Risk Factors Comparison 2023-06-16 to 2022-06-21 Form: 10-K

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A description of the risks and uncertainties associated with our business, industry and ownership of our ordinary shares is set forth below. You should carefully consider the following risks, together with all of the other information in this Annual Report on Form 10- K, including our consolidated financial statements and the related notes thereto, before ~~making a decision~~ **deciding whether** to invest in our ordinary shares. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that **could** affect us. If any of the following risks occur, our business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the price of our ordinary shares could decline, and you could lose part or all of your investment. In addition, **major geopolitical events, including** ~~the impact of the COVID- 19 pandemic and~~ any worsening of the ~~economic~~ **macroeconomic** environment **,** may exacerbate the risks described below, any of which could have a material impact on us and additional impacts that are currently not known to us may arise. The following is a summary of the key risks and uncertainties associated with our business, industry, and ownership of our ordinary shares. The **summary** below ~~summary~~ does not contain all of the information that may be important to you, and you should read this summary together with the more detailed description of each risk factor ~~contained~~ in the ~~subheadings below~~ **following discussion** . • If we do not appropriately manage **our** future growth or are unable to improve our systems and processes, our business and results of operations will be adversely affected. • We have a history of losses and may not be able to achieve profitability on a consistent basis or at all or positive **operating** cash ~~flows~~ - **flow** on a consistent basis. • Our ability to grow our business will ~~significantly depend on the expansion~~ **suffer if we do not expand** and **increase** adoption of our Elastic Cloud offerings **. • Information technology spending, sales cycles, and other factors affecting the demand for our offerings and our results of operations have been, and may continue to be, negatively impacted by current macroeconomic conditions, including declining rates of economic growth, supply chain disruptions, inflationary pressures, increased interest rates, and other conditions discussed in this report, and by Russia' s invasion of Ukraine and the resulting international political crisis and associated impacts** . • Our future growth, business and results of operations will be harmed if we are not able to keep pace with technological and competitive developments, increase sales of our subscriptions to new and existing customers, renew existing customers' subscriptions, increase adoption of our cloud- based offerings, respond effectively to evolving markets or offer high quality support services. • ~~Russia' s invasion of Ukraine and resulting international political crisis could have significant negative economic consequences on the businesses of our customers and partners and negatively impact their spending on our offerings. •~~ Any actual or perceived failure by us to comply with regulations or any other obligations relating to privacy, data protection or information security could adversely affect our business. • **We** ~~Due to political uncertainty and military actions associated with Russia' s invasion of Ukraine, we~~ and our third- party vendors and service providers are vulnerable to a ~~heightened~~ risk of cybersecurity attacks, phishing attacks, viruses, malware, ransomware, hacking or similar breaches from nation- state and affiliated actors. • ~~The ongoing COVID- 19 pandemic could harm our business and results of operations. •~~ Our operating results may fluctuate from quarter to quarter **. • Actions that we are taking to reduce costs and rebalance investments under a plan we announced in November 2022 may not result in anticipated savings or operational efficiencies, could result in total costs and expenses that are greater than expected and could disrupt our business** . • Our decision to no longer offer Elasticsearch and Kibana under an open source license may harm the adoption of **those products** ~~Elasticsearch and Kibana~~ . • We could be negatively impacted if the Elastic License or the Server Side Public License under which some of our software is licensed is not enforceable. • ~~Because of the permissive rights accorded to third parties under our open source and source available licenses, there are limited~~ **Limited** technological barriers to entry into the markets in which we compete **may facilitate entry by other enterprises into our markets to compete with us** . • We may not be able to effectively develop and expand our sales ~~and~~ **,** marketing **and customer support** capabilities. • Because we recognize the vast majority of ~~the~~ **our** revenue from subscriptions, either based on actual consumption ~~or~~ **,** monthly **, or ratably** , over the term of the relevant subscription period, downturns or upturns in sales are not immediately reflected in full in our results of operations. • **Our limited** ~~We do not have an adequate~~ history with ~~a~~ consumption- based arrangements for our Elastic Cloud offerings **is not adequate** to **enable us to predict** accurately ~~predict~~ the long- term rate of customer adoption or renewal, or the impact ~~it~~ **those arrangements** will have on our near- term or long- term revenue or operating results. • A real or perceived defect, security vulnerability, error, or performance failure in our software could cause us to lose revenue, damage our reputation, and expose us to liability. • Incorrect implementation or use of our software could negatively affect our business, operations, financial results, and growth prospects. • **Our reputation could be harmed if** ~~Third~~ **third** parties ~~may~~ offer inadequate or defective implementations of software that we have previously made available under an open source license ~~and our reputation could be harmed. • Breaches of security measures or unauthorized access to, or other processing of, confidential information, including personal data, may result in our software being perceived as not secure, customers reducing or stopping usage of our products, and we may incur significant liabilities~~ . • Interruptions or performance problems, and our reliance on technologies from third parties **,** may adversely affect our business operations and financial results. • If our partners, including cloud providers, systems integrators, channel partners, referral partners, OEM and MSP partners, and technology partners, fail to perform or we are unable to maintain successful relationships with them, our ability to market, sell and distribute our solution will be more limited ~~, and our results of operations could be harmed~~ . • Failure to protect our proprietary technology and intellectual property rights could substantially harm our business and results of operations. • We could incur substantial costs as a result of any claim of infringement, misappropriation or violation of another party' s intellectual property rights, including as a result of the indemnity provisions in various agreements. • Our use of third- party open source software within our products could negatively affect our ability to sell our products and subject us to possible litigation. • ~~One~~ **We may not be able to realize the benefits** of our marketing strategies ~~is~~ to offer some of our product features for free and to provide free trials to some of our paid features ~~, and we may not be able to realize the benefits of this strategy~~ . • Our international business exposes us to ~~several~~ **a variety of** risks, and if we are not successful in sustaining and expanding our international business, we may incur additional losses and our revenue growth could be harmed. • ~~A portion of~~ **We are subject to risks associated with** our **receipt of** revenue **from** ~~is generated by~~ sales to government entities ~~, and this creates a number of challenges and risks~~ . • Our business is subject to a variety of government and industry regulations, as well as other obligations, including compliance with export control, trade sanctions, anti- bribery, anti- corruption, and anti- money laundering laws **. • An investment in our company is subject to tax risks based on our status as a non- U. S. corporation** . • The market price for our ordinary shares has been and is likely to continue to be volatile. • The concentration of our share ownership with insiders will likely limit your ability to influence corporate matters. • Dutch law and our articles of association include ~~certain~~ anti- takeover provisions, which may impact the value of our ordinary shares. • Claims of U. S. civil liabilities may not be enforceable against us. • We have a substantial amount of indebtedness and may not be able to generate sufficient cash to service all of our indebtedness. • If industry or financial analysts do not publish research or reports about our business, or if they issue inaccurate or unfavorable research regarding our ordinary shares, our share price and trading volume could decline. • We may fail to maintain an effective system of disclosure controls and internal control over financial reporting. Risks Related to our Business and Industry Our business and operations have experienced rapid growth, and if we do not appropriately manage future growth, if any, or are unable to improve our systems and processes, our business, financial condition, results of operations, and prospects will be adversely affected. We have experienced rapid growth and increased demand for our offerings. Our employee headcount and number of customers have increased significantly. For example, our total number of customers has grown from over 2, 800 as of April 30, 2017 to ~~over 18~~ **approximately 20** , ~~600~~ **200** as of April 30, **2023. Further, although we implemented a workforce reduction in November** 2022 ~~. Further~~ **and may modify our hiring to align with our evolving growth plans** , ~~while~~ our employee headcount **generally** has ~~grown~~ **increased** as we have **expanded** ~~been implementing~~ our **business** ~~growth plans, we may modify our pace of hiring to align with our growth plans~~ . The growth and expansion of our business and offerings ~~places~~ - **place** a continuous and significant strain on our management, operational, and financial resources. In addition, as customers adopt our technology for an increasing number of use cases, we have had to support more complex commercial relationships. We may not be able to ~~hire~~ **leverage** , ~~train~~ **develop** and retain ~~enough~~ qualified employees ~~, and we may not be able to hire, train and onboard new employees fast or~~ effectively enough ~~,~~ to maintain our growth plans. We must continue to improve ~~and expand~~ our information technology and financial infrastructure, our operating and administrative systems, our relationships with various partners and other third parties, and our ability to manage headcount and processes in an efficient manner to manage our growth ~~to date and any future growth~~ effectively **. Our failure to do so could result in increased costs, negatively affect our customers' satisfaction with our offerings, and harm our results of operations** . We may not be able to sustain the diversity and pace of improvements to our offerings successfully **,** or implement systems, processes, and controls in an efficient or timely manner or in a manner that does not negatively affect our results of operations. Our failure to improve our systems, processes, and controls, or their failure to operate in the intended manner, may result in our inability to manage the growth of our business and to forecast our revenue, expenses, and earnings accurately, or to prevent losses. **We** ~~As we expand our business, we~~ may find it difficult to maintain our corporate culture while managing our **headcount** ~~employee growth~~ . Any failure to manage our anticipated growth and related organizational changes in a manner that preserves our culture could negatively impact **our** future growth and achievement of our business objectives. Additionally, our productivity and the quality of our offerings may be adversely affected if we do not **develop** ~~integrate and train~~ our ~~new employees~~ - **employee talent** ~~quickly and~~ effectively ~~. Failure to manage any future growth effectively could result in increased costs, negatively affect our customers' satisfaction with our offerings, and harm our results of operations~~ . We have a history of losses and may not be able to achieve profitability on a consistent basis or at all, and may not be able to achieve positive **operating** cash ~~flows~~ - **flow** on a consistent basis. As a result, our business, financial condition, and results of operations may suffer. We have incurred losses in all years since our ~~incorporation~~ **inception** . We incurred a net loss of $ **236. 2 million, $** 203. 8 million, **and** $ 129. 4 ~~million, and $ 167. 2~~ million for the years ended April 30, **2023,** 2022 ~~,~~ **and** 2021 ~~, and 2020~~ , respectively. As a result, we had an accumulated deficit of $ ~~817~~ **1** . ~~2~~ **1** ~~million~~ **billion** as of April 30, ~~2022~~ **2023** . We anticipate that our operating expenses will **continue to** increase substantially in the foreseeable future as we continue to enhance our offerings, broaden our customer base and pursue larger transactions, expand our sales and marketing activities, expand our operations, hire additional employees, and continue to develop our technology. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently, or at all, to offset these higher expenses. Revenue growth may slow or revenue may decline for a number of ~~possible~~ reasons, including slowing demand for our offerings, increasing competition, or economic downturns, including as a result of **rising rates of inflation and** ~~the~~ **other macroeconomic events** ~~COVID- 19 pandemic~~ . You should not consider our revenue growth in ~~recent~~ **prior** periods as indicative of our future performance. Any failure to increase our revenue or grow our business could prevent us from achieving profitability at all or on a consistent basis, which would cause our business, financial condition, and results of operations to suffer. Additionally, although we generated positive operating cash flow in fiscal ~~2022~~ **2023** , any failure to grow our business could prevent us from achieving positive operating cash flow on a consistent basis, which would cause our business, financial condition, and results of operations to suffer. **Our ability to grow our business will depend significantly on the expansion and adoption of our Elastic Cloud offerings.** We believe our future success will **depend** significantly ~~depend~~ on the growth in the adoption of Elastic Cloud, our family of cloud- based offerings. We have **incurred** and will continue to incur substantial costs to develop, sell and support our Elastic Cloud offerings. We have also entered into noncancelable multi- year cloud hosting capacity commitments with certain third- party cloud providers, which require us to pay for such capacity irrespective of actual usage. We believe that we must offer a family of cloud- based products to address the market segment that prefers a cloud- based solution to a self- managed solution and that there will be increasing demand for cloud- based offerings of our products. For the years ended April 30, **2023,** 2022, **and** 2021 ~~and 2020~~ , Elastic Cloud contributed **40 %,** 35 %, **and** 27 ~~% and 22~~ % of our total revenue, respectively. However, as the use of cloud- based computing solutions is rapidly evolving, it is difficult to predict the potential growth, if any, of general market adoption, customer adoption **,** and retention rates of our cloud- based offerings. There could be decreased demand for our cloud- based offerings due to reasons within or outside of our control, including, among other things, lack of customer acceptance, technological challenges with bringing cloud offerings to market and maintaining those offerings, information security, data protection, or privacy concerns, our inability to properly manage and support our cloud- based offerings, competing technologies and products, weakening economic conditions, and decreases in corporate spending. If we are not able to develop, market **,** or deliver cloud- based offerings that satisfy customer requirements technically or commercially, ~~or~~ if our investments in cloud- based offerings do not yield the expected return, or if we are unable to decrease the cost of providing our cloud- based offerings, our business, competitive position, financial condition and results of operations may be harmed. **Unfavorable or uncertain conditions in our industry or the global economy or reductions in information technology spending, including as a result of adverse macroeconomic conditions, or Russia' s invasion of Ukraine, could limit our ability to grow our business and negatively affect our results of operations. Our results of operations may vary based on the impact of changes in our industry or the global economy on us or our customers. Current, future, or sustained economic uncertainties or downturns, whether actual or perceived, could adversely affect our business and results of operations. Negative conditions in the general economy both in the United States and in international markets, including conditions resulting from changes in gross domestic product growth, financial and credit market fluctuations, international trade relations, changes in inflation, foreign exchange and interest rate environments, recessionary fears, supply chain constraints, energy costs, political instability, natural catastrophes, warfare, infectious diseases and terrorist attacks, could cause a decrease in business investments by our customers and potential customers, including spending on information technology, and negatively affect the growth of our business. For example, inflation rates have recently reached levels not seen in decades and may continue to create economic volatility as governments adjust interest rates in an attempt to manage the inflationary environment, which may further lead to our customers tightening their technology spend and investment. Further, the ongoing international political crisis resulting from Russia' s invasion of Ukraine could continue to have significant negative macroeconomic consequences, including on the businesses of our customers, which could negatively impact their spending on our offerings. Moreover, instability in the global banking system recently has resulted in failures of major banks. Any further disruptions or other adverse developments, or concerns or rumors about any such events or similar risks, in the financial services industry, both in the U. S. and in international markets, may lead to market- wide liquidity problems and may impact our or our customers' liquidity and, as a result, negatively affect the level of customer spending on our offerings. As a result of the foregoing conditions, our revenue may be disproportionately affected by longer and more unpredictable sales cycles, delays or reductions in customer consumption or in general information technology spending, and further impacts of changing foreign exchange rates. Further, current and prospective customers may choose to develop in- house software as an alternative to using our paid products. These factors could increase the amount of customer churn we have experienced recently and further slow consumption and overall customer expenditure. Moreover, competitors may respond to market conditions by lowering prices. Such impacts of the current macroeconomic environment have negatively affected our results of operations since the first quarter of fiscal 2023. We cannot predict the timing, strength or duration of the current economic slowdown and instability or any recovery, generally or within our industry. If the economic conditions of the general economy or markets in which we operate do not improve, or worsen from present levels, our business, results of operations and financial condition could be adversely affected.** We may not be able to compete successfully against current and future competitors. The market for our products is highly competitive, quickly evolving, fragmented, and subject to rapid changes in technology, shifting customer needs, and frequent introductions of new offerings. We believe that our ability to compete depends upon many factors both within and beyond our control, including the following: • **our** product capabilities, including speed, scale, and relevance, with which to power search experiences; • **our offerings of** an extensible product " stack " that enables developers to build a wide variety of solutions; • powerful and flexible technology that can manage a broad variety and large volume of data; • ease of deployment and ease of use; • ability to address a variety of evolving customer needs and use cases; • strength and execution of **our** sales and marketing strategies; • flexible deployment model across public or private clouds, hybrid environments, or multi- cloud environments; • ~~productized~~ **development of** solutions engineered to be rapidly adopted to address specific applications; • mindshare **for our products** with developers and IT and security executives; • adoption of **our** products by many types of users and decision makers (**including** developers, architects, DevOps personnel, IT professionals, security analysts, and departmental and organizational leaders); • enterprise- grade technology that is secure and reliable; • size of **our** customer base and level of user adoption; • quality of **our** training, consulting, and customer support; • brand awareness and reputation; and • low total cost of ownership. We face competition from both established and emerging competitors. Our current primary competitors generally fall into the following categories: • For ~~Enterprise~~ Search **and other platform use cases** : offerings such as Solr (open source offering) and Lucidworks Fusion, search tools including Google ~~Programmable Search Engine~~ , ~~and workplace search tools including~~ Coveo, and **Algolia** ~~Endeca (owned by Oracle)~~ . • For Observability: software vendors with specific observability solutions to analyze logging data, metrics, APM data, or infrastructure uptime, such as Splunk, New Relic, Dynatrace, AppDynamics (owned by Cisco Systems) **,** and Datadog. • For Security: security vendors such as Splunk, Azure Sentinel (by Microsoft), CrowdStrike, Carbon Black (owned by VMware), McAfee **,** and Symantec (owned by Broadcom). • Certain cloud hosting providers and managed service providers, including **AWS** ~~Amazon Web Services~~ , that offer products **or services** based on a forked version of the Elastic Stack. These offerings are not supported by Elastic and come without any of Elastic' s proprietary features, whether free or paid. Some of our current and potential competitors have longer operating histories, significantly greater financial, technical, marketing and other resources, stronger brand recognition, broader global distribution and presence, more established relationships with current or potential customers and partners, and larger customer bases than we do. These factors may allow our competitors to respond more quickly than we can to new or emerging technologies and changes in customer preferences. These competitors may engage in more extensive research and development efforts, undertake more far- reaching and successful sales and marketing campaigns, have more experienced sales professionals, execute more successfully on their go- to- market strategy and have greater access to more markets and decision makers, and adopt more aggressive pricing policies which may allow them to build larger customer bases than we have. New start- up companies that innovate and large competitors that are making significant investments in research and development may develop similar offerings that compete with our offerings or that achieve greater market acceptance than our offerings. This could attract customers away from our offerings and reduce our market share. If we are unable to anticipate or react **effectively** to these competitive challenges, our competitive position would weaken, which would adversely affect our business and results of operations ~~. Our limited operating history makes it difficult to evaluate our current business and prospects and may increase the risks associated with your investment. We were founded in 2012. Our limited operating history with the current scale of our business makes it difficult to evaluate our current business and our future prospects, including our ability to plan for and model future growth. We have encountered and will continue to encounter risks and difficulties frequently experienced by rapidly growing companies in constantly evolving industries, including the risks described in this Annual Report on Form 10- K. If we do not address these risks successfully, our business and results of operations will be adversely affected, and the market price of our ordinary shares could decline. Further, we have limited historical financial data at the current scale of our business, and we operate in a rapidly evolving market. As such, 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~~ . If we are not able to keep pace with technological and competitive developments, our business will be harmed. The market for search technologies, including ~~enterprise~~ search, observability and security, is subject to rapid technological change **, innovation (such as the use of AI)** , evolving industry standards, and changing regulations, as well as changing customer needs, requirements and preferences. Our success depends upon our ability to **continue to innovate,** enhance existing products, expand the use cases of our products, anticipate and respond to changing customer needs, requirements **,** and preferences, and develop and introduce in a timely manner new offerings that keep pace with technological and competitive developments. We have ~~in the past~~ experienced delays in releasing new products, deployment options **,** and product enhancements and may experience similar delays in the future. As a result, in the past, some of our customers deferred purchasing our products until the next upgrade was released. Future delays or problems in the installation or implementation of our new releases may cause customers to forgo purchases of our products and purchase those of our competitors instead. **The** ~~Additionally, the~~ success of new product introductions depends on a number of factors including, but not limited to, timely and successful product development, market acceptance, our ability to manage the risks associated with new product releases, the availability of software components for new products, the effective management of development and other spending in connection with anticipated demand for new products, the availability of newly developed products, and the risk that new products may have bugs, errors, or other defects or deficiencies in the early stages of introduction. We have ~~in the past~~ experienced bugs, errors, or other defects or deficiencies in new products and product updates and may have similar experiences in the future. Furthermore, our ability to increase the usage of our products depends, in part, on the development of new use cases for our products, which is typically driven by our developer community and may be outside of our control. We also have invested, and may continue to invest, in the acquisition of complementary businesses, technologies, services, products and other assets that expand the products that we can offer our customers. We may make these investments without being certain that they will result in products or enhancements that will be accepted by existing or prospective customers. ~~Additionally, even if we are able to develop new products and product enhancements, we cannot ensure that they will achieve market acceptance.~~ If we are unable to successfully enhance our existing products to meet evolving customer requirements, increase adoption and usage of our products, develop new products, or if our efforts to increase the usage of our products are more expensive than we expect, then our business, results of operations **,** and financial condition would be adversely affected. ~~The~~ **Sales of our products could suffer if the** markets for **those** ~~some of our~~ products **do not** ~~are evolving, and our future success depends on the growth~~ -- **grow** ~~and expansion of these markets and our~~ - **or** ~~ability~~ **if we fail** to adapt and respond effectively to evolving markets. The markets for certain of our products, such as our ~~Enterprise~~ Search, Observability and Security solutions, are evolving and our products are relatively new in these markets. Accordingly, it is difficult to predict continued customer adoption and renewals for these products, customers' demand for these products, the size, growth rate, expansion, and longevity of these markets, the entry of competitive products, or the success of existing competitive products. Our ability to penetrate these evolving markets depends on a number of factors, including the cost, performance, and perceived value associated with our products. If these markets do not continue to grow as expected ~~,~~ or if we are unable to anticipate or react to changes in these markets, our competitive position would weaken, which would adversely affect our business and results of operations. ~~In connection with the operation of our business, we collect, store, transfer and otherwise process certain personal data. As a result, our business is subject to a variety of government and industry regulations, as well as other obligations, related to privacy, data protection and information security.~~ Any actual or perceived failure by us to comply with **government** ~~such regulations~~ or ~~any~~ other obligations ~~relating~~ **related** to privacy, data protection ~~or~~ **and** information security could adversely affect our business. **We** ~~In the operation of our business, we collect, store, transfer and otherwise process personal data. As a result, we~~ are subject to **compliance risks and uncertainties under** a variety of federal, state, local and foreign laws and regulations governing privacy, data protection, information security **,** and the collection, storage, transfer, use, retention, sharing, disclosure, protection **,** and processing of personal data. Privacy, data protection **,** and information security ~~are significant issues in various~~ **laws may be interpreted and applied differently depending on the** ~~jurisdictions~~ - **jurisdiction** ~~where we offer our products~~ **and continue to evolve, making it difficult to predict how they may develop and apply to us** . The regulatory frameworks for these issues worldwide are rapidly evolving and are likely to remain uncertain for the foreseeable future. Federal, state, or non- U. S. government bodies or agencies have in the past adopted, and may in the future adopt, new laws and regulations or may make amendments to existing laws and regulations affecting data protection, data privacy and / or information security and / or regulating the use of the Internet as a commercial medium. ~~For example~~ **In the United States** , **the following states have enacted such legislation:** California (California Consumer Privacy Act and the California Privacy Rights Act), Colorado (Colorado Privacy Act), Connecticut (An Act Concerning Personal Data Privacy and Online Monitoring), Utah (Utah Consumer Privacy Act) and Virginia (Virginia Consumer Data Protection Act) ~~have enacted such legislation~~ . ~~Certain such legislation~~ **These laws and regulations** may include a private right of action for certain data breaches **or noncompliance with privacy obligations** , may provide for penalties and other remedies, and may require us to incur substantial costs and expenses and liabilities in connection with our compliance. Other U. S. states and the U. S. federal government are considering or have enacted **similar** privacy legislation ~~. Some of these laws and legislative proposals provide for penalties, private rights of action and other remedies, which may increase our costs of compliance and potential liability~~ . Many obligations under these laws and legislative proposals remain uncertain, and we cannot fully predict their impact on our business. **Failure** ~~Further, industry organizations regularly adopt and advocate for new standards in these areas. If we fail~~ to comply with ~~any of~~ these **varying** laws ~~or~~ **and** standards ~~, we~~ may ~~be~~ subject **us** to investigations, enforcement actions, civil litigation, fines and other penalties, all of which may generate negative publicity and have a negative impact on our business ~~. Additionally, in the United States, we may be subject to investigation and / or enforcement actions brought by federal agencies and state attorneys general and consumer protection agencies. We publicly post privacy statements and other documentation regarding our practices concerning the processing, use and disclosure of personal data, however, we may fail, or be alleged to have failed, to comply with such statements, and we could be subject to potential state and federal action if they are found to be unfair or misrepresentative of our actual practices~~ . Internationally, most jurisdictions in which we operate have established their own privacy, data protection and information security legal frameworks with which we or our customers must comply. Within the European Union, the General Data Protection Regulation (" GDPR ") ~~became fully effective on May 25, 2018, and~~ applies to the processing ~~(which includes the collection and use)~~ of personal data. The GDPR imposes significant obligations ~~and risk~~ upon our business ~~, including imposing limitations~~ **and compliance with these obligations can vary depending** on **how different regulators may interpret** ~~our marketing efforts, and provides for substantial penalties to which we could be subject in the~~ **them** ~~event of any non- compliance~~ . **Failure to comply, or perceived failure to comply, can result in** ~~Administrative~~ **administrative** fines **of** ~~under the GDPR can amount~~ up to 20 million Euros or four percent of the group' s annual global turnover, whichever is higher. ~~Further~~ **Similarly** , the United Kingdom has implemented legislation that **is** substantially ~~implements~~ **similar to** the **EU** GDPR **where** ~~in the United Kingdom, which legislation provides for~~ penalties for violations ~~of~~ **, actual or perceived, can be** up to ~~the greater of~~ 17. 5 million British ~~pounds~~ **Pound Sterling** or four percent of the group' s annual global turnover ~~. Following the exit of the United Kingdom from the European Union~~ , ~~however~~ **whichever is higher** , ~~aspects~~ **all** of ~~United Kingdom~~ **which may be subject to change with the introduction of the** ~~data~~ **Data** ~~protection~~ **Protection** ~~law~~ and **Digital Information (DPDI) Bill** ~~the relationship of the United Kingdom and the European Union~~ in ~~the medium~~ **2022. The potential impact** to ~~longer term~~ **our business** ~~remain~~ **remains** unclear ~~, including with respect to how data transfers to and from the United Kingdom will be regulated~~ . On ~~June 28, 2021, the European Commission announced a decision of " adequacy " concluding that the United Kingdom ensures an equivalent level of data protection to the GDPR, which permits continued personal data flows from the European Economic Area (" EEA ") to the United Kingdom. Some uncertainty remains, however, as this adequacy determination must be renewed after four years and may be modified or revoked in the interim. Among other requirements, the GDPR regulates transfers of personal data to third countries that have not received " adequacy " status, including the United States. Some countries also are considering or have passed legislation requiring local storage and processing of data, or similar requirements, which could increase the cost and complexity of delivering our services. The regulatory environment applicable to handling of EEA residents' personal data, and our actions taken in response, may cause us to assume additional liabilities or incur additional costs. We have undertaken certain efforts to conform transfers of personal data from the EEA, to the United States and other jurisdictions based on our understanding of current regulatory obligations and the guidance of data protection authorities, including using standard contractual clauses approved by the European Commission (the " SCCs ") and performing certain international transfer impact assessments, however, international data transfers may still be challenged in countries that have not received " adequacy " status from the European Commission. In the Schrems II decision issued by the Court of Justice of the European Union (" CJEU ") on July 16, 2020, the CJEU, among other things, imposed additional obligations on companies when relying on the SCCs. EEA regulators since have provided guidance regarding use of the SCCs, and on~~ June 4, 2021, the European Commission issued new **Standard Contractual Clauses ("** ~~SCCs~~ - **SCC ") applicable to cross- border data transfers of personal data for people located in the EEA** . On February 2, 2022, the United Kingdom' s Information Commissioner' s Office issued new standard contractual clauses to support personal data transfers out of the United Kingdom (" UK ~~SCCs~~ - **SCC** "), which went into effect on March 21, 2022. In light of these and other **ongoing** developments relating to cross- border data transfer, we may ~~, in addition to other impacts,~~ experience additional costs associated with increased compliance burdens **,** and ~~be required~~ **this regulation may impact our ability** to ~~engage in new contract negotiations with~~ **transfer personal data across our organization, to customers, or to** third parties ~~that aid in processing personal data on our behalf or localize certain personal data. As a result of these developments, we and our customers may face regulators in the EEA, Switzerland, and the United Kingdom applying different standards to certain data transfers or requiring additional steps in connection with data transfers, and may be required to engage in new contract~~

~~negotiations with third parties that aid in processing data on our behalf, and we may be required to implement additional contractual and technical safeguards for the lawful transfer of personal data. We may be unsuccessful in maintaining legitimate means for our transfer and receipt of personal data from the EEA, Switzerland and the United Kingdom and may experience hesitancy, reluctance, or refusal by customers to continue to use our products due to the potential risk exposure to such customers as a result of sentiment in the EEA, Switzerland and the United Kingdom regarding international data transfers and data protection obligations imposed on them. We may be unsuccessful in maintaining conforming means for transferring personal data from the EEA, Switzerland, and the United Kingdom, and our customers may face a risk of enforcement actions by European data protection authorities relating to such transfers. These and the other risks described above could result in harm to our business, operating results and financial condition~~ . In addition to government regulation, industry groups have established or may establish new and different self- regulatory standards that may legally or contractually apply to us or our customers. One example of such a self- regulatory standard is the Payment Card Industry Data Security Standard (“ PCI DSS ”), which relates to the processing of payment card information. Further, our customers increasingly expect us to comply with more stringent privacy, data protection **,** and information security requirements than those imposed by laws, regulations **,** or self- regulatory requirements, and we may be obligated contractually to comply with additional or different standards relating to our handling or protection of data on or by our offerings. Any failure to meet our customers’ requirements may adversely affect our revenues and prospects for growth. We also expect that there will continue to be changes in interpretations of existing or new laws and regulations, proposed laws, and other obligations, which could impair our or our customers’ ability to process personal data, ~~which could~~ decrease demand for our offerings, impact our marketing efforts, increase our costs **,** and impair our ability to maintain and grow our customer base and increase our revenue. **It** ~~Because the interpretation and application of many laws and regulations relating to privacy, data protection and information security, along with industry standards, are uncertain, it~~ is possible that these laws and regulations **or other actual or asserted obligations relating to privacy, data protection, or information security** may be interpreted and applied in manners that are, or are alleged to be, inconsistent with our data management practices or the features of our products ~~,~~ **. In such** ~~and~~ **an event,** we could face fines, lawsuits, regulatory investigations **,** and other claims and penalties, and we could be required to fundamentally change our products or our business practices, any of which could have an adverse effect on our business. Data protection authorities ~~in~~ **and** ~~the~~ **other** ~~European Union~~ **regulatory bodies are** increasingly ~~are~~ focused on the use of online tracking tools and have issued or ~~indicated that they~~ plan to issue rulings which may impact our marketing practices. Any restrictions on using online analytics and tracking tools could lead to substantial costs, require significant changes to our policies and practices, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, and subject us to additional liabilities. We ~~have incurred substantial expense in~~ **publicly post privacy statements and other documentation regarding our practices concerning the processing, use and disclosure of personal data. Any failure, or perceived failure, by us to** ~~complying~~ **comply** with ~~data protection legal frameworks and we may~~ **such statements could result in potential actions by regulatory bodies or governmental entities if they are found to** be ~~required to make significant~~ **unfair or misrepresentative of our actual practices resulting in increased costs,** changes in our business ~~operations~~ **practices** , ~~which may adversely affect our~~ **or** ~~business~~ **reputational harm** . **We** ~~Because these new regimes lack a substantial enforcement history, we~~ are unable to predict how emerging standards may be applied to us **given the lack of substantial enforcement history** , and thus, a regulator may subject us to certain actions, fines or public censure. Any actual or perceived inability to adequately address **,** or failure to comply with **,** data protection requirements, even if unfounded, could result in additional cost and liability to us, damage our reputation, inhibit sales, and adversely affect our business. ~~expenditures.~~ If our security measures are breached, **we experience** a security incident ~~occurs~~ ,or unauthorized access to or other processing of confidential information,including personal data,otherwise occurs,our software may be perceived as not being secure,customers may reduce the use of or stop using our products,and we may incur significant liabilities.Any security breach or incident,including those resulting from a cybersecurity attack,phishing attack,unauthorized access,unauthorized usage,virus,malware,ransomware,denial of service,credential stuffing attack,supply chain attack,hacking **,** or similar breach involving our networks and systems,or those of third parties upon which we rely,could result in the loss of confidential information,including personal data,disruption to our operations,significant remediation costs,lost revenue,increased insurance premiums,damage to our reputation,litigation,regulatory investigations or other liabilities.These attacks may come from individual hackers,criminal groups,and state- sponsored organizations,and security breaches and incidents may arise from other sources,such as employee or contractor error or malfeasance.Cyber threats are constantly evolving and becoming increasingly sophisticated and complex,increasing the difficulty of detecting and successfully defending against them. The ~~ongoing~~ **use of AI by threat actors may increase the velocity of such threats,magnifying the risks associated with these types of attacks.As a provider of security solutions,we have been and may continue to be specifically targeted by threat actors for attacks intended to circumvent our security capabilities as an entry point into customers’ endpoints,networks,or systems.Our industry** is experiencing an increase in phishing attacks and unauthorized scans of systems searching for vulnerabilities or misconfigurations to exploit.If our security measures are breached or otherwise compromised as a result of third- party action,employee or contractor error,defect,vulnerability **,** or bug in our products or products of third parties upon which we rely,malfeasance or otherwise,including any such breach or compromise resulting in someone obtaining unauthorized access to our confidential information,including personal data or the confidential information or personal data of our customers or others,or if any of these are perceived or reported to occur,we may suffer the loss,compromise,corruption,unavailability,or destruction of our or others’ confidential information and personal data,we may face a loss in intellectual property protection,our reputation may be damaged,our business may suffer and we could be subject to claims,demands,regulatory investigations and other proceedings,indemnity obligations,and otherwise incur significant liability.Even the perception of inadequate security **or an inability to maintain security certifications or to comply with our customer or user agreements,contracts with third- party vendors or service providers or other contracts** may damage our reputation **,cause a loss of confidence in our security solutions** and negatively impact our ability to win new customers and retain existing customers.Further,we could be required to expend significant capital and other resources to address any security **breach or** incident ~~or breach~~ ,and we may face difficulties or delays in identifying and responding to any security breach or incident.In addition,many of our customers may use our software for processing their confidential information,including business strategies,financial and operational data,personal data and other related data.As a result,unauthorized access to or use of our software or ~~this~~ **such** data could result in the loss,compromise,corruption **,** or destruction of our customers’ confidential information and lead to claims,demands,litigation,regulatory investigations,indemnity obligations,and other liabilities. ~~It~~ **Such access or use** could also hinder our ability to obtain and maintain information security certifications that support customers’ adoption of our products and our retention of those customers.We ~~have implemented~~ **expect to continue incurring significant costs in connection with our implementation of** administrative,technical and physical measures designed to protect the integrity of our customers’ data and prevent data loss,misappropriation and other security breaches and incidents ~~and may incur significant costs in connection with the implementation of additional preventative measures in the future~~ .We engage third- party vendors and service providers to store and otherwise process some of our and our customers’ data,including sensitive and personal data.There have been and may continue to be significant supply chain attacks generally,and our third- party vendors and service providers may be targeted or impacted by such attacks,and ~~they~~ face other risks of security breaches and incidents.Our third- party vendors and service providers have been subject to phishing attacks and other security incidents,and we cannot guarantee that our or our third- party vendors and service providers’ systems and networks have not been breached or otherwise compromised or that they do not contain exploitable vulnerabilities,defects or bugs that could result in a breach of or disruption to our systems and networks or the systems and networks of third parties that support us and our services. ~~For example,in December 2021,a vulnerability in a popular logging software,Log4j,was publicly announced.If left unpatched,the Log4j vulnerability could be exploited to allow unauthorized actors to execute code remotely on a system using Log4j.We have taken steps to ensure these vulnerabilities have been patched in our systems,but we cannot guarantee that all vulnerabilities have been patched in every system upon which we are dependent or that additional critical vulnerabilities of Log4j or other open-source software upon which we rely will not be discovered.~~ Our ability to monitor our third- party vendors and service providers’ data security is limited,and,in any event,third parties may be able to circumvent those security measures,resulting in the unauthorized access to,or misuse,disclosure,loss,destruction,or other unauthorized processing of our and our customers’ data,including sensitive and personal data **.Additionally,some of our products leverage open source code libraries,and threat actors may attempt to deploy malicious code to users of these libraries,which could impact us and our users** .Techniques used to sabotage or obtain unauthorized access to systems or networks are constantly evolving and,in some instances,are not identified until launched against a target.We and our third- party vendors and service providers may be unable to anticipate these techniques,react in a timely manner,or implement adequate preventative measures.Security risks ~~are~~ **have** also heightened ~~during the ongoing COVID- 19 pandemic~~ as **a result of the** ~~more individuals are working remotely and utilizing home networks for transmitting information,and reported ransomware incidents with significant operational impacts also appear to be escalating in frequency and degree.Also,due to political~~ COVID- 19 pandemic **as more individuals are working remotely** and ~~efforts to control its spread have~~ **utilizing home networks for transmitting information, and reported ransomware incidents with** ~~significantly~~ -- **significant** ~~curtailed the movement of people~~ **operational impacts also appear to be escalating in frequency and degree. Also** , ~~goods~~ **due to political uncertainty and military actions associated with Russia’ s invasion of Ukraine, we and our third- party vendors and service providers are vulnerable to a heightened risk of cybersecurity attacks, phishing attacks, viruses, malware, ransomware, hacking or similar breaches from nation- state and affiliated actors, including attacks that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our products** and services ~~worldwide~~ **as well as retaliatory cybersecurity attacks from Russian and Russian- affiliated actors against companies with a U. S. presence. We may be at a heightened risk of such retaliatory attacks due to our decision to no longer sell our products to companies in Russia or Belarus until further notice, and to support Ukraine by, among other things, providing free access to Elastic Cloud solutions** , including **our platinum security capabilities, to organizations** in **Ukraine. Laws, regulations, government guidance, and industry standards and practices in the United States and elsewhere are rapidly evolving to combat cyber threats. We** ~~many~~ - **may** ~~of the regions in which we sell~~ **face increased compliance burdens regarding such requirements with regulators and customers regarding** our products and services and **also** ~~conduct our business operations, negatively impacting worldwide economic activity. We have taken precautionary measures intended to help minimize the risk of the virus to our employees, our customers, and the communities in which we operate. The continued spread of the COVID- 19 pandemic and the resurgence of infection rates in certain regions has caused us to continue to modify our business practices (including imposing restrictions on employee travel, adapting employee work locations, and holding events and trainings virtually), and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, and business partners. There is no certainty that such measures will be sufficient to mitigate the risks posed by the virus or otherwise be satisfactory to government authorities. The full extent to which COVID- 19 and our precautionary measures may continue to impact our business will depend on future developments, which continue to be uncertain and cannot be predicted at this time, including but not limited to, the duration and geographic spread of the pandemic, its severity, the actions to contain the virus or treat its impact, future spikes of COVID- 19 infections resulting in additional preventative measures to contain or mitigate the spread of the virus, the effectiveness, distribution and acceptance of COVID- 19 vaccines, including the vaccines’ efficacy against emerging and more transmissible COVID- 19 variants or mutant strains, and how quickly and to what extent normal economic and operating conditions can resume. It has been and, until the COVID- 19 pandemic is contained and global economic activity stabilizes, will continue to be more difficult for us to forecast our operating results. The magnitude and duration of the disruption and resulting decline in business activity remains uncertain and could negatively impact our sales and~~

~~marketing efforts, our ability to enter into customer contracts in a timely manner, our international expansion efforts, our ability to deliver professional services, our ability to recruit employees across the organization which, in turn, could have longer term effects on our sales pipeline, or create operational or other challenges, any of which could harm our business. We are moving toward normal operations on a market- by- market basis in accordance with local guidelines. Our approach may vary among geographies depending on local guidelines, and may change at any time, including in response to new or reimposed precautionary measures as the pandemic evolves. We may incorporate into our ongoing business operations certain business practice modifications implemented in response to the COVID- 19 pandemic. These business modifications have and may continue to result in inefficiencies, delays and additional costs, including increased tax compliance obligations, that may adversely affect our business. In regions where we permit our employees to return to our offices and we resume in- person meetings and events, we may face additional challenges and~~ incur additional costs ~~, including those~~ **for oversight and monitoring of our own supply chain. We and our customers may also experience increased costs** associated with **security measures** ~~workplace safety protocols, disparate regional safety guidelines~~ and ~~workplace~~ **increased risk of suffering cybersecurity attacks, including ransomware attacks. Should we or the third- party vendors and service providers upon which we rely experience such attacks, including from ransomware or other security breaches or incidents,** ~~or~~ **our** ~~labor disputes~~ **operations may also be hindered or interrupted due to system disruptions or otherwise, with foreseeable secondary contractual, regulatory, financial, and reputational harms that may arise from such an incident. Limitations of liability provisions in** ~~or~~ **our customer and user agreements, contracts with third- party vendors and service providers or other contracts may not be enforceable or adequate to protect us from any liabilities or damages with respect to any particular claim relating to a security breach or other security incident. We also cannot be sure that our existing insurance coverage will continue to be available on acceptable terms or will be available in sufficient amounts to cover** claims related to ~~COVID~~ **a security breach or incident, or that the insurer will not deny coverage as to any future claim. The successful assertion of 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** - ~~19~~ **insurance requirements** , ~~which~~ could ~~also negatively impact our business. In addition, the COVID- 19 pandemic has disrupted, and may continue to disrupt, the operations of our customers, vendors, channel partners and government entities for an indefinite period of time, including in specific regions of the world or sectors of the economy and as a result of travel restrictions and / or business shutdowns, all of which could negatively impact our business and results of operations, including cash flows. Further, the impact of the COVID- 19 pandemic has varied significantly across different industries with certain industries experiencing increased demand for their products and services as the needs of the economy shift, while others~~ have ~~struggled to maintain demand for their products and services consistent with historical levels. Because we have a limited history in understanding these impacts, our ability to adapt our sales and marketing initiatives to such changes may be uncertain and our ability to forecast rates of customer retention and expansion may be negatively impacted. Meanwhile, a shift towards more consumption-based arrangements for our Elastic Cloud offerings, where the timing of revenue recognition is tied to our customers' actual usage of our products, may further exacerbate such uncertainty as well as the difficulty to forecast customer retention and expansion rates. Even after the COVID- 19 pandemic has subsided, we may continue to experience materially adverse impacts to our business as a result of its global economic impact, including any recession, economic downturn, or increased unemployment that has occurred or may occur in the future. There has been increased scrutiny of business (including technology) spending by our customers and prospective customers, particularly in industries most impacted by the COVID- 19 pandemic, longer sales cycles, as well as reduced demand for our solutions, customers failing to pay us under the terms of our agreements, increased cyber threats, lower renewal rates by our customers and increased competition, all of which could result in~~ a material adverse ~~impact~~ **effect** on our business ~~operations and~~ **, including our** financial condition ~~. While we have developed and continue to develop plans intended to help mitigate the negative impacts of the pandemic on our business~~ , **operating results,** ~~these efforts may not be effective~~ and **reputation** ~~a protracted economic downturn may limit the effectiveness of our mitigation efforts~~ . Our operating results are likely to fluctuate from quarter to quarter, and our financial results in any one quarter should not be relied upon as indicative of future performance. Our results of operations, including our revenue, cost of revenue, gross margin, operating expenses, cash flow and deferred revenue, have fluctuated from quarter- to-quarter in the past and may continue to vary significantly in the future so that period- to- period comparisons of our results of operations may not be meaningful. These variations may be further impacted as more of our Elastic Cloud customers adopt consumption- based arrangements **or as Elastic Cloud customers already on consumption- based arrangements optimize their usage in response to the current macroeconomic environment** . Accordingly, our financial results in any one quarter should not be relied upon as indicative of future performance. Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control, may be difficult to predict, and may or may not fully reflect the underlying performance of our business. Factors that may cause fluctuations in our quarterly financial results include: • our ability to attract new customers and retain existing customers; • the loss of existing customers; • customer renewal rates; • our ability to successfully expand our business in the U. S. and internationally; • **general political, geopolitical, economic, industry and market conditions (including recessionary pressures or uncertainties in the global economy); •** our ability to foster an ecosystem of developers and users to expand the use cases of our products; • our ability to gain new partners and retain existing partners; • fluctuations in the growth rate of the overall market that our products address; • fluctuations in the mix of our revenue, which may impact our gross margins and operating income; • the amount and timing of operating expenses related to the maintenance and expansion of our business and operations, including investments in sales and marketing, research and development and general and administrative resources; • network outages or performance degradation of Elastic Cloud; • actual or perceived breaches of, or failures or incidents relating to, privacy, data protection or information security **; • our recent plan to reduce costs and rebalance investments** ; • additions or departures of key personnel; • the impact of catastrophic events, man- made problems such as terrorism, natural disasters and public health epidemics and pandemics; • ~~general political, geopolitical, economic, industry and market conditions; • the military conflict between~~ Russia ~~and~~ **' s invasion of** Ukraine and the related impact on macroeconomic conditions; • increases or decreases in the number of elements of our subscriptions or pricing changes upon any renewals of customer agreements; • changes in our pricing policies or those of our competitors; • the budgeting cycles and purchasing practices of customers; • decisions by potential customers to purchase alternative solutions; • decisions by potential customers to develop in- house solutions as alternatives to our products; • insolvency or credit difficulties confronting our customers, which could adversely affect their ability to purchase or pay for our offerings; • our ability to collect **invoices or receivables in a** timely **manner** ~~on invoices or receivables~~ ; • delays in our ability to fulfill our customers' orders; • the cost and potential outcomes of future litigation or other disputes; • future accounting pronouncements or changes in our accounting policies; • our overall effective tax rate, including impacts caused by any reorganization in our corporate tax structure and any new legislation or regulatory developments; • fluctuations in stock- based compensation expense; • fluctuations in foreign currency exchange rates; • the impact of changing inflation and interest ~~rates~~ **rate environments** ; • the timing and success of new offerings introduced by us or our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors, customers **,** or partners; • the timing of expenses related to the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired companies; and • other risk factors described in this Annual Report on Form 10- K. The impact of one or more of the foregoing or other factors may cause our operating results to vary significantly. ~~For example, the full impact of the COVID- 19 pandemic is unknown, and could result in material adverse changes in our results of operations for an unknown period of time as the virus and its related political, social and economic impacts spread.~~ Such fluctuations **in our results** could cause us to fail to meet the expectations of investors or securities analysts, which could cause the trading price of our ordinary shares to fall substantially, and we could face costly lawsuits, including securities class action suits, which could have an adverse effect on our business **net operating loss carryforwards** .We are exposed to fluctuations in currency exchange rates,which could negatively affect our financial condition and results of operations.A portion of our ~~subscription~~ **subscriptions are** ~~revenue is~~ generated ~~,~~ and ~~a portion of our~~ operating expenses ~~is~~ **are** incurred ~~,~~ outside the United States **and denominated** in foreign currencies ~~.~~ **and are subject to** ~~Fluctuations~~ **fluctuations due to changes** in ~~the value of the U.S.dollar versus~~ foreign ~~currencies~~ **currency exchange rates** ,particularly **against** ~~with respect to~~ the Euro **.In part as a** ~~and the British Pound Sterling,may impact our operating results~~ **result** ~~when translated into U.S.dollars.~~ **of the COVID- 19 pandemic and Russia' s recent invasion of Ukraine,foreign currency** ~~Exchange~~ **exchange** rates have been ~~volatile as a result of the Russian invasion of Ukraine~~ and **could continue to be subject to increased** ~~related events and uncertain macroeconomic conditions,and this~~ volatility ~~may continue~~ . ~~A~~ **The** strengthening of the U.S.dollar ~~could adversely affect year- over- year growth and increase~~ **increases** the real cost of our offerings to our non- U.S.dollar customers,leading to delays in the purchase of our offerings and the lengthening of our sales cycle.If ~~,as has occurred in prior periods,~~ the strength of the U.S.dollar increases, **this could adversely affect** our financial condition and results of operations ~~could be negatively affected~~ .In addition,increased international sales in the future,including through our channel partners,may result in greater foreign currency denominated sales,increasing our foreign currency risk.Moreover,operating expenses incurred outside the United States **and denominated** in foreign currencies are increasing and are subject to fluctuations due to changes in foreign currency exchange rates.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. ~~Actions that~~ **To date,** we have ~~taken~~ **not entered into any hedging transactions in an effort** to reduce ~~costs~~ **our exposure to foreign currency exchange risk.While we may decide to enter into hedging transactions in the future,the availability** and ~~rebalance investments~~ **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** ~~result~~ **results of** ~~in anticipated savings or operational~~ **operations** ~~efficiencies,could result in total costs and expenses that are greater than expected,and could disrupt our business~~ . If we are unable to increase sales of our subscriptions to new customers, sell additional subscriptions to our existing customers, or expand the value of our existing customers' subscriptions, our future revenue and results of operations will be harmed. We offer certain features of our products with no payment required. Customers purchase subscriptions in order to gain access to additional functionality and support. Our future success depends on our ability to sell our subscriptions to new customers, including to large enterprises, and to expand the deployment of our offerings with existing customers by selling paid subscriptions to our existing users and expanding the value and number of existing customers' subscriptions. Our ability to sell new subscriptions depends on a number of factors, including the prices of our offerings, the prices of products offered by our competitors, and the budgets of our customers. We also face difficulty in displacing the products of incumbent competitors. In addition, a significant aspect of our sales and marketing focus is to expand deployments within existing customers. The rate at which our existing customers purchase additional subscriptions and expand the value of existing subscriptions depends on a number of factors, including customers' level of satisfaction with our offerings, the nature and size of the deployments, the desire to address additional use cases, ~~and~~ the perceived need for additional features, **and** ~~as well as~~ general economic conditions. If our existing customers do not purchase additional subscriptions or expand the value of their subscriptions, our Net Expansion Rate may decline. We rely in large part on our customers to identify new use cases for our products in order to expand such deployments and grow our business. If our customers do not recognize the potential of our offerings, our business would be materially and adversely affected. If our efforts to sell subscriptions to new customers and to expand deployments at existing customers are not successful, our total revenue and revenue growth rate may decline **,** and our business will suffer. If our existing customers do not renew their subscriptions, ~~it could have an adverse effect on~~ our business and results of operations **may be adversely affected** . We ~~expect to~~ derive a significant portion of our revenue from renewals of existing subscriptions. Our customers have no contractual obligation to renew their subscriptions after the completion of their subscription term. Our subscriptions for self- managed deployments typically range from one to three years, while many of our Elastic Cloud customers purchase subscriptions either on a month- to- month basis or on a committed contract of at least one year in duration. Our customers' renewal rates may decline or fluctuate as a result of a number of factors, including their satisfaction with our products and our customer support, our products' ability to integrate with new and changing technologies, the frequency and severity of product outages, our product uptime or latency, and the pricing of our, or competing, products. If our customers renew their subscriptions, they may renew for shorter subscription terms or on other terms that are less economically beneficial to us. ~~We may not accurately predict future renewal trends.~~ If our existing customers do not renew their subscriptions, or renew on less favorable terms, our revenue may grow more slowly than expected or decline. ~~business and our financial condition,results of operations or cash flows could be adversely affected until we replace such providers or develop replacement technology or operations.In addition,if we are unsuccessful in identifying high- quality service providers,negotiating cost-effective relationships with them or effectively managing these relationships,it could adversely affect our business and financial results.~~ The length of our sales cycle can be unpredictable,particularly with respect to sales through our channel partners or sales to large customers,and our sales efforts may require considerable time and expense.Our results of operations may fluctuate,in part,because of the length and variability of the sales cycle of our subscriptions and the difficulty in making short- term adjustments to our operating expenses.Our results of operations depend in part on sales to new customers,including large customers,and increasing sales to existing customers.The length of our sales cycle,from initial contact with our sales team to contractually committing to our subscriptions **,** can vary substantially from customer to customer based on deal complexity as well as whether a sale is made directly by us or through a channel partner.Our sales cycle can extend to more than a year for some customers,and the length of sales cycles may be further impacted due to **worsening economic conditions** ~~the COVID- 19 pandemic~~ . **In addition,** ~~Some~~ **some** customers have been scrutinizing their spending more carefully **and reducing their consumption spending** given ~~a challenging~~ **the current uncertain** economic environment ~~associated with the pandemic~~ ,and we generally expect this to continue. ~~This might cause~~ **We have also experienced and,if adverse economic conditions persist,may continue to experience longer and more unpredictable** sales cycles ~~to become longer or become more unpredictable~~ .As we target more of our sales efforts at larger enterprise customers,we may face greater costs,longer sales cycles,greater competition and less predictability in completing some of our sales.A customer' s decision to use our solutions may be an enterprise- wide decision,which may require greater levels of education regarding the use cases of our products or ~~prolonged~~ **protracted** negotiations.In addition,larger customers may demand more configuration,integration services and features.It is difficult to predict exactly when,or even if,we will make a sale to a potential customer or if we can increase sales to our existing customers.As a result,large individual sales ~~have~~ ,in some cases, **have** occurred in quarters subsequent to those we ~~anticipated~~ **expected** ,or have not occurred at all. ~~The~~ **Lengthened or unpredictable sales cycles that cause a** loss or delay of one or more large transactions in a quarter could affect our cash flows and results of operations for that quarter and for future quarters **.These impacts are amplified in the short term when customers slow their consumption in response to the uncertain macroeconomic environment** .Because a substantial proportion of our expenses are relatively fixed in the short term,our cash flows and results of operations will suffer if revenue falls below our expectations in a particular quarter **.Our decision to no longer offer Elasticsearch and Kibana under an open source license may harm the adoption of Elasticsearch and Kibana.** In February 2021, with the release of version 7. 11 of the Elastic Stack, we changed the source code of Elasticsearch and Kibana ~~that~~ **which** had historically been licensed under Apache 2. 0, to be dual licensed under Elastic License 2. 0 and the Server Side Public License Version 1. 0 (" SSPL "), at the user' s election. Neither the Elastic License nor the SSPL has been approved by the Open Source Initiative or is included in the Free Software Foundation' s list of free software licenses. Further, neither has been interpreted by any court. While the vast majority of downloads of Elasticsearch and Kibana from mid- 2018 through early 2021 were licensed under the Elastic License, the removal of the Apache 2. 0 alternative could negatively impact certain developers for whom the availability of an open source license was important. In addition, some developers and the companies for whom they work may be hesitant to download or upgrade to new versions of Elasticsearch or Kibana under the Elastic License or SSPL because of uncertainty ~~around~~ **regarding** how these licenses may be interpreted and enforced. Other developers, including competitors of Elastic such as Amazon, have announced that they have " forked " Elasticsearch and Kibana **, which means they have developed their own product or service that is based on features of Elasticsearch and Kibana that we had previously made available under an open source license** . For example, Amazon has launched an open source project called OpenSearch based on a forked version of the Elastic Stack, which is licensed under Apache 2. 0, and rebranded their existing Elasticsearch Service ~~to~~ **as** OpenSearch Service. The combination of uncertainty around our dual license model and the potential competition from the forked versions of our software may negatively impact adoption of Elasticsearch and Kibana, which in turn could lead to reduced brand and product awareness **and** ~~, ultimately leading~~ to a decline in paying customers, which could harm our ability to grow our business or achieve profitability. We could be negatively impacted if the Elastic License or SSPL **,** under which some of our software is licensed **,** is not enforceable. We make the source code of our products available under Apache 2. 0, the Elastic License, or **as** dual licensed under the Elastic License and SSPL, depending on the product and version. Apache 2. 0 is a permissive open source license that allows licensees to freely copy, modify and distribute Apache 2. 0- licensed software **if** ~~provided that~~ they meet certain conditions. The Elastic License is our proprietary source available license. The Elastic License permits licensees to use, copy, modify and distribute the licensed software ~~provided that~~ **so long as** they do not offer access to the software as a cloud service, interfere with the license key or remove proprietary notices. SSPL is a source available license that is based on the GNU Affero General Public License (" AGPL ") open source license and permits licensees to copy, modify and distribute SSPL- licensed software, but expressly requires licensees that offer the SSPL- licensed software as a third- party service to open source all of the software that they use to offer such service. We rely upon the enforceability of the restrictions set forth in the Elastic License and SSPL to protect our proprietary interests. **If** ~~It is possible that~~ a court ~~could~~ **were to** hold ~~that the Elastic License or SSPL are unenforceable. If a court held~~ that the Elastic License or SSPL or certain aspects of these licenses are unenforceable, others may be able to use our software to compete with us in the marketplace in a manner not subject to the restrictions set forth in the Elastic License or SSPL ~~. Because of the permissive rights accorded to third parties under our open source and source available licenses, there are limited technological barriers to entry into the markets in which we compete and it may be relatively easy for competitors, some of whom may have greater resources than we have, to enter our markets and compete with us~~ . Anyone may obtain access to source code for the features of our software that we have licensed under open source or source available licenses. Depending on the product and version of the Elastic software, this source code is ~~either~~ available under Apache 2. 0, SSPL, or the Elastic License. Each of these licenses ~~allow~~ **allows** anyone, subject to compliance with the conditions of the applicable license, to redistribute our software in modified or unmodified form and use it to compete in our markets. Such competition can develop without the degree of overhead and lead time required by traditional proprietary software companies, due to the rights granted to licensees of open source and source available software. It is possible for competitors to develop their own software, including software based on our products, potentially reducing the demand for our products and putting pricing pressure on our subscriptions. For example, Amazon offers some of the features that we had previously made available under an open source license as part of its **AWS** ~~Amazon Web Services~~ offering. As such, Amazon competes with us for potential customers, and while Amazon cannot provide our proprietary software, Amazon' s offerings may reduce the demand for our offerings and the pricing of Amazon' s offerings may limit our ability to adjust the ~~price~~ **prices** of our products. ~~We cannot guarantee that we will be able to compete successfully against current and future competitors or that competitive~~ **Competitive** pressure **in** ~~or~~ **our markets generally may** ~~the availability of new software will not~~ result in price reductions, reduced operating margins and loss of market share ~~, any one of which could harm our business, financial condition, results of operations and cash flows~~ . If we do not effectively develop and expand our sales and marketing capabilities, including expanding ~~and~~ **,** training **,** and compensating our sales force, we may be unable to add new customers, increase sales to existing customers or expand the value of our existing customers' subscriptions and our business will be adversely affected. We dedicate significant resources to sales and marketing initiatives, which require us to invest significant financial and other resources, including in markets in which we have limited or no experience. Our business and results of operations will be harmed if our sales and marketing efforts do not generate significant revenue increases or increases that are smaller than anticipated. We may not achieve revenue growth from expanding our sales force if we are unable to hire, train, and retain talented and effective sales personnel. We depend on our sales force to obtain new customers and to drive additional sales to existing customers. We believe that there is significant competition for sales personnel, including sales representatives, sales managers, and sales engineers, with the requisite skills and technical knowledge. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training and retaining sufficient sales personnel to support our growth, and as we introduce new products, solutions **,** and marketing strategies, we may need to re- train existing sales personnel. For example, we may need to provide additional training and development to our sales personnel in relation to **understanding and** selling consumption- based arrangements and expanding customer usage of our offerings over time. New hires also require ~~significant~~ **extensive** training ~~and~~ **which** may take significant time before they achieve full productivity. Our recent hires and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. As we continue to grow rapidly, a large percentage of our sales force will have relatively little experience working with us, our subscriptions **,** and our business model. Additionally, we may need to evolve our sales compensation plans to drive the growth of our Elastic Cloud offerings with consumption- based arrangements. Such changes ~~might~~ **may** have adverse consequences if not designed effectively. If we are unable to hire and train sufficient numbers of effective sales personnel, our new and existing sales personnel are unable to achieve desired productivity levels in a reasonable period of time, our sales personnel are not successful in obtaining new customers or increasing sales to our existing customer base, or our sales and marketing programs, including our sales compensation plans, are not effective, our growth and results of operations could be negatively impacted **,** and our business ~~will~~ **could** be harmed. Our ~~ability~~ **failure** to **offer** ~~increase sales of our offerings is highly~~ -- **high-** ~~dependent on the~~ quality ~~of our~~ customer support ~~, and our failure to offer high quality support would~~ **could** have an adverse effect on our business, reputation and results of operations. After our products are deployed within our customers' IT environments, our customers depend on our technical support services to resolve issues relating to our products. If we do not succeed in helping our customers quickly resolve post- deployment issues or provide effective ongoing support and education on our products, our ability to renew or sell additional subscriptions to existing customers or expand the value of existing customers' subscriptions would be adversely affected and our reputation with potential customers could be damaged. Many larger enterprise and government entity customers have more complex IT environments and require higher levels of support than smaller customers. If we fail to meet the requirements of these enterprise customers, it may be more difficult to grow sales with them. Additionally, it can take several months to recruit, hire, and train qualified technical support employees. We may not be able to hire such ~~resources~~ **employees** fast enough to keep up with demand, particularly if the sales of our offerings exceed our internal forecasts. Due to the ~~ongoing~~ uncertainty related to **macroeconomic conditions** ~~the COVID- 19 pandemic~~ , there may also be more competition for qualified employees and delays in hiring, onboarding **,** and training new employees. To the extent that we are unsuccessful in hiring, training, and retaining adequate support resources, our ability to provide adequate and timely support to our customers, and our customers' satisfaction with our offerings, will be adversely affected. Our failure to provide and maintain, or a market perception that we do not provide or maintain, high- quality support services would have an adverse effect on our business, financial condition, and results of operations. ~~We rely significantly on revenue from subscriptions and, because~~ **Because** we recognize the vast majority of the revenue from subscriptions, either based on actual consumption ~~or~~ **,** monthly **, or ratably** , over the term of the relevant subscription period, downturns or upturns in sales are not immediately reflected in full in our results of operations. Subscription revenue accounts for the substantial majority of our revenue, comprising **92 %,** 93 %, **and** 93 ~~% and 92~~ % of total revenue for the years ended April 30, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , respectively **. The effect of significant downturns in new or renewed sales of our subscriptions is not reflected in full in**

our results of operations until future periods . We recognize the vast majority of our subscription revenue, either based on actual consumption ~~or~~**,** monthly **, or ratably** , over the term of the relevant time period. As a result, much of the subscription revenue we report each fiscal quarter ~~is~~ **represents** the recognition of deferred revenue from subscription contracts entered into during previous fiscal quarters. Consequently, a decline in new or renewed subscriptions in any one fiscal quarter will not be fully or immediately reflected in revenue in that fiscal quarter and will negatively affect our revenue in future fiscal quarters. ~~Accordingly, the effect of significant downturns in new or renewed sales of our subscriptions is not reflected in full in our results of operations until future periods.~~ We do not have an adequate history with our consumption- based arrangements for our Elastic Cloud offerings to **predict** accurately ~~predict~~ the long- term rate of customer adoption or renewal, or the impact ~~it~~ **those arrangements** will have on our near- term or long- term revenue or operating results. We expect that our consumption- based arrangements for our Elastic Cloud offerings will continue to increase, both in amount and as a percentage of our total revenue. Because we recognize revenue under a consumption- based arrangement based on actual customer consumption, we do not have the same visibility into the timing of revenue recognition as we do under subscription arrangements where revenue is recognized on a predetermined schedule over the subscription term. Additionally, customers may consume our products at a different pace than we expect. For **example, we have experienced and, if adverse economic conditions persist, may continue to experience slowing consumption as customers look to optimize their usage. Additionally, we have seen and may continue to see newer customers increase their consumption of our solutions at a slower pace than our more tenured customers. For** these reasons, our revenue may be less predictable or more variable than our historical revenue, and our actual results may differ materially from our forecasts . Our products are inherently complex and...... price of our ordinary shares to decline . We depend on our senior management and other key employees, and the loss of one or more of these employees or an inability to attract and retain highly skilled employees could harm our business. Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel. The loss of the services of any of our key personnel, the inability to attract or retain qualified personnel, or delays in hiring required personnel, particularly in engineering and sales, may seriously harm our business, financial condition, and results of operations. Further, our ability to attract additional qualified personnel may be impacted by the economic uncertainty and insecurity caused by ~~the COVID- 19 pandemic~~ **macroeconomic factors and geopolitical events** . The loss of services of any of our key personnel also increases our dependency on other key personnel who remain with us. Although we have entered into employment offer letters with our key personnel, their employment is for no specific duration and constitutes at- will employment. We are also substantially dependent on the continued service of our existing engineering personnel because of the complexity of our products. Our future performance also depends on the continued services and continuing contributions of our senior management, particularly our Chief Executive Officer, Ashutosh Kulkarni, and Chief Technology **Officer, co- founder and former Chief Executive** Officer, Shay Banon, to execute on our business plan and to identify and pursue new opportunities and product innovations. We do not maintain key person life insurance policies on any of our employees. The loss of services of senior management could significantly delay or prevent the achievement of our development and strategic objectives, which could adversely affect our business, financial condition, and results of operations. Any search for senior management in the future or any search to replace the loss of any senior management may be ~~prolonged~~ **protracted** , and we may not be able to attract a qualified candidate or replacement, as applicable, in a timely manner or at all, particularly as potential candidates may be ~~wary~~ **less willing** to ~~transition~~ **change jobs** during the unstable economic conditions caused by **macroeconomic** ~~the COVID- 19 pandemic~~ and geopolitical events. **The** ~~Furthermore, the COVID- 19 pandemic could make it more difficult to onboard, provide training to and integrate any senior management or key employees, which could adversely affect their productivity and our business. If we are unable to mitigate these or other similar risks as we experience management turnover, our business, results of operation and financial condition may be adversely affected. In January 2022, Shay Banon transitioned from the role of Chief Executive Officer and Chairman of the Board to the role of Chief Technology Officer, Chetan Puttagunta, Lead Independent Director, was appointed Chairman of the Board, and Ashutosh Kulkarni transitioned from the role of Chief Product Officer to acting Chief Executive Officer. Mr. Kulkarni was also appointed to the Board by shareholders at an extraordinary general shareholder meeting on March 9, 2022, and this appointment confirmed his position as Chief Executive Officer. If we are not successful in managing the transition of our Chief Executive Officer, it could be viewed negatively by our customers, employees or investors and could have an adverse impact on our business. Additionally, the~~ industry in which we operate is generally characterized by significant competition for skilled personnel as well as high employee attrition. **The increased availability of hybrid or remote working arrangements within our industry has further expanded the pool of companies that can compete for our employees and employment candidates.** We may not be successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. We may need to invest significant amounts of cash and equity to attract and retain new employees, and we may never realize returns on these investments. Also, to the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited, that they have divulged proprietary or other confidential information, or that their former employers own their inventions or other work product. ~~.~~ Our products are inherently complex and,despite extensive testing and quality control,have in the past and may in the future contain defects or errors,especially when first introduced,or otherwise not perform as contemplated.These defects,security vulnerabilities,errors or performance failures could cause damage to our reputation,loss of customers or revenue,product returns,order ~~cancellations~~ - **cancelations** ,service terminations,or lack of market acceptance of our software.As the use of our products,including products that were recently acquired or developed,expands to more sensitive,secure,or mission **-** critical uses by our customers,we may be subject to increased scrutiny,potential reputational risk,or potential liability **if our software** should ~~our software~~ fail to perform as contemplated in such deployments.We have **issued** in the past **,** and may **need to issue** in the future **,** ~~need to issue~~ corrective releases of our software to fix these defects,errors or performance failures,which could require us to allocate significant research and development and customer support resources to address these problems.Any limitation of liability provisions that may be contained in our customer and partner agreements may not be effective as a result of existing or future applicable law or unfavorable judicial decisions.The sale and support of our products entail the risk of liability claims,which could be substantial in light of the use of our products in enterprise- wide environments.In addition,our insurance against this liability may not be adequate to cover a potential claim **.Interruptions or performance problems associated with our technology and infrastructure,and our reliance on technologies from third parties,may adversely affect our business operations and financial results.We rely on third- party cloud platforms to host our cloud offerings.If we experience an interruption in service for any reason,our cloud offerings would similarly be interrupted.The ongoing effects Russia' s invasion of Ukraine,adverse economic conditions,and increased energy prices could also disrupt the supply chain of hardware needed to maintain our third- party data center operations.An interruption in our services to our customers could cause our customers' internal and consumer- facing applications to cease functioning,which could have a material adverse effect on our business,results of operations,customer relationships and reputation.In addition,our website and internal technology infrastructure may experience performance issues due to a variety of factors,including infrastructure changes,human or software errors,website or third- party hosting disruptions,capacity constraints,technical failures,natural disasters or fraud or security attacks.Our use of third- party open source software may increase this risk.If our website is unavailable or our users are unable to download our products or order subscriptions or services within a reasonable amount of time or at all,our business could be harmed.We expect to continue to make significant investments to maintain and improve website performance and to enable rapid releases of new features and applications for our products.To the extent that we do not effectively upgrade our systems as needed and continually develop our technology to accommodate actual and anticipated changes in technology,our business and results of operations may be harmed** .Incorrect implementation or use of our software,or our customers' failure to update our software,could result in customer dissatisfaction and negatively affect our business,operations,financial results,and growth prospects.Our products are often operated in large scale,complex IT environments.Our customers and some partners require training and experience in the proper use of **,** and the benefits that can be derived from **,** our products to maximize their potential **value** .If our products are not implemented,configured,updated **,** or used correctly or as intended,or in a timely manner,inadequate performance,errors,loss of data,corruptions **,** and / or security vulnerabilities may result.For example,there have been **,** and may in the future continue to be,reports **that some** of our customers **have** not properly ~~securing~~ **secured** implementations of our products,which can result in unprotected data.Because our customers rely on our software to manage a wide range of operations,the incorrect implementation or use of our software, ~~or~~ our customers' failure to update our software **,** or our failure to train customers on how to use our software productively,may result in customer dissatisfaction ~~,~~ **or** negative publicity and may adversely affect our reputation and brand.Failure by us to ~~effectively~~ provide **adequate** training and implementation services to our customers could result in lost opportunities for follow- on sales to these customers and decrease subscriptions by new customers,and adversely affect our business and growth prospects.If third parties offer inadequate or defective implementations of software that we have previously made available under an open source license,our reputation could be harmed.Certain cloud hosting providers and managed service providers,including **AWS** ~~Amazon Web Services~~ ,offer hosted products **or services** based on a forked version of the Elastic Stack **,which means they offer a service that includes some of the features that we had previously made available under an Open Source license** .These offerings are not supported by us and come without any of our proprietary features **,whether free or paid** .We do not control how these third parties may use or offer our open source technology.These third parties could inadequately or incorrectly implement our open source technology ~~,~~ or fail to update such technology in light of changing technological or security requirements,which could result in real or perceived defects,security vulnerabilities,errors,or performance failures with respect to their offerings.Users,customers,and potential customers could confuse these third- party products with our products,and attribute such defects,security vulnerabilities,errors,or performance failures to our products.Any damage to our reputation and brand from defective implementations of our open source software could result in lost sales and lack of market acceptance of our products and could adversely affect our business and growth prospects ~~.We rely on traditional web search engines to direct traffic to our website~~ .If our website fails to rank prominently in unpaid search results,traffic to our website could decline and our business would be adversely affected.Our success depends in part on our ability to attract users through unpaid Internet search results on traditional web search engines,such as Google.The number of users we attract to our website from search engines is due in large part to how and where our website ranks in unpaid search results.These rankings can be affected by a number of factors,many of which are not in our direct control,and they may change frequently.For example,a search engine may change its ranking algorithms,methodologies or design layouts.As a result,links to our website may not be prominent enough to drive traffic to our website,and we may not know how or otherwise be in a position to influence the results.Any reduction in the number of users directed to our website could reduce our revenue or require us to increase our customer acquisition expenditures. **Our business could suffer if we fail to maintain satisfactory relationships with third- party service providers on which we rely for many aspects of our business.Our success depends upon 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,and payroll processing systems,among others.** If **any of these third parties experience difficulty meeting our requirements** ~~our~~ - **or standards** ~~security measures are breached~~ , **become unavailable due to extended outages or interruptions,temporarily or permanently cease operations,face financial distress or other business disruptions such as** a security incident ~~occurs~~ , **increase** ~~or unauthorized access to or other~~ - **their fees** ~~processing of confidential information~~ , **if** ~~including personal data,otherwise occurs,our software may be perceived as not being secure,customers may reduce the use of or~~ **our** ~~stop using~~ **relationships with any of these providers deteriorate,** ~~our~~ - **or** ~~products,and~~ **if any of the agreements** we **have entered into with such** ~~may incur significant liabilities.Any security breach or incident,including those resulting from a cybersecurity attack,phishing attack,unauthorized access,unauthorized~~

~~usage,virus,malware,ransomware,denial of service,credential stuffing attack,supply chain attack,hacking or similar breach involving our networks and systems,or those of~~ third parties ~~upon which~~ **are terminated or not renewed without adequate transition arrangements,** we ~~rely,~~ could **suffer liabilities** ~~result in the loss of confidential information~~ , **penalties** ~~including personal data~~ , ~~disruption~~ **fines,increased costs and delays in our 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,** ~~our~~ - **or our business** operations **could be disrupted.Further** , ~~significant remediation costs,lost revenue,increased insurance premiums,damage to our reputation,litigation,regulatory investigations or~~ **our business operations** ~~other liabilities.These attacks~~ may ~~come from individual hackers,criminal groups,and state- sponsored organizations,and security breaches and incidents may arise from other sources,such as employee or contractor error or malfeasance.Cyber threats are constantly evolving and becoming increasingly sophisticated and complex,increasing the difficulty of detecting and successfully defending against them.As a provider of security solutions,we have been and may continue to~~ be **disrupted** ~~specifically targeted~~ by **negative impacts of Russia** ~~bad actors for attacks intended to circumvent our security capabilities as an entry point into customers~~ ' ~~endpoints,networks,~~ **s invasion of Ukraine on supply chains of** ~~or~~ **our** ~~systems.Our industry is experiencing an increase in phishing attacks and unauthorized scans of systems searching for vulnerabilities or misconfigurations to exploit.If our security measures are breached or otherwise compromised as a result of~~ third- party ~~action,employee~~ **service providers.Any such disruptions may adversely affect** ~~or~~ **our** ~~contractor error~~ **financial condition** , **results of operations** ~~defect,vulnerability or bug in our~~ - **or cash flows until** ~~products or products of third parties upon which~~ we **replace** ~~rely,malfeasance or otherwise,including any~~ such **providers** ~~breach or compromise resulting in someone obtaining unauthorized access to our~~ - **or develop replacement technology** ~~confidential information,including personal data or the confidential information or personal data of our~~ - **or operations** ~~customers or others,or if any of these are perceived or reported to occur,we may suffer the loss,compromise,corruption,unavailability,or destruction of our or others' confidential information and personal data,we may face a loss in intellectual property protection,our reputation may be damaged,our business may suffer and we could be subject to claims,demands,regulatory investigations and other proceedings,indemnity obligations,and otherwise incur significant liability.Even the perception of inadequate security may damage our reputation and negatively impact our ability to win new customers and retain existing customers.Further,we could be required to expend significant capital and other resources to address any security incident or breach,and we may face difficulties or delays in identifying and responding to any security breach or incident~~ .In addition, ~~many of~~ our ~~customers may use our software for processing their confidential information,including~~ business ~~strategies,financial and operational data,personal data and other related data.As a result,unauthorized access to or use of our software or this data could result in the loss,compromise,corruption or destruction of our customers' confidential information and lead to claims,demands,litigation,regulatory investigations,indemnity obligations,and other liabilities.It could also hinder our ability to obtain and maintain information security certifications that support customers' adoption of our products and our retention of those customers.We have implemented administrative,technical and physical measures designed to protect the integrity of our customers' data and prevent data loss,misappropriation and other security breaches and incidents and~~ may ~~incur significant~~ **suffer if we are unsuccessful in identifying high- quality service providers,negotiating** ~~costs~~ - **cost** ~~in connection~~ **- effective relationships with them or effectively managing these relationships.** If we are not able to maintain and enhance our brand, especially among developers, our ability to expand our customer base will be impaired and our business and operating results may be adversely affected. We believe that developing and maintaining widespread awareness of our brand, especially with developers, is critical to achieving widespread acceptance of our software and attracting new users and customers. We also believe that the importance of brand recognition will increase as competition in our market increases. Successfully maintaining and enhancing our brand will depend largely on the effectiveness of our marketing efforts, our ability to maintain our customers' trust, our ability to continue to develop new functionality and use cases, and our ability to successfully differentiate our products and platform capability from competitive products. Brand promotion activities may not generate user or customer awareness or increase revenue **.** ~~, and even~~ **Even** if they do, any increase in revenue may not offset the expenses we incur in building our brand. For instance, our continued focus and investment in **our** ElasticON **user conferences** and similar investments in our brand, user engagement, and customer engagement may not generate the desired customer awareness or a sufficient financial return. If we fail to successfully promote and maintain our brand, we may fail to attract or retain users and customers necessary to realize a sufficient return on our brand-building efforts, or to achieve the widespread brand awareness that is critical for broad customer adoption of our products, which would adversely affect our business and results of operations. Our corporate culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the innovation, creativity and entrepreneurial spirit we have worked to foster, which could harm our business. We believe that our culture has been and will continue to be a key contributor to our success. We expect to continue to hire as we expand. If we do not continue to maintain our corporate culture as we grow, we may be unable to foster the innovation, creativity, and entrepreneurial spirit we believe we need to support our growth. Moreover, many of our existing employees may be able to receive significant proceeds from sales of our ordinary shares in the public markets, which could lead to employee attrition and disparities of wealth among our employees that **might** adversely ~~affects~~ - **affect** relations among employees and our culture in general. Additional headcount growth **and employee turnover** may result in a change to our corporate culture, which could harm our business. **If** ~~We rely on channel partners to execute a portion of our sales; if~~ our channel partners fail to perform or we are unable to maintain successful relationships with **them** ~~our channel partners~~ , our ability to market, sell and distribute our ~~solution~~ **solutions** will be more limited, and our results of operations and reputation could be harmed. A portion of our revenue is generated by sales through our channel partners, especially to U. S. federal government customers and in certain international markets, and these sales may grow and represent a larger portion of our revenues in the future. We provide certain of our channel partners with specific training and programs to assist them in selling our offerings, but ~~there can be~~ **this assistance may** ~~no~~ **not always** ~~assurance that these steps will~~ be effective. In addition, our channel partners may be unsuccessful in marketing and selling our offerings ~~, particularly in light of the effects of the COVID- 19 pandemic~~ . If we are unable to develop and maintain effective sales incentive programs for our channel partners, we may not be able to incentivize these partners to sell our offerings to customers. Some of these partners may also market, sell, and support offerings that compete 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 offerings altogether. ~~Our agreements with our channel partners typically have a duration of one to three years, and generally may be terminated for any reason by either party with advance notice prior to each renewal date. We may not be able to retain these channel partners or secure additional or replacement channel partners.~~ The loss of one or more of our significant channel partners or a decline in the number or size of orders from any of them could harm our results of operations. In addition, many of our new channel partners require extensive training and may take several months or more to ~~achieve productivity~~ **become effective in marketing our offerings** . Our channel partner sales structure could subject us to lawsuits, potential liability, misstatement of revenue, and reputational harm if, for example, any of our channel partners misrepresents the functionality of our offerings to customers or violates laws or our or their corporate policies, including our terms of business, which in turn could impact reported revenue, deferred revenue and remaining performance obligations. If our channel partners are unsuccessful in fulfilling the orders for our offerings, or if we are unable to enter into arrangements with and retain high **-** quality channel partners, our ability to sell our offerings and results of operations could be harmed. If we are unable to maintain successful relationships with our partners, our business operations, financial results and growth prospects could be adversely affected. We maintain partnership relationships with a variety of partners, including cloud providers **such as Amazon, Google, and Microsoft** , systems integrators, channel partners, referral partners, OEM and MSP partners, and technology partners, to deliver offerings to our end customers and complement our broad community of users. In particular, we partner with various cloud providers to jointly market, sell and deliver our Elastic Cloud offerings, ~~and~~ **which** in some instances ~~this~~ also involves technical integration with such cloud providers. Our agreements with our partners are generally non- exclusive, meaning our partners may offer customers the offerings of several different companies, including offerings that compete with ours, or may themselves be or become competitors. If our partners do not effectively market and sell our offerings, choose to use greater efforts to market and sell their own offerings or those of our competitors, fail to provide adequate technical integration with their own offerings, fail to meet the needs of our customers, or fail to deliver ~~professional~~ services to our customers, our ability to grow our business and sell our offerings may be harmed. Our partners may cease marketing our offerings with limited or no notice and with little or no penalty. The loss of a substantial number of our partners, our possible inability to replace them, or the failure to recruit additional partners could harm our results of operations. Our ability to achieve revenue growth in the future will depend in part on our success in maintaining successful relationships with our partners and in helping our partners enhance their ability to market and sell our subscriptions. If we are unable to maintain our relationships with these partners, our business, results of operations, financial condition or cash flows could be harmed. The sales prices of our offerings may decrease, which may reduce our gross profits and adversely affect our financial results. The sales prices for our offerings may decline or we may introduce new pricing models for a variety of reasons, including competitive pricing pressures, discounts, in anticipation of or in conjunction with the introduction of new offerings, or promotional programs. Competition continues to increase in the market segments in which we operate, and we expect competition to ~~further~~ **continue to** increase ~~in the future~~ , thereby leading to increased pricing pressures. Larger competitors with more diverse offerings may reduce the price of offerings that compete with ours or may bundle them with other offerings. Additionally, currency fluctuations in certain countries and regions **and pressures from uncertain** ~~, as well as the~~ inflation and interest **rate** ~~environment~~ **environments** ~~,~~ may negatively impact actual prices that customers and channel partners are willing to pay in those countries and regions. Any decrease in the sales prices for our offerings, without a corresponding decrease in costs or increase in volume, would adversely impact our gross profit. Gross profit could also be adversely impacted by a shift in the mix of our subscriptions from self- managed to our cloud offering, for which we incur hosting costs, as well as any increase in our mix of ~~professional~~ services relative to subscriptions. We may not be able to maintain our prices and gross profits at levels that will allow us to achieve and maintain profitability. We expect our revenue mix to vary over time, which could harm our gross margin and operating results. We expect our revenue mix to vary over time ~~due to~~ **as a result of** a number of factors, **any one of which or the cumulative effect of which may result in significant fluctuations in our gross margin** and ~~we~~ **operating results. We** expect that revenue from Elastic Cloud will continue to become a larger part of our revenue mix. Due to the differing revenue recognition policies applicable to our subscriptions and ~~professional~~ services, shifts in our business mix from quarter to quarter could produce substantial variation in revenue recognized. ~~Our introduction~~ **The growth** of consumption- based arrangements for our Elastic Cloud offerings, where the revenue we recognize is tied to our customers' actual usage of our products, ~~may~~ **and** further ~~exacerbate~~ **reduction in usage by customers already using a consumption- based arrangement due to the uncertain macroeconomic environment, may further contribute to** the variation in our revenue. Further, our gross margins and operating results could be harmed by changes in revenue mix and costs, together with numerous other factors, including entry into new markets or growth in lower margin markets; entry into markets with different pricing and cost structures; pricing discounts; and increased price competition. ~~Any one of these factors or the cumulative effects of certain of these factors may result in significant fluctuations in our gross margin and operating results.~~ This variability and unpredictability could result in our failure to meet internal expectations or those of securities analysts or investors for a particular period ~~. If we fail to meet or exceed such expectations for these or any other reasons, the market price of our ordinary shares could decline~~ . Our success depends to a significant degree on our ability to protect our proprietary technology, methodologies, know- how and brand. We rely on a combination of trademarks, copyrights, patents, contractual restrictions, and other intellectual property laws and confidentiality procedures to establish and protect our proprietary rights. **The** ~~However, the~~ steps we take to protect our intellectual property rights may be inadequate. We will not be able to protect our intellectual property rights if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property rights. The source code of the proprietary features for the Elastic Stack is publicly available, which may enable others to replicate our proprietary technology and compete more effectively. If we fail to protect our intellectual property rights adequately, our competitors may gain access to our proprietary technology and our business may be harmed. In addition, defending our intellectual property rights might entail significant expense. Any patents, trademarks, or other intellectual property rights that we have or may obtain may be challenged by others or invalidated through administrative process or litigation. ~~There can be no assurance that any ongoing patent~~ **Patent** applications we **file** may **not** ~~have will~~ result in issued patents. Even if we continue to seek patent protection in the future, we may be unable to obtain further patent protection for our technology. In addition, any patents issued in the future may not provide us with competitive advantages, or may be successfully challenged by third parties. Furthermore, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain. Despite our precautions, it may be possible for unauthorized third parties to copy our products and use information that we regard as proprietary to create offerings that compete with ours. Effective patent, trademark, copyright, and trade secret protection may not be available to us in every country in which our products are available. We may be unable to prevent third parties from acquiring domain names or trademarks that are similar to, infringe upon, or diminish the value of our trademarks and other proprietary rights. The laws of some countries ~~may~~ **are** 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 products and proprietary information will likely increase ~~. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property~~ . We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with other parties. ~~No assurance can be given that these~~ **These** agreements ~~will~~ **may not** be effective in controlling access to and distribution of our proprietary information. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our products. **Our ability to enforce such agreements may be adversely affected if the Federal Trade Commission adopts a rule it proposed in January 2023 that would prohibit non-compete provisions in employment agreements. Although the proposed rule generally would not apply to other types of employment restrictions, such as confidentiality agreements, such employment restrictions could be subject to the rule if they are so broad in scope that they function as non- competes.** In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect our intellectual property rights. Litigation has ~~in the past~~ **previously been,** and may in the future be **,** necessary to enforce our intellectual property rights and to protect our trade secrets. **Even if we prevail in such disputes, we may not be able to recover all or a portion of any judgments, and** ~~Litigation~~ **litigation** brought to protect and enforce our intellectual property rights could be costly, time- consuming, and distracting to management **. If unsuccessful** , ~~and~~ **litigation** could result in the impairment or loss of portions of our intellectual property. Further, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management' s attention and resources, could delay further sales or the implementation of our products, impair the functionality of our products, delay introductions of new products, result in our substituting inferior or more costly technologies into our products, or injure our reputation. We could incur substantial costs as a result of any claim of infringement, misappropriation or violation of another party' s intellectual property rights. In recent years, there has been significant litigation involving patents and other intellectual property rights in the software industry. Companies providing software are increasingly bringing and becoming subject to suits alleging infringement, misappropriation or violation of proprietary rights, particularly patent rights, and to the extent we gain greater market visibility, we face a higher risk of being the subject of intellectual property infringement, misappropriation or violation claims. ~~We do not currently have a large patent portfolio, which could prevent us from deterring patent infringement claims through our own patent portfolio, and our competitors and others may now and in the future have significantly larger and more mature patent portfolios than we have.~~ The risk of patent litigation has been amplified by the increase in the number of a type of patent holder, which we refer to as a non- practicing entity, whose sole or principal business is to assert such claims and against whom our own intellectual property portfolio may provide little deterrent value. We could incur substantial costs in prosecuting or defending any intellectual property litigation. If we sue to enforce our rights or are sued by a third party that claims that our products infringe, misappropriate or violate their rights, the litigation could be expensive and could divert our management resources **from operations** . Any intellectual property litigation to which we might become a party, or for which we are required to provide indemnification, may require us to do one or more of the following: • cease selling or using products that incorporate the intellectual property rights that we allegedly infringe, misappropriate or violate; • make substantial payments for legal fees, settlement payments or other costs or damages; • obtain a license, which may not be available on reasonable terms or at all, to sell or use the relevant technology; or • redesign the allegedly infringing products to avoid infringement, misappropriation or violation, which could be costly, time- consuming or impossible. If we are required to make substantial payments or undertake any of the other actions noted above as a result of any intellectual property infringement, misappropriation or violation claims against us or any obligation to indemnify our customers for such claims, such payments or actions could harm our business. Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement, misappropriation, violation and other losses. Our agreements with customers and other third parties may include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement, misappropriation or violation, damages caused by us to property or persons, or other liabilities relating to or arising from our software, services or other contractual obligations. Large indemnity payments could harm our business, results of operations and financial condition. Although we normally contractually limit our liability with respect to such indemnity obligations, we may still incur substantial liability related to them. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other existing customers and new customers and harm our business and results of operations. Our technologies incorporate open source software from other developers, and we expect to continue to incorporate such open source software in our products in the future. Few of the licenses applicable to open source software have been interpreted by courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products. Moreover, we **may not** ~~cannot assure that we~~ have ~~not~~ incorporated third- party open source software in our software in a manner that is inconsistent with the terms of the applicable license or our current policies and procedures. If we fail to comply with these licenses, we may be subject to certain requirements, including requirements that we offer our solutions that incorporate the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software **,** and that we license such modifications or derivative works under the terms of applicable open source licenses. 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. In addition, there have been claims challenging the ownership rights in 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. In any of these events, we and our customers could be required to seek licenses from third parties in order to continue offering our products, and to re- engineer our products or discontinue the sale of our products in the event re- engineering cannot be accomplished on a timely basis. We and our customers may also be subject to suits by parties claiming infringement, misappropriation or violation due to the reliance by our solutions on certain open source software, and such litigation could be costly for us to defend or subject us to an injunction. Some open source projects have known vulnerabilities and architectural instabilities and ~~as~~ **are** provided on an " as- is " basis which, if not properly addressed, could negatively affect the performance of our product. Any of the foregoing could require us to devote additional research and development resources to re- engineer our solutions, could result in customer dissatisfaction, and may adversely affect our business, results of operations and financial condition. ~~One~~ **We may not be able to realize the benefits** of our marketing strategies ~~is~~ to offer some of our product features for free and to provide free trials of some of our paid features ~~, and we may not be able to realize the benefits of this strategy~~ . We are dependent upon lead generation strategies, including offering free use of some of our product features and free trials of some of our paid features. These strategies may not be successful in continuing to generate sufficient sales opportunities necessary to increase our revenue. Many users never convert from the free use model or from free trials to the paid versions of our products. To the extent that users do not become, or we are unable to successfully attract, paying customers, we will not realize the intended benefits of these marketing strategies and our ability to grow our revenue will be adversely affected. Our international operations and expansion expose us to ~~several~~ **a variety of** risks. As of April 30, ~~2022~~ **2023** , we had customers located in over 125 countries, and our strategy is to continue to expand internationally. In addition, as a result of our strategy of leveraging a distributed workforce, as of April 30, ~~2022~~ **2023** , we had employees located in over 40 countries. Our current international operations involve and future initiatives may involve a variety of risks, including: • political and economic instability related to international disputes, such as ~~the military conflict between~~ Russia ~~and~~ **' s invasion of** Ukraine and the related impact on macroeconomic conditions as a result of such conflict, which may negatively impact our customers, partners, and vendors; • unexpected changes in regulatory requirements, taxes, trade laws, tariffs, export quotas, custom duties or other trade restrictions; • different labor regulations, especially in the European Union, where labor laws are generally more advantageous to employees as compared to the United States, including deemed hourly wage and overtime regulations in these locations; • exposure to many stringent, particularly in the European Union, and potentially inconsistent laws and regulations relating to privacy, data protection and information security; • changes in a specific country' s or region' s political or economic conditions; • ~~political, economic and trade uncertainties or instability related to the United Kingdom's withdrawal from the European Union (Brexit), including the effects of the Trade and Cooperation Agreement between the European Union, the European Atomic Energy Community and the United Kingdom signed in December 2020, on the economies of, and the relationships between, the United Kingdom, European Union, United States and other countries; •~~ the evolving relations between the United States and China; • changes in relations between the Netherlands and the United States; • risks resulting from changes in currency exchange rates and ~~rising inflation~~ **inflationary pressures** ; • risks resulting from the migration of invoicing from local billing entities to centralized regional billing entities; • the impact of public health epidemics or pandemics on our employees, partners **,** and customers; • challenges inherent to efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits and compliance programs; • risks relating to enforcement of U. S. export control laws and regulations including the Export Administration Regulations, and trade and economic sanctions, including restrictions promulgated by **the Office of Foreign Assets Control ("** OFAC **")** , and other similar trade protection regulations and measures in the United States or in other jurisdictions; • risks relating to our third- party vendors and service providers' storage and processing of some of our and our customers' data, including any supply chain ~~cyber~~ **cybersecurity** attacks; • reduced ability to timely collect amounts owed to us by our customers in countries where our recourse may be more limited; • limitations on our ability to reinvest earnings from operations derived from one country to fund the capital needs of our operations in other countries **; • political, economic and trade uncertainties or instability related to the United Kingdom' s withdrawal from the European Union (Brexit)** ; • limited or unfavorable intellectual property protection; and • exposure to liabilities under anti- corruption and anti- money laundering laws, including the U. S. Foreign Corrupt Practices Act of 1977, as amended (" FCPA "), and similar applicable laws and regulations in other jurisdictions. 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 we might otherwise suffer harm to our business generally. If we are not successful in sustaining and expanding our international business, we may incur additional losses and our revenue growth could be harmed. Our future results depend, in part, on our ability to sustain and expand our penetration of the international markets in which we currently operate and to expand into additional international markets. We depend on direct sales and our channel partner relationships to sell our offerings in international markets. Our ability to expand internationally will depend upon our ability to deliver functionality and foreign language translations that reflect the needs of the international clients that we target. Our ability to expand internationally involves various risks, including the need to invest significant resources in such expansion, and the possibility that returns on such investments will not be achieved in the near future or at all in these less familiar competitive environments. We may also choose to conduct our international business through other partnerships. If we are unable to identify partners or negotiate favorable terms, our international growth may be limited. In addition, we have incurred and may continue to incur significant expenses in advance of generating material revenue as we attempt to establish our presence in particular international markets. **Any** ~~If we~~ need **by us** to raise additional capital or generate the significant capital necessary to expand our operations and invest in new offerings ~~, it~~ could reduce our ability to compete and could harm our business. We may need to raise additional funds in the future, and we may not be able to obtain additional debt or equity financing on favorable terms, if at all **, particularly during times of market volatility, changes in the interest rate environment, and general economic instability** . If we raise additional equity financing, our shareholders may experience significant dilution of their ownership interests and the per share value of our ordinary shares could decline. Furthermore, if we engage in debt financing, the holders of debt would have priority over the holders of our ordinary shares, and we may be required to accept terms that restrict our ability to incur additional indebtedness. We may also be required to take other actions that would otherwise be in the interests of the debt holders and force us to maintain specified liquidity or other ratios, any of which could harm our business, results of operations, and financial condition. If we need additional capital and cannot raise it on acceptable terms, we may not be able ~~to~~ , among other ~~things~~ **actions, to** : • develop or enhance our products; • continue to expand our sales and marketing and research and development organizations; • acquire complementary technologies, products or businesses; • expand operations in the United States or internationally; • hire, train, and retain employees; or • respond to competitive pressures or unanticipated working capital requirements. Our failure to have sufficient capital to do any of these things could harm our business, financial condition, and results of operations **. Our generation of a portion of our revenue by sales to government entities subjects us to a number of risks** . Sales to government entities are subject to a number of risks. Selling to government entities can be highly competitive, expensive, and time- consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. Government certification and security requirements for products like ours may change, thereby restricting our ability to sell into the U. S. federal government sector, U. S. state government sector, or government sectors of countries other than the United States until we have obtained the revised certification or met the changed security requirements. If we are unable to timely meet such requirements, our ability to compete for and retain federal government contracts may be diminished, which could adversely affect our business, results of operations and financial condition. Government entities may have statutory, contractual, or other legal rights to terminate contracts with us or our channel partners for convenience or due to a default, and any such termination may adversely affect our future results of operations. Government demand and payment for our offerings may be affected by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our offerings or exercise of options under multi- year contracts. Contracts with government agencies, including classified contracts, are subject to extensive, evolving and sometimes complex regulations, as well as audits and reviews of contractors' administrative processes and other contract related compliance obligations. Breaches of government contracts, failure to comply with applicable regulations or unfavorable findings from government audits or reviews could result in contract terminations, reputational harm or other adverse consequences, including but not limited to ineligibility to sell to government agencies in the future, the government refusing to continue buying our subscriptions, a reduction of revenue, or fines or civil or criminal liability, which could adversely affect our results of operations in a material way. Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could expose us to greater than anticipated tax liabilities. Our income tax obligations are based in part on our corporate structure and intercompany arrangements, including the manner in which we develop, value, and use our intellectual property and the valuations of our intercompany transactions. The tax laws applicable to our business, including the laws of the Netherlands, the United States and other jurisdictions, are subject to change and interpretation. ~~These changes include the introduction~~ **Any new legislation or interpretations** of ~~a global minimum~~ **existing legislation could impact our** tax **obligations in countries where we do business or cause us** ~~at a rate of 15 % under the Two- Pillar Solution~~ to ~~Address~~ **change** the ~~Tax Challenges~~ **way we operate our business and result in increased taxation** of ~~the Digitalisation of the Economy~~ **our international earnings. For example** , ~~agreed upon by 137 jurisdictions under~~ the Organisation for Economic Co- operation and Development (**"** OECD **"**) / G20 Inclusive Framework **has been working** on ~~Base Erosion~~ **addressing the tax challenges arising from the digitalization of the economy, including by releasing the OECD' s Pillar One** and ~~Profit Shifting~~ **Pillar Two blueprints on October 12, 2020. Pillar One refers to the re- allocation of taxing rights to jurisdictions where sustained and significant business is conducted, regardless of a physical presence, while Pillar Two establishes a minimum tax to be paid by multinational enterprises. On December 15, 2022, the Council of the EU formally adopted Directive** (~~BEPS~~ **EU**) **2022 / 2523 (the " Pillar Two Directive ") to achieve a coordinated implementation of Pillar Two in EU Member States consistent with EU law. On May 31, 2023, the Dutch State Secretary of Finance submitted a proposal of law for the Minimum Tax Rate Act 2024 (Wet minimumbelasting 2024) to Dutch parliament** , which **would effectively implement the Pillar Two initiative in Dutch law, with an effective date of December 31, 2023. This measure will ensure that multinational enterprises that are within the scope of the Pillar Two rules will always be subject to a corporation tax rate of at least 15 %. The proposal of**

law is ~~expected~~ **subject** to **amendment during the course of the legislative process and needs to be approved by both chambers of the Dutch parliament before it can** enter into force ~~in~~ **. We do not currently believe that, if enacted, the Minimum Tax Rate Act** ~~2023~~ **2024 will have a material adverse effect on our financial results. In 2022, the United States enacted legislation implementing several changes to U. S. tax laws, including a 15 % corporate alternative minimum tax on applicable corporations with an average adjusted financial statement income (AFSI) in excess of $ 1 billion for any three consecutive years preceding the tax year at issue** . In addition, on January 1, 2022, a provision of the Tax Cuts and Jobs Act of 2017 went into effect that eliminates the option to deduct domestic research and development costs in the year incurred and instead requires taxpayers to amortize such costs over five years. ~~The~~ **Once we have taxable profits in the United States, these** ~~provision~~ **provisions** ~~is~~ **are not** expected to ~~decrease~~ **materially affect our** cash flows **or** ~~from operations and increase net~~ deferred tax assets ~~by a similar amount for our U. S. operations. Any new legislation or interpretations of existing legislation could impact our tax obligations in countries where we do business or cause us to change the way we operate our business and result in increased taxation of our international earnings~~ . The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology or intercompany arrangements, which could increase our worldwide effective tax rate and harm our financial position and results of operations. Tax authorities examine and may audit our income tax returns and other non- income tax returns, such as payroll, sales, value- added, net worth or franchise, property, goods and services, and excise taxes, in both the United States and foreign jurisdictions. It is possible that tax authorities may disagree with certain positions we have taken, and any adverse outcome of such a review or audit could have a negative effect on our financial position and results of operations. Further, the determination of our worldwide provision for **,** or benefit from ~~, as applicable~~ , income taxes and other tax liabilities requires significant judgment by management, and there are transactions where the ultimate tax determination is uncertain. Although we believe that our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our consolidated financial statements and may materially affect our financial results in the period or periods for which such determination is made. Our corporate structure and intercompany arrangements are subject to the tax laws of various jurisdictions ~~, and~~ **under which** we could be obligated to pay additional taxes, which would harm our results of operations. Based on our current corporate structure, we may be subject to taxation in several jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain. The amount of taxes we pay in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents. In addition, the authorities in the jurisdictions in which we operate could review our tax returns or require us to file tax returns in jurisdictions in which we ~~are~~ **do** not ~~currently filing~~ **otherwise file such returns** , and could impose additional tax, interest and penalties. These authorities could also claim that various withholding requirements apply to us or our subsidiaries, assert that benefits of tax treaties are not available to us or our subsidiaries, or challenge our methodologies for valuing developed technology or intercompany arrangements, including our transfer pricing. The relevant taxing authorities may determine that the manner in which we operate our business does not achieve the intended tax consequences. If such a disagreement ~~was~~ **were** to occur, and our position ~~was~~ **were** not sustained, we could be required to pay additional taxes, and interest and penalties. Additionally, ~~both~~ the **distributed nature** ~~COVID- 19 pandemic and increased use~~ of ~~flexible work policies~~ **our workforce on employee locations** may increase the probability of payroll tax audits. Any increase in the amount of taxes we pay or that are imposed on us could increase our worldwide effective tax rate and harm our business and results of operations. Our ability to use our net operating loss carryforwards to offset future taxable income may be subject to certain limitations. As of April 30, ~~2022~~ **2023** , we had net operating loss carryforwards (" ~~NOLs~~ - **NOL** ") for ~~Dutch~~ **Netherlands** , United States (~~Federal~~ **federal** and ~~State~~ **state** , respectively) and United Kingdom income tax purposes of $ ~~758~~ **1. 0 billion, $ 973** . 4 million, $ **665** ~~1, 002~~ . ~~5~~ **0** million ~~, and~~ **and** $ **74** ~~651. 8 million and $ 67~~ . 5 million, respectively, which may be utilized against future income taxes. Limitations imposed by the applicable jurisdictions on our ability to utilize NOLs could cause income taxes to be paid earlier than would be paid if such limitations were not in effect and could cause such NOLs to expire unused, in each case reducing or eliminating the benefit of such NOLs. Furthermore, we may not be able to generate sufficient taxable income to utilize our **NOLs** ~~net operating loss carryforwards~~ before they expire. If any of these events occur, we may not derive some or all of the expected benefits from our **NOLs** net operating loss carryforwards. We are...... our financial condition and results of operations . Seasonality may cause fluctuations in our sales and results of operations. Historically, we have experienced quarterly fluctuations and seasonality **in our sales and results of operations** based on the timing of ~~entering~~ **our entry** into agreements with new and existing customers and the mix between annual and monthly contracts entered in each reporting period. Trends in our business, financial condition, results of operations and cash flows are impacted by seasonality in our sales cycle **,** which generally reflects a trend ~~to~~ **toward** greater sales in our second and fourth quarters and lower sales in our first and third quarters, though we believe this trend has been somewhat masked by our overall growth. We expect that this seasonality will continue to affect our results of operations in the future, and might become more pronounced as we continue to target larger enterprise customers. Risks Related to Regulatory Matters We are subject to governmental export and import controls and economic sanctions programs that could impair our ability to compete in international markets or subject us to liability if we violate these controls. Our software and services, in some cases, are subject to U. S. export control laws and regulations including the Export Administration Regulations (" EAR "), and trade and economic sanctions maintained by ~~the Office of Foreign Assets Control ("~~ OFAC ~~")~~ **as well as similar laws and regulations in the countries in which we do business** . As such, an export license may be required to export or **re-** ~~reexport~~ - **export** our software and services to **, or import our software and services into,** certain countries and **to certain** end- users **or** for certain end- uses. If we were to fail to comply with such U. S. **and foreign** export ~~controls~~ - **control** laws and regulations, **trade and** ~~U. S.~~ economic sanctions, 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. Obtaining the necessary export license for a particular sale or offering may not be possible and may be time- consuming and may result in the delay or loss of sales opportunities. Furthermore, ~~U. S.~~ export control laws and economic sanctions in many cases prohibit the export of software and services to certain ~~U. S.~~ embargoed or sanctioned countries, governments and persons, as well as for prohibited end- uses. ~~For example, following Russia' s invasion of Ukraine, the United States and other countries imposed economic sanctions and severe export control restrictions against Russia and Belarus, and the United States and other countries could impose wider sanctions and export restrictions and take other actions should the conflict continue or further escalate.~~ Monitoring and ensuring compliance with these complex U. S. export control laws **involves uncertainties** ~~is particularly challenging~~ because our offerings are widely distributed throughout the world, and information available on the users of these offerings is, in some cases, limited ~~. In addition, because we incorporate encryption functionality into our products, we are also subject to certain provisions of these laws that apply to encryption items~~ . Even though we take precautions to ensure that we and our partners comply with all relevant export control laws and regulations, any failure by us or our partners to comply with such laws and regulations could have negative consequences for us, including reputational harm, government investigations and penalties. ~~In addition, various~~ **Various** countries ~~regulate the export and import of certain encryption software and technology, including through import permit and license requirements, and~~ have enacted laws that could limit our ability to distribute our products and services or could limit our end ~~-~~ customers' ability to implement our products in those countries **based** ~~. Specifically, export restrictions recently imposed~~ on ~~Russia and Belarus limit the export of~~ encryption **in** ~~software and related source code and technology to these locations, which severely limited and could continue to limit~~ our **offerings** ~~ability to provide our software and services to these countries~~ . Changes in our products or changes in export and import regulations in such countries may create delays in the introduction of our products and services into international markets, prevent our end ~~-~~ customers with international operations from deploying our products globally or, in some cases, prevent or delay the export or import of our products and services to certain countries, governments or persons altogether. **Reduced** ~~The following developments could result in decreased~~ use of our products and services by, or ~~in our~~ decreased ability **by us** to export or sell our products to, existing or potential end ~~-~~ customers with international operations ~~: any~~ **could result from** ~~change~~ **changes** in export or import laws or regulations, economic sanctions or related legislation; ~~shift~~ **shifts** in the enforcement or scope of existing export, import or sanctions laws or regulations; or ~~change~~ **changes** in the countries, governments, persons, or technologies targeted by such export, import or sanctions laws or regulations ~~. Any decreased use of our products or services or limitation on our ability to export to or sell our products or services in international markets could adversely affect our business, financial condition and operating results~~ . Failure to comply with anti- bribery, anti- corruption, and anti- money laundering laws could subject us to penalties and other adverse consequences. We are ~~subject~~ **required** to **comply with** the FCPA, the U. K. Bribery Act and other anti- ~~corruption~~ **bribery** , anti- ~~bribery~~ **corruption,** and anti- money laundering laws in various **U. S. and non- U. S.** jurisdictions ~~both domestic and abroad~~ . We ~~leverage~~ **are subject to compliance risks as a result of our use of** channel partners to sell our offerings abroad and **our** use **of** other third parties, including recruiting firms, professional employer organizations, legal, accounting and other professional advisors, and local vendors to meet our needs **in international markets** ~~associated with doing business abroad~~ . We and these third parties 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 corrupt or other illegal activities of our channel partners and third- party representatives, as well as our employees, representatives, contractors, partners, and agents, even if we do not ~~explicitly~~ authorize such activities. While we have policies and procedures to address compliance with such laws, **our** ~~we cannot assure that the~~ channel partners, third- party representatives, ~~our~~ employees, contractors or agents **may** ~~will not~~ take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. Any violation of the FCPA, U. K. Bribery Act or other applicable anti- bribery, anti- corruption laws, and anti- money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, or suspension or debarment from U. S. government contracts, all of which may have an adverse effect on our reputation, business, operating results and prospects. Risks Related to Ownership of our Ordinary Shares The market price for our ordinary shares has been and is likely to continue to be volatile or may decline regardless of our operating performance. The stock markets, and securities of technology companies in particular, have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In particular, stock prices of companies with significant operating losses have recently declined significantly, and in many instances more significantly than **stock prices of** companies with operating profits. The economic impact and uncertainty of **changes in** the **inflation** ~~ongoing COVID- 19 pandemic~~ , ~~as well as~~ **interest and macroeconomic environments, and** Russia' s ~~recent~~ invasion of Ukraine ~~,~~ have exacerbated this volatility in both the overall stock markets and the market price of our ordinary shares. A significant decline in the price of our shares could have an adverse impact on investor confidence and employee retention. In the past, shareholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, ~~it~~ **our involvement** could subject us to substantial costs, divert resources and the attention of management from our ~~business~~ **operations** and adversely affect our business. The market price of our ordinary shares may fluctuate significantly in response to numerous factors, many of which are beyond our control, including: • actual or anticipated changes or fluctuations in our operating results; • the financial ~~projections~~ **forecasts** we may provide to the public, any changes in these projections or our failure to meet these projections; • announcements by us or our competitors of new offerings or new or terminated significant contracts, commercial relationships or capital commitments; • industry or financial analyst or investor reaction to our press releases, other public announcements, and filings with the SEC; • rumors and market speculation involving us or other companies in our industry; • a gain or loss of investor confidence in the market for technology stocks or the stock market in general; • future sales or expected future sales of our ordinary shares; • investor perceptions of us, the benefits of our offerings and the industries in which we operate; • price and volume fluctuations in the overall stock market from time to time; • changes in operating performance and / or stock market valuations of other technology companies generally, or those in our industry in particular; • failure of industry or financial analysts to maintain coverage of us, changes in financial estimates by any analysts who follow our company, or our failure to meet these estimates or the expectations of investors; • actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally; • litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors; • developments or disputes concerning our intellectual property rights or our solutions, or third- party proprietary rights; • announced or completed acquisitions of businesses or technologies by us or our competitors; • breaches of, or failures relating to, privacy, data protection or information security; • new laws or regulations or new interpretations of existing laws or regulations applicable to our business; • any major changes in our management or our board of directors ~~, such as the transition of our former Chief Executive Officer, Shay Banon, to the role of Chief Technology Officer and the transition of our former Chief Product Officer, Ash Kulkarni, to the role of Chief Executive Officer~~ ; • general economic conditions and slow or negative growth of our markets, including as a result of ~~the COVID- 19 pandemic, the ongoing military conflict between~~ Russia ~~and~~ **' s invasion of** Ukraine, and the general inflation and interest rate ~~environment~~ **environments** ; and • other events or factors, including those resulting from war, incidents of terrorism or responses to these events. We may fail to meet our publicly announced guidance or other expectations about our business and future operating results, which would cause our stock price to decline. We have provided and may continue to provide guidance and other expectations **regarding our future performance** in our quarterly and annual earnings conference calls, quarterly and annual earnings releases, or **other public disclosures** ~~otherwise, regarding our future performance~~ . Guidance, as well as other expectations, are forward- looking and represent our management' s estimates as of the date of release and are based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies on our business, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. ~~One of those key assumptions relates to the impact of the ongoing COVID- 19 pandemic and the associated economic uncertainty on our business, which is inherently difficult to predict.~~ Furthermore, analysts and investors may develop and publish their own ~~projections of~~ **forecasts concerning** our ~~business~~ **financial results** , which may form a consensus about our future performance. Our actual business results may vary significantly from such guidance or other expectations or that consensus due to a number of factors, many of which are outside of our control, including due to the global economic uncertainty and financial market conditions caused by the **current macroeconomic environment** ~~ongoing COVID- 19 pandemic~~ , and which could adversely affect our business and future operating results ~~. There are no comparable recent events that provide insights as to the probable effect of the ongoing COVID- 19 pandemic, and, as a result, the ultimate impact of the COVID- 19 outbreak is highly uncertain and subject to change~~ . Furthermore, if we make downward revisions of our previously announced guidance or other expectations, if we withdraw our previously announced guidance or other expectations, or if our publicly announced guidance or other expectations of future operating results fail to meet expectations of securities analysts, investors or other interested parties, the price of our ordinary shares ~~would~~ **could** decline. In light of the foregoing, investors **should** ~~are urged~~ not ~~to~~ rely upon our guidance or other expectations in making an investment decision regarding our ordinary shares. Any failure to successfully implement our operating strategy or the occurrence of any of the events or circumstances set forth in this " Risk Factors " section in this report could result in the actual operating results being different from our guidance or other expectations, and the differences may be adverse and material. The concentration of our share ownership with insiders will likely limit your ability to influence corporate matters, including the ability to influence the outcome of director elections and other matters requiring shareholder approval. Our executive officers and directors together beneficially own a significant amount of our outstanding ordinary shares. As a result, these shareholders, acting together, will have significant influence over matters that require approval by our shareholders, including matters such as adoption of the financial statements, declarations of dividends, the appointment and dismissal of directors, capital increases, amendment to our articles of association and approval of significant corporate transactions. Corporate action might be taken even if other shareholders oppose them. This concentration of ownership might also have the effect of delaying or preventing a change of control of us that other shareholders may view as beneficial. The issuance of additional shares in connection with financings, acquisitions, investments, our ~~share~~ **equity** incentive plans or otherwise will dilute all other shareholders. Our articles of association authorize us to issue up to 165 million ordinary shares and up to 165 million preference shares with such rights and preferences as included in our articles of association. On September 28, 2018, our extraordinary general meeting of shareholders (the " 2018 Extraordinary Meeting ") empowered our board of directors to issue ordinary shares and preference shares up to our authorized share capital for a period of five years from October 10, 2018. Subject to compliance with applicable rules and regulations, we may issue ordinary shares or securities convertible into ordinary shares from time to time in connection with a financing, acquisition, investment, our ~~share~~ **equity** incentive plans or otherwise. Any such issuance could result in substantial dilution to our existing shareholders unless pre-emptive rights exist and cause the market price of our ordinary shares to decline. Certain holders of our ordinary shares may not be able to exercise pre- emptive rights and as a result may experience substantial dilution upon future issuances of ordinary shares. Holders of our ordinary shares in principle have a pro rata pre- emptive right with respect to any issue of ordinary shares or the granting of rights to subscribe for ordinary shares, unless Dutch law or our articles of association state otherwise or unless explicitly provided otherwise in a resolution by our general meeting of shareholders (the " General Meeting "), or — if authorized by the annual General Meeting or an extraordinary General Meeting — by a resolution of our board of directors. Our 2018 Extraordinary Meeting has empowered our board of directors to limit or exclude pre- emptive rights on ordinary shares for a period of five years from October 10, 2018, which could cause existing shareholders to experience substantial dilution of their interest in us. Pre- emptive rights do not exist with respect to the issue of preference shares and holders of preference shares, if any, have no pre- emptive right to acquire newly issued ordinary shares. Also, pre- emptive rights do not exist with respect to the issue of shares or grant of rights to subscribe for shares to **our** employees ~~of the Company~~ or contributions in kind. Sales of substantial amounts of our ordinary shares in the public markets, or the perception that they might occur, could reduce the price that our ordinary shares might otherwise attain. Sales of a substantial number of shares of our ordinary shares in the public market, particularly sales by our directors, executive officers and significant shareholders, or the perception that these sales could occur, could adversely affect the market price of our ordinary shares and may make it more difficult for you to sell your ordinary shares at a time and price that you deem appropriate. ~~In addition, holders~~ **Holders** of an aggregate of 17, ~~343~~ **356** , ~~020~~ **912** ordinary shares, based on shares outstanding as of April 30, ~~2022~~ **2023** , are entitled to rights with respect to registration of these shares under the Securities Act pursuant to our amended and restated investors' rights agreement, dated July 19, 2016. If these holders of our ordinary shares, by exercising their registration rights, sell a large number of shares, ~~they~~ **such sales** could adversely affect the market price for our ordinary shares. We have also filed **, and may file in the future,** registration statements on Form S- 8 under the Securities Act registering all ordinary shares that we may issue under our equity compensation plans, which may in turn be sold and may adversely affect the market price for our ordinary shares. Certain anti- takeover provisions in our articles of association and under Dutch law may prevent or could make an acquisition of our company more difficult, limit attempts by our shareholders to replace or remove members of our board of directors and may adversely affect the market price of our ordinary shares. Our articles of association contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for shareholders to appoint directors that are not nominated by the current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions include: • the staggered three- year terms of the members of our board of directors, as a result of which only approximately one- third of the members of our board of directors may be subject to election in any one year; • a provision that the members of our board of directors may only be removed by a General Meeting by a two- thirds majority of votes cast representing at least 50 % of our issued share capital if such removal is not proposed by our board of directors; • a provision that the members of our board of directors may only be appointed upon binding nomination of the board of directors, which can only be overruled with a two- thirds majority of votes cast representing at least 50 % of our issued share capital; • the inclusion of a class of preference shares in our authorized share capital that may be issued by our board of directors, in such a manner as to dilute the interest of shareholders, including any potential acquirer or activist shareholder, in order to delay or discourage any potential unsolicited offer or shareholder activism; • requirements that certain matters, including an amendment of our articles of association, may only be brought to our shareholders for a vote upon a proposal by our board of directors; and • minimum shareholding thresholds, based on nominal value, for shareholders to call General Meetings of our shareholders or to add items to the agenda for those meetings. We are subject to the Dutch Corporate Governance Code but do not comply with all the suggested governance provisions of the Dutch Corporate Governance Code ~~. This~~ **, which** may affect your rights as a shareholder. As a Dutch company, we are subject to the Dutch Corporate Governance Code (" DCGC "). The DCGC contains both principles and suggested governance provisions for management boards, supervisory boards, shareholders and general meetings, financial reporting, auditors, disclosure, compliance and enforcement standards. The DCGC is based on a " comply or explain " principle. Accordingly, public companies are required to disclose in their annual reports, filed in the Netherlands, whether they comply with the suggested governance provisions of the DCGC. If they do not comply with those provisions (e. g., because of a conflicting requirement), ~~the company~~ **companies** ~~is~~ **are** required to give the reasons for such noncompliance. The DCGC applies to all Dutch companies listed on a government- recognized stock exchange, whether in the Netherlands or elsewhere, including the **New York Stock Exchange ("** NYSE **")** . The principles and suggested governance provisions apply to our board of directors (in relation to role and composition, conflicts of interest and independency requirements, board committees and remuneration), shareholders and the General Meeting (for example, regarding anti- takeover protection and our obligations to provide information to our shareholders) and financial reporting (such as external auditor and internal audit requirements). We comply with all applicable provisions of the DCGC except where such provisions conflict with U. S. exchange listing requirements or with market practices in the United States or the Netherlands. This may affect your rights as a shareholder, and you may not have the same level of protection as a shareholder in a Dutch company that fully complies with the suggested governance provisions of the DCGC. We do not intend to pay dividends in the foreseeable future ~~. As a result~~ , **so** your ability to achieve a return on your investment will depend on appreciation in the price of our ordinary shares. We have never declared or paid any cash dividends on our shares. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our ordinary shares in the foreseeable future. Were this position to change, payment of future dividends may be made only if our equity exceeds the amount of the paid- in and called- up part of the issued share capital, increased by the reserves required to be maintained by Dutch law or by our articles of association. Accordingly, investors must rely on sales of their ordinary shares after price appreciation, which may never occur, as the only way to realize any future gains on their investments. We are incorporated under the laws of the Netherlands and substantial portions of our assets are located outside of the United States. In addition, two members of our board of directors and certain experts named ~~herein~~ **in our filings with the SEC** reside outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or such other persons residing outside the United States, or to enforce outside the United States judgments obtained against such persons in U. S. courts in any action, including actions predicated upon the civil liability provisions of the U. S. federal securities laws. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States, rights predicated upon the U. S. federal securities laws. There is no treaty between the United States and the Netherlands for the mutual recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the U. S. federal securities laws, would not be enforceable in the Netherlands unless the underlying claim is re- litigated before a Dutch court of competent jurisdiction. In such proceedings, however, a Dutch court may be expected to recognize the binding effect of a judgment of a federal or state court in the United States without re- examination of the substantive matters adjudicated thereby, if (i) the jurisdiction of the U. S. federal or state court has been based on internationally accepted principles of private international law, (ii) that judgment resulted from legal proceedings compatible with Dutch notions of due process, (iii) that judgment does not contravene public policy of the Netherlands and (iv) that judgment is not incompatible with (x) an earlier judgment of a Dutch court between the same parties, or (y) an earlier judgment of a foreign court between the same parties in a dispute regarding the same subject and based on the same cause, if that earlier foreign judgment is recognizable in the Netherlands. Based on the foregoing, there can be no assurance that U. S. investors will be able to enforce against us or members of our board of directors, officers or certain experts named ~~herein~~ **in our filings with the SEC** , who are residents of the Netherlands or countries other than the United States, any judgments obtained in U. S. courts in civil and commercial matters, including judgments under the U. S. federal securities laws. In addition, there can be no assurance that a Dutch court would impose civil liability on us, the members of our board of directors, our officers or certain experts named ~~herein~~ **in our filings with the SEC** in an original action predicated solely upon the U. S. federal securities laws brought in a court of competent jurisdiction in the Netherlands against us or such members, officers or experts ~~, respectively~~ . U. S. persons who hold our ordinary shares may suffer adverse tax consequences if we are characterized as a passive foreign investment company. A non- U. S. corporation will generally be considered a passive foreign investment company (“ PFIC ”), for U. S. federal income tax purposes, in any taxable year if either (~~1~~ **i**) at least 75 % of its gross income for such year is passive income or (~~2~~ **ii**) at least 50 % of the value of its assets (based on an average of the quarterly values of the assets during such year) is attributable to assets that produce or are held for the production of passive income (“ the PFIC asset test ”). For purposes of the PFIC asset test, the value of our assets will generally be determined by reference to our market capitalization. Based on our past and current projections of our income and assets, we do not expect to be a PFIC for the current taxable year or for the foreseeable future. Nevertheless, a separate factual determination as to whether we are or have become a PFIC must be made each year (after the close of such year). Since our projections may differ from our actual business results and our market capitalization and value of our assets may fluctuate, we cannot assure you that we will not be or become a PFIC in the current taxable year or any future taxable year. If we are a PFIC for any taxable year during which a U. S. person (as defined in Section 7701 (a) (30) of the Internal Revenue Code of 1986, as amended) holds our ordinary shares, such U. S. person may be subject to adverse tax consequences. Each U. S. person who holds our ordinary shares is strongly urged to consult his, her or its tax advisor regarding the application of these rules and the availability of any potential elections. If a U. S. person is treated as owning at least 10 % of our ordinary shares, such U. S. person may be subject to adverse U. S. federal income tax consequences. If a U. S. person is treated as owning (directly, indirectly, or constructively) at least 10 % of the total combined voting power of our shares, or of the total value of our shares, such shareholder may be treated as a “ United States shareholder ” with respect to each “ controlled foreign corporation ” in our group (if any). Because our group includes one or more U. S. subsidiaries, certain of our non- U. S. subsidiaries could be treated as controlled foreign corporations (regardless of whether we are treated as a controlled foreign corporation). A United States shareholder of a controlled foreign corporation may be required to report annually and include in its U. S. taxable income its pro rata share of “ Subpart F income, ” “ global intangible low- taxed income, ” and investments in U. S. property by controlled foreign corporations, regardless of whether we make any distributions. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U. S. corporation. We cannot provide any assurances that we will assist investors in determining whether we or any of our non- U. S. subsidiaries is treated as a controlled foreign corporation or whether any investor is treated as a United States shareholder with respect to any such controlled foreign corporation or furnish to any investor who may be a United States shareholder information that may be necessary to comply with the aforementioned reporting and tax paying obligations. Failure to comply with these reporting obligations may subject a shareholder who is a United States shareholder to significant monetary penalties and may prevent from starting the statute of limitations with respect to such shareholder’ s U. S. federal income tax return for the year for which reporting was due. A U. S. person should consult its advisors regarding the potential application of these rules to an investment in our ordinary shares. We may not be able to make distributions or repurchase shares without subjecting our shareholders to Dutch withholding tax, and dividends distributed on our ordinary shares to certain related parties in low- tax jurisdictions might in the future become subject to an additional Dutch withholding tax. We have not paid a dividend on our ordinary shares in the past and we do not intend to pay any dividends to holders of our ordinary shares in the foreseeable future. See “ We do not intend to pay dividends in the foreseeable future ~~. As a result~~ , **so** your ability to achieve a return on your investment will depend on appreciation in the price of our ordinary shares. ” However, if we ever do pay dividends or repurchase shares, then under current Dutch tax law, the dividend paid or repurchase price paid may be subject to Dutch dividend withholding tax at a rate of 15 % under the Dutch Dividend Withholding Tax Act (Wet op de dividendbelasting 1965, “ Regular Dividend Withholding Tax ”), unless a domestic or treaty exemption applies. The Dutch parliament has adopted a proposal of law pursuant to which an alternative withholding tax (“ Alternative Withholding Tax ”) will be imposed on dividends paid to related entities in designated low- tax jurisdictions, effective January 1, 2024. An entity is considered related if (i) it has a “ Qualifying Interest ” in our company, (ii) our company has a “ Qualifying Interest ” in the entity holding the ordinary shares, or (iii) a third party has a" Qualifying Interest" in both our company and the entity holding the ordinary shares. The term “ Qualifying Interest ” means a direct or indirectly held interest either by an entity individually or jointly if an entity is part of a collaborating group (samenwerkende groep) that enables such entity or such collaborating group to exercise a definite influence over another ~~entities'~~ **entity’ s** decisions, such as our company or an entity holding ordinary shares **,** as the case may be, and allows it to determine the other ~~entities'~~ **entity’ s** activities. The Alternative Withholding Tax will be imposed at the highest Dutch corporate income tax rate in effect at the time of the distribution (currently 25. 8 %). The Alternative Withholding Tax will be reduced, but not below zero, with any Regular Dividend Withholding Tax imposed on distributions. ~~As such, based~~ **Based** on currently applicable rates, the overall effective rate of withholding of Regular Dividend Withholding Tax and

Alternative Withholding Tax will not exceed the highest corporate income tax rate in effect at the time of the distribution (currently 25. 8 %). If we cease to be a Dutch tax resident for the purposes of a tax treaty concluded by the Netherlands and in certain other events, we could potentially be subject to a proposed Dutch dividend withholding tax in respect of a deemed distribution of our entire market value less paid- up capital. Under a proposal of law currently pending before the Dutch parliament, the Emergency act conditional exit dividend withholding tax (Spoedwet conditionele eindafrekening dividendbelasting **,** " DWT Exit Tax "), we will be deemed to have distributed an amount equal to our entire market capitalization less recognized paid- up capital immediately before the occurrence of certain events, including if we cease to be a Dutch tax resident for purposes of a tax treaty concluded by the Netherlands with another jurisdiction and become, for purposes of such tax treaty, exclusively a tax resident of that other jurisdiction which is a qualifying jurisdiction. A qualifying jurisdiction is a jurisdiction other than a member state of the EU / EEA which does not impose a withholding tax on distributions, or that does impose such tax but that grants a step- up for earnings attributable to the period **before we become** ~~prior to us becoming~~ exclusively a resident in such jurisdiction. This deemed distribution will be subject to a 15 % tax insofar it exceeds a franchise of EUR 50 million. The tax is payable by us as a withholding agent. A full exemption applies to entities and individuals ~~who~~ **that** are resident in an EU / EEA member state or a state that has concluded a tax treaty with the Netherlands that contains a dividend article, provided we submit a declaration confirming the satisfaction of applicable conditions by qualifying shareholders within one month following the taxable event. We will be deemed to have withheld the tax on the deemed distribution and have a statutory right to recover this from our shareholders. Dutch resident shareholders qualifying for the exemption are entitled to a credit or refund, and non- Dutch resident shareholders qualifying for the exemption are entitled to a refund, subject to applicable statutory limitations, provided the tax has been actually recovered from them. The DWT Exit Tax has been amended several times since the initial proposal of law and is under ongoing discussion **. In addition, a critical reaction from authorities to the latest proposal of law have been published** . It is therefore not certain whether the DWT Exit Tax will be enacted and if so, in what form. If enacted in its present form, the DWT Exit Tax will have retroactive effect as from December 8, 2021. Risks Related to our Outstanding Senior Notes We have a substantial amount of indebtedness, which could adversely affect our financial condition. We have a substantial amount of indebtedness and we may incur additional indebtedness in the future. As of April 30, ~~2022~~ **2023** , we had $ 575. 0 million aggregate principal amount of Senior Notes outstanding. Our indebtedness could have important consequences, including: • limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements; • requiring a portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes; • increasing our vulnerability to adverse changes in general economic, industry and competitive conditions; and • increasing our cost of borrowing. In addition, the indenture that governs the Senior Notes contains restrictive covenants that limit our ability to engage in activities that may be in our long- term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of substantially all of our indebtedness. We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful. Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and results of operations, which in turn are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, which could have a material adverse effect on our business, results of operations and financial condition. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. Our ability to restructure or refinance our debt will depend on, among other ~~things~~ **factors** , the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the indenture that governs the Senior Notes may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. In the absence of such cash flows and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Any of these circumstances could have a material adverse effect on our business, results of operations and financial condition. Further, any future credit facility or other debt instrument may contain provisions that will restrict our ability to dispose of assets and use the proceeds from any such disposition. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations and any such failure to meet our scheduled debt service obligations could have a material adverse effect on our business, results of operations and financial condition. The indenture that governs the Senior Notes contains, and any of our future debt instruments may contain, terms which restrict our current and future operations, particularly our ability to respond to changes or to take certain actions. The indenture that governs the Senior Notes contains a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long- term best interest, including, among other things, restrictions on our ability to: • create liens on certain assets to secure debt; • grant a subsidiary guarantee of certain debt without also providing a guarantee of the Senior Notes; and • consolidate or merge with or into, or sell or otherwise dispose of all or substantially all of our assets to, another person. The covenants in the indenture that governs the Senior Notes are subject to important exceptions and qualifications described in such indenture. As a result of these restrictions, we are limited as to how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants and may require us to maintain specified financial ratios and satisfy other financial condition tests. We **may not** ~~cannot assure that we will~~ be able to maintain compliance with these covenants in the future and, if we fail to do so, ~~that~~ we ~~will~~ **may not** be able to obtain waivers from the relevant lenders and / or amend the covenants. Our failure to comply with the restrictive covenants described above and / or the terms of any future indebtedness from time to time could result in an event of default, which, if not cured or waived, could result in our being required to repay these borrowings before their due date. If we are forced to refinance these borrowings on less favorable terms or cannot refinance these borrowings, our results of operations and financial condition could be adversely affected. As a result, our failure to comply with such restrictive covenants could have a material adverse effect on our business, results of operations and financial condition. We may be required to repurchase some of the Senior Notes upon a change of control triggering event. Holders of the Senior Notes can require us to repurchase the Senior Notes upon a change of control (as defined in the indenture governing the Senior Notes) at a repurchase price equal to 101 % of the principal amount of the Senior Notes, plus accrued and unpaid interest to, but excluding, the applicable repurchase date. Our ability to repurchase the Senior Notes may be limited by law or the terms of other agreements relating to our indebtedness. In addition, we may not have sufficient funds to repurchase the Senior Notes or have the ability to arrange necessary financing on acceptable terms, if at all. A change of control may also constitute a default under, or result in the acceleration of the maturity of, our other then- existing indebtedness. Our failure to repurchase the Senior Notes would result in a default under the Senior Notes, which may result in the acceleration of the Senior Notes and other then- existing indebtedness. We may not have sufficient funds to make any payments triggered by such acceleration, which could result in foreclosure proceedings and our seeking protection under the U. S. bankruptcy code. General Risk Factors **We** ~~Unfavorable or uncertain conditions in our industry or the global economy or reductions in information technology spending, including as a result of inflation, the Russian invasion of Ukraine or COVID- 19 pandemic, could limit our ability to grow our business and negatively affect our results of operations. Our results of operations~~ may **not benefit** ~~vary based on the impact of changes in our industry or the global economy on us or our customers. Current or future economic uncertainties or downturns could adversely affect our business and results of operations. Negative conditions in the general economy both in the United States and abroad, including conditions resulting~~ from ~~changes in gross domestic product growth, financial and credit market fluctuations, international trade relations, changes in inflation and interest rates, energy costs, political instability or~~ **our** ~~unrest and new developments resulting from recent elections and changes of administration, natural catastrophes, warfare, infectious diseases and terrorist attacks on the United States, Europe, the Asia Pacific region or elsewhere, could cause a decrease in business investments by our customers and potential customers, including spending on information technology, and negatively affect the growth of our business. For example, Russia' s invasion of Ukraine and resulting international political crisis could have significant negative macroeconomic consequences, including on the businesses of our customers and partners and negatively impact their spending on our offerings. In addition, the COVID- 19 pandemic has curtailed business spending by our customers, resulted in business disruptions for us and / or our customers, restricted travel to customer sites and resulted in a quarantine of affected populations impacting our employees, partners and customers. Additionally, mitigation and containment measures adopted or reinstated by government authorities to contain the spread of COVID- 19 in the U. S. and abroad may significantly impact business continuity for our partners and our customers, reduce our customers' business operations, delay their engagement with us (including due to travel restrictions and restrictions on in- person meetings) and could thereby adversely affect our business and financial results. Further, these measures by government authorities may continue to remain in place for a significant period of time or, even if lifted, could be reinstated at any time, and additional and / or extended measures could significantly impact the ability of our employees and customers and vendors to work productively. To the extent our offerings are perceived by customers and potential customers as discretionary, our revenue may be disproportionately affected by delays or reductions in general information technology spending. Also, customers may choose to develop in- house software as an alternative to using our products. Moreover, competitors may respond to market conditions by lowering prices. We cannot predict the timing, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry. If the economic conditions of the general economy or markets in which we operate do not improve, or worsen from present levels, our business, results of operations and financial condition could be adversely affected. We may acquire other businesses which could require significant management attention, disrupt our business, or dilute shareholder value. We may be unable to integrate acquired businesses and technologies, and acquisitions~~ **acquisition strategy** ~~could adversely affect our results of operations~~. As part of our business strategy, we may acquire or make investments in complementary companies, products, or technologies ~~. We have in the past acquired, and expect in the future~~ to ~~acquire, businesses that we believe will complement or~~ augment our existing business. ~~The identification of~~ **We may not be able to identify** suitable acquisition candidates **or** ~~is difficult, and we may not be able to~~ complete such acquisitions on favorable terms, if at all. If we do complete ~~future~~ acquisitions, we may not ultimately strengthen our competitive position or achieve our goals and business strategy, we may be subject to claims or liabilities assumed from an acquired company, product, or technology, and any acquisitions we complete could be viewed negatively by our customers, investors, and securities analysts. In addition, if we are unsuccessful at integrating future acquisitions, or the technologies associated with such acquisitions, into our company, the revenue and results of operations of the combined company could be adversely affected. Any integration process may require significant time and resources, which may disrupt our ongoing business and divert management' s attention **from operations** , and we may not be able to manage the integration process successfully. We may not successfully evaluate or utilize acquired technology or personnel, realize anticipated synergies from acquisitions, or accurately forecast the financial impact of an acquisition transaction and integration of such acquisition, including accounting charges. We may have to pay cash, incur debt, or issue equity or equity- linked securities to pay for any future acquisitions, each of which could adversely affect our financial condition or the market price of our ordinary shares. The sale of equity or issuance of equity- linked debt to finance any future acquisitions could result in dilution to our shareholders. 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** ~~Additionally, we~~ may acquire development stage companies that are not yet profitable, and that require continued investment, **thereby reducing** ~~which could adversely affect~~ our ~~results of operations and liquidity~~ **cash available for other corporate purposes** . The occurrence of any of these risks could harm our business, results of operations, and financial condition. Catastrophic events, or man- made ~~problems~~ **events** such as terrorism, may disrupt our business. A significant natural disaster, such as an earthquake, fire, flood, or significant power outage **,** could have an adverse impact on our business, results of operations, and financial condition. The impact of climate change may increase these risks due to changes in weather patterns, such as increases in storm intensity, sea- level rise, melting of permafrost and temperature extremes in areas where we or our suppliers and customers conduct business. We have a number of our employees and executive officers located in the San Francisco Bay Area, a region ~~known for seismic activity and~~ **that has recently been affected by** wildfires **and** ~~. In the~~ **other extreme weather** ~~event~~ **events . If** our or our partners' abilities are hindered by any of the **foregoing** events ~~discussed above~~ , **we could experience** sales ~~could be delayed~~ **delays** , ~~resulting in missed financial targets for a particular quarter~~ **supply chain disruptions, and other negative impacts on our business** . In addition, acts of terrorism, acts of war, including Russia' s invasion of Ukraine, other geo-political unrest or health issues, such as an outbreak of pandemic or epidemic diseases, such as the COVID- 19 pandemic, or fear of such events, could cause disruptions in our business or the business of our partners, customers or the economy as a whole. Any disruption in the business of our partners or customers that affects sales in a ~~given~~ fiscal quarter could have a significant adverse impact on our quarterly results for that and future quarters. ~~For example, the full extent to which the COVID- 19 pandemic impacts our business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted. In addition, the COVID- 19 pandemic has adversely affected the economies of many countries, resulting in economic downturns that could affect demand for our products and likely impact our operating results.~~ All of the aforementioned risks may be further increased if our disaster recovery plans prove to be inadequate. ~~See the risk factor entitled " The ongoing COVID- 19 pandemic could harm our business and results of operations. "~~ If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our results of operations could fall below expectations of securities analysts and investors, resulting in a decline in the trading price of our ordinary shares. The preparation of financial statements in conformity with U. S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated 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 provided in " Management' s Discussion and Analysis of Financial Condition and Results of Operations " included in Part II, Item 7 of this Annual Report on Form 10- K, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue, and expenses that are not readily apparent from other sources. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of our ordinary shares. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition and accounting of intangible assets. If industry or financial analysts do not publish research or reports about our business, or if they issue inaccurate or unfavorable research regarding our ordinary shares, our share price and trading volume could decline, which could adversely affect our business. The trading market for our ordinary shares is influenced by the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts, or the content and opinions included in their reports. If any of the analysts who cover us issues an inaccurate or unfavorable opinion regarding our company, our stock price would likely decline **. Further, investors and analysts may not understand how our consumption- based arrangements differ from a typical subscription- based pricing model** . In addition, the stock prices of many companies in the technology industry have declined significantly after those companies have failed to meet, or significantly exceed, the financial guidance publicly announced by the companies or the expectations of analysts or public investors. If our financial results fail to meet, or significantly exceed, our announced guidance or the expectations of analysts or public investors, our stock price may decline. Further, analysts could downgrade our ordinary shares or publish unfavorable research about us. If one or more of the analysts who cover our company ceases to cover us, or fails to publish reports on us regularly, our ~~visibility~~ **profile** in the financial markets could decrease, which in turn could cause our stock price or trading volume to decline and could adversely affect our business. **Our reputation and /** ~~The requirements of being a public company may strain our~~ - **or** ~~resources, divert management' s attention~~ **business could be negatively impacted by ESG matters** and ~~affect~~ **/** ~~our~~ - **or our** ~~ability to attract and retain senior management and qualified board members. As a public company, we are subject to the~~ reporting **of such matters. There is** ~~and~~ - **an** ~~corporate~~ **increasing focus from regulators, certain investors, and other stakeholders concerning environmental, social, and** governance ~~requirements of the Exchange Act~~ **(" ESG") matters** , **both in** ~~the listing requirements of the NYSE and other~~ -- **the United States** ~~applicable securities rules~~ and **internationally** ~~regulations, including the Sarbanes- Oxley Act and the Dodd- Frank Wall Street Reform and Consumer Protection Act. Compliance with these rules and regulations has increased, and we expect will continue increasing our legal and financial compliance costs, make some activities more difficult, time- consuming or costly and increase demand on our systems and resources. Among other things, the Exchange Act requires that we file annual, quarterly and current reports with respect to our business and results of operations, and the Sarbanes- Oxley Act requires that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight is required. As a result, management' s attention may be diverted from other business concerns, which could harm our business, financial condition, results of operations and prospects. Although we have already~~

~~hired additional personnel to help comply with these requirements, we may need to further expand our legal and finance departments in the future or hire outside consultants, which will increase our costs and expenses~~ . In addition, changing laws, regulations and standards relating to **ESG** ~~corporate governance and public disclosure, including those related to climate change and other environmental, social and governance related~~ matters ~~,~~ are **evolving,** creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time- consuming. **We communicate certain ESG- related initiatives and goals regarding ESG in our annual ESG Report, on our website, in our filings with the SEC, and elsewhere.** These **initiatives** ~~laws, regulations~~ and **goals** ~~standards are subject to varying interpretations~~ , ~~in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could~~ **coupled with the** ~~result in continuing~~ uncertainty regarding compliance ~~matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply~~ with evolving **ESG** laws, regulations and ~~standards~~ **expectations** , ~~and this investment may result in increased general and administrative expense and a diversion of management' s time and attention 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 and prospects may be harmed. As a result of disclosure of information in the filings required of a public company and in this Annual Report on Form 10- K, our business and financial condition will become more visible, which may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business, financial condition, results of operations and prospects~~ could be ~~materially harmed,~~ **difficult to achieve** and ~~even if~~ **costly to implement. We could fail to achieve, or be perceived to fail to achieve, our ESG- related initiatives and goals. In addition, we could be criticized for the timing, scope or nature of these initiatives and goals, or for any revisions to** ~~the~~ **them** ~~claims~~ **. We could be criticized for the accuracy, adequacy, presentation, or completeness of our required and voluntary ESG disclosures, which could impact our brand and reputation. If our ESG practices and disclosures** do not **meet evolving investor** ~~result in litigation or are resolved in our~~ - **or** ~~favor~~ **other stakeholder expectations and societal and regulatory standards** , ~~these claims,~~ **or if we experience** ~~and~~ - **an actual or perceived failure to achieve our ESG- related initiatives and goals our ability to attract or retain sales, marketing and** ~~the~~ **other** ~~time~~ **employees, and our attractiveness as** ~~and~~ - **an** ~~resources necessary to resolve them,~~ **investment or as a business partner** could **be negatively impacted, which could adversely affect** ~~divert the resources of our management and materially harm~~ our business ~~, financial condition, results of operations and prospects. These factors could also make it more difficult for us to attract and retain qualified senior management or members of our board of directors, particularly to serve on our audit and compensation committees~~ . If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud, and investor confidence and the market price of our ordinary shares may decline, which could adversely affect our business. As a public company in the United States, we are subject to the Sarbanes- Oxley Act, which requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended and anticipate that we will continue to expend significant resources, including accounting- related costs and significant management oversight ~~. For example, since our IPO, we have hired additional accounting and financial staff with appropriate public company experience and technical accounting knowledge to assist in our compliance efforts~~ . We have incurred and expect to continue to incur significant expenses and devote substantial management effort toward compliance with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act. To assist us in complying with these requirements **,** we may need to hire more employees in the future, or engage outside consultants, which will increase our operating expenses. Despite significant investment, our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to implement or maintain 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 are required to be included in our periodic reports that we file with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, subject us to sanctions or investigations by the NYSE, the SEC **,** or other regulatory authorities, and would likely cause the trading price of our ordinary shares to decline, which could adversely affect our business.