Risk Factors Comparison 2024-03-26 to 2023-03-29 Form: 10-K

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You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10- K, including our consolidated financial statements and related notes and the section titled " Management' s Discussion and Analysis of Financial Condition and Results of Operations. " Our business, financial condition, results of operations or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. If any of the risks actually occur, our business, financial condition, results of operations and prospects could be adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment. The last day of our fiscal year is January 31. Our fiscal years ended January 31, **2024,** 2023 ~~,~~ **and** 2022 ~~and 2021~~ are referred to herein as fiscal **2024, fiscal** 2023 ~~,~~ **and** fiscal 2022 ~~and fiscal 2021~~ , respectively. Risks Related to Our Industry and Business We have a history of net losses and may not achieve or maintain profitability in the future. We have incurred net losses since our inception, and we expect to continue to incur net losses in the ~~near~~ future. We incurred net losses of $ **80. 2 million, $** 68. 5 million ~~,~~ **and** $ 58. 2 ~~million and $ 40. 0~~ million for fiscal **2024,** 2023 ~~,~~ **and** 2022 ~~and 2021~~ , respectively. As of January 31, ~~2023~~ **2024** , we had an accumulated deficit of $ ~~410~~ **490** . ~~5~~ **7** million. We ~~expect our costs to increase in future periods. In particular, we~~ intend to continue ~~to invest~~ **investing** significant resources to further develop our platform ~~,~~ **and** expand our sales ~~and~~ **,** marketing **,** ~~and expand our~~ operations and infrastructure, both domestically and internationally ~~. These efforts may be more costly than we expect and may not result in increased revenue or growth in our business. As we develop as a public company, we may incur additional legal, accounting and other expenses that we did not incur historically~~ . Any failure to increase our revenue sufficiently at a rate that exceeds the rate of increase in our investments and other expenses could prevent us from achieving or maintaining profitability. We may not continue to grow on pace with historical rates. Our historical revenue **, revenue growth, key business metrics or key business metrics** growth should not be considered indicative of our future performance. Our revenue was $ **180. 0 million, $** 154. 8 million ~~,~~ **and** $ 123. 5 ~~million and $ 103. 3~~ million for fiscal **2024,** 2023 ~~,~~ **and** 2022 ~~and 2021~~ , respectively. **Our** ~~However, you should not rely on our revenue or key business metrics for any previous quarterly or annual period as any indication of our revenue, revenue growth, key business metrics or key business metrics growth in future periods. In particular, our~~ revenue growth rate has fluctuated in prior periods ~~. We~~ **and we** expect our revenue growth rate to continue to fluctuate ~~over the short term~~ . Our revenue growth rate may **be impacted by** ~~also decline in future periods for~~ a number of ~~reasons~~ **factors** , including slowing adoption of or demand for our products and services, increasing competition, ~~a decrease~~ **decreasing** ~~in the~~ growth of our overall market, changes to technology or our failure to capitalize on growth opportunities, among others ~~. In addition, our revenue growth rate may experience increased volatility due to global societal and economic disruption. If our revenue growth rate declines, investors' perceptions of our business and the market price of our common stock could be adversely affected~~ . If we fail to manage our growth effectively, our brand, business, financial condition and results of operations could be adversely affected. We have experienced strong growth in our employee headcount, ~~our~~ geographic reach and ~~our~~ operations, and we expect to continue to ~~experience growth~~ -- **grow** in the future. **Managing** ~~Our employee headcount grew from 646 as of January 31, 2022 to 740 as of January 31, 2023. Employee growth has occurred both at our headquarters and in a number of locations across the United States and internationally. Our ability to manage~~ our growth effectively and ~~to integrate~~ **integrating** new employees, technologies and acquisitions into our existing business will require us to continue ~~to expand~~ **expanding** our operational and financial infrastructure ~~and to continue to effectively integrate, develop and motivate a large number of new employees,~~ while maintaining the beneficial aspects of our culture. Continued growth could challenge our ability to develop and improve our operational, financial and management controls, enhance our reporting systems and procedures, recruit, train and retain highly skilled personnel ~~and~~ **,** maintain customer satisfaction ~~. In addition, we have encountered~~ and ~~will continue to encounter risks and challenges frequently experienced by growing companies in evolving industries, including market acceptance of our products and services, intense competition and our ability to~~ manage our costs and operating expenses. Further, as our customers adopt our products and services for an increasing number of use cases, we have had to support more complex commercial relationships. We must continue to improve and expand our information technology (" IT "), and financial infrastructure, operating and administrative systems and relationships with various partners and other third parties. In addition, we operate globally ~~, sold subscriptions in more than 50 countries as of January 31, 2023~~ and have established numerous international subsidiaries. **Plans** ~~We plan~~ to continue **doing so** ~~to expand our international operations into other countries in the future, which~~ will place additional demands on our resources and operations. If we do not manage the growth of our business and operations effectively, the quality of our products and services and the efficiency of our operations could suffer. This could impair our ability to attract new customers, retain existing customers and expand their use of our products and services, any of which could adversely affect our brand, business, financial condition and results of operations. We face intense competition and if we are unable to compete effectively, our business, financial condition and results of operations would be adversely affected. The database software market in which we operate is competitive and characterized by rapid changes in technology, customer requirements and industry standards and frequent introductions of new products and services. Many established businesses aggressively compete against us and have offerings with functionalities similar to those of our products and services. These competing offerings may also be complementary with ours and customers often deploy our platform alongside a competitor' s product. We primarily compete with established legacy database providers, such as Oracle, IBM and Microsoft, providers of NoSQL database offerings, such as MongoDB, and cloud infrastructure providers with database functionalities, such as Amazon, Microsoft and Google. In the future, other large software and internet companies with substantial resources, customers and brand power may also seek to enter our market. **We would expect competition to increase with the entry of new companies and the introduction of innovative technologies.** Many of our existing **and potential** competitors have ~~, and our~~ - **or** ~~potential competitors~~ could have, substantial competitive advantages, ~~such as~~ **including but not limited to** : • greater name recognition and ~~brand awareness,~~ longer operating histories **; • broader distribution** and ~~larger~~ **established relationships with partners,** ~~customer~~ **customers** ~~bases~~ and application developer communities; • ~~larger~~ **greater financial resources for** sales and marketing ~~budgets~~ **, acquisitions** and ~~resources~~ **entering into strategic partnerships** ; • ~~broader distribution~~ **competitive pricing** and ~~established relationships with partners and customers; •~~ greater professional services and customer support resources; • ~~greater resources to make acquisitions and enter into strategic partnerships; •~~ lower labor ~~and~~ **,** research and development costs; **and** • ~~larger and~~ more mature intellectual property rights portfolios ~~; and • substantially greater financial, technical and other resources~~ . If we fail to compete effectively with respect to any of these competitive advantages, we may **weaken our competitive position,** fail to attract new customers or lose or fail to renew existing customers, which ~~would~~ **could** adversely affect our business, financial condition and results of operations. We expect competition to increase ~~as~~ **with** ~~other~~ -- **the** ~~established and emerging~~ **entry of new** companies ~~enter our market, as customer requirements evolve~~ and ~~as new offerings and~~ **the introduction of innovative** technologies ~~are introduced. New start- up companies that innovate and competitors that are making significant investments in research and development or that are in adjacent markets may introduce similar or superior offerings and technologies that compete with our offerings~~ . Potential customers may ~~also~~ believe that substitute technologies ~~which have similar functionality or features as our~~ - **or** ~~products are sufficient, or they may believe that~~ ancillary solutions that address narrower segments overall are ~~nonetheless~~ adequate for their needs. ~~Our competitors could also introduce new offerings with competitive pricing and performance characteristics or undertake more aggressive marketing campaigns than ours.~~ Further, we have ~~historically elected to make~~ **made** ~~core~~ portions of our source code available on an open source **and source available** basis ~~to facilitate adoption, as well as collaboration~~ and ~~participation, from~~ **face risks if others compete effectively using** our ~~application developer communities. However, we may not be successful in this strategy, and our move toward source- available licensing, as well as the continued availability of our source~~ code ~~, may enable others to compete more effectively against us. Such competitive pressures may adversely affect our financial performance. Further, the market in which we compete has attracted significant investments from a wide range of funding sources, and we anticipate that many of our competitors will continue to be well- capitalized. These investments, along with the other competitive advantages discussed above, may allow our competitors to compete more effectively against us. In addition, conditions in our market could change rapidly and significantly as a result of technological advancements and changing customer preferences and companies with greater financial resources and technical capabilities may be able to respond more quickly to changes that could render our products and services less attractive or obsolete~~ . Additionally, some of our current or potential competitors have made or could make acquisitions of businesses or establish cooperative relationships, among themselves or with others, that may allow them to offer more directly competitive and comprehensive offerings than were previously offered and adapt more quickly to new technologies and customer needs, devote greater resources to the promotion or sale of their products, initiate or withstand substantial price competition, take advantage of other opportunities more readily or develop and expand their offerings **, including those that may incorporate AI,** more quickly than we do. ~~For all of these reasons, we may not be able to compete successfully against our current or potential competitors.~~ If we are unable to anticipate or effectively react to competitive challenges, our ~~competitive position would weaken, and our~~ business, financial condition and results of operations ~~would~~ **could** be adversely affected. We may fail to cost- effectively acquire new customers or obtain renewals, upgrades or expansions from our existing customers, which would adversely affect our business, financial condition and results of operations. ~~Our continued growth depends~~ **Attracting and retaining sales and marketing personnel** , ~~in part, on~~ **developing partner relationships and raising awareness of** our ~~ability~~ **platform, including leveraging Community Edition and free trials, are critical for customer acquisition, and failure** to cost- effectively acquire new customers **could negatively impact** ~~. Numerous factors, however, may impede our ability to add new customers, including our failure to attract, effectively train, retain and motivate sales and marketing personnel, our failure to develop or~~ **our growth** ~~expand relationships with our partners, our failure to foster awareness of our platform including through an inability to leverage the Community Edition or free trials of our products and our failure to otherwise expand our relationships with enterprise architects, application developers and other key functions that support them, including operational and technical teams~~ . Our success ~~also~~ depends, in part, on ~~our~~ **retaining** existing customers **through** ~~renewing their subscriptions~~ - **subscription renewals** ~~upon the expiration of existing contract terms~~ and ~~our ability to expand~~ **expanding** ~~our~~ relationships ~~with our existing customers~~ , including broadening ~~their~~ **customers'** use cases within our products and adopting additional Couchbase products and services. The non- cancelable term of our subscriptions **are** typically ~~ranges from~~ one to three years but may be longer or shorter in limited circumstances **, and** ~~. Our customers have no obligation to renew~~ **renewals** or ~~upgrade~~ **upgrades are** ~~their subscriptions, and in the normal course of business, some customers have elected~~ not **guaranteed** ~~to renew~~ . In addition, **renewals might** ~~our customers may decide~~ not **have** ~~to renew their subscriptions with~~ a similar contract period or **differ in** ~~at the same prices~~ - **price** ~~or~~ **,** terms or capacity, or **customers** may decide to otherwise downgrade their subscriptions. For example, the impact of the macroeconomic environment ~~, including COVID- 19,~~ has caused, and may in the future continue to cause, certain customers to request concessions including extended payment terms or better pricing, increased customer churn, a lengthening of our sales cycles with prospective customers, a delay of planned projects or expansions and reduced contract values with certain prospective and existing customers. ~~Our customer retention~~ **Retention** ~~or our customers' use of our products and services~~ may ~~decline or~~ fluctuate **due to** ~~as a result of a number of~~ factors ~~,~~ including our customers' satisfaction with our products and services, our licensing models, the prices, features or perceived value of competing offerings, changes to our offerings or general economic conditions ~~. Our business model entails significant investments in our technology~~ , **among** ~~sales and marketing function and operations ahead of our planned growth. If these~~

~~efforts fail and our customers do not renew, increase their~~ - **other things** ~~subscriptions or increase their usage of our offerings, or if they renew their subscriptions on terms less favorable to us or fail to increase adoption of our products and services, our business, financial condition and results of operations would be adversely affected~~ . Additionally, our success depends, in part, on our determination of which product features to include in our free versus paid versions of our products (which we call the Community Edition and Enterprise Edition, respectively, for our Server and Mobile suite of products) including the timing of when to incorporate Enterprise Edition features into our Community Edition products. Any failure on our part to determine the correct balance and timing may adversely affect our business. Existing or potential customers may determine that the functionality of our free versions is sufficient for their needs and as a result may not convert from the use of our Community Edition or free trials to a paid product or downgrade from our paid products. Further, users of our Enterprise Edition Server and Mobile products may violate our license terms by using our product without paying for a required subscription or by exceeding their subscription entitlements, and we may not always be able to determine when this occurs or enforce our license terms. In addition, **expanding** ~~our ability to increase~~ our customer base ~~, in particular,~~ in new industry verticals ~~that we are still growing our presence in, and our ability to achieve broader market acceptance of our products and services in such industries, will depend~~ **depends** ~~, in part,~~ on ~~our ability to effectively~~ -- **effective** ~~organize~~ **organization** , focus and ~~train~~ **training of** our sales and marketing personnel, ~~develop~~ efficient pricing and product strategies and ~~educate~~ **educating** the enterprise architects and application developers in such industries about the benefits and features of our products and services. ~~Adapting our products~~ **Inadequate returns on sales** and ~~services and our~~ marketing efforts ~~to target specific industries will require significant resources. If the costs of these sales and marketing efforts~~ and investments **may harm** ~~do not result in corresponding increases in revenue,~~ our business ~~, financial condition and results of operations may be adversely affected~~ . The market for our products and services is relatively new and evolving, and our future success depends on the growth and expansion of this market. **It** ~~The market for our products and services is relatively new and evolving, and it~~ is uncertain whether ~~this~~ **the** market **for our products and services** will continue to ~~grow, and even if it does~~ grow, how rapidly it will grow, or whether our products and services will be more widely adopted. ~~For example, many enterprises have invested substantial resources into legacy database solutions and may be reluctant or unwilling to migrate to or invest in alternative solutions. Accordingly, any predictions or forecasts about our future growth, revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market.~~ Our success will depend, in part, on market acceptance and the widespread adoption of our products and services as an alternative to **legacy or** other offerings and the selection of our products and services over competing offerings that may have similar functionality. Technologies related to database offerings are still evolving and we cannot predict market acceptance of our products and services or the development of other competing offerings based on entirely new technologies. For example, we ~~currently derive and expect to continue to~~ derive a substantial majority of our revenue ~~and cash flows~~ from subscriptions for, and services related to Couchbase Server and Couchbase Mobile. Demand for our platform is affected by a number of factors, many of which are beyond our control, including continued market acceptance by existing customers and potential customers, the ability to expand the product for different use cases, the timing of development and releases of new offerings by our competitors, technological change and the growth or contraction in the market in which we compete. It is possible that customer adoption of our new products, such as Couchbase Capella, may replace a portion of customer spend on our existing products. If the market for database solutions, and for NoSQL database solutions in particular, does not continue to grow as expected, or if we are unable to continue to efficiently and effectively respond to the rapidly evolving trends and meet the demands of our customers, achieve more widespread market awareness and adoption of our products and services or otherwise manage the risks associated with the introduction of new products and services, our competitive position would weaken and our business, financial condition, results of operations and prospects would be adversely affected. If we fail to innovate in response to changing customer needs, new technologies or other market requirements, our business, financial condition and results of operations could be harmed. Our ability to attract new customers and expand our relationship with our existing customers depends, in part, on our ability to **continue to** enhance and improve our products and services, introduce compelling new features ~~and~~ **,** address additional use cases ~~. To grow our business and remain competitive~~ , ~~we must continue to enhance our products and services~~ and develop features that reflect the constantly evolving nature of technology **, regulations,** and our customers' needs ~~. Our market is also subject to rapid technological change, evolving industry standards and changing regulations, as well as changing customer needs, requirements and preferences~~ . The success of any new or enhanced product or service features depends on several factors, including our anticipation of market changes and market demand ~~for the enhanced features~~ , timely completion and delivery, adequate quality testing, integration ~~of our products and services~~ with existing technologies and applications and competitive pricing ~~. For example, in October 2021, we announced Couchbase Capella, which permits our customers to deploy their database in Couchbase Capella in an Amazon Web Services environment fully hosted by us. Further, in fiscal 2023, we announced Couchbase Capella' s availability on the Google Cloud Platform (" GCP ") and Microsoft Azure, as well as launched Couchbase Capella App Services on Amazon Web Services and GCP. As a relatively new product offering, it is uncertain whether Couchbase Capella will be widely adopted or how well it will be received by our existing and potential customers~~ . If our investments in new products and services, including Couchbase Capella, are not successful, our business, financial condition and results of operations would be adversely affected. In addition, because our products and services are designed to operate with a variety of systems, applications, data and devices, we will need to continuously modify and enhance our products and services to keep pace with changes in such systems. We may not be successful in developing these modifications and enhancements. The addition of **new** features and solutions to our products and services ~~will~~ **may** increase our research and development expenses ~~. Further~~ , ~~the addition of new products, such as Couchbase Capella, will increase our~~ compliance **, personnel. security, infrastructure** and other expenses ~~, including personnel and security and cloud infrastructure expenses~~ . ~~Any~~ **We have adopted** new features ~~that we develop~~ **and may introduce others in the future, which** may not be introduced in a timely or cost- effective manner or may not achieve the market acceptance necessary to generate sufficient revenue to justify the related research and development and other related expenses. It is difficult to predict customer adoption of new features. Such uncertainty limits our ability to forecast our future results of operations and subjects us to a number of challenges, including our ability to plan for and model future growth. If we are unable to ~~successfully develop new product features, enhance our existing product features to meet customer requirements, gain market acceptance or otherwise~~ manage the risks associated with the development of new products and features, our business ~~, financial condition and results of operations~~ would be adversely affected. If new technologies emerge that enable others to deliver competitive products and services at lower prices, more efficiently, more conveniently or more securely, such technologies could adversely impact our ability to compete effectively. ~~Our~~ **Generally, our** professional services and training **revenues** have grown as our subscription revenue has grown. We believe our investment in services facilitates the adoption of our products. **However, Couchbase Capella contains a service component and Couchbase Capella customers may not require standalone services at the same rate as for our enterprise Server and Mobile offerings.** As a result, **as** ~~our sales efforts have focused on helping our~~ customers ~~realize the value of our products rather than on the profitability of~~ **migrate to Couchbase Capella, it is not clear if revenue from** our services business **will continue** ~~. In the future, we intend~~ to **grow at rates consistent** ~~price our services based on the anticipated cost of those services~~ with **prior periods. Further,** ~~the aim of improving the gross profit percentage of our~~ professional services ~~business. If we are unable~~ **and training may be seen as ancillary** to ~~manage the growth of~~ our **core product offerings. To the extent customers reduce spending due to macroeconomic conditions, customers may opt out of** services ~~business and improve our profit margin from these services~~ , **which may harm** our results of operations ~~, including our profit margins, will be harmed~~ . We have a limited operating history, which makes it difficult to predict our future results of operations. We were formed in 2011 with the merger of Membase, Inc. and CouchOne, Inc. Since our formation, we have frequently expanded our product features and services and evolved our pricing methodologies. Our limited operating history and our evolving business make it difficult to evaluate our future prospects and the risks and challenges we may encounter. These risks and challenges include **, among other things,** our ability to ~~: •~~ **manage our costs,** accurately forecast ~~our~~ revenue **, gain** ~~and plan our expenses; • increase the number of~~ new customers ~~and~~ **,** retain ~~and~~ **or** expand ~~relationships with~~ existing customers **,** ~~; • successfully~~ introduce ~~new~~ **successful** products ~~and~~ **,** services ~~; • successfully~~ **and features and** compete ~~with current and future competitors; • successfully expand our business in existing markets and enter new markets and geographies; • anticipate and respond to macroeconomic and technological changes and changes in the markets in which we operate; • maintain and enhance the value of our reputation and brand; • maintain and expand our relationships with partners; • maintain and expand our relationships with enterprise architects, application developers and other key functions that support them; • successfully execute on our sales and marketing strategies; • adapt to rapidly evolving trends in the ways consumers interact with technology; • hire, integrate and retain talented technology, sales, customer service and other personnel; and •~~ effectively ~~manage rapid growth in our personnel and operations~~ . If we fail to address the risks and ~~difficulties~~ **challenges** that we face, including those ~~associated with the challenges listed~~ above as well as those described elsewhere in this " Risk Factors " section, our business, financial condition, results of operations, key business metrics and prospects could be adversely affected. Further, because we have limited historical financial data and operate in a rapidly evolving market, any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies with limited operating histories in rapidly changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our results of operations could differ materially from our expectations and our business, financial condition and results of operations could be adversely affected. Our future results of operations and key business metrics may fluctuate significantly, and if we fail to meet the expectations of analysts or investors, the market price of our common stock and the value of your investment could decline substantially. Our results of operations and key business metrics may fluctuate from period to period as a result of a number of factors, many of which are outside of our control and may be difficult to predict **,** ~~. Some of the factors that may cause our results of operations and key business metrics to fluctuate from period to period include~~ **including** : • market acceptance and ~~the level of~~ demand for our products and services, including new products and services ~~we offer~~ ; • the quality and level of our execution of our business strategy and operating plan; • the effectiveness of our sales and marketing programs; • the length of our sales cycle, including the timing of renewals; • our ability to attract new customers, particularly large enterprises; • our ability to retain customers and expand their adoption of our products and services, particularly our largest customers; • our ability to successfully expand internationally and penetrate key markets; • ~~our~~ **a** failure to maintain the level of service uptime and performance required by our customers with certain of our products; • technological changes and the timing and success of new or enhanced product features by us or our competitors or any other change in the competitive landscape of our market; • our product mix and the revenue recognition related to such products; • changes in the average contract term or the timing of revenue recognition, any of which may impact implied growth rates; • changes to our packaging and licensing models, which may impact the timing and amount of revenue recognized; • increases in and the timing of operating expenses that we may incur to grow our operations and to remain competitive; • pricing pressure as a result of competition or otherwise; • seasonal buying patterns; • ~~delays in our sales cycles~~ **the implementation of cost- saving activities** , ~~decreases in sales to new~~ **extra layers of scrutiny and approval, and** customers **electing** ~~and reductions in upselling and cross- selling~~ to ~~existing customers due to~~ **buy in smaller increments as a result of** macroeconomic conditions; • the ~~implementation of cost- saving activities as a result of macroeconomic conditions; • the~~ impact and costs ~~, including~~ **related to** ~~those~~ -- **the acquisition and** ~~with respect to~~ integration ~~, related to the acquisition~~ of businesses, talent, technologies or intellectual property rights; • ~~our~~ **an** inability to enforce our licenses associated with our products; • our ability to successfully hire and retain employees and key members of our management team; • changes in the legislative **, litigation** or regulatory environment ~~; • adverse litigation judgments, settlements or other litigation- related costs~~ ; and • general economic conditions in either domestic or international markets, including geopolitical uncertainty and instability, as well as the effects of foreign exchange fluctuations. Any one or more of the factors above may result in significant fluctuations in our results of operations. We also intend to continue to invest significantly to grow our business in the near future. In addition, we generally experience seasonality based on when we enter into agreements with customers, and our quarterly results of operations generally fluctuate from quarter to quarter depending on customer buying habits. This seasonality is reflected to a lesser extent, and sometimes is not immediately apparent, in revenue, due to the fact that a substantial portion of our subscription revenue is recognized ratably over the term of the subscription, which typically ranges from one to three years. We expect that seasonality will continue to affect our results of operations in the future. The variability of our results of operations or other operating estimates could result in our failure to meet our expectations or those of securities analysts or investors **; if so** ~~. If we fail to meet or exceed such expectations for these or any other reasons~~ , the market price of our common stock could decline, and we could face costly lawsuits, including securities class action suits. We recognize a significant portion of revenue from subscriptions over the term of the relevant subscription period, and as a result, downturns or upturns in sales are not immediately reflected in full in our results of operations. Subscription revenue accounts for a significant portion of our revenue, comprising **95 %,** 92 ~~%, 94~~ % and 94 % of total revenue for fiscal **2024,** 2023 ~~,~~ **and** 2022 ~~and 2021~~ , respectively. Sales of new or renewal subscriptions may ~~decline and~~ fluctuate as a result of a number of factors, including customers ~~' level of~~ satisfaction ~~with our products~~ , **pricing** ~~the prices of our products~~ , the prices of competitors' products and reductions in our customers' spending levels or fluctuations in customer usage of consumption- based offerings. If ~~our~~ sales ~~of new or renewal subscription contracts~~ decline or if consumption- based customers consume Couchbase Capella at a slower rate than expected, our total revenue and revenue growth rate may decline ~~and our business will suffer~~ . Under most of our contracts, we recognize a portion of subscription revenue upon transfer of the software license to the customer and the larger remainder of the transaction price ratably over the term of the arrangement. See Note 2 to our consolidated financial statements included elsewhere in this Annual Report on Form 10- K for more information. As we significantly rely on subscription revenue, a significant portion of the revenue that we report in each period will be derived from the recognition of deferred revenue relating to agreements entered into in prior periods. Consequently, a decline in new sales or renewals in any one period **and any downturn in sales, demand or market acceptance for our products** may not be immediately reflected in our results of operations for such period **but** ~~. Any such decline, however, would be reflected~~ in ~~future periods. Accordingly, the effect of significant downturns in sales and market acceptance of and demand for our products and changes in our rate of renewals or customer churn may not be fully reflected in our results of operations until~~ future periods. Our subscription- based products also make it difficult to rapidly increase our revenue through additional sales in any period, as a significant portion of such revenue from customers will be recognized over the term of the applicable agreement. Further, we intend to increase our investment in research and development, sales and marketing and general and administrative functions and other areas to grow our business. These costs are generally expensed as incurred, ~~as compared~~ **in contrast** to our revenue ~~, of which a significant portion is recognized ratably in future periods~~ . ~~We~~ **Accordingly, we** may recognize the costs associated with such increased investments earlier than some of the anticipated benefits and the return on these investments may be lower, or may develop more slowly, than we expect, which could adversely affect our financial condition and results of operations. We depend on our sales force, and we may fail to attract, retain, motivate or train our sales force, which could adversely affect our business, financial condition and results of operations. **Our** ~~We depend on our~~ sales force ~~to obtain~~ **obtains** new customers and ~~to drive~~ **drives** additional sales to existing customers ~~by selling them new subscriptions and expanding the value of their existing subscriptions. We believe that there is significant competition for sales personnel, including sales representatives, sales managers and sales engineers, with the skills and technical knowledge that we require. Our ability to achieve revenue growth will depend, in part, on our decision to hire and succeed in recruiting, training and retaining sufficient numbers of sales personnel to support our growth~~ . Our hiring, training and retention efforts have been, and may further be, hindered as a result of the intense competition for talent. New hires require significant training and may take significant time before they achieve full productivity, and our remote and online onboarding and training processes may be less effective **or efficient** than in- person training and take longer. Further, hiring sales personnel in new countries requires additional set up and upfront costs that we may not recover if the sales personnel fail to achieve full productivity. If we are unable to attract, retain, motivate and train sufficient numbers of effective sales personnel, our sales personnel do not reach significant levels of productivity in a timely manner or our sales personnel are not successful in bringing potential customers into the pipeline, converting them into new customers or increasing sales to our existing customer base, our business, financial condition and results of operations would be adversely affected. Our sales strategy to target larger enterprises involves risks that may not be present or that are present to a lesser extent with respect to smaller enterprises, such as long and unpredictable sales cycles and sales efforts that require considerable time and expense, particularly in the current macroeconomic environment. Sales to large customers involve risks that may not be present or that are present to a lesser extent with sales to smaller customers, such as longer **and unpredictable** sales cycles, more complex customer requirements **and processes** , substantial upfront sales costs and less predictability in completing some of our sales. These risks may be enhanced in the current macroeconomic environment. ~~For example, large customers may require considerable time to evaluate and test our products and services prior to making a purchase decision. They may also need to build and test the applications to be used with our products prior to a sale, which also lengthens and introduces additional uncertainty and risk to the sales process.~~ A number of factors influence the length and variability of our sales cycles, including the need to educate potential customers about the uses and benefits of our products and services, the discretionary nature of purchasing and budget cycles and the competitive nature of evaluation and purchasing approval processes **and** ~~. As a result,~~ the ~~length~~ **size** of ~~our sales cycles, from identification of~~ the ~~opportunity to deal close, may vary significantly from~~ customer ~~to customer, with sales to large enterprises typically taking longer to complete~~ . ~~Large customer sales have, in some cases, occurred in periods subsequent to those we anticipated, or~~ **For example** ~~have not occurred at all. The loss or delay of one or more large transactions in a period could affect our cash flows and results of operations for that fiscal~~

~~period and for future periods. Moreover~~ , large customers often require proof of concept deployments, free trials or begin to deploy our products on a limited basis but nevertheless negotiate pricing discounts, which all increase our upfront investment in the sales effort with no guarantee that sales to these customers will justify our substantial upfront investment. **Large customer** ~~If we fail to effectively manage risks associated with~~ sales **have** ~~cycles and sales to large customers~~ , **in some cases, occurred in periods subsequent to those we anticipated,** ~~our~~ **or** ~~business~~ **have not occurred at all** , ~~financial condition~~ **the result of which could affect our cash flows** and results of operations ~~could be adversely affected~~ **for that fiscal period and for future periods** . If we are not able to maintain and enhance our brand, especially among enterprise architects, application developers and other key functions that support them, our business and results of operations may be adversely affected. We believe that maintaining and enhancing our brand and our reputation as a leader in the market for database solutions is critical to our relationship with our existing customers and partners and our ability to attract new customers and partners. The successful promotion of our brand will depend on a number of factors, including our marketing efforts, our ability to foster awareness among enterprise architects, application developers and other key functions that support them, our ability to continue to develop high- quality products and services, our ability to successfully differentiate our products and services from those of our competitors, our ability to maintain the reputation of our products and services for data security and our ability to obtain, maintain, protect, defend and enforce our intellectual property and proprietary rights. Our brand promotion activities may not be successful or yield increased revenue. In addition, independent industry analysts often provide reports of our products and services, as well as the offerings of our competitors, and perception of our products and services in the marketplace may be significantly influenced by these reports. **Negative** ~~If these~~ reports **, or reports that** are ~~negative, or~~ less positive as compared to those of our competitors, **may adversely affect** our reputation and brand ~~may be adversely affected~~ . Additionally, the performance of our partners may affect our reputation and brand if customers do not have a positive experience with our partners. Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks and our competitors may adopt trade names or trademarks similar to ours leading to market confusion. If we are otherwise unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. The maintenance and promotion of our brand requires us to make substantial expenditures, **yet** ~~and we anticipate that the expenditures will increase as our market becomes more competitive, we expand into new geographies and markets and more sales are generated through our partners. Our brand promotion activities~~ may not generate customer awareness or yield increased revenue, and even if they do, any increase in revenue from such brand promotion initiatives may not offset the increased expenses we incur. If **so** ~~we do not successfully maintain and enhance our reputation and brand~~ , we may have reduced pricing power relative to our competitors, ~~we could lose customers or we could fail to attract potential customers or expand sales to our existing customers, all of~~ which could materially and adversely affect our business, financial condition...... or industries in which we operate would adversely affect our business, financial condition and results of operations. Real or perceived errors, failures or bugs in our products or interruptions or performance problems associated with our technology and infrastructure could adversely affect our growth prospects, business, financial condition and results of operations. Our products are complex, and therefore, undetected errors, failures or bugs have occurred in the past and may occur in the future. Our products are used in IT environments with different operating systems, system management software, applications, devices, databases, servers, storage, middleware, custom and third- party applications and equipment and networking configurations ~~, which may cause~~ **. This diversity increases the likelihood of** errors or failures in the IT ~~environment~~ **environments** into which our products are deployed. ~~This diversity increases the likelihood of errors~~ **Additionally, we rely upon third- party cloud hosting infrastructure providers to host** ~~or~~ **our cloud offering** ~~failures in those IT environments~~ . Despite testing by us, real or perceived errors, failures or bugs in our customer solutions, software or technology or the technology or software we license from third parties, including open source software, may not be found until our customers use our products. **This** ~~Real or perceived errors, failures or bugs in our products~~ could result in negative publicity, security related incidents such as data breaches, data loss, unavailability or corruption, loss of or delay in market acceptance of our products, harm to our brand, weakening of our competitive position or complaints or claims by customers for losses sustained by them or our failure to meet the stated service level commitments in our customer agreements. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend significant additional resources in order to help correct the problem. Any errors, failures or bugs in our products could impair our ability to attract new customers, retain existing customers or expand their use of our products, any of which could adversely affect our business, financial condition and results of operations. For certain of our products, our success depends, in part, on the ability of our existing customers and potential customers to access such products at any time and within an acceptable amount of time. We may experience service disruptions, outages **, capacity constraints** and other performance problems due to a variety of factors, including infrastructure changes or failures, human or software errors, malicious acts, terrorism, denial of service attacks or other security related incidents or capacity constraints ~~. Capacity constraints could be due to a number of potential causes including technical failures, natural disasters, fraud or security attacks~~ . In some instances, we may not be able to identify or remedy 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 products and customer implementations become more complex. If our products are unavailable or if our customers are unable to access our products within a reasonable amount of time or at all, or if other performance problems occur, we may experience a loss of customers, lost or delayed market acceptance of our platform and services, delays in payment to us by customers, injury to our reputation and brand, legal claims against us and the diversion of our resources. The foregoing risks associated with any outage or service disruptions are magnified by the fact that our platform is typically used by our customers to support mission- critical applications. In addition, 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, financial condition and results of operations could be adversely affected. Some of our customer contracts contain service level commitments, which contain specifications regarding response times for support, performance of our products and availability of our services. Any failure of or disruption to our infrastructure could impact the performance of our products and the availability of services to customers. If we are unable to meet our stated service level commitments or if we suffer extended periods of poor performance or unavailability of our products or services, we may be contractually obligated to provide affected customers with service credits ~~for~~ - **or potentially** ~~future subscriptions. In certain cases, we may~~ face contract termination with refunds of prepaid amounts related to unused subscriptions. If we suffer performance issues or downtime that exceeds the service level commitments under our contracts with our customers, our business, financial condition and results of operations could be adversely affected. Our ability to maintain and increase sales with our existing customers depends, in part, on the quality of our customer support, and our failure to offer high- quality support would harm our reputation and adversely affect our business and results of operations ~~. Our customers sometimes depend on our technical support services to resolve issues relating to our products~~ . Our ability to provide effective support is vital to our business as our products are often utilized by our customers for mission- critical applications and are often integrated with and dependent on other core technologies, which factors also increase the complexity and challenge of providing support. If we do not succeed in helping our customers quickly resolve issues or provide effective ongoing education related to our products, our reputation could be harmed, and our existing customers may not renew or expand their use of our products. To the extent that we are unsuccessful in hiring, training and retaining adequate customer support personnel, our ability to provide adequate and timely support to our customers and our customers' satisfaction with our products, would be adversely affected. Our failure to provide and maintain high- quality customer support would harm our reputation and brand and adversely affect our business, financial condition and results of operations. Our international operations and planned continued international expansion subject us to additional costs and risks, which could adversely affect our business, financial condition and results of operations. Our continued success and our growth strategy depend, in part, on our planned continued international expansion. We are continuing to adapt to and develop strategies to address international markets, but such efforts may not be successful ~~. Additionally, our international sales~~ and ~~operations~~ are subject to a number of risks, including, without limitation: • greater difficulty in enforcing contracts and managing collections in countries where our recourse may be more limited, as well as longer collection periods; • higher costs of doing business internationally, including costs incurred in establishing and maintaining office space and equipment for our international operations; • differing labor regulations, especially in the European Union (" EU ") where labor laws may be and often are more favorable to employees; • challenges inherent to efficiently recruiting and retaining talented and capable employees in foreign countries and maintaining our company culture and employee programs across all of our offices; • fluctuations in exchange rates between the U. S. Dollar and foreign currencies in markets where we do business; • management communication and integration problems resulting from language and cultural differences and geographic dispersion; • costs associated with language localization of our products and services; • risks associated with trade restrictions and foreign legal requirements, including any importation, certification and localization of our products and services that may be required in foreign countries; • greater risk of unexpected changes in regulatory requirements, tariffs and tax laws, trade laws, export quotas, customs duties, treaties and other trade restrictions; • costs of compliance with foreign laws and regulations and the risks and costs of non-compliance with such laws and regulations, including, but not limited to laws and regulations governing our corporate governance, product licenses, data privacy, data protection and data security regulations, particularly in the EU; • compliance with anti- bribery laws, including, without limitation, the U. S. Foreign Corrupt Practices Act of 1977, as amended (the " FCPA "), the U. S. Travel Act and the United Kingdom Bribery Act 2010, violations of which could lead to significant fines, penalties and collateral consequences for us; • risks relating to the implementation of exchange controls, including restrictions promulgated by the Office of Foreign Assets Control (" OFAC ") and other similar trade protection regulations and measures; • heightened risk of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact our financial condition and result in restatements of, or irregularities in, financial statements; • the uncertainty of protection for intellectual property rights in some countries, particularly, those countries where we operate through a professional employer organization and do not have a direct contractual relationship with our service providers in such countries; • exposure to regional or global public health issues ~~, such as the outbreak of the COVID- 19 pandemic,~~ and ~~to~~ **restrictions on** travel **or** ~~restrictions and~~ other measures undertaken by governments in response ~~to such issues~~ ; • general economic and political conditions in these foreign markets, including inflation concerns ~~and~~ **,** rising interest rates ~~and~~ **,** political and economic instability in some countries, such as the ~~significant military action against~~ **Hamas- Israel or Russia-** Ukraine **conflicts,** ~~launched by Russia~~ and any related political or economic response and counter responses or otherwise by various global actors or general effect on the global economy; • foreign exchange controls or tax regulations that might prevent us from repatriating cash earned outside the United States; and • double taxation of our international earnings and potentially adverse tax consequences due to changes in the tax laws of the United States or the foreign jurisdictions in which we operate. If we are unable to address these ~~difficulties and challenges~~ or other problems encountered in connection with our international operations and expansion, ~~we might incur unanticipated liabilities or~~ **our operations may be negatively impacted** ~~we might otherwise suffer harm to our business generally~~ . Some of our business partners also have international operations and are subject to the risks described above. These and other factors could harm our ability to generate revenue outside of the United States and, consequently, adversely affect our business ~~, financial condition and results of operations~~ . In addition, compliance with ~~laws and~~ **evolving foreign** regulations **may** ~~applicable to our international operations increases~~ - **increase** ~~our~~ **operational** ~~cost~~ **costs** ~~of doing business in foreign jurisdictions. We may be unable to keep current with changes in foreign government requirements and laws as they change from time to time~~ . Failure to comply with these laws and regulations could have adverse effects on our business. 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. regulations applicable to us. Although we have implemented 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 third-party service providers will comply with these laws and policies. Violations of laws or key control policies by our employees, contractors, partners or third- party service providers could result in delays in revenue recognition, financial reporting misstatements, fines, penalties or the prohibition of the importation or exportation of our products and services and could have an adverse effect on our business, financial condition and results of operations. We face fluctuations in currency exchange rates,...... condition and results of operations. We track certain key business metrics with internal systems and tools and do not independently verify such metrics. Certain of these metrics are subject to inherent challenges in measurement, and any real or perceived inaccuracies in such metrics may adversely affect our business and reputation. We track certain metrics, including ARR, dollar- based net retention rate and number of customers, with internal systems and tools that are not independently verified by any third party, and which may differ from estimates or similar metrics published by third parties due to differences in sources, methodologies or the assumptions on which we rely. Our internal systems and tools have a number of limitations, and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we publicly disclose. In addition, our ARR and dollar- based net retention rate calculations assume our customers will renew unless we receive notification of non- renewal and are no longer in negotiations prior to a measurement date, and will not increase or reduce, their subscriptions for our platform and services. If these assumptions **are** ~~prove to be~~ incorrect, our actual ARR and dollar- based net retention rate may differ significantly from the metrics presented in this Annual Report on Form 10- K. If the internal systems and tools we use to track these metrics undercount or overcount performance or contain algorithmic or other technical errors, the data we report may not be accurate. While these numbers are based on what we believe to be reasonable estimates of our metrics for the applicable period of measurement, there are inherent challenges in measuring these metrics. Limitations or errors with respect to **the data or** how we measure data ~~or with respect to the data that we measure~~ may affect our understanding of certain details of our business, which could affect our long- term strategies. If our key business metrics are not accurate representations of our business, if investors do not perceive our key business metrics to be accurate or if we discover material inaccuracies with respect to these figures, we expect that our business, reputation, financial condition and results of operations would be adversely affected. We depend on our management team and other highly skilled personnel, and we may fail to attract, retain, motivate or integrate highly skilled personnel, which could adversely affect our business, financial condition and results of operations. We depend on the continued contributions of our management team, key employees and other highly skilled personnel. ~~Our~~ **Most of our** management team and key employees are at- will employees, which means they may terminate their relationship with us at any time. We are also substantially dependent on the continued service of our existing engineering personnel because of the complexity of our products. The competition for top management, engineering talent and other highly skilled personnel is high, and the loss of ~~the~~ **their** services ~~of any of our key personnel~~ or delays in hiring required personnel, particularly within our research and development and engineering organizations, could adversely affect our business, financial condition and results of operations. Our future success also depends, in part, on ~~our ability to continue~~ **continuing** to attract and retain highly skilled personnel. Competition for these personnel in the San Francisco Bay Area, where our headquarters are located, and in other locations, is intense, and ~~the~~ **our** industry **faces** ~~in which we operate is generally characterized by~~ significant competition for skilled personnel ~~as well as high employee attrition. In addition, the recent move by companies to offer a remote or hybrid work environment may increase competition for employees outside of our traditional office locations. Employee turnover rates and inflationary pressures in the labor market have increased and may continue to be elevated compared to historic levels, which may lead to increased recruiting, training and retention costs. We may not be successful in attracting, retaining, training or motivating qualified personnel to fulfill our current or future needs. In particular, many of our roles require highly- specialized skill sets that are harder to recruit for and the individuals with such skills sets are particularly sought after by larger technology companies that are able to offer compensation packages that we may not be able to compete with. If we do not succeed in attracting well-qualified employees, retaining and motivating existing employees or maintaining our corporate culture in a hybrid or remote work environment, our business would be adversely affected~~ . Additionally, the former employers of our new employees **have, and in the future** may **,** ~~attempt to~~ assert that our new employees or we have breached ~~their~~ legal obligations, which may be time- consuming, distracting to management and may divert our resources. Current and potential personnel also often consider the value of equity awards they receive in connection with their employment, and **if** ~~to the extent~~ the perceived value of our equity awards declines relative to those of our competitors, our ability to attract and retain highly skilled personnel may be harmed. If we fail to attract and integrate new personnel or retain and motivate our current personnel, our business, financial condition and results of operations could be adversely affected. Our company culture has contributed to our success and if we cannot maintain this culture as we grow, our business could be harmed. We believe that our company culture, which promotes being valued and creating value, has been critical to our success. We face a number of challenges that may affect our ability to sustain our corporate culture, including: • ~~failure~~ **ability** to identify, attract, reward and retain people in leadership positions in our organization who share and further our culture, values and mission; • the increasing size and geographic diversity of our workforce; • the continued challenges of a rapidly- evolving industry; and • the integration of new personnel and businesses from acquisitions. If we are not able to maintain our culture, our business ~~, financial condition and results of operations~~ could be adversely affected. We may require additional capital, which may not be available on terms acceptable to us, or at all. Historically, we have funded our operations and capital expenditures primarily through equity issuances, debt instruments and cash generated from our operations. To support our growing business, we must have sufficient capital to continue to make significant investments in our products and services. If we raise additional funds through the issuance of equity, equity- linked or debt securities, those securities may have rights, preferences or privileges senior to those of our common stock, and our existing stockholders may experience dilution. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital- raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. We evaluate financing opportunities from time to time, and our ability to obtain financing will depend on, among other things, our development efforts, business plans and operating performance and the condition of the capital markets at the time we seek financing. We cannot be certain that additional financing will be available to us on favorable terms, or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to ~~continue to support our business growth~~ -- **grow** and to respond to business challenges could be significantly limited and our business ~~, financial condition and results of operations~~ could be adversely affected. ~~Our~~ **Future** debt obligations could materially and adversely affect our business, financial condition or results of operations. We maintain a ~~$ 40. 0 million~~ revolving line of credit ~~with the former Silicon Valley Bank~~ (the " Credit Facility ") **with MUFG Bank Ltd. (" MUFG ")** . Our ability to pay interest and repay the principal for any indebtedness **, and maintain compliance with covenants as part of our agreement with MUFG,** is dependent upon our ability to manage our business operations, generate sufficient cash flows to service such debt and the other factors discussed in this " Risk Factors " section. ~~There can be no assurance that we will be able to manage any of these risks successfully.~~ In the event we draw on the ~~revolving line of credit~~ **Credit Facility** or otherwise incur indebtedness, our debt obligations could adversely impact us. For example, these obligations could: • require us to use a large portion of our cash flow to pay principal and interest on debt, which will reduce the amount of cash flow available to fund working capital, capital expenditures, acquisitions, research and development expenditures and other business activities; • limit our future ability to raise funds for capital expenditures, strategic acquisitions or business opportunities, research and development and other general corporate requirements; • restrict our ability to incur additional indebtedness and to create or incur certain liens; • increase our vulnerability to adverse economic and industry conditions; and • increase our exposure to interest rate risk from variable rate indebtedness. **There can be no assurance that we will be able to manage any of these risks successfully.** We may also need to refinance a portion of any **of our** outstanding indebtedness as it matures. ~~For instance, our Credit Facility matures in January 2024.~~ There is a risk that we may not be able to refinance existing debt **, including the Credit Facility,** or that the terms ~~of any refinancing~~ may not be as favorable as the terms of our ~~prior~~ **existing** indebtedness. Furthermore, if prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase. ~~Silicon Valley Bank was closed on March 10, 2023 by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (" FDIC ") as receiver, and on March 26, 2023, the FDIC announced that it had entered into a purchase and assumption agreement for all deposits and loans of Silicon Valley Bridge Bank, N. A. (" SVBB ") by First Citizens Bank & Trust Company, Raleigh, North Carolina. While SVBB has assured holders of credit facilities that they intend to honor these facilities, our Credit Facility may not be available in all or in part in the near future.~~ We may be unable to make acquisitions and investments or successfully integrate acquired companies and assets into our business, and our acquisitions and investments may not meet our expectations, any of which could adversely affect our business, financial condition and results of operations. We may in the future acquire or invest in businesses, offerings, technologies or talent that we believe could complement or expand our products and services, enhance our technical capabilities or otherwise offer growth opportunities. However, we may not be able to fully realize the anticipated benefits of such acquisitions or investments. **due** ~~Further, the pursuit of potential acquisitions may divert the attention of management and cause us~~ to ~~incur significant expenses related to identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated. There are~~ inherent risks ~~in integrating and managing acquisitions. If we acquire additional businesses, we may not be able to assimilate or integrate the acquired personnel, operations, solutions and technologies successfully, or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits or synergies from the acquired business due to a number of factors~~ , including, without limitation: • unanticipated costs or liabilities associated with the acquisition, including claims related to the acquired company, its offerings or technology **, or potential violations of applicable law or industry rules and regulations, arising from prior or ongoing acts or omissions by the acquired businesses that are not discovered by due diligence during the acquisition process** ; • incurrence of acquisition- related expenses **, including those related to identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated** , which would be recognized as a current period expense; • inability to generate sufficient revenue to offset acquisition or investment costs; • inability to maintain relationships with customers and partners of the acquired business; • challenges with incorporating acquired technology and rights into our products and services and maintaining quality and security standards consistent with our brand; • inability to identify security vulnerabilities in acquired technology prior to integration with our technology and products and services; • inability to achieve anticipated synergies or unanticipated difficulty with integration into our corporate culture; • delays in customer purchases due to uncertainty related to any acquisition; • the need to integrate or implement additional controls, procedures and policies; • challenges caused by distance, language and cultural differences; • harm to our existing business relationships with partners and customers as a result of the acquisition; • potential loss of key employees; • use of resources that are needed in other parts of our business and diversion of management and employee resources; • inability to recognize acquired deferred revenue in accordance with our revenue recognition policies; and ~~•~~ **Acquisitions also require the** use of substantial portions of our available cash or the incurrence of debt to consummate the acquisition. ~~Acquisitions also increase the risk of unforeseen legal liability, including for potential violations of applicable law or industry rules and regulations, arising from prior or ongoing acts or omissions by the acquired businesses that are not discovered by due diligence during the acquisition process. We may have to pay cash, incur debt or issue equity or equity- linked securities to pay for any future acquisitions, each~~ **Each** of ~~which~~ **these** could adversely affect our financial condition or the market price of our common stock. The sale of equity or issuance of equity- linked debt to finance any future acquisitions could result in dilution to our stockholders. The use of cash to finance any future acquisitions may limit other potential uses of our cash, including the retirement of outstanding indebtedness. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations. We may have to delay or forego a substantial acquisition if we cannot obtain the necessary financing to complete such acquisition in a timely manner or on favorable terms. Any of the foregoing could adversely affect our business, ~~To the extent subscriptions to our products or expenditures on our services are perceived by existing customers or potential customers to be discretionary,our revenue may be disproportionately affected by delays or reductions in general IT spending.We~~ face fluctuations in currency exchange rates,which could adversely affect our financial condition and results of operations.To the extent we continue to expand internationally,we will become more exposed to fluctuations in currency exchange rates.The strengthening of the U.S.Dollar relative to foreign currencies increases the real cost of our products and services for our customers outside of the United States,which could lead to the lengthening of our sales cycles or reduced demand for our products and services.Additionally,increased international sales may result in foreign currency denominated sales,increasing our foreign currency risk.Moreover,such continued expansion would increase operating expenses incurred outside the United States and denominated in foreign currencies. **If we are not able to successfully hedge against the risks associated with currency fluctuations,our financial condition and results of operations could be adversely affected.** To date,we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk.While we may decide to enter into hedging transactions in the future,the availability and effectiveness of these hedging transactions may be limited and we may not be able to successfully hedge our exposure,which **could adversely affect our financial condition and results of operations.We** financial condition and results of operations. Our business could be adversely affected by pandemics, natural disasters, political crises or other unexpected events. A significant natural disaster, such as an earthquake, fire, hurricane, tornado or flood, or a significant power outage or telecommunications failure, could disrupt our operations, mobile networks, the internet or the operations of our third- party service and technology providers. In particular, our corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity and wildfires. In addition, any unforeseen public health crises, ~~such as the COVID- 19 pandemic,~~ political crises, such as terrorist attacks, war and other political instability or other catastrophic events, whether in the United States or abroad, including the ~~significant military action against~~ **Hamas- Israel and Russia-** Ukraine **conflicts** ~~launched by Russia~~ and any related political or economic response and counter responses or otherwise by various global actors or general effect on the global economy, can continue to adversely affect our operations or the economy as a whole. The impact of any natural disaster, act of terrorism or other disruption to us or our third- party providers' abilities could result in decreased demand for our products and services or a delay in the provision of our products and services or could negatively impact consumer and business spending in the impacted regions or globally depending on the severity, any of which would adversely affect our business, financial condition and results of operations. All of the aforementioned risks would be further increased if our disaster recovery plans prove to be inadequate. Risks Related to Our Dependence on Third Parties If we are unable to maintain successful relationships with our partners, our business, financial condition and results of operations could be harmed. We employ a go- to- market business model whereby a portion of our revenue is generated by sales through or with our partners, including CSPs, independent software vendors, systems integrators, technology partners, original equipment manufacturers, marketplaces, managed service providers and resellers, that further expand the reach of our direct sales force into additional geographies, sectors, industries and channels. We have entered, and intend to continue to enter, into reseller relationships in certain international markets where we do not have a local presence. We provide certain partners with specific training and programs to assist them in selling our products and services, but ~~these steps may prove ineffective, and restrictions on travel and other limitations as a result of the COVID- 19 pandemic or other causes may undermine~~ our efforts to provide training and build relationships **may be ineffective** . In addition, if our partners are unsuccessful in marketing and selling our products and services, it would limit our planned expansion into certain geographies, sectors, industries and channels. If we are unable to develop and maintain effective sales incentive programs for our partners, we may not be able to successfully incentivize these partners to sell our products and services to customers. Some of our partners may also market, sell and support offerings that are competitive with ours, may devote more resources to the marketing, sales and support of such competitive offerings, may have incentives to promote our competitors' offerings to the detriment of our own or may cease selling our products and services altogether. Our partners could also subject us to lawsuits, potential liability and reputational harm if, for example, any of our partners misrepresents the functionality of our products and services to customers, violate laws or violate our or their corporate policies. Our ability to achieve revenue growth in the future will depend, in part, on our success in maintaining successful relationships with our partners, identifying additional partners and training our partners to independently sell our products and services. ~~If~~ **Any shortcomings of the foregoing by us or** our partners **could adversely affect** ~~are unsuccessful in selling our products and services, or if we are unable to enter into arrangements with or retain a sufficient number of high- quality partners in the regions in which we sell our products and services and keep them motivated to sell our products and services,~~ our business, financial condition, results of operations and growth prospects ~~could be adversely affected~~ . We rely on third- party service providers for many aspects of our business, and any failure to maintain these relationships could harm our business. Our success depends, in part, on our relationships with third- party service providers, including providers of cloud hosting infrastructure, customer relationship management systems, financial reporting systems, human resource management systems, credit card processing platforms, marketing automation systems, payroll processing systems and data centers, among others. In particular, cloud hosting infrastructure is becoming increasingly important as customers adopt Couchbase Capella. If any of these third parties experience difficulty meeting our requirements or standards, become unavailable due to extended outages or interruptions, temporarily or permanently cease operations, face financial distress or other business disruptions or increase their fees, or if our relationships with any of these providers deteriorate or if any of the agreements we have entered into with such third parties are terminated or not renewed without adequate transition arrangements, ~~we could suffer increased costs and delays in our~~ **or** ~~ability to provide customers with our products and services, our ability to manage our finances could be interrupted, receipt of payments from customers may be delayed, our processes for managing sales of our offerings could be impaired, our ability to generate and manage sales leads~~

~~could be weakened or our business operations could be disrupted. Any of such disruptions may adversely affect our business, financial condition, results of operations or cash flows until we replace such providers or develop replacement technology or operations. In addition,~~ if we are unsuccessful in **managing or** ~~identifying high- quality service providers,~~ negotiating cost- effective relationships with them **, we could suffer increased costs and delays in** ~~or~~ **our** ~~effectively managing these relationships~~ **ability to provide customers with our products and services** , **our ability to manage our finances could be interrupted, receipt of payments from customers may be delayed, our ability to generate and manage sales leads could be weakened or** our business ~~, financial condition and results of~~ operations could be **disrupted. Any of such disruptions may** adversely ~~affected~~ -- **affect our business, financial condition,** ~~. These risks may be heightened as a result~~ **results** of ~~the fully hosted functionality of Couchbase Capella, which has been available since October 2021~~ **operations or cash flows until we replace such providers or develop replacement technology or operations** . Certain estimates and information we refer to publicly are based on information from third- party sources and we do not independently verify the accuracy or completeness of the data contained in such sources or the methodologies for collecting such data, and any real or perceived inaccuracies in such estimates and information may harm our reputation and adversely affect our business. Certain estimates and information we refer to publicly, including general expectations concerning our industry and the market in which we operate and market size, are based to some extent on information provided by third- party providers. This information involves a number of assumptions and limitations, and although we believe the information from such third- party sources is reliable, we have not independently verified the accuracy or completeness of the data contained in such third- party sources or the methodologies for collecting such data. If ~~there are any limitations or errors with respect to such data or methodologies, or if~~ investors do not perceive such data or methodologies to be accurate, or if we discover **limitations or** material inaccuracies with respect to such data or methodologies, our reputation, financial condition and results of operations could be adversely affected. Risks Related to Our Open Source and Intellectual Property Our use of third- party open source software in our solutions, the availability of core portions of our source code on an open source **or source available** basis and contributions to our open source projects could negatively affect our ability to sell our products and provide our services, subject us to possible litigation and allow third parties to access and use software and technology that we use in our business, all of which could adversely affect our business and results of operations. Our products include software that is licensed to us by third parties under " open source " licenses. Use and distribution of open source software may entail greater risks than use of third- party commercial software, because open source projects may have vulnerabilities and architectural instabilities, and also because open source licensors generally provide their software on an " as- is " basis and do not provide support, warranties, indemnification or other contractual protections regarding infringement claims or the quality of the code **even though our customers may insist on such protections in our contracts with them** . We have historically elected to make core portions of our source code available on an open source basis to facilitate adoption as well as collaboration and participation from our application developer communities. However, we may not be successful in this strategy, and our move toward source- available licensing, as well as the continued availability of our source code, may enable others to compete more effectively against us. In addition, the public availability of the source code for such software may make it easier for others to compromise our products. We expect to continue to incorporate such open source software in our products and allow core portions of our source code to be available on an open source or source- available basis in the future. Although most of our code is developed in- house, we also receive a limited amount of contributions from our open source developer communities. We require third parties who provide contributions to us to assign ownership of all intellectual property rights in their contributions to us, or provide us with a perpetual license to their works, and represent that their contributions are original works and that they are entitled to assign or license these rights to us. However, we cannot be sure that we can use all contributions without obtaining additional licenses from third parties, and may be subject to intellectual property infringement or misappropriation claims as a result of our use of these contributions. Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use, or grant other licenses to our intellectual property. We seek to ensure that our closed- source proprietary software is not combined with, and does not incorporate, open source software in ways that would require the release of the source code of our closed- source proprietary software to the public. However, we cannot ensure that ~~we have not incorporated additional~~ **our processes for controlling our use of** open source software in our ~~software in a manner that is inconsistent~~ **products will be effective. If we are held to have failed to comply** with the terms of ~~the~~ applicable ~~license~~ **licenses** or our current policies and procedures ~~. If we fail to comply with the terms of these licenses~~ or otherwise combine our closed- source proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our closed- source proprietary software to the public at no cost ~~, make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and license such modifications or derivative works~~ under the terms of applicable open source licenses. This would allow our competitors to create similar offerings with lower development effort and time and ultimately could result in a loss of our competitive advantages. Additionally ~~, if an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our products that contained the open source software and required to comply with onerous conditions or restrictions on these products, which could disrupt the distribution and sale of these products. Alternatively, to avoid the public release of the affected portions of our source code, we could be required to expend substantial time and resources to re- engineer some or all of our software which may divert resources away from our product development efforts and, as a result, adversely affect our business. Although we monitor our use of open source software to avoid subjecting our products to conditions we do not intend~~ , the terms of many open source licenses have not been interpreted by U. S. or foreign courts, and ~~there is a risk that~~ these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to provide or distribute our products. From time to time, there have been claims challenging the ownership of open source software against companies that incorporate open source software into their products, and the licensors of such open source software provide no warranties or indemnities with respect to such claims. As a result, we and our customers could be subject to lawsuits by parties claiming ownership of what we believe to be open source software. ~~Moreover, we cannot ensure that our processes for controlling our use of open source software in our products will be effective.~~ If ~~we are held to have breached or failed to fully comply with all the terms and conditions of an open source software license, or if~~ an author or other third party that distributes such open source software were to allege that we had not complied with ~~the~~ **applicable license** conditions **,** ~~of one~~ or ~~more of~~ **if we are required to defend a customer in** ~~these~~ -- **the** ~~licenses~~ **event of such a claim** , we could be required to incur significant legal expenses defending against such allegations. **If** ~~In the event~~ we are unable to successfully defend against such allegations ~~,~~ we could be subject to significant damages or other liability, including being enjoined from the sale of our products and services. We could also be required to seek licenses from third parties to continue providing our products on terms that are not economically feasible, re- engineer our products, discontinue or delay the provision of our products if re- engineering cannot be accomplished on a timely basis or make generally available, in source code form, our proprietary code. Any of the foregoing would adversely affect our business, financial condition and results of operations. Our distribution and licensing model could negatively affect our ability to monetize and protect our intellectual property rights. Many of our products **are available** ~~may be obtained or used~~ for free on the internet, including a substantial portion of our source code on open source or source available terms ~~, and we may not know the parties that are utilizing our products and to what extent they are utilizing our products~~ . Also, we may ~~not~~ have **limited or no** direct visibility into ~~how~~ **who may be using** our software ~~is being used~~ **or to what extent or purpose** , so our ability to detect violations of our product licenses is extremely limited. If we are unable to manage the risks related to our licensing and distribution model, our business ~~, financial condition and results of operations~~ could be adversely affected **. Additionally, we have adopted BSL 1. 1, a source- available license, for certain of our publicly available source code. We believe BSL 1. 1 enables us to fairly and transparently control commercialization of our source code, however such licensing strategy may not prevent misuse of our source code. Additionally, BSL 1. 1 is not an open source license, which may negatively impact adoption of the source code, reduce our brand and product awareness and negatively impact our ability to compete** . Because of the rights accorded to third parties under open source licenses, there may be fewer technology barriers to entry in the markets in which we compete and it may be relatively easy for new and existing competitors, some of whom may have greater resources than we have, to compete with us. ~~One of the characteristics of open~~ **Open** source software ~~is that the governing~~ license terms generally allow liberal modifications **and distribution** of the code ~~and distribution thereof to a wide group of companies or individuals~~ . We have historically elected to make ~~a~~ core ~~portion~~ **portions** of our source code available on an open source basis **. The continued availability of our source code** , ~~and have~~ **notwithstanding our** ~~moved~~ - **move** toward source- available licensing ~~. The continued availability of our source code~~ , among other things, may enable others to develop new software products or services that are competitive to ours without the same degree of overhead and lead time required by us, particularly if customers do not value the differentiation of our proprietary components. It is possible for new and existing competitors, including those with greater resources than ours, to develop their own open source software or hybrid proprietary and open source software offerings ~~, potentially reducing the demand for, and putting price pressure on, our products~~ . In addition, some competitors make open source software available for free download or use or may position competing open source software as a loss leader. We cannot guarantee that we will be able to compete successfully against current and future competitors or that competitive pressure or the availability of open source software will not result in price reductions, reduced revenue and gross margins and loss of market share, any one of which could adversely affect our business. Our use of open source software may also limit our ability to assert certain of our intellectual property and proprietary rights against third parties, including competitors, who access or use software or technology that we have contributed to such open source projects. ~~Our decision to license certain source code under a source- available license, BSL 1. 1, may harm the adoption of our source code. We previously announced that we would be licensing certain source code under a source- available license, BSL 1. 1. Under our BSL 1. 1 license, licensees can copy, modify and redistribute source code for any non- production purpose. Our BSL 1. 1 license also permits use of our source code in a production deployment so long as the licensee is not creating commercial derivative works or offering or including our source code in a commercial product, application or service. After four years, our BSL 1. 1 license automatically converts to Apache 2. 0, an open source license. We believe that the move to BSL 1. 1 enables us to fairly and transparently control commercialization of our source code. However, BSL 1. 1 is not an open source license, which may negatively impact adoption of the source code, reduce our brand and product awareness and ultimately negatively impact our ability to compete.~~ We could incur substantial costs in obtaining, maintaining, protecting, defending and enforcing our intellectual property rights and any failure to obtain, maintain, protect, defend or enforce our intellectual property rights could reduce the value of our software and brand. Our success depends, in part, upon our ability to obtain, maintain, protect, defend and enforce our intellectual property rights, including our proprietary technology, know- how and our brand. We rely on a combination of patents, copyrights, trademarks, service marks, trade secret laws, other intellectual property laws, confidentiality procedures and contractual provisions in an effort to establish and protect our proprietary rights. However, the steps we take to obtain, maintain, protect, enforce and defend our intellectual property rights may be inadequate ~~. We will not be able to protect our intellectual property rights~~ if **, for example,** we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property **and as a result** ~~. If we fail to protect or enforce our intellectual property rights adequately,~~ our competitors might gain access to our proprietary technology and develop and commercialize similar or substantially identical products, services or technologies, and our business, financial condition, results of operations or prospects could be adversely affected. While we have patent applications pending in the United States, there can be no assurance that **they** ~~our patent applications~~ will result in issued patents. As of January 31, ~~2023~~ **2024** , we owned ~~three~~ **five** issued U. S. patents, ~~five~~ **nine** U. S. non- provisional patent applications, ~~one~~ **two** U. S. provisional patent ~~application~~ **applications** , ~~one~~ **two** Patent Cooperation

Treaty, or PCT, patent applications, and ~~four~~ **three** foreign patent applications. Pending PCT patent applications are not eligible to become issued patents until, among other things, we file national stage patent applications within 30 months in the countries in which we seek patent protection. If we do not timely file such national stage patent applications, we may lose our priority date with respect to our PCT patent ~~application~~ **applications** and any patent protection on the inventions disclosed in such applications. Even if we continue to seek patent protection in the future, we may be unable to obtain or maintain patent protection for our technology. In addition, any patents issued ~~from pending or future patent applications~~ or licensed to us in the future may not provide us with competitive advantages, or may be successfully challenged by third parties. In addition, defending our intellectual property rights might entail significant expenses. Any of our patents, trademarks or other intellectual property rights that we have or may obtain may be challenged or circumvented by others or invalidated or held unenforceable through administrative process, including re- examination, inter partes review, interference and derivation proceedings and equivalent proceedings in foreign jurisdictions or litigation in the United States or in foreign jurisdictions. Others may infringe on our patents, trademarks or other intellectual property rights, independently develop similar, substantially identical or superior offerings, duplicate any of our offerings or design around our patents or other intellectual property rights or use information that we regard as proprietary to create products and services that compete with ours. Further, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Various courts, including the United States Supreme Court, have rendered decisions that affect the scope of patentability of certain inventions or discoveries relating to software and business methods. These decisions state, among other things, that a patent claim that recites an abstract idea, natural phenomenon or law of nature are not themselves patentable. Precisely what constitutes a law of nature or abstract idea is uncertain, and it is possible that certain aspects of our technology could be considered abstract ideas. Accordingly, the evolving case law in the United States may adversely affect our ability to obtain patents and may facilitate third- party challenges to any future owned or licensed patents. ~~Additionally~~ **As we expand our international activities** , ~~patent, trademark,~~ **our exposure to unauthorized** ~~copyright~~ --- **copying** and ~~trade secret~~ **use of our services and platform capabilities and proprietary information will likely increase. Intellectual property** protection may not be available to us in every country in which our services are available ~~. In addition~~ , **or** the laws of **or mechanisms for enforcement in** some foreign countries may not be as protective of intellectual property rights as those in the United States ~~, and mechanisms for enforcement of intellectual property rights may be inadequate. As we expand our international activities, our exposure to unauthorized copying and use of our services and platform capabilities and proprietary information will likely increase~~ . Policing unauthorized use of our technologies, trade secrets and intellectual property may **thus** be difficult, expensive and time- consuming ~~, particularly in foreign countries where the laws may not be as protective of intellectual property rights as those in the United States and where mechanisms for enforcement of intellectual property rights may be weak~~ . Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights. In addition, we have made core portions of our own software available under open source or source- available licenses, and we include third- party open source software in our products. We have also occasionally contributed source code to open source projects. Because the source code for any software we distribute under open source or source- available licenses or contribute to open source projects is publicly available, our ability to protect our intellectual property rights with respect to such source code may be limited or lost entirely. We **protect and** rely, in part, on trade secrets, proprietary know- how and other confidential information to maintain our competitive position ~~and protect our confidential and proprietary information, know- how and trade secrets~~ . While we generally enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with other third parties, including suppliers, vendors and the parties with whom we have strategic relationships and business alliances, the assignment of intellectual property rights may not be self- executing or may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. Additionally, we cannot guarantee that we have entered into such agreements with each party that has or may have created or developed intellectual property on our behalf or had access to our proprietary information, know- how or trade secrets. We cannot guarantee that these agreements will be effective in controlling access to, distribution, use, misuse, misappropriation, reverse engineering or disclosure of our proprietary information, know- how and trade secrets. Further, these agreements may not prevent our competitors or partners from independently developing offerings that are substantially equivalent or superior to ours. **We** ~~These agreements may be breached, and we~~ may not have adequate remedies for any ~~such~~ breach **of these agreements** . Further, we have experienced and may in the future experience unauthorized access of our proprietary source code, confidential information and know- how. We have and may in the future initiate litigation regarding trade secret misappropriation, but enforcing a claim that a party illegally disclosed or misappropriated a trade secret or know- how is difficult, expensive and time- consuming, and the outcome is unpredictable. In addition, some courts in and outside the United States are less willing or unwilling to protect trade secrets and know- how. We may be required to spend significant resources in order to monitor and protect our intellectual property rights, and some violations may be difficult or impossible to detect. **Any** ~~Litigation~~ **litigation** ~~may be necessary in the future~~ to protect and enforce our intellectual property rights ~~, and such litigation~~ could be costly, time- consuming and distracting to management, and could result in the impairment or loss of portions of our intellectual property. 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 **that** ~~, and~~ , if ~~such defenses, counterclaims and countersuits are~~ successful, ~~we~~ could ~~lose~~ **cost us** valuable intellectual property rights. Our inability to protect our intellectual property and proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management' s attention and resources, could impair the functionality of our products, delay introductions of enhancements to our products, result in our substituting inferior or more costly technologies into our products or harm our reputation and brand. In addition, we may be required to license additional technology from third parties to develop and market new product features, which may not be on commercially reasonable terms, or at all, and would adversely affect our ability to compete. We have been and may in the future become subject to intellectual property disputes which may be costly to defend, subject us to significant liability, require us to pay significant damages and limit our ability to use certain technologies. We have been and may in the future become subject to intellectual property disputes. Our success depends, in part, on our ability to develop and commercialize our products and services without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. However, we may not be aware if our products are infringing, misappropriating or otherwise violating third- party intellectual property rights, and such third parties may bring claims alleging such infringement, misappropriation or violation. Further, we have faced and may in the future face claims from third parties claiming ownership of, or demanding release of, the software or derivative works that we have developed, including works using third- party open source software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. ~~Companies in the software and technology industries, including some of our current and potential competitors, are frequently subject to litigation based on allegations of infringement or other violations of intellectual property rights.~~ In addition, certain companies and rights holders seek to enforce and monetize patents or other intellectual property rights they own, have purchased or otherwise obtained. Many potential litigants, including some of our competitors and patent- holding companies, have the ability to dedicate substantial resources to assert their intellectual property rights and to defend claims that may be brought against them ~~. Lawsuits are time- consuming and expensive to resolve and they divert management' s time and attention~~ . Certain of our agreements with our customers and other third parties include indemnification provisions under which we agree to indemnify or otherwise be liable to them for losses suffered or incurred as a result of claims of infringement, misappropriation or other violation of intellectual property rights. Any claim of infringement by a third party, even those without merit, against us or for which we are required to provide indemnification **, are time consuming** , could cause us to incur substantial costs defending against the claim, could distract our management from our business and could require us to cease use of such intellectual property. Further, because of the substantial amount of discovery required in connection with intellectual property litigation, we risk compromising our confidential information during this type of litigation. We may be required to make substantial payments for legal fees, settlement fees, damages (including treble damages and attorneys' fees if we are found to have willfully infringed a party' s rights), royalties or other fees in connection with a claimant securing a judgment against us and we may be subject to an injunction or other restrictions that cause us to cease selling or using products or services that incorporate the intellectual property rights that we allegedly infringe, misappropriate or violate, including subscriptions to our products. We may also ~~be required to redesign any allegedly infringing portion of our products, which could be time- consuming or impossible, or we may~~ agree to a settlement that prevents us from distributing our products or a portion thereof, any of which could adversely affect our business, financial condition and results of operations. With respect to any intellectual property rights claim, we may have to seek out a license to continue operations found to be in violation of such rights, which may not be available on favorable or commercially reasonable terms and may significantly increase our operating expenses. Some licenses may be non- exclusive, and therefore our competitors may have access to the same technology licensed to us. If a third party does not offer us a license to its intellectual property on commercially reasonable terms, or at all, we may be required to develop alternative, non- infringing technology, which could require significant time (during which we would be unable to continue to offer our affected product features), effort and expense and may ultimately not be successful. Any of these events would adversely affect our business, financial condition and results of operations. Even if the claims do not result in litigation or are resolved in our favor, these claims and the time and resources necessary to resolve them, could divert the resources of our management ~~and harm our business and results of operations~~ . Moreover, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it would have a substantial adverse effect on our business, results of operations or the market price of our common stock. We expect that the occurrence of infringement claims is likely to grow as the market for platform and services grows. Accordingly, our exposure to damages resulting from infringement claims could increase and this could further exhaust our financial and management resources. Risks Related to Our Legal and Regulatory Environment Our business is subject to a wide range of laws and regulations, many of which are evolving, and failure to comply with such laws and regulations could harm our business, financial condition and results of operations. Our business is subject to regulation by various federal, state, local and foreign governmental agencies, including ~~agencies responsible~~ for ~~monitoring and enforcing~~ data privacy ~~,~~ **and** ~~security~~ **cybersecurity** ~~and protection~~ laws and regulations, intellectual property, employment and labor laws, workplace safety, consumer protection laws, anti- bribery laws, import and export controls, immigration laws, federal securities laws and tax laws and regulations **. Further, emerging tools and technologies we may utilize in our products and services, like AI, may become subject to regulation under new laws or new applications of existing laws** . In certain foreign jurisdictions, these regulatory requirements may be more stringent than in the United States. These laws and regulations impose added costs on our business ~~. Our regulatory risk profile may be heightened as a result of the fully hosted functionality of Couchbase Capella~~ , **noncompliance with** which ~~has been available since October 2021. Noncompliance with applicable regulations or requirements~~ could subject us to: • investigations, enforcement actions, orders and sanctions; • mandatory changes to our products and services; • disgorgement of profits, fines and damages; • civil and criminal penalties or injunctions; • claims for damages by our customers or partners; • termination of contracts; • loss of intellectual property rights; and • temporary or permanent debarment from sales to heavily regulated organizations and governments. If any governmental sanctions are imposed, **enforcement actions are taken,** or if we do not prevail in any possible civil or criminal litigation, our business, financial condition and results of operations could be adversely affected. In addition, responding to any action will likely result in a significant diversion of management' s attention and resources and an increase in professional fees. ~~Enforcement actions and sanctions could materially harm our business, financial condition and results of operations.~~ In addition, we must comply with laws and regulations relating to the formation, administration and performance of contracts with customers in heavily regulated industries and the public sector, including U. S.

federal, state and local governmental organizations **when selling our product to them directly or through partners** , which affect how we and our partners do business with such customers ~~. Selling our product to customers in heavily regulated industries or to the U. S. government, whether directly or through partners, also subjects us to certain regulatory and contractual requirements~~ . Failure to comply with these requirements by either us or our partners could subject us to investigations, fines ~~and other penalties~~ , **suspension** ~~which would adversely affect our~~ - **or debarment** ~~business, financial condition, results of operations and growth prospects. Violations of certain regulatory and contractual requirements could also result in us being suspended or debarred~~ from future government ~~contracting~~ or other contracting opportunities ~~. Any of these outcomes~~ **and other penalties, which** ~~could~~ **would** adversely affect our business, financial condition, results of operations and growth prospects. If our security measures, or those of our service providers or customers, are breached or unauthorized parties otherwise obtain access to our or our customers' data or software, our products and services may be perceived as not being secure, customers may reduce or terminate their use of our products and services and we may face claims, litigation, regulatory investigations, significant liability and reputational damage. We collect, use, store and transmit or otherwise process data as part of our business operations, including personal data in and across multiple jurisdictions. We also use third- party service providers to collect, use, store, transmit, maintain and otherwise process such information. ~~In addition, as our customers continue to adopt Couchbase Capella, we will be processing increasing amounts of customer data, which may include personally identifiable information and other data subject to special laws or regulatory regimes.~~ Increasingly, threats from computer malware, ransomware, viruses, social engineering (including phishing attacks), denial of service or other attacks, employee theft or misuse and general hacking have become more prevalent in our industry and our customers' industries. Any of these security incidents could result in unauthorized access **or** ~~to,~~ damage to, **or** disablement ~~or~~ **,** encryption ~~of~~ , use ~~or misuse of~~ , disclosure ~~of~~ , modification ~~of~~ , destruction **,** ~~of or~~ loss **or other processing** of **,** our data or customer data (including personal data), software or systems or disrupt our ability to provide our products and services. Any actual or perceived security incident could interrupt our operations, harm our reputation and brand, result in significant remediation and cybersecurity protection costs (including deploying additional personnel and modifying or enhancing our protection technologies and investigating and remediating any information security vulnerabilities), result in lost revenue, lead to regulatory investigations and orders, litigation, disputes, indemnity obligations, damages for breach of contract, penalties for ~~violation~~ **violations** of ~~applicable laws~~ - **law** ~~and~~ **or** ~~regulations~~ - **regulation** and other legal risks, increase our insurance premiums, result in any other financial exposure, lead to loss of customer confidence in us or decreased use of our products and services and otherwise adversely affect our reputation, competitiveness, business, financial condition and results of operations. We have taken steps to protect the data on our systems and offerings, but our security measures or those of our customers or third- party service providers could be insufficient and breached as a result of third- party action, employee or user errors, technological limitations, defects or vulnerabilities in our systems or offerings or those of our third- party service providers, malfeasance, fraud or malice on the part of employees or third parties, including state- sponsored organizations with significant financial and technological resources, or from failure in technological resources, failure to comply with policies or otherwise. We have experienced and may continue to experience security incidents and attacks of varying types and degrees, including instances where our third- party providers have been impacted by a supply- chain attack and instances where there has been exposure and unauthorized use of credentials of our personnel. **In addition, we have identified and been required to remediate or mitigate vulnerabilities in our code and in third- party code.** We could be impacted by these and ~~similar~~ **other** security incidents **and vulnerabilities** in the future, and our internal controls and operations regarding ~~cybersecurity~~ ----- **security** may not be effective in eliminating the risk of compromise of our systems, data ~~,~~ and software ~~. In addition, in December 2021, a vulnerability named " Log4Shell " was reported for a Java logging library, Apache Log4j, that is widely used in our industry. While we have not detected any exploit attempts in our offerings or on our systems, and have taken steps to mitigate the vulnerability, we cannot assure you that we or our customers will not be impacted by this or other similar vulnerabilities in the future~~ . Additionally, with our employees and many employees of our third- party service providers working remotely, we may be exposed to increased risks of security breaches or incidents. For example, we have seen an increase in phishing attempts and spam emails over time and it is possible this trend will continue. Also, **in connection** ~~due to political uncertainty and military actions associated~~ with ~~the significant military action against~~ **geopolitical events and conflicts such as Hamas- Israel and Russia-** Ukraine ~~launched by Russia~~ , we and our third- party service providers ~~are~~ **may be** vulnerable to a heightened risk of cybersecurity attacks, phishing attacks, viruses, malware, ransomware, hacking or similar breaches ~~from or affiliated with nation- state actors, including attacks that could materially disrupt our~~ - **or incidents** ~~systems and operations, supply chain, and ability to produce, sell and distribute our products and services, as well as retaliatory cybersecurity attacks from Russian and affiliated actors against companies with a U. S. presence~~ . There can be no assurance that any security measures that we or our customers or third- party service providers have implemented will be effective against current or future security threats. We have developed systems and processes to protect the integrity, confidentiality, availability and security of our systems, data and software, but our security measures or those of our customers or third- party service providers could fail and result in unauthorized access **or** ~~to,~~ damage to, **or** disablement ~~or~~ **,** encryption ~~of~~ , use ~~or misuse of~~ , disclosure ~~of~~ , modification ~~of~~ , destruction ~~of~~ or loss of **,** such systems, data and software. Through contractual provisions and third- party risk management processes, we take steps to require that our third- party providers and their subcontractors protect our data, but ~~because we do not control our third- party service providers and our ability to monitor their data security is limited,~~ we cannot ensure the security measures they take will be sufficient to protect our data. A vulnerability in a third- party provider' s or a customer' s software or systems, a failure of our customers' or third- party providers' safeguards, policies or procedures or a breach **or incident** of **or impacting** a customer' s or third- party provider' s software or systems could result in the compromise of the confidentiality, integrity or availability of our offerings ~~,~~ **or** systems **, or** ~~or~~ **our** ~~the~~ **or our customers'** data ~~housed in our third- party solutions~~ . Further, ~~because there are many different~~ security breach techniques **are varied** and ~~such techniques~~ continue to evolve **, including through the use of AI to**

launch more automated, targeted and ~~are generally~~ **coordinated attacks, and these attacks may** not **be** detected until after an incident has occurred ~~, we~~ **. We** may be unable to implement adequate preventative measures, anticipate, prevent or detect attempted security breaches or other security incidents or react in a timely manner. ~~If any of~~ **We have contractual and** ~~the~~ **other obligations** ~~foregoing were~~ to **notify** ~~occur, our~~ customers ~~and potential customers may lose trust in the~~ **, regulators, impacted individuals or others of certain** security ~~of~~ **incidents. We have made such notifications in the past and may be required to do so in the future. Such disclosures** ~~our~~ - **or** ~~products or database software generally, which~~ **the failure to comply with relevant requirements** could **lead to** ~~adversely~~ -- **adverse consequences** ~~impact our brand, reputation and ability to retain existing customers or attract new customers. Additionally, though we continue to evaluate and take steps to enhance the security of our products and services, our data, our systems and our internal IT infrastructure, these efforts may cause us to incur substantial costs and may not be effective~~ . Any security breach or ~~other security~~ incident that we or our third- party service providers experience, or the perception that one has occurred, could result in a loss of **revenue or** customer confidence in the security of our products and services, **lead to negative publicity or otherwise** harm our reputation and brand, reduce the demand for our products and services, disrupt normal business operations, divert management' s attention and resources, require us to spend material resources to investigate ~~or~~ **,** correct **existing or** ~~the breach and to~~ prevent future security breaches and incidents **(including deploying additional personnel and modifying or enhancing our protection technologies and investigating and remediating any information security vulnerabilities), increase our insurance premiums** or expose us to legal liabilities, including claims, litigation, regulatory enforcement and orders, disputes, investigations, indemnity obligations, damages for contract breach, penalties ~~for violation of applicable laws or regulations~~ and significant costs for remediation, any of which could adversely affect our results of operations. In addition, our remediation efforts may not be successful. We cannot ensure that any limitation of liability provisions in our customer, partner, vendor and other contracts would be enforceable or adequate with respect to any security lapse or breach or other security incident or ~~would otherwise~~ protect us from any liabilities or damages with respect to any particular claim. These risks ~~may~~ **will** increase as we continue to grow and evolve our offerings to collect, host, **store, transmit, and otherwise** process ~~, store and transmit~~ increasing volumes of data ~~. In addition, these risks may increase if the type of data that we collect, host, process, store and transmit increasingly include sensitive and regulated data, such as protected health information, credit card information and other confidential information such as personally identifiable information. Many governments have enacted laws requiring companies to notify individuals of data security incidents or security breaches involving certain types of personal data. Accordingly, security incidents that we, our competitors, our customers or our third- party service providers experience may lead to negative publicity and harm our reputation~~ . Further, if a security incident or breach occurs with respect to us or a competitor or third- party service provider, our customers and potential customers may lose trust in the security of our products or services or database software generally, which could adversely impact our ability to retain existing customers or attract new customers, which could adversely affect our business, financial condition and results of operations. Moreover, our insurance coverage, subject to applicable deductibles, may not be adequate for liabilities incurred or cover any indemnification claims against us relating to any security incident or breach or an insurer may deny or exclude from coverage certain types of claims. In the future, we may not be able to secure insurance for such matters on commercially reasonable terms, or at all. The successful assertion of one or more claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co- insurance requirements, could adversely affect our business, financial condition and results of operations. If we are not able to comply with, or are perceived to not comply with U. S. and foreign laws, rules, regulations, industry standards, contractual obligations and other requirements relating to data protection, information security and privacy, our business, financial condition and results of operations could be harmed. We are subject to a variety of federal, state, local and international laws, rules and regulations, as well as industry standards, internal and external privacy policies and contractual obligations ~~to third parties~~ , relating to the collection, use, retention, security, disclosure, transfer, storage and other processing of personal information and other data. The regulatory framework governing **these matters** ~~data privacy, security, protection and transfers~~ worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future, and it is possible that these or other actual or ~~future~~ **asserted** obligations may be interpreted and applied in ~~a manner~~ **manners** ~~that is~~ inconsistent **between** ~~from one jurisdiction~~ **jurisdictions** ~~to another~~ and ~~may~~ **in** conflict with other rules or our practices. Any ~~failure~~ **actual** or perceived failure by us, our suppliers or other third parties with whom we do business to comply with ~~our~~ **laws, regulations,** contractual ~~commitments~~ **obligations** , ~~policies~~ or **other actual** ~~federal, state, local~~ or ~~international regulations~~ **asserted obligations** could result in proceedings against us by governmental entities or others. In many jurisdictions, **including the United States,** enforcement actions and consequences for noncompliance are rising. **Further** ~~In the United States~~ , **we have had and may in** ~~these~~ -- **the** ~~include enforcement~~ **future receive assertions of noncompliance by private** ~~actions~~ - **actors . Such assertions may result** in **fines** ~~response to rules and regulations promulgated under the authority of federal agencies~~ , **investigations or settlement costs** ~~state attorneys general and legislatures and consumer protection agencies~~ . In addition, security advocates and industry groups have regularly proposed, and may propose in the future, self- regulatory standards with which we must legally comply or that contractually apply to us. If we fail to follow these ~~security~~ standards even if no personal information is compromised, we may incur significant fines or experience a significant increase in costs. 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, including but not limited to the United Kingdom **(" UK ")** , Switzerland and the EU. The EU has adopted the General Data Protection Regulation (" GDPR "), which went into effect in May 2018, and together with national legislation, regulations and guidelines of the EU member states, contains numerous requirements relating to the processing of personal data of EU data subjects, including the increased jurisdictional reach of the European Commission ~~,~~ **(" EC ") and** more robust ~~obligations and additional requirements for data protection~~ compliance ~~programs by companies. EU member states are tasked under the GDPR to enact, and have enacted, certain legislation that adds to or further interprets the GDPR requirements~~

~~and potentially extends our obligations and potential liability for failing to meet such~~ obligations. Among other requirements, the GDPR regulates transfers of personal data subject to the GDPR to ~~the United States as well as other~~ third countries that have not been found to provide adequate protection to such personal data. The GDPR also introduced numerous ~~privacy- related changes for companies operating in the EU, including greater control for~~ data **processing and** ~~subjects (for example, the " right to be forgotten "), increased data portability for EU consumers, data breach~~ notification requirements and increased fines. In particular, under the GDPR, fines of up to 20 million euros or 4 % of the annual global revenue of the noncompliant company, whichever is greater, could be imposed for violations of certain of the GDPR' s requirements. Such penalties are in addition to any civil litigation claims by customers and data subjects. ~~The GDPR requirements apply not only to third- party transactions, but also to transfers of information between us and our subsidiaries, including employee information.~~ While we have taken steps to mitigate the impact on us with respect to transfers of **personal** data, the efficacy and longevity of ~~these~~ transfer mechanisms **upon which we rely** remains uncertain. ~~The occurrence of unanticipated events and development of evolving technologies often rapidly drives the adoption of legislation or regulation affecting the use, collection or other processing of data and manner in which we conduct our business. For example, the " Schrems II " decision issued by the Court of Justice of the European Union (" CJEU ") in July 2020 struck down the EU- U. S. Privacy Shield framework, which provided companies with a mechanism to comply with data protection requirements when transferring personal data from the EU to the United States. In the same decision, the CJEU imposed additional obligations on companies when relying on standard contractual clauses, including that these clauses be considered on a case- by- case basis, in conjunction with an assessment as to whether national security laws conflict with the guarantees provided by the data importer under the standard contractual clauses. The European Commission has since issued new standard contractual clauses that account for the CJEU' s " Schrems II " decision. The Swiss Federal Data Protection and Information Commissioner also has stated that it no longer considers the Swiss- U. S. Privacy Shield adequate for the purposes of personal data transfers from Switzerland to the United States. These developments may result in European data protection regulators applying differing standards for, and requiring ad hoc verification of, transfers of personal data from Europe to the United States.~~ We **have in the past and** may **in the future** be required to take additional steps to legitimize any personal data transfers impacted by ~~these~~ **legal or regulatory** developments and be subject to increasing costs of compliance and limitations on our customers and us ~~. For example, we anticipate being required to engage in new contract negotiations with third parties that aid in processing data on our behalf and entering into new standard contractual clauses approved in the EU and United Kingdom, respectively, both of which are required to be implemented over time~~ . More generally, we may find it necessary or desirable to modify our **personal** data handling practices, and ~~this " Schrems II " decision or other~~ -- **the outcomes of** legal challenges relating to cross- border **personal** data transfer may serve as a basis for our personal data handling practices, or those of our customers and vendors, to **continue to** be challenged ~~and~~ **, which** may ~~otherwise~~ adversely affect our business ~~, financial condition and results of operations. Further, the United Kingdom government left the EU, which commonly is referred to as Brexit. Brexit has created uncertainty with regard to the regulation of data protection in the United Kingdom~~ . The **UK** ~~United Kingdom~~ has adopted a version of the GDPR (combining the GDPR and the Data Protection Act 2018), exposing us to two parallel regimes, each of which potentially authorizes similar fines and other potentially divergent enforcement actions ~~for certain violations. On June 28, 2021, the European Commission issued an adequacy decision under the GDPR and the Law Enforcement Directive, pursuant to which personal data generally may be transferred from the EU to the United Kingdom without restriction; however, this adequacy decision is subject to a four- year " sunset " period, after which the European Commission' s adequacy decision may be renewed. During that period, the European Commission will continue to monitor the legal situation in the United Kingdom and may intervene at any time with respect to its adequacy decision. The United Kingdom' s adequacy determination therefore is subject to future uncertainty and may be subject to modification or revocation in the future, with the United Kingdom potentially being considered an " inadequate third country " under the GDPR and transfers of data from the European Economic Area (" EEA ") to the United Kingdom requiring a " transfer mechanism, " such as the EU' s standard contractual clauses~~ . Furthermore, there will be increasing scope for divergence in application, interpretation and enforcement of data protection law between the **UK** ~~United Kingdom~~ and ~~EEA~~ **the European Economic Area** . We continue to monitor and review the impact of any resulting changes to EU or **UK** ~~United Kingdom~~ law that could affect our operations. We may incur liabilities, expenses, costs and other operational losses under the GDPR and ~~privacy~~ **data protection** laws of the applicable EU member states and the **UK** ~~United Kingdom.~~ in connection with any measures we take to comply with them. Other countries have also passed or are considering passing laws requiring local data residency or restricting the international transfer of **personal** data. In addition, domestic data privacy laws continue to evolve and could require us to modify our data processing practices and policies and expose us to further regulatory or operational burdens. For example, the California Consumer Privacy Act (" CCPA ") took effect in January 2020 **and was subsequently modified by the California Privacy Rights Act (" CPRA ")** . The CCPA imposes obligations on companies that process California residents' personal information, including an obligation to provide certain new disclosures to such residents and creates new consumer rights ~~, including relating to the access to, deletion of and sharing of personal information collected by covered businesses, including a consumer' s right to opt out of certain sales of their 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 privacy law, the California Privacy Rights Act (" CPRA ") was approved by California voters in the November 3, 2020 election. Effective as of January 1, 2023, the CPRA significantly modifies the CCPA, including by expanding consumers' rights with respect to certain sensitive personal information~~ . The CPRA also created a new state agency vested with authority to implement and enforce the CCPA and the CPRA. ~~Further~~ **Additionally** , **numerous** ~~on March 2, 2021, the~~ **other states have enacted privacy** ~~Governor of Virginia signed into law~~ **laws that have** ~~the Virginia Consumer Data Protection Act (" VCDPA "), which has~~ gone **or will go** into effect **in** ~~as of January 1, 2023 and is enforced by~~ the **near future** ~~Virginia Attorney General. The VCDPA creates~~

~~consumer rights, similar to the CCPA, but also imposes security and assessment requirements for businesses. In addition, on July 7, 2021, Colorado enacted the Colorado Privacy Act (“ CPA ”). The CPA closely resembles the VCDPA, and will be enforced by Colorado’ s Attorney General and district attorneys. On March 24, 2022, Utah enacted the Utah Consumer Privacy Act, and on May 10, 2022, Connecticut enacted An Act Concerning Personal Data Privacy and Online Monitoring~~ . While these new privacy laws **may** share similarities with each other, as well as with the CPRA ~~, VCDPA~~ and CCPA, **they** ~~all these laws~~ differ in many ways and we must comply with each if our operations fall within ~~the~~ **their** ~~scope~~ **scopes** ~~of these newly enacted comprehensive mandates~~ . Similar laws have been proposed in other states and at the federal level, **and certain states have enacted other privacy- focused legislation, such as Washington’ s enactment of the My Health, My Data Act, which provides for a private right of action. All of these developments** ~~reflecting~~ --- **reflect** a trend toward more stringent privacy legislation in the United States. **We expect that** ~~This~~ **this increase in** legislation ~~may~~ **and regulatory scrutiny will continue to** 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 could result in increased compliance costs or changes in business practices and policies. Additionally, in connection with Couchbase Capella, we **may receive higher volumes of data, including sensitive and regulated data, which may require us to comply with additional legal or regulatory requirements. For example, we may store and process protected health information on behalf of our customers, which may subject us to a number of data protection, security and privacy requirements under our contracts and under the Health Insurance Portability and Accountability Act of 1996 (“ HIPAA ”) and other laws and regulations. We** may sign business associate agreements with certain ~~of our~~ customers and be directly subject to ~~certain~~ provisions of ~~the Health Insurance Portability and Accountability Act of 1996 (“~~ HIPAA ~~”)~~ applicable to business associates **, as well as additional contractual requirements** . We may **also be** ~~store and process protected health information on behalf of our customers, which may~~ subject ~~us~~ to **additional** ~~a number of~~ data protection, security and privacy requirements **relating to cardholder data, including** ~~under our contractual obligations and under HIPAA and other~~ -- **the** ~~laws and regulations~~ **Payment Card Industry Data Security Standard. Increased customer adoption of Couchbase Capella may result in further increases in such requirements** . If we are, or are perceived to be, unable to maintain the privacy and security of ~~protected health information~~ **such sensitive and regulated data** , we could be subject to claims and demands by private parties, investigations and other proceedings by regulatory authorities, and significant fines, civil and criminal penalties ~~,~~ and other liabilities. Complying with these laws, regulations, ~~amendments to or re- interpretations of existing laws and regulations and~~ contractual or other obligations relating to **privacy, security,** data ~~privacy, security,~~ protection, transfer ~~,~~ **or** localization and information security may require us to **modify** ~~make changes to~~ our products and services ~~to enable us or our customers to meet new legal requirements~~ , incur substantial operational costs, modify our data practices and policies and restrict our business operations. Any actual or perceived failure by us to comply with these laws, regulations or other **actual or asserted** obligations may lead to significant fines, penalties, regulatory investigations, lawsuits, significant costs for remediation, damage to our reputation or other liabilities. **The** ~~Additionally, because the~~ interpretation and application of many privacy **, security,** and data protection laws **, regulations and** ~~along with contractually imposed industry~~ standards are uncertain, **and** it is possible that these laws **and regulations** may be interpreted and applied in a manner that is inconsistent with our ~~existing~~ data management practices or the features of our services and platform capabilities. If so, in addition to the possibility of fines, lawsuits, regulatory **enforcement or orders,** investigations **and other proceedings** , imprisonment of company officials and public censure, other claims and penalties, significant costs for remediation and damage to our reputation, we could be required to fundamentally change our business activities and practices or modify our services and platform capabilities, any of which could require significant additional expense and have an adverse effect on our business, including impacting our ability to innovate, delaying our product development roadmap and adversely affecting our relationships with customers and our ability to compete. **We** ~~If we are obligated to fundamentally change our business activities and practices or modify our products and services, we~~ may be unable to make such changes and modifications in a commercially reasonable manner, or at all, and our ability to develop new product features and services could be limited. In addition to government activity, privacy advocacy and other industry groups have established or may establish ~~new~~ self- regulatory standards that may place additional burdens on our ability to provide our products and services ~~globally~~ . Our customers expect us to meet certain voluntary certification and other standards established by third parties. If we are unable to maintain these certifications or meet these standards, it could adversely affect our ability to **attract new customers or continue** ~~provide~~ **providing** our services to certain customers and could harm our business. Further, the uncertain and shifting regulatory environment may cause concerns regarding **privacy,** data ~~privacy~~ **protection or security,** and may cause our customers to resist providing ~~the~~ data that could improve our products and services, or limit the use and adoption of our products and services. These laws, regulations, rules, industry standards and contractual or other obligations relating to **privacy, security,** data ~~privacy, security,~~ protection, transfers ~~,~~ **or** localization and information security could require us to take on more onerous obligations in our contracts, restrict our ability to store, transfer and **otherwise** process data or, in some cases, impact our ability to offer our products and services ~~in certain locations~~ , to reach existing and potential customers or to derive insights from customer data ~~globally~~ . The costs of compliance with, and other burdens imposed by, these laws, regulations, standards and obligations, or any inability to adequately address privacy, data protection or ~~information~~ security- related concerns, even if unfounded, may limit the use and adoption of our products and services, reduce overall demand for our products and services, make it more difficult to meet expectations from or commitments to customers, impact our reputation or slow the pace at which we close sales transactions, any of which could harm our business, financial condition and results of operations. Any future litigation against us could be costly and time- consuming to defend. **In addition to litigation regarding intellectual property, employment, governmental and regulatory investigations, and other claims discussed above,** ~~From~~ **from** time to time, we may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including ~~intellectual property,~~ commercial, product liability, ~~employment,~~ class action, whistleblower and other litigation ~~and~~ **,** claims and ~~governmental and other regulatory investigations and~~ proceedings. Such ~~matters~~ **proceedings** can be time- consuming **and difficult to estimate** , divert management' s attention and resources, cause us to incur significant expenses or liability ~~or~~ **,** require us to change our business practices **or** ~~. In addition, the expense of litigation and the timing of this expense from period to period are difficult to estimate, subject to change and could~~ adversely affect our **business,** financial condition and results of operations. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even where we have meritorious claims or defenses ~~, by agreeing to settlement agreements. Any of the foregoing could adversely affect our business, financial condition and results of operations~~ . In addition, we cannot be sure that our existing insurance coverage ~~and coverage~~ for errors and omissions will **be adequate or available or** continue to be available on acceptable terms ~~or that our insurers will not deny coverage as to any future claim~~ . Indemnity provisions in various agreements to which we are party potentially expose us to substantial liability for intellectual property infringement, misappropriation or other violation and other losses. Our agreements with our customers, partners and other third parties may include **capped or uncapped** indemnification provisions **, which may survive termination or expiration of the applicable agreement and** under which we agree to indemnify or otherwise be liable to them for losses suffered or incurred **from** ~~as a result of~~ claims of infringement, misappropriation or violation of intellectual property rights, data ~~protection~~ **breaches** , damages **or other liabilities** caused by us ~~to property or persons~~ , ~~or in connection with any such defects or errors in our~~ - **or** ~~products, or other liabilities~~ relating to or arising from our products and services, our acts or omissions under such agreements or other contractual obligations ~~. Some of these indemnity agreements provide for uncapped liability for which we would be responsible, and some indemnity provisions survive termination or expiration of the applicable agreement~~ . Large indemnity payments could harm our business, financial condition and results of operations. Although we attempt to contractually limit ~~our liability with respect to such~~ indemnity obligations, we are not always successful and may still incur substantial liability related to such claims and we may be required to **halt** ~~cease use of~~ certain functions of our products or services ~~as a result of any such claims~~ . Moreover, even claims that ultimately are unsuccessful could result in **expenses** ~~our expenditure of funds~~ in litigation, divert management' s time and other resources and harm our business and reputation. In addition, although we carry general liability insurance, our insurance against this liability may not be adequate to cover a potential claim, and such coverage may not be available to us on acceptable terms, or at all. Any dispute ~~with a customer, channel party or other third party~~ with respect to such obligations could have adverse effects on our relationship with ~~such customer~~ **customers** , channel ~~party~~ **parties** or other third ~~party~~ **parties** or other existing or potential customers, harm our reputation or reduce demand for our products and services ~~. Any of the foregoing could adversely affect our business, financial condition and results of operations~~ . A portion of our revenue is generated by sales to heavily regulated organizations, which are subject to a number of challenges and risks. We provide our products and services to heavily regulated organizations, and at times to **federal** ~~the U. S. government~~ , state and local governments and non- U. S. governments directly and through our partners. Selling to these entities can be highly competitive, expensive and time- consuming, often requiring significant upfront time and expense without any assurance **of** ~~that these efforts will result in a sale~~ **sales** . For instance, highly regulated entities and government customers often require contract terms that differ from our standard arrangements ~~and~~ **,** impose **complex** compliance requirements ~~that are complicated~~ , require preferential pricing or " most favored nation " terms and conditions or are otherwise time- consuming and expensive to satisfy. If we undertake to meet special standards or requirements and do not meet them, we could be subject to increased liability ~~from our customers~~ . Even if we do meet them, the additional costs associated with providing our services to **such customers** ~~highly regulated organizations and governments~~ could harm our financial condition and results of operations. We have been and are increasingly doing more business in heavily regulated industries. ~~Existing and potential customers~~ **Customers** ~~, such as those~~ in these industries ~~,~~ may be required to comply with more stringent regulations in connection with subscribing to and implementing our products and services ~~or particular regulations regarding third- party vendors that may be interpreted differently by different customers~~ . In addition, regulatory agencies may impose requirements toward third- party vendors generally, or to us in particular, that we may not be able to, or may not choose to, meet. Any changes in the underlying regulatory conditions that affect these types of customers could harm our ability to efficiently provide our products and services to them and to grow or maintain our customer base. Moreover, customers in these heavily regulated areas often have a right to conduct audits of our systems, products and practices. **If** ~~In the event that~~ one or more **of such** customers determine that some aspect of our business does not meet contractual or regulatory requirements, we may be limited in our ability to continue or expand our business. Each of these difficulties could adversely affect our business and results of operations. Failure to comply with anti- bribery, anti- corruption, anti- money laundering and similar laws could subject us to penalties and other adverse consequences. We are subject to the FCPA, the U. S. domestic bribery statute contained in 18 U. S. C. § 201 and the U. S. Travel Act and other anti- bribery and anti- money laundering laws in countries outside of the United States **where** ~~in which~~ we conduct our activities. Anti- corruption and anti- bribery laws have been enforced aggressively ~~in recent~~ **recently** ~~years~~ and are interpreted broadly to generally prohibit companies, their employees, agents, representatives, partners and third- party intermediaries from authorizing, offering or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector. We ~~sometimes leverage~~ **may have direct or indirect interactions with officials and employees of government agencies or state- owned or affiliated entities through** third parties ~~to~~ **that** sell our products and services and conduct our business abroad **or through** ~~. We,~~ our employees, agents, representatives, partners and third- party intermediaries **. We** ~~may have direct or indirect interactions with officials and employees of government agencies or state- owned or affiliated entities and we~~ may be held liable for ~~the~~ **their** corrupt or other illegal activities ~~of these employees, agents, representatives, partners or third- party intermediaries~~ even if we do not explicitly authorize such activities. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. While we have policies and procedures designed to address compliance with such laws, we cannot ensure that none of our employees, agents, representatives, partners or third- party intermediaries will take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. Any allegations or violation of the FCPA or other applicable anti- bribery, anti- corruption and anti- money laundering laws could result in whistleblower complaints, sanctions, settlements, prosecution, enforcement actions, fines, damages, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions or suspension or debarment from **federal** ~~U. S. government~~ contracts ~~, all of which may adversely affect our reputation, business, results of operations and prospects~~ . Responding to any investigation or action will likely result in a materially significant diversion of management' s attention and resources and significant defense costs and other professional fees. In addition, the U. S. government may seek to hold us liable for successor liability for FCPA violations committed by companies in which we invest or that we acquire. As a general matter, **any of the foregoing** ~~investigations, enforcement actions and sanctions~~ could harm our reputation, business, financial condition and results of operations. We are subject to governmental export control, trade sanctions and import controls that could impair our ability to compete in international markets or subject us to liability if we violate the controls. Certain of our business activities are subject to the U. S. export control laws and regulations, including the Export Administration Regulations (the " EAR ") and the U. S. trade and economic sanctions maintained by the U. S. Department of Treasury' s OFAC as well as the U. S. import laws and regulations. The U. S. export control laws and economic sanctions prohibit the export, re- export and in- country transfer of our offerings, including software and services, to certain U. S. embargoed or sanctioned countries and territories, governments and persons, as well as for prohibited end- uses. Further, we incorporate encryption functionality into certain of our products **. As** ~~, and as~~ a result, we ~~may need~~ **submit reports about certain of our products** to ~~make filings with~~ the U. S. Department of Commerce' s Bureau of Industry and Security to ensure that our exports, re- exports and transfers are in accordance with the EAR. Also, in certain cases, it is possible that a license may be required to export or re- export our products to certain countries ~~,~~ **and** end- users ~~and end- uses~~ . Obtaining the necessary export license for a particular sale or offering may be time- consuming **or unfeasible** ~~, may not be possible~~ and may result in the delay or loss of sales opportunities. In addition, various countries regulate the import of certain encryption technology, including through import permit and license requirements, and have enacted laws that could limit our ability to distribute ~~our~~ - **or** ~~products or could limit~~ our customers' ability to implement our products in those countries. If we **do not** ~~were to fail to~~ comply with such U. S. export controls, economic sanctions and import laws and regulations or other similar laws, we could be subject to both civil and criminal penalties, including substantial fines, possible incarceration for employees and managers for willful violations and the possible loss of our export or import privileges. We take precautions designed to ensure that we and our partners comply with all relevant export control, sanctions and import laws and regulations, but we cannot ensure that our measures will always **succeed since** ~~prevent noncompliance by us or our partners with respect to~~ such laws and regulations ~~as they~~ are very detailed and technical. In addition, changes in our products or services or changes in export and import regulations in various countries may create delays in the introduction of our products and services into international markets, prevent **the deployment of** ~~our customers with international operations from deploying~~ our products and services globally or, in some cases, prevent or delay the export or import of our products and services to certain countries, governments or persons altogether. Any change in export or import laws or regulations, economic sanctions or related legislation, ~~shift~~ **or** in ~~the~~ **their** ~~enforcement or~~ scope ~~of existing export, import~~ or ~~sanctions laws or regulations, or change in the countries, governments, persons or technologies targeted~~ **targets** ~~by such export, import or sanctions laws or regulations~~ , could result in decreased use of our products and services by or in our decreased ability to export or sell ~~access to~~ our products and services to, existing or potential end- customers with international operations. Any ~~decreased use~~ of **the foregoing** ~~our products and services or limitation on our ability to export to or sell access to our products and services in international markets~~ would adversely affect our business, financial condition and results of operations. Our international operations may subject us to greater than anticipated tax liabilities. Our corporate structure and associated transfer pricing policies contemplate future growth in international markets and consider the functions, risks and assets of the various entities involved in intercompany transactions, the amount of taxes we pay in different jurisdictions, including the United States, our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies and our ability to operate our business in a manner consistent with our corporate structure and intercompany agreements. The relevant taxing authorities may challenge our methodologies for pricing intercompany transactions pursuant to intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and 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. Our financial statements could fail to reflect adequate reserves to cover such a contingency. Changes in tax laws could materially affect our financial condition, results of operations and cash flows. The tax regimes we are subject to or operate under, including income and non- income taxes, are unsettled and may be subject to significant change. For example, the Inflation Reduction Act **of** ~~(the " IRA ") was signed into law on August 16,~~ 2022 ~~and was effective beginning in fiscal 2023. The IRA~~ imposes a 15 % minimum tax for large corporations on global adjusted financial statement income for tax years beginning after December 31, 2022, and a 1 % excise tax on certain share repurchases occurring after December 31, 2022. We do not currently expect that the IRA will have a material impact on our income tax liability, but will continue to monitor this change in future periods. We are unable to predict what changes to the tax laws of the U. S. and other jurisdictions may be proposed or enacted in the future or what effect such changes would have on our business. Any significant increase in our future effective tax rate could have a material adverse impact on our business, financial condition, results of operations, or cash flows. There is also a high level of uncertainty in today' s tax environment stemming from both global initiatives put forth by the Organisation for Economic Co- operation and Development (the " OECD ") and unilateral measures being implemented by various countries ~~due to a lack of consensus on these global initiatives. Further, unilateral measures~~ such as ~~digital services~~ **Pillar Two and the global minimum** tax ~~and corresponding tariffs in response to such measures are creating additional uncertainty~~ . If these proposals are passed, it is likely that we will have to pay higher income taxes in countries where such rules are applicable. As we expand the scale of our international business activities, any changes in the U. S. or foreign taxation of such activities may increase our worldwide effective tax rate and harm our business, financial condition and results of operations. Such changes may also apply retroactively to our historical operations and result in taxes greater than the amounts estimated and recorded in our financial statements. Our ability to use our net operating losses may be limited. As of January 31, ~~2023~~ **2024** , we had federal and state net operating losses (" NOLs ") of $ ~~324~~ **335** . ~~4~~ **6** million and $ ~~178~~ **193** . ~~5~~ **2** million, respectively, which may be available to offset taxable income in the future. A lack of future taxable income would adversely affect our ability to utilize these NOLs before they expire. Unused U. S. federal NOLs for taxable years beginning before January 1, 2018, may be carried forward to offset future taxable income, if any, until such unused NOLs expire. Under the Tax Cuts and Jobs Act, U. S. federal NOLs arising in tax years beginning after December 31, 2017 can be carried forward indefinitely, but the deductibility of such U. S. federal NOLs is limited to 80 % of current year taxable income. Of our U. S. federal NOLs, ~~no amount may be carried forward indefinitely with no limitations when utilized, and~~ $ ~~155~~ **166** . ~~6~~ **9** million may be carried forward indefinitely with utilization limited to 80 % of taxable income. The remaining $ 168. ~~8~~ **7** million will begin to expire in 2028. Our state NOLs carryforwards begin to expire in 2026. Under Section 382 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an " ownership change, " the corporation' s ability to use its pre- change NOLs to offset its post- change income may be limited. In general, an " ownership change " will occur if there is a cumulative change in our ownership by " 5- percent shareholders " that exceeds 50 percentage points over a rolling three- year period. Similar rules may apply under state tax laws. ~~A Section 382 ownership change could limit the amount of NOLs that we can utilize annually to offset future taxable income.~~ Subsequent ownership changes and changes to the U. S. tax rules in respect of the utilization of NOLs may further affect the limitation in future years. There is also a risk that due to U. S. federal or state regulatory changes, such as suspensions on the use of NOLs, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. **Adverse outcomes in tax audits or** ~~Changes~~ **changes** in our effective tax rate or tax liability may have an adverse effect on our results of operations. We are, and expect to continue to be, subject to review and audit by the U. S. Internal Revenue Service and other tax authorities in various domestic and foreign jurisdictions. As a result, we may receive assessments in multiple jurisdictions on various tax-related assertions. Taxing authorities **have made inquiries of us and** may **in the future investigate or** challenge our tax positions and methodologies on various matters, including our positions regarding the collection of sales and use taxes and the jurisdictions in which we are subject to taxes, which could expose us to additional taxes. We assess the likelihood of adverse outcomes resulting from any ongoing tax examinations to determine the adequacy of our provision for income taxes. These assessments can require considerable judgments and estimates. The calculation of our tax liabilities involves uncertainties in the application of complex tax laws and regulations in a variety of jurisdictions. There can be no assurance that our tax positions and methodologies or calculation of our tax liabilities are accurate or that the outcomes from tax examinations will not have an adverse effect on our financial condition and results of operations. A difference in the ultimate resolution of tax uncertainties from what is currently estimated could adversely affect our financial condition and results of operations. 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 collect sales tax in a number of jurisdictions. 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, interest or future requirements would adversely affect our financial condition and results of operations. Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the United States. Generally accepted accounting principles in the United States (" GAAP ") are subject to interpretation by the Financial Accounting Standards Board, the SEC and other various bodies formed to promulgate and interpret appropriate accounting principles. Changes in accounting principles applicable to us, or varying interpretations of current accounting principles, in particular with respect to revenue recognition, could have a significant effect on our reported results of operations and could affect the reporting of transactions completed before the announcement of the change. Further, any difficulties in the implementation of changes in accounting principles, including the ability to modify our accounting systems, could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us. If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as described in the section titled " Management' s Discussion and Analysis of Financial Condition and Results of Operations. " The results of these estimates form the basis for making judgments about the recognition and measurement of certain assets and liabilities and revenue and expenses that is not readily apparent from other sources. Our accounting policies that involve judgment include standalone selling prices for each distinct performance obligation, capitalized internal- use software costs, expected period of benefit for deferred commissions, valuation of our common stock prior to our IPO, valuation of stock- based awards, determination of allowance for doubtful accounts, incremental borrowing rate used to measure operating lease liabilities, and accounting for income taxes. If our assumptions change or if actual circumstances differ from those in our assumptions, our results of operations could be adversely affected ~~, which could cause our~~ - **or** ~~results of operations to~~ fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock. We are obligated to maintain proper and effective internal control over financial reporting, and any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in our company and, as a result, the value of our common stock. We are subject to the reporting requirements of the Exchange Act, the Sarbanes- Oxley Act of 2002 (the " Sarbanes- Oxley Act "), and the listing standards of the Nasdaq Global Select Market. Our management and other personnel devote a substantial amount of time to comply with these requirements. Moreover, these laws, regulations and standards are subject to varying interpretations and ~~their application in practice may evolve over time as regulatory and governing bodies issue~~ revisions ~~to, or new interpretations of, these public company requirements~~ . Such changes could result in continuing uncertainty regarding compliance matters and higher legal and financial costs ~~necessitated by ongoing revisions to disclosure and governance practices~~ . We ~~will~~ continue to invest resources to comply with evolving laws, regulations and standards **, which** ~~and this investment~~ may result in increased general and administrative expenses and a diversion of management' s time and attention **. If our** ~~from revenue- generating activities 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. The Sarbanes- Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to refine **and improve** our disclosure controls **, internal controls** and other procedures **to ensure disclosures required in SEC filings are timely recorded, processed, summarized and reported and** that ~~are designed to ensure that information required to be disclosed~~ **disclosures** ~~by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports~~ under the Exchange Act ~~is~~ **are** accumulated and communicated to our principal executive and financial officers ~~. We are also continuing to improve our internal control over financial reporting~~ . We have expended, and anticipate that we will continue to expend, significant resources ~~in order~~ to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting. Our current controls and any new controls that we develop may become inadequate because of changes in the conditions in our business, including increased complexity resulting from any international expansion. Further, weaknesses in our disclosure controls or our internal control over financial reporting may be discovered in the future. Any failure **or difficulties** to develop ~~or~~ **,** maintain **, implement or improve** effective controls ~~, or any difficulties encountered in their implementation or improvement,~~ could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. ~~Ineffective disclosure controls~~ **Any of the foregoing could have** ~~and~~ - **an** ~~procedures and internal control over~~ **adverse effect on our business,** financial ~~reporting~~ **condition and results of operations and** could ~~also~~ cause investors to lose confidence in our reported financial and other information, which would likely adversely affect the market price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the Nasdaq Global Select Market ~~. We are required to provide an annual management report on the effectiveness of our internal control over financial reporting commencing with this Annual Report on Form 10- K~~ . Our independent registered public accounting firm will be required to formally attest to the effectiveness of our internal control over financial reporting when we are no longer an " emerging growth company. " At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. ~~Any failure to maintain effective disclosure controls and internal control over financial reporting could have an adverse effect on our business, financial condition and results of operations, and could cause a decline in the market price of our common stock.~~ Risks Related to Ownership of Our Common Stock and Governance Matters Operating as a public company has and will require us to incur substantial costs and will require substantial management attention. As a public company, we incur substantial legal, accounting and other expenses that we did not incur as a private company. **Compliance with** ~~For example, we are subject to~~ the ~~reporting requirements~~ **rules and regulations** of the Exchange Act, the applicable requirements of the Sarbanes- Oxley Act, the Dodd- Frank Wall Street Reform and Consumer Protection Act, the rules and regulations of the SEC and the listing standards of the Nasdaq Global Select Market **have increased** ~~. The Exchange Act requires, among other things, we file annual, quarterly~~ and **may further** ~~current reports with respect to our business, financial condition and results of operations. Compliance with these rules and regulations will~~ increase our legal and financial compliance costs, and increase demand on our systems, particularly after we are no longer an " emerging growth company. " In addition, as a public company, we may be subject to stockholder activism, which can lead to additional substantial costs, distract management and impact the manner in which we operate our business in **unanticipated** ways ~~we cannot currently anticipate~~ . As a result of disclosure of information in filings required of a public company, our business and financial condition become more visible, which may result in threatened or actual litigation, including by competitors. **Our** ~~Certain members of our~~ management team ~~have limited experience managing a publicly traded company, and certain members joined us more recently. Accordingly, our management team~~ may not successfully or efficiently manage **the** ~~our transition to being a public company subject to~~ significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These ~~new~~ **=** obligations and constituents ~~will~~ require significant attention from our senior management and could divert their attention away from the day- to- day management of our business, which could adversely affect our business, financial condition and results of operations. We are an " emerging growth company " and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors. We are an " emerging growth company, " as defined in the JOBS Act, and we intend to take advantage of certain **available** exemptions ~~from various reporting requirements that are applicable to other public companies that are not " emerging growth companies~~ , ~~"~~ including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. **In addition** ~~As an " emerging growth company~~ , ~~"~~ we ~~are also allowed~~ **have**

elected to take advantage of the extended transition period under the JOBS Act to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. ~~As a result, our financial statements may not be comparable to those of companies that comply with new or revised accounting pronouncements as of public company effective dates. We have elected to take advantage of this extended transition period under the JOBS Act with respect to the adoption of new accounting pronouncements.~~ Any difficulties in implementing these pronouncements could cause **failure** ~~us to fail~~ to meet our financial reporting obligations, ~~which could result in~~ regulatory discipline ~~and~~ **or** harm ~~investors~~ - **investor** ~~'~~ confidence ~~in us~~ . We may take advantage of these exemptions for so long as we are an " emerging growth company, " which could be for as long as five full fiscal years following the completion of our IPO. ~~We cannot predict if investors will find our common stock less attractive because we will rely on these exemptions.~~ If some investors find our common stock less attractive as a result, there may be a less active trading market **and a more volatile market price** for our common stock ~~and the market price of our common stock may be more volatile~~ . Our executive officers, directors and holders of 5 % or more of our common stock continue to have substantial control over us, which will limit your ability to influence the outcome of important transactions, including a change in control. Our executive officers, directors and our stockholders who own 5 % or more of our outstanding common stock and their affiliates, in the aggregate, beneficially own a substantial portion of the outstanding shares of our common stock. As a result, these stockholders, if acting together, will be able to influence or control matters requiring **stockholders'** approval ~~by our stockholders~~ , including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions ~~. They may also have interests that differ from yours~~ and may vote in a way with which you disagree and which may be adverse to your interests. This concentration of ownership may have the effect of delaying, preventing or deterring a change in control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company, and might ultimately affect the market price of our common stock. The market price of our common stock may continue to be volatile, and you could lose all or part of your investment. The market price of our common stock may continue to be volatile and ~~could be~~ subject to fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our common stock **and** ~~. Factors that could cause fluctuations in the market price of our common stock~~ include the following: • price and volume fluctuations **and investor confidence** in the overall stock market ~~from time to time; • volatility in the market prices~~ and **in** ~~trading volumes of~~ technology stocks ~~; • changes in operating performance and stock market valuations of other technology companies generally,~~ or those in our industry in particular; • sales ~~of shares~~ **or short selling** of our common stock ~~by us or our~~ - **or** ~~stockholders~~ **related derivative securities** ; • failure of securities analysts to maintain coverage of us **or publish inaccurate or unfavorable research about our business** , changes in financial estimates by securities analysts ~~who follow our company~~ or our failure to meet these estimates or the expectations of investors; • **any changes in** the financial projections we may provide to the public ~~, any changes in those projections~~ or our failure to meet those projections; • announcements by us or our competitors of new offerings or platform features and market acceptance of such new offerings or platform features; • the public' s reaction to our press releases, other public announcements and filings with the SEC; • rumors and market speculation **in our industry, whether or not** involving us ~~or other companies in our industry; • short selling of our common stock or related derivative securities~~ ; • actual or anticipated changes ~~in our results of operations or key business metrics~~ or fluctuations in our results of operations or key business metrics; • actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally; • announced or completed acquisitions of businesses, offerings or technologies by us or our competitors; • developments or disputes concerning our intellectual property or other proprietary rights; • litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors **, or securities class action litigation against us** ; • new laws, regulations, rules or industry standards or new interpretations of existing laws, regulations, rules or industry standards applicable to our business; • changes in accounting standards, policies, guidelines, interpretations or principles; • any significant change in our management; and • general economic conditions and slow or negative growth of our markets and other geopolitical developments. ~~In addition, if the market for technology stocks or the stock~~ **Stock** ~~market in general experiences a loss of investor confidence, the market price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations. The market price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. In the past, following periods of volatility in the overall market and the market price of a particular company' s securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, would result in substantial costs and a diversion of our management' s attention and resources. Recently, the stock~~ markets in general, and the markets for technology stocks in particular, have **previously** experienced **and may in the future experience** extreme volatility, including as a result of global economic conditions ~~, such as recessionary fears, inflation concerns and rising interest rates, and other geopolitical developments~~ . Furthermore, the market price of our common stock may be adversely affected by third parties **, such as short sellers,** trying to drive down the price of our common stock ~~. Short sellers and others, some of whom post anonymously on social media, can negatively affect the market price of our common stock and may be positioned to profit if the market price of our common stock declines~~ . These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance. Sales of substantial amounts of shares of our common stock in the public market, or the perception that such sales might occur, could cause the market price of our common stock to decline or impair our ability to raise capital through the sale of additional equity securities ~~. Sales of a substantial number of shares of our common stock in the public market could occur~~ . If our stockholders sell, or the market perceives that our stockholders intend to sell, a substantial number of shares of our common stock in the public market, the market price of our common stock could decline and our ability to raise capital through the sale of additional equity securities could be impaired. Many of our existing equity holders have substantial unrecognized gains on the value of the equity they hold, and may take, or attempt to take, steps to sell, directly or indirectly, their shares or otherwise secure ~~, or limit the risk~~

~~to,~~ the value of their unrecognized gains on those shares. In addition, certain of our stockholders are entitled, under our investors' rights agreement, to require us to register **their** shares ~~owned by them~~ for public sale in the United States. Sales of our common stock pursuant to registration rights may make it more difficult for us to sell equity securities in the future at ~~a~~ **an appropriate** time ~~and at a price that we deem appropriate~~. These sales also could cause the market price of our common stock to fall and make it more difficult for you to sell ~~shares of~~ our common stock. The issuance of additional stock in connection with financings, acquisitions, investments, our equity compensation plans or otherwise will dilute all other stockholders. ~~Our~~ **Subject to applicable rules and regulations and our** amended and restated certificate of incorporation ~~authorizes us to~~ **, we may** issue **additional** ~~up to 1, 000, 000, 000 shares of common stock and up to 200, 000, 000 shares of preferred stock with such rights and preferences as may be determined by our board of directors. Subject to compliance with applicable rules and regulations, we may issue shares of~~ common stock or securities convertible into ~~shares of our~~ common stock from time to time in connection with a financing, acquisition, investment, our equity compensation plans or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the market price of our common stock to decline. Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the market price of our common stock. Our status as a Delaware corporation and the anti- takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, **regardless** ~~even if a change~~ of **the potential benefit** ~~control would be beneficial~~ to our existing stockholders. In addition, our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult, including the following: • our board of directors will be classified into three classes of directors with staggered three- year terms, and directors will only be able to be removed from office for cause; • certain amendments to our amended and restated certificate of incorporation will require the approval of at least ~~66~~ 2 / 3 ~~%~~ of our then- outstanding common stock; • our stockholders will only be able to take action at a meeting of stockholders and ~~will~~ not ~~be able to take action~~ by written consent ~~for any matter~~; • our amended and restated certificate of incorporation will not provide for cumulative voting; • vacancies on our board of directors will be able to be filled only by our board of directors and not by stockholders; • a special meeting of our stockholders may only be called by the chairperson of our board of directors, our Chief Executive Officer or a majority of our board of directors; • certain litigation against us can only be brought in Delaware; • our amended and restated certificate of incorporation authorizes undesignated preferred stock, the terms of which may be established and shares of which may be issued without further action by our stockholders; and • advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders. These provisions, alone or together, could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests **, election of** ~~and make it more difficult for~~ stockholders **'** ~~to elect directors~~ **director nominees** ~~of their choosing~~ and ~~to cause us to take~~ other corporate actions ~~they~~ **our stockholders may** desire, any of which, under certain circumstances, could limit the opportunity for our stockholders to receive a premium **as part** ~~for their shares~~ of **a sale of** our **company** ~~common stock~~ and could also affect the price **of** ~~that some investors are willing to pay for~~ our common stock **in a change of control**. Our amended and restated bylaws designate a state or federal court located within the State of Delaware as the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers or employees. Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) 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, (iii) any action arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws or (iv) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over indispensable parties named as defendants. Section 22 of the Securities Act of 1933, as amended, (the " Securities Act "), creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated bylaws further provide that the federal district courts of the United States will be the exclusive forum for resolving any complaints asserting a cause of action arising under the Securities Act. We note, however, that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder, and that there is uncertainty as to whether a court would enforce this exclusive forum provision. If a court were to find either exclusive- forum provision in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could harm our results of operations. If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us, our business or our market, or if they change their recommendations regarding our common stock adversely, the market price and trading volume of our common stock 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, our business, our market or our competitors. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If any of the analysts who cover us change their recommendation regarding our common stock adversely, provide more favorable relative recommendations about our competitors or publish inaccurate or unfavorable research about our business, the market price of our common stock would likely decline. If few securities analysts commence coverage of us, or if one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets and demand for our securities could decrease, which could cause the market price and trading volume of our common stock to decline. We do not intend to pay dividends for the foreseeable future. We have never declared nor paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. ~~Additionally, our ability to pay cash dividends on our common stock is limited by restrictions under the terms of the Credit Facility.~~ As a result, stockholders must rely on sales of their common stock after price appreciation, if any, as the only way to realize any future gains on their investment in our common stock. **46**