



Sprout Social Announces First Quarter 2025 Financial Results

CHICAGO, May 8, 2025 – Sprout Social, Inc. (“Sprout Social”, the “Company”) (Nasdaq: SPT), an industry-leading provider of cloud-based social media management software, today announced financial results for its first quarter ended March 31, 2025.

“Our team delivered strong results in the first quarter, highlighted by 13% revenue growth, a 21% increase in cRPO, and profitability expansion,” said Ryan Barretto, CEO of Sprout Social. “We remain focused on winning in the enterprise, deepening customer adoption, scaling through partnerships, and driving expansion within accounts. With the rapid shift toward social as a primary channel for discovery and engagement, we believe our investments in customer care, AI, and influencer marketing uniquely position us to lead brands through this transformation.”

First Quarter 2025 Financial Highlights

Revenue

- Revenue was \$109.3 million, up 13% compared to the first quarter of 2024.
- Total remaining performance obligations (RPO) of \$360.2 million as of March 31, 2025, up 24% year-over-year.
- Current remaining performance obligations (cRPO) of \$255.8 million as of March 31, 2025, up 21% year-over-year.

Operating Income (Loss)

- GAAP operating loss was (\$11.2) million, compared to (\$13.3) million in the first quarter of 2024.
- Non-GAAP operating income was \$12.5 million, compared to \$6.0 million in the first quarter of 2024.

Net Loss

- GAAP net loss was (\$11.2) million, compared to (\$13.6) million in the first quarter of 2024.
- Non-GAAP net income was \$12.5 million, compared to \$5.7 million in the first quarter of 2024.
- GAAP net loss per share was (\$0.19) based on 57.9 million weighted-average shares of common stock outstanding, compared to (\$0.24) based on 56.3 million weighted-average shares of common stock outstanding in the first quarter of 2024.
- Non-GAAP net income per share was \$0.22 based on 57.9 million weighted-average shares of common stock outstanding, compared to \$0.10 based on 56.3 million weighted-average shares of common stock outstanding in the first quarter of 2024.

Cash

- Cash and equivalents and marketable securities totaled \$101.9 million as of March 31, 2025, compared to \$90.2 million as of December 31, 2024.
- Net cash provided by operating activities was \$18.1 million, compared to \$11.2 million in the first quarter of 2024.
- Non-GAAP free cash flow was \$19.5 million, compared to \$11.3 million in the first quarter of 2024.

See “Use of Non-GAAP Financial Measures” below for definitions of Non-GAAP operating income (loss), Non-GAAP net income (loss), Non-GAAP net income (loss) per share and Non-GAAP free cash flow and the financial tables that accompany this release for reconciliations of our non-GAAP measures to their closest comparable GAAP measures. See “Key Business Metrics” below for how Sprout Social defines RPO, cRPO, the number of customers contributing over \$10,000 in ARR and the number of customers contributing over \$50,000 in ARR.

Customer Metrics

- Grew number of customers contributing over \$10,000 in ARR to 9,381 customers as of March 31, 2025, up 6% compared to March 31, 2024.
- Grew number of customers contributing over \$50,000 in ARR to 1,766 customers as of March 31, 2025, up 22% compared to March 31, 2024.

Recent Customer Highlights

- During the first quarter, we had the opportunity to grow with new and existing customers like: Palo Alto, NASCAR, Interscope Records, Avis Budget Car Rental, and Axos Bank.

Recent Business Highlights

Sprout Social recently:

- Announced a refreshed, intuitive design along with powerful AI-driven natural language discovery and data analysis capabilities for the Sprout Social Influencer Marketing platform ([link](#))
- Celebrated 15 years of Sprout empowering brands to drive business-wide impact with social ([link](#))

Second Quarter and 2025 Financial Outlook

For the second quarter of 2025, the Company currently expects:

- Total revenue between \$110.4 million and \$111.2 million.
- Non-GAAP operating income between \$8.4 million and \$9.4 million.
- Non-GAAP net income per share between \$0.14 and \$0.16 based on approximately 58.8 million weighted-average shares of common stock outstanding.

For the full year 2025, the Company currently expects:

- Total revenue between \$448.9 million and \$453.9 million.
- Non-GAAP operating income between \$40.7 million and \$45.7 million.
- Non-GAAP net income per share between \$0.69 and \$0.77 based on approximately 59.1 million weighted-average shares of common stock outstanding.

The Company's second quarter and 2025 financial outlook is based on a number of assumptions that are subject to change and many of which are outside the Company's control. If actual results vary from these assumptions, the Company's expectations may change. There can be no assurance that the Company will achieve these results.

The Company does not provide guidance for operating loss, the most directly comparable GAAP measure to non-GAAP operating income, or net loss per share, the most directly comparable GAAP measure to non-GAAP net income per share, and similarly cannot provide a reconciliation between its forecasted non-GAAP operating income and non-GAAP net income per share and these comparable GAAP measures without unreasonable effort due to the unavailability of reliable estimates for certain items. These items are not within the Company's control and may vary greatly between periods and could significantly impact future financial results.

Conference Call Information

The financial results and business highlights will be discussed on a conference call and webcast scheduled at 4:00 p.m. Central Time (5:00 p.m. Eastern Time) today, May 8, 2025. Online registration for this event conference call can be found at <https://registrations.events/direct/Q4191310>. The live webcast of the conference call can be accessed from Sprout Social's investor relations website at <http://investors.sproutsocial.com>.

Following completion of the events, a webcast replay will also be available at <http://investors.sproutsocial.com> for 12 months.

About Sprout Social

[Sprout Social](#) is a global leader in social media management and analytics software. Sprout's unified platform puts powerful social data into the hands of approximately 30,000 brands so they can make strategic decisions that drive business growth and innovation. With a full suite of social media management solutions, Sprout offers comprehensive publishing and engagement functionality, customer care, connected workflows and AI-powered business intelligence. Sprout's [award-winning](#) software operates across all major social media networks and digital platforms. For more information about Sprout Social (NASDAQ: SPT), visit sproutsocial.com.

Forward-Looking Statements

This press release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In some cases, you can identify forward-looking statements by terms such as “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “explore,” “future,” “intend,” “long-term model,” “may,” “medium to longer term goals,” “might,” “outlook,” “plan,” “potential,” “predict,” “project,” “should,” “strategy,” “target,” “will,” “would,” or the negative of these terms, and similar expressions intended to identify forward-looking statements. However, not all forward-looking statements contain these identifying words. These statements may relate to our market size and growth strategy, our estimated and projected costs, margins, revenue, expenditures and customer and financial growth rates, our Q2 2025 and full year 2025 financial outlook, our plans and objectives for future operations, growth, initiatives or strategies. By their nature, these statements are subject to numerous uncertainties and risks, including factors beyond our control, that could cause actual results, performance or achievement to differ materially and adversely from those anticipated or implied in the forward-looking statements. These assumptions, uncertainties and risks include that, among others: we may not be able to sustain our revenue and customer growth rate in the future, including due to risks associated with our strategic focus on enterprise customers; price increases have and may continue to negatively impact demand for our products, customer acquisition and retention and reduce the total number of customers or customer additions; our business would be harmed by any significant interruptions, delays or outages in services from our platform, our API providers, or certain social media platforms; if we are unable to attract potential customers through unpaid channels, convert this traffic to free trials or convert free trials to paid subscriptions, our business and results of operations may be adversely affected; we may be unable to successfully enter new markets, manage our international expansion and comply with any applicable international laws and regulations; we may be unable to integrate acquired businesses or technologies successfully or achieve the expected benefits of such acquisitions and investments; unstable market, economic, and political conditions, such as recession risks, effects of inflation, trade tensions, changes in government spending, labor shortages, supply chain issues, high interest rates, and the impacts of current and potential future bank failures and ongoing overseas conflicts, have and could continue to adversely impact our business and that of our existing and prospective customers, which may result in reduced demand for our products; we may not be able to generate sufficient cash to service our indebtedness; covenants in our credit agreement may restrict our operations, and if we do not effectively manage our business to comply with these covenants, our financial condition could be adversely impacted; any cybersecurity-related attack, significant data breach or disruption of the information technology systems or networks on which we rely could negatively affect our business; changing regulations relating to privacy, information security and data protection could increase our costs, affect or limit how we collect and use personal information and harm our brand; and risks related to ongoing legal proceedings. Additional risks and uncertainties that could cause actual outcomes and results to differ materially from those contemplated by the forward-looking statements are included under the caption “Risk Factors” and elsewhere in our filings with the Securities and Exchange Commission (the “SEC”), including our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC on February 26, 2025 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2025, to be filed with the SEC as well as any future reports that we file with the SEC. Moreover, you should interpret many of the risks identified in those reports as being heightened as a result of the current and ongoing instability in market, economic, and political conditions. Forward-looking statements speak only as of the date the statements are made and are based on information available to Sprout Social at the time those statements are made and/or management's good faith belief as of that time with respect to future events. Sprout Social assumes no obligation to update forward-looking statements to reflect events or circumstances after the date they were made, except as required by law.

Use of Non-GAAP Financial Measures

We have provided in this press release certain financial information that has not been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”). Our management uses these non-GAAP financial measures internally in analyzing our financial results and believes that use of these non-GAAP financial measures is useful to investors as an additional tool to evaluate ongoing operating results and trends and in comparing our financial results with other companies in our industry, many of which present similar non-GAAP financial measures. Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable financial measures prepared in accordance with GAAP and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. A reconciliation of our historical non-GAAP financial measures to the most directly comparable GAAP measures has been provided in the financial statement tables included in this press release, and investors are encouraged to review these reconciliations.

Non-GAAP gross profit. We define non-GAAP gross profit as GAAP gross profit, excluding stock-based compensation expense, amortization expense associated with the acquired developed technology from our acquisition of Tagger Media, Inc. (the “Tagger acquisition”) and restructuring charges. We believe non-GAAP gross

profit provides our management and investors consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations, as it eliminates the effect of stock-based compensation, amortization expense and restructuring charges, which are often unrelated to overall operating performance.

Non-GAAP gross margin. We define non-GAAP gross margin as non-GAAP gross profit as a percentage of revenue.

Non-GAAP operating income. We define non-GAAP operating income as GAAP loss from operations, excluding stock-based compensation expense, amortization expense associated with the acquired intangible assets from the Tagger acquisition and restructuring charges. We believe non-GAAP operating income provides our management and investors consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations, as it eliminates the effect of stock-based compensation, amortization expense and restructuring charges, which are often unrelated to overall operating performance.

Non-GAAP operating margin. We define non-GAAP operating margin as non-GAAP operating income (loss) as a percentage of revenue.

Non-GAAP net income. We define non-GAAP net income as GAAP net loss, excluding stock-based compensation expense, amortization expense associated with the acquired intangible assets from the Tagger acquisition and restructuring charges. We believe non-GAAP net income provides our management and investors consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations, as this non-GAAP financial measure eliminates the effect of stock-based compensation, amortization expense and restructuring charges, which are often unrelated to overall operating performance.

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

Non-GAAP free cash flow. We define non-GAAP free cash flow as net cash provided by operating activities less expenditures for property and equipment, interest payments on our revolving credit facility and payments related to restructuring charges. Non-GAAP free cash flow does not reflect our future contractual obligations or represent the total increase or decrease in our cash balance for a given period. We believe non-GAAP free cash flow is a useful indicator of liquidity that provides information to management and investors about the amount of cash provided by our core operations that, after expenditures for property and equipment, interest payments on our revolving credit facility and payments related to restructuring charges, is available for strategic initiatives.

Non-GAAP free cash flow margin. We define non-GAAP free cash flow margin as non-GAAP free cash flow as a percentage of revenue.

Non-GAAP sales and marketing expenses, non-GAAP research and development expenses and non-GAAP general and administrative expenses. Non-GAAP sales and marketing expenses, non-GAAP research and development expenses and non-GAAP general and administrative expenses are defined as sales and marketing expenses, research and development expenses and general and administrative expenses, respectively, less stock-based compensation expense, amortization expense associated with the acquired intangible assets from the Tagger acquisition and restructuring charges. We believe these non-GAAP measures provide our management and investors with insight into day-to-day operating expenses given that these measures eliminate the effect of stock-based compensation, amortization expense associated with the acquired intangible assets from the Tagger acquisition and restructuring charges.

Key Business Metrics

Remaining performance obligations (“RPO”). RPO, or remaining performance obligations, represents contracted revenue that has not yet been recognized, and includes deferred revenue and amounts that will be invoiced and recognized in future periods.

Current remaining performance obligations (“cRPO”). cRPO, or current RPO, represents contracted revenue that has not yet been recognized, and includes deferred revenue and amounts that will be invoiced and recognized in the next 12 months.

Number of customers contributing more than \$10,000 in ARR. We define number of customers contributing more than \$10,000 in ARR as those on a paid subscription plan that had more than \$10,000 in ARR as of a period end. We view the number of customers that contribute more than \$10,000 in ARR as a measure of our ability to scale with our customers and attract larger organizations. We believe this represents potential for future growth, including expanding within our current customer base.

Number of customers contributing more than \$50,000 in ARR. We define number of customers contributing more than \$50,000 in ARR as those on a paid subscription plan that had more than \$50,000 in ARR as of a period end. We view the number of customers that contribute more than \$50,000 in ARR as a measure of our ability to scale with large customers and attract sophisticated organizations. We believe this represents potential for future growth, including expanding within our current customer base.

While we no longer believe that ARR and number of customers are key performance indicators of Sprout Social's business, these metrics are necessary for an understanding of how we define number of customers contributing over \$10,000 in ARR and number of customers contributing over \$50,000 in ARR. For this purpose, we define ARR as the annualized revenue run-rate of subscription agreements from all customers as of the last date of the specified period and we define a customer as a unique account, multiple accounts containing a common non-personal email domain, or multiple accounts governed by a single agreement or entity.

Availability of Information on Sprout Social's Website and Social Media Profiles

Investors and others should note that Sprout Social routinely announces material information to investors and the marketplace using SEC filings, press releases, public conference calls, webcasts and the Sprout Social Investors website. We also intend to use the social media profiles listed below as a means of disclosing information about us to our customers, investors and the public. While not all of the information that the Company posts to the Sprout Social Investors website or to social media profiles is of a material nature, some information could be deemed to be material. Accordingly, the Company encourages investors, the media, and others interested in Sprout Social to review the information that it shares at the Investors link located at the bottom of the page on www.sproutsocial.com and to regularly follow our social media profiles. Users may automatically receive email alerts and other information about Sprout Social when enrolling an email address by visiting "Email Alerts" in the "Shareholder Services" section of Sprout Social's Investor website at <https://investors.sproutsocial.com/>.

Social Media Profiles:

www.twitter.com/SproutSocial
www.twitter.com/SproutSocialIR
www.facebook.com/SproutSocialInc
www.linkedin.com/company/sprout-social-inc-/
www.instagram.com/sproutsocial

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Sprout Social, Inc.

Consolidated Statements of Operations (Unaudited)

(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2025	2024
Revenue		
Subscription	\$ 108,680	\$ 95,789
Professional services and other	609	995
Total revenue	109,289	96,784
Cost of revenue(1)		
Subscription	24,473	22,205
Professional services and other	365	223
Total cost of revenue	24,838	22,428
Gross profit	84,451	74,356
Operating expenses		
Research and development(1)	23,229	23,769
Sales and marketing(1)	47,452	44,540
General and administrative(1)	24,972	19,334
Total operating expenses	95,653	87,643
Loss from operations	(11,202)	(13,287)
Interest expense	(514)	(1,046)
Interest income	895	1,035
Other expense, net	(168)	(406)
Loss before income taxes	(10,989)	(13,704)
Income tax expense (benefit)	231	(129)
Net loss	\$ (11,220)	\$ (13,575)
Net loss per share attributable to common shareholders, basic and diluted	\$ (0.19)	\$ (0.24)
Weighted-average shares outstanding used to compute net loss per share, basic and diluted	57,890,898	56,344,242

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

	Three Months Ended March 31,	
	2025	2024
Cost of revenue	\$ 746	\$ 925
Research and development	6,206	5,450
Sales and marketing	5,936	7,376
General and administrative	6,907	4,315

Total stock-based compensation expense	\$ 19,795	\$ 18,066
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Sprout Social, Inc.
Consolidated Balance Sheets (Unaudited)
(in thousands, except share and per share data)

	March 31, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 100,902	\$ 86,437
Marketable securities	1,000	3,745
Accounts receivable, net of allowances of \$3,119 and \$2,169 at March 31, 2025 and December 31, 2024, respectively	64,783	84,033
Deferred Commissions	21,803	20,184
Prepaid expenses and other assets	19,057	15,816
Total current assets	207,545	210,215
Property and equipment, net	10,902	10,951
Deferred commissions, net of current portion	52,327	51,653
Operating lease, right-of-use asset	10,985	11,326
Goodwill	121,315	121,315
Intangible assets, net	20,621	21,914
Other assets, net	962	967
Total assets	\$ 424,657	\$ 428,341
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 7,260	\$ 6,984
Deferred revenue	173,952	178,585
Operating lease liability	3,504	3,747
Accrued wages and payroll related benefits	16,002	20,567
Accrued expenses and other	13,378	10,869
Total current liabilities	214,096	220,752
Revolving credit facility	20,000	25,000
Deferred revenue, net of current portion	944	1,101
Operating lease liability, net of current portion	13,960	14,543

Other non-current liabilities	348	351
Total liabilities	249,348	261,747
Stockholders' equity		
Class A common stock, par value \$0.0001 per share; 1,000,000,000 shares authorized; 54,787,894 and 51,845,950 shares issued and outstanding, respectively, at March 31, 2025; 54,219,684 and 51,277,740 shares issued and outstanding, respectively, at December 31, 2024	4	4
Class B common stock, par value \$0.0001 per share; 25,000,000 shares authorized; 6,536,301 and 6,329,357 shares issued and outstanding, respectively, at March 31, 2025; 6,687,582 and 6,480,638 shares issued and outstanding, respectively, at December 31, 2024	1	1
Additional paid-in capital	578,328	558,391
Treasury stock, at cost	(37,422)	(37,422)
Accumulated other comprehensive income	1	3
Accumulated deficit	(365,603)	(354,383)
Total stockholders' equity	175,309	166,594
Total liabilities and stockholders' equity	\$ 424,657	\$ 428,341

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

	Three Months Ended March 31,	
	2025	2024
Cash flows from operating activities		
Net loss	\$ (11,220)	\$ (13,575)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization of property, equipment and software	1,225	887
Amortization of line of credit issuance costs	52	52
Accretion of discount on marketable securities	(7)	(223)
Amortization of acquired intangible assets	1,293	1,570
Amortization of deferred commissions	5,283	3,523
Amortization of right-of-use operating lease asset	341	436
Stock-based compensation expense	19,795	18,066
Provision for accounts receivable allowances	1,129	56

Changes in operating assets and liabilities, excluding impact from business acquisition

Accounts receivable	18,122	13,017
Prepaid expenses and other current assets	(3,229)	(7,670)
Deferred commissions	(7,577)	(6,783)
Accounts payable and accrued expenses	(1,487)	(2,865)
Deferred revenue	(4,790)	5,648
Lease liabilities	(826)	(975)
Net cash provided by operating activities	18,104	11,164
Cash flows from investing activities		
Expenditures for property and equipment	(1,357)	(1,092)
Payments for business acquisition, net of cash acquired	-	(1,409)
Proceeds from maturity of marketable securities	2,750	22,555
Net cash provided by investing activities	1,393	20,054
Cash flows from financing activities		
Repayments of line of credit	(5,000)	(10,000)
Employee taxes paid related to the net share settlement of stock-based awards	-	(1,476)
Net cash used in financing activities	(5,000)	(11,476)
Net increase in cash, cash equivalents, and restricted cash	14,497	19,742
Cash, cash equivalents, and restricted cash		
Beginning of period	90,418	53,695
End of period	\$ 104,915	\$ 73,437

The following schedule reflects our non-GAAP financial measures and reconciles our non-GAAP financial measures to the related GAAP financial measures (in thousands, except per share data):

Reconciliation of Non-GAAP Financial Measures

	Three Months Ended March 31,	
	2025	2024
Reconciliation of Non-GAAP gross profit		
Gross profit	\$ 84,451	\$ 74,356
Stock-based compensation expense	746	925
Amortization of acquired developed technology	705	705
Restructuring charges	416	-
Non-GAAP gross profit	\$ 86,318	\$ 75,986

Reconciliation of Non-GAAP operating income

Loss from operations	\$ (11,202)	\$ (13,287)
Stock-based compensation expense	19,795	18,066
Amortization of acquired intangible assets	1,213	1,213
Restructuring charges	2,731	-
Non-GAAP operating income	\$ 12,537	\$ 5,992

Reconciliation of Non-GAAP net income

Net loss	\$ (11,220)	\$ (13,575)
Stock-based compensation expense	19,795	18,066
Amortization of acquired intangible assets	1,213	1,213
Restructuring charges	2,731	-
Non-GAAP net income	\$ 12,519	\$ 5,704

Reconciliation of Non-GAAP net income per share

Net loss per share attributable to common shareholders, basic and diluted	\$ (0.19)	\$ (0.24)
Stock-based compensation expense	0.34	0.32
Amortization of acquired intangible assets	0.02	0.02
Restructuring charges	0.05	-
Non-GAAP net income per share	\$ 0.22	\$ 0.10

Reconciliation of Non-GAAP free cash flow

Net cash provided by operating activities	\$ 18,104	\$ 11,164
Expenditures for property and equipment	(1,357)	(1,092)
Interest paid on credit facility	484	1,260
Payments related to restructuring charges	2,249	-
Non-GAAP free cash flow	\$ 19,480	\$ 11,332