five business days of becoming aware of the event giving rise to the notification requirement or within five days of becoming a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of the Grantee’s spouse or children under the age of 18 (whose interests will be attributed to the Grantee if the Grantee is a director, shadow director or secretary).

## JAPAN

### *Notifications*

Foreign Asset/Account Reporting Information. The Grantee is required to report details of any assets held outside of Japan as of December 31, including shares of Stock acquired under the Plan, to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15 each year. The Grantee is responsible for complying with this reporting obligation and is advised to consult with his or her personal tax advisor in this regard.

## PHILIPPINES

### *Notifications*

Securities Law Information. The Grantee acknowledges that he or she is permitted to sell shares of Stock acquired under the Plan through the designated Plan broker appointed by the Company (or such other broker to whom the Grantee transfers his or her shares of Stock), provided that such sale takes place outside of the Philippines through the facilities of the [insert stock market on which shares will be listed] on which the shares are listed.

## SINGAPORE

### *Notifications*

Securities Law Information. The grant of the Restricted Stock Units is being made pursuant to the “Qualifying Person” exemption” under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”). The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. The Grantee should note that the Restricted Stock Units are subject to section 257 of the SFA and the Grantee will not be able to make (i) any subsequent sale of the shares of Stock in



Singapore or (ii) any offer of such subsequent sale of the shares of Stock subject to the Restricted Stock Units in Singapore, unless such sale or offer in is made pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the SFA. The shares of Stock are currently traded on the [insert stock exchange on which shares will be listed], which is located outside of Singapore, under the ticker symbol “[insert]” and shares of Stock acquired under the Plan may be sold through this exchange.

Director Reporting Obligation. If the Grantee is a director, associate director or shadow director of a Singapore Subsidiary, he or she is subject to certain notification requirements under the Singapore Companies Act, regardless of whether he or she is a Singapore resident or employed in Singapore. Among these requirements is the obligation to notify the Singapore Subsidiary in writing when the Grantee receives or disposes of an interest (e.g., Restricted Stock Units, shares of Stock) in the Company or a Subsidiary. These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any Subsidiary or within two business days of becoming a director, associate director or shadow director if such an interest exists at that time.

## **UNITED KINGDOM**

### ***Terms and Conditions***

Responsibility for Taxes. The following provisions supplement Paragraph 6 of the Award Agreement:

If payment or withholding of income tax is not made within ninety (90) days of the event giving rise to the Tax-Related Items or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the “Due Date”), the amount of any uncollected income tax will constitute a loan owed by the Grantee to the Service Recipient, effective on the Due Date. The loan will bear interest at the then-current official rate of Her Majesty’s Revenue and Customs (“HMRC”) and it will be immediately due and repayable by the Grantee, and the Company or the Service Recipient may recover it at any time thereafter by any of the means referred to in Paragraph 6 of the Award Agreement.

Notwithstanding the foregoing, if the Grantee is a director or executive officer of the Company (within the meaning of Section 13(k) of the 1934 Act), the Grantee will not be eligible for such a loan to cover the unpaid income tax. In the event that the Grantee is such a director or executive officer and the income tax is not collected from or paid by the Grantee by the Due Date, the amount of any uncollected taxes will constitute a benefit to the Grantee on which additional income tax and national insurance contributions (“NICs”) will be payable. The Grantee will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company or the Service Recipient, as applicable, any employee NICs due on this additional benefit, which the Company or the Service Recipient may recover from the Grantee by any of the means referred to in Paragraph 6 of the Award Agreement.

Joint Election. As a condition of the Grantee’s participation in the Plan and vesting of the Restricted Stock Units, the Grantee shall accept any liability for secondary Class 1 NICs which may be payable by the Company and/or the Service Recipient in connection with the Award and any event giving rise to Tax-Related Items (the “Employer’s Liability”). Without prejudice to the foregoing, the Grantee shall enter into a joint election with the Company or the Service Recipient, the form of such joint election being formally approved by HMRC (the “Joint Election”), and any other required consent or elections, including any such other joint elections as may be required between the Grantee and any successor to the Company and/or the Service Recipient. The Company and/or the Service Recipient may collect the Employer’s Liability from the Grantee by any of the means set forth in Paragraph 6 of the Award Agreement.

## **RESTRICTED STOCK AWARD AGREEMENT UNDER THE ZENDESK, INC. 2014 STOCK OPTION AND INCENTIVE PLAN**

Name of Grantee:

\_\_\_\_\_

No. of Shares:

\_\_\_\_\_

Grant Date:

\_\_\_\_\_

Pursuant to the Zendesk, Inc. 2014 Stock Option and Incentive Plan as amended through the date hereof (the “Plan”), Zendesk, Inc. (the “Company”) hereby grants a Restricted Stock Award (an “Award”) to the Grantee named above. Upon





acceptance of this Award, the Grantee shall receive the number of shares of Common Stock, par value \$0.01 per share (the "Stock") of the Company specified above, subject to the restrictions and conditions set forth herein and in the Plan. The Company acknowledges the receipt from the Grantee of consideration with respect to the par value of the Stock in the form of cash, past or future services rendered to the Company by the Grantee or such other form of consideration as is acceptable to the Administrator.

1. Award. The shares of Restricted Stock awarded hereunder shall be issued and held by the Company's transfer agent in book entry form, and the Grantee's name shall be entered as the stockholder of record on the books of the Company. Thereupon, the Grantee shall have all the rights of a stockholder with respect to such shares, including voting and dividend rights, subject, however, to the restrictions and conditions specified in Paragraph 2 below. The Grantee shall (i) sign and deliver to the Company a copy of this Award Agreement and (ii) deliver to the Company a stock power endorsed in blank.

2. Restrictions and Conditions.

(a) Any book entries for the shares of Restricted Stock granted herein shall bear an appropriate legend, as determined by the Administrator in its sole discretion, to the effect that such shares are subject to restrictions as set forth herein and in the Plan.

(b) Shares of Restricted Stock granted herein may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of by the Grantee prior to vesting.

(c) If the Grantee's employment with the Company and its Subsidiaries is voluntarily or involuntarily terminated for any reason (including death) prior to vesting of shares of Restricted Stock granted herein, all shares of Restricted Stock shall immediately and automatically be forfeited and returned to the Company.

3. Vesting of Restricted Stock. The restrictions and conditions in Paragraph 2 of this Agreement shall lapse on the Vesting Date or Dates specified in the following schedule so long as the Grantee remains an employee of the Company or a Subsidiary on such Dates. If a series of Vesting Dates is specified, then the restrictions and conditions in Paragraph 2 shall lapse only with respect to the number of shares of Restricted Stock specified as vested on such date.

<u>Incremental Number of Shares Vested</u>	<u>Vesting Date</u>
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____
_____ (%)	_____

Subsequent to such Vesting Date or Dates, the shares of Stock on which all restrictions and conditions have lapsed shall no longer be deemed Restricted Stock. The Administrator may at any time accelerate the vesting schedule specified in this Paragraph 3.

4. Dividends. Dividends on shares of Restricted Stock shall be paid currently to the Grantee.

5. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Award shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

6. Transferability. This Agreement is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution.

7. Responsibility for Taxes. The Grantee acknowledges that, regardless of any action taken by the Company or, if different, the Subsidiary which employs the Grantee (the "Employer"), the ultimate liability for all Federal, state and other income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax related items related to the Grantee's participation in the Plan and legally applicable to the Grantee ("Tax-Related Items") is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant or vesting of the Restricted Stock, the subsequent sale of any shares of Stock acquired under the Plan and the receipt of any dividends or dividend equivalents; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock to reduce or eliminate the Grantee's liability for



Tax-Related Items or achieve any particular tax result. Further, if the Grantee is subject to Tax-Related Items in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, the Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(a) Prior to the relevant taxable or tax withholding event, as applicable, the Grantee agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations, if any, with regard to all Tax-Related Items by one or a combination of the following:

(i) withholding from the Grantee's wages or other cash compensation paid to the Grantee by the Company and/or the Employer; or

(ii) withholding from proceeds of the sale of shares of Stock that are no longer subject to restrictions either through a voluntary sale or through a mandatory sale arranged by the Company (on the Grantee's behalf pursuant to this authorization without further consent); or

(iii) by any other method deemed by the Company to comply with applicable laws.

(b) Depending on the withholding method and subject to the foregoing, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case the Grantee will receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in shares.

(c) Finally, the Grantee agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Grantee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to remove the restrictions on the shares of Stock if the Grantee fails to comply with his or her obligations in connection with the Tax-Related Items.

(d) Election Under Section 83(b). The Grantee and the Company hereby agree that the Grantee may, within 30 days following the Grant Date of this Award, file with the Internal Revenue Service and the Company an election under Section 83(b) of the Internal Revenue Code. In the event the Grantee makes such an election, he or she agrees to provide a copy of the election to the Company. The Grantee acknowledges that he or she is responsible for obtaining the advice of his or her tax advisors with regard to the Section 83(b) election and that he or she is relying solely on such advisors and not on any statements or representations of the Company or any of its agents with regard to such election.

8. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Grantee in employment and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Grantee at any time.

9. Integration. This Agreement constitutes the entire agreement between the parties with respect to this Award and supersedes all prior agreements and discussions between the parties concerning such subject matter.

10. Nature of Grant. In accepting the Award, the Grantee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Restricted Stock is voluntary and occasional and does not create any contractual or other right to receive future grants of restricted stock, or benefits in lieu of restricted stock, even if restricted stock has been granted in the past;

(c) all decisions with respect to future restricted stock or other grants, if any, will be at the sole discretion of the Company;

(d) the Award and the Grantee's participation in the Plan shall not be interpreted as forming an employment or other service contract with the Company;

(e) the Grantee is voluntarily participating in the Plan;

(f) the Award and any shares of Stock acquired under the Plan are not intended to replace any pension rights or compensation;

(g) the Award and any shares of Stock acquired under the Plan, and the income and value of same, are not part of



normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or payments or welfare benefits or similar payments;

(h) the future value of the shares of Stock underlying the Award is unknown, indeterminable, and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from the termination of the Grantee's employment or other service relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee provides services or the terms of the Grantee's employment or service agreement, if any), and in consideration of the grant of the Restricted Stock to which the Grantee is otherwise not entitled, the Grantee irrevocably agrees never to institute any claim against the Company or any of its Subsidiaries, waives his or her ability, if any, to bring any such claim, and releases the Company and any Subsidiary from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Grantee shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim; and

(j) unless otherwise provided in the Plan or by the Company in its discretion, the Award and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Stock.

11. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or the Grantee's acquisition or sale of the underlying shares of Stock. The Grantee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

12. **Data Privacy.** *The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this Agreement and any other Award grant materials by and among, as applicable, the Employer, the Company and any of its Subsidiaries for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.*

*The Grantee understands that the Employer, the Company and its Subsidiaries may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all awards or any other entitlement to shares of Stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.*

*The Grantee understands that Data will be transferred to the stock plan service provider selected by the Company, which is assisting the Company with the implementation, administration and management of the Plan. The Grantee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Grantee's country. The Grantee understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Grantee authorizes the Company, the stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, the Grantee understands that he or she is providing the consents herein on a purely voluntary basis. If the Grantee does not consent, or if the Grantee later seeks to revoke his or her consent, his or her employment status or service and career with the Company or any Subsidiary will not be adversely affected; the only adverse consequence of refusing or withdrawing consent is that the Company would not be able to grant the Grantee Restricted Stock or other equity awards or administer or maintain such awards. Therefore, the Grantee understands that refusing or withdrawing his or her consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that he or she may contact his or her local human resources representative.*

13. **Governing Law; Venue.** The Award and the provisions of this Agreement are governed by, and subject to, the laws of



the State of Delaware, without regard to the conflict of law provisions. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of San Francisco County, California, or the federal courts for the United States for the Northern District of California, and no other courts, including any courts where this grant is made and/or to be performed.

14. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

15. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

16. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

17. Insider Trading Restrictions/Market Abuse Laws. The Grantee acknowledges that, depending on the Grantee's country of residence, the Grantee may be subject to insider trading restrictions and/or market abuse laws, which may affect the Grantee's ability to acquire or sell shares of Stock under the Plan during such times as the Grantee is considered to have "inside information" regarding the Company (as defined by the laws in the Grantee's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Grantee acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Grantee is advised to speak to his or her personal advisor on this matter.

18. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on the Award and on any shares of Stock issued pursuant to this Award, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

19. Waiver. The Grantee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Grantee or any other Plan participant.

ZENDESK, INC.

By:

\_\_\_\_\_ Title:

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Grantee (including through an online acceptance process) is acceptable.

Dated: \_\_\_\_\_

\_\_\_\_\_ Grantee's Signature

\_\_\_\_\_ Grantee's name and address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_







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**GLOBAL NON-QUALIFIED STOCK OPTION AGREEMENT  
UNDER THE ZENDESK, INC.  
2014 STOCK OPTION AND INCENTIVE PLAN**

Name of Optionee: \_\_\_\_\_

No. of Option Shares: \_\_\_\_\_

Option Exercise Price per Share: US\$ \_\_\_\_\_  
[FMV on Grant Date]

Grant Date: \_\_\_\_\_

Expiration Date: \_\_\_\_\_

Pursuant to the Zendesk, Inc. 2014 Stock Option and Incentive Plan as amended through the date hereof (the "Plan"), Zendesk, Inc. (the "Company") hereby grants to the Optionee named above an option (the "Stock Option") to purchase on or prior to the Expiration Date specified above all or part of the number of shares of Common Stock, par value US\$0.01 per share (the "Stock") of the Company specified above at the Option Exercise Price per Share specified above. This Stock Option shall be governed by and subject to the terms and conditions of the Plan and this Global Non-Qualified Stock Option Agreement (the "Stock Option Agreement"), including any additional terms and conditions for the Optionee's country set forth in any appendix to this Stock Option Agreement (the "Appendix") (together with the Stock Option Agreement, the "Agreement").

This Stock Option is not intended to be an "incentive stock option" under Section 422 of the U.S. Internal Revenue Code of 1986, as amended.

1. Exercisability Schedule. No portion of this Stock Option may be exercised until such portion shall have become exercisable. Except as set forth below, and subject to the discretion of the Administrator (as defined in Section 2 of the Plan) to accelerate the exercisability schedule hereunder, this Stock Option shall be exercisable with respect to the following number of Option Shares on the dates indicated so long as Optionee remains an employee or other service provider with the Company or a Subsidiary on such dates, as further described in Paragraph 3 of this Stock Option Agreement. For the avoidance of doubt, if the Optionee is employed or otherwise rendering services for a period prior to an Exercisability Date, but has terminated employment and other service before the Exercisability Date, the Optionee will not be entitled to any pro-rata exercisability of Stock Options.

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<u>Incremental Number of Option Shares Exercisable</u>	<u>Exercisability Date</u>
_____ (    %)	_____
_____ (    %)	_____
_____ (    %)	_____
_____ (    %)	_____
_____ (    %)	_____

Once exercisable, this Stock Option shall continue to be exercisable at any time or times prior to the close of business on the Expiration Date, subject to the provisions of the Agreement and of the Plan.

2. Manner of Exercise.

(a) The Optionee may exercise this Stock Option only in the following manner: from time to time on or prior to the Expiration Date of this Stock Option, the Optionee may give written notice to the Administrator of his or her election to purchase some or all of the Option Shares purchasable at the time of such notice. This notice shall specify the number of Option Shares to be purchased.

Payment of the purchase price for the Option Shares may be made by one or more of the following methods: (i) in cash, by certified or bank check or other instrument acceptable to the Administrator; (ii) by the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the option purchase price, provided that in the event the Optionee chooses to pay the option purchase price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; (iii) if permitted by the Administrator, by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; or (iv) a combination of (i), (ii) and (iii) above. Payment instruments will be received subject to collection.

The transfer to the Optionee on the records of the Company or of the transfer agent of the Option Shares will be contingent upon (i) the Company’s receipt from the Optionee of the full purchase price in the Agreement for the Option Shares, as set forth above, (ii) the satisfaction of any obligations for Tax-Related Items (as defined in Paragraph 6 below) due in connection with the Option, (iii) the fulfillment of any other requirements contained in the Agreement or in the Plan or in any other agreement or provision of laws, and (iii) the receipt by the Company of any agreement, statement or other evidence that the Company may require to satisfy itself that the issuance of Stock to be purchased pursuant to the exercise of Stock Options under the Plan and any subsequent resale of the shares of Stock will be in compliance with applicable laws and regulations.

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(b) The shares of Stock purchased upon exercise of this Stock Option shall be transferred to the Optionee on the records of the Company or of the transfer agent upon compliance to the satisfaction of the Administrator with all requirements under applicable laws or regulations in connection with such transfer and with the requirements of the Agreement and of the Plan. The determination of the Administrator as to such compliance shall be final and binding on the Optionee. The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Stock subject to this Stock Option unless and until this Stock Option shall have been exercised pursuant to the terms hereof, the Company or the transfer agent shall have transferred the shares to the Optionee, and the Optionee's name shall have been entered as the stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such shares of Stock.

(c) The minimum number of shares with respect to which this Stock Option may be exercised at any one time shall be 100 shares, unless the number of shares with respect to which this Stock Option is being exercised is the total number of shares subject to exercise under this Stock Option at the time.

(d) Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Option shall be exercisable after the Expiration Date hereof.

3. Termination of Service Relationship. If the Optionee's service relationship by the Company or its Subsidiaries is terminated, the period within which to exercise the Stock Option may be subject to earlier termination as set forth below. For purposes of this Stock Option, the Optionee's service relationship will be considered terminated as of the date the Optionee is no longer actively providing services to the Company or any Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of labor laws in the jurisdiction where the Optionee is providing services or the terms of the Optionee's service agreement, if any). Unless otherwise determined by the Company, (i) the Optionee's right to vest in this Stock Option under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., the Optionee's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Optionee is a service provider or the terms of the Optionee's service agreement, if any); and (ii) the period (if any) during which the Optionee may exercise this Stock Option after such termination will commence on the date the Optionee ceases to actively provide services and will not be extended by any notice period mandated under labor laws in the jurisdiction where the Optionee is providing services. The Administrator shall have the exclusive discretion to determine when the Optionee is no longer actively providing services for purposes of his or her Stock Option grant (including whether the Optionee may still be considered to be providing services while on a leave of absence).

(a) Termination Due to Death. If the Optionee's service relationship terminates by reason of the Optionee's death, any portion of this Stock Option outstanding on such date, to the extent exercisable on the date of death, may thereafter be exercised by the Optionee's legal representative or legatee, for a period of [12] months from the date of death or until the Expiration Date, if earlier. Any portion of this Stock Option that is not exercisable on the date of death shall terminate immediately and be of no further force or effect.





(b) Termination Due to Disability. If the Optionee's service relationship terminates by reason of the Optionee's disability (as determined by the Administrator), any portion of this Stock Option outstanding on such date, to the extent exercisable on the date of such termination, may thereafter be exercised by the Optionee for a period of [12] months from the date of termination or until the Expiration Date, if earlier. Any portion of this Stock Option that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect.

(c) Termination for Cause. If the Optionee's service relationship terminates for Cause, any portion of this Stock Option outstanding on such date shall terminate immediately and be of no further force and effect. For purposes hereof, "Cause" shall mean a determination by the Administrator that the Optionee shall be dismissed as a result of (i) any material breach by the Optionee of any agreement between the Optionee and the Company or any Subsidiary; (ii) the conviction of, indictment for or plea of nolo contendere by the Optionee to a felony or a crime involving moral turpitude; or (iii) any material misconduct or willful and deliberate non-performance (other than by reason of disability) by the Optionee of the Optionee's duties to the Company or any Subsidiary.

(d) Other Termination. If the Optionee's service relationship terminates for any reason other than the Optionee's death, the Optionee's disability or Cause, and unless otherwise determined by the Administrator, any portion of this Stock Option outstanding on such date may be exercised, to the extent exercisable on the date of termination, for a period of three months from the date of termination or until the Expiration Date, if earlier. Any portion of this Stock Option that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect.

The Administrator's determination of the reason for termination of the Optionee's service relationship shall be conclusive and binding on the Optionee and his or her representatives or legatees.

4. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Stock Option shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

5. Transferability. This Agreement is personal to the Optionee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. This Stock Option is exercisable, during the Optionee's lifetime, only by the Optionee, and thereafter, only by the Optionee's legal representative or legatee.

6. Responsibility for Taxes. The Optionee acknowledges that, regardless of any action taken by the Company or, if different, any Subsidiary for which the Optionee renders services (the "Service Recipient"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Optionee's participation in the Plan and legally applicable or deemed applicable to the Optionee



("Tax-Related Items") is and remains the Optionee's responsibility and may exceed the amount, if any, actually withheld by the Company or the Service Recipient. The Optionee further acknowledges that the Company and/or the Service Recipient (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Stock Option, including, but not limited to, the grant, vesting or exercise of this Stock Option, the subsequent sale of Option Shares acquired pursuant to such exercise and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of this Stock Option to reduce or eliminate the Optionee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Optionee is subject to Tax-Related Items in more than one jurisdiction, the Optionee acknowledges that the Company and/or the Service Recipient (or former service recipient, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or tax withholding event, as applicable, the Optionee agrees to make adequate arrangements satisfactory to the Company and/or the Service Recipient to satisfy all Tax-Related Items. In this regard, the Optionee authorizes the Company and/or the Service Recipient, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

- (a) withholding from the Optionee's wages or other cash compensation payable to the Optionee by the Company and/or the Service Recipient; or
- (b) withholding from proceeds of the sale of Option Shares acquired upon exercise of the Stock Option either through a voluntary sale or through a mandatory sale arranged by the Company (on the Optionee's behalf pursuant to this authorization without further consent); or
- (c) withholding in Option Shares to be issued upon exercise of the Option; or
- (d) any other method deemed by the Company to comply with applicable laws.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates in the Optionee's jurisdiction(s). In the event of over-withholding, the Optionee may receive a refund of any over-withheld amount in cash through the Service Recipient's normal payroll processes (with no entitlement to the equivalent in Stock) or, if not refunded, the Optionee may seek a refund from the local tax authorities. In the event of under-withholding, the Optionee may be required to pay additional Tax-Related Items directly to the applicable tax authority or to the Company and/or the Service Recipient. If the obligation for Tax-Related Items is satisfied by withholding in Option Shares, for tax purposes, the Optionee is deemed to have been issued the full number of Option Shares subject to the exercised Stock Option, notwithstanding that a number of the Option Shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, the Optionee agrees to pay to the Company or the Service Recipient any amount of Tax-Related Items that the Company or the Service Recipient may be required to withhold or



account for as a result of the Optionee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Option Shares or the proceeds of the sale of Option Shares if the Optionee fails to comply with his or her obligations in connection with the Tax-Related Items.

7. No Obligation to Continue Service Relationship. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Optionee's service relationship and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the Optionee's service relationship at any time.

8. Integration. This Agreement constitutes the entire agreement between the parties with respect to this Stock Option and supersedes all prior agreements and discussions between the parties concerning such subject matter.

9. Nature of Grant. In accepting this Stock Option, the Optionee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of this Stock Option is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of stock options, or benefits in lieu of stock options, even if stock options have been granted in the past;

(c) all decisions with respect to future stock option or other grants, if any, will be at the sole discretion of the Company;

(d) this Stock Option grant and the Optionee's participation in the Plan shall not be interpreted as forming a service contract with the Company;

(e) the Optionee is voluntarily participating in the Plan;

(f) this Stock Option and any Option Shares acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;

(g) this Stock Option and any Option Shares acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation or salary for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement benefits or payments or welfare benefits or similar mandatory payments;

(h) unless otherwise agreed with the Company, this Stock Option and any Option Shares acquired under the Plan, and the income from and value of same, are not granted as consideration for, or in connection with, the service the Optionee may provide as a director of the Service Recipient or any other Subsidiary or affiliate;



(i) the future value of this Option Shares underlying the Stock Option is unknown, indeterminable, and cannot be predicted with certainty;

(j) if the underlying Option Shares do not increase in value, this Stock Option will have no value;

(k) if the Optionee exercises this Stock Option and acquires Option Shares, the value of such Option Shares may increase or decrease in value, even below the Option Exercise Price;

(l) no claim or entitlement to compensation or damages shall arise from forfeiture of this Stock Option resulting from the termination of the Optionee's service relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Optionee is providing services or the terms of the Optionee's service agreement, if any);

(m) unless otherwise provided in the Plan or by the Company in its discretion, this Stock Option and the benefits evidenced by this Agreement do not create any entitlement to have this Stock Option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Stock; and

(n) the following provisions apply only if the Optionee is providing services outside the United States:

(i) the Stock Option and the Option Shares subject to the Stock Option are not part of normal or expected compensation or salary for any purpose; and

(ii) neither the Company, the Service Recipient nor any other Subsidiary shall be liable for any foreign exchange rate fluctuation between the Optionee's local currency and the United States Dollar that may affect the value of this Stock Option or of any amounts due to the Optionee pursuant to the exercise of this Stock Option or the subsequent sale of any Option Shares acquired upon exercise.

10. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Optionee's participation in the Plan, or the Optionee's acquisition or sale of the underlying Option Shares. *The Optionee should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.*

11. **Data Privacy.** *Unless the Optionee is subject to the data privacy provisions contained in the Appendix attached hereto, the Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee's personal data as described in this Agreement and any other Stock Option grant materials by and among, as applicable, the Company, the Service Recipient and any other Subsidiary for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan.*





*The Optionee understands that the Company, the Service Recipient and any other Subsidiary may hold certain personal information about the Optionee, including, but not limited to, the Optionee's name, home address and telephone number, e-mail address, date of birth, social insurance number, passport number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all stock options or any other entitlement to shares of Stock or equivalent benefits awarded, canceled, exercised, purchased, vested, unvested or outstanding in the Optionee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.*

*The Optionee understands that Data will be transferred to the stock plan service provider selected by the Company, which is assisting the Company with the implementation, administration and management of the Plan. The Optionee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Optionee's country. The Optionee understands that, if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Optionee authorizes the Company, the stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing the Optionee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Optionee may elect to deposit any Option Shares received upon exercise of the Stock Options. The Optionee understands that Data will be held only as long as is necessary to implement, administer and manage the Optionee's participation in the Plan. The Optionee understands that, if he or she resides outside the United States, he or she may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting his or her local human resources representative. Further, the Optionee understands that he or she is providing the consents herein on a purely voluntary basis. If the Optionee does not consent, or if the Optionee later seeks to revoke his or her consent, his or her service relationship with the Company, the Service Recipient or any other Subsidiary will not be affected; the only consequence of refusing or withdrawing consent is that the Company would not be able to grant the Stock Options or other equity awards or administer to the Optionee or maintain such awards. Therefore, the Optionee understands that refusing or withdrawing his or her consent may affect the Optionee's ability to participate in the Plan. For more information on the consequences of the Optionee's refusal to consent or withdrawal of consent, the Optionee understands that he or she may contact his or her local human resources representative.*

12. Governing Law; Venue. This Stock Option grant and the provisions of this Agreement are governed by, and subject to, the laws of the State of Delaware, without regard to the conflict of law provisions. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of San Francisco County, California,



or the federal courts for the United States for the Northern District of California, and no other courts, including the courts where this grant is made and/or to be performed.

13. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

14. Language. The Optionee acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, so as to allow the Optionee to understand the terms and conditions of this Agreement. If the Optionee has received this Agreement, or any other document related to this Stock Option and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

15. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

16. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Optionee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

17. Appendix. Notwithstanding any provisions in this Agreement, this Stock Option grant shall be subject to any additional terms and conditions set forth in any Appendix to this Agreement for the Optionee's country. Moreover, if the Optionee relocates to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to the Optionee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

18. Insider Trading Restrictions/Market Abuse Laws. The Optionee acknowledges that the Optionee may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including but not limited to the United States, the Optionee's country and any stock plan service provider's country, which may affect the Optionee's ability to, directly or indirectly, acquire or sell, or attempt to sell or otherwise dispose of Option Shares, rights to Option Shares (*e.g.*, the Option) or rights linked to the value of Option Shares during such times as the Optionee is considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdiction). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Optionee placed before he or she possessed inside information. Furthermore, the Optionee could be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis), and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The



Optionee acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Optionee should consult with his or her personal advisor on this matter.

19. Foreign Asset/Account Reporting Requirements. The Optionee acknowledges that there may be certain foreign asset and/or account reporting requirements which may affect the Optionee's ability to acquire or hold Option Shares or cash received from participating in the Plan (including the proceeds of any dividends paid on Option Shares) in a brokerage or bank account outside the Optionee's country. The Optionee may be required to report such accounts, assets or related transactions to the tax or other authorities in his or her country. The Optionee also may be required to repatriate sale proceeds or other funds received as a result of participating in the Plan to the Optionee's country within a certain time after receipt. The Optionee acknowledges that it is his or her responsibility to comply with such regulations, and the Optionee should consult with his or her personal advisor on this matter.

20. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Optionee's participation in the Plan, on this Stock Option and on any Option Shares purchased upon exercise of this Stock Option, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

21. Clawback Policy. In accepting this Award, the Optionee acknowledges, understands, and agrees that this Stock Option, as well as all other Awards previously granted to the Optionee, whether vested or exercised (as applicable), shall be subject to the terms and conditions of the Company's clawback policy, as in effect from time to time.

22. Waiver. The Optionee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Optionee or any other Plan participant.

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ZENDESK, INC.

By: \_\_\_\_\_  
Title:

The Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Optionee (including through an online acceptance process) is acceptable.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Optionee's Signature

Optionee's name and address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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**APPENDIX**  
**TO THE**  
**GLOBAL STOCK OPTION AGREEMENT**

Capitalized terms used but not defined in this Appendix shall have the same meanings assigned to them in the Plan and the Stock Option Agreement.

***Terms and Conditions***

This Appendix includes additional terms and conditions that govern this Stock Option if the Optionee works and/or resides in one of the countries listed below. If the Optionee is a citizen or resident of a country other than the one in which the Optionee is currently working and/or residing, is considered a resident of another country for local law purposes or if the Optionee transfers employment and/or residency to a different country after this Stock Option is granted, the Company will, in its discretion, determine the extent to which the terms and conditions contained herein will apply to the Optionee.

***Notifications***

This Appendix also includes information regarding certain other issues of which the Optionee should be aware with respect to the Optionee's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Optionee not rely on the information noted herein as the only source of information relating to the consequences of participation in the Plan because the information may be out-of-date at the time the Optionee vests in or exercises this Stock Option or sells any Option Shares acquired at exercise.

In addition, the information contained herein is general in nature and may not apply to the Optionee's particular situation. As a result, the Company is not in a position to assure the Optionee of any particular result. Accordingly, the Optionee is strongly advised to seek appropriate professional advice as to how the relevant laws in the Optionee's country may apply to the Optionee's individual situation.

If the Optionee is a citizen or resident of a country other than the one in which the Optionee is currently working and/or residing, is considered a resident of another country for local law purposes or if the Optionee transfers employment and/or residency to a different country after this Stock Option is granted, the notifications contained in this Appendix may not be applicable to the Optionee in the same manner.

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## EUROPEAN UNION/EUROPEAN ECONOMIC AREA/UNITED KINGDOM

### *Terms and Conditions*

**Data Privacy Notification.** This section replaces Paragraph 11 of the Stock Option Agreement:

*(a) The Optionee is hereby notified of the collection, use and transfer outside of the European Union, European Economic Area or the United Kingdom as described in this Agreement, in electronic or other form, of his or her Personal Data (defined below) by and among, as applicable, the Company, the Service Recipient and its other Subsidiaries for the exclusive and legitimate purpose of implementing, administering and managing my participation in the Plan. As such, by accepting the Stock Options, the Optionee acknowledges the collection, use, processing and transfer of Personal Data as described herein. The legal basis, where required, for the data processing is the Company's legitimate business interest.*

*(b) The Company and the Service Recipient hold certain personally identifiable information about the Optionee, specifically, his or her name, home address, email address and telephone number, date of birth, social security number, passport number or other employee identification number, salary, nationality, job title, any common shares or directorships held in the Company, details of all Stock Options or any other entitlement to common shares awarded, canceled, purchased, vested, unvested or outstanding in the Optionee's favor, for the purpose of managing and administering the Plan ("Personal Data"). The Personal Data may be provided by the Optionee or collected, where lawful, from third parties. The Company or the Service Recipient each act as controllers of the Personal Data and will process the Personal Data in this context for the exclusive legitimate purpose of implementing, administering and managing the Optionee's participation in the Plan and meeting related legal obligations associated with these actions.*

*(c) The processing will take place through electronic and non-electronic means according to logics and procedures correlated to the purposes for which the Personal Data was collected and with confidentiality and security provisions as set forth by applicable laws and regulations. Personal Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and other aspects of the employment relationship and for the Optionee's participation in the Plan.*

*(d) The Company and the Employer will transfer Personal Data amongst themselves as necessary for the purpose of implementation, administration and management of the Optionee's participation in the Plan, and the Company will further transfer Personal Data to Charles Schwab Stock Plan Services which is assisting the Company with the administration of the Plan. The Company may further transfer Personal Data to other third parties that the Company may engage to assist with the administration of the Plan from time to time. These recipients may be located in the European Economic Area, the United Kingdom or elsewhere throughout the world, such as the United States.*

*(e) By accepting the Stock Options, the Optionee understands that these recipients may receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for purposes of implementing, administering and managing his or her participation in the Plan, including any requisite transfer of such Personal Data as may be required for the administration of the Plan and/or the subsequent holding of Option Shares on*



*the Optionee's behalf to a broker or other third party with whom the Optionee may elect to deposit any shares acquired pursuant to the Plan. The Optionee further understands that he or she may request a list with the names and addresses of any potential recipients of the Optionee's Personal Data by contacting his or her local human resources manager or the Company's human resources department. When transferring Personal Data to these potential recipients, the Company and the Service Recipient provide appropriate safeguards in accordance with EU Standard Contractual Clauses or other legally binding and permissible arrangements. The Optionee may request a copy of such safeguards from the Optionee's local human resources manager or the Company's human resources department.*

*(f) To the extent provided by law, the Optionee may, at any time, have the right to request: access to Personal Data, rectification of Personal Data, erasure of Personal Data, restriction of processing of Personal Data, and portability of Personal Data. The Optionee may also have the right to object, on grounds related to a particular situation, to the processing of Personal Data, as well as opt-out of the Plan herein, in any case without cost, by contacting in writing the Optionee's human resources manager. The Optionee's provision of Personal Data is a contractual requirement. The Optionee understands, however, that the only consequence of refusing to provide Personal Data is that the Company may not be able to grant other equity awards or administer or maintain such awards. For more information on the consequences of the Optionee's refusal to provide Personal Data, he or she understands that he or she may contact his or her local human resources manager or the Company's human resources department.*

*When the Company and the Service Recipient no longer need to use Personal Data for the purposes above or do not need to retain it for compliance with any legal or regulatory purpose, each will take reasonable steps to remove Personal Data from their systems and/or records containing the Personal Data and/or take steps to properly anonymize it so that the Optionee can no longer be identified from it.*

## **AUSTRALIA**

### *Notifications*

Securities Law Information. If the Optionee acquires Option Shares under the Plan and offers the Option Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. The Optionee should consult with his or her personal legal advisor before making any such offer in Australia.

Exchange Control Information. Exchange control reporting is required for inbound cash transactions exceeding A\$10,000 and inbound international fund transfers of any value, which do not involve an Australian bank.

Tax Deferral. This Option is intended to qualify for deferred taxation treatment.



## **BRAZIL**

### ***Terms and Conditions***

Nature of Grant. The following provisions supplement Paragraph 9 of the Stock Option Agreement.

By accepting and/or exercising this Stock Option, the Optionee acknowledges, understands and agrees that (i) the Optionee is making an investment decision, (ii) the Optionee will be entitled to exercise this Stock Option, and receive Option Shares pursuant to this Stock Option, only if the vesting conditions are met and any necessary services are rendered by the Optionee between the Grant Date and the vesting date(s), and (iii) the value of the underlying Option Shares is not fixed and may increase or decrease without compensation to the Optionee.

Compliance with Law. By accepting this Stock Option, the Optionee acknowledges, understands and agrees to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the exercise of this Stock Option, the receipt of any dividends, and the sale of Option Shares acquired under the Plan.

### ***Notifications***

Exchange Control Information. If the Optionee is resident or domiciled in Brazil, the Optionee will be required to submit an annual declaration of assets and rights held outside of Brazil, including any Option Shares acquired under the Plan, to the Central Bank of Brazil if the aggregate value of such assets and rights equals or exceeds US\$1,000,000 (as of January 1, 2021). Quarterly reporting is required if such amount exceeds US\$100,000,000. Foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement and must declare at least the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil.

## **CANADA**

### ***Terms and Conditions***

Manner of Exercise. The following provision supplements Paragraph 2 of the Stock Option Agreement:

The Optionee is prohibited from paying the purchase price for the Option Shares by using a "net exercise" arrangement pursuant to Paragraph 2(a)(iii) of the Stock Option Agreement. The Company reserves the right to permit this method of payment depending upon the development of local law.

Responsibility for Taxes: The following provision supplements Paragraph 6 of the Stock Option Agreement:

Notwithstanding the provisions in Paragraph 6 of the Stock Option Agreement, the Company and/or the Service Recipient, or their respective agents, will not satisfy their withholding

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obligations, if any, with regard to all Tax-Related Items by withholding in Option Shares to be issued upon exercise of the Option.

Termination of Service Relationship. The following provision replaces the first paragraph of Paragraph 3 of the Stock Option Agreement:

If the Optionee's service relationship by the Company or its Subsidiaries is terminated, the period within which to exercise the Stock Option may be subject to earlier termination as set forth below. For purposes of this Stock Option, the Optionee's service relationship will be considered terminated (regardless of the reason for such termination and whether or not later found to be invalid or in breach of labor laws in the jurisdiction where the Optionee is rendering services or the terms of the Optionee's service agreement, if any) as of the date that is the earliest of (1) the date the Optionee's service relationship is terminated, (2) the date the Optionee receives notice of termination from the Service Recipient, or (3) the date the Optionee is no longer actively providing service to the Company or any Subsidiary, regardless of any notice period or period of pay in lieu of such notice required under applicable law (including, but not limited to statutory law, regulatory law and/or common law). The Administrator shall have the exclusive discretion to determine when the Optionee is no longer actively employed or providing services for purposes of this Stock Option (including whether the Optionee may still be considered to be providing services while on a leave of absence).

Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued vesting during a statutory notice period, the Optionee's right to vest in or exercise the Stock Option, if any, will terminate effective upon the expiration of the minimum statutory notice period, but the Optionee will not earn or be entitled to pro-rated vesting if the vesting or exercise date falls after the end of the statutory notice period, nor will the Optionee be entitled to any compensation for lost vesting or exercisability.

*The following provisions will apply if the Optionee is a resident of Quebec:*

French Language Provision. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

*Les parties reconnaissent avoir exigé la rédaction en anglais de la Convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.*

Data Privacy. The following provision supplements Paragraph 11 of the Stock Option Agreement:

The Optionee hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel involved in the administration and operation of the Plan. The Optionee further authorizes the Company, the Service Recipient and any of their respective affiliates and the administrator of the Plan to disclose and discuss the Plan with their advisors. The Optionee further authorizes the Company, the Service Recipient and any of their respective affiliates to record such information and to keep such information in the Optionee's employee file.



### ***Notifications***

Securities Law Information. The Optionee will not be permitted to sell or otherwise dispose of the Option Shares acquired upon exercise of this Stock Option within Canada. The Optionee will only be permitted to sell or dispose of any Option Shares if such sale or disposal takes place outside of Canada through the facilities of the New York Stock Exchange on which the Option Shares are listed or through such other exchange on which the Option Shares may be listed in the future.

### **DENMARK**

#### ***Terms and Conditions***

Stock Option Act. By accepting this Stock Option, the Optionee acknowledges that he or she received an Employer Statement (attached immediately below), translated into Danish, which is being provided to comply with the Danish Stock Option Act (the “Act”), to the extent that the Act applies to the Stock Option.

The Act has been amended effective January 1, 2019, and the Optionee acknowledges that any Stock Option grants made on or after January 1, 2019 is subject to the rules of the amended Act. Accordingly, the Optionee agrees that the treatment of the Stock Option upon the termination of the Optionee’s Service Relationship is governed solely by Paragraph 3 of the Award Agreement and any corresponding provisions in the Plan. The relevant termination provisions are also detailed in the Employer Statement.

Please be aware that as set forth in Section 1 of the Act, the Act only applies to “employees” as that term is defined in Section 2 of the Act. If the Optionee is a member of the registered management of a Subsidiary in Denmark or otherwise does not satisfy the definition of employee, the Optionee will not be subject to the Act and the Employer Statement will not apply to him or her.

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## EMPLOYER STATEMENT

Pursuant to Section 3(1) of the Danish Act on Stock Options in employment relations (the "Stock Option Act"), you are entitled to receive the following information regarding Zendesk, Inc.'s (the "Company's") stock option program in a separate written statement.

This statement contains only the information required to be mentioned under the Act while the other terms and conditions of your stock option grant are described in detail in the 2014 Stock Option and Incentive Plan (the "Plan") and the Global Non-Qualified Stock Option Agreement (the "Agreement"), which have been given to you.

### **1. Date of grant of unfunded right to receive stock upon satisfying certain conditions**

The grant date of your stock options is the date that the Board of Directors of the Company (the "Board") or a committee thereof (the "Committee") approved a grant for you and determined it would be effective.

### **2. Terms or conditions for grant of a right to future award of stock**

The grant of stock options will be at the sole discretion of the Board or the appropriate Committee. Employees of the Company and its subsidiaries are eligible to participate in the Plan. The Company may decide, in its sole discretion, not to make any grants of stock options to you in the future. Under the terms of the Plan and the Agreement, you have no entitlement or claim to receive future stock options or other equity awards.

### **3. Vesting Date or Period**

Generally, your stock options will vest over the course of a period of time, as provided in the Agreement. Your vested stock options are exercisable any time after vesting and before the option is terminated or expires, which is stated in the Agreement.

### **4. Exercise Price**

During the exercise period, the stock options can be exercised to purchase shares of the Company's common stock at a price determined by the Committee and set forth in the Agreement.

### **5. Your rights upon termination of employment**

If your service relationship with the Company and its subsidiaries is terminated, the period within which to exercise the stock option may be subject to earlier termination as set forth below.

(a) Termination Due to Death. If your service relationship terminates by reason of your death, any portion of the stock option outstanding on such date, to the extent exercisable on the date of death, may thereafter be exercised by your legal representative or legatee, for a period of [12] months from the date of death or until the Expiration Date (as defined in the Agreement), if earlier. Any portion of this stock option that is not exercisable on the date of death shall terminate immediately and be of no further force or effect.

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(b) Termination Due to Disability. If your service relationship terminates by reason of your disability (as determined by the Administrator (as defined in the Plan)), any portion of the stock option outstanding on such date, to the extent exercisable on the date of such termination, may thereafter be exercised by you for a period of [12] months from the date of termination or until the Expiration Date, if earlier. Any portion of the stock option that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect.

(c) Termination for Cause. If your service relationship terminates for Cause (as defined in the Agreement), any portion of the stock option outstanding on such date shall terminate immediately and be of no further force or effect.

(d) Other Termination. If your service relationship terminates for any reason other than your death, your disability or Cause, and unless otherwise determined by the Administrator, any portion of the stock option outstanding on such date may be exercised, to the extent exercisable on the date of termination, for a period of three months from the date of termination or until the Expiration Date, if earlier. Any portion of the stock option that is not exercisable on the date of termination shall terminate immediately and be of no further force or effect.

The Administrator's determination of the reason for termination of your service relationship shall be conclusive and binding on you and your representatives or legatees.

## **6. Financial aspects of participating in the Plan**

The grant of stock options has no immediate financial consequences for you. The value of the stock options is not taken into account when calculating holiday allowances, pension contributions or other statutory consideration calculated on the basis of salary. Shares of stock are financial instruments and investing in stocks will always have financial risk. The future value of Company shares is unknown and cannot be predicted with certainty.

Zendesk, Inc.

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## ARBEJDSGIVERERKLÆRING

I henhold til § 3, stk. 1, i lov om brug af køberet eller tegningsret m.v. i ansættelsesforhold ("Aktieoptionsloven") er du berettiget til i en særskilt skriftlig erklæring at modtage følgende oplysninger om Zendesk, Inc.'s ("Selskabets") aktieoptionsordning.

Denne erklæring indeholder kun de oplysninger, der er nævnt i Aktieoptionsloven, mens de øvrige vilkår og betingelser for din tildeling af aktieoptioner er nærmere beskrevet i "2014 Stock Option and Incentive Plan" ("Ordningen") og i "Global Non-Qualified Stock Option Agreement" ("Aftalen"), som du har fået udleveret.

### **1. Tidspunkt for tildeling af den vederlagsfri ret til at modtage aktier mod opfyldelse af visse betingelser**

Tidspunktet for tildelingen af aktieoptioner er den dato, hvor Selskabets Bestyrelse ("Bestyrelsen") eller et bestyrelsesudvalg ("Udvalget") har godkendt tildelingen til dig og fastslået, at den er gyldig.

### **2. Vilkår og betingelser for tildeling af retten til senere at modtage aktier**

Tildelingen af aktieoptioner sker efter Bestyrelsens eller det relevante Udvalgs eget skøn. Ordningen kan benyttes af medarbejdere i Selskabet og dets datterselskaber. Selskabet kan frit vælge fremover ikke at tildele din nogen aktieoptioner. I henhold til Ordningens og Aftalens bestemmelser har du ikke nogen ret til eller krav på fremover at modtage aktieoptioner eller andre aktietildelinger.

### **3. Modningstidspunkt eller -periode**

Aktieoptionerne modnes som udgangspunkt over en bestemt periode som anført i Aftalen. Modnede aktieoptioner kan udnyttes på et hvilket som helst tidspunkt efter modningstidspunktet, men inden de bortfalder eller udløber som angivet i Aftalen.

### **4. Udnyttelseskurs**

I udnyttelsesperioden kan aktieoptionerne udnyttes til køb af ordinære aktier i Selskabet til en af Udvalget fastsat kurs, der fremgår af Aftalen.

### **5. Din retsstilling i forbindelse med fratræden**

Hvis dit ansættelsesforhold i Selskabet og dets datterselskaber ophører, kan fristen for at udnytte aktieoptionerne fremrykkes som anført nedenfor.

(a) Ophør som følge af dødsfald. Hvis dit ansættelsesforhold ophører, fordi du afgår ved døden, kan den del af aktieoptionen, der endnu ikke er udnyttet på dødsdatoen - i det omfang den kan udnyttes på dette tidspunkt - herefter udnyttes af din stedfortræder eller arving, i en periode på [12] måneder efter dødsdatoen eller i perioden indtil Udløbsdatoen (som

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defineret i Aftalen), afhængig af hvilken periode, der først udløber. Såfremt en del af aktieoptionen endnu ikke kan udnyttes på dødsdatoen, bortfalder denne del øjeblikkeligt og vil ikke længere være gyldig.

(b) Ophør som følge af udarbejdsdygtighed. Hvis dit ansættelsesforhold ophører, fordi du bliver uarbejdsdygtig (efter Administratorens vurdering (som defineret i Ordningen)), kan den del af aktieoptionen, der endnu ikke er udnyttet på dette tidspunkt - i det omfang den kan udnyttes på ophørsdatoen - herefter udnyttes af dig i en periode på [12] måneder efter ophørsdatoen eller i perioden indtil Udløbsdatoen, afhængig af hvilken periode, der først udløber. Såfremt en del af aktieoptionen endnu ikke kan udnyttes på ophørsdatoen, bortfalder denne del øjeblikkeligt og vil ikke længere være gyldig.

(c) Ophør grundet Cause. Hvis dit ansættelsesforhold ophører grundet Cause (som defineret i Aftalen), bortfalder den del af aktieoptionen, der endnu ikke er udnyttet på ophørsdatoen, øjeblikkeligt og vil ikke længere være gyldig.

(d) Ophør af andre årsager. Hvis dit ansættelsesforhold ophører af andre årsager end din død, din uarbejdsdygtighed eller Cause, og Administratorens ikke beslutter andet, kan den del af aktieoptionen, der endnu ikke er udnyttet på dette tidspunkt, udnyttes - i det omfang den kan udnyttes på ophørsdatoen - i en periode på tre måneder efter ophørsdatoen eller i perioden indtil Udløbsdatoen, afhængig af hvilken periode, der først udløber. Såfremt en del af aktieoptionen endnu ikke kan udnyttes på ophørsdatoen, bortfalder denne del øjeblikkeligt og vil ikke længere være gyldig.

Administratorens beslutning om årsagen til ansættelsesforholdets ophør er endelig og bindende for dig og dine stedfortrædere eller arvinger.

## **6. Økonomiske aspekter ved deltagelse i Ordningen**

Tildelingen af aktieoptioner har ingen umiddelbare økonomiske konsekvenser for dig. Værdien af aktieoptionerne indgår ikke i beregningen af feriepenge, pensionsbidrag eller øvrige lovbestemte, vederlagsafhængige ydelser. Aktier er finansielle instrumenter, og investering i aktier vil altid være forbundet med en økonomisk risiko. Den fremtidige værdi af Selskabets aktier kendes ikke og kan ikke forudsiges med sikkerhed.

Zendesk, Inc.

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## FRANCE

### *Terms and Conditions*

Language Consent. By accepting this Stock Option, the Optionee confirms having read and understood the documents relating to this Stock Option (the Plan and the Agreement) which were provided to the Optionee in English. The Optionee accepts the terms of those documents accordingly.

*Reconnaissance Relative à la Langue Utilisée. En acceptant le attribution, le Participant confirme avoir lu et compris les documents relatifs à cette attribution (le Plan et ce Contrat) qui ont été communiqués au Participant en langue anglaise. Le Participant accepte les termes de ces documents en connaissance de cause.*

### *Notifications*

Stock Option Not Tax-Qualified. The Stock Option is not intended to be French tax-qualified.

## GERMANY

### *Notifications*

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported electronically to the German Federal Bank (*Bundesbank*) on a monthly basis. In case of payments in connection with securities (including proceeds realized upon the sale of Option Shares or the receipt of any dividends), the report must be made by the 5th day of the month following the month in which the payment was received. The form of report (“*Allgemeine Meldeportal Statistik*”) can be accessed via the Bundesbank’s website ([www.bundesbank.de](http://www.bundesbank.de)) and is available in both German and English. The Optionee is responsible for making this report, if applicable.

## INDIA

### *Terms and Conditions*

Manner of Exercise. Notwithstanding anything to the contrary in the Plan or the Agreement, due to legal restrictions in India, the Optionee will not be permitted to pay the purchase price by a “sell-to-cover” exercise (*i.e.*, whereby the Optionee delivers to the Company a properly executed exercise notice together with irrevocable instructions to a broker to sell Option Shares sufficient to cover the purchase price of Option Shares subject to the exercised Stock Option and any Tax-Related Items). The Company reserves the right to permit this manner of exercise depending on the development of local law.

### *Notifications*

Exchange Control Information. Indian residents are required to repatriate any cash dividends paid on Option Shares and any proceeds from the sale of such Option Shares to India within such period of time as may be required under applicable regulations. Upon repatriation, Indian

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residents should obtain a foreign inward remittance certificate (“FIRC”) from the bank where they deposit the foreign currency and should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Service Recipient requests proof of repatriation.

## **IRELAND**

### ***Notifications***

Director Reporting Obligation. If the Optionee is a director, shadow director or secretary of a Subsidiary in Ireland, and his or her interests in the Company (e.g., Stock Options, Option Shares) represent more than 1% of the Company’s voting share capital, the Optionee must notify the Irish Subsidiary if he or she becomes aware of the event giving rise to the notification requirement or if the Optionee becomes a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of the Optionee’s spouse or children under the age of 18 (whose interests will be attributed to the Optionee if the Optionee is a director, shadow director or secretary).

## **ITALY**

### ***Terms and Conditions***

Manner of Exercise. The following provision supplements Paragraph 2 of the Stock Option Agreement:

Due to local regulatory requirements, the Optionee understands that he or she may pay the purchase price only by the method set forth in Paragraph 2(a)(ii) of the Stock Option Agreement. Depending upon the development of laws and the Optionee’s status as a resident of a country other than Italy, the Company reserves the right, in its sole discretion, to permit other manners of exercise permitted under the Plan.

Plan Document Acknowledgment. In accepting the Stock Options, the Optionee acknowledges that he or she has received a copy of the Plan and the Agreement and has reviewed the Plan and the Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Agreement. The Optionee further acknowledges that he or she has read and specifically and expressly approves the following paragraphs of the Stock Option Agreement: Paragraph 1: Exercisability Schedule, Paragraph 2: Manner of Exercise; Paragraph 3: Termination of Service Relationship; Paragraph 6: Responsibility for Taxes; Paragraph 7: No Obligation to Continue Service Relationship; Paragraph 9: Nature of Grant; Paragraph 12: Governing Law; Venue; Paragraph 13: Electronic Delivery and Acceptance; Paragraph 14: Language; Paragraph 20: Imposition of Other Requirements; the Data Privacy provision contained in this Appendix and Manner of Exercise provisions above.

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## **JAPAN**

### ***Notifications***

Exchange Control Information. If the Optionee pays more than ¥30,000,000 for the purchase of Option Shares in any one transaction, the Optionee must file an *ex post facto* Payment Report with the Ministry of Finance (through the Bank of Japan or the bank carrying out the transaction). The precise reporting requirements vary depending on whether the relevant payment is made through a bank in Japan. If the Optionee acquires Option Shares with a value in excess of ¥100,000,000 in a single transaction, the Optionee must also file an *ex post facto* Report Concerning Acquisition of Shares with the Ministry of Finance through the Bank of Japan within 20 days of acquiring the Option Shares. The forms to make these reports can be acquired at the Bank of Japan.

A Payment Report is required independently of a Report Concerning Acquisition of Securities. Consequently, if the total amount that the Optionee pays on a one-time basis at exercise of this Stock Option exceeds ¥100,000,000, the Optionee must file both a Payment Report and a Report Concerning Acquisition of Securities.

## **MEXICO**

### ***Terms and Conditions***

Acknowledgement of the Stock Option Agreement. By accepting this Stock Option, the Optionee acknowledges that he or she has received a copy of the Plan and the Stock Option Agreement, including this Appendix, which he or she has reviewed. The Optionee further acknowledges that he or she accepts all the provisions of the Plan and the Stock Option Agreement, including this Appendix. The Optionee also acknowledges that he or she has read and specifically and expressly approves the terms and conditions set forth in the “Nature of Grant” section of the Stock Option Agreement, which clearly provides as follows:

- (1) The Optionee’s participation in the Plan does not constitute an acquired right;
- (2) The Plan and the Optionee’s participation in it are offered by the Company on a wholly discretionary basis;
- (3) The Optionee’s participation in the Plan is voluntary; and
- (4) The Company and any of its Subsidiaries or affiliates are not responsible for any decrease in the value of any Option Shares acquired under the Plan.

Labor Law Acknowledgement and Policy Statement. By accepting this Stock Option, the Optionee acknowledges that the Company, with registered offices at 1019 Market Street, San Francisco, California 94103, U.S.A., is solely responsible for the administration of the Plan. The Optionee further acknowledges that his or her participation in the Plan, the grant of Stock Options and any acquisition of Option Shares under the Plan do not constitute an employment relationship between the Optionee and the Company because the Optionee is participating in the Plan on a wholly commercial basis and his or her sole employer is Zendesk, S. de R.L. de C.V.



("Zendesk-Mexico"), located at Avenida Presidente Masarik 111 piso 1, Colonia: Polanco V Sección, Delegación: Miguel Hidalgo, Ciudad de México, CP.11560. Based on the foregoing, the Optionee expressly acknowledges that the Plan and the benefits that he or she may derive from participation in the Plan do not establish any rights between the Optionee and the employer, Zendesk-Mexico, and do not form part of the employment conditions and/or benefits provided by Zendesk-Mexico, and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of the Optionee's employment.

The Optionee further understands that his or her participation in the Plan is the result of a unilateral and discretionary decision of the Company and, therefore, the Company reserves the absolute right to amend and/or discontinue the Optionee's participation in the Plan at any time, without any liability to the Optionee.

Finally, the Optionee hereby declares that he or she does not reserve to him or herself any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and that he or she therefore grants a full and broad release to the Company, and its Subsidiaries, affiliates, branches, representation offices, stockholders, officers, agents or legal representatives, with respect to any claim that may arise.

#### *Spanish Translation*

*Reconocimiento del Acuerdo de la Opción.* Al aceptar la Opción, el Beneficiario reconoce que ha recibido y revisado una copia del Plan y del Acuerdo de la Opción, incluyendo este Apéndice. Además, el Beneficiario reconoce que acepta todas las disposiciones del Plan y del Acuerdo de la Opción, incluyendo este Apéndice. El Beneficiario también reconoce que ha leído y aprobado de forma expresa los términos y condiciones establecidos en la sección "Nature of Grant" del Acuerdo de la Opción, que claramente establece lo siguiente:

- (1) *La participación del Beneficiario en el Plan no constituye un derecho adquirido;*
- (2) *El Plan y la participación del Beneficiario en lo mismo es ofrecido por la Compañía de manera completamente discrecional;*
- (3) *La participación del Beneficiario en el Plan es voluntaria; y*
- (4) *La Compañía y sus Subsidiarias o afiliadas no son responsables por ninguna disminución en el valor de las Acciones adquiridas en virtud del Plan.*

*Reconocimiento del Derecho Laboral y Declaración de la Política.* Al aceptar la Opción, el Beneficiario reconoce que la Compañía, con domicilio social en 1019 Market Street, San Francisco, California 94103, EE.UU., es la única responsable por la administración del Plan. Además, el Beneficiario reconoce que su participación en el Plan, la concesión de las Opciones y cualquier adquisición de Acciones en virtud del Plan no constituyen una relación laboral entre el Beneficiario y la Compañía, en virtud de que el Beneficiario está participando en el Plan sobre una base totalmente comercial y de que su único patrón es Zendesk, S. de R.L. de C.V. ("Zendesk-Mexico"), ubicado en Avenida Presidente Masarik 111 piso 1, Colonia: Polanco V Sección, Delegación: Miguel Hidalgo, Ciudad de México, CP.11560. Por lo anterior, el



*Beneficiario expresamente reconoce que el Plan y los beneficios que puedan derivarse de su participación no establecen ningún derecho entre el Beneficiario y el patrón, Zendesk-Mexico, y que no forman parte de las condiciones de trabajo y/o beneficios otorgados por Zendesk-Mexico, y cualquier modificación al Plan o la terminación del mismo no constituirá un cambio o modificación de los términos y condiciones del empleo del Beneficiario.*

*Además, el Beneficiario comprende que su participación en el Plan es el resultado de una decisión discrecional y unilateral de la Compañía, por lo que la misma se reserva el derecho absoluto de modificar y/o suspender la participación del Beneficiario en el Plan en cualquier momento, sin responsabilidad alguna para el Beneficiario.*

*Finalmente, el Beneficiario manifiesta que no se reserva acción o derecho alguno que origine una demanda en contra de la Compañía, por cualquier indemnización o daño relacionado con las disposiciones del Plan o de los beneficios otorgados en el mismo, y en consecuencia el Beneficiario libera de la manera más amplia y total de responsabilidad a la Compañía y sus Subsidiarias, afiliadas, sucursales, oficinas de representación, sus accionistas, funcionarios, agentes o representantes legales con respecto a cualquier demanda que pudiera surgir.*

### ***Notifications***

Securities Law Information. The Stock Option, Option Shares and shares of Stock offered under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, the Agreement and any other document relating to the Stock Option may not be publicly distributed in Mexico. These materials are addressed to the Optionee only because of the Optionee's existing relationship with the Company and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities but rather constitutes a private placement of securities addressed specifically to individuals who are present service providers of Zendesk-Mexico made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

### **NETHERLANDS**

There are no country-specific provisions.

### **NEW ZEALAND**

#### ***Notifications***

Securities Law Information. The Optionee is being offered Stock Options which, if vested and exercised, will entitle the Optionee to acquire Option Shares in accordance with the terms of the Stock Option Agreement and the Plan. The Option Shares, if issued, will give the Optionee a stake in the ownership of the Company. The Optionee may receive a return if dividends are paid.



If the Company runs into financial difficulties and is wound up, the Optionee will be paid only after all creditors have been paid. The Optionee may lose some or all of the Optionee's investment, if any.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, the Optionee may not be given all the information usually required. The Optionee will also have fewer other legal protections for this investment. The Optionee should ask questions, read all documents carefully, and seek independent financial advice before committing.

The Option Shares are quoted on the New York Stock Exchange. This means that if the Optionee acquires Option Shares under the Plan, the Optionee may be able to sell the Option Shares on the New York Stock Exchange if there are interested buyers. The Optionee may get less than the Optionee invested. The price will depend on the demand for the Option Shares.

For information on risk factors impacting the Company's business that may affect the value of the Option Shares, the Optionee should refer to the risk factors discussion on the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at [www.sec.gov](http://www.sec.gov), as well as on the Company's "Investor Relations" website at <https://investor.zendesk.com/ir-home/default.aspx>.

## **PHILIPPINES**

### ***Terms and Conditions***

Responsibility for Taxes. The following provisions supplement Paragraph 6 of the Stock Option Agreement:

The Optionee is hereby advised that the Company and/or the Service Recipient, or their respective agents, will satisfy their withholding obligations, if any, with regard to all Tax-Related Items by withholding from proceeds of the sale of Option Shares acquired upon exercise of the Stock Option either through a voluntary sale or through a mandatory sale arranged by the Company (on the Optionee's behalf pursuant to this authorization without further consent). Notwithstanding the foregoing, the Company and the Service Recipient reserve the right to withhold applicable Tax-Related Items by any of the other methods set forth in Paragraph 6 of the Stock Option Agreement.

### ***Notifications***

Securities Law Information. The grant of this Stock Option is being made pursuant to an exemption from registration under Section 10.2 of the Philippines Securities Regulation Code that has been approved by the Philippines Securities and Exchange Commission.

The risks of participating in the Plan include (without limitation) the risk of fluctuation in the price of the Stock on the New York Stock Exchange and the risk of currency fluctuations





between the U.S. Dollar and the Optionee's local currency. The value of any Option Shares the Optionee may acquire under the Plan may decrease below the value of the Option Shares at exercise and fluctuations in foreign exchange rates between the Optionee's local currency and the U.S. Dollar may affect the value any amounts due to the Optionee pursuant to the subsequent sale of any Option Shares acquired upon exercise. The Company is not making any representations, projections or assurances about the value of the Option Shares now or in the future.

For further information on risk factors impacting the Company's business that may affect the value of the Option Shares, the Optionee may refer to the risk factors discussion in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at [www.sec.gov/](http://www.sec.gov/), as well as on the Company's website at <http://www.zendesk.com/ir-home/default.aspx>. In addition, the Optionee may receive, free of charge, a copy of the Company's Annual Report, Quarterly Reports or any other reports, proxy statements or communications distributed to the Company's stockholders by contacting Investor Relations at Zendesk, Inc. 1019 Market Street, San Francisco, California 94103, U.S.

The Optionee acknowledges that he or she is permitted to sell Option Shares acquired under the Plan through the designated Plan broker appointed by the Company (or such other broker to whom the Optionee transfers his or her Option Shares), provided that such sale takes place outside of the Philippines through the facilities of the New York Stock Exchange on which the Option Shares are listed.

## **POLAND**

### ***Notifications***

Exchange Control Information. If the Optionee holds foreign securities (including Option Shares) and maintain accounts abroad, he or she may be required to file certain reports with the National Bank of Poland. Specifically, if the value of securities and cash held in such foreign accounts exceeds PLN 7 million, the Optionee must file reports on the transactions and balances of the accounts on a quarterly basis. Further, any fund transfers in excess of €15,000 (or PLN 15,000 if such transfer of funds is connected with business activity of an entrepreneur) into or out of Poland must be effected through a bank in Poland. Polish residents are required to store all documents related to foreign exchange transactions for a period of five years.

## **PORTUGAL**

### ***Terms and Conditions***

Language Consent. The Optionee hereby expressly declares that he or she has full knowledge of the English language and has read, understood and fully accepts and agrees with the terms and conditions established in the Plan and the Agreement.

*Conhecimento da Língua.* Optionee, pelo presente instrumento, declara expressamente ele ou ela pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo.



## **SINGAPORE**

### ***Terms and Conditions***

Sale of Option Shares. The Option Shares subject to this Stock Option may not be offered for sale in Singapore prior to the six-month anniversary of the Grant Date, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Singapore Securities and Futures Act (Chap. 289, 2006 Ed.) (“SFA”).

### ***Notifications***

Securities Law Information. The grant of this Stock Option is being made pursuant to the “Qualifying Person” exemption under Section 273(1)(f) of the SFA and is not made with a view to this Stock Option or underlying Option Shares being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

Director Reporting Obligation. If the Optionee is a director, associate director or shadow director of a Singapore Subsidiary, regardless of whether the Optionee is a Singapore resident or employed in Singapore, he or she must notify the Singapore Subsidiary in writing within two business days of: (i) receiving or disposing of an interest (e.g., Options, Option Shares) in the Company (ii) any change in a previously disclosed interest (e.g., Options, Option Shares) or (iii) becoming a director, associate director or shadow director, if such an interest exists at the time.

## **SPAIN**

### ***Terms and Conditions***

Nature of Grant. This provision supplements Paragraph 9 of the Stock Option Agreement:

In accepting this Stock Option, the Optionee consents to participate in the Plan and acknowledges that he or she has received a copy of the Plan.

The Optionee understands that the Company has unilaterally, gratuitously and discretionally decided to grant Stock Options under the Plan to individuals who may be employees of the Company or a Subsidiary throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any Subsidiary. Consequently, the Optionee understands that this Stock Option is granted on the assumption and condition that this Stock Option and any Option Shares acquired upon exercise of this Stock Option are not part of any employment contract (either with the Company or any Subsidiary) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Optionee understands that this Stock Option would not be granted to the Optionee but for the assumptions and conditions referred to herein; thus, the Optionee acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then the grant of this Stock Option shall be null and void.

This Stock Option is a conditional right to Option Shares and will be forfeited in the case of the Optionee’s termination of employment. This will be the case even if (1) the Optionee is



considered to be unfairly dismissed without good cause; (2) the Optionee is dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) the Optionee terminates employment due to a change of work location, duties or any other employment or contractual condition; (4) the Optionee terminates employment due to unilateral breach of contract of the Company or any of its Subsidiaries; or (5) the Optionee's employment terminates for any other reason whatsoever. Consequently, upon termination of the Optionee's employment for any of the reasons set forth above, the Optionee will automatically lose any rights to the unvested Stock Options granted to him or her as of the date of the Optionee's termination of employment, as described in the Plan and the Stock Option Agreement.

### ***Notifications***

Securities Law Information. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of the Stock Options. The Agreement has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

Exchange Control Information. The Optionee must declare the acquisition and sale of Option Shares to the *Dirección General de Comercio y Inversiones* (the "DGCI") for statistical purposes. Because the Optionee will not purchase or sell the Option Shares through the use of a Spanish financial institution, the Optionee must make the declaration himself or herself by filing a D-6 form with the DGCI. Generally, the D-6 form must be filed each January while the Option Shares are owned as of December 31 of each year; however, if the value of the Option Shares or the sale proceeds exceed €1,502,530, a declaration must be filed within one month of the acquisition or sale, as applicable.

## **SWEDEN**

### ***Terms and Conditions***

Authorization to Withhold. The following provisions supplement Paragraph 6 of the Stock Option Agreement:

Without limiting the Company's and the Service Recipient's authority to satisfy their withholding obligations for any Tax-Related Items as set forth in Paragraph 6 of the Stock Option Agreement, in accepting the Stock Option, the Optionee authorizes the Company to withhold Option Shares or to sell Option Shares otherwise issuable to the Optionee upon exercise to satisfy any Tax-Related Items regardless of whether the Company and/or the Service Recipient have an obligation to withhold any such Tax-Related Items.

## **THAILAND**

### ***Notifications***

Exchange Control Information. If the Optionee uses cash to exercise his or her Stock Option, the Optionee may remit funds up to US\$1,000,000 per year for the purchase of Shares upon application in an official form to a commercial bank in Thailand. If the Optionee uses a cashless method of exercise, no application will be required.



Thai residents realizing cash proceeds in excess of US\$1,000,000 in a single transaction from the sale of Option Shares or dividends paid on such Option Shares must immediately repatriate all cash proceeds to Thailand and convert such proceeds to Thai Baht within 360 days of repatriation or deposit the funds in an authorized foreign exchange account in Thailand. The inward remittance must also be reported to the Bank of Thailand on a foreign exchange transaction form. Failure to comply with these obligations may result in penalties assessed by the Bank of Thailand. *The Optionee should consult with his or her personal advisor prior to taking any action with respect to the remittance of proceeds into Thailand. The Optionee is responsible for ensuring compliance with all exchange control laws in Thailand.*

## **UNITED KINGDOM**

### ***Terms and Conditions***

Responsibility for Taxes. The following provisions supplement Paragraph 6 of the Stock Option Agreement:

Without limitation to Paragraph 6 of the Stock Option Agreement, the Optionee agrees that the Optionee is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or, if different, the Service Recipient or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). The Optionee also agrees to indemnify and keep indemnified the Company and, if different, the Service Recipient against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the Optionee's behalf.

Notwithstanding the foregoing, if the Optionee is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply in case the indemnification could be viewed as a loan.. In this case, any income tax not collected from or paid by the Optionee within ninety (90) days of the end of the United Kingdom tax year in which the event giving rise to the Tax-Related Items occurs may constitute a benefit to the Optionee on which additional income tax and National Insurance contributions ("NICs") may be payable. The Optionee understands that the Optionee will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Service Recipient (as appropriate) the amount of any employee NICs due on this additional benefit, which may also be recovered from the Optionee by any of the means referred to in Paragraph 6 of the Stock Option Agreement.

Joint Election. As a condition of the Optionee's participation in the Plan and the exercise of the Stock Option, the Optionee shall accept any liability for secondary Class 1 NICs which may be payable by the Company and/or the Service Recipient in connection with the Stock Option and any event giving rise to Tax-Related Items (the "Employer NICs"). Without prejudice to the foregoing, the Optionee shall enter into a joint election with the Company or the Service Recipient, the form of such joint election being formally approved by HMRC (the "Joint Election"), and any other required consent or elections, including any such other joint elections as may be required between the Optionee and any successor to the Company and/or the Service





Recipient. The Company and/or the Service Recipient may collect the Employer NICs from the Optionee by any of the means set forth in Paragraph 6 of the Stock Option Agreement.

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**GLOBAL RESTRICTED STOCK UNIT AWARD AGREEMENT  
UNDER THE ZENDESK, INC.  
2014 STOCK OPTION AND INCENTIVE PLAN**

Name of Grantee: \_\_\_\_\_

No. of Restricted Stock Units: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Pursuant to the Zendesk, Inc. 2014 Stock Option and Incentive Plan as amended through the date hereof (the "Plan"), Zendesk, Inc. (the "Company") hereby grants an award of the number of Restricted Stock Units listed above (an "Award") to the Grantee named above. Each Restricted Stock Unit shall relate to one share of Common Stock, par value \$0.01 per share (the "Stock") of the Company. The Award shall be governed by and subject to the terms of the Plan and this Global Restricted Stock Unit Award Agreement (the "Award Agreement") including any additional terms and conditions for the Grantee's country set forth in any appendix to this Award Agreement (the "Appendix") (together with the Award Agreement, the "Agreement").

1. Restrictions on Transfer of Award. This Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and any shares of Stock issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Restricted Stock Units have vested as provided in Paragraph 2 of this Award Agreement and (ii) shares of Stock have been issued to the Grantee in accordance with the terms of the Plan and this Agreement.

2. Vesting of Restricted Stock Units. The restrictions and conditions of Paragraph 1 of this Award Agreement shall lapse on the Vesting Date or Dates specified in the following schedule so long as the Grantee remains an employee or other service provider with the Company or a Subsidiary on such Dates, as further described in Paragraph 3 of this Award Agreement. If a series of Vesting Dates is specified, then the restrictions and conditions in Paragraph 1 shall lapse only with respect to the number of Restricted Stock Units specified as vested on such date. For the avoidance of doubt, if the Grantee is employed or otherwise rendering services for a period prior to a Vesting Date, but has terminated employment and other service before the Vesting Date, the Grantee will not be entitled to any pro-rata vesting of Restricted Stock Units.

<u>Incremental Number of Restricted Stock Units Vested</u>	<u>Vesting Date</u>
_____ ( ___ %)	_____
_____ ( ___ %)	_____
_____ ( ___ %)	_____
_____ ( ___ %)	_____

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The Administrator may at any time accelerate the vesting schedule specified in this Paragraph 2.

3. Termination of Service Relationship. If the Grantee's service relationship with the Company and its Subsidiaries terminates for any reason (including death or disability) prior to the satisfaction of the vesting conditions set forth in Paragraph 2 above, any Restricted Stock Units that have not vested as of such date shall automatically and without notice terminate and be forfeited, and neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such unvested Restricted Stock Units.

For purposes of the Award, the Grantee's service relationship will be considered terminated as of the date the Grantee is no longer actively providing services to the Company or any Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of labor laws in the jurisdiction where the Grantee is providing services or the terms of the Grantee's service agreement, if any). Unless otherwise determined by the Company, the Grantee's right to vest in the Restricted Stock Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., the Grantee's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under labor laws in the jurisdiction where the Grantee is providing services or the terms of the Grantee's service agreement, if any). The Administrator shall have the exclusive discretion to determine when the Grantee is no longer actively providing services for purposes of his or her Award (including whether the Grantee may still be considered to be providing services while on a leave of absence).

4. Issuance of Shares of Stock. As soon as practicable following each Vesting Date (but in no event later than two and one-half months after the end of the year in which the Vesting Date occurs), the Company shall issue to the Grantee the number of shares of Stock equal to the aggregate number of Restricted Stock Units that have vested pursuant to Paragraph 2 of this Award Agreement on such date and the Grantee shall thereafter have all the rights of a stockholder of the Company with respect to such shares.

5. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

6. Responsibility for Taxes. The Grantee acknowledges that, regardless of any action taken by the Company or, if different, any Subsidiary for which the Grantee renders services (the "Service Recipient"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Grantee's participation in the Plan and legally applicable or deemed applicable to the Grantee ("Tax-Related Items") is and remains the Grantee's responsibility and may exceed the amount, if any, actually withheld by the Company or the Service Recipient. The Grantee further acknowledges that the Company and/or the Service Recipient (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of



the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of any shares of Stock acquired under the Plan and the receipt of any dividends or dividend equivalents; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Grantee is subject to Tax-Related Items in more than one jurisdiction, the Grantee acknowledges that the Company and/or the Service Recipient (or former service recipient, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or tax withholding event, as applicable, the Grantee agrees to make adequate arrangements satisfactory to the Company and/or the Service Recipient to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company and/or the Service Recipient, or their respective agents, at their discretion, to satisfy their withholding obligations, if any, with regard to all Tax-Related Items by one or a combination of the following:

- (1) withholding from the Grantee's wages or other cash compensation payable to the Grantee by the Company and/or the Service Recipient; or
- (2) withholding from proceeds of the sale of shares of Stock acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on the Grantee's behalf pursuant to this authorization without further consent); or
- (3) withholding in shares of Stock to be issued upon settlement of the Restricted Stock Units; or
- (4) any other method deemed by the Company to comply with applicable laws.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates in the Grantee's jurisdiction(s). In the event of over-withholding, the Grantee may receive a refund of any over-withheld amount in cash through the Service Recipient's normal payroll processes (with no entitlement to the equivalent in Stock) or, if not refunded, the Grantee may seek a refund from the local tax authorities. In the event of under-withholding, the Grantee may be required to pay additional Tax-Related Items directly to the applicable tax authority or to the Company and/or the Service Recipient. If the obligation for Tax-Related Items is satisfied by withholding in shares of Stock, for tax purposes, the Grantee is deemed to have been issued the full number of shares subject to the vested Restricted Stock Units, notwithstanding that a number of the shares is held back solely for the purpose of paying the Tax-Related Items.

Finally, the Grantee agrees to pay to the Company or the Service Recipient any amount of Tax-Related Items that the Company or the Service Recipient may be required to withhold or account for as a result of the Grantee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the shares or the proceeds of the sale of shares of Stock if the Grantee fails to comply with his or her obligations in connection with the Tax-Related Items.





7. Section 409A of the Code. This Agreement shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A of the Code as “short-term deferrals” as described in Section 409A of the Code.

8. No Obligation to Continue Service Relationship. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Grantee’s service relationship and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the Grantee's service relationship at any time.

9. Integration. This Agreement constitutes the entire agreement between the parties with respect to this Award and supersedes all prior agreements and discussions between the parties concerning such subject matter.

10. Nature of Grant. In accepting the Award, the Grantee acknowledges, understands and agrees that:

(i) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(ii) the grant of the Restricted Stock Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of restricted stock units, or benefits in lieu of restricted stock units, even if restricted stock units have been granted in the past;

(iii) all decisions with respect to future restricted stock units or other grants, if any, will be at the sole discretion of the Company;

(iv) the Award and the Grantee’s participation in the Plan shall not be interpreted as forming a service contract with the Company;

(v) the Grantee is voluntarily participating in the Plan;

(vi) the Award and any shares of Stock acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;

(vii) the Award and any shares of Stock acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation or salary for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement benefits or payments or welfare benefits or similar mandatory payments;

(viii) unless otherwise agreed with the Company, the Award and any shares of Stock acquired under the Plan, and the income from and value of same, are not granted as consideration for, or in connection with, the service the Grantee may provide as a director of the Service Recipient or any other Subsidiary or affiliate;

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(ix) the future value of the shares of Stock underlying the Award is unknown, indeterminable, and cannot be predicted with certainty;

(x) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from the termination of the Grantee's service relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee is providing services or the terms of the Grantee's service agreement, if any);

(xi) unless otherwise provided in the Plan or by the Company in its discretion, the Award and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Stock; and

(xii) the following provisions apply only if the Grantee is providing services outside the United States:

(i) the Restricted Stock Units and the shares of Stock subject to the Restricted Stock Units are not part of normal or expected compensation or salary for any purpose; and

(ii) neither, the Company, the Service Recipient nor any other Subsidiary shall be liable for any foreign exchange rate fluctuation between the Grantee's local currency and the United States Dollar that may affect the value of the Award or of any amounts due to the Grantee pursuant to settlement of the Award or the subsequent sale of any shares of Stock acquired upon settlement.

11. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or the Grantee's acquisition or sale of the underlying shares of Stock. The Grantee should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

12. Data Privacy. *Unless the Grantee is subject to the data privacy provisions contained in the Appendix attached hereto, the Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this Agreement and any other Award grant materials by and among, as applicable, the Company, the Service Recipient and any other Subsidiary for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.*

*The Grantee understands that the Company, the Service Recipient and any other Subsidiary may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, e-mail address, date of birth, social insurance number, passport number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all awards or any other entitlement to shares of Stock or equivalent*



*benefits awarded, canceled, exercised, purchased, vested, unvested or outstanding in the Grantee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.*

*The Grantee understands that Data will be transferred to the stock plan service provider selected by the Company, which is assisting the Company with the implementation, administration and management of the Plan. The Grantee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Grantee's country. The Grantee understands that, if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Grantee authorizes the Company, the stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing the Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Grantee may elect to deposit any shares of Stock received upon vesting of the Restricted Stock Units. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that, if he or she resides outside the United States, he or she may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting his or her local human resources representative. Further, the Grantee understands that he or she is providing the consents herein on a purely voluntary basis. If the Grantee does not consent, or if the Grantee later seeks to revoke his or her consent, his or her service relationship with the Company, the Service Recipient or any other Subsidiary will not be affected; the only consequence of refusing or withdrawing consent is that the Company would not be able to grant Restricted Stock Units or other equity awards to the Grantee or administer or maintain such awards. Therefore, the Grantee understands that refusing or withdrawing his or her consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that he or she may contact his or her local human resources representative.*

13. Governing Law; Venue. The Award and the provisions of this Agreement are governed by, and subject to, the laws of the State of Delaware, without regard to the conflict of law provisions. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of San Francisco County, California, or the federal courts for the United States for the Northern District of California, and no other courts, including any courts where this grant is made and/or to be performed.

14. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery



and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

15. Language. The Grantee acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, so as to allow the Grantee to understand the terms and conditions of this Agreement. If the Grantee has received this Agreement, or any other document related to the Award and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

16. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

17. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

18. Appendix. Notwithstanding any provisions in this Agreement, the Award shall be subject to any additional terms and conditions set forth in any Appendix to this Agreement for the Grantee's country. Moreover, if the Grantee relocates to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

19. Insider Trading Restrictions/Market Abuse Laws. The Grantee acknowledges that the Grantee may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including but not limited to the United States, the Grantee's country and any stock plan service provider's country, which may affect the Grantee's ability to, directly or indirectly, acquire or sell, or attempt to sell or otherwise dispose of shares of Stock, rights to shares of Stock (e.g., Restricted Stock Units) or rights linked to the value of shares of Stock during such times as the Grantee is considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdiction). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Grantee placed before he or she possessed inside information. Furthermore, the Grantee could be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis), and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Grantee acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Grantee should consult with his or her personal advisor on this matter.

20. Foreign Asset/Account Reporting Requirements. The Grantee acknowledges that there may be certain foreign asset and/or account reporting requirements which may affect the Grantee's ability to acquire or hold shares of Stock or cash received from participating in the Plan (including the proceeds of dividends paid on shares of Stock) in a brokerage or bank account outside the Grantee's country. The Grantee may be required to report such accounts,





assets or related transactions to the tax or other authorities in his or her country. The Grantee also may be required to repatriate sale proceeds or other funds received as a result of participating in the Plan to the Grantee's country within a certain time after receipt. The Grantee acknowledges that it is his or her responsibility to comply with such regulations, and the Grantee should consult with his or her personal advisor on this matter.

21. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on the Award and on any shares of Stock issued upon settlement of the Award, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

22. Clawback Policy. In accepting this Award, the Grantee acknowledges, understands, and agrees that this Award, as well as all other Awards previously granted to the Grantee, whether vested or exercised (as applicable), shall be subject to the terms and conditions of the Company's clawback policy, as in effect from time to time.

23. Waiver. The Grantee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Grantee or any other Plan participant.

ZENDESK, INC.

By: \_\_\_\_\_  
Title:

The Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Grantee (including through an online acceptance process) is acceptable.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Grantee's Signature

Grantee's name and address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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**APPENDIX**  
**TO THE**  
**GLOBAL RESTRICTED STOCK UNIT AWARD AGREEMENT**

Capitalized terms used but not defined in this Appendix shall have the same meanings assigned to them in the Plan and the Award Agreement.

***Terms and Conditions***

This Appendix includes additional terms and conditions that govern the Award if the Grantee works and/or resides in one of the countries listed below. If the Grantee is a citizen or resident of a country other than the one in which the Grantee is currently working and/or residing, is considered a resident of another country for local law purposes or the Grantee transfers employment and/or residency to a different country after the Award is granted, the Company will, in its discretion, determine the extent to which the terms and conditions contained herein will apply to the Grantee.

***Notifications***

This Appendix also includes information regarding certain other issues of which the Grantee should be aware with respect to the Grantee's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Grantee not rely on the information noted herein as the only source of information relating to the consequences of participation in the Plan because the information may be out-of-date at the time the Grantee vests in the Restricted Stock Units or sells any shares of Stock issued at settlement of the Award.

In addition, the information contained herein is general in nature and may not apply to the Grantee's particular situation. As a result, the Company is not in a position to assure the Grantee of any particular result. *Accordingly, the Grantee is strongly advised to seek appropriate professional advice as to how the relevant laws in the Grantee's country may apply to the Grantee's individual situation.*

Finally, if the Grantee is a citizen or resident of a country other than the one in which the Grantee is currently working and/or residing is considered a resident of another country for local law purposes or if the Grantee transfers employment and/or residency to a different country after the Award is granted, the notifications contained in this Appendix may not be applicable to the Grantee in the same manner.

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## EUROPEAN UNION/EUROPEAN ECONOMIC AREA/UNITED KINGDOM

### *Terms and Conditions*

**Data Privacy Notification.** This section replaces Paragraph 12 of the Award Agreement:

*(a) The Grantee is hereby notified of the collection, use and transfer outside of the European Union, European Economic Area or the United Kingdom, as described in this Agreement, in electronic or other form, of his or her Personal Data (defined below) by and among, as applicable, the Company, the Service Recipient and its other Subsidiaries for the exclusive and legitimate purpose of implementing, administering and managing my participation in the Plan. As such, by accepting the Restricted Stock Units, the Grantee acknowledges the collection, use, processing and transfer of Personal Data as described herein. The legal basis, where required, for the data processing is the Company's legitimate business interest.*

*(b) The Company and the Service Recipient hold certain personally identifiable information about the Grantee, specifically, his or her name, home address, email address and telephone number, date of birth, social security number, passport number or other employee identification number, salary, nationality, job title, any common shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to common shares awarded, canceled, purchased, vested, unvested or outstanding in the Grantee's favor, for the purpose of managing and administering the Plan (" Personal Data"). The Personal Data may be provided by the Grantee or collected, where lawful, from third parties. The Company or the Service Recipient each act as controllers of the Personal Data and will process the Personal Data in this context for the exclusive legitimate purpose of implementing, administering and managing the Grantee's participation in the Plan and meeting related legal obligations associated with these actions.*

*(c) The processing will take place through electronic and non-electronic means according to logics and procedures correlated to the purposes for which the Personal Data was collected and with confidentiality and security provisions as set forth by applicable laws and regulations. Personal Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and other aspects of the employment relationship and for the Grantee's participation in the Plan.*

*(d) The Company and the Employer will transfer Personal Data amongst themselves as necessary for the purpose of implementation, administration and management of the Grantee's participation in the Plan, and the Company will further transfer Personal Data to Charles Schwab Stock Plan Services which is assisting the Company with the administration of the Plan. The Company may further transfer Personal Data to other third parties that the Company may engage to assist with the administration of the Plan from time to time. These recipients may be located in the European Economic Area, the United Kingdom, or elsewhere throughout the world, such as the United States.*

*(e) By accepting the Restricted Stock Units, the Grantee understands that these recipients may receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for purposes of implementing, administering and managing his or her participation in the Plan, including any requisite transfer of such Personal Data as may be*



*required for the administration of the Plan and/or the subsequent holding of shares of Stock on the Grantee's behalf to a broker or other third party with whom the Grantee may elect to deposit any shares acquired pursuant to the Plan. The Grantee further understands that he or she may request a list with the names and addresses of any potential recipients of the Grantee's Personal Data by contacting his or her local human resources manager or the Company's human resources department. When transferring Personal Data to these potential recipients, the Company and the Service Recipient provide appropriate safeguards in accordance with EU Standard Contractual Clauses or other legally binding and permissible arrangements. The Grantee may request a copy of such safeguards from the Grantee's local human resources manager or the Company's human resources department.*

*(f) To the extent provided by law, the Grantee may, at any time, have the right to request: access to Personal Data, rectification of Personal Data, erasure of Personal Data, restriction of processing of Personal Data, and portability of Personal Data. The Grantee may also have the right to object, on grounds related to a particular situation, to the processing of Personal Data, as well as opt-out of the Plan herein, in any case without cost, by contacting in writing the Grantee's human resources manager. The Grantee's provision of Personal Data is a contractual requirement. The Grantee understands, however, that the only consequence of refusing to provide Personal Data is that the Company may not be able to grant other equity awards or administer or maintain such awards. For more information on the consequences of the Grantee's refusal to provide Personal Data, he or she understands that he or she may contact his or her local human resources manager or the Company's human resources department.*

*(g) When the Company and the Service Recipient no longer need to use Personal Data for the purposes above or do not need to retain it for compliance with any legal or regulatory purpose, each will take reasonable steps to remove Personal Data from their systems and/or records containing the Personal Data and/or take steps to properly anonymize it so that the Grantee can no longer be identified from it.*

## **AUSTRALIA**

### ***Notifications***

Securities Law Information. If the Grantee acquires shares of Stock pursuant to this Award and he or she offer his or her shares of Stock for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. *The Grantee should obtain legal advice on his or her disclosure obligations prior to making any such offer.* The Grantee's Restricted Stock Units are subject to the additional terms and conditions set forth in the Australian Offer Document and the specific relief instrument issued by the Australian Securities and Instruments Commission.

Exchange Control Information. Exchange control reporting is required for inbound cash transactions exceeding A\$10,000 and inbound international fund transfers of any value, which do not involve an Australian bank.

Tax Deferral. This Agreement is intended to qualify for deferred taxation treatment.





## **BRAZIL**

### ***Terms and Conditions***

Nature of Grant. The following provisions supplement Paragraph 10 of the Award Agreement.

By accepting this Award, the Grantee acknowledges, understands and agrees that (i) the Grantee is making an investment decision, (ii) the Grantee will be entitled to vest in this Restricted Stock Unit, and receive shares of Stock pursuant to this Restricted Stock Unit, only if the vesting conditions are met and any necessary services are rendered by the Grantee between the Grant Date and the vesting date(s), and (iii) the value of the underlying shares of Stock is not fixed and may increase or decrease without compensation to the Grantee.

Compliance with Law. By accepting this Award, the Grantee acknowledges, understands and agrees to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the vesting and settlement of the Award, the receipt of any dividends, and the sale of shares of Stock acquired under the Plan.

### ***Notifications***

Exchange Control Information. If the Grantee is a resident or is domiciled in Brazil, he or she will be required to submit an annual declaration of assets and rights held outside of Brazil, including any shares of Stock acquired under the Plan, to the Central Bank of Brazil if the aggregate value of such assets and rights equals or exceeds US\$1,000,000 (as of January 1, 2021). Quarterly reporting is required if such amount exceeds US\$100,000,000. Foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement and must declare at least the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil.

## **CANADA**

### ***Terms and Conditions***

Settlement in Shares Only. Notwithstanding any provision in the Plan or the Award Agreement, this Award shall be settled only in shares of Stock and shall not entitle the Grantee to any cash payment.

Termination of Service Relationship. The following provision replaces the second paragraph of Paragraph 3 of the Award Agreement:

For purposes of the Award, the Grantee's service relationship will be considered terminated (regardless of the reason for such termination and whether or not later found to be invalid or in breach of labor laws in the jurisdiction where the Grantee is providing services or the terms of the Grantee's service agreement, if any) as of the date that is the earliest of (1) the date the Grantee's service relationship is terminated, (2) the date the Grantee receives notice of termination from the Service Recipient, or (3) the date the Grantee is no longer actively providing service to the Company or any Subsidiary, regardless of any notice period or period of pay in lieu of such notice required under applicable law (including, but not limited to statutory



law, regulatory law and/or common law). The Administrator shall have the exclusive discretion to determine when the Grantee is no longer actively providing services for purposes of this Award (including whether the Grantee may still be considered to be providing services while on a leave of absence).

Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued vesting during a statutory notice period, the Grantee's right to vest in the Award, if any, will terminate effective upon the expiration of the minimum statutory notice period, but the Grantee will not earn or be entitled to pro-rated vesting if the Vesting Date falls after the end of the statutory notice period, nor will the Grantee be entitled to any compensation for lost vesting.

*The following provisions will apply if the Grantee is a resident of Quebec:*

French Language Provision. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

*Les parties reconnaissent avoir exigé la rédaction en anglais de la Convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.*

Data Privacy. The following provision supplements Paragraph 12 of the Award Agreement:

The Grantee hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel involved in the administration and operation of the Plan. The Grantee further authorizes the Company, the Service Recipient and any of their respective affiliates and the administrator of the Plan to disclose and discuss the Plan with their advisors. The Grantee further authorizes the Company, the Service Recipient and any of their respective affiliates to record such information and to keep such information in the Grantee's employee file.

### ***Notifications***

Securities Law Information. The Grantee will not be permitted to sell or otherwise dispose of the shares of Stock acquired upon vesting of the Restricted Stock Units within Canada. The Grantee will only be permitted to sell or dispose of any shares of Stock if such sale or disposal takes place outside of Canada through the facilities of the New York Stock Exchange on which the shares of Stock are listed or through such other exchange on which the shares of Stock may be listed in the future.

## **DENMARK**

### ***Terms and Conditions***

Stock Option Act. By accepting this Award, the Grantee acknowledges that he or she received an Employer Statement (attached immediately below), translated into Danish, which is being provided to comply with the Danish Stock Option Act (the "Act"), to the extent that the Act applies to the Restricted Stock Units.



The Act has been amended effective January 1, 2019, and the Grantee acknowledges that any grants of Restricted Stock Units made on or after January 1, 2019 are subject to the rules of the amended Act. Accordingly, the Grantee agrees that the treatment of the Restricted Stock Units upon the termination of the Grantee's service relationship is governed solely by Paragraph 3 of the Award Agreement and any corresponding provisions in the Plan. The relevant termination provisions are also detailed in the Employer Statement.

Please be aware that as set forth in Section 1 of the Act, the Act only applies to "employees" as that term is defined in Section 2 of the Act. If the Grantee is a member of the registered management of a Subsidiary in Denmark or otherwise does not satisfy the definition of employee, the Grantee will not be subject to the Act and the Employer Statement will not apply to him or her.

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## EMPLOYER STATEMENT

Pursuant to Section 3(1) of the Danish Act on Stock Options in employment relations (the "Stock Option Act"), you are entitled to receive the following information regarding Zendesk, Inc.'s (the "Company's") restricted stock unit program in a separate written statement.

This statement contains only the information required to be mentioned under the Act while the other terms and conditions of your restricted stock unit grant are described in detail in the 2014 Stock Option and Incentive Plan (the "Plan") and the Global Restricted Stock Unit Award Agreement (the "Agreement"), which have been given to you.

### **1. Date of grant of unfunded right to receive stock upon satisfying certain conditions**

The grant date of your restricted stock units is the date that the Board of Directors of the Company (the "Board") or a committee thereof (the "Committee") approved a grant for you and determined it would be effective.

### **2. Terms or conditions for grant of a right to future award of stock**

The grant of restricted stock units will be at the sole discretion of the Board or the appropriate Committee. Employees of the Company and its subsidiaries are eligible to participate in the Plan. The Company may decide, in its sole discretion, not to make any grants of restricted stock units to you in the future. Under the terms of the Plan and the Agreement, you have no entitlement or claim to receive future restricted stock unit or other equity awards.

### **3. Vesting Date or Period**

Generally, your restricted stock units will vest over a number of years, as provided in your Agreement. Your restricted stock units shall be converted into an equivalent number of shares of the common stock of the Company upon vesting.

### **4. Exercise Price**

No exercise price is payable upon the vesting of your restricted stock units and the issuance of shares of the Company's common stock to you in accordance with the vesting schedule described above.

### **5. Your rights upon termination of employment**

If your service relationship with the Company and its subsidiaries terminates for any reason (including death or disability) prior to the satisfaction of the vesting conditions set forth in the Agreement, any restricted stock units that have not vested as of such date shall automatically and without notice terminate and be forfeited, and neither you nor any of your successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such restricted stock units.

### **6. Financial aspects of participating in the Plan**

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The grant of restricted stock units has no immediate financial consequences for you. The value of the restricted stock units is not taken into account when calculating holiday allowances, pension contributions or other statutory consideration calculated on the basis of salary.

Shares of stock are financial instruments and investing in stocks will always have financial risk. The future value of Company shares is unknown and cannot be predicted with certainty.

Zendesk, Inc.

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## ARBEJDSGIVERERKLÆRING

I henhold til § 3, stk. 1, i lov om brug af køberet eller tegningsret m.v. i ansættelsesforhold ("Aktieoptionsloven") er du berettiget til i en særskilt skriftlig erklæring at modtage følgende oplysninger om aktieordningen vedrørende Restricted Stock Units hos Zendesk, Inc. ("Selskabet").

Denne erklæring indeholder kun de oplysninger, der er nævnt i Aktieoptionsloven, mens de øvrige vilkår og betingelser for din tildeling af Restricted Stock Units er nærmere beskrevet i "2014 Stock Option and Incentive Plan" ("Planen") og i "Restricted Stock Unit Award Agreement" ("Agreement"), som du har fået udleveret.

### **1. Tidspunkt for tildeling af den vederlagsfri ret til at modtage aktier mod opfyldelse af visse betingelser**

Tidspunktet for tildelingen af dine Restricted Stock Units er den dato, hvor Selskabets Bestyrelse eller et bestyrelsesudvalg ("Udvalget") godkendte din tildeling og besluttede, at den skulle træde i kraft.

### **2. Kriterier eller betingelser for tildeling af retten til senere at få tildelt aktier**

Tildelingen af Restricted Stock Units sker efter bestyrelsens eller det relevante bestyrelsesudvalgs eget skøn. Medarbejdere i Selskabet og dets datterselskaber kan deltage i Planen. Selskabet kan frit vælge fremover ikke at tildele dig Restricted Stock Units. I henhold til bestemmelserne i Planen og Agreement har du ikke nogen ret til eller noget krav på fremover at få tildelt Restricted Stock Units eller at få andre aktietildelinger.

### **3. Modningstidspunkt eller -periode**

Dine Restricted Stock Units modnes som udgangspunkt over en årrække som anført i Agreement. På modningstidspunktet konverteres dine Restricted Stock Units til et tilsvarende antal ordinære aktier i Selskabet.

### **4. Udnyttelseskurs**

Der betales ingen udnyttelseskurs i forbindelse med modning af dine Restricted Stock Units, og Selskabets udstedelse af ordinære aktier til dig i overensstemmelse med den ovenfor beskrevne modningstidsplan.

### **5. Din retsstilling i forbindelse med fratræden**

Hvis dit ansættelsesforhold i Selskabet og dets datterselskaber ophører uanset årsag (herunder dødsfald eller uarbejdsdygtighed), inden de i Aftalen nævnte modningsbetingelser er opfyldt, bortfalder eventuelle Restricted Stock Units, som endnu ikke er modnet på dette tidspunkt, automatisk og uden varsel, og hverken du eller dine retsefterfølgere, arvinger,

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omsætningserhververe eller personlige stedfortrædere vil herefter have nogen ret til disse Restricted Stock Units.

#### **6. Økonomiske aspekter ved at deltage i Planen**

Tildelingen af Restricted Stock Units har ingen umiddelbare økonomiske konsekvenser for dig. Værdien af Restricted Stock Units indgår ikke i beregningen af feriepenge, pensionsbidrag eller andre lovpligtige, vederlagsafhængige ydelser.

Aktier er finansielle instrumenter, og investering i aktier vil altid være forbundet med en økonomisk risiko. Den fremtidige værdi af Selskabets aktier kendes ikke og kan ikke forudsiges med sikkerhed.

Zendesk, Inc.

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## FRANCE

### *Term and Conditions*

Language Consent. By accepting the Award, the Grantee confirms having read and understood the documents relating to this grant (the Plan and the Agreement) which were provided to the Grantee in English. The Grantee accepts the terms of those documents accordingly.

*Reconnaissance Relative à la Langue Utilisée. En acceptant le attribution, le Bénéficiaire confirme avoir lu et compris les documents relatifs à cette attribution (le Plan et ce Contrat) qui ont été communiqués au Bénéficiaire en langue anglaise. Le Bénéficiaire accepte les termes de ces documents en connaissance de cause.*

### *Notifications*

Award Not Tax-Qualified. The Restricted Stock Units are not intended to be French tax-qualified.

## GERMANY

### *Notifications*

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported electronically to the German Federal Bank (*Bundesbank*) on a monthly basis. In case of payments in connection with securities (including proceeds realized upon the sale of shares of Stock or the receipt of dividends), the report must be made by the 5th day of the month following the month in which the payment was received. The form of report (“*Allgemeine Meldeportal Statistik*”) can be accessed via the *Bundesbank’s* website ([www.bundesbank.de](http://www.bundesbank.de)) and is available in both German and English. The Grantee is responsible for making this report, if applicable.

## INDIA

### *Notifications*

Exchange Control Information. Indian residents are required to repatriate any cash dividends paid on shares of Stock acquired under the Plan and any proceeds from the sale of such shares of Stock to India within such period of time as may be required under applicable regulations. Upon repatriation, Indian residents should obtain a foreign inward remittance certificate (“FIRC”) from the bank where they deposit the foreign currency and should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Service Recipient requests proof of repatriation.

## IRELAND

### *Notifications*

Director Reporting Obligation. If the Grantee is a director, shadow director or secretary of a Subsidiary in Ireland, and his or her interests in the Company (*e.g.*, Restricted Stock Units,

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shares of Stock) represent more than 1% of the Company's voting share capital, the Grantee must notify the Irish Subsidiary if he or she becomes aware of the event giving rise to the notification requirement or if the Grantee becomes a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of the Grantee's spouse or children under the age of 18 (whose interests will be attributed to the Grantee if the Grantee is a director, shadow director or secretary).

## **ITALY**

### ***Terms and Conditions***

Plan Document Acknowledgment. In accepting the Restricted Stock Units, the Grantee acknowledges that he or she has received a copy of the Plan and the Agreement and has reviewed the Plan and the Agreement in their entirety and fully understand and accept all provisions of the Plan and the Agreement. The Grantee further acknowledges that he or she has read and specifically and expressly approves the following paragraphs of the Award Agreement: Paragraph 2: Vesting of Restricted Stock Units; Paragraph 3: Termination of Service Relationship; Paragraph 6: Responsibility for Taxes; Paragraph 8: No Obligation to Service Relationship; Paragraph 10: Nature of Grant; Paragraph 13: Governing Law; Venue; Paragraph 14: Electronic Delivery and Acceptance; Paragraph 15: Language; Paragraph 21: Imposition of Other Requirements and the Data Privacy provision contained in this Appendix.

## **JAPAN**

There are no country-specific provisions.

## **MEXICO**

### ***Terms and Conditions***

Acknowledgement of the Award Agreement. By accepting this Award, the Grantee acknowledges that he or she has received a copy of the Plan and the Award Agreement, including this Appendix, which he or she has reviewed. The Grantee further acknowledges that he or she accepts all the provisions of the Plan and the Award Agreement, including this Appendix. The Grantee also acknowledges that he or she has read and specifically and expressly approves the terms and conditions set forth in the "Nature of Grant" section of the Award Agreement, which clearly provides as follows:

- (1) The Grantee's participation in the Plan does not constitute an acquired right;
- (2) The Plan and the Grantee's participation in it are offered by the Company on a wholly discretionary basis;
- (3) The Grantee's participation in the Plan is voluntary; and
- (4) The Company and any of its Subsidiaries or affiliates are not responsible for any decrease in the value of any shares of Stock acquired under the Plan.

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Labor Law Acknowledgement and Policy Statement. By accepting this Award, the Grantee acknowledges that the Company, with registered offices at 1019 Market Street, San Francisco, California 94103, U.S.A., is solely responsible for the administration of the Plan. The Grantee further acknowledges that his or her participation in the Plan, the grant of Restricted Stock Units and any acquisition of shares of Stock under the Plan do not constitute an employment relationship between the Grantee and the Company because the Grantee is participating in the Plan on a wholly commercial basis and his or her sole employer is Zendesk, S. de R.L. de C.V. (“Zendesk-Mexico”), located at Avenida Presidente Masarik 111 piso 1, Colonia: Polanco V Sección, Delegación: Miguel Hidalgo, Ciudad de México, CP.11560. Based on the foregoing, the Grantee expressly acknowledges that the Plan and the benefits that he or she may derive from participation in the Plan do not establish any rights between the Grantee and the employer, Zendesk-Mexico, and do not form part of the employment conditions and/or benefits provided by Zendesk-Mexico, and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of the Grantee’s employment.

The Grantee further understands that his or her participation in the Plan is the result of a unilateral and discretionary decision of the Company and, therefore, the Company reserves the absolute right to amend and/or discontinue the Grantee’s participation in the Plan at any time, without any liability to the Grantee.

Finally, the Grantee hereby declares that he or she does not reserve to him or herself any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and that he or she therefore grants a full and broad release to the Company, and its Subsidiaries, affiliates, branches, representation offices, stockholders, officers, agents or legal representatives, with respect to any claim that may arise.

#### *Spanish Translation*

*Reconocimiento del Acuerdo del Otorgamiento. Al aceptar el Otorgamiento, el Beneficiario reconoce que ha recibido y revisado una copia del Plan y del Acuerdo del Otorgamiento, incluyendo este Apéndice. Además, el Beneficiario reconoce que acepta todas las disposiciones del Plan y del Acuerdo del Otorgamiento, incluyendo este Apéndice. El Beneficiario también reconoce que ha leído y aprobado de forma expresa los términos y condiciones establecidos en la sección “Nature of Grant” del Acuerdo del Otorgamiento, que claramente establece lo siguiente:*

- (1) La participación del Beneficiario en el Plan no constituye un derecho adquirido;*
- (2) El Plan y la participación del Beneficiario en lo mismo es ofrecido por la Compañía de manera completamente discrecional;*
- (3) La participación del Beneficiario en el Plan es voluntaria; y*
- (4) La Compañía y sus Subsidiarias o afiliadas no son responsables por ninguna disminución en el valor de las Acciones adquiridas en virtud del Plan.*



*Reconocimiento del Derecho Laboral y Declaración de la Política.* Al aceptar el Otorgamiento, el Beneficiario reconoce que la Compañía, con domicilio social en 1019 Market Street, San Francisco, California 94103, EE.UU., es la única responsable por la administración del Plan. Además, el Beneficiario reconoce que su participación en el Plan, la concesión de las Unidades de Acciones Restringidas y cualquier adquisición de Acciones en virtud del Plan no constituyen una relación laboral entre el Beneficiario y la Compañía, en virtud de que el Beneficiario está participando en el Plan sobre una base totalmente comercial y de que su único patrón Zendesk, S. de R.L. de C.V. (“Zendesk-Mexico”), ubicado en Avenida Presidente Masarik 111 piso 1, Colonia: Polanco V Sección, Delegación: Miguel Hidalgo, Ciudad de México, CP.11560. Por lo anterior, el Beneficiario expresamente reconoce que el Plan y los beneficios que puedan derivarse de su participación no establecen ningún derecho entre el Beneficiario y el patrón, Zendesk-Mexico, y que no forman parte de las condiciones de trabajo y/o beneficios otorgados por Zendesk-Mexico, y cualquier modificación al Plan o la terminación del mismo no constituirá un cambio o modificación de los términos y condiciones del empleo del Beneficiario.

*Además, el Beneficiario comprende que su participación en el Plan es el resultado de una decisión discrecional y unilateral de la Compañía, por lo que la misma se reserva el derecho absoluto de modificar y/o suspender la participación del Beneficiario en el Plan en cualquier momento, sin responsabilidad alguna para el Beneficiario.*

*Finalmente, el Beneficiario manifiesta que no se reserva acción o derecho alguno que origine una demanda en contra de la Compañía por cualquier indemnización o daño relacionado con las disposiciones del Plan o de los beneficios otorgados en el mismo, y en consecuencia el Beneficiario libera de la manera más amplia y total de responsabilidad a la Compañía y sus Subsidiarias, afiliadas, sucursales, oficinas de representación, sus accionistas, funcionarios, agentes o representantes legales con respecto a cualquier demanda que pudiera surgir.*

### ***Notifications***

**Securities Law Information.** The Award and the shares of Stock offered under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, the Agreement and any other document relating to the Restricted Stock Units may not be publicly distributed in Mexico. These materials are addressed to the Grantee only because of the Grantee’s existing relationship with the Company and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities but rather constitutes a private placement of securities addressed specifically to individuals who are present service providers of Zendesk-Mexico made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

### **NETHERLANDS**

There are no country-specific provisions.



## **NEW ZEALAND**

### ***Notifications***

Securities Law Information. The Grantee is being offered Restricted Stock Units which, if vested, will entitle the Grantee to acquire shares of Stock in accordance with the terms of the Award Agreement and the Plan. The shares of Stock, if issued, will give the Grantee a stake in the ownership of the Company. The Grantee may receive a return if dividends are paid.

If the Company runs into financial difficulties and is wound up, the Grantee will be paid only after all creditors have been paid. The Grantee may lose some or all of the Grantee's investment, if any.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, the Grantee may not be given all the information usually required. The Grantee will also have fewer other legal protections for this investment. The Grantee should ask questions, read all documents carefully, and seek independent financial advice before committing.

The shares of Stock are quoted on the New York Stock Exchange. This means that if the Grantee acquires shares of Stock under the Plan, the Grantee may be able to sell the shares of Stock on the New York Stock Exchange if there are interested buyers. The Grantee may get less than the Grantee invested. The price will depend on the demand for the shares of Stock.

For information on risk factors impacting the Company's business that may affect the value of the shares of Stock, the Grantee should refer to the risk factors discussion on the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at [www.sec.gov](http://www.sec.gov), as well as on the Company's "Investor Relations" website at <https://investor.zendesk.com/ir-home/default.aspx>.

## **PHILIPPINES**

### ***Terms and Conditions***

Responsibility for Taxes. The following provisions supplement Paragraph 6 of the Award Agreement:

The Grantee is hereby advised that the Company and/or the Service Recipient, or their respective agents, will satisfy their withholding obligations, if any, with regard to all Tax-Related Items by withholding from proceeds of the sale of shares of Stock acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on the Grantee's behalf pursuant to this authorization without further consent). Notwithstanding the foregoing, the Company and the Service Recipient reserve the right to withhold applicable Tax-Related Items by any of the other methods set forth in Paragraph 6 of the Award Agreement.





### ***Notifications***

Securities Law Information. The grant of this Restricted Stock Unit is being made pursuant to an exemption from registration under Section 10.2 of the Philippines Securities Regulation Code that has been approved by the Philippines Securities and Exchange Commission.

The risks of participating in the Plan include (without limitation) the risk of fluctuation in the price of the Stock on the New York Stock Exchange and the risk of currency fluctuations between the U.S. Dollar and the Grantee's local currency. The value of any shares of Stock the Grantee may acquire under the Plan may decrease below the value of the shares of Stock at vesting and fluctuations in foreign exchange rates between the Grantee's local currency and the U.S. Dollar may affect the value any amounts due to the Grantee pursuant to the subsequent sale of any shares of Stock acquired upon vesting. The Company is not making any representations, projections or assurances about the value of the shares of Stock now or in the future.

For further information on risk factors impacting the Company's business that may affect the value of the shares of Stock, the Grantee may refer to the risk factors discussion in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at [www.sec.gov/](http://www.sec.gov/), as well as on the Company's website at <http://www.zendesk.com/ir-home/default.aspx>. In addition, the Grantee may receive, free of charge, a copy of the Company's Annual Report, Quarterly Reports or any other reports, proxy statements or communications distributed to the Company's stockholders by contacting Investor Relations at Zendesk, Inc. 1019 Market Street, San Francisco, California 94103, U.S.

The Grantee acknowledges that he or she is permitted to sell shares of Stock acquired under the Plan through the designated Plan broker appointed by the Company (or such other broker to whom the Grantee transfers his or her shares of Stock), provided that such sale takes place outside of the Philippines through the facilities of the New York Stock Exchange on which the shares are listed.

## **POLAND**

### ***Notifications***

Exchange Control Information. If the Grantee holds foreign securities (including shares of Stock) and maintains accounts abroad, the Grantee may be required to file certain reports with the National Bank of Poland. Specifically, if the value of securities and cash held in such foreign accounts exceeds PLN 7 million, the Grantee must file reports on the transactions and balances of the accounts on a quarterly basis. Further, any fund transfers in excess of €15,000 (or PLN 15,000 if such transfer of funds is connected with business activity of an entrepreneur) into or out of Poland must be effected through a bank in Poland. Polish residents are required to store all documents related to foreign exchange transactions for a period of five years.



## **PORTUGAL**

### ***Terms and Conditions***

Language Consent. The Grantee hereby expressly declares that he or she has full knowledge of the English language and have read, understood and fully accepted and agreed with the terms and conditions established in the Plan and the Award Agreement.

*Conhecimento da Língua. O Outorgado, pelo presente instrumento, declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo.*

## **SINGAPORE**

### ***Terms and Conditions***

Sale of Shares of Stock. The shares of Stock subject to this Restricted Stock Unit may not be offered for sale in Singapore prior to the six-month anniversary of the Grant Date, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Singapore Securities and Futures Act (Chap. 289, 2006 Ed.) (“SFA”).

### ***Notifications***

Securities Law Information. The grant of this Restricted Stock Unit is being made pursuant to the “Qualifying Person” exemption under Section 273(1)(f) of the SFA and is not made with a view to this Restricted Stock Unit or underlying shares of Stock being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

Director Reporting Obligation. If the Grantee is a director, associate director or shadow director of a Singapore Subsidiary, regardless of whether the Grantee is a Singapore resident or employed in Singapore, he or she must notify the Singapore Subsidiary in writing within two business days of: (i) receiving or disposing of an interest (*e.g.*, Restricted Stock Units, shares of Stock) in the Company, (ii) any change in a previously disclosed interest (*e.g.*, Restricted Stock Units, shares of Stock), or (iii) becoming a director, associate director or shadow director, if such an interest exists at the time.

## **SPAIN**

### ***Terms and Conditions***

Nature of Grant. This provision supplements Paragraph 10 of the Award Agreement:

In accepting this Restricted Stock Unit, the Grantee consents to participate in the Plan and acknowledges that he or she has received a copy of the Plan.

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The Grantee understands that the Company has unilaterally, gratuitously and discretionally decided to grant Restricted Stock Units under the Plan to individuals who may be employees of the Company or a Subsidiary throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any Subsidiary. Consequently, the Grantee understands that this Restricted Stock Unit is granted on the assumption and condition that this Restricted Stock Units and any shares of Stock acquired upon vesting of this Restricted Stock Unit are not part of any employment contract (either with the Company or any Subsidiary) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Grantee understands that this Restricted Stock Unit would not be granted to the Grantee but for the assumptions and conditions referred to herein; thus, the Grantee acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then the grant of this Restricted Stock Units shall be null and void.

This Restricted Stock Units are a conditional right to shares of Stock and will be forfeited in the case of the Grantee's termination of employment. This will be the case even if (1) the Grantee is considered to be unfairly dismissed without good cause; (2) the Grantee is dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) the Grantee terminates employment due to a change of work location, duties or any other employment or contractual condition; (4) the Grantee terminates employment due to unilateral breach of contract of the Company or any of its Subsidiaries; or (5) the Grantee's employment terminates for any other reason whatsoever. Consequently, upon termination of the Grantee's employment for any of the reasons set forth above, the Grantee will automatically lose any rights to the unvested Restricted Stock Units granted to him or her as of the date of the Grantee's termination of employment, as described in the Plan and the Award Agreement.

### ***Notifications***

Securities Law Information. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of the Restricted Stock Units. The Agreement has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

Exchange Control Information. The Grantee must declare the acquisition and sale of shares of Stock to the *Dirección General de Comercio y Inversiones* (the "DGCI") for statistical purposes. Because the Grantee will not purchase or sell the shares of Stock through the use of a Spanish financial institution, the Grantee must make the declaration himself or herself by filing a D-6 form with the DGCI. Generally, the D-6 form must be filed each January while the shares of Stock are owned as of December 31 of each year; however, if the value of the shares of Stock or the sale proceeds exceed €1,502,530, a declaration must be filed within one month of the acquisition or sale, as applicable.

## **SWEDEN**

### ***Terms and Conditions***



Authorization to Withhold. The following provisions supplement Paragraph 6 of the Award Agreement:

Without limiting the Company's and the Service Recipient's authority to satisfy their withholding obligations for any Tax-Related Items as set forth in Paragraph 6 of the Award Agreement, in accepting the Restricted Stock Units, the Grantee authorizes the Company to withhold shares of Stock or to sell shares of Stock otherwise issuable to the Grantee upon vesting/settlement to satisfy any Tax-Related Items regardless of whether the Company and/or the Service Recipient have an obligation to withhold any such Tax-Related Items.

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## **THAILAND**

### ***Notifications***

Exchange Control Information. Thai residents realizing cash proceeds in excess of US\$1,000,000 in a single transaction from the sale of shares of Stock or dividends paid on such shares of Stock must immediately repatriate all cash proceeds to Thailand and convert such proceeds to Thai Baht within 360 days of repatriation or deposit the funds in an authorized foreign exchange account in Thailand. The inward remittance must also be reported to the Bank of Thailand on a foreign exchange transaction form. Failure to comply with these obligations may result in penalties assessed by the Bank of Thailand. *The Grantee should consult with his or her personal advisor prior to taking any action with respect to the remittance of proceeds into Thailand. The Grantee is responsible for ensuring compliance with all exchange control laws in Thailand.*

## **UNITED KINGDOM**

### ***Terms and Conditions***

Settlement in Shares Only. Notwithstanding any provision in the Plan or the Award Agreement, this Award shall be settled only in shares of Stock and shall not entitle the Grantee to any cash payment.

Responsibility for Taxes. The following provisions supplement Paragraph 6 of the Award Agreement:

Without limitation to Paragraph 6 of the Award Agreement, the Grantee agrees that the Grantee is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or, if different, the Service Recipient or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). The Grantee also agrees to indemnify and keep indemnified the Company and, if different, the Service Recipient against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the Grantee's behalf.

Notwithstanding the foregoing, if the Grantee is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply in case the indemnification could be viewed as a loan. In this case, any income tax not collected from or paid by the Grantee within ninety (90) days of the end of the United Kingdom tax year in which the event giving rise to the Tax-Related Items occurs may constitute a benefit to the Grantee on which additional income tax and National Insurance contributions ("NICs") may be payable. The Grantee understands that the Grantee will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Service Recipient (as appropriate) the amount of any employee NICs due on this additional benefit, which may also be recovered from the Grantee by any of the means referred to in Paragraph 6 of the Award Agreement.



Joint Election. As a condition of the Grantee's participation in the Plan and vesting of the Restricted Stock Units, the Grantee shall accept any liability for secondary Class 1 NICs which may be payable by the Company and/or the Service Recipient in connection with the Award and any event giving rise to Tax-Related Items (the "Employer NICs"). Without prejudice to the foregoing, the Grantee shall enter into a joint election with the Company or the Service Recipient, the form of such joint election being formally approved by HMRC (the "Joint Election"), and any other required consent or elections, including any such other joint elections as may be required between the Grantee and any successor to the Company and/or the Service Recipient. The Company and/or the Service Recipient may collect the Employer NICs from the Grantee by any of the means set forth in Paragraph 6 of the Award Agreement.

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January 21, 2022

Michael Curtis  
Delivered by email

Dear Mike:

On behalf of Zendesk, Inc. (the "Company"), I am pleased to offer you employment with the Company. This letter outlines the terms for your employment.

**Position:** Your initial position with the Company will be Interim Chief Engineering Officer. This is a temporary, full time, exempt position reporting to Mikkel Svane, Chief Executive Officer.

**Start Date:** Unless we arrange separately, your first day of employment will be on January 24, 2022, subject to the satisfactory completion by the Company of your background check, credentials and references, and we expect your employment to end on January 16, 2023.

**Salary:** The Company will pay you an annual salary of \$70,000, paid bi-weekly during your employment, and subject to periodic review and adjustments at the discretion of the Company. Your salary and other compensation will be subject to applicable deductions and withholdings.

**RSU Award:** You will be eligible to participate in the Company's equity incentive program, subject to approval by the Company's Board of Directors ("Board"). We will recommend to the Board, or a delegate of the Board, that you be granted Restricted Stock Units ("RSUs") for shares of the Company's Common Stock representing a targeted current value of \$2,250,000. Further information regarding the methodology that will be used to calculate the actual number of shares is available by request. Your RSUs will vest over a one-year vesting schedule, subject in each case to your continuous service to the Company through each vesting date. The terms and conditions associated with any RSUs granted to you, including vesting and other conditions, will be governed by the Company's 2014 Stock Option and Incentive Plan (the "Plan") and any associated restricted stock unit award agreement that you may be required to enter with the Company.

**Option Award:** In addition to RSUs, we believe that options provide an effective way to tie equity incentive compensation to stock price. We will recommend to the Board, or a delegate of the Board, that you be granted an option ("Option") to purchase shares of the Company's Common Stock representing a value of \$2,250,000 (the "Value"). Further





information regarding the methodology that will be used to calculate the actual number of shares is available by request. The exercise price per share of the Option will be the closing price of the Common Stock as listed on the NYSE on the effective date of grant of the Option, as approved by the Board. Your Option will vest over a one-year vesting schedule, subject in each case to your continuous service to the Company through each vesting date. The terms and conditions associated with any Option granted to you, including vesting and other conditions, will be governed by the Company's 2014 Stock Option and Incentive Plan (the "Plan") and any associated stock option agreement that you may be required to enter with the Company.

**Acceleration of the Vesting of Equity:** You will be eligible to participate in the Company's Change in Control Acceleration Plan (the "Acceleration Plan"). The Acceleration Plan provides for the acceleration of the vesting of a participant's RSUs and stock options in the event that the participant's provision of services to the Company is terminated under certain circumstances following a change in control of the Company, subject to the terms and conditions set forth in the Acceleration Plan. The full text of the Acceleration Plan is available for your review.

**Benefits:** You will be eligible to participate in the employee benefits and insurance programs generally made available to employees at your level, including health, dental, life and disability insurance, subject to the terms and conditions of those plans and programs, which may be modified from time to time. Details of these benefits programs, including mandatory employee contributions, will be made available to you when you start. You will be eligible to participate in our "Take What You Need" Vacation Policy. The Company reserves the right to change and/or modify its benefits offerings at any time.

**Representation Regarding Other Obligations:** This offer is contingent on your representation that you are not subject to any confidentiality, non-competition agreement or a similar type of restriction that may affect your ability to devote full time and attention to your work at Zendesk. If you have entered into any agreement that may limit your ability to work on behalf of the Company, please provide the Company with a copy of such agreement as soon as possible.

**Other Terms:** Your employment with the Company shall be on an at-will basis. In other words, you or the Company may terminate employment for any reason and at any time, with or without notice. Similarly, the terms of employment outlined in this letter are subject to change at any time provided that the at-will nature of your employment may not be altered except by a formal writing signed by the Company's Chief Executive Officer.

By accepting this offer of employment, you agree that, throughout your employment with the Company, you will devote your entire working time for the benefit of the Company, perform your duties loyally and conscientiously, and to the full extent of your ability. You also agree to observe all rules and regulations that the Company has, or may establish, governing the conduct of its business or its employees. The Company is an equal





opportunity employer, and prides itself and believes in the full worth and value of its diverse workforce. The Company does not tolerate any form of harassment, discrimination, or retaliation, and fully enforces its policies protecting all employees from such, including sexual harassment.

**Arbitration and Nondisclosure Agreements:** This offer of employment is conditioned on you signing and returning the Company's standard Confidentiality and Invention Assignment Agreement, attached as Exhibit A, and the Company's standard Mutual Agreement to Arbitrate Claims, attached as Exhibit B (collectively, "Employee Agreements"). You must return these signed documents to us before your first date of employment.

**Work Authorization:** As with all employees, our offer to you is contingent on your submission of satisfactory proof of your identity and your legal authorization to work in the United States. You will be required to complete Form I-9 in accordance with the Immigration Reform and Control Act of 1986. You are required to complete Section 1 of the Form I-9 on or before your first day of employment and to present, within 72 hours of hire, verification of your identity and legal right to work in the United States. On your first day of employment, bring original documents to verify your employment eligibility - please refer to the I-9 form for the list of acceptable documents.

**U.S. Vaccination Policy:** Consistent with Zendesk's emphasis on employee wellness and our shared interest in public health, Zendesk requires all U.S. employees to provide proof of full vaccination against COVID-19. Zendesk will consider accommodations for reasons recognized by applicable law. Zendesk prohibits discrimination and will not tolerate discrimination based on a person's disability, physical or mental conditions, religion, or any other status protected by law. Failure to comply with Zendesk's vaccine requirement will lead to discipline, up to and including being placed on unpaid leave or terminated.

This offer letter is governed by the law of the state where your job will be located. The terms set forth in this letter and in the enclosures are intended to and do supersede all and any prior employment agreements, understandings and verbal or written representations between the Company and you concerning the terms of your employment with the Company. All such prior agreements, understandings and promises are null and void.

We are excited about the opportunity to work with you at Zendesk, Inc. If you have any questions about this information, please do not hesitate to call. Otherwise, please confirm your acceptance of this offer of employment by signing below and returning a copy. We are confident that with your background and skills, you will have an immediate positive impact on our organization.

Very truly yours,



Mikkel Svane  
Chief Executive Officer

I have reviewed this offer letter and accept its terms. I also have reviewed the Mutual Agreement to Arbitrate, and the Confidentiality and Invention Assignment Agreement. I also understand that either Zendesk, Inc. or I may end the employment relationship at any time, with or without cause, and with or without notice.

Signature: /s/ Michael Curtis  
Michael Curtis

\_\_\_\_\_  
Date

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ZENDESK, INC.  
DEATH AND LEAVE OF ABSENCE POLICY

The Compensation Committee (the “**Committee**”) of the Board of Directors of Zendesk, Inc. (the “**Company**”) hereby adopts a Death and Leave of Absence Policy (the “**Policy**”) as follows:

(1) upon the termination of an employee’s or non-employee director’s employment or other service relationship with the Company due to death, (i) any equity awards (i.e., stock options and restricted stock units) (“**Equity Awards**”) that vest solely based on continued service to the Company (including any PSUs (as defined below) for which the performance conditions have been attained and which now only vest solely based on continued service to the Company) (“**Time Awards**”) and that are outstanding and held by such individual immediately prior to such individual’s death, shall accelerate and vest effective on the date of death, in an amount up to \$1,000,000 in Value for a Non-Section 16 Officer and in an amount up to \$3,000,000 in Value for a Section 16 Officer, with such Value first being applied to outstanding restricted stock unit awards (beginning with the oldest grant date) and then outstanding stock option awards (beginning with the oldest grant date); (ii) any Equity Awards that vest based on the achievement of performance metrics (“**PSUs**”) and that are outstanding and held by such individual immediately prior to such individual’s death will remain outstanding and eligible to performance vest in accordance with their terms and conditions based upon achievement of the applicable performance condition and subject to the Company’s certification of the performance metric attainment in accordance with the terms and conditions of such award; provided that any service-based vesting requirements shall be deemed accelerated and vested on the applicable date that the performance metrics are determined to be achieved by the Committee in an amount up to the remaining Value that is leftover and unused after giving effect to the acceleration of Time Awards above, and (iii) if the individual is an employee that is eligible to receive an annual target bonus, such individual shall be eligible to receive a pro-rata portion of their target annual bonus (if applicable), to be paid out within 60 days after the individual’s date of termination due to death; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, such amount shall be paid in the second calendar year by the last day of such 60-day period; and

(2) upon an employee’s unpaid leave of absence, unless otherwise required by statute, contract or if the Company otherwise so provides in writing, the service-based vesting for any of the individual’s outstanding Equity Awards that vest solely or in part based on continued service to the Company shall be paused, commencing on the 30<sup>th</sup> day of such unpaid leave of absence through the 30<sup>th</sup> day following the employee’s recommencement of services to the Company (at which point vesting shall resume).

For purposes of this Policy:

“**Non-Section 16 Officer**” means an individual that is not a Section 16 Officer.

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“**Section 16 Officer**” means an “officer” as defined under Section 16 of the Securities Exchange Act of 1934, as amended.

“**Value**” will convert into a number of shares calculated by dividing the dollar value by the closing market price on the New York Stock Exchange (or such other market on which the Company’s common stock is then principally listed) of one share of the Company’s common stock on the day prior to the termination of the employee’s or non-employee director’s employment or other service relationship with the Company due to death.

This Policy shall be applicable to all outstanding Equity Awards previously granted to employees and non-employee directors under the 2014 Stock Option and Incentive Plan (the “**Plan**”) (including stock options, restricted stock unit awards and PSUs) as of the date of adoption of this Policy, as well as all stock options, restricted stock unit awards and PSUs granted to employees and non-employee directors after the date of adoption of this Policy and for so long as this Policy remains in effect.

To the fullest extent applicable, amounts and other benefits under this Policy are intended to be exempt from the definition of “nonqualified deferred compensation” under Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (“**Section 409A**”) in accordance with one or more of the exemptions available under the final Treasury Regulations promulgated under Section 409A and, to the extent that any such amount or benefit is or becomes subject to Section 409A due to a failure to qualify for an exemption from the definition of nonqualified deferred compensation in accordance with such final Treasury regulations, this Policy is intended to comply with the applicable requirements of Section 409A with respect to such amounts or benefits. Furthermore, a termination of employment will be determined consistent with the rules relating to a “separation from service” as defined in Section 409A. Notwithstanding anything else provided herein, to the extent any payments provided under this Policy in connection with the individual’s termination of employment constitute deferred compensation subject to Section 409A, and the individual is deemed at the time of such termination of employment to be a “specified employee” under Section 409A, then such payment shall not be made or commence until the earlier of (i) the expiration of the 6-month period measured from such individual’s separation from service from the Company or (ii) the date of such individual’s death following such a separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to the individual including, without limitation, the additional tax for which the individual would otherwise be liable under Section 409A(a)(1)(B) in the absence of such a deferral. Payments pursuant to this Policy are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

The Committee shall have the exclusive authority to interpret, amend or revoke this Policy in its sole and absolute discretion. All determinations of the Committee under this Policy shall be binding on all persons. The Committee has the exclusive authority to terminate this Policy at any time in its sole and absolute discretion.

Effective Date: January 31, 2022





**Subsidiaries of Zendesk, Inc.**

Cleverly, LDA (Portugal)

We Are Cloud SAS (France)

FutureSimple Inc. (Delaware, United States)

Base spółka z ograniczoną odpowiedzialnością (Poland)

Smooch Technologies ULC (Canada)

Smooch Technologies US Inc. (Delaware, United States)

Zendesk Pty Ltd (Australia)

Zendesk Brasil Software Corporativo LTDA. (Brazil)

Zendesk, S. de R.L. de C.V. (Mexico)

Zendesk ApS (Denmark)

Zendesk GmbH (Germany)

Zendesk Technologies Private Limited (India)

Zendesk International Ltd (Ireland)

Kabushiki Kaisha Zendesk (Japan)

Zendesk, Incorporated (Philippines)

Zendesk Singapore PTE. LTD (Singapore)

Zendesk UK Ltd (United Kingdom)

Zendesk Neighbor Foundation (Delaware, United States)

Zendesk Korea LLC (Korea)

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 ASR No. 333-223164) of Zendesk, Inc.,
- (2) Registration Statement (Form S-4 No. 333-261512) of Zendesk, Inc.,
- (3) Registration Statement (Form S-8 No. 333-253109) pertaining to the Zendesk, Inc. 2014 Stock Option and Incentive Plan, and the Zendesk, Inc. 2014 Employee Stock Purchase Plan,
- (4) Registration Statement (Form S-8 No. 333-236422) pertaining to the Zendesk, Inc. 2014 Stock Option and Incentive Plan, and the Zendesk, Inc. 2014 Employee Stock Purchase Plan,
- (5) Registration Statement (Form S-8 No. 333-229694) pertaining to the Zendesk, Inc. 2014 Stock Option and Incentive Plan, and the Zendesk, Inc. 2014 Employee Stock Purchase Plan,
- (6) Registration Statement (Form S-8 No. 333-223162) pertaining to the Zendesk, Inc. 2014 Stock Option and Incentive Plan, and the Zendesk, Inc. 2014 Employee Stock Purchase Plan,
- (7) Registration Statement (Form S-8 No. 333-216280) pertaining to the Zendesk, Inc. 2014 Stock Option and Incentive Plan, and the Zendesk, Inc. 2014 Employee Stock Purchase Plan,
- (8) Registration Statement (Form S-8 No. 333-209781) pertaining to the Zendesk, Inc. 2014 Stock Option and Incentive Plan, and the Zendesk, Inc. 2014 Employee Stock Purchase Plan,
- (9) Registration Statement (Form S-8 No. 333-202137) pertaining to the Zendesk, Inc. 2014 Stock Option and Incentive Plan, and the Zendesk, Inc. 2014 Employee Stock Purchase Plan, and
- (10) Registration Statement (Form S-8 No. 333-195958) pertaining to the Zendesk, Inc. 2014 Stock Option and Incentive Plan, the Zendesk, Inc. 2014 Employee Stock Purchase Plan, and the Zendesk, Inc. 2009 Stock Option and Grant Plan;

of our reports dated February 15, 2022, with respect to the consolidated financial statements of Zendesk, Inc. and the effectiveness of internal control over financial reporting of Zendesk, Inc. included in this Annual Report (Form 10-K) of Zendesk, Inc. for the year ended December 31, 2021.

/s/ Ernst & Young LLP

San Jose, CA  
February 15, 2022

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) OR 15d-14(a),  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mikkel Svane, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2021 of Zendesk, Inc.;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
  4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
  5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
    - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
-

Date: February 15, 2022

By: /s/ Mikkel Svane  
Mikkel Svane  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) OR 15d-14(a),  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Shelagh Glaser, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2021 of Zendesk, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 15, 2022

By: /s/ Shelagh Glaser  
Shelagh Glaser  
Chief Financial Officer  
(Principal Financial Officer)



**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**

I, Mikkel Svane, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Annual Report on Form 10-K of Zendesk, Inc. for the period ended December 31, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Zendesk, Inc.

/s/ Mikkel Svane

Mikkel Svane  
Chair of the Board of Directors and Chief  
Executive Officer  
(Principal Executive Officer)  
February 15, 2022

I, Shelagh Glaser, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Annual Report on Form 10-K of Zendesk, Inc. for the period ended December 31, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Zendesk, Inc.

/s/ Shelagh Glaser

Shelagh Glaser  
Chief Financial Officer  
(Principal Financial Officer)  
February 15, 2022

*The foregoing certifications are not deemed filed with the Securities and Exchange Commission for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), and are not to be incorporated by reference into any filing of Zendesk, Inc. under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.*