

REFINITIV

# DELTA REPORT

## 10-Q

BASE - COUCHBASE, INC.

10-Q - APRIL 30, 2024 COMPARED TO 10-Q - OCTOBER 31, 2023

The following comparison report has been automatically generated

|                      |      |
|----------------------|------|
| TOTAL DELTAS         | 3210 |
| <div>CHANGES</div>   | 285  |
| <div>DELETIONS</div> | 982  |
| <div>ADDITIONS</div> | 1943 |

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
  
FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **October 31, 2023** **April 30, 2024**  
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to  
Commission File Number: 001-40601

**Couchbase, Inc.**  
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

26-3576987

(I.R.S. Employer  
Identification No.)

3250 Olcott Street  
Santa Clara, California 95054

(Address of principal executive offices and Zip Code)

(650) 417-7500

(Registrant's telephone number, including area code)

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

| Title of each class                         | Trading Symbol(s) | Name of each exchange on which registered |
|---|-------------------|---|
| Common stock, par value \$0.00001 per share | BASE              | Nasdaq Global Select Market               |

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

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

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

|                         |                          |                           |                                     |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer         | <input checked="" type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/>            |
|                         |                          | Emerging growth company   | <input checked="" type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of **November 30, 2023** **May 31, 2024**, the registrant had **48,071,639** **50,309,880** shares of common stock outstanding.

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Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future **plans or events**, **management's expectations and opinions** or our future financial or operating **performance**, **performance**, **intentions**, **designs**, **expectations or objectives**. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expect," "plan," "anticipate," "could," "would," "intend," "target," "project," **"forecast,"** "contemplate," "believe," "estimate," "predict," **"seek," "pursue,"** "potential" or "continue" or the negative of these words or

other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about our expectations regarding:

- our future financial performance, including our expectations regarding our revenue, cost of revenue, operating expenses, **period of benefit for deferred commissions**, our ability to determine reserves and our ability to achieve and maintain future profitability;
- the sufficiency of our cash, cash equivalents and short-term investments to meet our liquidity needs;
- the demand for our products and services or for data management solutions in general;
- our ability to attract and retain customers and partners;
- our ability to develop new products and features and bring them to market in a timely manner and make enhancements to our offerings, as well as market acceptance of new products and features;
- our expectations regarding future developments with respect to Couchbase Capella, our fully-managed database-as-a-service (“DBaaS”) offering;
- our ability to compete with existing and new competitors in existing and new markets and offerings;
- macroeconomic conditions, foreign exchange fluctuation, inflation concerns, **rising increased** interest rates and recessionary fears, on our business and results of operations;
- our expectations regarding the effects of existing and developing laws, rules, regulations and other legal obligations, including with respect to taxation and data privacy and security;
- our ability to manage risk associated with our business;
- our expectations regarding new and evolving markets, as well as the impact of artificial intelligence (“AI”) in **business; business, including development of Capella iQ, our generative AI-powered developer’s coding assistant built into Couchbase Capella;**
- our ability to maintain, develop and protect our brand;
- our ability, and our customers’ and our third-party service providers’ ability, to maintain the security and availability to each of our technological and physical infrastructures;
- our expectations and management of future growth;
- our expectations concerning relationships with third parties;
- our ability to obtain, maintain, defend and enforce our intellectual property;
- our use of third-party open source software in our solutions and the availability of portions of our source code on an open source basis;
- our ability to successfully acquire and integrate companies and assets; and
- the increased expenses associated with being a public company.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Quarterly Report on Form 10-Q. You should not rely upon forward-looking statements as predictions of future events.

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We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations and prospects. The outcome of the events described in these forward-looking statements is subject to risks, **assumptions**, uncertainties and other factors, including those described in the section titled “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and you are cautioned not to unduly rely upon these statements.

You should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed as exhibits to this Quarterly Report on Form 10-Q with the understanding that our actual future results, levels of activity, performance and achievements may be different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

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### **Risk Factor Summary**

Our business is subject to significant risks and uncertainties that make an investment in us speculative and risky. Below we summarize what we believe are the principal risk factors but these risks are not the only ones we face. You should carefully review and consider the full discussion of our risk factors below this summary, together with the other information in this Quarterly Report on Form 10-Q. If any of the following risks or if any of those listed elsewhere in this Quarterly Report on Form 10-Q actually occur, our business, reputation, financial condition, results of operations, revenue and future prospects could be seriously harmed. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business.

- We have a history of net losses, may not achieve or maintain profitability in the future and may not continue to grow on pace with historical rates.
- We face intense competition and if we are unable to compete effectively, our business, financial condition and results of operations would be adversely affected.
- We may fail to cost-effectively acquire new customers or obtain renewals, upgrades or expansions from our existing customers, which would adversely affect our business, financial condition and results of operations.
- The market for our products and services is relatively new and evolving, and our future success depends on the growth and expansion of this market.
- If we fail to innovate in response to changing customer needs, new technologies or other market requirements, our business, financial condition and results of operations could be harmed.
- We have a limited operating history, which makes it difficult to predict our future results of operations.
- Our future results of operations and key business metrics may fluctuate significantly, and if we fail to meet the expectations of analysts or investors, the market price of our common stock and the value of your investment could decline substantially.
- We recognize a significant portion of revenue from subscriptions over the term of the relevant subscription period, and as a result, downturns or upturns in sales are not immediately reflected in full in our results of operations.
- We depend on our sales force, and we may fail to attract, retain, motivate or train our sales force, which could adversely affect our business, financial condition and results of operations.
- Our sales strategy to target larger enterprises involves risks that may not be present or that are present to a lesser extent with respect to smaller enterprises, such as long and unpredictable sales cycles and sales efforts that require considerable time and expense, particularly in the current macroeconomic environment.

- If we are not able to maintain and enhance our brand, especially among enterprise architects, application developers and other key functions that support them, our business and results of operations may be adversely affected.
- **Our business could be adversely affected by economic downturns.**
- Real or perceived errors, failures or bugs in our products or interruptions or performance problems associated with our technology and infrastructure could adversely affect our growth prospects, business, financial condition and results of operations.
- Our ability to maintain and increase sales with our existing customers depends, in part, on the quality of our customer support, and our failure to offer high-quality support would harm our reputation and adversely affect our business and results of operations.
- We track certain key business metrics with internal systems and tools and do not independently verify such metrics. Certain of these metrics are subject to inherent challenges in measurement, and any real or perceived inaccuracies in such metrics may adversely affect our business and reputation.

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- Our company culture has contributed to our success and if we cannot maintain this culture as we grow, our business could be harmed.
- We may be unable to make acquisitions and investments or successfully integrate acquired companies and assets into our business, and our acquisitions and investments may not meet our expectations, any of which could adversely affect our business, financial condition and results of operations.
- **Use of AI, including in our products and services, combined with an uncertain regulatory environment, may result in reputational harm, liability, or other adverse consequences to our business.**
- **Our business could be adversely affected by economic downturns.**
- If we are unable to maintain successful relationships with our partners, our business, financial condition and results of operations could be harmed.
- Certain estimates and information we refer to publicly are based on information from third-party sources and we do not independently verify the accuracy or completeness of the data contained in such sources or the methodologies for collecting such data, and any real or perceived inaccuracies in such estimates and information may harm our reputation and adversely affect our business.
- Our use of third-party open source software in our solutions, the availability of core portions of our source code on an open source or source available basis and contributions to our open source projects could negatively affect our ability to sell our products and provide our services, subject us to possible litigation and allow third parties to access and use software and technology that we use in our business, all of which could adversely affect our business and results of operations.
- Our distribution and licensing model could negatively affect our ability to monetize and protect our intellectual property rights.
- Because of the rights accorded to third parties under open source licenses, there may be fewer technology barriers to entry in the markets in which we compete and it may be relatively easy for new and existing competitors, some of whom may have greater resources than we have, to compete with us.
- We could incur substantial costs in obtaining, maintaining, protecting, defending and enforcing our intellectual property rights and any failure to obtain, maintain, protect, defend or enforce our intellectual property rights could reduce the value of our software and brand.
- We have been and may in the future become subject to intellectual property disputes which may be costly to defend, subject us to significant liability, require us to pay significant damages and limit our ability to use certain technologies.

- If our security measures, or those of our service providers or customers, are breached or unauthorized parties otherwise obtain access to our or our customers' data or software, our products and services may be perceived as not being secure, customers may reduce or terminate their use of our products and services and we may face claims, litigation, regulatory investigations, significant liability and reputational damage.
- Issues in the development and use of artificial intelligence, combined with an uncertain regulatory environment, may result in reputational harm, liability, or other adverse consequences to our business.
- A portion of our revenue is generated by sales to heavily regulated organizations, which are subject to a number of challenges and risks.
- Our executive officers, directors and holders of 5% or more of our common stock continue to have substantial control over us, which will limit your ability to influence the outcome of important transactions, including a change in control.

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**Part I – Financial Information**

**Item 1. Financial Statements (unaudited)**

**COUCHBASE, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
*(unaudited)*  
*(in thousands, except share and per share amounts)*

|   |   | As of<br>October<br>31,<br>2023 | As of<br>January<br>31,<br>2023 |                         |                           |
|---|---|---------------------------------|---------------------------------|-------------------------|---------------------------|
|   | As of<br>April 30, 2024                   |                                 |                                 | As of<br>April 30, 2024 | As of<br>January 31, 2024 |
| <b>Assets</b>                             | <b>Assets</b>                             |                                 |                                 |                         |                           |
| Current assets                            | Current assets                            |                                 |                                 |                         |                           |
| Current assets                            |   |                                 |                                 |                         |                           |
| Cash and cash equivalents                 |   |                                 |                                 |                         |                           |
| Cash and cash equivalents                 |   |                                 |                                 |                         |                           |
| Cash and cash equivalents                 | Cash and cash equivalents                 | \$ 46,907                       | \$ 40,446                       |                         |                           |
| Short-term investments                    | Short-term investments                    | 109,719                         | 127,856                         |                         |                           |
| Accounts receivable, net                  | Accounts receivable, net                  | 30,494                          | 39,847                          |                         |                           |
| Deferred commissions                      | Deferred commissions                      | 12,874                          | 13,096                          |                         |                           |
| Prepaid expenses and other current assets | Prepaid expenses and other current assets | 7,450                           | 8,234                           |                         |                           |
| Total current assets                      | Total current assets                      | 207,444                         | 229,479                         |                         |                           |
| Property and equipment, net               | Property and equipment, net               | 9,630                           | 7,430                           |                         |                           |

|   |   |           |           |
|---|---|-----------|-----------|
| Operating lease right-of-use assets         | Operating lease right-of-use assets         | 5,259     | 6,940     |
| Deferred commissions, noncurrent            | Deferred commissions, noncurrent            | 7,896     | 7,524     |
| Other assets                                | Other assets                                | 1,760     | 1,666     |
| Total assets                                | Total assets                                | \$231,989 | \$253,039 |
| <b>Liabilities and Stockholders' Equity</b> | <b>Liabilities and Stockholders' Equity</b> |           |           |
| Current liabilities                         | Current liabilities                         |           |           |

|                     |  |  |  |
|---------------------|--|--|--|
| Current liabilities |  |  |  |
| Current liabilities |  |  |  |
| Accounts payable    |  |  |  |
| Accounts payable    |  |  |  |

|   |   |          |          |
|---|---|----------|----------|
| Accounts payable                        | Accounts payable                        | \$ 3,172 | \$ 1,407 |
| Accrued compensation and benefits       | Accrued compensation and benefits       | 9,124    | 12,641   |
| Other accrued expenses                  | Other accrued expenses                  | 3,399    | 6,076    |
| Operating lease liabilities             | Operating lease liabilities             | 2,980    | 3,117    |
| Deferred revenue                        | Deferred revenue                        | 71,529   | 71,716   |
| Total current liabilities               | Total current liabilities               | 90,204   | 94,957   |
| Operating lease liabilities, noncurrent | Operating lease liabilities, noncurrent | 2,742    | 4,543    |

|   |  |  |  |
|---|--|--|--|
| Operating lease liabilities, noncurrent |  |  |  |
| Operating lease liabilities, noncurrent |  |  |  |

|                              |                              |        |         |
|------------------------------|------------------------------|--------|---------|
| Deferred revenue, noncurrent | Deferred revenue, noncurrent | 3,775  | 3,275   |
| Total liabilities            | Total liabilities            | 96,721 | 102,775 |

|                   |  |  |  |
|-------------------|--|--|--|
| Total liabilities |  |  |  |
| Total liabilities |  |  |  |

|  |  |  |  |  |
|--|--|--|--|--|
| Commitments and contingencies (Note 9) | Commitments and contingencies (Note 9) |  |  | Commitments and contingencies (Note 9) |
|--|--|--|--|--|

|   |                      |   |   |
|---|----------------------|---|---|
| Stockholders' equity  | Stockholders' equity |   |   |
| Preferred stock, \$0.00001 par value; 200,000,000 shares authorized as of October 31, 2023 and January 31, 2023; zero shares issued outstanding as of October 31, 2023 and January 31, 2023                                       |                      | — | — |
| Common stock, \$0.00001 par value; 1,000,000,000 shares authorized as of October 31, 2023 and January 31, 2023; 48,055,227 and 45,432,029 shares issued and outstanding as of October 31, 2023 and January 31, 2023, respectively |                      | — | — |



|  |   |           |           |
|--|---|-----------|-----------|
| Preferred stock, \$0.00001 par value;<br>200,000,000 shares authorized as of<br>April 30, 2024 and January 31, 2024;<br>zero shares issued outstanding as of<br>April 30, 2024 and January 31, 2024  |   |           |           |
| Preferred stock, \$0.00001 par value;<br>200,000,000 shares authorized as of<br>April 30, 2024 and January 31, 2024;<br>zero shares issued outstanding as of<br>April 30, 2024 and January 31, 2024  |   |           |           |
| Preferred stock, \$0.00001 par value;<br>200,000,000 shares authorized as of<br>April 30, 2024 and January 31, 2024;<br>zero shares issued outstanding as of<br>April 30, 2024 and January 31, 2024  |   |           |           |
| Common stock,<br>\$0.00001 par<br>value;<br>1,000,000,000<br>shares<br>authorized as of<br>April 30, 2024<br>and January 31,<br>2024;<br>50,220,260 and<br>49,079,876<br>shares issued<br>and outstanding<br>as of April 30,<br>2024 and<br>January 31,<br>2024,<br>respectively |   |           |           |
| Additional paid-in<br>capital  | Additional paid-in<br>capital                       | 604,637   | 561,547   |
| Accumulated other comprehensive loss   |   | (112)     | (807)     |
| Accumulated other<br>comprehensive<br>(loss) income  |   |           |           |
| Accumulated<br>deficit   | Accumulated<br>deficit                              | (469,257) | (410,476) |
| Total<br>stockholders'<br>equity   | Total<br>stockholders'<br>equity                    | 135,268   | 150,264   |
| Total liabilities<br>and<br>stockholders'<br>equity  | Total liabilities<br>and<br>stockholders'<br>equity | \$231,989 | \$253,039 |

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

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**COUCHBASE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(unaudited)*  
*(in thousands, except per share amounts)*

|                            |                            | Three Months Ended October 31, |          | Nine Months Ended October 31, |           |
|----------------------------|----------------------------|--------------------------------|----------|-------------------------------|-----------|
|                            |                            | 2023                           | 2022     | 2023                          | 2022      |
|                            |                            | Three Months Ended April 30,   |          |                               |           |
|                            |                            | Three Months Ended April 30,   |          |                               |           |
|                            |                            | Three Months Ended April 30,   |          |                               |           |
|                            |                            | 2024                           |          |                               |           |
|                            |                            | 2024                           |          |                               |           |
|                            |                            | 2024                           |          |                               |           |
| Revenue:                   |                            |                                |          |                               |           |
| Revenue:                   |                            |                                |          |                               |           |
| Revenue:                   | Revenue:                   |                                |          |                               |           |
| License                    | License                    | \$ 4,577                       | \$ 3,519 | \$ 14,318                     | \$ 14,908 |
| License                    |                            |                                |          |                               |           |
| License                    |                            |                                |          |                               |           |
| Support and other          |                            |                                |          |                               |           |
| Support and other          |                            |                                |          |                               |           |
| Support and other          | Support and other          | 39,420                         | 32,201   | 109,175                       | 89,852    |
| Total subscription revenue | Total subscription revenue | 43,997                         | 35,720   | 123,493                       | 104,760   |
| Total subscription revenue |                            |                                |          |                               |           |
| Total subscription revenue |                            |                                |          |                               |           |
| Services                   |                            |                                |          |                               |           |
| Services                   |                            |                                |          |                               |           |
| Services                   | Services                   | 1,816                          | 2,837    | 6,455                         | 8,441     |
| Total revenue              | Total revenue              | 45,813                         | 38,557   | 129,948                       | 113,201   |
| Total revenue              |                            |                                |          |                               |           |
| Total revenue              |                            |                                |          |                               |           |
| Cost of revenue:           |                            |                                |          |                               |           |
| Cost of revenue:           |                            |                                |          |                               |           |
| Cost of revenue:           | Cost of revenue:           |                                |          |                               |           |
| Subscription               | Subscription               | 3,549                          | 2,631    | 11,067                        | 7,548     |
| Subscription               |                            |                                |          |                               |           |
| Subscription               |                            |                                |          |                               |           |
| Services                   |                            |                                |          |                               |           |
| Services                   |                            |                                |          |                               |           |
| Services                   | Services                   | 1,562                          | 2,244    | 5,875                         | 6,759     |
| Total cost of revenue      | Total cost of revenue      | 5,111                          | 4,875    | 16,942                        | 14,307    |
| Total cost of revenue      |                            |                                |          |                               |           |
| Total cost of revenue      |                            |                                |          |                               |           |
| Gross profit               |                            |                                |          |                               |           |
| Gross profit               |                            |                                |          |                               |           |

|                                      |                            |          |          |          |          |
|--------------------------------------|----------------------------|----------|----------|----------|----------|
| Gross profit                         | Gross profit               | 40,702   | 33,682   | 113,006  | 98,894   |
| <b>Operating expenses:</b>           | <b>Operating expenses:</b> |          |          |          |          |
| <b>Operating expenses:</b>           |                            |          |          |          |          |
| <b>Operating expenses:</b>           |                            |          |          |          |          |
| Research and development             |                            |          |          |          |          |
| Research and development             |                            |          |          |          |          |
| Research and development             | Research and development   | 15,903   | 13,998   | 47,578   | 42,760   |
| Sales and marketing                  | Sales and marketing        | 31,602   | 27,448   | 96,503   | 81,764   |
| Sales and marketing                  |                            |          |          |          |          |
| Sales and marketing                  |                            |          |          |          |          |
| General and administrative           |                            |          |          |          |          |
| General and administrative           |                            |          |          |          |          |
| General and administrative           | General and administrative | 10,739   | 8,828    | 30,823   | 25,183   |
| Restructuring                        | Restructuring              | —        | —        | 46       | —        |
| Restructuring                        |                            |          |          |          |          |
| Restructuring                        |                            |          |          |          |          |
| Total operating expenses             |                            |          |          |          |          |
| Total operating expenses             |                            |          |          |          |          |
| Total operating expenses             | Total operating expenses   | 58,244   | 50,274   | 174,950  | 149,707  |
| Loss from operations                 | Loss from operations       | (17,542) | (16,592) | (61,944) | (50,813) |
| Loss from operations                 |                            |          |          |          |          |
| Loss from operations                 |                            |          |          |          |          |
| Interest expense                     | Interest expense           | —        | (26)     | (43)     | (76)     |
| Other income (expense), net          |                            | 1,298    | 317      | 3,986    | 22       |
| Interest expense                     |                            |          |          |          |          |
| Interest expense                     |                            |          |          |          |          |
| Other income, net                    |                            |          |          |          |          |
| Other income, net                    |                            |          |          |          |          |
| Other income, net                    |                            |          |          |          |          |
| Loss before income taxes             | Loss before income taxes   | (16,244) | (16,301) | (58,001) | (50,867) |
| Provision for income taxes           |                            | 11       | 376      | 780      | 1,013    |
| Loss before income taxes             |                            |          |          |          |          |
| Loss before income taxes             |                            |          |          |          |          |
| Provision (benefit) for income taxes |                            |          |          |          |          |
| Provision (benefit) for income taxes |                            |          |          |          |          |
| Provision (benefit) for income taxes |                            |          |          |          |          |
| Net loss                             |                            |          |          |          |          |

|   |   |    |          |    |          |    |          |    |          |
|---|---|----|----------|----|----------|----|----------|----|----------|
| Net loss  |   |    |          |    |          |    |          |    |          |
| Net loss  | Net loss  | \$ | (16,255) | \$ | (16,677) | \$ | (58,781) | \$ | (51,880) |
| Net loss per share, basic and diluted   | Net loss per share, basic and diluted   | \$ | (0.34)   | \$ | (0.37)   | \$ | (1.26)   | \$ | (1.16)   |
| Net loss per share, basic and diluted   |   |    |          |    |          |    |          |    |          |
| Net loss per share, basic and diluted   |   |    |          |    |          |    |          |    |          |
| Weighted-average shares used in computing net loss per share, basic and diluted | Weighted-average shares used in computing net loss per share, basic and diluted |    | 47,586   |    | 44,932   |    | 46,724   |    | 44,619   |
| Weighted-average shares used in computing net loss per share, basic and diluted |   |    |          |    |          |    |          |    |          |
| Weighted-average shares used in computing net loss per share, basic and diluted |   |    |          |    |          |    |          |    |          |

The accompanying notes are an integral part of these condensed consolidated financial statements.

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**COUCHBASE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
*(unaudited)*  
*(in thousands)*

|  |                                | Three Months Ended April 30, |          |       |                               |     |          |         |          |
|--|--------------------------------|------------------------------|----------|-------|-------------------------------|-----|----------|---------|----------|
|  |                                | Three Months Ended April 30, |          |       |                               |     |          |         |          |
|  |                                | Three Months Ended April 30, |          |       |                               |     |          |         |          |
|  |                                | 2024                         |          |       |                               |     |          |         |          |
|  |                                | 2024                         |          |       |                               |     |          |         |          |
|  |                                | 2024                         |          |       |                               |     |          |         |          |
|  | Three Months Ended October 31, |                              |          |       | Nine Months Ended October 31, |     |          |         |          |
| Net loss   |                                |                              |          |       |                               |     |          |         |          |
|  | 2023                           |                              | 2022     |       | 2023                          |     | 2022     |         |          |
| Net loss   |                                |                              |          |       |                               |     |          |         |          |
| Net loss   | Net loss                       | \$                           | (16,255) | \$    | (16,677)                      | \$  | (58,781) | \$      | (51,880) |
| Other comprehensive loss:                                | Other comprehensive loss:      |                              |          |       |                               |     |          |         |          |
| Net unrealized gains (losses) on investments, net of tax |                                | 189                          |          | (332) |                               | 695 |          | (1,180) |          |
| Other comprehensive loss:                                |                                |                              |          |       |                               |     |          |         |          |
| Other comprehensive loss:                                |                                |                              |          |       |                               |     |          |         |          |

|  |                          |             |             |             |             |  |
|--|--------------------------|-------------|-------------|-------------|-------------|--|
| Net unrealized (losses) gains on investments, net of tax |                          |             |             |             |             |  |
| Net unrealized (losses) gains on investments, net of tax |                          |             |             |             |             |  |
| Net unrealized (losses) gains on investments, net of tax |                          |             |             |             |             |  |
| Total comprehensive loss                                 |                          |             |             |             |             |  |
| Total comprehensive loss                                 |                          |             |             |             |             |  |
| Total comprehensive loss                                 | Total comprehensive loss | \$ (16,066) | \$ (17,009) | \$ (58,086) | \$ (53,060) |  |

The accompanying notes are an integral part of these condensed consolidated financial statements.

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**COUCHBASE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
*(unaudited)*  
*(in thousands, except shares)*

|   | Accumulated  |        |                            |                                   |                     |                                      |
|---|--------------|--------|----------------------------|-----------------------------------|---------------------|--------------------------------------|
|   | Common Stock |        | Additional Paid-In Capital | Other Comprehensive Income (Loss) |                     | Total Stockholders' Equity (Deficit) |
|   | Shares       | Amount |                            | Income (Loss)                     | Accumulated Deficit |                                      |
| Balance as of July 31, 2023                             | 47,063,914   | \$ —   | \$ 588,845                 | \$ (301)                          | \$ (453,002)        | \$ 135,542                           |
| Balance as of January 31, 2024                          |              |        |                            |                                   |                     |                                      |
| Balance as of January 31, 2024                          |              |        |                            |                                   |                     |                                      |
| Balance as of January 31, 2024                          |              |        |                            |                                   |                     |                                      |
| Issuance of common stock upon exercise of stock options | 406,971      | —      | 2,703                      | —                                 | —                   | 2,703                                |

|  |  |                     |               |                                   |                            |                             |                  |
|--|--|---------------------|---------------|-----------------------------------|----------------------------|-----------------------------|------------------|
| Issuance of common stock in connection with employee stock purchase plan | Issuance of common stock in connection with employee stock purchase plan | 94,730              | —             | 1,153                             | —                          | —                           | 1,153            |
| Vesting of restricted stock units  | Vesting of restricted stock units  | 489,612             | —             | —                                 | —                          | —                           | —                |
| Stock-based compensation   | Stock-based compensation   | —                   | —             | 11,936                            | —                          | —                           | 11,936           |
| Net unrealized gains on investments                                      |  | —                   | —             | —                                 | 189                        | —                           | 189              |
| Net loss   |  | —                   | —             | —                                 | —                          | (16,255)                    | (16,255)         |
| <b>Balance as of October 31, 2023</b>                                    |  |                     |               |                                   |                            |                             |                  |
|  |  | 48,055,227          | \$ —          | \$ 604,637                        | \$ (112)                   | \$ (469,257)                | \$ 135,268       |
| <b>Accumulated</b>   |  |                     |               |                                   |                            |                             |                  |
|  |  | <b>Common Stock</b> |               | <b>Other Comprehensive Income</b> |                            | <b>Total</b>                |                  |
|  |  |                     |               | <b>Additional Paid-In Capital</b> | <b>Accumulated Deficit</b> | <b>Stockholders' Equity</b> |                  |
|  |  | <b>Shares</b>       | <b>Amount</b> | <b>Capital</b>                    | <b>(Loss)</b>              | <b>Deficit</b>              | <b>(Deficit)</b> |
| <b>Balance as of July 31, 2022</b>                                       |  |                     |               |                                   |                            |                             |                  |
|  |  | 44,771,717          | \$ —          | \$ 544,614                        | \$ (1,043)                 | \$ (377,185)                | 166,386          |
| Issuance of common stock upon exercise of stock options                  |  | 94,725              | —             | 666                               | —                          | —                           | 666              |
| Issuance of common stock in connection with employee stock purchase plan |  | 76,816              | —             | 959                               | —                          | —                           | 959              |
| Vesting of restricted stock units  |  | 176,020             | —             | —                                 | —                          | —                           | —                |
| <b>Stock-based compensation</b>  |  |                     |               |                                   |                            |                             |                  |
| Stock-based compensation   | Stock-based compensation   | —                   | —             | 7,097                             | —                          | —                           | 7,097            |
| Net unrealized losses on investments                                     | Net unrealized losses on investments                                     | —                   | —             | —                                 | (332)                      | —                           | (332)            |
| Net loss   | Net loss   | —                   | —             | —                                 | —                          | (16,677)                    | (16,677)         |
| <b>Balance as of October 31, 2022</b>                                    |  |                     |               |                                   |                            |                             |                  |
|  |  | 45,119,278          | \$ —          | \$ 553,336                        | \$ (1,375)                 | \$ (393,862)                | \$ 158,099       |
| <b>Balance as of April 30,</b>   |  |                     |               |                                   |                            |                             |                  |

|  | Accumulated  |        |            |                    |                  |                        |
|--|--------------|--------|------------|--------------------|------------------|------------------------|
|  | Common Stock |        | Additional | Other              |                  | Total                  |
|  |              |        |            | Comprehensive      |                  |                        |
|  |              | Shares | Amount     | Paid-In<br>Capital | Income<br>(Loss) | Accumulated<br>Deficit |
| Balance as of January 31, 2023   | 45,432,029   | \$ —   | \$ 561,547 | \$ (807)           | \$ (410,476)     | \$ 150,264             |
| Issuance of common stock upon exercise of stock options                  | 1,174,523    | —      | 7,353      | —                  | —                | 7,353                  |
| Issuance of common stock in connection with employee stock purchase plan | 168,843      | —      | 2,000      | —                  | —                | 2,000                  |
| Vesting of restricted stock units  | 1,279,832    | —      | —          | —                  | —                | —                      |
| Stock-based compensation   | —            | —      | 33,737     | —                  | —                | 33,737                 |
| Net unrealized gains on investments                                      | —            | —      | —          | 695                | —                | 695                    |
| Net loss   | —            | —      | —          | —                  | (58,781)         | (58,781)               |
| Balance as of October 31, 2023   | 48,055,227   | \$ —   | \$ 604,637 | \$ (112)           | \$ (469,257)     | \$ 135,268             |

|                           | Accumulated  |        |            |               |              |               |
|---------------------------|--------------|--------|------------|---------------|--------------|---------------|
|                           | Common Stock |        | Other      |               |              |               |
|                           |              |        | Additional | Comprehensive |              | Total         |
|                           |              |        | Paid-In    | Income        | Accumulated  | Stockholders' |
|                           | Shares       | Amount | Capital    | (Loss)        | Deficit      | Equity        |
| Balance as of January 31, |              |        |            |               |              |               |
| 2022                      | 43,847,484   | \$ —   | \$ 525,392 | \$ (195)      | \$ (341,982) | \$ 183,215    |

|   |   | Accumulated |            |               |             |               |       |
|---|---|-------------|------------|---------------|-------------|---------------|-------|
|   |   | Common      |            | Other         |             |               |       |
| <u>Common Stock</u>                                     |   | Stock       | Additional | Comprehensive | Accumulated | Total         |       |
| Shares  |   |             | Paid-In    | Income        | Accumulated | Stockholders' |       |
|   |   |             | Capital    | (Loss)        | Deficit     | Equity        |       |
| Balance as of January 31, 2023                          |   |             |            |               |             |               |       |
| Balance as of January 31, 2023                          |   |             |            |               |             |               |       |
| Balance as of January 31, 2023                          |   |             |            |               |             |               |       |
| Issuance of common stock upon exercise of stock options | Issuance of common stock upon exercise of stock options | 655,656     | —          | 4,033         | —           | —             | 4,033 |

|  |  |            |      |            |            |              |            |
|--|--|------------|------|------------|------------|--------------|------------|
| Issuance of common stock in connection with employee stock purchase plan | Issuance of common stock in connection with employee stock purchase plan | 314,315    | —    | 4,484      | —          | —            | 4,484      |
| Vesting of restricted stock units  | Vesting of restricted stock units  | 301,823    | —    | —          | —          | —            | —          |
| Stock-based compensation   | Stock-based compensation   | —          | —    | 19,427     | —          | —            | 19,427     |
| Net unrealized losses on investments                                     |  | —          | —    | —          | (1,180)    | —            | (1,180)    |
| Stock-based compensation   |  |            |      |            |            |              |            |
| Stock-based compensation   |  |            |      |            |            |              |            |
| Net unrealized gains on investments                                      |  |            |      |            |            |              |            |
| Net loss   | Net loss   | —          | —    | —          | —          | (51,880)     | (51,880)   |
| <b>Balance as of October 31, 2022</b>                                    |  |            |      |            |            |              |            |
|  |  | 45,119,278 | \$ — | \$ 553,336 | \$ (1,375) | \$ (393,862) | \$ 158,099 |
| <b>Balance as of April 30, 2023</b>                                      |  |            |      |            |            |              |            |

The accompanying notes are an integral part of these condensed consolidated financial statements.

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**COUCHBASE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(unaudited)*  
*(in thousands)*

|                                      |                                      | Nine Months Ended<br>October 31, |             |
|--------------------------------------|--------------------------------------|----------------------------------|-------------|
|                                      |                                      | 2023                             | 2022        |
|                                      |                                      | Three Months Ended April 30,     |             |
|                                      |                                      | 2024                             | 2023        |
| Cash flows from operating activities | Cash flows from operating activities |                                  |             |
| Net loss                             | Net loss                             | \$ (58,781)                      | \$ (51,880) |



|  |  |          |          |
|--|--|----------|----------|
| Net loss   |  |          |          |
| Net loss   |  |          |          |
| Adjustments to reconcile net loss to net cash used in operating activities | Adjustments to reconcile net loss to net cash used in operating activities |          |          |
| Depreciation and amortization  |  |          |          |
| Depreciation and amortization  |  |          |          |
| Depreciation and amortization  | Depreciation and amortization  | 2,034    | 2,304    |
| Stock-based compensation, net of amounts capitalized                       | Stock-based compensation, net of amounts capitalized                       | 33,148   | 18,930   |
| Stock-based compensation, net of amounts capitalized                       |  |          |          |
| Stock-based compensation, net of amounts capitalized                       |  |          |          |
| Amortization of deferred commissions                                       | Amortization of deferred commissions                                       | 13,742   | 12,549   |
| Non-cash lease expense   | Non-cash lease expense   | 2,313    | 2,152    |
| Foreign currency transaction losses  |  | 649      | 1,298    |
| Foreign currency transaction losses (gains)                                |  |          |          |
| Other  | Other  | (2,580)  | 177      |
| Changes in operating assets and liabilities                                | Changes in operating assets and liabilities                                |          |          |
| Accounts receivable  |  |          |          |
| Accounts receivable  |  |          |          |
| Accounts receivable  | Accounts receivable  | 9,114    | 13,404   |
| Deferred commissions   | Deferred commissions   | (13,892) | (12,269) |
| Prepaid expenses and other assets  | Prepaid expenses and other assets  | 837      | 691      |
| Accounts payable   | Accounts payable   | 1,735    | 1,476    |
| Accrued compensation and benefits  | Accrued compensation and benefits  | (3,517)  | (7,076)  |

|   |   |          |           |
|---|---|----------|-----------|
| Other accrued expenses                              | Other accrued expenses                            | (2,997)  | 300       |
| Operating lease liabilities                         | Operating lease liabilities                       | (2,561)  | (1,930)   |
| Deferred revenue                                    | Deferred revenue                                  | 313      | (11,108)  |
| Net cash used in operating activities               |   | (20,443) | (30,982)  |
| Net cash provided by (used in) operating activities |   |          |           |
| <b>Cash flows from investing activities</b>         | <b>Cash flows from investing activities</b>       |          |           |
| Purchases of short-term investments                 | Purchases of short-term investments               | (90,456) | (110,637) |
| Maturities of short-term investments                |   | 111,974  | 81,143    |
| Purchases of short-term investments                 |   |          |           |
| Purchases of short-term investments                 |   |          |           |
| Maturities and sales of short-term investments      |   |          |           |
| Additions to property and equipment                 | Additions to property and equipment               | (3,425)  | (4,093)   |
| Net cash provided by (used in) investing activities |   | 18,093   | (33,587)  |
| Net cash provided by investing activities           |   |          |           |
| <b>Cash flows from financing activities</b>         | <b>Cash flows from financing activities</b>       |          |           |
| Proceeds from exercise of stock options             |   |          |           |
| Proceeds from exercise of stock options             |   |          |           |
| Proceeds from exercise of stock options             | Proceeds from exercise of stock options           | 7,353    | 4,033     |
| Proceeds from issuance of common stock under ESPP   | Proceeds from issuance of common stock under ESPP | 2,000    | 4,484     |
| Net cash provided by financing activities           |   | 9,353    | 8,517     |

|   |   |           |           |
|---|---|-----------|-----------|
| Net cash provided by financing activities                                     |   |           |           |
| Net cash provided by financing activities                                     |   |           |           |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | Effect of exchange rate changes on cash, cash equivalents and restricted cash | (542)     | (855)     |
| Net increase (decrease) in cash, cash equivalents and restricted cash         |   | 6,461     | (56,907)  |
| Net increase in cash, cash equivalents and restricted cash                    |   |           |           |
| <b>Cash, cash equivalents and restricted cash</b>                             | <b>Cash, cash equivalents and restricted cash</b>                             |           |           |
| Beginning of period   |   |           |           |
| Beginning of period   |   |           |           |
| Beginning of period   | Beginning of period   | 40,989    | 96,231    |
| End of period   | End of period   | \$ 47,450 | \$ 39,324 |
| Cash and cash equivalents   | Cash and cash equivalents   | \$ 46,907 | \$ 38,781 |
| Restricted cash included in other assets                                      | Restricted cash included in other assets                                      | 543       | 543       |
| Total cash, cash equivalents and restricted cash                              | Total cash, cash equivalents and restricted cash                              | \$ 47,450 | \$ 39,324 |
| <b>Supplemental disclosures of cash activities</b>                            | <b>Supplemental disclosures of cash activities</b>                            |           |           |
| Cash paid for income taxes  | Cash paid for income taxes  | \$ 1,245  | \$ 620    |
| Cash paid for income taxes  |   |           |           |
| Cash paid for income taxes  |   |           |           |
| Cash paid for interest  | Cash paid for interest  | \$ 43     | \$ 76     |
| <b>Non-cash investing and financing activities:</b>                           | <b>Non-cash investing and financing activities:</b>                           |           |           |

|   |  |    |     |    |         |
|---|--|----|-----|----|---------|
| Stock-based compensation capitalized as internal-use software costs                                   | Stock-based compensation capitalized as internal-use software costs            | \$ | 589 | \$ | 497     |
| Stock-based compensation capitalized as internal-use software costs                                   |  |    |     |    |         |
| Stock-based compensation capitalized as internal-use software costs                                   |  |    |     |    |         |
| Net change in unrealized gains or losses on available-for-sale debt securities                        | Net change in unrealized gains or losses on available-for-sale debt securities | \$ | 695 | \$ | (1,180) |
| Change in purchases of property and equipment included in accounts payable and other accrued expenses |  | \$ | 224 | \$ | 169     |

The accompanying notes are an integral part of these condensed consolidated financial statements.

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## COUCHBASE, INC.

### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

#### 1. Description of Business

Couchbase, Inc. provides a leading cloud database platform for modern applications. Couchbase was incorporated in the State of Delaware in 2008 and is headquartered in Santa Clara, California. In these notes to the unaudited condensed consolidated financial statements, the “Company,” “Couchbase,” “we,” “us” and “our” refers to Couchbase, Inc. and its subsidiaries on a consolidated basis.

#### 2. Basis of Presentation and Summary of Significant Accounting Policies

##### Basis of Presentation

The Company's unaudited condensed consolidated financial statements and accompanying notes have been prepared in accordance conformity with accounting principles generally accepted in the United States of America (“GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”), regarding interim financial reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by GAAP have been condensed or omitted, and accordingly the balance sheet as of January 31, 2023 January 31, 2024, and related disclosures, have been derived from the audited consolidated financial statements at that date but do not include all the information required by GAAP for complete consolidated financial statements. These unaudited condensed consolidated financial statements have been prepared on the same basis as the Company's annual consolidated financial statements and, in the opinion of management, reflect all adjustments (consisting of only normal recurring adjustments) that are necessary for the fair statement of the Company's condensed consolidated financial information. The results of operations for the three and nine months ended October 31, 2023 April 30, 2024, are not necessarily indicative of the results to be expected for the year ending January 31, 2024 January 31, 2025, or for any other interim period or for any other future year.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes contained in the Company's Annual Report on Form 10-K for the year ended January 31, 2023 January 31, 2024, as filed with the SEC on March 29, 2023 March 26, 2024.

##### Fiscal Year

The Company's fiscal year ends on January 31. Unless otherwise stated, references to year in these condensed consolidated financial statements relate to fiscal year rather than calendar year.

## Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of Couchbase, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

## Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts stated in the financial statements and accompanying notes. Such estimates include, but are not limited to, standalone selling prices for each distinct performance obligation, capitalized internal-use software costs, expected period of benefit for deferred commissions, valuation of stock-based awards, the determination of allowance for doubtful accounts, credit losses, the incremental borrowing rate used to measure operating lease liabilities, and accounting for income taxes. The Company bases its estimates on historical experience and assumptions that management considers reasonable.

The Company assesses these estimates on a regular basis; however, actual results could differ from these estimates. Estimates and assumptions about future events and their effects, including the impact of macroeconomic conditions such as inflation and foreign exchange fluctuations, cannot be determined with certainty and therefore require increased judgment. These estimates and assumptions may change in future periods and will be recognized in the condensed consolidated financial statements as new events occur and additional information becomes known. To the extent the Company's actual results differ materially from those estimates and assumptions, the Company's future financial statements could be affected.

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## Significant Accounting Policies

Other than those described below related to the Company's adoption of ASU 2016-13, Financial Instruments—Credit Losses (Topic 326), there have been no material changes to the Company's significant accounting policies described in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2023, that have had a material impact on its condensed consolidated financial statements and related notes.

### Short-Term Investments Deferred Commissions

The Company determines capitalizes certain sales commissions, including related payroll taxes, earned by the appropriate classification Company's sales force, which are considered to be incremental costs that would not be incurred absent of its investments at the time of purchase. As contract. On an annual basis, the Company views these securities as available assesses the expected period of benefit by taking into consideration its customer contracts, its technology and duration of customer relationships. Based on our most recent assessment, the Company determined the expected period of benefit for incremental costs of customer contracts should be increased from three to support current operations, it accounts four years. This change in accounting estimate was effective February 1, 2024 and is accounted for these debt securities as available-for-sale and classifies them as current assets on its prospectively in the Company's unaudited condensed consolidated balance sheets. These securities financial statements. Commissions for renewal contracts are recorded at estimated fair value. When not commensurate with the fair value commission paid for initial acquisition of a security declines below its contract and are amortized cost basis, based over the carrying value of the security will be reduced to its fair value if it is more likely than not that management is required to sell the impaired security before recovery of its amortized basis, or management has the intention to sell the security. If neither of these conditions are met, the Company determines whether any portion of the decline is due to credit losses. Any portion of that decline attributable to credit losses, to the extent expected to be nonrecoverable before the sale of the security, is recognized related contractual renewal period. This change in the Company's period of benefit did not have a material impact to our unaudited condensed consolidated statement of operations. When the fair value of the security declines below its amortized cost basis due to changes in interest rates, such amounts are recorded in accumulated other comprehensive income (loss) and are recognized in the Company's condensed consolidated statement of operations only if the Company sells or intends to sell the security before recovery of its cost basis. Realized gains and losses are determined based on the specific identification method and are reported in interest and other income (expense), net in the Company's condensed consolidated statements of operations. financial statements.

### Accounts Receivable

Accounts receivable includes billed and unbilled receivables, net of allowance for credit losses. Trade accounts receivable are recorded at invoiced amounts and do not bear interest. The allowance for credit losses is estimated based on the Company's assessment of the collectibility of accounts receivable by considering various factors, including the age of each outstanding invoice, the collection history of each customer, historical write-off experience, current economic conditions, and reasonable and supportable forecasts of future economic conditions over the life of the receivable. The Company assesses collectibility by reviewing accounts receivable on an aggregate basis when similar characteristics exist and on an individual basis when specific customers with collectibility issues are identified. Accounts receivable deemed uncollectible are charged against the allowance for credit losses when identified.

### Concentration of Credit Risk

Financial instruments that potentially subject the Company to credit risk primarily consist of cash, cash equivalents, restricted cash, short-term investments and accounts receivable. The Company maintains its cash and cash equivalents, restricted cash and short-term investments with high-quality financial institutions. Cash equivalents consist of money market funds which are invested through financial institutions in the United States. Deposits, including those held in foreign branches of global banks, may exceed the amount of insurance provided on such deposits. The Company has not experienced any losses on these deposits.

For its accounts receivable, the Company is exposed to credit risk in the event of nonpayment by customers to the extent of the amounts recorded on the consolidated balance sheet. Generally, credit risk with respect to accounts receivable is diversified due to the number of entities comprising the Company's customer base and their dispersion across different geographies and industries. The Company performs ongoing credit evaluations on certain customers and generally does not require collateral on accounts receivable. The Company maintains an allowance for doubtful accounts credit losses and historically bad debts have not been material.

No customer accounted for 10% or more of total revenue for the three and nine months ended October 31, 2023, April 30, 2024 and 2022. Two customers accounted for approximately 16% and 13% of gross accounts receivable as of April 30, 2024, respectively. No customer accounted for 10% or more of gross accounts receivable as of October 31, 2023, and one customer accounted for approximately 12% of gross accounts receivable as of January 31, 2023, January 31, 2024.

### Recent Accounting Pronouncements

#### Recently Adopted Accounting Pronouncements

There were no significant changes to the Company's significant accounting policies disclosed in "Note 2 – Basis of Presentation and Summary of Significant Accounting Policies" of the Company's Annual Report.

#### Recently Issued Accounting Pronouncements

In June 2016, November 2023, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses No. 2023-07, Segment Reporting (Topic 326) 280: Measurement Improvements to Reportable Segment Disclosures ("ASU 2023-07"), which is intended to improve reportable segment disclosure requirements. ASU 2023-07 expands segment disclosures by requiring disclosure of Credit Losses significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. Additionally, the amendments require disclosure of the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. All disclosure requirements of ASU 2023-07 are required for all entities including entities with a single reportable segment. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is in the process of evaluating the impact of the adoption on Financial Instruments, its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"), which requires companies to disclose additional information about income taxes, primarily their rate reconciliation information and income taxes paid. The new guidance requires companies to disclose in their rate

reconciliation table additional categories of information about federal, state and foreign income taxes and to provide more details about the reconciling items in some categories if the items meet a financial asset measured at amortized cost basis to be presented at the net amount expected to be collected, with further clarifications made more recently. For trade receivables, loans and other financial instruments, the Company quantitative threshold. Additionally companies will be required to use disclose annually income taxes paid (net of refunds received)

disaggregated by federal (national), state and foreign taxes and to disaggregate the information by jurisdiction based on a forward-looking expected loss model rather than quantitative threshold. The guidance is effective for the

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incurred loss model Company for recognizing credit losses which reflects losses that are probable. Credit losses relating to available-for-sale debt securities are required to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. fiscal year ending January 31, 2026, and early adoption is permitted. The Company adopted this standard effective February 1, 2023 is currently evaluating the impact of ASU 2023-09 on a modified retrospective basis, and the adoption did not result in any cumulative effect adjustment in the condensed its consolidated financial statements.

Recently Issued Accounting Pronouncements statements and related disclosures.

Under the Jumpstart Our Business Startups Act (the “JOBS Act”), the Company meets the definition of an emerging growth company and can delay adopting new or revised accounting standards issued after the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the Company is no longer an emerging growth company or until the Company affirmatively and irrevocably opts out of the extended transition period.

3. Cash Equivalents and Short-Term Investments

The following tables summarize the Company’s cash equivalents and short-term investments (in thousands):

|                                     |                                     | As of October 31, 2023 |                        |                         |                      |
|-------------------------------------|-------------------------------------|------------------------|------------------------|-------------------------|----------------------|
|                                     |                                     | Amortized Cost         | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
|                                     |                                     | As of April 30, 2024   |                        |                         |                      |
|                                     |                                     | Amortized Cost         | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| Cash                                | Cash                                |                        |                        |                         |                      |
| Equivalents                         | Equivalents                         |                        |                        |                         |                      |
| Money market funds                  |                                     |                        |                        |                         |                      |
| Money market funds                  |                                     |                        |                        |                         |                      |
| Money market funds                  | Money market funds                  | \$ 30,622              | \$ —                   | \$ —                    | \$ 30,622            |
| Total cash equivalents              | Total cash equivalents              | 30,622                 | —                      | —                       | 30,622               |
| Short-Term Investments              | Short-Term Investments              |                        |                        |                         |                      |
| U.S. government treasury securities | U.S. government treasury securities | 89,576                 | —                      | (63)                    | 89,513               |
| U.S. government treasury securities |                                     |                        |                        |                         |                      |
| U.S. government treasury securities |                                     |                        |                        |                         |                      |
| Corporate debt securities           |                                     |                        |                        |                         |                      |

|  |  |        |   |      |        |
|--|--|--------|---|------|--------|
| U.S.<br>government<br>agency<br>securities | U.S.<br>government<br>agency<br>securities | 11,977 | — | (41) | 11,936 |
| Corporate debt securities                  |  | 5,813  | — | (7)  | 5,806  |
| Commercial<br>paper                        | Commercial<br>paper                        | 1,999  | — | —    | 1,999  |
| Asset-backed securities                    |  | 466    | — | (1)  | 465    |

Total short-term investments

Total short-term investments

|                                 |                                 |           |      |          |           |
|---------------------------------|---------------------------------|-----------|------|----------|-----------|
| Total short-term<br>investments | Total short-term<br>investments | 109,831   | —    | (112)    | 109,719   |
| Total                           | Total                           | \$140,453 | \$ — | \$ (112) | \$140,341 |

As of January 31, 2023

|  | Gross<br>Amortized<br>Cost | Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Estimated<br>Fair Value |
|--|----------------------------|---------------------|-------------------------------|-------------------------|
|--|----------------------------|---------------------|-------------------------------|-------------------------|

As of January 31, 2024

As of January 31, 2024

|  | Gross<br>Amortized<br>Cost | Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Estimated<br>Fair Value |
|--|----------------------------|---------------------|-------------------------------|-------------------------|
|--|----------------------------|---------------------|-------------------------------|-------------------------|

|                           |                       |           |      |      |           |
|---------------------------|-----------------------|-----------|------|------|-----------|
| Cash<br>Equivalents       | Cash<br>Equivalents   |           |      |      |           |
| Money market<br>funds     | Money market<br>funds | \$ 29,239 | \$ — | \$ — | \$ 29,239 |
| Corporate debt securities |                       | \$ 1,122  | \$ — | \$ — | 1,122     |

Money market funds

Money market funds

Total cash equivalents

Total cash equivalents

|                           |                           |        |   |   |        |
|---------------------------|---------------------------|--------|---|---|--------|
| Total cash<br>equivalents | Total cash<br>equivalents | 30,361 | — | — | 30,361 |
|---------------------------|---------------------------|--------|---|---|--------|

|                           |                           |  |  |  |  |
|---------------------------|---------------------------|--|--|--|--|
| Short-Term<br>Investments | Short-Term<br>Investments |  |  |  |  |
|---------------------------|---------------------------|--|--|--|--|

|  |  |        |   |       |        |
|--|--|--------|---|-------|--------|
| U.S.<br>government<br>treasury<br>securities | U.S.<br>government<br>treasury<br>securities | 71,981 | 1 | (729) | 71,253 |
|--|--|--------|---|-------|--------|

U.S. government treasury  
securities

U.S. government treasury  
securities

Corporate debt  
securities



|                                   |                                   |           |      |          |           |
|-----------------------------------|-----------------------------------|-----------|------|----------|-----------|
| U.S. government agency securities | U.S. government agency securities | 7,839     | 3    | (1)      | 7,841     |
| Corporate debt securities         |                                   | 11,952    | —    | (50)     | 11,902    |
| Commercial paper                  | Commercial paper                  | 31,500    | —    | —        | 31,500    |
| Asset-backed securities           | Asset-backed securities           | 5,391     | —    | (31)     | 5,360     |
| Total short-term investments      | Total short-term investments      | 128,663   | 4    | (811)    | 127,856   |
| Total                             | Total                             | \$159,024 | \$ 4 | \$ (811) | \$158,217 |

During the three and nine months ended **October 31, 2023** **April 30, 2024** and **2022, 2023**, the Company did not reclassify any amounts to earnings from accumulated other comprehensive income (loss) related to unrealized gains or losses in other income (expense), net in the condensed consolidated statements of operations.

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As of **October 31, 2023** **April 30, 2024**, the Company's short-term investments consisted of **\$107.7 million** **\$88.8 million** and **\$2.0 million** **\$19.4 million** with a contractual maturity date of less than one year and greater than one year, respectively. As of **January 31, 2023** **January 31, 2024**, the Company's short-term investments consisted of **\$122.0 million** **\$97.6 million** and **\$5.9 million** **\$14.7 million** with a contractual maturity of less than one year and greater than one year, respectively.

The Company's gross unrealized losses and fair values for short-term investments that were in an unrealized loss position as of **October 31, 2023** **April 30, 2024** and **January 31, 2023** **January 31, 2024** aggregated by investment category and the length of time that individual securities have been in a continuous loss position were as follows (in thousands):

|                                     |                                     | As of October 31, 2023 |            |            |            |                      |            |            |  |
|-------------------------------------|-------------------------------------|------------------------|------------|------------|------------|----------------------|------------|------------|--|
|                                     |                                     | 12 Months or           |            |            |            | Total                |            |            |  |
|                                     |                                     | Less Than 12 Months    |            | Greater    |            |                      |            |            |  |
|                                     |                                     | Unrealized             |            | Unrealized |            | Unrealized           |            |            |  |
|                                     |                                     | Losses                 | Fair Value | Losses     | Fair Value | Losses               | Fair Value |            |  |
|                                     |                                     | As of April 30, 2024   |            |            |            |                      |            |            |  |
|                                     |                                     | Less Than 12 Months    |            |            |            | 12 Months or Greater |            | Total      |  |
|                                     |                                     | Unrealized             |            |            |            | Unrealized           |            | Unrealized |  |
|                                     |                                     | Losses                 |            |            |            | Losses               |            | Losses     |  |
| U.S. government treasury securities | U.S. government treasury securities | \$ (49)                | \$77,681   | \$ (14)    | \$5,977    | \$ (63)              | \$ 83,658  |            |  |

|                                   |                                   |         |          |         |         |          |           |
|-----------------------------------|-----------------------------------|---------|----------|---------|---------|----------|-----------|
| U.S. government agency securities | U.S. government agency securities | (41)    | 11,936   | —       | —       | (41)     | 11,936    |
| Corporate debt securities         | Corporate debt securities         | (7)     | 5,806    | —       | —       | (7)      | 5,806     |
| Asset-backed securities           | Asset-backed securities           | —       | —        | (1)     | 465     | (1)      | 465       |
| Total                             | Total                             | \$ (97) | \$95,423 | \$ (15) | \$6,442 | \$ (112) | \$101,865 |
| Total                             | Total                             |         |          |         |         |          |           |

| As of January 31, 2023 |            |            |            |         |            |            |            |
|------------------------|------------|------------|------------|---------|------------|------------|------------|
| 12 Months or           |            |            |            |         |            |            |            |
| Less Than 12 Months    |            |            |            | Greater |            | Total      |            |
| Unrealized             |            | Unrealized |            | Fair    |            | Unrealized |            |
| Losses                 | Fair Value | Losses     | Fair Value | Losses  | Fair Value | Losses     | Fair Value |

| As of January 31, 2024 |  |  |  |  |  |  |  | As of January 31, 2024 |  |
|------------------------|--|--|--|--|--|--|--|------------------------|--|
| Less Than 12 Months    |  |  |  |  |  |  |  | Less Than 12 Months    |  |
| Unrealized             |  |  |  |  |  |  |  | 12 Months or Greater   |  |
| Losses                 |  |  |  |  |  |  |  | Total                  |  |
| Unrealized             |  |  |  |  |  |  |  | Unrealized             |  |
| Losses                 |  |  |  |  |  |  |  | Fair Value             |  |

|                                     |                                     |          |          |        |         |          |          |
|-------------------------------------|-------------------------------------|----------|----------|--------|---------|----------|----------|
| U.S. government treasury securities | U.S. government treasury securities | \$ (729) | \$64,397 | \$ —   | \$ —    | \$ (729) | \$64,397 |
| U.S. government agency securities   | U.S. government agency securities   | (1)      | 1,918    | —      | —       | (1)      | 1,918    |
| Corporate debt securities           | Corporate debt securities           | (49)     | 8,909    | (1)    | 1,999   | (50)     | 10,908   |
| Asset-backed securities             | Asset-backed securities             | (31)     | 5,359    | —      | —       | (31)     | 5,359    |
| Total                               | Total                               | \$ (810) | \$80,583 | \$ (1) | \$1,999 | \$ (811) | \$82,582 |

As of **October 31, 2023** **April 30, 2024**, the Company had **28** **19** short-term investments in an unrealized loss position. As of **January 31, 2023** **January 31, 2024**, the Company had **27** **13** short-term investments in an unrealized loss position. As of **October 31, 2023** **April 30, 2024**, the Company determined that the declines in the market value of its investment portfolio were not driven by credit related factors. During the three and nine months ended **October 31, 2023** **April 30, 2024**, there were no credit or non-credit related impairment charges recorded by the Company did not recognize any losses on its short-term investments due to credit related factors. Company.

#### 4. Fair Value Measurements

The Company accounts for certain of its financial assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting guidance establishes a three-tiered hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value as follows:

Level 1: Observable inputs, such as quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying amounts reflected on the condensed consolidated balance sheets for cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value due to the short maturities of those instruments.

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The following tables present the fair value hierarchy for the Company's assets measured at fair value on a recurring basis (in thousands):

|                                     |                                     | As of October 31, 2023 |         |           |                      |  |  |
|-------------------------------------|-------------------------------------|------------------------|---------|-----------|----------------------|--|--|
|                                     |                                     | Level 1                | Level 2 | Total     |                      |  |  |
| As of April 30, 2024                |                                     |                        |         |           | As of April 30, 2024 |  |  |
|                                     |                                     | Level 1                | Level 2 | Total     |                      |  |  |
| <b>Cash Equivalents</b>             | <b>Cash Equivalents</b>             |                        |         |           |                      |  |  |
| Money market funds                  |                                     |                        |         |           |                      |  |  |
| Money market funds                  |                                     |                        |         |           |                      |  |  |
| Money market funds                  | Money market funds                  | \$30,622               | \$ —    | \$ 30,622 |                      |  |  |
| Total cash equivalents              | Total cash equivalents              | 30,622                 | —       | 30,622    |                      |  |  |
| <b>Short-Term Investments</b>       | <b>Short-Term Investments</b>       |                        |         |           |                      |  |  |
| U.S. government treasury securities | U.S. government treasury securities | —                      | 89,513  | 89,513    |                      |  |  |
| U.S. government treasury securities |                                     |                        |         |           |                      |  |  |
| U.S. government treasury securities |                                     |                        |         |           |                      |  |  |
| Corporate debt securities           |                                     |                        |         |           |                      |  |  |
| U.S. government agency securities   | U.S. government agency securities   | —                      | 11,936  | 11,936    |                      |  |  |
| Corporate debt securities           |                                     | —                      | 5,806   | 5,806     |                      |  |  |
| Commercial paper                    | Commercial paper                    | —                      | 1,999   | 1,999     |                      |  |  |
| Asset-backed securities             |                                     | —                      | 465     | 465       |                      |  |  |
| Total short-term investments        |                                     |                        |         |           |                      |  |  |
| Total short-term investments        |                                     |                        |         |           |                      |  |  |

|                                     |                                     |          |                        |           |
|-------------------------------------|-------------------------------------|----------|------------------------|-----------|
| Total short-term investments        | Total short-term investments        | —        | 109,719                | 109,719   |
| Total                               | Total                               | \$30,622 | \$109,719              | \$140,341 |
| As of January 31, 2023              |                                     |          |                        |           |
|                                     |                                     | Level 1  | Level 2                | Total     |
| As of January 31, 2024              |                                     |          | As of January 31, 2024 |           |
|                                     |                                     | Level 1  | Level 2                | Total     |
| Cash Equivalents                    | Cash Equivalents                    |          |                        |           |
| Money market funds                  | Money market funds                  | \$29,239 | \$ —                   | \$ 29,239 |
| Corporate debt securities           |                                     | \$ —     | 1,122                  | 1,122     |
| Money market funds                  |                                     |          |                        |           |
| Money market funds                  |                                     |          |                        |           |
| Total cash equivalents              |                                     |          |                        |           |
| Total cash equivalents              |                                     |          |                        |           |
| Total cash equivalents              | Total cash equivalents              | 29,239   | 1,122                  | 30,361    |
| Short-Term Investments              | Short-Term Investments              |          |                        |           |
| U.S. government treasury securities | U.S. government treasury securities | —        | 71,253                 | 71,253    |
| U.S. government treasury securities |                                     |          |                        |           |
| U.S. government treasury securities |                                     |          |                        |           |
| Corporate debt securities           |                                     |          |                        |           |
| U.S. government agency securities   | U.S. government agency securities   | —        | 7,841                  | 7,841     |
| Corporate debt securities           |                                     | —        | 11,902                 | 11,902    |
| Commercial paper                    | Commercial paper                    | —        | 31,500                 | 31,500    |
| Asset-backed securities             | Asset-backed securities             | —        | 5,360                  | 5,360     |
| Total short-term investments        | Total short-term investments        | —        | 127,856                | 127,856   |
| Total                               | Total                               | \$29,239 | \$128,978              | \$158,217 |

The Company classifies its money market funds within Level 1 of the fair value hierarchy because they are valued based on quoted market prices in active markets. The Company classifies its U.S. government agency securities, asset-backed securities, commercial paper, U.S. government treasury securities, and corporate debt securities within Level 2 because they are valued using inputs other than quoted prices which are directly or indirectly observable in the market, including readily available pricing sources for the identical underlying security which may not be actively traded.

## 5. Balance Sheet Components

### Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

|   |   | As of<br>October<br>31,<br>2023 | As of<br>January<br>31,<br>2023 |                 |                   |
|---|---|---------------------------------|---------------------------------|-----------------|-------------------|
| As of April 30,                                 |   |                                 |                                 | As of April 30, | As of January 31, |
|   |   |                                 |                                 | 2024            | 2024              |
| Prepaid expenses                                | Prepaid expenses                                | \$3,058                         | \$4,140                         |                 |                   |
| Prepaid software                                | Prepaid software                                | 3,475                           | 2,560                           |                 |                   |
| Other current assets                            | Other current assets                            | 917                             | 1,534                           |                 |                   |
| Total prepaid expenses and other current assets | Total prepaid expenses and other current assets | <u>\$7,450</u>                  | <u>\$8,234</u>                  |                 |                   |

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### Property and Equipment, Net

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

|                                   |                                   | As of<br>October<br>31,<br>2023 | As of<br>January<br>31,<br>2023 |                 |                   |
|-----------------------------------|-----------------------------------|---------------------------------|---------------------------------|-----------------|-------------------|
| As of April 30,                   |                                   |                                 |                                 | As of April 30, | As of January 31, |
|                                   |                                   |                                 |                                 | 2024            | 2024              |
| Computer equipment                | Computer equipment                | \$ 3,753                        | \$3,586                         |                 |                   |
| Furniture and fixtures            | Furniture and fixtures            | 418                             | 342                             |                 |                   |
| Capitalized internal-use software | Capitalized internal-use software | 8,435                           | 7,884                           |                 |                   |

|  |  |          |          |
|--|--|----------|----------|
| Leasehold improvements                                     | Leasehold improvements                                     | 1,903    | 1,889    |
| Construction in progress—capitalized internal-use software | Construction in progress—capitalized internal-use software | 6,791    | 3,395    |
| Construction in progress—capitalized internal-use software |  |          |          |
| Construction in progress—capitalized internal-use software |  |          |          |
| Total gross property and equipment                         | Total gross property and equipment                         | 21,300   | 17,096   |
| Accumulated depreciation and amortization                  | Accumulated depreciation and amortization                  | (11,670) | (9,666)  |
| Total property and equipment, net                          | Total property and equipment, net                          | \$ 9,630 | \$ 7,430 |

Depreciation and amortization expense was \$0.4 million and \$0.8 million \$0.9 million for three months ended October 31, 2023 April 30, 2024 and 2022, respectively, and \$2.0 million and \$2.3 million for the nine months ended October 31, 2023 and 2022, 2023, respectively. Included in these amounts were the amortization of capitalized internal-use software development costs of \$0.3 \$0.2 million and \$0.6 million \$0.7 million in the three months ended October 31, 2023 April 30, 2024 and 2022, respectively, and \$1.5 million and \$1.6 million for the nine months ended October 31, 2023 and 2022, 2023, respectively.

#### Accrued Compensation and Benefits

Accrued compensation and benefits consisted of the following (in thousands):

|                                       |                                       | As of<br>October<br>31,<br>2023 | As of<br>January<br>31,<br>2023 |
|---------------------------------------|---------------------------------------|---------------------------------|---------------------------------|
|                                       | As of April 30,                       | As of April 30,                 | As of January 31,               |
|                                       | 2024                                  | 2024                            |                                 |
| Accrued bonus                         | Accrued bonus                         | \$4,060                         | \$ 5,944                        |
| Accrued commissions                   | Accrued commissions                   | 2,248                           | 3,593                           |
| Accrued payroll and benefits          | Accrued payroll and benefits          | 2,261                           | 1,995                           |
| Employee contributions under the ESPP | Employee contributions under the ESPP | 555                             | 1,109                           |

|   |   |         |          |
|---|---|---------|----------|
| Total accrued compensation and benefits | Total accrued compensation and benefits | \$9,124 | \$12,641 |
|---|---|---------|----------|

#### Other Accrued Expenses Liabilities

Other accrued expenses liabilities consisted of the following (in thousands):

|                                   |                                   | As of<br>October<br>31,<br>2023 | As of<br>January<br>31,<br>2023 |
|-----------------------------------|-----------------------------------|---------------------------------|---------------------------------|
| As of April 30,                   |                                   | As of April 30,                 |                                 |
|                                   |                                   | 2024                            | 2024                            |
| Accrued professional fees         | Accrued professional fees         | \$ 806                          | \$1,020                         |
| Sales and value added tax payable | Sales and value added tax payable | 202                             | 737                             |
| Income taxes payable              | Income taxes payable              | 125                             | 743                             |
| Accrued restructuring             |                                   | —                               | 1,567                           |
| Other                             | Other                             | 2,266                           | 2,009                           |
| Total other accrued expenses      |                                   | \$3,399                         | \$6,076                         |
| Other                             |                                   |                                 |                                 |
| Other                             |                                   |                                 |                                 |
| Total other accrued liabilities   |                                   |                                 |                                 |

#### 6. Deferred Revenue and Remaining Performance Obligations

The following table presents the deferred revenue balances (in thousands):

|                              |                              | As of<br>October<br>31,<br>2023 | As of<br>January<br>31,<br>2023 |
|------------------------------|------------------------------|---------------------------------|---------------------------------|
| As of April 30,              |                              | As of April 30,                 |                                 |
|                              |                              | 2024                            | 2024                            |
| Deferred revenue, current    | Deferred revenue, current    | \$71,529                        | \$71,716                        |
| Deferred revenue, noncurrent | Deferred revenue, noncurrent | 3,775                           | 3,275                           |

|                        |                        |          |          |
|------------------------|------------------------|----------|----------|
| Total deferred revenue | Total deferred revenue | \$75,304 | \$74,991 |
|------------------------|------------------------|----------|----------|

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Changes in the deferred revenue balances during the nine three months ended October 31, 2023 April 30, 2024 and 2022 2023 were as follows (in thousands):

|   |   | Nine Months Ended October 31, |          |
|---|---|-------------------------------|----------|
|   |   | 2023                          | 2022     |
| Three Months Ended April 30,  |   | Three Months Ended April 30,  |          |
|   |   | 2024                          | 2023     |
| Beginning balance   | Beginning balance   | \$74,991                      | \$71,723 |
| Performance obligations satisfied during the period that were included in the deferred revenue balance at the beginning of the year | Performance obligations satisfied during the period that were included in the deferred revenue balance at the beginning of the year | (63,887)                      | (56,768) |
| Increases due to invoicing prior to satisfaction of performance obligations   | Increases due to invoicing prior to satisfaction of performance obligations   | 64,200                        | 45,661   |
| Ending balance  | Ending balance  | \$75,304                      | \$60,616 |

Remaining performance obligations ("RPOs") represent the amount of contracted future revenue that has not yet been recognized, including both deferred revenue and non-cancelable contracted amounts that will be invoiced and recognized as revenue in future periods.

As of October 31, 2023 April 30, 2024, the Company's RPOs were \$164.4 million \$220.0 million. The Company expects to recognize revenue of \$111.8 million \$137.0 million of these remaining performance obligations over the next twelve months with the remaining balances recognized thereafter.

## 7. Debt

**Interest expense consisting primarily of unused Credit Facility (as defined below) fees was immaterial for the three Loan and nine months ended October 31, 2023 and 2022. Security Agreement**

Term Loan



In August 2018, On February 7, 2024, the Company entered into an a loan and security agreement with MUFG Bank, Ltd., as lender, for a term three-year senior secured revolving loan with a certain lender, which was amended in April 2019 and in June 2020 (the "Amended Loan"). The Amended Loan provided maximum borrowings facility of up to \$25.0 million, maturing in June 2024. In January 2021, the Company repaid all outstanding indebtedness owed pursuant \$25.0 million, including a letter of credit sublimit of up to the Amended Loan \$5.0 million, with an original maturity date on February 7, 2027 and terminated the agreement. Pursuant a uncommitted accordion feature that provides up to the termination \$25.0 million of the Amended Loan, the related security interests have been removed and the covenants shall be of no further force and effect.

In connection with the April 2019 amendment, the Company issued warrants to purchase 105,350 shares of the Company's common stock at \$7.48 per share, exercisable over 10 years. The fair value of the warrants was recorded to equity and as a debt discount that was amortized to interest over the term of the loan. The total fair value of the common stock warrants was \$0.4 million. As of October 31, 2023, all warrants were outstanding and exercisable.

### **Credit Facility**

In January 2021, the Company entered into an Amended and Restated Loan and Security Agreement with Silicon Valley Bank additional borrowing capacity (the "Credit Facility") providing. Borrowings under the Credit Facility accrue interest at a floating per annum rate based on secured overnight financing rate ("SOFR"), plus 3.0% for the applicable interest rate period. Accrued interest on the Credit Facility will be paid at the end of the applicable interest rate period, but at least every three months. The Company the ability is also obligated to borrow up to \$40.0 million from a pay other customary fees and expenses, including an unused revolving line facility fee of credit and extending the maturity date to January 2024. Upon the execution 0.25% per annum of the amended average daily unused portion of the Credit Facility.

Under the Credit Facility, the Company borrowed \$25.0 million from the line of credit, which was repaid in full during the fiscal year ended January 31, 2022.

The line of credit was secured with a pledge on substantially all the assets of the Company, except any intellectual property and was is subject to a minimum revenue covenant. consolidated adjusted EBITDA covenant, tested quarterly. The amendment Credit Facility also added certain financial covenants, including covenants related to certain financial metrics, that if not met, would limit the amount of additional borrowings under the line of credit. The amended line of credit agreement also required the company to maintain an adjusted quick ratio (as defined by the agreement) of at least 1.15 to 1.0. The line of credit agreement also contained contains certain customary affirmative and negative covenants as well as customary events of default, subject to certain exceptions, including restrictions on the Company's ability of the Company and its subsidiaries to, among other things, incur debt, and grant liens, maintain collateral accounts, undergo fundamental make acquisitions, suffer changes including mergers or consolidations, dispose assets including selling, transferring or assigning assets, pay in control, make investments, make certain dividends or distributions, repurchase or redeem stock, dispose of or transfer assets, and enter into transactions with affiliates, in each case, subject to customary and other distributions or make or permit payments on any subordinated debt. The agreed limitations and exceptions. To date, the Company has an outstanding principal balance was due at maturity with interest payable monthly. The line letter of credit bore of \$0.5 million against the \$5.0 million sublimit in connection with a variable annual interest rate of the prime rate plus 0.5%. lease arrangement.

The Company was required to pay a fee equal to 0.25% per annum on the unused portion of the line of credit. The Company was also subject to a termination fee ranging from 0.5% to 1.0% of the line of credit if the Company terminates the agreement prior to the maturity date.

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On March 14, 2023, Silicon Valley Bridge Bank, N.A. announced that it had assumed the obligations and commitments of former Silicon Valley Bank, including the line of credit, and later became a division of First-Citizens Bank & Trust Company. The agreements that governed the former Silicon Valley Bank relationship remained in place. There were no changes to the terms of the Credit Facility and the Company had full access to its cash balances.

On June 5, 2023, the Company terminated the Credit Facility pursuant to Section 12.1 thereof. Any termination fee owed by the Company as required by Section 2.5(c) thereof has been waived by Silicon Valley Bank. At the time of termination, no borrowings were did not have any debt outstanding under the Credit Facility. Concurrently Facility as of April 30, 2024 and was in compliance with the termination of financial covenants associated with the Credit Facility all liens securing the Company's obligations under the Credit Facility were released. as of April 30, 2024.

### **8.8. Leases**

The Company leases facilities under non-cancelable operating leases, primarily for rent of office space. The Company's leases have various expiration dates through November 2027, some of which include options to extend the leases for up to three years. The Company does not have any finance leases.

Operating The components of lease costs were \$0.8 million for both the three months ended October 31, 2023 and 2022, and \$2.3 million and \$2.2 million for the nine months ended October 31, 2023 and 2022, respectively. Variable lease costs were \$0.2 million during both the three months ended October 31, 2023 and 2022, and \$0.5 million and \$0.6 million during the nine months ended October 31, 2023 and 2022, respectively, as follows (in thousands):

|                       | Three Months Ended April 30, |        |
|-----------------------|------------------------------|--------|
|                       | 2024                         | 2023   |
| Operating lease costs | \$ 765                       | \$ 772 |
| Variable lease costs  | \$ 157                       | \$ 146 |

Short-term lease costs were immaterial during the three and nine months ended October 31, 2023 April 30, 2024 and 2022, 2023.

The following table presents supplemental cash flow information related to leases: leases (in thousands):

|   | Nine Months Ended October 31, |          |
|---|-------------------------------|----------|
|   | 2023                          | 2022     |
| Cash paid for amounts included in the measurement of lease liabilities: |                               |          |
| Operating cash outflows from operating leases                           | \$ 2,535                      | \$ 2,345 |
| Right-of-use assets obtained in exchange for lease obligations:         |                               |          |
| Operating leases  | \$ 475                        | \$ 2,205 |

|   | Three Months Ended April 30, |        |
|---|------------------------------|--------|
|   | 2024                         | 2023   |
| Cash paid for amounts included in the measurement of lease liabilities: |                              |        |
| Operating cash outflows from operating leases                           | \$ 843                       | \$ 823 |
| Right-of-use assets obtained in exchange for lease obligations:         |                              |        |
| Operating leases  | \$ —                         | \$ —   |

The following table presents supplemental balance sheet information related to operating leases (in thousands, except for lease term and discount rate):

|   |   | October<br>31, 2023 | January<br>31, 2023 |                |                  |
|---|---|---------------------|---------------------|----------------|------------------|
| April 30, 2024                          |   |                     |                     | April 30, 2024 | January 31, 2024 |
| Operating lease right-of-use assets     | Operating lease right-of-use assets     | \$5,259             | \$6,940             |                |                  |
| Operating lease liabilities             | Operating lease liabilities             | \$2,980             | \$3,117             |                |                  |
| Operating lease liabilities, noncurrent | Operating lease liabilities, noncurrent | 2,742               | 4,543               |                |                  |

|                                       |                                       |           |           |                                       |           |           |
|---------------------------------------|---------------------------------------|-----------|-----------|---------------------------------------|-----------|-----------|
| Total operating lease liabilities     | Total operating lease liabilities     | \$5,722   | \$7,660   |                                       |           |           |
| Weighted-average remaining lease term | Weighted-average remaining lease term | 2.2 years | 2.7 years | Weighted-average remaining lease term | 1.8 years | 2.0 years |
| Weighted-average discount rate        | Weighted-average discount rate        | 4.2 %     | 3.8 %     | Weighted-average discount rate        | 4.4 %     | 4.4 %     |

As of **October 31, 2023** **April 30, 2024**, remaining maturities of operating lease liabilities were as follows (in thousands):

| Period                     | Period                 | Operating Leases | Period                     | Operating Leases |
|----------------------------|------------------------|------------------|----------------------------|------------------|
| Remaining for Fiscal 2024  | \$                     | 830              |                            |                  |
| Fiscal 2025                |                        | 3,160            |                            |                  |
| Remaining for Fiscal 2025  |                        |                  | Remaining for Fiscal 2025  | \$ 2,514         |
| Fiscal 2026                | Fiscal 2026            | 1,316            | Fiscal 2026                | 1,481            |
| Fiscal 2027                | Fiscal 2027            | 436              | Fiscal 2027                | 437              |
| Fiscal 2028 and thereafter |                        | 247              |                            |                  |
| Fiscal 2028                |                        |                  | Fiscal 2028                | 245              |
| Fiscal 2029 and thereafter |                        |                  | Fiscal 2029 and thereafter | —                |
| Total lease payments       | Total lease payments   | 5,989            | Total lease payments       | 4,677            |
| Less: imputed interest     | Less: imputed interest | (267)            | Less: imputed interest     | (183)            |
| Total                      | Total                  | \$ 5,722         | Total                      | \$ 4,494         |

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## 9. Commitments and Contingencies

### Other Contractual Commitments

Other contractual commitments relate to third-party cloud infrastructure agreements and subscription arrangements.

There were no material contractual commitments that were entered into during the **nine** three months ended **October 31, 2023** **April 30, 2024** that were outside the ordinary course of business.

### Legal Matters

From time to time, the Company may be a party to various legal matters, threatened claims, or proceedings in the normal course of business. Legal fees and other costs associated with such actions are expensed as incurred. The Company assesses, in conjunction with its legal counsel, the need to record a liability for litigation and contingencies. Legal accruals are recorded when and if it is determined that a loss related to a certain matter is both probable and reasonably estimable. The Company is not currently a party to any legal proceedings that, if determined adversely to it, would, in management's opinion, have a material and adverse effect on the Company's financial condition, results of operations, or cash flows.

## Indemnification Agreements

In the ordinary course of business, the Company enters into agreements of varying scope and terms pursuant to which the Company agrees to indemnify customers, vendors, lessors and other business partners with respect to certain matters, including, but not limited to, losses arising out of the breach of such agreements, services to be provided by the Company or from intellectual property infringement claims made by third parties. Additionally, the Company entered into indemnification agreements with the Company's directors and officers that require the Company, among other things, to indemnify them against certain liabilities that may arise **by reason of from their status services as a director or service executive officer in any capacity as directors** the Company's director, trustee, general partner, managing member, officer, employee, agent or **officers, fiduciary or with respect to any employee benefit plans**. The Company has not incurred material costs to defend lawsuits or settle claims related to these indemnification agreements nor are we aware of any such claims that could reasonably be expected to incur material costs.

## 10. Stockholders' Equity and Employee Incentive Plans

### Redeemable Convertible Preferred Stock

As of **October 31, 2023** **April 30, 2024**, there were no shares of redeemable convertible preferred stock issued and outstanding.

The Company's Amended and Restated Certificate of Incorporation authorizes the issuance of 200,000,000 shares of undesignated preferred stock with a par value of \$0.00001 per share with rights and preferences, including voting rights, designated from time to time by the board of directors.

### Common Stock

The Company's Amended and Restated Certificate of Incorporation authorized the Company to issue 1,000,000,000 shares of common stock at a par value of \$0.00001 as of **October 31, 2023** **April 30, 2024** and **January 31, 2023** **January 31, 2024**.

Each share of common stock is entitled to one vote. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when and if declared by the board of directors, subject to the prior rights of holders of all classes of stock outstanding. As of **October 31, 2023** **April 30, 2024** and **January 31, 2023** **January 31, 2024**, no dividends had been declared.

As of **October 31, 2023** **April 30, 2024**, the Company has reserved common stock for future issuance as follows:

|  | Number of Shares  |            |
|--|-------------------|------------|
| Stock options outstanding                                    | <b>6,477,939</b>  | 5,465,173  |
| Restricted stock units issued and outstanding                | <b>5,479,990</b>  | 5,930,054  |
| Remaining shares available for issuance under the 2021 Plan  | <b>2,531,482</b>  | 3,565,156  |
| Shares available for issuance under the 2023 Inducement Plan | <b>1,014,013</b>  | 955,779    |
| ESPP   | <b>1,239,636</b>  | 1,606,656  |
| Common stock warrants  |                   | 105,350    |
| Total  | <b>16,848,410</b> | 17,628,168 |

## Common Stock Warrants

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### Stock Plans

The **In April, 2019**, the Company has four equity incentive plans: the 2008 Equity Incentive Plan (the "2008 Plan"), 2018 Equity Incentive Plan (the "2018 Plan"), 2021 Equity Incentive Plan (the "2021 Plan") and 2023 Inducement Equity Incentive Plan (the "2023 Inducement Plan"), collectively (the "Stock Plans"). **In issued warrants in connection with the Company's IPO in July 2021**, the 2008 Plan and the 2018 Plan were terminated and replaced by the 2021 Plan and all shares that remained available for issuance under the 2018 Plan at that time were reserved for issuance under the 2021 Plan. The number of shares of common stock available for issuance under the 2021 Plan will be increased by any shares of

common stock subject to awards outstanding under the 2008 Plan and the 2018 Plan that expire or otherwise terminate without having been exercised or issued in full, are tendered to or withheld by the Company for payment of an exercise price or for satisfying tax withholding obligations or are forfeited to or repurchased by the Company due to failure to vest.

The Company has issued stock options to employees, directors, consultants and advisors pursuant to the 2018 Plan and restricted stock units ("RSUs") under the 2021 Plan.

Equity awards permitted under the 2021 Plan may be stock options, stock appreciation rights, restricted stock, restricted stock units, performance units and performance shares. Stock option grants may be either Incentive Stock Options ("ISO") or Non-Qualified Stock Options ("NSO"). ISO may be granted only to Company employees (including officers and directors who are also employees). NSOs may be granted to Company employees, consultants, and nonemployee directors. Employee stock options are granted a term loan agreement with an exercise price no less than the fair value of the underlying common stock on the grant date. Options granted under the 2021 Plan expire ten years from the date of grant and generally vest over four years at a rate of 25% upon the first anniversary of the issuance date and 1/48 per month thereafter.

As of October 31, 2023, there were 2.5 million shares available for grant under the 2021 Plan. The 2021 Plan provides that the number of shares reserved will automatically increase on the first day of each fiscal year, beginning on February 1, 2022, by an amount equal to the least of (i) 4,120,000 shares, (ii) five-percent (5%) of the outstanding shares of our common stock on the last day of the immediately preceding fiscal year, or (iii) such number of shares determined by the administrator of the 2021 Plan no later than the last day of the immediately preceding Fiscal Year.

During the fiscal year ended January 31, 2023, the Company adopted the 2023 Inducement Equity Incentive Plan (the "2023 Inducement Plan"), pursuant to which the Company reserved 1,300,000 shares of its common stock to be used exclusively for grants of awards to individuals who were not previously employees or directors of the Company, as an inducement material to the individual's entry into employment with the Company within the meaning of Rule 5635(c)(4) of the Nasdaq Listing Rules. The maximum number of shares of our common stock that may be issued under the 2023 Inducement Plan will not exceed 1,300,000 shares. The 2023 Inducement Plan was approved by the Company's Board of Directors without stockholder approval in accordance with such rule. As of October 31, 2023, there were 1.0 million shares available for grant under the 2023 Inducement Plan.

Employee Stock Purchase Plan

In July 2021, the Company established an Employee Stock Purchase Plan ("ESPP") in which eligible employees may contribute up to 15% of their base compensation certain lender to purchase 105,350 shares of common stock at a price equal to 85% of the lower of (1) the fair market value of a share of the Company's common stock at the beginning of the offering period and (2) the fair market value of a \$7.48 per share, of the Company's common stock on the purchase date. Participants are permitted to purchase a maximum of shares during each offering period and, initially, no participant may purchase more than 1,000 shares during any offering period. Starting with the offering period beginning September 21, 2023, participants may purchase up to 1,500 shares during any offering period.

Except for the initial offering period, the ESPP provides for 24-month offering periods beginning March 21 and September 21 of each year, and each offering period will consist of four six-month purchase periods. The initial offering period began on July 22, 2021 and ended on September 20, 2023. The initial offering period consisted of four purchase periods with the first purchase date on March 21, 2022, and the final purchase period ending on September 20, 2023.

The Company recognized stock-based compensation expense related to the ESPP of \$0.4 million during both the three months ended October 31, 2023 and 2022, and \$1.0 million and \$1.7 million during the nine months ended October 31, 2023 and 2022, respectively. exercisable over 10 years. As of October 31, 2023 April 30, 2024, accrued ESPP employee payroll contributions of \$0.6 million are included within accrued compensation all warrants were outstanding and benefits in the consolidated balance sheet. ESPP payroll contributions used to purchase shares are reclassified to stockholders' equity on the purchase date. As of October 31, 2023, \$2.1 million of unrecognized stock-based compensation expense related to the ESPP is expected to be recognized over a weighted-average vesting period of 1.0 year.

During the nine months ended October 31, 2023, 168,843 shares of common stock were issued under the ESPP. exercisable.

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Stock Options

The following table summarizes stock option activity under the Stock Plans for the nine three months ended October 31, 2023 April 30, 2024 (aggregate intrinsic value in thousands):

| Options Outstanding | Weighted-Average | Aggregate Intrinsic |
|---------------------|------------------|---------------------|
|---------------------|------------------|---------------------|

|  | Number of<br>Options | Weighted-<br>Average<br>Exercise<br>Price | Contractual<br>Term | Value     |
|--|----------------------|---|---------------------|-----------|
| <b>Balances as of January 31, 2023</b>                     | 7,819,480            | \$ 9.78                                   | 5.21                | \$ 51,606 |
| Options exercised  | (1,174,523)          | \$ 6.26                                   |                     |           |
| Options granted  | —                    | \$ —                                      |                     |           |
| Options cancelled  | (167,018)            | \$ 19.51                                  |                     |           |
| <b>Balances as of October 31, 2023</b>                     | <u>6,477,939</u>     | \$ 10.16                                  | 4.92                | \$ 45,231 |
| Options vested and expected to vest as of October 31, 2023 | 6,477,939            | \$ 10.16                                  | 4.92                | \$ 45,231 |
| Options vested and exercisable as of October 31, 2023      | 5,848,451            | \$ 9.16                                   | 4.67                | \$ 44,239 |

|  | Options Outstanding  |   |   |                                 |
|--|----------------------|---|---|---------------------------------|
|  | Number of<br>Options | Weighted-<br>Average<br>Exercise<br>Price | Weighted-<br>Average<br>Contractual<br>Term | Aggregate<br>Intrinsic<br>Value |
| <b>Balances as of January 31, 2024</b>                   | 5,889,938            | \$ 10.38                                  | 4.84  | \$ 86,742                       |
| Options exercised  | (406,055)            | \$ 8.11                                   |   |                                 |
| Options cancelled  | (18,710)             | \$ 24.78                                  |   |                                 |
| <b>Balances as of April 30, 2024</b>                     | <u>5,465,173</u>     | \$ 10.50                                  | 4.55  | \$ 75,355                       |
| Options vested and expected to vest as of April 30, 2024 | 5,465,173            | \$ 10.50                                  | 4.55  | \$ 75,355                       |
| Options vested and exercisable as of April 30, 2024      | 5,152,472            | \$ 9.80                                   | 4.41  | \$ 74,479                       |

No stock options were granted during the **nine** **three** months ended **October 31, 2023** **April 30, 2024** and **2022**, **2023**.

The aggregate intrinsic value of options exercised during the three months ended **October 31, 2023** **April 30, 2024** and **2022** **2023** was **\$4.7 million** **\$8.1 million** and **\$0.7 million** **\$4.2 million**, respectively, and \$13.4 million and \$8.4 million during the nine months ended **October 31, 2023** and **2022**, respectively. Aggregate intrinsic value represents the difference between the exercise price of the options and the estimated fair value of the Company's common stock.

The Company recognized stock-based compensation expense related to stock options of **\$0.8 million** **\$0.9 million** and **\$3.2 million** **\$1.2 million** during the three **and nine** months ended **October 31, 2023**, **April 30, 2024** and **2023**, respectively.

As of **October 31, 2023** **April 30, 2024**, there was **\$4.7 million** **\$2.6 million** of unrecognized stock-based compensation expense related to unvested stock options, which is expected to be recognized over a weighted-average period of **1.1** **0.8** years.

#### Service-Based RSUs

During the year ended January 31, 2022, the Company began granting RSUs to its **employees**. RSUs granted **had** **employees which have** service-based vesting conditions. The service-based vesting condition for these awards is generally satisfied by rendering continuous service over two to four years, depending on the award, during which time the grants will vest **quarterly**. **either quarterly or after a one-year cliff with quarterly vesting thereafter**.

The following table is a summary of service-based RSU activity for the **nine** **three** months ended **October 31, 2023** **April 30, 2024**:

| RSUs Outstanding |
|------------------|
|                  |

|                  |             | Weighted<br>Average<br>Grant<br>Date Fair<br>Value Per<br>Share |
|------------------|-------------|---|
| Balances as of   |             |   |
| January 31, 2023 | 3,442,982   | \$ 18.39  |
| RSUs Outstanding |             | RSUs Outstanding  |
|                  |             | Number of RSUs  |
|                  |             | Weighted Average Grant Date Fair Value Per Share                |
| Balances as of   |             |   |
| January 31, 2024 |             |   |
| RSUs granted     | 2,792,129   | \$ 16.57  |
| RSUs vested      | (1,279,832) | \$ 17.93  |
| RSUs forfeited   | (513,289)   | \$ 17.66  |
| Balances as of   |             |   |
| October 31, 2023 | 4,441,990   | \$ 17.46  |
| Balances as of   |             |   |
| April 30, 2024   |             |   |

The aggregate fair value of the RSU awards granted was \$2.7 million, \$47.9 million and \$4.9 million, \$39.3 million during the three months ended October 31, 2023, April 30, 2024 and 2022, respectively, and \$46.3 million and \$69.2 million during the nine months ended October 31, 2023 and 2022, 2023, respectively. This represents the fair value of the common stock on the date the service-based vesting awards were granted.

We recognized \$8.6 million, \$11.6 million and \$4.3 million, \$6.8 million in stock-based compensation expense related to service vesting-based RSUs during the three months ended October 31, 2023, April 30, 2024 and 2022, respectively, and \$24.0 million and \$10.7 million during the nine months ended October 31, 2023 and 2022, 2023, respectively. As of October 31, 2023, April 30, 2024, there was \$69.5 million, \$93.6 million of unrecognized compensation expense related to service-based RSUs expected to be recognized over a weighted-average vesting period of 2.2, 1.8 years.

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## Performance-based and Market-based Awards

### Modification of Market-Based Awards

On March 20, 2023, the Board of Directors approved a modification of the Company's 1,060,000 outstanding Market-based RSUs granted to certain executive officers and members of senior management. This resulted in 840,000 of the awards modified to performance-based vesting and the other 220,000 remained market-based vesting with modified stock price targets and requisite service periods.

### Performance-based Awards

The 840,000 awards granted to certain executive officers were modified from market-based vesting conditions to performance-based vesting conditions and will vest based on the Company achieving certain financial metrics over revised service periods. For the portion of the awards where the expectation of the achievement of performance conditions remained probable prior to and post modification, the Company accounted for this change as a Type I modification under ASC 718, Compensation—Stock Compensation. For the portion of the awards where the expectation of the achievement of performance conditions changed from probable prior to the modification to improbable post-modification, the Company accounted for



this change as a Type II modification. The Company recognizes expense for performance-based RSUs ("PSUs") over the requisite service period based on management's expectation of the number of PSUs expected to vest. For any change in the expectation of the number of PSUs that are probable of vesting, the Company will cumulatively adjust compensation expense in the period that the change in estimate is made. The incremental stock-based compensation expense related to these modified awards was \$6.0 million.

During the nine months ended October 31, 2023, the Company granted 70,000 PSUs to an executive officer pursuant to the 2021 Plan with vesting conditions identical to the modified awards discussed above. The grant date fair value of the award was \$0.7 million.

We recognized a total of \$1.6 million \$1.3 million and \$4.0 million \$0.7 million in stock-based compensation expense related to PSUs during the three and nine months ended October 31, 2023, April 30, 2024 and 2023, respectively. As of October 31, 2023 April 30, 2024, there were 840,000 awards outstanding and a total of \$5.9 million \$4.7 million of unrecognized compensation expense related to PSUs expected to be recognized over an average vesting period of 1.1 1.4 years.

Market-based Awards

The 220,000 awards granted to certain members Company recognized a total of senior management were modified to revise the 60-trading day stock price target of the Company's common stock \$0.3 million and the requisite service periods. The incremental \$0.2 million in stock-based compensation expense related to these modified market-based awards was not material. during the three months ended April 30, 2024 and 2023, respectively. There were 79,200 awards vested during the three months ended April 30, 2024. As of October 31, 2023 April 30, 2024, there were 198,000 105,600 awards outstanding and a total of \$1.3 million \$0.5 million of unrecognized compensation expense related to market-based RSUs expected to be recognized over an average vesting period of 1.1 0.9 years.

Determination of Fair Value

The Company estimates the fair value of stock options and purchase rights issued to employees under the ESPP using the Black-Scholes option-pricing model, which is dependent upon several variables, such as the fair value of the Company's common stock, the expected option term, expected volatility of the Company's stock price over the expected term, expected risk-free interest rate over the expected option term, and expected dividend yield.

Expected term—The expected term represents the weighted-average period the stock options are expected to remain outstanding and is calculated using the simplified method, as the Company did not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior. The simplified method calculates the expected term as the midpoint between the vesting date and the contractual expiration date of the option.

Expected volatility—The expected stock price volatility assumption was determined by examining the historical volatilities for industry peers, as the Company does not have sufficient trading history for the Company's common stock.

Risk-free interest rate—The risk-free rate assumption is based on the U.S. Treasury instruments whose term was consistent with the expected term of the Company's awards.

Dividend yield—The expected dividend assumption is based on the Company's history and expectation of dividend payouts.

Fair value of underlying common stock— Prior to the Company's IPO, the fair value was determined by the Board of Directors with input from management and contemporaneous independent third-party valuations. Subsequent to

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the IPO, the fair value of the Company's common stock is based on the daily average selling price on the Nasdaq Global Select Market.

No stock options were granted during the three and nine months ended October 31, 2023 or 2022.

The fair value of employee stock purchase rights for the offering period under the 2021 ESPP was determined on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

| Nine Months Ended October 31, |      |
|-------------------------------|------|
| 2023                          | 2022 |
| Three Months Ended April 30,  |      |
| Three Months Ended April 30,  |      |
| Three Months Ended April 30,  |      |
| 2024                          |      |



|                               |                               | 2024 |   |      |
|-------------------------------|-------------------------------|------|---|------|
|                               |                               | 2024 |   |      |
| Employee Stock Purchase Plan: |                               |      |   |      |
| Employee Stock Purchase Plan: |                               |      |   |      |
| Employee Stock Purchase Plan: | Employee Stock Purchase Plan: |      |   |      |
| Expected term (in years)      | Expected term (in years)      | 1.0  |   | 0.9  |
| Expected term (in years)      |                               |      |   |      |
| Expected term (in years)      |                               |      |   |      |
| Expected volatility           |                               |      |   |      |
| Expected volatility           |                               |      |   |      |
| Expected volatility           | Expected volatility           | 62.9 | % | 63.0 |
| Risk-free interest rate       | Risk-free interest rate       | 5.3  | % | 2.8  |
| Risk-free interest rate       |                               |      |   |      |
| Risk-free interest rate       |                               |      |   |      |
| Dividend yield                | Dividend yield                | —    |   | —    |
| Dividend yield                |                               |      |   |      |
| Dividend yield                |                               |      |   |      |

The Company recognized stock-based compensation expense related to the ESPP of \$0.6 million and \$0.3 million during the three months ended April 30, 2024 and 2023, respectively. As of April 30, 2024, \$2.4 million of unrecognized stock-based compensation expense related to the ESPP is expected to be recognized over a weighted-average vesting period of 1.0 year.

During the three months ended April 30, 2024, 123,778 shares of common stock were issued under the ESPP.

Stock-Based Compensation

Stock-based compensation expense, net of amounts capitalized was as follows (in thousands):

|                              |                              | Three Months Ended October 31, |        | Nine Months Ended October 31, |        |
|------------------------------|------------------------------|--------------------------------|--------|-------------------------------|--------|
|                              |                              | 2023                           | 2022   | 2023                          | 2022   |
|                              |                              | Three Months Ended April 30,   |        |                               |        |
|                              |                              | Three Months Ended April 30,   |        |                               |        |
| 2024                         |                              |                                |        |                               |        |
| 2024                         |                              |                                |        |                               |        |
| Cost of revenue—subscription |                              |                                |        |                               |        |
| Cost of revenue—subscription |                              |                                |        |                               |        |
| Cost of revenue—subscription | Cost of revenue—subscription | \$ 130                         | \$ 128 | \$ 559                        | \$ 391 |
| Cost of revenue—services     | Cost of revenue—services     | 119                            | 106    | 413                           | 317    |
| Cost of revenue—services     |                              |                                |        |                               |        |
| Cost of revenue—services     |                              |                                |        |                               |        |
| Research and development     |                              |                                |        |                               |        |
| Research and development     |                              |                                |        |                               |        |
| Research and development     | Research and development     | 3,116                          | 1,905  | 9,498                         | 5,891  |

|  |  |           |          |           |           |
|--|--|-----------|----------|-----------|-----------|
| Sales and marketing                    | Sales and marketing                    | 4,188     | 2,413    | 11,461    | 6,863     |
| Sales and marketing                    |  |           |          |           |           |
| Sales and marketing                    |  |           |          |           |           |
| General and administrative             |  |           |          |           |           |
| General and administrative             |  |           |          |           |           |
| General and administrative             | General and administrative             | 4,202     | 2,201    | 11,216    | 5,468     |
| Restructuring                          | Restructuring                          | —         | —        | 1         | —         |
| Restructuring                          |  |           |          |           |           |
| Restructuring                          |  |           |          |           |           |
| Total stock-based compensation expense | Total stock-based compensation expense | \$ 11,755 | \$ 6,753 | \$ 33,148 | \$ 18,930 |
| Total stock-based compensation expense |  |           |          |           |           |
| Total stock-based compensation expense |  |           |          |           |           |

## 11. Income Taxes

Accounting for income taxes for interim periods generally requires the provision for income taxes to be determined by applying an estimate of the annual effective tax rate for the full fiscal year to income or loss before income taxes, adjusted for discrete items, if any, for the reporting period. The Company updates its estimate of the annual effective tax rate each quarter and records a cumulative adjustment in such period.

The Company recorded an immaterial amount of income tax expense for the three months ended **October 31, 2023**, **April 30, 2024** and **\$0.4 million**, **\$0.8 million** for the three months ended **October 31, 2022**, **April 30, 2023**, and **\$0.8 million** and **\$1.0 million** for the nine months ended **October 31, 2023** and **2022**, respectively. Income tax expense consists primarily of income taxes in foreign jurisdictions in which the Company conducts business. Due to the Company's history of losses in the **United States, U.S.**, a full valuation allowance on the Company's domestic deferred tax assets, including net operating loss carryforwards, research and development tax credits, capitalized research and development, and other book versus tax differences was maintained. The Company has deferred tax attributes for stock-based compensation and fixed assets in the United Kingdom, and has not recorded a valuation allowance on the deferred tax attributes as of **October 31, 2023**, **April 30, 2024**. The Company will continue to evaluate for any future developments.

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## 12. Restructuring

During the fiscal year ended January 31, 2023, the Company initiated a restructuring plan to improve operational efficiency. This resulted in severance and related costs and stock-based compensation related to modifications of vested awards granted to certain employees impacted by the restructuring plan. As of October 31, 2023, the restructuring plan is complete.

Restructuring expense was as follows (in thousands):

|                                      | Nine Months Ended<br>October 31, 2023 |
|--------------------------------------|---------------------------------------|
| Employee severance and related costs | \$ 45                                 |
| Stock-based compensation             | 1                                     |
| Total restructuring charges          | \$ 46                                 |

**Accrued Restructuring**

Restructuring liabilities are reported within accrued expenses in the condensed consolidated balance sheets. An immaterial amount was paid during the year ended January 31, 2023. The activity in our restructuring liabilities for the nine months ended October 31, 2023 is as follows (in thousands):

|                                       | Total    |
|---------------------------------------|----------|
| Balance as of January 31, 2023        | \$ 1,567 |
| Restructuring charges and adjustments | 45       |
| Payments                              | (1,612)  |
| Balance as of October 31, 2023        | \$ —     |

### 13. Geographic Information

The following table depicts the disaggregation of revenue by geographic area based on the billing address of the customer customers (in thousands):

|                              |               | Three Months Ended October 31, |           | Nine Months Ended October 31, |            |
|------------------------------|---------------|--------------------------------|-----------|-------------------------------|------------|
|                              |               | 2023                           | 2022      | 2023                          | 2022       |
| Three Months Ended April 30, |               |                                |           |                               |            |
| Three Months Ended April 30, |               |                                |           |                               |            |
| 2024                         |               |                                |           |                               |            |
| 2024                         |               |                                |           |                               |            |
| United States                |               |                                |           |                               |            |
| United States                |               |                                |           |                               |            |
| United States                | United States | \$ 29,796                      | \$ 24,443 | \$ 82,848                     | \$ 69,585  |
| International                | International | 16,017                         | 14,114    | 47,100                        | 43,616     |
| International                |               |                                |           |                               |            |
| International                |               |                                |           |                               |            |
| Total                        | Total         | \$ 45,813                      | \$ 38,557 | \$ 129,948                    | \$ 113,201 |
| Total                        |               |                                |           |                               |            |
| Total                        |               |                                |           |                               |            |

No individual foreign country contributed 10% or more of total revenue for the three and nine months ended October 31, 2023 April 30, 2024 and 2022, 2023.

As of October 31, 2023 April 30, 2024 and January 31, 2023 January 31, 2024, the majority of the Company's long-lived assets, including operating lease ROU assets, were located in the United States.

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### 14.13. Net Loss per Share

Basic net loss per share attributable to the Company's common stockholders is computed by dividing the net loss attributable to the Company's common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is the same as basic net loss per share for all years presented because the effects of potentially dilutive items were anti-dilutive given the Company's net loss position in each period presented.

The following table presents the calculation of basic and diluted net loss per share attributable to common stockholders (in thousands, except per share data):

|                              |  | Three Months Ended October 31, |      | Nine Months Ended October 31, |      |
|------------------------------|--|--------------------------------|------|-------------------------------|------|
|                              |  | 2023                           | 2022 | 2023                          | 2022 |
| Three Months Ended April 30, |  |                                |      |                               |      |

|   |   | Three Months Ended April 30, |             |             |             |
|---|---|------------------------------|-------------|-------------|-------------|
| 2024  |   |                              |             |             |             |
| 2024  |   |                              |             |             |             |
| Numerator   | Numerator   |                              |             |             |             |
| Numerator   |   |                              |             |             |             |
| Numerator   |   |                              |             |             |             |
| Net loss  |   |                              |             |             |             |
| Net loss  |   |                              |             |             |             |
| Net loss  | Net loss  | \$ (16,255)                  | \$ (16,677) | \$ (58,781) | \$ (51,880) |
| Denominator   | Denominator   |                              |             |             |             |
| Denominator   |   |                              |             |             |             |
| Denominator   |   |                              |             |             |             |
| Weighted-average shares used in computing net loss per share, basic and diluted |   |                              |             |             |             |
| Weighted-average shares used in computing net loss per share, basic and diluted |   |                              |             |             |             |
| Weighted-average shares used in computing net loss per share, basic and diluted | Weighted-average shares used in computing net loss per share, basic and diluted | 47,586                       | 44,932      | 46,724      | 44,619      |
| Net loss per share, basic and diluted   | Net loss per share, basic and diluted   | \$ (0.34)                    | \$ (0.37)   | \$ (1.26)   | \$ (1.16)   |
| Net loss per share, basic and diluted   |   |                              |             |             |             |
| Net loss per share, basic and diluted   |   |                              |             |             |             |

The following potentially dilutive securities were excluded from the computation of diluted net loss per share for the periods presented because the impact of including them would have been anti-dilutive (in thousands):

|   |   | As of October 31, |       |
|---|---|-------------------|-------|
|   |   | 2023              | 2022  |
| As of April 30,                               |   | As of April 30,   |       |
|   |   | 2024              | 2023  |
| Stock options                                 | Stock options                                 | 6,478             | 8,093 |
| RSUs  | RSUs  | 5,438             | 4,290 |
| Employee stock purchase rights under the ESPP | Employee stock purchase rights under the ESPP | 163               | 150   |

|                       |                       |        |        |
|-----------------------|-----------------------|--------|--------|
| Common stock warrants | Common stock warrants | 105    | 105    |
| Total                 | Total                 | 12,184 | 12,638 |
| Total                 |                       |        |        |
| Total                 |                       |        |        |

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Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the sections titled “Special Note Regarding Forward-Looking Statements” and “Risk Factors” for a discussion of forward-looking statements and important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. The last day of our fiscal year is January 31. Our fiscal quarters end on April 30, July 31, October 31 and January 31. Our fiscal years ended January 31, 2022 January 31, 2023, 2023 2024 and 2024 2025 are referred to herein as fiscal 2022, 2023, fiscal 2023 2024 and fiscal 2024, 2025, respectively.

Overview

Couchbase provides a leading cloud database platform for modern applications. Our mission is to simplify how developers and architects develop, deploy and consume modern applications that span cloud, edge and everything in between. Enterprises rely on Couchbase to cost-effectively power the core applications their businesses depend on with the highest performance, reliability, scalability and versatility requirements for which there is no tolerance for disruption or downtime. Any compromise of these requirements could cause these applications to fail—stopping or delaying package delivery for shipping companies, interrupting reservations for travel companies or causing product shortages in stores for retailers.

Our database is versatile and works in multiple configurations, from fully-managed cloud to multi- or hybrid-cloud, to on-premises environments, and beyond the edge. We have architected our database to fuse the trusted strengths of relational databases with the flexibility, performance and scale of many NoSQL systems, across the cloud. Our database platform serves the needs of both enterprise architects and application developers. Combined with our performance at scale, we believe this power enables customers to run their most important applications with the effectiveness they require, with the efficiency they desire and in the modern infrastructure environments they demand.

With nearly every aspect of our lives being transformed by digital innovation, enterprises are charged with building applications that enable delightful and meaningful customer experiences. Enterprises are increasingly reliant on applications, which in turn rely on databases to store, retrieve and operationalize data into action. Today, applications are operating at a scale, speed and dynamism unheard of just a decade ago. There is an increasing diversity of application types, modalities and delivery and consumption models, and the volume, velocity and variety of data on which they rely is growing at an exponential rate. Looking forward, there is potential for artificial intelligence (AI) AI to drastically transform business and the nature of modern applications as a whole. Consequently, the demand on enterprises and their databases is growing exponentially.

While legacy database technologies were built to the highest performance and reliability requirements of their generation, they are approaching the limits for which they were designed. The underlying architecture of these technologies has not changed significantly, while the requirements of the applications they need to support are changing dramatically, especially with the emergence of generative AI which relies heavily on real-time data. Legacy database technologies are buckling under the pressure of digital transformation, as they were not built to update and respond in microseconds, enable rich, customized user experiences and perform without latency.

We designed Couchbase to give enterprises a database for the modern cloud world. Our platform combines the best capabilities of a relational database, like SQL transactions and ACID guarantees, with the flexibility and scalability of a NoSQL database. This allows enterprises to confidently accelerate strategic initiatives such as more quickly moving business-critical applications into the cloud, improving application flexibility and increasing developer agility. For our customers, we facilitate a seamless transition from legacy relational databases to our modern cloud database platform resulting in better application scalability, user experience and security at the pace that works for them. We believe our unique architecture is also well-suited to power AI applications which require exceptionally high performance and scalability. We deliver this cloud database platform both as a customer-managed product and as a fully-managed database-as-a-service DBaaS that is managed by Couchbase. Our database-as-a-

service, DBaaS, called Couchbase Capella, supports a broad set of use cases, reducing a customer's need to buy, deploy and manage additional databases or supporting technologies.

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We sell our platform through our direct sales force and our ecosystem of partners. Our platform is broadly accessible to a wide range of enterprises, as well as governments and organizations. We have customers in a range of industries, including retail and e-commerce, travel and hospitality, financial services and insurance, software and technology, gaming, media and entertainment and industrials. We focus our selling efforts on the largest global enterprises with the most complex data requirements, and we have cloud-based, fully managed offerings for enterprises looking for a turnkey version of our platform.

We have achieved significant growth over our operating history. For the nine three months ended October 31, 2023 April 30, 2024 and 2022, 2023, our revenue was \$129.9 \$51.3 million and \$113.2 \$41.0 million, respectively, representing period-over-period growth rate of 15% 25%. As of October 31, 2023 April 30, 2024 and 2022, 2023, our annual recurring revenue ("ARR") was \$188.7 million \$207.7 million and \$151.7 \$172.2 million, respectively, representing period-over-period growth of 24% 21%. For the nine three months ended October 31, 2023 April 30, 2024 and 2022, 2023, our net loss was \$58.8 million \$21.0 million and \$51.9 million \$21.9 million, respectively, as we continued to invest in the growth of our business to capture the massive opportunity that we believe is available to us.

## Our Business Model

We generate the substantial majority of our revenue from sales of subscriptions, which accounted for 95% 96% and 93% 94% of our total revenue for the nine three months ended October 31, 2023 April 30, 2024 and 2022, 2023, respectively. We derive a substantial majority of our subscription revenue from the Enterprise Edition of Couchbase Server and Couchbase Mobile. Couchbase Server is generally licensed per node, which we define as an instance of Couchbase running on a server. Our subscription pricing is based on the computing power and memory per instance, as well as the chosen service level. We offer three different support levels: the Platinum level offers 24/7 support and the shortest response time of 30 minutes; the Gold level offers 24/7 support with a response time of 2 hours; and the Silver level offers 7am-5pm local time support, 5 days a week. These response times are for incidents of the highest severity level, which we identify as level P1. The initial response time for levels P2 and P3 incidents, which are less severe, are longer.

We also derive subscription revenue from our database-as-a-service DBaaS offering. Our database-as-a-service DBaaS offering, called Couchbase Capella, is sold on a consumption basis, which removes the need to license different node types separately. Couchbase Capella pricing delivers superior customer flexibility relative to other Cloud Service Providers ("CSPs") as on-demand pricing allows customers to pay only for what they use based on hourly pricing and the credits purchased through our annual credit model expire only at the end of a 12-month period, rather than ratably throughout the year. We also provide automatic conversion to on-demand consumption when annual credits expire or are exhausted. Couchbase Capella credits can be purchased upfront to provide cost savings with volume discounts available based on credit quantity. We offer three pricing levels for Couchbase Capella, based on the support response time. Revenue from Couchbase Capella was not material for both the nine months ended October 31, 2023 and 2022.

The non-cancelable term of our subscription arrangements typically ranges from one to three years but may be longer or shorter in limited circumstances and is typically billed annually in advance. The timing and billing of large, multi-year contracts can create variability in revenue and deferred revenue between periods.

We also generate revenue from services, which represented 5% 4% and 7% 6% of our total revenue for the nine three months ended October 31, 2023 April 30, 2024 and 2022, 2023, respectively. Our services revenue is derived from our professional services related to the implementation or configuration of our platform and training. We have invested in building our services organization because we believe it plays an important role in customer success, ensuring that our customers fulfill their digital transformation agendas while leveraging our platform, accelerating our customers' realization of the full benefits of our platform and driving increased adoption of our platform.

Our go-to-market strategy is focused on organizations that are modernizing existing applications or building net new applications. As an example, for large enterprises recognized as leaders in their respective industries, this could mean attempting to solve complicated business problems by digitally transforming their operations. For mid-size companies to start ups, this could be building a new product or service that seeks to disrupt an established market. As a result, Couchbase powers a wide variety of applications across a broad array of industries, from some of the largest and most complex enterprise applications worldwide to the next generation of personalized and dynamic apps. Through our highly instrumented "sell-to" go-to-market motion, we have built a direct sales organization that understands the strategic needs of enterprises as well as a marketing organization that emphasizes our enablement of digital transformation through our no-compromises approach to performance, resiliency, scalability, agility and total cost of ownership ("TCO") savings.

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We complement our “sell-to” go-to-market motion with a “buy-from” go-to-market motion, which is focused on targeting the application developer community to drive adoption of our platform. To accomplish this, we have and plan to continue to invest in Couchbase Capella, our fully-managed database-as-a-service offering, Capella. We also offer free Community Editions of some of our products, free trials of our Enterprise Edition of Couchbase Server and Couchbase Capella products and a web browser-based demonstration version of Couchbase Server to further accelerate application developer adoption. We believe these offerings lead to future purchases of our paid products. While our Community Edition includes the core functionality of Couchbase Server, it is not suited for mission-critical deployments, as it offers only limited functionality around the scaled performance and security that enterprises require and no direct customer support from Couchbase.

We also continuously grow and cultivate our cloud provider partner and technology provider ecosystem. A significant portion of our revenue in the nine three months ended October 31, 2023 April 30, 2024 and 2022 2023 was attributable to our partner ecosystem.

We employ a land-and-expand model centered around our platform offerings, which have a rapid time to production and time to value for our customers, and our sales and customer success organizations, which proactively guide customers to realize strategic and transformative use cases and drive greater adoption of our platform and services. Our marketing organization is focused on building our brand reputation and awareness. Our marketing initiatives drive awareness and demand for Couchbase products, starting at the top of the sales funnel with trial experiences. As part of these efforts, we offer application developers robust educational resources including a robust and growing community to help them learn more about our platform, including access to on-demand instructional webinars.

### Impact of Macroeconomic Conditions

Current macroeconomic conditions, including recessionary fears, inflation concerns, and rising increased interest rates as a result of government actions to combat inflation, as well as other geopolitical developments, have impacted and may continue to impact business spending and the economy as a whole. We continue to see longer deal cycles that are consistent with previous quarters, along with extra layers an elevation in degree of budget scrutiny, and approval, slower than expected product migrations, lower than expected expansions, and customers electing to buy in smaller increments. Additionally, effects from foreign exchange fluctuations have impacted and may continue to impact our results of operations.

The effects of these macroeconomic conditions on our business and operations remains highly uncertain, and it is not possible for us to predict the duration and extent to which they will affect our business, future results of operations, and financial condition. See the section titled “Risk Factors” for further discussion of these challenges and risks.

### Factors Affecting Our Performance

#### *Continuing to Acquire New Customers*

We grow our subscription revenue by acquiring new customers. The size of our customer base may vary from period to period for several reasons, including the length of our sales cycle, the effectiveness of our sales and marketing efforts, enterprise application development cycles and the corresponding adoption rates of modern applications that require database solutions like ours. Additionally, our revenue has and will vary as new customers purchase our products due to the fact that we recognize a portion of such subscription revenue upfront. As digital transformation continues to accelerate, we believe that Couchbase Capella our fully-managed database-as-a-service offering, will become increasingly popular as a result of its compelling pricing model, ease of operation, lower TCO, time to market and flexibility. We will continue to offer Couchbase Capella and provide flexible, highly available and differentiated economical options to capture new customers.

#### *Continuing to Expand Within Existing Customers*

A significant part of our growth has been, and we expect will continue to be, driven by expansion within our existing customer base. Growth of our revenue from our existing customers results from increases in the scale of their deployment for existing use cases, or when customers utilize our platform to address new use cases. In addition, our professional services organization helps customers deploy new use cases and optimize their existing implementations. Our revenue from our subscription offerings varies depending on the scale and performance requirements of our customers’ deployments. We are focusing on growing our subscription revenue, particularly from enterprises, while delivering professional services and training to support this growth. We have been successful in expanding our existing customers’ adoption of our platform as demonstrated by our dollar-based net retention rate of over 115% in the past eight quarters.

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Our dollar-based net retention rate for any period equals the simple arithmetic average of our quarterly dollar-based net retention rate for the four quarters ending with the most recent fiscal quarter. To calculate our dollar-based net retention rate for a given quarter, we start with the ARR



("Base ARR") attributable to our customers ("Base Customers") as of the end of the same quarter of the prior fiscal year. We then determine the ARR attributable to the Base Customers as of the end of the most recent quarter and divide that amount by the Base ARR.

Continuing to Invest in Growth

We expect to continue to invest in our offerings, personnel, geographic presence and infrastructure in order to drive future growth, as well as to pursue adjacent opportunities. We expend research and development resources to drive innovation in our proprietary software to constantly improve the functionality and performance of our platform and to increase the deployment models available to our customers. We anticipate continuing to increase our headcount to ensure that our product development organization drives improvements in our product offerings, our sales and marketing organization can maximize opportunities for growing our business and revenue and our general and administrative organization efficiently supports the growth of our business as well as our effective operation as a public company.

Key Business Metrics

Annual Recurring Revenue

We define ARR as of a given date as the annualized recurring revenue that we would contractually receive from our customers in the month ending 12 months following such date. Based on historical experience with customers, we assume all contracts will be automatically renewed at the same levels unless we receive notification of non-renewal and are no longer in negotiations prior to the measurement date. ARR also includes revenue from consumption-based cloud credits of Couchbase Capella products. ARR for Couchbase For Capella products, ARR in a customer's initial year is calculated as described above; after a customer's initial year it is calculated by annualizing the contract revenue as described above or (ii) annualized prior 90 days of actual consumption, assuming no increases or reductions in usage; and ARR for subsequent years is calculated with method (ii). ARR excludes revenue derived from the use of cloud products only based on on-demand arrangements and services revenue.

Prior to fiscal 2025, ARR excluded on-demand revenue and, for Capella products in a customer's initial year, ARR was calculated solely on the basis of initial year contract revenue. The reason for these changes is to better reflect ARR where usage rates or timing of purchases may be uneven and to better align with how ARR is used to measure the performance of the business. ARR for prior periods has not been adjusted to reflect this change as it is not material to any period previously presented.

ARR should be viewed independently of revenue, and does not represent our revenue under GAAP on an annualized basis, as it is an operating metric that can be impacted by contract start and end dates and renewal dates. ARR is not intended to be a replacement for forecasts of revenue. Although we seek to increase ARR as part of our strategy of targeting large enterprise customers, this metric may fluctuate from period to period based on our ability to acquire new customers, and expand within our existing customers, customers and consumption dynamics. We believe that our ARR is an important indicator of the growth and performance of our business.

|     | As of October 31, |          |
|-----|-------------------|----------|
|     | 2023              | 2022     |
|     | (in millions)     |          |
| ARR | \$ 188.7          | \$ 151.7 |

As of April 30, 2024, ARR for Couchbase Capella products was approximately \$23.9 million.

|     | As of April 30, |          |
|-----|-----------------|----------|
|     | 2024            | 2023     |
|     | (in millions)   |          |
| ARR | \$ 207.7        | \$ 172.2 |

Customers

We calculate our total number of customers, which also includes customers of Couchbase Capella, at the end of each period. We include in this calculation each Each customer account that has an active subscription contract with us or with which we are negotiating a renewal contract at the end of a given period. period is included in the calculation of total customer count, and the Couchbase Capella customer count includes customers who have a subscription of Couchbase Capella. Beginning in fiscal 2025, customers who used our products through an on-demand arrangement are included in the calculation of total customer count. The reason for this change is to align with our revised ARR methodology. As of April 30, 2024, we had 236 Couchbase Capella customers. Each party with which we enter into a subscription contract is considered a unique customer and, in some cases, a single organization may be counted as more than one customer. Our customer count is subject to adjustments for acquisitions, consolidations, spin-offs and other market activity. We believe that our number of customers is an important indicator of the growth of our business and future revenue trends.



|           | As of October 31, |      |
|-----------|-------------------|------|
|           | 2023              | 2022 |
|           |                   |      |
| Customers | 715               | 658  |

|           | As of April 30, |      |
|-----------|-----------------|------|
|           | 2024            | 2023 |
|           |                 |      |
| Customers | 807             | 679  |

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Non-GAAP Financial Measures

In addition to our financial information presented in accordance with GAAP, we believe certain non-GAAP financial measures are useful to investors in evaluating our operating performance. We use certain non-GAAP financial measures, collectively, to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, may be helpful to investors because they provide consistency and comparability with past financial performance and meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our business, results of operations or outlook. Non-GAAP financial measures are presented for supplemental informational purposes only, have limitations as analytical tools and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP and may be different from similarly-titled non-GAAP financial measures used by other companies. In addition, other companies, including companies in our industry, may calculate similarly-titled non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business.

We define the non-GAAP financial measures below as their respective GAAP measures, excluding expenses related to stock-based compensation expense, employer payroll taxes on employee stock transactions, restructuring charges and restructuring expense, impairment of capitalized internal-use software. We use these non-GAAP financial measures in conjunction with GAAP measures to assess our performance, including in the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies and to communicate with our board of directors concerning our financial performance.

Beginning with the first fourth quarter of fiscal 2023, 2024, we have excluded employer payroll taxes on employee stock transactions, which is the impairment of capitalized internal-use software, a cash non-cash operating expense, from our non-GAAP results as it is not reflective of ongoing operating results. These payroll taxesThis impairment charge relates to certain previously capitalized internal-use software that we determined would no longer be placed into service. Prior period non-GAAP financial measures have not been excluded from our non-GAAP results because they are tied adjusted to the timing and size reflect this change as we did not incur impairment of the exercise or vesting of the underlying equity awards, and the price of our common stock at the time of vesting or exercise may vary from capitalized internal-use software in any prior period to period independent of the operating performance of our business, presented.

Non-GAAP Gross Profit and Non-GAAP Gross Margin

We define non-GAAP gross profit and non-GAAP gross margin as gross profit and gross margin, respectively, excluding stock-based compensation expense and employer taxes on employee stock transactions. We use non-GAAP gross profit and non-GAAP gross margin in conjunction with GAAP financial measures to assess our performance, including in the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies and to communicate with our board of directors concerning our financial performance.

| Three Months Ended April 30, |
|------------------------------|
| Three Months Ended April 30, |
| Three Months Ended April 30, |
| 2024                         |
| 2024                         |

| 2024   |  |      |        |                               |        |    |         |    |         |
|--|--|------|--------|-------------------------------|--------|----|---------|----|---------|
|  | Three Months Ended October 31,                     |      |        | Nine Months Ended October 31, |        |    |         |    |         |
|  | (dollars in thousands)                             |      |        |                               |        |    |         |    |         |
|  | 2023   | 2022 | 2023   | 2022                          |        |    |         |    |         |
|  | (dollars in thousands)                             |      |        |                               |        |    |         |    |         |
|  | (dollars in thousands)                             |      |        |                               |        |    |         |    |         |
|  | (dollars in thousands)                             |      |        |                               |        |    |         |    |         |
| Total revenue                                      | Total revenue                                      | \$   | 45,813 | \$                            | 38,557 | \$ | 129,948 | \$ | 113,201 |
| Gross profit                                       | Gross profit                                       | \$   | 40,702 | \$                            | 33,682 | \$ | 113,006 | \$ | 98,894  |
| Gross profit                                       |  |      |        |                               |        |    |         |    |         |
| Gross profit                                       |  |      |        |                               |        |    |         |    |         |
| Add: Stock-based compensation expense              |  |      |        |                               |        |    |         |    |         |
| Add: Stock-based compensation expense              |  |      |        |                               |        |    |         |    |         |
| Add: Stock-based compensation expense              | Add: Stock-based compensation expense              |      | 249    |                               | 234    |    | 972     |    | 708     |
| Add: Employer taxes on employee stock transactions | Add: Employer taxes on employee stock transactions |      | 55     |                               | 12     |    | 86      |    | 36      |
| Add: Employer taxes on employee stock transactions |  |      |        |                               |        |    |         |    |         |
| Add: Employer taxes on employee stock transactions |  |      |        |                               |        |    |         |    |         |
| Non-GAAP gross profit                              |  |      |        |                               |        |    |         |    |         |
| Non-GAAP gross profit                              |  |      |        |                               |        |    |         |    |         |
| Non-GAAP gross profit                              | Non-GAAP gross profit                              | \$   | 41,006 | \$                            | 33,928 | \$ | 114,064 | \$ | 99,638  |
| Gross margin                                       | Gross margin                                       |      | 88.8%  |                               | 87.4%  |    | 87.0%   |    | 87.4%   |
| Gross margin                                       |  |      |        |                               |        |    |         |    |         |
| Gross margin                                       |  |      |        |                               |        |    |         |    |         |
| Non-GAAP gross margin                              | Non-GAAP gross margin                              |      | 89.5%  |                               | 88.0%  |    | 87.8%   |    | 88.0%   |
| Non-GAAP gross margin                              |  |      |        |                               |        |    |         |    |         |
| Non-GAAP gross margin                              |  |      |        |                               |        |    |         |    |         |

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### Non-GAAP Operating Loss and Non-GAAP Operating Margin

We define non-GAAP operating loss and non-GAAP operating margin as loss from operations and operating margin, respectively, excluding stock-based compensation expense, employer payroll taxes on employee stock transactions, restructuring charges and restructuring expenses, impairment of capitalized internal-use software. We use non-GAAP operating loss and non-GAAP operating margin in conjunction with GAAP measures to assess our performance, including in the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies and to communicate with our board of directors concerning our financial performance.

Three Months Ended April 30,

|  |  | Three Months Ended April 30, |          |        |                               |        |          |      |          |
|--|--|------------------------------|----------|--------|-------------------------------|--------|----------|------|----------|
|  |  | Three Months Ended April 30, |          |        |                               |        |          |      |          |
|  |  | 2024                         |          |        |                               |        |          |      |          |
|  |  | 2024                         |          |        |                               |        |          |      |          |
|  |  | 2024                         |          |        |                               |        |          |      |          |
|  | Three Months Ended October 31,                     |                              |          |        | Nine Months Ended October 31, |        |          |      |          |
|  | (dollars in thousands)                             |                              |          |        |                               |        |          |      |          |
|  | 2023   |                              | 2022     |        | 2023                          |        | 2022     |      |          |
|  | (dollars in thousands)                             |                              |          |        |                               |        |          |      |          |
| (dollars in thousands)                             |  |                              |          |        |                               |        |          |      |          |
| (dollars in thousands)                             |  |                              |          |        |                               |        |          |      |          |
| Total revenue                                      | Total revenue                                      | \$                           | 45,813   | \$     | 38,557                        | \$     | 129,948  | \$   | 113,201  |
| Loss from operations                               | Loss from operations                               | \$                           | (17,542) | \$     | (16,592)                      | \$     | (61,944) | \$   | (50,813) |
| Loss from operations                               |  |                              |          |        |                               |        |          |      |          |
| Loss from operations                               |  |                              |          |        |                               |        |          |      |          |
| Add: Stock-based compensation expense              |  |                              |          |        |                               |        |          |      |          |
| Add: Stock-based compensation expense              |  |                              |          |        |                               |        |          |      |          |
| Add: Stock-based compensation expense              | Add: Stock-based compensation expense              | 6,753                        |          | 33,147 |                               | 18,930 |          |      |          |
| Add: Employer taxes on employee stock transactions | Add: Employer taxes on employee stock transactions | 11,755                       |          |        |                               |        |          |      |          |
| Add: Employer taxes on employee stock transactions | Add: Employer taxes on employee stock transactions | 757                          |          | 210    |                               | 1,557  |          | 490  |          |
| Add: Employer taxes on employee stock transactions |  |                              |          |        |                               |        |          |      |          |
| Add: Employer taxes on employee stock transactions |  |                              |          |        |                               |        |          |      |          |
| Add: Restructuring <sup>(1)</sup>                  |  |                              |          |        |                               |        |          |      |          |
| Add: Restructuring <sup>(1)</sup>                  |  |                              |          |        |                               |        |          |      |          |
| Add: Restructuring <sup>(1)</sup>                  | Add: Restructuring <sup>(1)</sup>                  | —                            |          | —      |                               | 46     |          | —    |          |
| Non-GAAP operating loss                            | Non-GAAP operating loss                            | \$                           | (5,030)  | \$     | (9,629)                       | \$     | (27,194) | \$   | (31,393) |
| Non-GAAP operating loss                            |  |                              |          |        |                               |        |          |      |          |
| Non-GAAP operating loss                            |  |                              |          |        |                               |        |          |      |          |
| Operating margin                                   |  |                              |          |        |                               |        |          |      |          |
| Operating margin                                   |  |                              |          |        |                               |        |          |      |          |
| Operating margin                                   | Operating margin                                   | (38)                         | %        | (43)   | %                             | (48)   | %        | (45) | %        |
| Non-GAAP operating margin                          | Non-GAAP operating margin                          | (11)                         | %        | (25)   | %                             | (21)   | %        | (28) | %        |
| Non-GAAP operating margin                          |  |                              |          |        |                               |        |          |      |          |

## Non-GAAP operating margin

- (1) For the **nine** **three** months ended **October 31, 2023** **April 30, 2023**, an immaterial amount of stock-based compensation expense related to restructuring charges was included in the restructuring expense line.

### Non-GAAP Net Loss and Non-GAAP Net Loss Per Share

We define non-GAAP net loss attributable to common stockholders as net loss attributable to common stockholders, excluding stock-based compensation expense, employer **payroll** taxes on employee stock transactions and restructuring **expenses, charges**. We use non-GAAP net loss attributable to common stockholders and non-GAAP net loss per share attributable to common stockholders in conjunction with GAAP measures to assess our performance, including in the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies and to communicate with our board of directors concerning our financial performance.

|  |  | Three Months Ended April 30,          |             | Three Months Ended April 30,          |             |
|--|--|---------------------------------------|-------------|---------------------------------------|-------------|
|  |  | Three Months Ended April 30,          |             | Three Months Ended April 30,          |             |
|  |  | 2024                                  |             | 2024                                  |             |
|  |  | 2024                                  |             | 2024                                  |             |
|  |  | 2024                                  |             | 2024                                  |             |
|  |  | Three Months Ended October 31,        |             | Nine Months Ended October 31,         |             |
|  |  | (in thousands, except per share data) |             | (in thousands, except per share data) |             |
|  |  | 2023                                  |             | 2023                                  |             |
|  |  | 2022                                  |             | 2022                                  |             |
|  |  | (in thousands, except per share data) |             | (in thousands, except per share data) |             |
|  |  | (in thousands, except per share data) |             | (in thousands, except per share data) |             |
| Net loss   | Net loss   | \$ (16,255)                           | \$ (16,677) | \$ (58,781)                           | \$ (51,880) |
| Add: Stock-based compensation expense              | Add: Stock-based compensation expense              | 11,755                                | 6,753       | 33,147                                | 18,930      |
| Add: Stock-based compensation expense              | Add: Stock-based compensation expense              |                                       |             |                                       |             |
| Add: Employer taxes on employee stock transactions | Add: Employer taxes on employee stock transactions |                                       |             |                                       |             |
| Add: Employer taxes on employee stock transactions | Add: Employer taxes on employee stock transactions |                                       |             |                                       |             |
| Add: Employer taxes on employee stock transactions | Add: Employer taxes on employee stock transactions | 757                                   | 210         | 1,557                                 | 490         |
| Add: Restructuring <sup>(1)</sup>                  | Add: Restructuring <sup>(1)</sup>                  | —                                     | —           | 46                                    | —           |
| Add: Restructuring <sup>(1)</sup>                  | Add: Restructuring <sup>(1)</sup>                  |                                       |             |                                       |             |
| Add: Restructuring <sup>(1)</sup>                  | Add: Restructuring <sup>(1)</sup>                  |                                       |             |                                       |             |
| Non-GAAP net loss                                  | Non-GAAP net loss                                  |                                       |             |                                       |             |
| Non-GAAP net loss                                  | Non-GAAP net loss                                  |                                       |             |                                       |             |
| Non-GAAP net loss                                  | Non-GAAP net loss                                  | \$ (3,743)                            | \$ (9,714)  | \$ (24,031)                           | \$ (32,460) |
| GAAP net loss per share                            | GAAP net loss per share                            | \$ (0.34)                             | \$ (0.37)   | \$ (1.26)                             | \$ (1.16)   |

|  |  |           |           |           |           |
|--|--|-----------|-----------|-----------|-----------|
| GAAP net loss per share                                |  |           |           |           |           |
| GAAP net loss per share                                |  |           |           |           |           |
| Non-GAAP net loss per share                            |  |           |           |           |           |
| Non-GAAP net loss per share                            |  |           |           |           |           |
| Non-GAAP net loss per share                            | Non-GAAP net loss per share                            | \$ (0.08) | \$ (0.22) | \$ (0.51) | \$ (0.73) |
| Weighted average shares outstanding, basic and diluted | Weighted average shares outstanding, basic and diluted | 47,586    | 44,932    | 46,724    | 44,619    |
| Weighted average shares outstanding, basic and diluted |  |           |           |           |           |
| Weighted average shares outstanding, basic and diluted |  |           |           |           |           |

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- (1) For the **nine** three months ended **October 31, 2023** **April 30, 2023**, an immaterial amount of stock-based compensation expense related to restructuring charges was included in the restructuring expense line.

### Free Cash Flow

We define free cash flow as cash used in operating activities less additions to property and equipment, which includes capitalized internal-use software costs. We believe free cash flow is a useful indicator of liquidity that provides our management, board of directors and investors with information about our future ability to generate or use cash to enhance the strength of our balance sheet and further invest in our business and pursue potential strategic initiatives. **For both the nine months ended October 31, 2023 and 2022, our free cash flow included cash paid for our unused Credit Facility (as defined above) and interest on our long-term debt of less than \$0.1 million. Additionally, our free cash flow for both the three and nine months ended October 31, 2023, included cash payments related to restructuring of less than \$0.1 million and \$1.6 million, respectively.**

|   | Three Months Ended October 31, |             | Nine Months Ended October 31, |             |
|---|--------------------------------|-------------|-------------------------------|-------------|
|   | 2023                           | 2022        | 2023                          | 2022        |
|   | ( in thousands)                |             |                               |             |
| Net cash used in operating activities               | \$ (12,743)                    | \$ (14,720) | \$ (20,443)                   | \$ (30,982) |
| Less: Additions to property and equipment           | (1,066)                        | (1,617)     | (3,425)                       | (4,093)     |
| Free cash flow                                      | \$ (13,809)                    | \$ (16,337) | \$ (23,868)                   | \$ (35,075) |
| Net cash provided by (used in) investing activities | \$ 14,647                      | \$ 5,555    | 18,093                        | (33,587)    |
| Net cash provided by financing activities           | \$ 3,856                       | \$ 1,625    | 9,353                         | 8,517       |

|   | Three Months Ended April 30, |            |
|---|------------------------------|------------|
|   | 2024                         | 2023       |
|   | ( in thousands)              |            |
| Net cash provided by (used in) operating activities | \$ 1,559                     | \$ (7,181) |
| Less: Additions to property and equipment           | (995)                        | (1,288)    |
| Free cash flow                                      | \$ 564                       | \$ (8,469) |

|   |    |       |    |        |
|---|----|-------|----|--------|
| Net cash provided by (used in) investing activities | \$ | 3,695 | \$ | 10,314 |
| Net cash provided by financing activities           | \$ | 5,089 | \$ | 2,764  |

## Components of Results of Operations

### Revenue

We derive revenue from sales of subscriptions and services. Our subscription revenue is primarily derived from: (1) term-based software licenses sold in conjunction with post-contract support (“PCS” or “Support”) and (2) a consumption-based **database-as-a-service DBaaS** offering. PCS bundled with software licenses includes internet, email and phone support, bug fixes and the right to receive unspecified software updates and upgrades released when and if available during the subscription term. The software license is presented as “License.” PCS and **database-as-a-service DBaaS** revenue are presented as “Support and other” in our **condensed** consolidated statements of operations. License revenue is recognized upon transfer when our customer has received access to our software. The PCS is recognized ratably over the term of the arrangement beginning on the date when access to the subscription is made available to the customer and represents a substantial majority of our revenue. The **database-as-a-service DBaaS** revenue is recognized on a consumption basis. The non-cancelable term of our subscription arrangements typically ranges from one to three years but may be longer or shorter in limited circumstances.

Our services revenue is derived from our professional services for the implementation or configuration of our platform and training. Services revenue is recognized over time based on input measures for professional services and upon delivery for training.

We expect our revenue may vary from period to period based on, among other things, the timing and size of new subscriptions, the proportion of term license contracts that commence within the period, the rate of customer renewals and expansions, the length of sales cycles and timing, delivery of professional services and training and fluctuations in customer consumption of our **database-as-a-service DBaaS** offering.

### Cost of Revenue

Cost of subscription revenue primarily consists of personnel-related costs associated with our customer support organization, including salaries, bonuses, benefits and stock-based compensation, expenses associated with software and subscription services dedicated for use by our customer support organization, third-party cloud infrastructure expenses, amortization of costs associated with capitalized internal-use software related to our **database-as-a-service DBaaS** offering and allocated overhead. There is no cost of revenue associated with our license revenue. We expect our cost of subscription revenue to increase in absolute dollars as our subscription revenue increases and as we continue to amortize capitalized internal-use software costs related to our **database-as-a-service DBaaS** offering.

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Cost of services revenue primarily consists of personnel-related costs associated with our professional services and training organization, including salaries, bonuses, benefits and stock-based compensation, costs of contracted third-party partners for professional services, expenses associated with software and subscription services dedicated for use by our professional services and training organization, travel-related expenses and allocated overhead. We expect our cost of services revenue to fluctuate from period to period depending on the timing and delivery of professional services and training.

### Gross Profit and Gross Margin

Our gross profit and gross margin have been and will continue to be affected by various factors, including the average sales price of our subscriptions and services, the mix of subscriptions and services we sell and the associated revenue, the mix of geographies into which we sell and transaction volume growth. We expect our gross profit and gross margin to fluctuate in the near term depending on the interplay of these factors, and to the extent the revenue from our **database-as-a-service DBaaS** offering increases as a percentage of total revenue, we expect our gross margin will decline over time.

### Operating Expenses

Our operating expenses consist of research and development, sales and marketing, general and administrative and restructuring expenses. Personnel-related costs are the most significant component of operating expenses and consist of salaries, bonuses, benefits, sales commissions and stock-based compensation expenses.

#### *Research and Development*

Research and development expenses consist primarily of personnel-related costs, expenses associated with software and subscription services dedicated for use by our research and development organization, depreciation and amortization of property and equipment and allocated overhead. We expect that our research and development expenses will increase in absolute dollars as we continue to invest in the features and functionalities of our platform. We expect research and development expenses to fluctuate as a percentage of revenue in the near term, but to decrease as a percentage of revenue over the long term as we achieve greater scale in our business.

#### *Sales and Marketing*

Sales and marketing expenses consist primarily of personnel-related costs, expenses associated with software and subscription services dedicated for use by our sales and marketing organization, costs of general marketing and promotional activities, amortization of deferred commissions, fees for professional services related to sales and marketing, travel-related expenses and allocated overhead. We expect that our sales and marketing expenses will increase in absolute dollars as we continue to expand our sales and marketing efforts to attract new customers and deepen our engagement with existing customers. We expect sales and marketing expenses to fluctuate as a percentage of revenue in the near term as we continue to invest in growing the reach of our platform through our sales and marketing efforts, but to decrease as a percentage of revenue over the long term as we achieve greater scale in our business.

#### *General and Administrative*

General and administrative expenses consist primarily of personnel-related costs associated with our finance, legal, human resources and other administrative personnel. In addition, general and administrative expenses include non-personnel costs, such as fees for professional services such as external legal, accounting and other professional services, expenses associated with software and subscription services dedicated for use by our general and administrative organization, certain taxes other than income taxes and allocated overhead. We expect that our general and administrative expenses will increase in absolute dollars as we continue to invest in the growth of our business and operate as a publicly-traded company. We expect general and administrative expenses to fluctuate as a percentage of revenue in the near term, but to decrease as a percentage of revenue over the long term as we achieve greater scale in our business.

#### *Restructuring*

Restructuring expenses primarily consist of efforts we have undertaken to improve operational efficiency. Restructuring activities include employee severance and related costs and stock-based compensation expense from modifications of vested awards granted to certain employees impacted by our restructuring plan. For further information on restructuring expense, refer to Note 12 in our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

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plan, which was completed during fiscal year 2024.

#### **Interest Expense**

Interest expense consists primarily of unused credit facility Credit Facility fees related to our Credit Facility, for the three months ended April 30, 2023.

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

Other income (expense), net consists primarily of foreign currency gains and losses related to the impact of transactions denominated in a foreign currency and interest income.

#### **Provision (benefit) for Income Taxes**

Provision for income taxes consists primarily of income taxes in certain foreign jurisdictions in which we conduct business. We recorded a full valuation allowance against our U.S. deferred tax assets as we have determined that it is not more likely than not that the deferred tax assets will be

realized. The cash tax expenses are impacted by each jurisdiction's individual tax rates, laws on the timing of recognition of income and deductions and availability of NOLs and tax credits. Our effective tax rate could be adversely affected to the extent earnings are lower than anticipated in countries that have lower statutory rates and higher than anticipated in countries that have higher statutory rates.

## Results of Operations

The following table sets forth our condensed consolidated statements of operations for the periods indicated (in thousands):

|                             |                             | Three Months Ended October 31,   |          | Nine Months Ended October 31, |           |
|-----------------------------|-----------------------------|--|----------|-------------------------------|-----------|
|                             |                             | 2023   | 2022     | 2023                          | 2022      |
|                             |                             | Three Months Ended April 30,<br>Three Months Ended April 30,<br>Three Months Ended April 30,<br>2024<br>2024<br>2024 |          |                               |           |
| Revenue:                    |                             |  |          |                               |           |
| Revenue:                    |                             |  |          |                               |           |
| Revenue:                    | Revenue:                    |  |          |                               |           |
| License                     | License                     | \$ 4,577   | \$ 3,519 | \$ 14,318                     | \$ 14,908 |
| License                     |                             |  |          |                               |           |
| License                     |                             |  |          |                               |           |
| Support and other           |                             |  |          |                               |           |
| Support and other           |                             |  |          |                               |           |
| Support and other           | Support and other           | 39,420   | 32,201   | 109,175                       | 89,852    |
| Total subscription revenue  | Total subscription revenue  | 43,997   | 35,720   | 123,493                       | 104,760   |
| Total subscription revenue  |                             |  |          |                               |           |
| Total subscription revenue  |                             |  |          |                               |           |
| Services                    |                             |  |          |                               |           |
| Services                    |                             |  |          |                               |           |
| Services                    | Services                    | 1,816  | 2,837    | 6,455                         | 8,441     |
| Total revenue               | Total revenue               | 45,813   | 38,557   | 129,948                       | 113,201   |
| Total revenue               |                             |  |          |                               |           |
| Total revenue               |                             |  |          |                               |           |
| Cost of revenue:            |                             |  |          |                               |           |
| Cost of revenue:            |                             |  |          |                               |           |
| Cost of revenue:            | Cost of revenue:            |  |          |                               |           |
| Subscription <sup>(1)</sup> | Subscription <sup>(1)</sup> | 3,549  | 2,631    | 11,067                        | 7,548     |
| Subscription <sup>(1)</sup> |                             |  |          |                               |           |
| Subscription <sup>(1)</sup> |                             |  |          |                               |           |
| Services <sup>(1)</sup>     |                             |  |          |                               |           |
| Services <sup>(1)</sup>     |                             |  |          |                               |           |
| Services <sup>(1)</sup>     | Services <sup>(1)</sup>     | 1,562  | 2,244    | 5,875                         | 6,759     |
| Total cost of revenue       | Total cost of revenue       | 5,111  | 4,875    | 16,942                        | 14,307    |



|   |   |          |          |          |          |
|---|---|----------|----------|----------|----------|
| Total cost of revenue                     |   |          |          |          |          |
| Total cost of revenue                     |   |          |          |          |          |
| Gross profit                              |   |          |          |          |          |
| Gross profit                              |   |          |          |          |          |
| Gross profit                              | Gross profit                              | 40,702   | 33,682   | 113,006  | 98,894   |
| Operating expenses:                       | Operating expenses:                       |          |          |          |          |
| Operating expenses:                       |   |          |          |          |          |
| Operating expenses:                       |   |          |          |          |          |
| Research and development <sup>(1)</sup>   |   |          |          |          |          |
| Research and development <sup>(1)</sup>   |   |          |          |          |          |
| Research and development <sup>(1)</sup>   | Research and development <sup>(1)</sup>   | 15,903   | 13,998   | 47,578   | 42,760   |
| Sales and marketing <sup>(1)</sup>        | Sales and marketing <sup>(1)</sup>        | 31,602   | 27,448   | 96,503   | 81,764   |
| Sales and marketing <sup>(1)</sup>        |   |          |          |          |          |
| Sales and marketing <sup>(1)</sup>        |   |          |          |          |          |
| General and administrative <sup>(1)</sup> |   |          |          |          |          |
| General and administrative <sup>(1)</sup> |   |          |          |          |          |
| General and administrative <sup>(1)</sup> | General and administrative <sup>(1)</sup> | 10,739   | 8,828    | 30,823   | 25,183   |
| Restructuring <sup>(1)</sup>              | Restructuring <sup>(1)</sup>              | —        | —        | 46       | —        |
| Restructuring <sup>(1)</sup>              |   |          |          |          |          |
| Restructuring <sup>(1)</sup>              |   |          |          |          |          |
| Total operating expenses                  |   |          |          |          |          |
| Total operating expenses                  |   |          |          |          |          |
| Total operating expenses                  | Total operating expenses                  | 58,244   | 50,274   | 174,950  | 149,707  |
| Loss from operations                      | Loss from operations                      | (17,542) | (16,592) | (61,944) | (50,813) |
| Loss from operations                      |   |          |          |          |          |
| Loss from operations                      |   |          |          |          |          |
| Interest expense                          | Interest expense                          | —        | (26)     | (43)     | (76)     |
| Other income (expense), net               |   | 1,298    | 317      | 3,986    | 22       |
| Interest expense                          |   |          |          |          |          |
| Interest expense                          |   |          |          |          |          |
| Other income, net                         |   |          |          |          |          |
| Other income, net                         |   |          |          |          |          |
| Other income, net                         |   |          |          |          |          |
| Loss before income taxes                  | Loss before income taxes                  | (16,244) | (16,301) | (58,001) | (50,867) |
| Provision for income taxes                |   | 11       | 376      | 780      | 1,013    |
| Loss before income taxes                  |   |          |          |          |          |

|                                      |          |                    |                    |                    |                    |  |
|--------------------------------------|----------|--------------------|--------------------|--------------------|--------------------|--|
| Loss before income taxes             |          |                    |                    |                    |                    |  |
| Provision (benefit) for income taxes |          |                    |                    |                    |                    |  |
| Provision (benefit) for income taxes |          |                    |                    |                    |                    |  |
| Provision (benefit) for income taxes |          |                    |                    |                    |                    |  |
| Net loss                             | Net loss | <u>\$ (16,255)</u> | <u>\$ (16,677)</u> | <u>\$ (58,781)</u> | <u>\$ (51,880)</u> |  |
| Net loss                             |          |                    |                    |                    |                    |  |
| Net loss                             |          |                    |                    |                    |                    |  |

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|   |                                |        |        |                               |        |
|---|--------------------------------|--------|--------|-------------------------------|--------|
| (1) Includes stock-based compensation expense as follows: |                                |        |        |                               |        |
| Three Months Ended April 30,                              |                                |        |        |                               |        |
| Three Months Ended April 30,                              |                                |        |        |                               |        |
| Three Months Ended April 30,                              |                                |        |        |                               |        |
| 2024  |                                |        |        |                               |        |
| 2024  |                                |        |        |                               |        |
| 2024  |                                |        |        |                               |        |
|   | Three Months Ended October 31, |        |        | Nine Months Ended October 31, |        |
|   | (in thousands)                 |        |        |                               |        |
|   | 2023                           | 2022   | 2023   | 2022                          |        |
|   | (in thousands)                 |        |        |                               |        |
|   | (in thousands)                 |        |        |                               |        |
|   | (in thousands)                 |        |        |                               |        |
| Cost of revenue—subscription                              | Cost of revenue—subscription   | \$ 130 | \$ 128 | \$ 559                        | \$ 391 |
| Cost of revenue—services                                  | Cost of revenue—services       | 119    | 106    | 413                           | 317    |
| Cost of revenue—services                                  |                                |        |        |                               |        |
| Cost of revenue—services                                  |                                |        |        |                               |        |
| Research and development                                  |                                |        |        |                               |        |
| Research and development                                  |                                |        |        |                               |        |
| Research and development                                  | Research and development       | 3,116  | 1,905  | 9,498                         | 5,891  |
| Sales and marketing                                       | Sales and marketing            | 4,188  | 2,413  | 11,461                        | 6,863  |
| Sales and marketing                                       |                                |        |        |                               |        |
| Sales and marketing                                       |                                |        |        |                               |        |
| General and administrative                                |                                |        |        |                               |        |
| General and administrative                                |                                |        |        |                               |        |
| General and administrative                                | General and administrative     | 4,202  | 2,201  | 11,216                        | 5,468  |
| Restructuring   | Restructuring                  | —      | —      | 1                             | —      |
| Restructuring   |                                |        |        |                               |        |

|  |  |           |          |           |           |
|--|--|-----------|----------|-----------|-----------|
| Restructuring                          |  |           |          |           |           |
| Total stock-based compensation expense | Total stock-based compensation expense | \$ 11,755 | \$ 6,753 | \$ 33,148 | \$ 18,930 |
| Total stock-based compensation expense |  |           |          |           |           |
| Total stock-based compensation expense |  |           |          |           |           |

The following table sets forth our condensed consolidated statements of operations data expressed as a percentage of revenue:

|                            |                            | Three Months Ended October 31, |   |      |   | Nine Months Ended October 31, |   |      |   |
|----------------------------|----------------------------|--------------------------------|---|------|---|-------------------------------|---|------|---|
|                            |                            | 2023                           |   | 2022 |   | 2023                          |   | 2022 |   |
|                            |                            | Three Months Ended April 30,   |   |      |   |                               |   |      |   |
|                            |                            | Three Months Ended April 30,   |   |      |   |                               |   |      |   |
|                            |                            | Three Months Ended April 30,   |   |      |   |                               |   |      |   |
|                            |                            | 2024                           |   |      |   |                               |   |      |   |
|                            |                            | 2024                           |   |      |   |                               |   |      |   |
|                            |                            | 2024                           |   |      |   |                               |   |      |   |
| Revenue:                   |                            |                                |   |      |   |                               |   |      |   |
| Revenue:                   |                            |                                |   |      |   |                               |   |      |   |
| Revenue:                   | Revenue:                   |                                |   |      |   |                               |   |      |   |
| License                    | License                    | 10                             | % | 9    | % | 11                            | % | 13   | % |
| License                    |                            |                                |   |      |   |                               |   |      |   |
| License                    |                            |                                |   |      |   |                               |   |      |   |
| Support and other          |                            |                                |   |      |   |                               |   |      |   |
| Support and other          |                            |                                |   |      |   |                               |   |      |   |
| Support and other          | Support and other          | 86                             |   | 84   |   | 84                            |   | 79   |   |
| Total subscription revenue | Total subscription revenue | 96                             |   | 93   |   | 95                            |   | 93   |   |
| Total subscription revenue |                            |                                |   |      |   |                               |   |      |   |
| Total subscription revenue |                            |                                |   |      |   |                               |   |      |   |
| Services                   |                            |                                |   |      |   |                               |   |      |   |
| Services                   |                            |                                |   |      |   |                               |   |      |   |
| Services                   | Services                   | 4                              |   | 7    |   | 5                             |   | 7    |   |
| Total revenue              | Total revenue              | 100                            |   | 100  |   | 100                           |   | 100  |   |
| Total revenue              |                            |                                |   |      |   |                               |   |      |   |
| Total revenue              |                            |                                |   |      |   |                               |   |      |   |
| Cost of revenue:           |                            |                                |   |      |   |                               |   |      |   |
| Cost of revenue:           |                            |                                |   |      |   |                               |   |      |   |
| Cost of revenue:           | Cost of revenue:           |                                |   |      |   |                               |   |      |   |
| Subscription               | Subscription               | 8                              |   | 7    |   | 9                             |   | 7    |   |
| Subscription               |                            |                                |   |      |   |                               |   |      |   |
| Subscription               |                            |                                |   |      |   |                               |   |      |   |
| Services                   |                            |                                |   |      |   |                               |   |      |   |
| Services                   |                            |                                |   |      |   |                               |   |      |   |
| Services                   | Services                   | 3                              |   | 6    |   | 5                             |   | 6    |   |

|                             |                            |      |      |      |      |
|-----------------------------|----------------------------|------|------|------|------|
| Total cost of revenue       | Total cost of revenue      | 11   | 13   | 13   | 13   |
| Total cost of revenue       |                            |      |      |      |      |
| Total cost of revenue       |                            |      |      |      |      |
| Gross profit                |                            |      |      |      |      |
| Gross profit                |                            |      |      |      |      |
| Gross profit                | Gross profit               | 89   | 87   | 87   | 87   |
| Operating expenses:         | Operating expenses:        |      |      |      |      |
| Operating expenses:         |                            |      |      |      |      |
| Operating expenses:         |                            |      |      |      |      |
| Research and development    |                            |      |      |      |      |
| Research and development    |                            |      |      |      |      |
| Research and development    | Research and development   | 35   | 36   | 37   | 38   |
| Sales and marketing         | Sales and marketing        | 69   | 71   | 74   | 72   |
| Sales and marketing         |                            |      |      |      |      |
| Sales and marketing         |                            |      |      |      |      |
| General and administrative  |                            |      |      |      |      |
| General and administrative  |                            |      |      |      |      |
| General and administrative  | General and administrative | 23   | 23   | 24   | 22   |
| Restructuring               | Restructuring              | *    | *    | *    | *    |
| Restructuring               |                            |      |      |      |      |
| Restructuring               |                            |      |      |      |      |
| Total operating expenses    |                            |      |      |      |      |
| Total operating expenses    |                            |      |      |      |      |
| Total operating expenses    | Total operating expenses   | 127  | 130  | 135  | 132  |
| Loss from operations        | Loss from operations       | (38) | (43) | (48) | (45) |
| Loss from operations        |                            |      |      |      |      |
| Loss from operations        |                            |      |      |      |      |
| Interest expense            | Interest expense           | *    | *    | *    | *    |
| Other income (expense), net |                            | 3    | 1    | 3    | *    |
| Interest expense            |                            |      |      |      |      |
| Interest expense            |                            |      |      |      |      |
| Other income, net           |                            |      |      |      |      |
| Other income, net           |                            |      |      |      |      |
| Other income, net           |                            |      |      |      |      |
| Loss before income taxes    | Loss before income taxes   | (35) | (42) | (45) | (45) |
| Provision for income taxes  |                            | *    | 1    | 1    | 1    |
| Loss before income taxes    |                            |      |      |      |      |

|                                      |  |          |  |      |   |      |   |      |   |      |   |
|--------------------------------------|--|----------|--|------|---|------|---|------|---|------|---|
| Loss before income taxes             |  |          |  |      |   |      |   |      |   |      |   |
| Provision (benefit) for income taxes |  |          |  |      |   |      |   |      |   |      |   |
| Provision (benefit) for income taxes |  |          |  |      |   |      |   |      |   |      |   |
| Provision (benefit) for income taxes |  |          |  |      |   |      |   |      |   |      |   |
| Net loss                             |  | Net loss |  | (35) | % | (43) | % | (45) | % | (46) | % |
| Net loss                             |  |          |  |      |   |      |   |      |   |      |   |
| Net loss                             |  |          |  |      |   |      |   |      |   |      |   |

\* Represents less than 1%  
 Note: Certain figures may not sum due to rounding.

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Comparison of Three and Nine Months Ended October 31, 2023 April 30, 2024 and 2022 2023

|                            |                            |                                |          |           |          |           |           |           |          |  |
|----------------------------|----------------------------|--------------------------------|----------|-----------|----------|-----------|-----------|-----------|----------|--|
| Revenue                    |                            |                                |          |           |          |           |           |           |          |  |
|                            |                            | Three Months Ended April 30,   |          |           |          |           |           |           |          |  |
|                            |                            | Three Months Ended April 30,   |          |           |          |           |           |           |          |  |
|                            |                            | Three Months Ended April 30,   |          |           |          |           |           |           |          |  |
|                            |                            | 2024                           |          |           |          |           |           |           |          |  |
|                            |                            | 2024                           |          |           |          |           |           |           |          |  |
|                            |                            | 2024                           |          |           |          |           |           |           |          |  |
|                            |                            |                                |          |           |          |           |           |           |          |  |
|                            |                            | Three Months Ended October 31, |          |           |          |           |           |           |          |  |
|                            |                            | Nine Months Ended October 31,  |          |           |          |           |           |           |          |  |
|                            |                            | (dollars in thousands)         |          |           |          |           |           |           |          |  |
|                            |                            | 2023                           | 2022     | \$ Change | % Change | 2023      | 2022      | \$ Change | % Change |  |
|                            |                            | (dollars in thousands)         |          |           |          |           |           |           |          |  |
|                            |                            | (dollars in thousands)         |          |           |          |           |           |           |          |  |
|                            |                            | (dollars in thousands)         |          |           |          |           |           |           |          |  |
| Revenue                    |                            |                                |          |           |          |           |           |           |          |  |
| Revenue                    |                            |                                |          |           |          |           |           |           |          |  |
| Revenue                    | Revenue                    |                                |          |           |          |           |           |           |          |  |
| License                    | License                    | \$ 4,577                       | \$ 3,519 | \$ 1,058  | 30 %     | \$ 14,318 | \$ 14,908 | \$ (590)  | (4) %    |  |
| License                    |                            |                                |          |           |          |           |           |           |          |  |
| License                    |                            |                                |          |           |          |           |           |           |          |  |
| Support and other          |                            |                                |          |           |          |           |           |           |          |  |
| Support and other          |                            |                                |          |           |          |           |           |           |          |  |
| Support and other          | Support and other          | 39,420                         | 32,201   | 7,219     | 22 %     | 109,175   | 89,852    | 19,323    | 22 %     |  |
| Total subscription revenue | Total subscription revenue | 43,997                         | 35,720   | 8,277     | 23 %     | 123,493   | 104,760   | 18,733    | 18 %     |  |
| Total subscription revenue |                            |                                |          |           |          |           |           |           |          |  |
| Total subscription revenue |                            |                                |          |           |          |           |           |           |          |  |
| Services                   |                            |                                |          |           |          |           |           |           |          |  |

|               |               |           |           |          |        |            |            |           |        |
|---------------|---------------|-----------|-----------|----------|--------|------------|------------|-----------|--------|
| Services      |               |           |           |          |        |            |            |           |        |
| Services      | Services      | 1,816     | 2,837     | (1,021)  | (36) % | 6,455      | 8,441      | (1,986)   | (24) % |
| Total revenue | Total revenue | \$ 45,813 | \$ 38,557 | \$ 7,256 | 19 %   | \$ 129,948 | \$ 113,201 | \$ 16,747 | 15 %   |
| Total revenue |               |           |           |          |        |            |            |           |        |
| Total revenue |               |           |           |          |        |            |            |           |        |

Subscription revenue increased by \$8.3 million \$10.5 million, or 23% 27%, during the three months ended October 31, 2023 April 30, 2024 compared to the three months ended October 31, 2022 April 30, 2023. The increase in subscription revenue was due to an increase primarily driven by growth in revenue revenues from existing customers and new customers, as we increased our customer base from 658 customers as of October 31, 2022 to 715 customers as of October 31, 2023. customers. Approximately 89% 99% of the increase in revenue was attributable to growth from existing customers.

Subscription revenue increasedby \$18.7 million, or 18%, during the nine months ended October 31, 2023 compared to the nine months ended October 31, 2022. Approximately 90% of the The remaining increase in revenue was attributable to growth new customers as we increased our customer base from existing customers. 679 customers as of April 30, 2023 to 807 customers as of April 30, 2024.

Services revenue decreased by \$1.0 million \$0.2 million, or 36% 7%, during the three months ended October 31, 2023 April 30, 2024 compared to the three months ended October 31, 2022. The decrease in services revenue was April 30, 2023 primarily due to a decrease in delivery of professional services.

Services revenue decreasedby \$2.0 million, or 24%, during the nine months ended October 31, 2023 compared to the nine months ended October 31, 2022. The decrease in services revenue was primarily due to a decrease in delivery of professional services. service hours.

#### Cost of Revenue, Gross Profit and Gross Margin

|                              |                                |          |           |          |        |                        |                               |          |        |  |  |
|------------------------------|--------------------------------|----------|-----------|----------|--------|------------------------|-------------------------------|----------|--------|--|--|
| Three Months Ended April 30, |                                |          |           |          |        |                        |                               |          |        |  |  |
| Three Months Ended April 30, |                                |          |           |          |        |                        |                               |          |        |  |  |
| Three Months Ended April 30, |                                |          |           |          |        |                        |                               |          |        |  |  |
| 2024                         |                                |          |           |          |        |                        |                               |          |        |  |  |
| 2024                         |                                |          |           |          |        |                        |                               |          |        |  |  |
| 2024                         |                                |          |           |          |        |                        |                               |          |        |  |  |
|                              | Three Months Ended October 31, |          |           |          |        |                        | Nine Months Ended October 31, |          |        |  |  |
|                              | (dollars in thousands)         |          |           |          |        |                        |                               |          |        |  |  |
|                              | 2023                           | 2022     | \$ Change | % Change | 2023   | 2022                   | \$ Change                     | % Change |        |  |  |
|                              | (dollars in thousands)         |          |           |          |        |                        |                               |          |        |  |  |
|                              | (dollars in thousands)         |          |           |          |        | (dollars in thousands) |                               |          |        |  |  |
|                              | (dollars in thousands)         |          |           |          |        |                        |                               |          |        |  |  |
| Cost of revenue:             |                                |          |           |          |        |                        |                               |          |        |  |  |
| Cost of revenue:             |                                |          |           |          |        |                        |                               |          |        |  |  |
| Cost of revenue:             | Cost of revenue:               |          |           |          |        |                        |                               |          |        |  |  |
| Subscription                 | Subscription                   | \$ 3,549 | \$ 2,631  | \$ 918   | 35 %   | \$ 11,067              | \$ 7,548                      | \$ 3,519 | 47 %   |  |  |
| Subscription                 |                                |          |           |          |        |                        |                               |          |        |  |  |
| Subscription                 |                                |          |           |          |        |                        |                               |          |        |  |  |
| Services                     |                                |          |           |          |        |                        |                               |          |        |  |  |
| Services                     |                                |          |           |          |        |                        |                               |          |        |  |  |
| Services                     | Services                       | 1,562    | 2,244     | (682)    | (30) % | 5,875                  | 6,759                         | (884)    | (13) % |  |  |

|                           |                           |           |           |        |     |            |           |          |      |
|---------------------------|---------------------------|-----------|-----------|--------|-----|------------|-----------|----------|------|
| Total cost of revenue     | Total cost of revenue     | \$ 5,111  | \$ 4,875  | \$ 236 | 5 % | \$ 16,942  | \$ 14,307 | \$ 2,635 | 18 % |
| Total cost of revenue     |                           |           |           |        |     |            |           |          |      |
| Gross profit              |                           |           |           |        |     |            |           |          |      |
| Gross profit              |                           |           |           |        |     |            |           |          |      |
| Gross profit              | Gross profit              | \$ 40,702 | \$ 33,682 |        |     | \$ 113,006 | \$ 98,894 |          |      |
| Gross margin              | Gross margin              | 88.8 %    | 87.4 %    |        |     | 87.0 %     | 87.4 %    |          |      |
| Gross margin              |                           |           |           |        |     |            |           |          |      |
| Gross margin              |                           |           |           |        |     |            |           |          |      |
| Headcount (at period end) | Headcount (at period end) | 66        | 59        |        |     | 66         | 59        |          |      |
| Headcount (at period end) |                           |           |           |        |     |            |           |          |      |
| Headcount (at period end) |                           |           |           |        |     |            |           |          |      |

Cost of subscription revenue increased by \$0.9 million \$0.3 million, or 35% 8%, during the three months ended October 31, 2023 April 30, 2024 compared to the three months ended October 31, 2022 April 30, 2023. The This change in cost of subscription revenue was primarily due to an increase of \$1.0 million \$0.6 million related to the computing infrastructure costs associated with Couchbase Capella, and an increase of \$0.3 million in personnel-related costs associated with headcount growth and higher stock-based compensation expense. This increase was partially offset by a \$0.4 million decrease in the amortization of costs associated with capitalized internal-use software due to certain costs that were fully amortized in the prior quarter.

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Cost of subscription revenue increased by \$3.5 million, or 47%, during the nine months ended October 31, 2023 compared to the nine months ended October 31, 2022. The change in cost of subscription revenue was primarily due to an increase of \$2.2 million related to the computing infrastructure costs associated with Couchbase Capella and an increase of \$1.3 million in personnel-related costs associated with headcount growth and higher stock-based compensation expense. fiscal year.

Cost of services revenue decreased by \$0.7 \$0.5 million, or 30% 23%, during the three months ended October 31, 2023 April 30, 2024 compared to the three months ended October 31, 2022 April 30, 2023. This was primarily due to a decrease of \$0.4 million in contracted third-party professional services and a decrease of \$0.2 million in personnel-related costs due to lower delivery of professional services.

Cost of services revenue decreased by \$0.9 million, or 13%, during the nine months ended October 31, 2023 compared to the nine months ended October 31, 2022. This was primarily due to a decrease of \$0.8 million in contracted third-party professional services. headcount.

Gross margin increased during the three months ended October 31, 2023 April 30, 2024 compared to the three months ended October 31, 2022 primarily due to cost efficiencies as we scale Couchbase Capella. Gross margin decreased during the nine months ended October 31, 2023 compared to the nine months ended October 31, 2022, April 30, 2023 primarily due to changes in the mix of subscription and service revenue.

## Research and Development

Three Months Ended April 30,

Three Months Ended April 30,

Three Months Ended April 30,

2024

|                           |                                | 2024      |           |          |                        |                               |           |          |      |
|---------------------------|--------------------------------|-----------|-----------|----------|------------------------|-------------------------------|-----------|----------|------|
|                           |                                | 2024      |           |          |                        |                               |           |          |      |
|                           | Three Months Ended October 31, |           |           |          |                        | Nine Months Ended October 31, |           |          |      |
|                           | (dollars in thousands)         |           |           |          |                        |                               |           |          |      |
|                           | 2023                           | 2022      | \$ Change | % Change | 2023                   | 2022                          | \$ Change | % Change |      |
|                           | (dollars in thousands)         |           |           |          |                        |                               |           |          |      |
|                           | (dollars in thousands)         |           |           |          | (dollars in thousands) |                               |           |          |      |
|                           | (dollars in thousands)         |           |           |          |                        |                               |           |          |      |
| Research and development  |                                |           |           |          |                        |                               |           |          |      |
| Research and development  |                                |           |           |          |                        |                               |           |          |      |
| Research and development  | Research and development       | \$ 15,903 | \$ 13,998 | \$ 1,905 | 14 %                   | \$ 47,578                     | \$ 42,760 | \$ 4,818 | 11 % |
| Percentage of revenue     | Percentage of revenue          | 35 %      | 36 %      |          |                        | 37 %                          | 38 %      |          |      |
| Percentage of revenue     |                                |           |           |          |                        |                               |           |          |      |
| Percentage of revenue     |                                |           |           |          |                        |                               |           |          |      |
| Headcount (at period end) | Headcount (at period end)      | 293       | 296       |          |                        | 293                           | 296       |          |      |
| Headcount (at period end) |                                |           |           |          |                        |                               |           |          |      |
| Headcount (at period end) |                                |           |           |          |                        |                               |           |          |      |

Research and development increased by \$1.9 million \$2.5 million, or 14% 16%, during the three months ended October 31, 2023 April 30, 2024 compared to the three months ended October 31, 2022 April 30, 2023. The This change in research and development expenses was primarily due to an increase of \$2.3 million \$2.8 million in personnel-related costs associated with merit increases driven by headcount growth and higher stock-based compensation expense, partially related to our RSUs offset by a decrease of \$0.4 million in computing infrastructure costs other factors.

#### Sales and allocated overhead. Marketing

#### Research

|                           |  | Three Months Ended April 30, |           |           |          |
|---------------------------|--|------------------------------|-----------|-----------|----------|
|                           |  | 2024                         | 2023      | \$ Change | % Change |
|                           |  | (dollars in thousands)       |           |           |          |
| Sales and marketing       |  | \$ 37,755                    | \$ 32,553 | \$ 5,202  | 16 %     |
| Percentage of revenue     |  | 74 %                         | 79 %      |           |          |
| Headcount (at period end) |  | 358                          | 338       |           |          |

Sales and development marketing increased by \$4.8 million \$5.2 million, or 11% 16%, during the nine three months ended October 31, 2023 April 30, 2024 compared to the nine three months ended October 31, 2022 April 30, 2023. The This increase in research and development expenses was primarily due to an increase of \$4.0 million \$4.9 million in personnel-related costs driven by headcount growth and higher stock-based compensation expense related to our RSUs.

#### General and personnel-related costs associated with headcount growth Administrative

|                            |  | Three Months Ended April 30, |          |           |          |
|----------------------------|--|------------------------------|----------|-----------|----------|
|                            |  | 2024                         | 2023     | \$ Change | % Change |
|                            |  | (dollars in thousands)       |          |           |          |
| General and administrative |  | \$ 12,583                    | \$ 9,625 | \$ 2,958  | 31 %     |



|                           |      |      |
|---------------------------|------|------|
| Percentage of revenue     | 25 % | 23 % |
| Headcount (at period end) | 81   | 65   |

General and an increase of \$0.6 million in contracted third-party professional services.

### Sales and Marketing

|                           | Three Months Ended October 31, |           |           |          | Nine Months Ended October 31, |           |           |          |
|---------------------------|--------------------------------|-----------|-----------|----------|-------------------------------|-----------|-----------|----------|
|                           | 2023                           | 2022      | \$ Change | % Change | 2023                          | 2022      | \$ Change | % Change |
|                           | (dollars in thousands)         |           |           |          | (dollars in thousands)        |           |           |          |
| Sales and marketing       | \$ 31,602                      | \$ 27,448 | \$ 4,154  | 15 %     | \$ 96,503                     | \$ 81,764 | \$ 14,739 | 18 %     |
| Percentage of revenue     | 69 %                           | 71 %      |           |          | 74 %                          | 72 %      |           |          |
| Headcount (at period end) | 351                            | 309       |           |          | 351                           | 309       |           |          |

Sales and marketing administrative increased by \$4.2 million \$3.0 million, or 15% 31%, during the three months ended October 31, 2023 April 30, 2024 compared to the three months ended October 31, 2022 April 30, 2023. The change in sales and marketing expenses This increase was primarily due to an increase of \$4.6 million \$2.8 million in personnel-related costs associated with driven by headcount growth and higher stock-based compensation expense, partially offset by a decrease of \$0.3 million in recruiting fees and a decrease of \$0.2 million in expenses associated with software and subscription services dedicated for use by related to our sales and marketing organization. RSUs.

### Interest Expense

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|                  | Three Months Ended April 30, |         |           |          |
|------------------|------------------------------|---------|-----------|----------|
|                  | 2024                         | 2023    | \$ Change | % Change |
|                  | (dollars in thousands)       |         |           |          |
| Interest expense | \$ —                         | \$ (25) | \$ 25     | (100)%   |

Sales and marketing increased by \$14.7 million, or 18%, during the nine months ended October 31, 2023 compared to the nine months ended October 31, 2022. The change in sales and marketing expenses was primarily due to an increase of \$13.5 million in personnel-related costs associated with headcount growth and higher stock-based compensation interest expense and an increase of \$2.2 million due to a return to more normal levels of travel-related costs to attend in-person events. This was partially offset by a decrease of \$0.7 million in sales and marketing program expenses and a decrease of \$0.3 million in expenses associated with software and subscription services dedicated for use by our sales and marketing organization.

### General and Administrative

|                            | Three Months Ended October 31, |          |           |          | Nine Months Ended October 31, |           |           |          |
|----------------------------|--------------------------------|----------|-----------|----------|-------------------------------|-----------|-----------|----------|
|                            | 2023                           | 2022     | \$ Change | % Change | 2023                          | 2022      | \$ Change | % Change |
|                            | (dollars in thousands)         |          |           |          | (dollars in thousands)        |           |           |          |
| General and administrative | \$ 10,739                      | \$ 8,828 | \$ 1,911  | 22 %     | \$ 30,823                     | \$ 25,183 | \$ 5,640  | 22 %     |
| Percentage of revenue      | 23 %                           | 23 %     |           |          | 24 %                          | 22 %      |           |          |
| Headcount (at period end)  | 69                             | 63       |           |          | 69                            | 63        |           |          |

General and administrative increased by \$1.9 million, or 22%, during the three months ended October 31, 2023 April 30, 2024 and 2023 was not material.

### Other Income (Expense), Net

|                   | Three Months Ended April 30, |          |           |          |
|-------------------|------------------------------|----------|-----------|----------|
|                   | 2024                         | 2023     | \$ Change | % Change |
|                   | (dollars in thousands)       |          |           |          |
| Other income, net | \$ 1,531                     | \$ 1,433 | \$ 98     | 7 %      |

Other income (expense), net fluctuated by \$0.1 million during the three months ended April 30, 2024 compared to the three months ended October 31, 2022. The change in general and administrative expenses was April 30, 2023 primarily due to an increase of \$2.0 million in stock-based compensation expense, higher yields on securities, partially offset by a decrease of \$0.2 million in corporate insurance expense.

General and administrative increased by \$5.6 million, or 22%, during the nine months ended October 31, 2023 compared to the nine months ended October 31, 2022. The change in general and administrative expenses was primarily due to an increase of \$6.1 million in higher stock-based compensation expense and personnel-related costs associated with headcount growth, partially offset by a decrease of \$1.0 million in corporate insurance expense.

### Interest Expense

|                  | Three Months Ended October 31, |         |           |          | Nine Months Ended October 31, |         |           |          |
|------------------|--------------------------------|---------|-----------|----------|-------------------------------|---------|-----------|----------|
|                  | 2023                           | 2022    | \$ Change | % Change | 2023                          | 2022    | \$ Change | % Change |
|                  | (dollars in thousands)         |         |           |          | (dollars in thousands)        |         |           |          |
| Interest expense | \$ —                           | \$ (26) | \$ 26     | (100)%   | \$ (43)                       | \$ (76) | \$ 33     | (43)%    |

The changes in interest expense during the three and nine months ended October 31, 2023 and 2022 were not material.

### Other Income (Expense), Net

|                             | Three Months Ended October 31, |        |           |          | Nine Months Ended October 31, |       |           |          |
|-----------------------------|--------------------------------|--------|-----------|----------|-------------------------------|-------|-----------|----------|
|                             | 2023                           | 2022   | \$ Change | % Change | 2023                          | 2022  | \$ Change | % Change |
|                             | (dollars in thousands)         |        |           |          | (dollars in thousands)        |       |           |          |
| Other income (expense), net | \$ 1,298                       | \$ 317 | \$ 981    | 309 %    | \$ 3,986                      | \$ 22 | \$ 3,964  | 18018 %  |

Other income (expense), net increased by \$1.0 million during the three months ended October 31, 2023 compared to the three months ended October 31, 2022. The change in other income (expense), net was primarily driven by an increase of \$1.0 million in interest income driven by higher yields on securities.

Other income (expense), net increased by \$4.0 million during the nine months ended October 31, 2023 compared to the nine months ended October 31, 2022. The change in other income (expense), net was primarily driven by an increase of \$3.3 million in interest income driven by higher yields on securities. There was an additional decrease of \$0.6 million in unrealized and realized foreign currency losses due to fluctuations in exchange rates.

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### Provision (benefit) for Income Taxes

|                                |                               |
|--------------------------------|-------------------------------|
| Three Months Ended April 30,   |                               |
| Three Months Ended April 30,   |                               |
| Three Months Ended April 30,   |                               |
| 2024                           |                               |
| 2024                           |                               |
| 2024                           |                               |
| Three Months Ended October 31, | Nine Months Ended October 31, |
| (dollars in thousands)         |                               |

|                                      |                          | 2023                   |          | 2022 |          | \$ Change |       | % Change |   | 2023 |          | 2022 |          | \$ Change |         | % Change |   |
|--------------------------------------|--------------------------|------------------------|----------|------|----------|-----------|-------|----------|---|------|----------|------|----------|-----------|---------|----------|---|
|                                      |                          | (dollars in thousands) |          |      |          |           |       |          |   |      |          |      |          |           |         |          |   |
|                                      |                          | (dollars in thousands) |          |      |          |           |       |          |   |      |          |      |          |           |         |          |   |
|                                      |                          | (dollars in thousands) |          |      |          |           |       |          |   |      |          |      |          |           |         |          |   |
| Loss before income taxes             | Loss before income taxes | \$                     | (16,244) | \$   | (16,301) | \$        | 57    | —        | % | \$   | (58,001) | \$   | (50,867) | \$        | (7,134) | 14       | % |
| Provision for income taxes           |                          |                        | 11       |      | 376      | \$        | (365) | (97)     | % |      | 780      |      | 1,013    | \$        | (233)   | (23)     | % |
| Loss before income taxes             |                          |                        |          |      |          |           |       |          |   |      |          |      |          |           |         |          |   |
| Loss before income taxes             |                          |                        |          |      |          |           |       |          |   |      |          |      |          |           |         |          |   |
| Provision (benefit) for income taxes |                          |                        |          |      |          |           |       |          |   |      |          |      |          |           |         |          |   |
| Provision (benefit) for income taxes |                          |                        |          |      |          |           |       |          |   |      |          |      |          |           |         |          |   |
| Provision (benefit) for income taxes |                          |                        |          |      |          |           |       |          |   |      |          |      |          |           |         |          |   |
| Effective tax rate                   | Effective tax rate       |                        | (0.1) %  |      | (2.3) %  |           |       |          |   |      | (1.3) %  |      | (2.0) %  |           |         |          |   |
| Effective tax rate                   |                          |                        |          |      |          |           |       |          |   |      |          |      |          |           |         |          |   |
| Effective tax rate                   |                          |                        |          |      |          |           |       |          |   |      |          |      |          |           |         |          |   |

The decrease change in provision (benefit) for income taxes for both the three and nine months ended October 31, 2023 April 30, 2024 compared with the same period last year was primarily driven by foreign excess tax benefits related to stock-based compensation expense.

## Liquidity and Capital Resources

We have financed our operations through subscription revenue from customers accessing our platform and services revenue, and in July 2021, we completed our IPO with net proceeds totaling \$214.9 million. We have incurred losses and generated negative cash flows from operations for the last several years, including fiscal 2022 2023 and 2023 2024 and the nine three months ended October 31, 2023 April 30, 2024. As of October 31, 2023 April 30, 2024, we had an accumulated deficit of \$469.3 million \$511.7 million.

As of October 31, 2023 April 30, 2024, we had \$156.6 \$160.2 million in cash, cash equivalents and short-term investments. We maintain our cash and cash equivalents, restricted cash and short-term investments with high-quality financial institutions. For more information, see "Concentration of Credit Risk" in Note 2 of our notes to the condensed consolidated financial statements. We believe our existing cash, cash equivalents and short-term investments, our total available borrowing capacity under the Credit Facility with MUFG Bank, Ltd., which is described in Note 7 of our notes to the condensed consolidated financial statements, and cash provided by sales of subscriptions to our platform and sales of our services will be sufficient to meet our projected operating requirements and cash expenditures for at least the next 12 months. As a result of our revenue growth plans, both domestically and internationally, we expect that losses and negative cash flows from operations may continue in the future. Our future cash capital requirements will depend on many factors, including our subscription revenue growth rate, subscription renewals, billing timing and frequency, the timing and extent of spending to support development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced platform features and functionality and the continued market adoption of our platform. We may in the future pursue acquisitions of businesses, technologies, assets and talent.

We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in new technologies, our competitive position could weaken, and our business, financial condition and results of operations could be adversely affected.

We typically invoice our subscription customers annually in advance. Therefore, a substantial source of our cash is from such prepayments, which are included on our condensed consolidated balance sheets as deferred revenue. Deferred revenue consists of billed fees for our subscriptions, prior to satisfying the criteria for revenue recognition, which are subsequently recognized as revenue in accordance with our revenue recognition policy. As of **October 31, 2023** **April 30, 2024**, remaining performance obligations, including both deferred revenue and non-cancelable contracted amounts, were **\$164.4 million** **\$220.0 million**. We expect to recognize revenue of **\$111.8 million** **\$137.0 million** on these remaining performance obligations over the next 12 months, with the remaining balance recognized thereafter.

**On June 5, 2023, we terminated our Credit Facility with Silicon Valley Bank.**

## Cash Flows

The following table shows a summary of our cash flows for the periods presented:

|                                 | Nine Months Ended October 31, |             |
|---------------------------------|-------------------------------|-------------|
|                                 | 2023                          | 2022        |
|                                 | (in thousands)                |             |
| Net cash provided by (used in): |                               |             |
| Operating activities            | \$ (20,443)                   | \$ (30,982) |
| Investing activities            | \$ 18,093                     | \$ (33,587) |
| Financing activities            | \$ 9,353                      | \$ 8,517    |

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|                                 | Three Months Ended April 30, |            |
|---------------------------------|------------------------------|------------|
|                                 | 2024                         | 2023       |
|                                 | (in thousands)               |            |
| Net cash provided by (used in): |                              |            |
| Operating activities            | \$ 1,559                     | \$ (7,181) |
| Investing activities            | \$ 3,695                     | \$ 10,314  |
| Financing activities            | \$ 5,089                     | \$ 2,764   |

### Operating Activities

Cash **used in** **provided by** operating activities for the **nine** **three** months ended **October 31, 2023** **April 30, 2024** of **\$20.4 million** **\$1.6 million** primarily consisted of our net loss of **\$58.8 million** **\$21.0 million**, adjusted for non-cash charges of **\$49.3 million** **\$19.3 million** and net cash **outflows** **inflows** of **\$11.0 million** **\$3.2 million** from changes in our operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities include a **\$9.1 million** **\$10.2 million** decrease in accounts receivable related to **strong collections** and timing of billings and collections, a **\$1.7 million** **\$7.7 million** increase in **accounts payable** **deferred revenue** due to timing of **payments**, and a **\$0.8 million** decrease in **prepaid expenses**. **billings**. These changes were partially offset by a **\$13.9 million** increase in deferred commissions related to increased sales during the period, a **\$3.5 million** **\$9.2 million** decrease in accrued compensation primarily due to timing of bonus and commissions payments, a **\$3.0 million** **\$3.1 million** increase in deferred commissions related to increased sales during the period, a **\$0.8 million** decrease in lease liabilities driven by **monthly rental payments** for operating leases, a **\$0.8 million** decrease in accrued expenses and other liabilities due to the timing of accruals and payments, and a **\$2.6 million** **\$0.8 million** decrease in **lease liabilities** driven by **monthly rental payments** for operating leases. **accounts payable** due to timing of payments.

Cash used in operating activities for the **nine** **three** months ended **October 31, 2022** **April 30, 2023** of **\$31.0** **\$7.2 million** primarily consisted of our net loss of **\$51.9 million** **\$21.9 million**, adjusted for non-cash charges of **\$37.4 million** **\$14.6 million** and net cash **outflows** **inflows** of **\$16.5 million** **\$0.1 million** from changes in our operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities include a **\$13.4 million** decrease **\$6.4 million** increase in **accounts receivable** related **deferred revenue** due to timing of billings, a **\$5.5 million** increase in

accounts payable due to timing of payments, and collections, a \$12.3 million \$1.4 million decrease in prepaid expenses and other assets due to the timing of prepaid operating expenses. These changes were partially offset by a \$4.8 million increase in deferred commissions related to increased sales during the period, an \$11.1 million decrease in deferred revenue due to timing of billings, and a \$7.1 million \$4.1 million decrease in accrued compensation primarily due to the timing of bonus payments and purchases under our employee stock purchase plan. plan, a \$2.3 million increase in accounts receivable due to timing of billings and collections, a \$1.3 million decrease in accrued expenses and other liabilities due to payments related to restructuring activities, and a \$0.8 million decrease in lease liabilities driven by monthly rental payments for operating leases.

### **Investing Activities**

Cash provided by investing activities for the nine three months ended October 31, 2023 April 30, 2024 of \$18.1 million \$3.7 million consisted of maturities of short-term investments net of purchases of \$21.5 million \$4.7 million and additions to property and equipment of \$3.4 \$1.0 million.

Cash used in provided by investing activities for the nine three months ended October 31, 2022 April 30, 2023 of \$33.6 million \$10.3 million consisted of purchases maturities of short-term investments net of maturities purchases of \$29.5 million \$11.6 million and additions to property and equipment of \$4.1 million \$1.3 million.

### **Financing Activities**

Cash provided by financing activities for the nine three months ended October 31, 2023 April 30, 2024 of \$9.4 million \$5.1 million was primarily due to \$7.4 million \$3.3 million in proceeds from the issuance of common stock upon exercises of stock options, and \$2.0 million \$1.8 million in proceeds from the issuance of common stock under our employee stock purchase plan.

Cash provided by financing activities for the nine three months ended October 31, 2022 April 30, 2023 of \$8.5 million \$2.8 million was primarily due to \$4.5 million \$1.9 million in proceeds from the issuance of common stock upon exercises of stock options, and \$0.8 million in proceeds from the issuance of common stock under our employee stock purchase plan, and \$4.0 million in proceeds from the issuance of common stock upon exercises of stock options. plan.

## **Contractual Obligations and Commitments**

Our contractual obligations consist of purchase obligations and operating lease commitments. Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions and the approximate timing of the transaction. These obligations relate to third-party cloud infrastructure agreements and subscription arrangements. Our operating lease commitments relate primarily to our office facilities.

For further information on our commitments and contingencies, refer to Note 9 in our unaudited condensed consolidated financial statements included elsewhere in contained within this Quarterly Report on Form 10-Q. There has been no material change in our contractual obligations and commitments other than in the ordinary course of business since our fiscal year ended January 31, 2023 January 31, 2024. See our Annual Report on Form 10-K for the fiscal year ended January 31, 2023 January 31, 2024, which was filed with the SEC on March 29, 2023 March 26, 2024, for additional information regarding our contractual obligations.

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## **Indemnification Agreements**

In the ordinary course of business, we enter into agreements of varying scope and terms pursuant to which we agree to indemnify customers, vendors, lessors and other business partners with respect to certain matters, including, but not limited to, losses arising out of the breach of such agreements, services to be provided by us or from intellectual property infringement claims made by third parties. Additionally, we entered into indemnification agreements with our directors and officers that require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. To date, no demands have been made upon us to provide indemnification under such agreements, and there are no claims that we are aware of that could reasonably be expected to have a material effect on our financial condition, results of operations or cash flows.

## Critical Accounting Policies and Estimates

Our condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q are prepared in accordance with **GAAP, U.S. generally accepted accounting principles**. The preparation of condensed consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows will be affected.

There have been no significant changes to our critical accounting policies and estimates as compared to those described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” set forth in our Annual Report on Form 10-K for the fiscal year ended **January 31, 2023** **January 31, 2024**, which was filed with the SEC on March **29, 2023** **26, 2024**.

## Recent Accounting Pronouncements

See Note 2 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for a discussion of recent accounting pronouncements.

## JOBS Act Accounting Election

We are an “emerging growth company,” as defined in the JOBS Act. The JOBS Act provides that an “emerging growth company” can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an “emerging growth company” to delay the adoption of some accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period under the JOBS Act until the earlier of the date we (i) are no longer an “emerging growth company” or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

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## Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign currency exchange rates.

### Interest Rate Risk

Our cash, cash equivalents and short-term investments primarily consist of highly liquid investments in money market funds, U.S. government treasury securities, commercial paper, U.S. government agency securities, corporate debt securities, and asset-backed securities. As of **October 31, 2023** **April 30, 2024**, we had cash and cash equivalents of **\$46.9 million** **\$52.0 million** and short-term investments of **\$109.7 million** **\$108.2 million**. We do not enter into investments for trading or speculative purposes. Our investments are exposed to market risk due to fluctuations in interest rates, which may affect our interest income and the fair value of our investments. However, due to the short-term nature of our investment portfolio, we do not believe an immediate 10% increase or decrease in interest rates would have a material effect on our results of operations and cash flows. We therefore do not expect our results of operations or cash flows to be materially affected by a sudden change in market interest rates.

### Foreign Currency Risk

The functional currency of our foreign subsidiaries is the U.S. Dollar. Accordingly, each foreign subsidiary remeasures monetary assets and liabilities at period-end exchange rates, while nonmonetary items are remeasured at historical rates. Revenue and expense items are remeasured at the exchange rates in effect on the day the transaction occurred, except for those expenses related to non-monetary assets and liabilities, which are remeasured at historical exchange rates. Remeasurement adjustments are recognized in other income (expense), net in our condensed consolidated statement of operations.

The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. We have experienced and will continue to experience fluctuations in foreign exchange gains (losses) related to changes in foreign currency exchange rates. In the event our foreign currency denominated assets, liabilities, revenue or expenses increase, our results of operations and cash flows may be more greatly affected by fluctuations in the exchange rates of the currencies in which we do business. We have not engaged in the hedging of foreign currency transactions to date, although we may choose to do so in the future.

As of **October 31, 2023** **April 30, 2024**, a hypothetical 10% change in the relative value of the U.S. Dollar to other currencies would not have a material impact on our results of operations and cash flows.

#### **Item 4. Controls and Procedures.**

##### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission (the “SEC”). Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective at the reasonable assurance level.

##### **Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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##### **Inherent Limitations on Effectiveness of Controls and Procedures**

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

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## **Part II Other Information**

#### **Item 1. Legal Proceedings**



From time to time, we may be subject to legal proceedings and claims that arise in the ordinary course of business, as well as governmental and other regulatory investigations and proceedings. In addition, third parties may from time to time assert claims against us in the form of letters and other communications. We are not currently a party to any legal proceedings that, if determined adversely to us, would, in our opinion, have a material and adverse effect on our business, financial condition, results of operations or cash flows. Future litigation may be necessary to defend ourselves, our partners and our customers, to determine the scope, enforceability and validity of third-party intellectual property and proprietary rights or to establish our intellectual property and proprietary rights. The results of any current or future litigation cannot be predicted with certainty and there can be no assurances that favorable outcomes will be obtained, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management attention and resources and other factors.

## Item 1A. Risk Factors

*You should carefully consider the risks and uncertainties described below, together with all of the other information in this Quarterly Report on Form 10-Q, including our consolidated financial statements and related notes and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our business, financial condition, results of operations or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. If any of the risks actually occur, our business, financial condition, results of operations and prospects could be adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment. The last day of our fiscal year is January 31. Our fiscal years ended January 31, 2022 January 31, 2023 and 2023 2024 are referred to herein as fiscal 2022 2023 and fiscal 2023, 2024, respectively.*

### Risks Related to Our Industry and Business

#### ***We have a history of net losses and may not achieve or maintain profitability in the future.***

We have incurred net losses since our inception, and we expect to continue to incur net losses in the near future. We incurred net losses of \$80.2 million, \$68.5 million, \$58.2 million, \$58.8 million \$21.0 million and \$51.9 million \$21.9 million for fiscal 2023, 2024, fiscal 2022 2023 and the nine three months ended October 31, 2023 April 30, 2024 and 2022, 2023, respectively. As of October 31, 2023 April 30, 2024, we had an accumulated deficit of \$469.3 million \$511.7 million. We expect our costs to increase in future periods. In particular, we intend to continue to invest investing significant resources to further develop our platform, and expand our sales, and marketing, and expand our operations and infrastructure, both domestically and internationally. Any failure to increase our revenue sufficiently at a rate that exceeds the rate of increase in our investments and other expenses could prevent us from achieving or maintaining profitability.

#### ***We may not continue to grow on pace with historical rates.***

Our historical revenue, revenue growth, key business metrics or key business metrics growth should not be considered indicative of our future performance. Our revenue was \$180.0 million, \$154.8 million, \$123.5 million, \$129.9 \$51.3 million and \$113.2 million \$41.0 million for fiscal 2023, 2024, fiscal 2022 2023 and the nine three months ended October 31, 2023 April 30, 2024 and 2022, 2023, respectively. However, you should not rely on our revenue or key business metrics for any previous quarterly or annual period as any indication of our revenue, revenue growth, key business metrics or key business metrics growth in future periods. In particular, our Our revenue growth rate has fluctuated in prior periods. We periods and we expect our revenue growth rate to continue to fluctuate. Our revenue growth rate may also decline in future periods for be impacted by a number of reasons, factors, including slowing adoption of or demand for our products and services, increasing competition, a decrease in the decreasing growth of our overall market, changes to technology or our failure to capitalize on growth opportunities, among others.

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#### ***If we fail to manage our growth effectively, our brand, business, financial condition and results of operations could be adversely affected.***

We have experienced strong growth in our employee headcount, our geographic reach and our operations, and we expect to continue to grow in the future. Our employee headcount grew from 727 as of October 31, 2022 to 779 as of October 31, 2023. Our ability to manage Managing our growth effectively and to integrate integrating new employees, technologies and acquisitions into our existing business will require us to continue to expand expanding our operational and financial infrastructure and to continue to effectively integrate, develop and motivate a large number of new employees, while maintaining the beneficial aspects of our culture. Continued growth could challenge our ability to develop and improve our operational, financial and management controls, enhance our reporting systems and procedures, recruit, train and retain highly skilled personnel, and maintain customer satisfaction. In addition, we have encountered satisfaction and will continue to encounter risks and challenges frequently experienced by growing companies in evolving industries, including our ability to manage our costs and operating expenses. Further, as our customers adopt our products and services for an increasing number of use cases, we have had to support more complex commercial relationships. We must continue to improve and expand our information technology ("IT"), and financial infrastructure, operating and administrative systems and



relationships with various partners and other third parties. In addition, we operate globally and have established numerous international subsidiaries. We plan Plans to continue to expand our international operations into other countries in the future, which doing so will place additional demands on our resources and operations. If we do not manage the growth of our business and operations effectively, the quality of our products and services and the efficiency of our operations could suffer. This could impair our ability to attract new customers, retain existing customers and expand their use of our products and services, any of which could adversely affect our brand, business, financial condition and results of operations.

***We face intense competition and if we are unable to compete effectively, our business, financial condition and results of operations would be adversely affected.***

The database software market in which we operate is competitive and characterized by rapid changes in technology, customer requirements and industry standards and frequent introductions of new products and services. Many established businesses aggressively compete against us and have offerings with functionalities similar to those of our products and services. These competing offerings may also be complementary with ours and customers often deploy our platform alongside a competitor's product.

We primarily compete with established legacy database providers, such as Oracle, IBM and Microsoft, providers of NoSQL database offerings, such as MongoDB, and cloud infrastructure providers with database functionalities, such as Amazon, Microsoft and Google. In the future, other large software and internet companies with substantial resources, customers and brand power may also seek to enter our market. We would expect competition to increase with the entry of new companies and the introduction of innovative technologies.

Many of our existing and potential competitors have and our potential competitors or could have, substantial competitive advantages, such as: including but not limited to:

- greater name recognition and brand awareness, longer operating histories and larger customer bases and application developer communities;
- larger sales and marketing budgets and resources; histories;
- broader distribution and established relationships with partners, customers and customers; application developer communities;
- greater financial resources for sales and marketing, acquisitions and entering into strategic partnerships;
- competitive pricing and greater professional services and customer support resources;
- greater resources to make acquisitions lower labor, research and enter into strategic partnerships; development costs; and
- lower labor and research and development costs;
- larger and more mature intellectual property rights portfolios; and
- substantially greater financial, technical and other resources. portfolios.

If we fail to compete effectively with respect to any of these competitive advantages, we may weaken our competitive position, fail to attract new customers or lose or fail to renew existing customers, which would could adversely affect our business, financial condition and results of operations.

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We expect competition to increase with the entry of new companies and the introduction of innovative technologies. Start-ups and well-funded competitors investing in R&D may offer similar or superior products. Potential customers may believe that substitute technologies or ancillary solutions that address narrower segments overall are adequate for their needs. Our competitors could also introduce competitive pricing and performance characteristics or undertake more aggressive marketing campaigns than ours. Further, we have made portions of our source code available on an open source and source available basis and face risks if others compete effectively using our code. Additionally, some of our current or potential competitors have made or could make acquisitions of businesses or establish cooperative relationships, among themselves or with others, that may allow them to offer more directly competitive and comprehensive offerings than were previously offered and adapt more quickly to new technologies and customer needs, devote greater resources to the promotion or sale of their products, initiate or withstand substantial price competition, take advantage of other opportunities more readily or develop and expand their offerings, including those that may incorporate artificial intelligence, AI, more quickly than we do. For all of these reasons, we may not be able to compete successfully against our current or potential competitors. If we are unable to anticipate or effectively react to competitive challenges, our competitive position would weaken, and our business, financial condition and results of operations would could be adversely affected.

***We may fail to cost-effectively acquire new customers or obtain renewals, upgrades or expansions from our existing customers, which would adversely affect our business, financial condition and results of operations.***

Attracting and retaining sales and marketing personnel, developing partner relationships and raising awareness of our platform, including leveraging Community Edition and free trials, are critical for customer acquisition, and failure to cost-effectively acquire new customers could negatively impact our growth.

Our success **also** depends, in part, on retaining existing customers through subscription renewals and expanding relationships, including broadening customers' use cases within our products and adopting additional Couchbase products and services. The non-cancelable term of our subscriptions are typically one to three years but may be longer or shorter in limited circumstances, and renewals or upgrades are not guaranteed. In addition, renewals might not have a similar contract period or differ in price, terms or capacity, or customers may decide to otherwise downgrade their subscriptions. For example, the impact of the macroeconomic environment has caused, and may in the future continue to cause, certain customers to request concessions including extended payment terms or better pricing, increased customer churn, a lengthening of our sales cycles with prospective customers, a delay of planned projects or expansions and reduced contract values with certain prospective and existing customers. Retention may **decline or fluctuate as a result of a number of due to** factors including our customers' satisfaction with our products and services, our licensing models, the prices, features or perceived value of competing offerings, changes to our offerings or general economic **conditions. We invest significantly in our technology, sales and marketing functions. Failure to see commensurate customer adoption could harm our business. conditions, among other things.**

Additionally, our success depends, in part, on our determination of which product features to include in our free versus paid versions of our products (which we call the Community Edition and Enterprise Edition, respectively, for our Server and Mobile suite of products) including the timing of when to incorporate Enterprise Edition features into our Community Edition products. Any failure on our part to determine the correct balance and timing may adversely affect our business. Existing or potential customers may determine that the functionality of our free versions is sufficient for their needs and as a result may not convert from the use of our Community Edition or free trials to a paid product or downgrade from our paid products. Further, users of our Enterprise Edition Server and Mobile products may violate our license terms by using our product without paying for a required subscription or by exceeding their subscription entitlements, and we may not always be able to determine when this occurs or enforce our license terms.

In addition, expanding our customer base in new industry verticals depends on effective organization, focus and training of our sales and marketing personnel, efficient pricing and product strategies and educating the enterprise architects and application developers in such industries about the benefits and features of our products and services. **Adapting our products and services and our marketing efforts to target specific industries will require significant resources.** Inadequate returns on sales and marketing efforts and investments may harm our business.

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***The market for our products and services is relatively new and evolving, and our future success depends on the growth and expansion of this market.***

It is uncertain whether the market for our products and services will continue to grow, how rapidly it will grow, or whether our products and services will be more widely adopted. **For example, many enterprises have invested substantial resources into legacy database solutions and may be reluctant or unwilling to migrate to or invest in alternative solutions. Accordingly, any predictions or forecasts about our future growth, revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market.** Our success will depend, in part, on market acceptance and the widespread adoption of our products and services as an alternative to **legacy or** other offerings and the selection of our products and services over competing offerings that may have similar functionality. Technologies related to database offerings are still evolving and we cannot predict market acceptance of our products and services or the development of other competing offerings based on entirely new technologies. For example, we derive a substantial majority of our revenue from subscriptions for, and services related to Couchbase Server and Couchbase Mobile. Demand for our platform is affected by a number of factors, many of which are beyond our control, including continued market acceptance by existing customers and potential customers, the ability to expand the product for different use cases, the timing of development and releases of new offerings by our competitors, technological change and the growth or contraction in the market in which we compete. It is possible that customer adoption of our new products, such as Couchbase Capella, may replace a portion of customer spend on our existing products. If the market for database solutions, and for NoSQL database solutions in particular, does not continue to grow as expected, or if we are unable to continue to efficiently and effectively respond to the rapidly evolving trends and meet the demands of our customers, achieve more widespread market awareness and adoption of our products and services or otherwise manage the risks associated with the introduction of new

products and services, our competitive position would weaken and our business, financial condition, results of operations and prospects would be adversely affected.

***If we fail to innovate in response to changing customer needs, new technologies or other market requirements, our business, financial condition and results of operations could be harmed.***

Our ability to attract new customers and expand our relationship with our existing customers depends, in part, on our ability to continue to enhance and improve our products and services, introduce compelling new features, and address additional use cases. To continue to grow our business, we must continue to enhance our products and services cases and develop features that reflect the constantly evolving nature of technology, regulations, and our customers' needs. The success of any new or enhanced product or service features depends on several factors, including our anticipation of market changes and market demand, timely completion and delivery, adequate quality testing, integration with existing technologies and applications and competitive pricing. If our investments in new products and services, including Couchbase Capella, are not successful, our business, financial condition and results of operations would be adversely affected.

In addition, because our products and services are designed to operate with a variety of systems, applications, data and devices, we will need to continuously modify and enhance our products and services to keep pace with changes in such systems. We may not be successful in developing these modifications and enhancements. The addition of new features and solutions to our products and services may increase our research and development expenses, compliance, personnel, security, infrastructure and other expenses. Any We have adopted new features that we develop, including those that and may incorporate artificial intelligence, introduce others in the future, which may not be introduced in a timely or cost-effective manner or may not achieve the market acceptance necessary to generate sufficient revenue to justify the related research and development and other related expenses. It is difficult to predict customer adoption of new features. Such uncertainty limits our ability to forecast our future results of operations and subjects us to a number of challenges, including our ability to plan for and model future growth. If we are unable to manage the risks associated with the development of new products and features, our business would be adversely affected. If new technologies emerge that enable others to deliver competitive products and services at lower prices, more efficiently, more conveniently or more securely, such technologies could adversely impact our ability to compete effectively.

Generally, our professional services and training revenues have grown as our subscription revenue has grown. We believe our investment in services facilitates the adoption of our products. However, Couchbase Capella contains a service component and Couchbase Capella customers may not require standalone services at the same rate as for our enterprise Server and Mobile offerings. As a result, as customers migrate to Couchbase Capella, it is not clear if revenue from our services business will continue to grow at rates consistent with prior periods. Further, professional services and training may be seen as ancillary to our core product offerings. To the extent customers reduce spending due to macroeconomic conditions, we customers may see customers opt out of services, which may harm our results of operations.

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***We have a limited operating history, which makes it difficult to predict our future results of operations.***

We were formed in 2011 with the merger of Membase, Inc. and CouchOne, Inc. Since our formation, we have frequently expanded our product features and services and evolved our pricing methodologies. Our limited operating history and our evolving business make it difficult to evaluate our future prospects and the risks and challenges we may encounter. These risks and challenges include, among other things, our ability to manage our costs, accurately forecast revenue, gain new customers, retain or expand existing customers, introduce successful products, services and features and compete effectively.

If we fail to address the risks and difficulties challenges that we face, including those associated with the challenges listed above as well as those described elsewhere in this "Risk Factors" section, our business, financial condition, results of operations, key business metrics and prospects could be adversely affected. Further, because we have limited historical financial data and operate in a rapidly evolving market, any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies with limited operating histories in rapidly changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our results of operations could differ materially from our expectations and our business, financial condition and results of operations could be adversely affected.

***Our future results of operations and key business metrics may fluctuate significantly, and if we fail to meet the expectations of analysts or investors, the market price of our common stock and the value of your investment could decline substantially.***

Our results of operations and key business metrics may fluctuate from period to period as a result of a number of factors, many of which are outside of our control and may be difficult to predict. Some of the factors that may cause our results of operations and key business metrics to fluctuate from period to period include: predict, including:

- market acceptance and the level of demand for our products and services, including new products and services we offer; services;
- the quality and level of our execution of our business strategy and operating plan;
- the effectiveness of our sales and marketing programs;
- the length of our sales cycle, including the timing of renewals;
- our ability to attract new customers, particularly large enterprises;
- our ability to retain customers and expand their adoption of our products and services, particularly our largest customers;
- our ability to successfully expand internationally and penetrate key markets;
- our a failure to maintain the level of service uptime and performance required by our customers with certain of our products;
- technological changes and the timing and success of new or enhanced product features by us or our competitors or any other change in the competitive landscape of our market;
- our product mix and the revenue recognition related to such products;
- changes in the average contract term or the timing of revenue recognition, any of which may impact implied growth rates;
- changes to our packaging and licensing models, which may impact the timing and amount of revenue recognized;
- increases in and the timing of operating expenses that we may incur to grow our operations and to remain competitive;
- pricing pressure as a result of competition or otherwise;
- seasonal buying patterns;
- delays in our sales cycles, decreases in sales to new customers and reductions in upselling and cross-selling to existing customers due to macroeconomic conditions;

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- the implementation of cost-saving activities, longer deal cycles, extra layers of scrutiny and approval, and customers electing to buy in smaller increments as a result of macroeconomic conditions;
- the impact and costs including those with respect to integration, related to the acquisition and integration of businesses, talent, technologies or intellectual property rights;
- our an inability to enforce our licenses associated with our products;
- our ability to successfully hire and retain employees and key members of our management team;
- changes in the legislative, litigation or regulatory environment;
- adverse litigation judgments, settlements or other litigation-related costs; and
- general economic conditions in either domestic or international markets, including geopolitical uncertainty and instability, as well as the effects of foreign exchange fluctuations.

Any one or more of the factors above may result in significant fluctuations in our results of operations. We also intend to continue to invest significantly to grow our business in the near future. In addition, we generally experience seasonality based on when we enter into agreements with customers, and our quarterly results of operations generally fluctuate from quarter to quarter depending on customer buying habits. This seasonality is reflected to a lesser extent, and sometimes is not immediately apparent, in revenue, due to the fact that a substantial portion of our subscription revenue is recognized ratably over the term of the subscription, which typically ranges from one to three years. We expect that seasonality will continue to affect our results of operations in the future. The variability of our results of operations or other operating estimates could result in our failure to meet our expectations or those of securities analysts or investors. If we fail to meet or exceed such expectations for these or any other

reasons, investors; if so, the market price of our common stock could decline, and we could face costly lawsuits, including securities class action suits.

***We recognize a significant portion of revenue from subscriptions over the term of the relevant subscription period, and as a result, downturns or upturns in sales are not immediately reflected in full in our results of operations.***

Subscription revenue accounts for a significant portion of our revenue, comprising 95% 96% and 93% 94% of total revenue for the nine three months ended October 31, 2023 April 30, 2024 and 2022, 2023, respectively.

Sales of new or renewal subscriptions may decline and fluctuate as a result of a number of factors, including customers satisfaction, pricing, the prices of competitors' products and reductions in our customers' spending levels or fluctuations in customer usage of consumption-based offerings. If sales decline or if consumption-based customers consume Couchbase Capella at a slower rate than expected, our total revenue and revenue growth rate may decline.

Under most of our contracts, we recognize a portion of subscription revenue upon transfer of the software license to the customer and the larger remainder of the transaction price ratably over the term of the arrangement. See Note 2 to our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for more information. As we significantly rely on subscription revenue, a significant portion of the revenue that we report in each period will be derived from the recognition of deferred revenue relating to agreements entered into in prior periods. Consequently, a decline in new sales or renewals in any one period and any downturn in sales, demand or market acceptance for our products may not be immediately reflected in our results of operations for such period. Any such decline, however, would be reflected period but in future periods. Accordingly, the effect of significant downturns in sales and market acceptance of and demand for our products and changes in our rate of renewals or customer churn may not be fully reflected in our results of operations until future periods. Our subscription-based products also make it difficult to rapidly increase our revenue through additional sales in any period, as a significant portion of such revenue from customers will be recognized over the term of the applicable agreement.

Further, we intend to increase our investment in research and development, sales and marketing and general and administrative functions and other areas to grow our business. These costs are generally expensed as incurred as compared in contrast to our revenue, of which a significant portion is recognized ratably in future periods. We revenue. Accordingly, we may recognize the costs associated with such increased investments earlier than some of the anticipated benefits and the return on these investments may be lower, or may develop more slowly, than we expect, which could adversely affect our financial condition and results of operations.

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***We depend on our sales force, and we may fail to attract, retain, motivate or train our sales force, which could adversely affect our business, financial condition and results of operations.***

Our sales force obtains new customers and drives 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 skills and technical knowledge that we require. Our ability to achieve revenue growth will depend, in part, on our decision to hire and succeed in recruiting, training and retaining sufficient numbers of sales personnel to support our growth. Our hiring, training and retention efforts have been, and may further be, hindered as a result of the intense competition for talent. New hires require significant training and may take significant time before they achieve full productivity, and our remote and online onboarding and training processes may be less effective or efficient than in-person training and take longer. Further, hiring sales personnel in new countries requires additional set up and upfront costs that we may not recover if the sales personnel fail to achieve full productivity. If we are unable to attract, retain, motivate and train sufficient numbers of effective sales personnel, our sales personnel do not reach significant levels of productivity in a timely manner or our sales personnel are not successful in bringing potential customers into the pipeline, converting them into new customers or increasing sales to our existing customer base, our business, financial condition and results of operations would be adversely affected.

***Our sales strategy to target larger enterprises involves risks that may not be present or that are present to a lesser extent with respect to smaller enterprises, such as long and unpredictable sales cycles and sales efforts that require considerable time and expense, particularly in the current macroeconomic environment.***

Sales to large customers involve risks that may not be present or that are present to a lesser extent with sales to smaller customers, such as longer and unpredictable sales cycles, more complex customer requirements and processes.

substantial upfront sales costs and less predictability in completing some of our sales. These risks may be enhanced in the current macroeconomic environment. For example, large customers may require considerable time to evaluate and test our products and services prior to making a purchase decision. They may also need to build and test the applications to be used with our products prior to a sale, which also lengthens and introduces additional uncertainty and risk to the sales process. A number of factors influence the length and variability of our sales cycles, including the need to educate potential customers about the uses and benefits of our products and services, the discretionary nature of purchasing and budget cycles and the competitive nature of evaluation and purchasing approval processes. As a result, processes and the length of our sales cycles, from identification size of the opportunity to deal closure, may vary significantly from customer to customer, with sales to large enterprises typically taking longer to complete. Large customer sales have, in some cases, occurred in periods subsequent to those we anticipated, or have not occurred at all. The loss or delay of one or more large transactions in a period could affect our cash flows and results of operations for that fiscal period and for future periods.

Moreover, customer. For example, large customers often require proof of concept deployments, free trials or begin to deploy our products on a limited basis but nevertheless negotiate pricing discounts, which all increase our upfront investment in the sales effort with no guarantee that sales to these customers will justify our substantial upfront investment. If Large customer sales have, in some cases, occurred in periods subsequent to those we fail to effectively manage risks associated with sales cycles anticipated, or have not occurred at all, the result of which could affect our cash flows and sales to large customers, our business could be adversely affected. results of operations for that fiscal period and for future periods.

***If we are not able to maintain and enhance our brand, especially among enterprise architects, application developers and other key functions that support them, our business and results of operations may be adversely affected.***

We believe that maintaining and enhancing our brand and our reputation as a leader in the market for database solutions is critical to our relationship with our existing customers and partners and our ability to attract new customers and partners. The successful promotion of our brand will depend on a number of factors, including our marketing efforts, our ability to foster awareness among enterprise architects, application developers and other key functions that support them, our ability to continue to develop high-quality products and services, our ability to successfully differentiate our products and services from those of our competitors, our ability to maintain the reputation of our products and services for data security and our ability to obtain, maintain, protect, defend and enforce our intellectual property and proprietary rights. Our brand promotion activities may not be successful or yield increased revenue. In addition, independent industry analysts often provide reports of our products and services, as well as the offerings of our competitors, and perception of our products and services in the marketplace may be significantly influenced by these reports. Negative reports, or reports that are less positive as compared to those of our competitors, may adversely affect our reputation and brand. Additionally, the performance of our partners may affect our reputation and brand if customers do not have a positive experience with our partners.

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Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks and our competitors may adopt trade names or trademarks similar to ours leading to market confusion. If we are otherwise unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. The maintenance and promotion of our brand requires us to make substantial expenditures, and we anticipate that the expenditures will increase as our market becomes more competitive, we expand into new geographies and markets and more sales are generated through our partners. Our brand promotion activities yet may not generate customer awareness or yield increased revenue, and even if they do, any increase in revenue from such brand promotion initiatives may not offset the increased expenses we incur. If we do not successfully maintain and enhance our reputation and brand, so, we may have reduced pricing power relative to our competitors, we could lose customers or we could fail to attract potential customers or expand sales to our existing customers, all of which could materially and adversely affect our business, financial condition and results of operations.

#### ***Our business could be adversely affected by economic downturns.***

Prolonged economic uncertainties or downturns could adversely affect our business, financial condition and results of operations and key business metrics. Negative conditions in the general economy in either the United States or abroad, including inflation and rising interest rate concerns, conditions resulting from financial and credit market fluctuations, changes in economic policy, trade uncertainty including changes in tariffs, sanctions, international treaties and other trade restrictions, the occurrence of a natural disaster, global public health crisis or armed conflicts, could continue to cause a decrease in corporate spending on IT offerings in general and negatively affect the growth of our business.

These conditions could make it extremely difficult for our customers and us to forecast and plan future business activities accurately and could cause our customers to reevaluate their decision to purchase our products and services, which could delay and lengthen our sales cycles or result in cancellations of planned purchases. In the current macroeconomic environment, we continue to see longer deal cycles, extra layers of scrutiny and approval, and customers electing to buy in smaller increments. Further, during challenging economic times, our customers may face



issues in gaining timely access to sufficient credit, which could result in an impairment of their ability to make timely payments to us, if at all. If that were to occur, we may be required to increase our allowance for doubtful accounts, which would adversely affect our results of operations.

A substantial downturn in any of the industries in which our customers operate may cause firms to react to worsening conditions by reducing their capital expenditures in general or by specifically reducing their spending on IT offerings. Customers in these industries may delay or cancel projects or seek to lower their costs by renegotiating vendor contracts. To the extent subscriptions to our products or expenditures on our services are perceived by existing customers or potential customers to be discretionary, our revenue may be disproportionately affected by delays or reductions in general IT spending.

We cannot predict the timing, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry or geography. Any economic downturns of the general economy or industries in which we operate would adversely affect our business, financial condition and results of operations.

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### ***Real or perceived errors, failures or bugs in our products or interruptions or performance problems associated with our technology and infrastructure could adversely affect our growth prospects, business, financial condition and results of operations.***

Our products are complex, and therefore, undetected errors, failures or bugs have occurred in the past and may occur in the future. Our products are used in IT environments with different operating systems, system management software, applications, devices, databases, servers, storage, middleware, custom and third-party applications and equipment and networking configurations, which may cause errors or failures in the IT environment into which our products are deployed. configurations. This diversity increases the likelihood of errors or failures in those the IT environments, environments into which our products are deployed. Additionally, we rely upon third-party cloud hosting infrastructure providers to host our cloud offering. Despite testing by us, real or perceived errors, failures or bugs in our customer solutions, software or technology or the technology or software we license from third parties, including open source software, may not be found until our customers use our products. Real or perceived errors, failures or bugs in our products or the services upon which we rely This could result in negative publicity, security related incidents such as data breaches, data loss, unavailability or corruption, loss of or delay in market acceptance of our products, harm to our brand, weakening of our competitive position or complaints or claims by customers for losses sustained by them or our failure to meet the stated service level commitments in our customer agreements. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend significant additional resources in order to help correct the problem. Any errors, failures or bugs in our products could impair our ability to attract new customers, retain existing customers or expand their use of our products, any of which could adversely affect our business, financial condition and results of operations.

For certain of our products, our success depends, in part, on the ability of our existing customers and potential customers to access such products at any time and within an acceptable amount of time. We may experience service disruptions, outages, capacity constraints and other performance problems due to a variety of factors, including infrastructure changes or failures, human or software errors, malicious acts, terrorism, denial of service attacks or other security related incidents or capacity constraints. Capacity constraints could be due to a number of potential causes including technical failures, natural disasters, fraud or security attacks. In some instances, we may not be able to identify or remedy the cause or causes of these performance problems within an acceptable period of time. It may become increasingly difficult to maintain and improve our performance, especially during peak usage times and as our products and customer implementations become more complex. If our products are unavailable or if our customers are unable to access our products within a reasonable amount of time or at all, or if other performance problems occur, we may experience a loss of customers, lost or delayed market acceptance of our platform and services, delays in payment to us by customers, injury to our reputation and brand, legal claims against us and the diversion of our resources. The foregoing risks associated with any outage or service disruptions are magnified by the fact that our platform is typically used by our customers to support mission-critical applications. In addition, to the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business, financial condition and results of operations could be adversely affected.

Some of our customer contracts contain service level commitments, which contain specifications regarding response times for support, performance of our products and availability of our services. Any failure of or disruption to our infrastructure could impact the performance of our products and the availability of services to customers. If we are unable to meet our stated service level commitments or if we suffer extended periods of poor performance or unavailability of our products or services, we may be contractually obligated to provide affected customers with service credits for future subscriptions. In certain cases, we may or potentially face contract termination with refunds of prepaid amounts related to unused subscriptions. If we suffer performance issues or downtime that exceeds the service level commitments under our contracts with our customers, our business, financial condition and results of operations could be adversely affected.

***Our ability to maintain and increase sales with our existing customers depends, in part, on the quality of our customer support, and our failure to offer high-quality support would harm our reputation and adversely affect our business and results of operations.***

Our customers sometimes depend on our technical support services to resolve issues relating to our products. Our ability to provide effective support is vital to our business as our products are often utilized by our customers for mission-critical applications and are often integrated with and dependent on other core technologies, which factors also increase the complexity and challenge of providing support. If we do not succeed in helping our customers quickly resolve issues or provide effective ongoing education related to our products, our reputation could be harmed, and our existing customers may not renew or expand their use of our products. To the extent that we are unsuccessful in hiring, training and retaining adequate customer support personnel, our ability to provide adequate and timely support to our customers and our customers' satisfaction with our products, would be adversely affected. Our failure to provide and maintain high-quality customer support would harm our reputation and brand and adversely affect our business, financial condition and results of operations.

***Our international operations and planned continued international expansion subject us to additional costs and risks, which could adversely affect our business, financial condition and results of operations.***

Our continued success and our growth strategy depend, in part, on our planned continued international expansion. We are continuing to adapt to and develop strategies to address international markets, but such efforts may not be successful.

Additionally, our international sales successful and operations are subject to a number of risks, including, without limitation:

- greater difficulty in enforcing contracts and managing collections in countries where our recourse may be more limited, as well as longer collection periods;
- higher costs of doing business internationally, including costs incurred in establishing and maintaining office space and equipment for our international operations;
- differing labor regulations, especially in the European Union ("EU") where labor laws may be and often are more favorable to employees;
- challenges inherent to efficiently recruiting and retaining talented and capable employees in foreign countries and maintaining our company culture and employee programs across all of our offices;
- fluctuations in exchange rates between the U.S. Dollar and foreign currencies in markets where we do business;
- management communication and integration problems resulting from language and cultural differences and geographic dispersion;
- costs associated with language localization of our products and services;
- risks associated with trade restrictions and foreign legal requirements, including any importation, certification and localization of our products and services that may be required in foreign countries;
- greater risk of unexpected changes in regulatory requirements, tariffs and tax laws, trade laws, export quotas, customs duties, treaties and other trade restrictions;
- costs of compliance with foreign laws and regulations and the risks and costs of non-compliance with such laws and regulations, including, but not limited to laws and regulations governing our corporate governance, product licenses, data privacy, data protection and data security regulations, particularly in the EU;
- compliance with anti-bribery laws, including, without limitation, the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), the U.S. Travel Act and the United Kingdom Bribery Act 2010, violations of which could lead to significant fines, penalties and collateral consequences for us;
- risks relating to the implementation of exchange controls, including restrictions promulgated by the Office of Foreign Assets Control ("OFAC") and other similar trade protection regulations and measures;



- heightened risk of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact our financial condition and result in restatements of, or irregularities in, financial statements;

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- the uncertainty of protection for intellectual property rights in some countries, particularly, those countries where we operate through a professional employer organization and do not have a direct contractual relationship with our service providers in such countries;
- exposure to regional or global public health issues and restrictions on travel or other measures undertaken by governments in response;
- general economic and political conditions in these foreign markets, including inflation concerns, and rising interest rates, and political and economic instability in some countries, such as the Hamas-Israel or Russia-Ukraine conflicts, and any related political or economic response and counter responses or otherwise by various global actors or general effect on the global economy;
- foreign exchange controls or tax regulations that might prevent us from repatriating cash earned outside the United States; U.S.; and
- double taxation of our international earnings and potentially adverse tax consequences due to changes in the tax laws of the United States U.S. or the foreign jurisdictions in which we operate.

If we are unable to address these or other problems encountered in connection with our international operations and expansion, our operations may be negatively impacted. Some of our business partners also have international operations and are subject to the risks described above. These and other factors could harm our ability to generate revenue outside of the United States U.S. and, consequently, adversely affect our business.

In addition, compliance with evolving foreign regulations may increase operational costs. Failure to comply with these laws and regulations could have adverse effects on our business. In many foreign countries it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. regulations applicable to us. Although we have implemented policies and procedures designed to ensure compliance with these laws and policies, there can be no assurance that all of our employees, contractors, partners and third-party service providers will comply with these laws and policies. Violations of laws or key control policies by our employees, contractors, partners or third-party service providers could result in delays in revenue recognition, financial reporting misstatements, fines, penalties or the prohibition of the importation or exportation of our products and services and could have an adverse effect on our business, financial condition and results of operations.

**We face fluctuations in currency exchange rates, which could adversely affect our financial condition and results of operations.**

To the extent we continue to expand internationally, we will become more exposed to fluctuations in currency exchange rates. The strengthening of the U.S. Dollar relative to foreign currencies increases the real cost of our products and services for our customers outside of the United States, which could lead to the lengthening of our sales cycles or reduced demand for our products and services. Additionally, increased international sales may result in foreign currency denominated sales, increasing our foreign currency risk. Moreover, such continued expansion would increase operating expenses incurred outside the United States and denominated in foreign currencies. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedging transactions may be limited and we may not be able to successfully hedge our exposure, which could adversely affect our financial condition and results of operations.

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**We track certain key business metrics with internal systems and tools and do not independently verify such metrics. Certain of these metrics are subject to inherent challenges in measurement, and any real or perceived inaccuracies in such metrics may adversely affect our business and reputation.**

We track certain metrics, including ARR, dollar-based net retention rate and number of customers, with internal systems and tools that are not independently verified by any third party and which may differ from estimates or similar metrics published by third parties due to differences in sources, methodologies or the assumptions on which we rely. Our internal systems and tools have a number of limitations, and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we publicly disclose. In addition, our ARR and dollar-based net retention rate calculations assume our customers will renew unless we receive notification of non-renewal and are no longer in negotiations prior to a measurement date, and will not increase or reduce, their subscriptions for our platform and services. If these assumptions prove to be are incorrect, our actual ARR and dollar-based net retention rate may differ significantly from the metrics presented in

this Quarterly Report on Form 10-Q. If the internal systems and tools we use to track these metrics undercount or overcount performance or contain algorithmic or other technical errors, the data we report may not be accurate. While these numbers are based on what we believe to be reasonable estimates of our metrics for the applicable period of measurement, there are inherent challenges in measuring these metrics. Limitations or errors with respect to **the data or** how we measure data **or with respect to the data that we measure** may affect our understanding of certain details of our business, which could affect our long-term strategies. If our key business metrics are not accurate representations of our business, if investors do not perceive our key business metrics to be accurate or if we discover material inaccuracies with respect to these figures, we expect that our business, reputation, financial condition and results of operations would be adversely affected.

***We depend on our management team and other highly skilled personnel, and we may fail to attract, retain, motivate or integrate highly skilled personnel, which could adversely affect our business, financial condition and results of operations.***

We depend on the continued contributions of our management team, key employees and other highly skilled personnel. **Our Most of our** management team and key employees are at-will employees, which means they may terminate their relationship with us at any time. We are also substantially dependent on the continued service of our existing engineering personnel because of the complexity of our products. The competition for top management, engineering talent and other highly skilled personnel is high, and the loss of **the their services of any of our key personnel** or delays in hiring required personnel, particularly within our research and development and engineering organizations, could adversely affect our business, financial condition and results of operations.

Our future success also depends, in part, on continuing to attract and retain highly skilled personnel. Competition for these personnel in the San Francisco Bay Area, where our headquarters are located, and in other locations, is intense, and our industry faces significant competition for skilled personnel as well as high employee attrition. **In addition, the recent move by companies to offer a remote or hybrid work environment may increase competition for employees outside of our traditional office locations. personnel.**

Additionally, the former employers of our new employees **have, and in the future** may assert that our new employees or we have breached legal obligations, which may be time-consuming, distracting to management and may divert our resources. Current and potential personnel also often consider the value of equity awards they receive in connection with their employment, and if the perceived value of our equity awards declines relative to those of our competitors, our ability to attract and retain highly skilled personnel may be harmed. If we fail to attract and integrate new personnel or retain and motivate our current personnel, our business, financial condition and results of operations could be adversely affected.

***Our company culture has contributed to our success and if we cannot maintain this culture as we grow, our business could be harmed.***

We believe that our company culture, which promotes being valued and creating value, has been critical to our success. We face a number of challenges that may affect our ability to sustain our corporate culture, including:

- **failure ability** to identify, attract, reward and retain people in leadership positions in our organization who share and further our culture, values and mission;
- the increasing size and geographic diversity of our workforce;
- the continued challenges of a rapidly-evolving industry; and
- the integration of new personnel and businesses from acquisitions.

If we are not able to maintain our culture, our business could be adversely affected.

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***We may require additional capital, which may not be available on terms acceptable to us, or at all.***

Historically, we have funded our operations and capital expenditures primarily through equity issuances, debt instruments and cash generated from our operations. To support our growing business, we must have sufficient capital to continue to make significant investments in our products and services. If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to those of our common stock, and our existing stockholders may experience dilution. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities.

We evaluate financing opportunities from time to time, and our ability to obtain financing will depend on, among other things, our development efforts, business plans and operating performance and the condition of the capital markets at the time we seek financing. We cannot be certain that additional financing will be available to us on favorable terms, or at all. If we are unable to obtain adequate financing or financing on

terms satisfactory to us, when we require it, our ability to grow and to respond to business challenges could be significantly limited and our business could be adversely affected.

***Future debt obligations could materially and adversely affect our business, financial condition or results of operations.***

In the future, we may decide that it is advisable to enter We maintain a new revolving line of credit or other debt financing. There is a risk that we may not be able to negotiate terms of the new line of credit or additional debt financing that are as favorable as the terms of our prior indebtedness. Furthermore, if prevailing interest rates or other factors at the time of negotiation of the new line of credit or additional debt financing result in higher interest rates, then the interest expense relating to that new line of credit or additional debt financing would increase. (the "Credit Facility") with MUFG Bank Ltd. ("MUFG"). Our ability to pay interest and repay the principal for any indebtedness, and maintain compliance with covenants as part of our agreement with MUFG, is dependent upon our ability to manage our business operations, generate sufficient cash flows to service such debt and the other factors discussed in this "Risk Factors" section.

In the event we draw on the Credit Facility or otherwise incur indebtedness, our debt obligations could adversely impact us. For example, these obligations could:

- require us to use a large portion of our cash flow to pay principal and interest on debt, which will reduce the amount of cash flow available to fund working capital, capital expenditures, acquisitions, research and development expenditures and other business activities;
- limit our future ability to raise funds for capital expenditures, strategic acquisitions or business opportunities, research and development and other general corporate requirements;
- restrict our ability to incur additional indebtedness and to create or incur certain liens;
- increase our vulnerability to adverse economic and industry conditions; and
- increase our exposure to interest rate risk from variable rate indebtedness.

There can be no assurance that we will be able to manage any of these risks successfully.

We may also need to refinance a portion of any of our outstanding indebtedness as it matures. There is a risk that we may not be able to refinance existing debt, including the Credit Facility, or that the terms may not be as favorable as the terms of our existing indebtedness. Furthermore, if prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase.

***We may be unable to make acquisitions and investments or successfully integrate acquired companies and assets into our business, and our acquisitions and investments may not meet our expectations, any of which could adversely affect our business, financial condition and results of operations.***

We may in the future acquire or invest in businesses, offerings, technologies or talent that we believe could complement or expand our products and services, enhance our technical capabilities or otherwise offer growth opportunities. However, we may not be able to fully realize the anticipated benefits of such acquisitions or investments. Further, the pursuit of potential acquisitions may divert the attention of management and cause us to incur significant expenses related to identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated.

There are inherent risks in integrating and managing acquisitions. If we acquire additional businesses, we may not be able to assimilate or integrate the acquired personnel, operations, solutions and technologies successfully, or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits or synergies from the acquired business investments due to a number of factors, inherent risks, including, without limitation:

- unanticipated costs or liabilities associated with the acquisition, including claims related to the acquired company, its offerings or technology; technology, or potential violations of applicable law or industry rules and regulations, arising from prior or ongoing acts or omissions by the acquired businesses that are not discovered by due diligence during the acquisition process;
- incurrence of acquisition-related expenses, including those related to identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated, which would be recognized as a current period expense;
- inability to generate sufficient revenue to offset acquisition or investment costs;

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- inability to maintain relationships with customers and partners of the acquired business;
- challenges with incorporating acquired technology and rights into our products and services and maintaining quality and security standards consistent with our brand;
- inability to identify security vulnerabilities in acquired technology prior to integration with our technology and products and services;
- inability to achieve anticipated synergies or unanticipated difficulty with integration into our corporate culture;
- delays in customer purchases due to uncertainty related to any acquisition;
- the need to integrate or implement additional controls, procedures and policies;
- challenges caused by distance, language and cultural differences;
- harm to our existing business relationships with partners and customers as a result of the acquisition;
- potential loss of key employees;
- use of resources that are needed in other parts of our business and diversion of management and employee resources; and
- inability to recognize acquired deferred revenue in accordance with our revenue recognition policies; and policies.
- Acquisitions also require the use of substantial portions of our available cash or the incurrence of debt to consummate the acquisition.

Acquisitions also increase the risk Each of unforeseen legal liability, including for potential violations of applicable law or industry rules and regulations, arising from prior or ongoing acts or omissions by the acquired businesses that are not discovered by due diligence during the acquisition process. We may have to pay cash, incur debt or issue equity or equity-linked securities to pay for any future acquisitions, each of which these could adversely affect our financial condition or the market price of our common stock. The sale of equity or issuance of equity-linked debt to finance any future acquisitions could result in dilution to our stockholders. The use of cash to finance any future acquisitions may limit other potential uses of our cash, including the retirement of outstanding indebtedness. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations. We may have to delay or forego a substantial acquisition if we cannot obtain the necessary financing to complete such acquisition in a timely manner or on favorable terms. Any of the foregoing could adversely affect our business, financial condition and results of operations.

***Use of AI, including in our products and services, combined with an uncertain regulatory environment, may result in reputational harm, liability, or other adverse consequences to our business.***

We are developing and have launched new product features that use AI technologies, including, for example, Capella iQ, our generative AI-powered developer's coding assistant built into Couchbase Capella. AI technologies are complex and rapidly evolving, and we face significant competition from other companies as well as an evolving regulatory landscape. We may be unsuccessful in developing, integrating or maintaining product features using AI technologies that gain market traction, or in doing so in a cost-effective manner. The introduction of AI into our products, or the use of our products as part of AI technologies and applications, may result in new or enhanced governmental or regulatory scrutiny, litigation, intellectual property risks, confidentiality or security risks, ethical concerns or other complications that could harm our business, reputation or financial condition. New or modified legal and regulatory developments regulating AI such as the EU AI Act can impact the incorporation of AI technologies into our offerings and business, and any actual or perceived failure by us to comply with any such legal and regulatory developments or other actual or asserted obligations may lead to significant fines, penalties, regulatory investigations, lawsuits, significant costs for remediation, damage to our reputation or other liabilities.

Further, our use of AI tools and technologies may require additional investment and development of appropriate protections and safeguards for handling the use of our data, including customer data processed by us, with AI technologies in our product offerings or our tools. AI may create content that appears correct but is inaccurate or flawed, which may expose us to brand or reputational harm, competitive harm or legal liability if we, our customers or others rely on or use this flawed content to their detriment.

***Our business could be adversely affected by economic downturns.***

Prolonged economic uncertainties or downturns could adversely affect our business, financial condition and results of operations and key business metrics. Negative conditions in the general economy in either the U.S. or abroad, including inflation and rising interest rate concerns, conditions resulting from financial and credit market fluctuations, changes in economic policy, trade uncertainty including changes in tariffs, sanctions, international treaties and other trade restrictions, the occurrence of a natural disaster, global public health crisis or armed conflicts, could continue to cause a decrease in corporate spending on IT offerings in general and negatively affect the growth of our business. We cannot predict the timing, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry or geography.

These conditions could make it extremely difficult for our customers and us to forecast and plan future business activities accurately and could cause our customers to reevaluate their decision to purchase our products and services, which could delay and lengthen our sales cycles or

result in cancellations of planned purchases. In the current macroeconomic environment, we continue to see deal cycles that are consistent with previous quarters, along with an elevation in degree of budget scrutiny, slower than expected product migrations, lower than expected expansions, and customers electing to buy in smaller increments. Further, during challenging economic times, our customers may face issues in gaining timely access to sufficient credit, which could result in an impairment of their ability to make timely payments to us, if at all. If that were to occur, we may be required to increase our allowance for credit losses, which would adversely affect our results of operations.

A substantial downturn in any of the industries in which our customers operate may cause firms to react to worsening conditions by reducing their capital expenditures in general or by specifically reducing their spending on IT offerings. Customers in these industries may delay or cancel projects or seek to lower their costs by renegotiating vendor contracts. To the extent subscriptions to our products or expenditures on our services are perceived by existing customers or potential customers to be discretionary, our revenue may be disproportionately affected by delays or reductions in general IT spending.

***We face fluctuations in currency exchange rates, which could adversely affect our financial condition and results of operations.***

To the extent we continue to expand internationally, we will become more exposed to fluctuations in currency exchange rates. The strengthening of the U.S. Dollar relative to foreign currencies increases the real cost of our products and services for our customers outside of the U.S. which could lead to the lengthening of our sales cycles or reduced demand for our products and services. Additionally, increased international sales may result in foreign currency denominated sales, increasing our foreign currency risk. Moreover, such continued expansion would increase operating expenses incurred outside the U.S. and denominated in foreign currencies. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedging transactions may be limited and we may not be able to successfully hedge our exposure, which could adversely affect our financial condition and results of operations.

***Our business could be adversely affected by pandemics, natural disasters, political crises or other unexpected events.***

A significant natural disaster, such as an earthquake, fire, hurricane, tornado or flood, or a significant power outage or telecommunications failure, could disrupt our operations, mobile networks, the internet or the operations of our third-party service and technology providers. In particular, our corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity and wildfires. In addition, any unforeseen public health crises, political crises, such as terrorist attacks, war and other political instability or other catastrophic events, whether in the **United States U.S.** or abroad, including the Hamas-Israel and Russia-Ukraine conflicts and any related political or economic response and counter responses or otherwise by various global actors or general effect on the global economy, can continue to adversely affect our operations or the economy as a whole. The impact of any natural disaster, act of terrorism or other disruption to us or our third-party providers' abilities could result in decreased demand for our products and services or a delay in the provision of our products and services or could negatively impact consumer and business spending in the impacted regions or globally depending on the severity, any of which would adversely affect our business, financial condition and results of operations. All of the aforementioned risks would be further increased if our disaster recovery plans prove to be inadequate.

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## **Risks Related to Our Dependence on Third Parties**

***If we are unable to maintain successful relationships with our partners, our business, financial condition and results of operations could be harmed.***

We employ a go-to-market business model whereby a portion of our revenue is generated by sales through or with our partners, including CSPs, independent software vendors, systems integrators, technology partners, original equipment manufacturers, marketplaces, managed service providers and resellers, that further expand the reach of our direct sales force into additional geographies, sectors, industries and channels. We have entered, and intend to continue to enter, into reseller relationships in certain international markets where we do not have a local presence. We provide certain partners with specific training and programs to assist them in selling our products and services, but our efforts to provide training and build relationships may be ineffective. In addition, if our partners are unsuccessful in marketing and selling our products and services, it would limit our planned expansion into certain geographies, sectors, industries and channels. If we are unable to develop and maintain effective sales incentive programs for our partners, we may not be able to successfully incentivize these partners to sell our products and services to customers.

Some of our partners may also market, sell and support offerings that are competitive with ours, may devote more resources to the marketing, sales and support of such competitive offerings, may have incentives to promote our competitors' offerings to the detriment of our own or may cease selling our products and services altogether. Our partners could also subject us to lawsuits, potential liability and reputational harm if, for example, any of our partners misrepresents the functionality of our products and services to customers, violate laws or violate our or their corporate policies. Our ability to achieve revenue growth in the future will depend, in part, on our success in maintaining successful relationships with our partners, identifying additional partners and training our partners to independently sell our products and services. ***If Any shortcomings of the***



foregoing by us or our partners are unsuccessful in selling our products and services, or if we are unable to enter into arrangements with or retain a sufficient number of high-quality partners in the regions in which we sell our products and services and keep them motivated to sell our products and services, could adversely affect our business, financial condition, results of operations and growth prospects could be adversely affected. prospects.

***We rely on third-party service providers for many aspects of our business, and any failure to maintain these relationships could harm our business.***

Our success depends, in part, on our relationships with third-party service providers, including providers of cloud hosting infrastructure, customer relationship management systems, financial reporting systems, human resource management systems, credit card processing platforms, marketing automation systems, payroll processing systems and data centers, among others. In particular, cloud hosting infrastructure is becoming increasingly important as customers adopt Couchbase Capella. If any of these third parties experience difficulty meeting our requirements or standards, become unavailable due to extended outages or interruptions, temporarily or permanently cease operations, face financial distress or other business disruptions or increase their fees, or if our relationships with any of these providers deteriorate or if any of the agreements we have entered into with such third parties are terminated or not renewed without adequate transition arrangements, or if we are unsuccessful in managing or negotiating cost-effective relationships with them, we could suffer 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 or our business operations could be disrupted. Any of such disruptions may adversely affect our business, financial condition, results of operations or cash flows until we replace such providers or develop replacement technology or operations. In addition, if we are unsuccessful in identifying high-quality service providers, negotiating cost-effective relationships with them or effectively managing these relationships, our business, financial condition and results of operations could be adversely affected.

***Certain estimates and information we refer to publicly are based on information from third-party sources and we do not independently verify the accuracy or completeness of the data contained in such sources or the methodologies for collecting such data, and any real or perceived inaccuracies in such estimates and information may harm our reputation and adversely affect our business.***

Certain estimates and information we refer to publicly, including general expectations concerning our industry and the market in which we operate and market size, are based to some extent on information provided by third-party providers. This information involves a number of assumptions and limitations, and although we believe the information from such third-party sources is reliable, we have not independently verified the accuracy or completeness of the data contained in such third-party sources or the methodologies for collecting such data. If there are any limitations or errors with respect to such data or methodologies, or if investors do not perceive such data or methodologies to be accurate, or if we discover limitations or material inaccuracies with respect to such data or methodologies, our reputation, financial condition and results of operations could be adversely affected.

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### **Risks Related to Our Open Source and Intellectual Property**

***Our use of third-party open source software in our solutions, the availability of core portions of our source code on an open source or source available basis and contributions to our open source projects could negatively affect our ability to sell our products and provide our services, subject us to possible litigation and allow third parties to access and use software and technology that we use in our business, all of which could adversely affect our business and results of operations.***

Our products include software that is licensed to us by third parties under “open source” licenses. Use and distribution of open source software may entail greater risks than use of third-party commercial software, because open source projects may have vulnerabilities and architectural instabilities, and also because open source licensors generally provide their software on an “as-is” basis and do not provide support, warranties, indemnification or other contractual protections regarding infringement claims or the quality of the code even though our customers may insist on such protections in our contracts with them. We have historically elected to make core portions of our source code available on an open source basis to facilitate adoption as well as collaboration and participation from our application developer communities. However, we may not be successful in this strategy, and our move toward source-available licensing, as well as the continued availability of our source code, may enable others to compete more effectively against us. In addition, the public availability of the source code for such software may make it easier for others to compromise our products. We expect to continue to incorporate such open source software in our products and allow core portions of our source code to be available on an open source or source-available basis in the future.

Although most of our code is developed in-house, we also receive a limited amount of contributions from our open source developer communities. We require third parties who provide contributions to us to assign ownership of all intellectual property rights in their contributions to us, or provide us with a perpetual license to their works, and represent that their contributions are original works and that they are entitled to assign or

license these rights to us. However, we cannot be sure that we can use all contributions without obtaining additional licenses from third parties, and may be subject to intellectual property infringement or misappropriation claims as a result of our use of these contributions.

Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use, or grant other licenses to our intellectual property. We seek to ensure that our closed-source proprietary software is not combined with, and does not incorporate, open source software in ways that would require the release of the source code of our closed-source proprietary software to the public. However, we cannot ensure that we have not incorporated additional our processes for controlling our use of open source software in our software in a manner that is inconsistent with the terms of the applicable license or our current policies and procedures, products will be effective. If we fail are held to have failed to comply with the terms of these applicable licenses or our current policies and procedures or otherwise combine our closed-source proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our closed-source proprietary software to the public at no cost make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and license such modifications or derivative works under the terms of applicable open source licenses. This would allow our competitors to create similar offerings with lower development effort and time and ultimately could result in a loss of our competitive advantages. Additionally, if an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our products that contained the open source software and required to comply with onerous conditions or restrictions on these products, which could disrupt the distribution and sale of these products. Alternatively, to avoid the public release of the affected portions of our source code, we could be required to expend substantial time and resources to re-engineer some or all of our software which may divert resources away from our product development efforts and, as a result, adversely affect our business.

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Although we monitor our use of open source software to avoid subjecting our products to conditions we do not intend, Additionally, the terms of many open source licenses have not been interpreted by U.S. or foreign courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to provide or distribute our products. From time to time, there have been claims challenging the ownership of open source software against companies that incorporate open source software into their products, and the licensors of such open source software provide no warranties or indemnities with respect to such claims. As a result, we and our customers could be subject to lawsuits by parties claiming ownership of what we believe to be open source software. Moreover, we cannot ensure that our processes for controlling our use of open source software in our products will be effective. If we are held to have breached or failed to fully comply with all the terms and conditions of an open source software license, or if an author or other third party that distributes such open source software were to allege that we had not complied with applicable license conditions, or if we are required to defend a customer in the conditions event of one or more of these licenses, such a claim, we could be required to incur significant legal expenses defending against such allegations. In the event if we are unable to successfully defend against such allegations, we could be subject to significant damages or other liability, including being enjoined from the sale of our products and services. We could also be required to seek licenses from third parties to continue providing our products on terms that are not economically feasible, re-engineer our products, discontinue or delay the provision of our products if re-engineering cannot be accomplished on a timely basis or make generally available, in source code form, our proprietary code. Any of the foregoing would adversely affect our business, financial condition and results of operations.

### ***Our distribution and licensing model could negatively affect our ability to monetize and protect our intellectual property rights.***

Many of our products are available for free on the internet, including a substantial portion of our source code on open source or source available terms. Also, we may have limited or no direct visibility into who may be using our software or to what extent or purpose, so our ability to detect violations of our product licenses is extremely limited. If we are unable to manage the risks related to our licensing and distribution model, our business could be adversely affected. Additionally, we have adopted BSL 1.1, a source-available license BSL 1.1, for certain of our publicly available source code. We believe that the move to BSL 1.1 enables us to fairly and transparently control commercialization of our source code, however such licensing strategy may not prevent misuse of our source code. However, Additionally, BSL 1.1 is not an open source license, which may negatively impact adoption of the source code, reduce our brand and product awareness and ultimately negatively impact our ability to compete, any of which may adversely affect our business, compete.

***Because of the rights accorded to third parties under open source licenses, there may be fewer technology barriers to entry in the markets in which we compete and it may be relatively easy for new and existing competitors, some of whom may have greater resources than we have, to compete with us.***

One of the characteristics of open Open source software is that the governing license terms generally allow liberal modifications and distribution of the code and distribution thereof to a wide group of companies or individuals. code. We have historically elected to make a core

portion portions of our source code available on an open source basis, and have moved toward source-available licensing basis. The continued availability of our source code, notwithstanding our move toward source-available licensing, among other things, may enable others to develop new software products or services that are competitive to ours without the same degree of overhead and lead time required by us, particularly if customers do not value the differentiation of our proprietary components. It is possible for new and existing competitors, including those with greater resources than ours, to develop their own open source software or hybrid proprietary and open source software offerings, potentially reducing the demand for, and putting price pressure on, our products offerings. In addition, some competitors make open source software available for free download or use or may position competing open source software as a loss leader. We cannot guarantee that we will be able to compete successfully against current and future competitors or that competitive pressure or the availability of open source software will not result in price reductions, reduced revenue and gross margins and loss of market share, any one of which could adversely affect our business. Our use of open source software may also limit our ability to assert certain of our intellectual property and proprietary rights against third parties, including competitors, who access or use software or technology that we have contributed to such open source projects.

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***We could incur substantial costs in obtaining, maintaining, protecting, defending and enforcing our intellectual property rights and any failure to obtain, maintain, protect, defend or enforce our intellectual property rights could reduce the value of our software and brand.***

Our success depends, in part, upon our ability to obtain, maintain, protect, defend and enforce our intellectual property rights, including our proprietary technology, know-how and our brand. We rely on a combination of patents, copyrights, trademarks, service marks, trade secret laws, other intellectual property laws, confidentiality procedures and contractual provisions in an effort to establish and protect our proprietary rights. However, the steps we take to obtain, maintain, protect, enforce and defend our intellectual property rights may be inadequate. We will not be able to protect our intellectual property rights inadequate if, for example, we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. If we fail to protect or enforce our intellectual property, rights adequately, and as a result our competitors might gain access to our proprietary technology and develop and commercialize similar or substantially identical products, services or technologies, and our business, financial condition, results of operations or prospects could be adversely affected. While we have patent applications pending in the United States, U.S., there can be no assurance that our patent applications they will result in issued patents. As of October 31, 2023 April 30, 2024, we owned five issued U.S. patents, eight ten U.S. non-provisional patent applications, one three U.S. provisional patent application, two applications, three Patent Cooperation Treaty, or PCT, patent applications, and four two foreign patent applications. Pending PCT patent applications are not eligible to become issued patents until, among other things, we file national stage patent applications within 30 months in the countries in which we seek patent protection. If we do not timely file such national stage patent applications, we may lose our priority date with respect to our PCT patent applications and any patent protection on the inventions disclosed in such applications.

Even if we continue to seek patent protection in the future, we may be unable to obtain or maintain patent protection for our technology. In addition, any patents issued from pending or future patent applications or licensed to us in the future may not provide us with competitive advantages, or may be successfully challenged by third parties. In addition, defending our intellectual property rights might entail significant expenses. Any of our patents, trademarks or other intellectual property rights that we have or may obtain may be challenged or circumvented by others or invalidated or held unenforceable through administrative process, including re-examination, *inter partes* review, interference and derivation proceedings and equivalent proceedings in foreign jurisdictions or litigation in the United States U.S. or in foreign jurisdictions. Others may infringe on our patents, trademarks or other intellectual property rights, independently develop similar, substantially identical or superior offerings, duplicate any of our offerings or design around our patents or other intellectual property rights or use information that we regard as proprietary to create products and services that compete with ours. Further, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Various courts, including the United States U.S. Supreme Court, have rendered decisions that affect the scope of patentability of certain inventions or discoveries relating to software and business methods. These decisions state, among other things, that a patent claim that recites an abstract idea, natural phenomenon or law of nature are not themselves patentable. Precisely what constitutes a law of nature or abstract idea is uncertain, and it is possible that certain aspects of our technology could be considered abstract ideas. Accordingly,

the evolving case law in the United States U.S. may adversely affect our ability to obtain patents and may facilitate third-party challenges to any future owned or licensed patents. Additionally, patent, trademark, copyright and trade secret protection may not be available to us in every country in



which our services are available. In addition, the laws of some foreign countries may not be as protective of intellectual property rights as those in the United States, and mechanisms for enforcement of intellectual property rights may be inadequate. As we expand our international activities, our exposure to unauthorized copying and use of our services and platform capabilities and proprietary information will likely increase. Policing unauthorized use of intellectual property protection may not be available to us in every country in which our services are available, or the laws of our technologies, trade secrets and intellectual property may be difficult, expensive and time-consuming, particularly or mechanisms for enforcement in some foreign countries where the laws may not be as protective of intellectual property rights as those in the United States U.S. Policing unauthorized use of our technologies, trade secrets and where mechanisms for enforcement of intellectual property rights may thus be weak, difficult, expensive and time-consuming. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights.

In addition, we have made core portions of our own software available under open source or source-available licenses, and we include third-party open source software in our products. We have also occasionally contributed source code to open source projects. Because the source code for any software we distribute under open source or source-available licenses or contribute to open source projects is publicly available, our ability to protect our intellectual property rights with respect to such source code may be limited or lost entirely.

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We protect and rely, in part, on trade secrets, proprietary know-how and other confidential information to maintain our competitive position and protect our confidential and proprietary information, know-how and trade secrets. position. While we generally enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with other third parties, including suppliers, vendors and the parties with whom we have strategic relationships and business alliances, the assignment of intellectual property rights may not be self-executing or may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. Additionally, we cannot guarantee that we have entered into such agreements with each party that has or may have created or developed intellectual property on our behalf or had access to our proprietary information, know-how or trade secrets. We cannot guarantee that these agreements will be effective in controlling access to, distribution, use, misuse, misappropriation, reverse engineering or disclosure of our proprietary information, know-how and trade secrets. Further, these agreements may not prevent our competitors or partners from independently developing offerings that are substantially equivalent or superior to ours. These agreements may be breached, and we may not have adequate remedies for any such breach. breach of these agreements. Further, we have experienced and may in the future experience unauthorized access of our proprietary source code, confidential information and know-how. We have and may in the future initiate litigation regarding trade secret misappropriation, but enforcing a claim that a party illegally disclosed or misappropriated a trade secret or know-how is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts in and outside the United States U.S. are less willing or unwilling to protect trade secrets and know-how.

We may be required to spend significant resources in order to monitor and protect our intellectual property rights, and some violations may be difficult or impossible to detect. Litigation may be necessary in the future Any litigation to protect and enforce our intellectual property rights and such litigation could be costly, time-consuming and distracting to management, and could result in the impairment or loss of portions of our intellectual property. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights and, that, if such defenses, counterclaims and countersuits are successful, we could lose cost us valuable intellectual property rights. Our inability to protect our intellectual property and proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could impair the functionality of our products, delay introductions of enhancements to our products, result in our substituting inferior or more costly technologies into our products or harm our reputation and brand. In addition, we may be required to license additional technology from third parties to develop and market new product features, which may not be on commercially reasonable terms, or at all, and would adversely affect our ability to compete.

***We have been and may in the future become subject to intellectual property disputes which may be costly to defend, subject us to significant liability, require us to pay significant damages and limit our ability to use certain technologies.***

We have been and may in the future become subject to intellectual property disputes. Our success depends, in part, on our ability to develop and commercialize our products and services without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. However, we may not be aware if our products are infringing, misappropriating or otherwise violating third-party intellectual property rights, and such third parties may bring claims alleging such infringement, misappropriation or violation. Further, we have faced and may in the future face claims from third parties claiming ownership of, or demanding release of, the software or derivative works that we have developed, including works using third-party open source software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. Companies in the software and technology industries, including some of our current and potential competitors, are frequently subject to litigation based on allegations of infringement or other violations of intellectual property rights. In addition, certain companies and rights holders seek to enforce and monetize patents or other intellectual property rights they own, have purchased or otherwise obtained. Many potential litigants,

including some of our competitors and patent-holding companies, have the ability to dedicate substantial resources to assert their intellectual property rights and to defend claims that may be brought against them.

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Lawsuits are time-consuming and expensive to resolve and they divert management's time and attention. Certain of our agreements with our customers and other third parties include indemnification provisions under which we agree to indemnify or otherwise be liable to them for losses suffered or incurred as a result of claims of infringement, misappropriation or other violation of intellectual property rights. Any claim of infringement by a third party, even those without merit, against us or for which we are required to provide indemnification, are time consuming, could cause us to incur substantial costs defending against the claim, could distract our management from our business and could require us to cease use of such intellectual property. Further, because of the substantial amount of discovery required in connection with intellectual property litigation, we risk compromising our confidential information during this type of litigation. We may be required to make substantial payments for legal fees, settlement fees, damages (including treble damages and attorneys' fees if we are found to have willfully infringed a party's rights), royalties or other fees in connection with a claimant securing a judgment against us and we may be subject to an injunction or other restrictions that cause us to cease selling or using products or services that incorporate the intellectual property rights that we allegedly infringe, misappropriate or violate, including subscriptions to our products. We may also be required to redesign any allegedly infringing portion of our products, which could be time-consuming or impossible, or we may agree to a settlement that prevents us from distributing our products or a portion thereof, any of which could adversely affect our business, financial condition and results of operations.

With respect to any intellectual property rights claim, we may have to seek out a license to continue operations found to be in violation of such rights, which may not be available on favorable or commercially reasonable terms and may significantly increase our operating expenses. Some licenses may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. If a third party does not offer us a license to its intellectual property on commercially reasonable terms, or at all, we may be required to develop alternative, non-infringing technology, which could require significant time (during which we would be unable to continue to offer our affected product features), effort and expense and may ultimately not be successful. Any of these events would adversely affect our business, financial condition and results of operations.

Even if the claims do not result in litigation or are resolved in our favor, these claims and the time and resources necessary to resolve them, could divert the resources of our management and harm our business and results of operations. management. Moreover, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it would have a substantial adverse effect on our business, results of operations or the market price of our common stock. We expect that the occurrence of infringement claims is likely to grow as the market for platform and services grows. Accordingly, our exposure to damages resulting from infringement claims could increase and this could further exhaust our financial and management resources.

### **Risks Related to Our Legal and Regulatory Environment**

***Our business is subject to a wide range of laws and regulations, many of which are evolving, and failure to comply with such laws and regulations could harm our business, financial condition and results of operations.***

Our business is subject to regulation by various federal, state, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing data privacy security and protection cybersecurity laws and regulations, intellectual property, employment and labor laws, workplace safety, consumer protection laws, anti-bribery laws, import and export controls, immigration laws, federal securities laws and tax laws and regulations. Further, emerging tools and technologies we may utilize in our products and services, like artificial intelligence, AI, may become subject to regulation under new laws or new applications of existing laws. In certain foreign jurisdictions, these regulatory requirements may be more stringent than in the United States, U.S. These laws and regulations impose added costs on our business. Noncompliance business, noncompliance with applicable regulations or requirements which could subject us to:

- investigations, enforcement actions, orders and sanctions;
- mandatory changes to our products and services;
- disgorgement of profits, fines and damages;
- civil and criminal penalties or injunctions;
- claims for damages by our customers or partners;
- termination of contracts;
- loss of intellectual property rights; and

- temporary or permanent debarment from sales to heavily regulated organizations and governments.

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If any governmental sanctions are imposed, **enforcement actions are taken**, or if we do not prevail in any possible civil or criminal litigation, our business, financial condition and results of operations could be adversely affected. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. **Enforcement actions and sanctions could materially harm our business, financial condition and results of operations.**

In addition, we must comply with laws and regulations relating to the formation, administration and performance of contracts with customers in heavily regulated industries and the public sector, including U.S. federal, state and local governmental organizations **when selling our product to them directly or through partners**, which affect how we and our partners do business with such customers. **Selling our product to customers in heavily regulated industries or to the U.S. government, whether directly or through partners, also subjects us to certain regulatory and contractual requirements.** Failure to comply with these requirements by either us or our partners could subject us to investigations, fines, **suspension or debarment from future government or other contracting opportunities** and other penalties, which would **adversely affect our business, financial condition, results of operations and growth prospects.** Violations of certain regulatory and contractual requirements could also result in us being **suspended or debarred from future government contracting or other contracting opportunities.** Any of these outcomes could adversely affect our business, financial condition, results of operations and growth prospects.

***If our security measures, or those of our service providers or customers, are breached or unauthorized parties otherwise obtain access to our or our customers' data or software, our products and services may be perceived as not being secure, customers may reduce or terminate their use of our products and services and we may face claims, litigation, regulatory investigations, significant liability and reputational damage.***

We collect, use, store and transmit or otherwise process data as part of our business operations, including personal data in and across multiple jurisdictions. We also use third-party service providers to collect, use, store, transmit, maintain and otherwise process such information. Increasingly, threats from computer malware, ransomware, viruses, social engineering (including phishing attacks), denial of service, **application programming interface attacks** or other attacks, employee theft or misuse and general hacking have become more prevalent in our industry and our customers' industries. Any of these security incidents could result in unauthorized access or damage to, or disablement, encryption, use, disclosure, modification, destruction, loss or other processing of, our data or customer data (including personal data), software or systems or disrupt our ability to provide our products and services. Any actual or perceived security incident could interrupt our operations, harm our reputation and brand, result in significant remediation and cybersecurity protection costs (including deploying additional personnel and modifying or enhancing our protection technologies and investigating and remediating any information security vulnerabilities), result in lost revenue, lead to regulatory investigations and orders, litigation, disputes, indemnity obligations, damages for breach of contract, penalties for violations of law or regulation and other legal risks, increase our insurance premiums, result in any other financial exposure, lead to loss of customer confidence in us or decreased use of our products and services and otherwise adversely affect our reputation, competitiveness, business, financial condition and results of operations.

We have taken steps to protect the data on our systems and offerings, but our security measures or those of our customers or third-party service providers could be insufficient and breached as a result of third-party action, employee or user errors, technological limitations, defects or vulnerabilities in our systems or offerings or those of our third-party service providers, malfeasance, fraud or malice on the part of employees or third parties, including state-sponsored organizations with significant financial and technological resources, or from failure in technological resources, failure to comply with policies or otherwise. We have experienced and may continue to experience security incidents and attacks of varying types and degrees, including instances where our third-party providers have been impacted by a supply-chain attack and instances where there has been exposure and unauthorized use of credentials of our personnel. In addition, we have identified and been required to remediate or mitigate vulnerabilities in our code and in third-party code. We could be impacted by these and other security incidents and vulnerabilities in the future, and our internal controls and operations regarding security may not be effective in eliminating the risk of compromise of our systems, data and software. Additionally, with our employees and many employees of our third-party service providers working remotely, we may be exposed to increased risks of security breaches or incidents. For example, we have seen an increase in phishing attempts and spam emails over time and it is possible this trend will continue. Also, **due to political uncertainty, in connection with geopolitical events and conflicts such as the Hamas-Israel and Russia-Ukraine conflicts**, we and our third-party service providers **are may be** vulnerable to a heightened risk of cybersecurity attacks, phishing attacks, viruses, malware, ransomware, hacking or similar breaches **from or affiliated with nation-state actors, including attacks that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our products and services, as well as retaliatory cybersecurity attacks from Russian and affiliated actors against companies with a U.S. presence. incidents.**

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There can be no assurance that any security measures that we or our customers or third-party service providers have implemented will be effective against current or future security threats. We have developed systems and processes to protect the integrity, confidentiality, availability and security of our systems, data and software, but our security measures or those of our customers or third-party service providers could fail and result in unauthorized access or damage to, or disablement, encryption, use, disclosure, modification, destruction or loss of, such systems, data and software. Through contractual provisions and third-party risk management processes, we take steps to require that our third-party providers and their subcontractors protect our data, but **our ability to monitor their data security is limited, and** we cannot ensure the security measures they take will be sufficient to protect our data. A vulnerability in a third-party provider's or a customer's software or systems, a failure of our customers' or third-party providers' safeguards, policies or procedures or a breach **or incident of or impacting** a customer's or third-party provider's software or systems could result in the compromise of the confidentiality, integrity or availability of our offerings **or** systems, **or the data housed in our third-party solutions, customers' data.** Further, **because there are many different** security breach techniques **are varied and such techniques** continue to evolve, including through the use of **generative artificial intelligence AI** to launch more automated, targeted, **sophisticated** and coordinated attacks, **which and these attacks** may not be detected until after an incident has **occurred, we occurred.** We may be unable to implement adequate preventative measures, anticipate, prevent or detect attempted security breaches or other security incidents or react in a timely manner.

We have contractual and other **legal** obligations to notify customers, regulators, impacted individuals or **other relevant stakeholders others** of certain security incidents. We have made such notifications in the past and may be required to do so in the future. Such disclosures or the failure to comply with relevant requirements could lead to adverse consequences. Any security breach or **other security** incident that we or our third-party service providers experience, or the perception that one has occurred, could result in a loss of revenue or customer confidence in the security of our products and services, lead to negative publicity or otherwise harm our reputation and brand, reduce the demand for our products and services, disrupt normal business operations, divert management's attention and resources, require us to spend material resources to investigate, correct existing or prevent future security breaches and incidents (including deploying additional personnel and modifying or enhancing our protection technologies and investigating and remediating any information security vulnerabilities), increase our insurance premiums or expose us to legal liabilities, including claims, litigation, regulatory enforcement and orders, disputes, investigations, indemnity obligations, damages for contract breach, penalties **for violation of applicable laws or regulations** and significant costs for remediation, any of which could adversely affect our results of operations. In addition, our remediation efforts may not be successful. We cannot ensure that any limitation of liability provisions in our customer, partner, vendor and other contracts would be enforceable or adequate with respect to any security lapse or breach or other security incident or **would otherwise** protect us from any liabilities or damages with respect to any particular claim. These risks will increase as we continue to grow and evolve our offerings to collect, host, **process, store, transmit, and transmit otherwise process** increasing volumes of **data, which may increasingly include sensitive and regulated data, such as protected health information, credit card information and some types of personally identifiable information. data.**

Further, if a security incident or breach occurs with respect to us or a competitor or third-party service provider, our customers and potential customers may lose trust in the security of our products or services or database software generally, which could adversely impact our ability to retain existing customers or attract new customers, which could adversely affect our business, financial condition and results of operations.

Moreover, our insurance coverage, subject to applicable deductibles, may not be adequate for liabilities incurred or cover any indemnification claims against us relating to any security incident or breach or an insurer may deny or exclude from coverage certain types of claims. In the future, we may not be able to secure insurance for such matters on commercially reasonable terms, or at all. The successful assertion of one or more claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect our business, financial condition and results of operations.

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***If we are not able to comply with, or are perceived to not comply with U.S. and foreign laws, rules, regulations, industry standards, contractual obligations and other requirements relating to data protection, information security and privacy, our business, financial condition and results of operations could be harmed.***

We are subject to a variety of federal, state, local and international laws, rules and regulations, as well as industry standards, internal and external privacy policies and contractual obligations, **to third parties,** relating to the collection, use, retention, security, disclosure, transfer, storage and other processing of personal information and other data. The regulatory framework governing **data privacy, security, protection and transfers these matters** worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future, and it is possible that these or other actual or **future asserted** obligations may be interpreted and applied in **a manner that is manners** inconsistent **from one jurisdiction to another between jurisdictions** and **may in** conflict with other rules or our practices. Any actual or perceived failure by us, our suppliers or other third parties with whom we do business to comply with **our laws, regulations, contractual commitments, policies obligations, or federal, state, local other actual or international**

regulations asserted obligations could result in proceedings against us by governmental entities or others. In many jurisdictions, including the U.S., enforcement actions and consequences for noncompliance are rising. In Further, we have had and may in the United States, these include enforcement actions future receive assertions of noncompliance by private actors. Such assertions may result in response to rules and regulations promulgated under the authority of federal agencies, state attorneys general and legislatures and consumer protection agencies, fines, investigations or settlement costs. In addition, security advocates and industry groups have regularly proposed, and may propose in the future, self-regulatory standards with which we must legally comply or that contractually apply to us. If we fail to follow these standards even if no personal information is compromised, we may incur significant fines or experience a significant increase in costs.

Internationally, virtually every jurisdiction in which we operate has established its own data security and privacy legal framework with which we or our customers must comply, including but not limited to the United Kingdom ("UK"), Switzerland and the EU. The EU has adopted the General Data Protection Regulation ("GDPR"), which went into effect in May 2018, and together with national legislation, regulations and guidelines of the EU member states, contains numerous requirements relating to the processing of personal data of EU data subjects, including the increased jurisdictional reach of the European Commission ("EC" ("EC"), and more robust obligations and additional requirements for data protection compliance programs by companies. EU member states are tasked under the GDPR to enact, and have enacted, certain legislation that adds to or further interprets the GDPR requirements and potentially extends our obligations and potential liability for failing to meet such obligations. Among other requirements, the GDPR regulates transfers of personal data subject to the GDPR to third countries that have not been found to provide adequate protection to such personal data. The GDPR also introduced numerous data processing and notification requirements and increased fines. In particular, under the GDPR, fines of up to 20 million euros or 4% of the annual global revenue of the noncompliant company, whichever is greater, could be imposed for violations of certain of the GDPR's requirements. Such penalties are in addition to any civil litigation claims by customers and data subjects. The GDPR requirements apply not only to third-party transactions, but also to transfers of personal data between us and our subsidiaries, including employee information.

While we have taken steps to mitigate the impact on us with respect to transfers of personal data, the efficacy and longevity of these transfer mechanisms remains uncertain. The occurrence of unanticipated events and development of evolving technologies often rapidly drives the adoption of legislation or regulation affecting the use, collection or other processing of data and manner in upon which we conduct our business.

For example, there can be no certainty that the EU-U.S. Data Privacy Framework, which forms the basis of an adequacy decision by the EC to allow personal data transfers from the EU to the U.S., will be upheld if it is challenged, or whether it will be or remain implemented or serve as an appropriate mechanism for us to transfer personal data to the United States. Additionally, while the EC has issued an adequacy decision under the GDPR and the Law Enforcement Directive, pursuant to which personal data generally may be transferred from the EU to the UK without restriction, this adequacy decision is subject to a four-year "sunset" period and the EC may intervene at any time with respect to its adequacy decision. rely remains uncertain. We have in the past and may in the future be required to take additional steps to legitimize any personal data transfers impacted by these legal or regulatory developments and be subject to increasing costs of compliance and limitations on our customers and us. More generally, we may find it necessary or desirable to modify our personal data handling practices, and the outcomes of legal challenges relating to cross-border personal data transfer may serve as a basis for our personal data handling practices, or those of our customers and vendors, may to continue to be challenged, which may adversely affect our business.

The UK has adopted a version of the GDPR (combining the GDPR and the Data Protection Act 2018), exposing us to two parallel regimes, each of which potentially authorizes similar fines and other potentially divergent enforcement actions for certain violations. actions. Furthermore, there will be increasing scope for divergence in application, interpretation and enforcement of data protection law between the UK and the European Economic Area. We continue to monitor and review the impact of any resulting changes to EU or UK law that could affect our operations. We may incur liabilities, expenses, costs and other operational losses under the GDPR and data protection laws of the applicable EU member states and the UK in connection with any measures we take to comply with them. Other countries have also passed or are considering passing laws requiring local data residency or restricting the international transfer of personal data.

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In addition, domestic data privacy laws continue to evolve and could require us to modify our data processing practices and policies and expose us to further regulatory or operational burdens. For example, the California Consumer Privacy Act ("CCPA") took effect in January 2020 and was subsequently modified by the California Privacy Rights Act ("CPRA" ("CPRA") which took effect in January 2023. The CCPA imposes obligations on companies that process California residents' personal information, including an obligation to provide certain new disclosures to such residents and creates new consumer rights. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. The CPRA also created a new state agency vested with authority to implement and enforce the CCPA and the CPRA.



Additionally, numerous other states including Colorado, Connecticut, Indiana, Iowa, Tennessee, Utah, Montana, Florida, Oregon, Texas and Virginia, have enacted privacy laws that have gone or will go into effect between 2023 and 2026, in the near future. While these new privacy laws may share similarities with each other, as well as with the CPRA and CCPA, they differ in many ways and we must comply with each if our operations fall within their scopes. Similar laws have been proposed in other states and at the federal level, reflecting and certain states have enacted other privacy-focused legislation such as Washington's enactment of the My Health, My Data Act, which provides for a private right of action. All of these developments reflect a trend toward more stringent privacy legislation in the United States, U.S. We expect that this increase in legislation and regulatory scrutiny will continue to add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment of resources in compliance programs, impact strategies and the availability of previously useful data and could result in increased compliance costs or changes in business practices and policies.

Additionally, in connection with Couchbase Capella, we may receive higher volumes of data, including sensitive and regulated data, which may require us to comply with additional legal or regulatory requirements. For example, we may store and process protected health information on behalf of our customers, which may subject us to a number of data protection, security and privacy requirements under our contracts and under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and other laws and regulations. We may sign business associate agreements with certain of our customers and be directly subject to certain provisions of HIPAA applicable to business associates, as well as additional contractual requirements. We may also be subject to additional data protection, security and privacy requirements relating to cardholder data, including the Payment Card Industry Data Security Standard, and increased Standard. Increased customer adoption of Couchbase Capella may result in further increases in such requirements. If we are, or are perceived to be, unable to maintain the privacy and security of such sensitive and regulated data, we could be subject to claims and demands by private parties, investigations and other proceedings by regulatory authorities, and significant fines, civil and criminal penalties and other liabilities.

Complying with these laws, regulations, amendments to or re-interpretations of existing laws and regulations and contractual or other obligations relating to privacy, security, data protection, transfer or localization and information security may require us to make changes to modify our products and services, to enable us or our customers to meet new legal requirements, incur substantial operational costs, modify our data practices and policies and restrict our business operations. Any actual or perceived failure by us to comply with these laws, regulations or other actual or asserted obligations may lead to significant fines, penalties, regulatory investigations, lawsuits, significant costs for remediation, damage to our reputation or other liabilities. Additionally, because the interpretation and application of many privacy, security, and data protection laws, and regulations along with contractually imposed industry and standards are uncertain, and it is possible that these laws and regulations may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the features of our services and platform capabilities. If so, in addition to the possibility of fines, lawsuits, regulatory enforcement or orders, investigations, and other proceedings, imprisonment of company officials and public censure, other claims and penalties, significant costs for remediation and damage to our reputation, we could be required to fundamentally change our business activities and practices or modify our services and platform capabilities, any of which could require significant additional expense and have an adverse effect on our business, including impacting our ability to innovate, delaying our product development roadmap and adversely affecting our relationships with customers and our ability to compete. If we are obligated to fundamentally change our business activities and practices or modify our products and services, we may be unable to make such changes and modifications in a commercially reasonable manner, or at all, and our ability to develop new product features and services could be limited.

In addition to government activity, privacy advocacy and other industry groups have established or may establish new self-regulatory standards that may place additional burdens on our ability to provide our products and services globally, services. Our customers expect us to meet certain voluntary certification and other standards established by third parties. If we are unable to maintain these certifications or meet these standards, it could adversely affect our ability to attract new customers or continue providing our services to certain customers and could harm our business. Further, the uncertain and shifting regulatory environment may cause concerns regarding privacy, data protection or security, and may cause our customers to resist providing the data that could improve our products and services, or limit the use and adoption of our products and services.

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These laws, regulations, rules, industry standards and contractual or other obligations relating to privacy, security, data protection, transfers or localization and information security could require us to take on more onerous obligations in our contracts, restrict our ability to store, transfer and otherwise process data or, in some cases, impact our ability to offer our products and services, in certain locations, to reach existing and potential customers or to derive insights from customer data globally, data. The costs of compliance with, and other burdens imposed by, these laws,

regulations, standards and obligations, or any inability to adequately address privacy, data protection or security-related concerns, even if unfounded, may limit the use and adoption of our products and services, reduce overall demand for our products and services, make it more difficult to meet expectations from or commitments to customers, impact our reputation or slow the pace at which we close sales transactions, any of which could harm our business, financial condition and results of operations.

Issues in the development and use of artificial intelligence, combined with an uncertain regulatory environment, may result in reputational harm, liability, or other adverse consequences to our business.

We are making investments in developing new product features using artificial intelligence technologies, including, for example, generative AI. Artificial intelligence technologies are complex and rapidly evolving, and we face significant competition from other companies as well as an evolving regulatory landscape. The introduction of artificial intelligence into our products, or the use of our products as part of artificial intelligence technologies and applications, may result in new or enhanced governmental or regulatory scrutiny, litigation, intellectual property risks, confidentiality or security risks, ethical concerns or other complications that could harm our business, reputation or financial condition.

Uncertainty around artificial intelligence may require additional investment in the development and maintenance of proprietary datasets and development of appropriate protections and safeguards for handling the use of customer data with artificial intelligence technologies, which may be costly and could impact our expenses if we decide to expand generative AI into our product offerings. Artificial intelligence may create content that appears correct but is inaccurate or flawed. Our customers or others may rely on or use this flawed content to their detriment, which may expose us to brand or reputational harm, competitive harm or legal liability.

***Any future litigation against us could be costly and time-consuming to defend.***

From In addition to litigation regarding intellectual property, employment, governmental and regulatory investigations, and other claims discussed above, from time to time, we may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including intellectual property, commercial, product liability, employment, class action, whistleblower and other litigation, and claims and governmental and other regulatory investigations and proceedings. Such matters proceedings can be time-consuming and difficult to estimate, divert management's attention and resources, cause us to incur significant expenses or liability, or require us to change our business practices. In addition, the expense of litigation and the timing of this expense from period to period are difficult to estimate, subject to change and could practices or adversely affect our business, financial condition and results of operations. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even where we have meritorious claims or defenses, by agreeing to settlement agreements. Any of the foregoing could adversely affect our business, financial condition and results of operations. defenses. In addition, we cannot be sure that our existing insurance coverage and coverage for errors and omissions will be adequate or available or continue to be available on acceptable terms or that our insurers will not deny coverage as to any future claim. terms.

***Indemnity provisions in various agreements to which we are party potentially expose us to substantial liability for intellectual property infringement, misappropriation or other violation and other losses.***

Our agreements with our customers, partners and other third parties may include capped or uncapped indemnification provisions, which may survive termination or expiration of the applicable agreement and under which we agree to indemnify or otherwise be liable to them for losses suffered or incurred as a result of from claims of infringement, misappropriation or violation of intellectual property rights, data protection, breaches, damages or other liabilities caused by us, to property or persons, or in connection with any such defects or errors in our products, or other liabilities relating to or arising from our products and services, our acts or omissions under such agreements or other contractual obligations. Some of these indemnity agreements provide for uncapped liability for which we would be responsible, and some indemnity provisions survive termination or expiration of the applicable agreement. Large indemnity payments could harm our business, financial condition and results of operations. Although we attempt to contractually limit our liability with respect to such indemnity obligations, we are not always successful and may still incur substantial liability related to such claims and we may be required to cease use of halt certain functions of our products or services as a result of any such claims. services. Moreover, even claims that ultimately are unsuccessful could result in our expenditure of funds expenses in litigation, divert management's time and other resources and harm our business and reputation.

In addition, although we carry general liability insurance, our insurance against this liability may not be adequate to cover a potential claim, and such coverage may not be available to us on acceptable terms, or at all. Any dispute with a customer, channel party or other third party with respect to such obligations could have adverse effects on our relationship with such customer, customers, channel party parties or other third party parties or other existing or potential customers, harm our reputation or

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reduce demand for our products and services. Any of the foregoing could adversely affect our business, financial condition and results of operations.

***A portion of our revenue is generated by sales to heavily regulated organizations, which are subject to a number of challenges and risks.***

We provide our products and services to heavily regulated organizations, and at times to the U.S. government, federal, state and local governments and non-U.S. governments directly and through our partners. Selling to these entities can be highly competitive, expensive and time-consuming, often requiring significant upfront time and expense without any assurance that these efforts will result in a sale of sales. For instance, highly regulated entities and government customers often require contract terms that differ from our standard arrangements, and impose complex compliance requirements, that are complicated, require preferential pricing or “most favored nation” terms and conditions or are otherwise time-consuming and expensive to satisfy. If we undertake to meet special standards or requirements and do not meet them, we could be subject to increased liability from our customers. liability. Even if we do meet them, the additional costs associated with providing our services to highly regulated organizations and governments such customers could harm our financial condition and results of operations.

We have been and are increasingly doing more business in heavily regulated industries. Existing and potential customers, such as those Customers in these industries, may be required to comply with more stringent regulations in connection with subscribing to and implementing our products and services or particular regulations regarding third-party vendors that may be interpreted differently by different customers. services. In addition, regulatory agencies may impose requirements toward third-party vendors generally, or to us in particular, that we may not be able to, or may not choose to, meet. Any changes in the underlying regulatory conditions that affect these types of customers could harm our ability to efficiently provide our products and services to them and to grow or maintain our customer base. Moreover, customers in these heavily regulated areas often have a right to conduct audits of our systems, products and practices. In the event that if one or more of such customers determine that some aspect of our business does not meet contractual or regulatory requirements, we may be limited in our ability to continue or expand our business. Each of these difficulties could adversely affect our business and results of operations.

***Failure to comply with anti-bribery, anti-corruption, anti-money laundering and similar laws could subject us to penalties and other adverse consequences.***

We are subject to the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201 and the U.S. Travel Act and other anti-bribery and anti-money laundering laws in countries outside of the United States in which U.S. where we conduct our activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years recently and are interpreted broadly to generally prohibit companies, their employees, agents, representatives, partners and third-party intermediaries from authorizing, offering or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector.

We sometimes leverage third parties to sell our products and services and conduct our business abroad. We, our employees, agents, representatives, partners and third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities through third parties that sell our products and we services and conduct our business abroad or through our employees, agents, representatives, partners and third-party intermediaries. We may be held liable for the their corrupt or other illegal activities of these employees, agents, representatives, partners or third-party intermediaries even if we do not explicitly authorize such activities. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. While we have policies and procedures designed to address compliance with such laws, we cannot ensure that none of our employees, agents, representatives, partners or third-party intermediaries will take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

Any allegations or violation of the FCPA or other applicable anti-bribery, anti-corruption and anti-money laundering laws could result in whistleblower complaints, sanctions, settlements, prosecution, enforcement actions, fines, damages, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions or suspension or debarment from U.S. government contracts, all of which may adversely affect our reputation, business, results of operations and prospects. federal contracts. Responding to any investigation or action will likely result in a materially significant diversion of management’s attention and resources and significant defense costs and other professional fees. In addition, the U.S. government may seek to hold us liable for successor liability for FCPA violations committed by companies in which we invest or that we acquire. As a general matter, investigations, enforcement actions and sanctions any of the foregoing could harm our reputation, business, financial condition and results of operations.

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

Certain of our business activities are subject to the U.S. export control laws and regulations, including the Export Administration Regulations (the "EAR") and the U.S. trade and economic sanctions maintained by the U.S. Department of Treasury's OFAC as well as the U.S. import laws and regulations. The U.S. export control laws and economic sanctions prohibit the export, re-export and in-country transfer of our offerings, including software and services, to certain U.S. embargoed or sanctioned countries and territories, governments and persons, as well as for prohibited end-uses. Further, we incorporate encryption functionality into certain of our products, and as products. As a result, we may need submit reports about certain of our products to make filings with the U.S. Department of Commerce's Bureau of Industry and Security to ensure that our exports, re-exports and transfers are in accordance with the EAR. Also, in certain cases, it is possible that a license may be required to export or re-export our products to certain countries end-users and end-uses. end-users. Obtaining the necessary export license for a particular sale or offering may be time-consuming may not be possible or unfeasible and may result in the delay or loss of sales opportunities. In addition, various countries regulate the import of certain encryption technology, including through import permit and license requirements, and have enacted laws that could limit our ability to distribute our products or could limit our customers' ability to implement our products in those countries.

If we were to fail to do not comply with such U.S. export controls, economic sanctions and import laws and regulations or other similar laws, we could be subject to both civil and criminal penalties, including substantial fines, possible incarceration for employees and managers for willful violations and the possible loss of our export or import privileges. We take precautions designed to ensure that we and our partners comply with all relevant export control, sanctions and import laws and regulations, but we cannot ensure that our measures will always prevent noncompliance by us or our partners with respect to succeed since such laws and regulations as they are very detailed and technical.

In addition, changes in our products or services or changes in export and import regulations in various countries may create delays in the introduction of our products and services into international markets, prevent our customers with international operations from deploying the deployment of our products and services globally or, in some cases, prevent or delay the export or import of our products and services to certain countries, governments or persons altogether. Any change in export or import laws or regulations, economic sanctions or related legislation, shift or in the enforcement their scope or scope of existing export, import or sanctions laws or regulations, or change in the countries, governments, persons or technologies targeted by such export, import or sanctions laws or regulations, targets, could result in decreased use of our products and services by or in our decreased ability to export or sell access to our products and services to, existing or potential end-customers with international operations. Any decreased use of our products and services or limitation on our ability to export to or sell access to our products and services in international markets the foregoing would adversely affect our business, financial condition and results of operations.

***Our international operations may subject us to greater than anticipated tax liabilities.***

Our corporate structure and associated transfer pricing policies contemplate future growth in international markets and consider the functions, risks and assets of the various entities involved in intercompany transactions, the amount of taxes we pay in different jurisdictions, including the United States, U.S., our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies and our ability to operate our business in a manner consistent with our corporate structure and intercompany agreements. The relevant taxing authorities may challenge our methodologies for pricing intercompany transactions pursuant to intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position were not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations. Our financial statements could fail to reflect adequate reserves to cover such a contingency.

***Changes in tax laws could materially affect our financial condition, results of operations and cash flows.***

The tax regimes we are subject to or operate under, including income and non-income taxes, are unsettled and may be subject to significant change. For example, the Inflation Reduction Act (the "IRA") was signed into law on August 16, 2022, and was effective beginning in fiscal 2024. The IRA of 2022 imposes a 15% minimum tax for large corporation corporations on global adjusted financial statement income for tax years beginning after December 31, 2022, and a 1% excise tax on certain share repurchases occurring after December 31, 2022. We do not currently expect that the IRA will have a material impact on our income tax liability, but will continue to monitor this change in future periods. We are unable to predict what changes to the tax laws of the U.S. and other jurisdictions may be proposed or enacted in the future or what effect such changes would have on our business. Any significant increase in our future effective tax rate could have a material adverse impact on our business, financial condition, results of operations, or cash flows.

There is also a high level of uncertainty in today's tax environment stemming from both global initiatives put forth by the Organisation for Economic Co-operation and Development (the "OECD") and unilateral measures being implemented by various countries **due to a lack of consensus on these global initiatives. Further, unilateral measures such as Pillar Two and the global minimum tax, digital services tax and corresponding tariffs in response to such measures are creating additional uncertainty.** tax. If these proposals are passed, it is likely that we will have to pay higher income taxes in countries where such rules are applicable.

As we expand the scale of our international business activities, any changes in the U.S. or foreign taxation of such activities may increase our worldwide effective tax rate and harm our business, financial condition and results of operations. Such changes may also apply retroactively to our historical operations and result in taxes greater than the amounts estimated and recorded in our financial statements.

***Our ability to use our net operating losses may be limited.***

As of **January 31, 2023** **January 31, 2024**, we had federal and state net operating losses ("NOLs") of **\$324.4 million** **\$335.6 million** and **\$178.5 million** **\$193.2 million**, respectively, which may be available to offset taxable income in the future. A lack of future taxable income would adversely affect our ability to utilize these NOLs before they expire. Unused U.S. federal NOLs for taxable years beginning before January 1, 2018, may be carried forward to offset future taxable income, if any, until such unused NOLs expire. Under the Tax Cuts and Jobs Act, U.S. federal NOLs arising in tax years beginning after December 31, 2017 can be carried forward indefinitely, but the deductibility of such U.S. federal NOLs is limited to 80% of current year taxable income.

Of our U.S. federal NOLs, **no amount may be carried forward indefinitely with no limitations when utilized, and \$155.6 million** **\$166.9 million** may be carried forward indefinitely with utilization limited to 80% of taxable income. The remaining **\$168.8 million** **\$168.7 million** will begin to expire in 2028. Our state NOLs carryforwards begin to expire in 2026.

Under Section 382 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change NOLs to offset its post-change income may be limited. In general, an "ownership change" will occur if there is a cumulative change in our ownership by "5-percent shareholders" that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. **A Section 382 ownership change could limit the amount of NOLs that we can utilize annually to offset future taxable income.** Subsequent ownership changes and changes to the U.S. tax rules in respect of the utilization of NOLs may further affect the limitation in future years.

There is also a risk that due to U.S. federal or state regulatory changes, such as suspensions on the use of NOLs, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities.

***Changes **Adverse outcomes in tax audits or changes** in our effective tax rate or tax liability may have an adverse effect on our results of operations.***

We are, and expect to continue to be, subject to review and audit by the U.S. Internal Revenue Service and other tax authorities in various domestic and foreign jurisdictions. As a result, we may receive assessments in multiple jurisdictions on various tax-related assertions. Taxing authorities **have made inquiries of us and may in the future investigate or** challenge our tax positions and methodologies on various matters, including our positions regarding the collection of sales and use taxes and the jurisdictions in which we are subject to taxes, which could expose us to additional taxes. We assess the likelihood of adverse outcomes resulting from any ongoing tax examinations to determine the adequacy of our provision for income taxes. These assessments can require considerable judgments and estimates. The calculation of our tax liabilities involves uncertainties in the application of complex tax laws and regulations in a variety of jurisdictions. There can be no assurance that our tax positions and methodologies or calculation of our tax liabilities are accurate or that the outcomes from tax examinations will not have an adverse effect on our financial condition and results of operations. A difference in the ultimate resolution of tax uncertainties from what is currently estimated could adversely affect our financial condition and results of operations.

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

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

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

Generally accepted accounting principles in the United States ("GAAP" U.S. ("GAAP")) are subject to interpretation by the Financial Accounting Standards Board, the SEC and other various bodies formed to promulgate and interpret appropriate accounting principles. Changes in accounting principles applicable to us, or varying interpretations of current accounting principles, in particular with respect to revenue recognition, could have a significant effect on our reported results of operations and could affect the reporting of transactions completed before the announcement of the change. Further, any difficulties in the implementation of changes in accounting principles, including the ability to modify our accounting systems, could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us.

***If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as described in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The results of these estimates form the basis for making judgments about the recognition and measurement of certain assets and liabilities and revenue and expenses that is not readily apparent from other sources. Our accounting policies that involve judgment include standalone selling prices for each distinct performance obligation, capitalized internal-use software costs, expected period of benefit for deferred commissions, valuation of our common stock prior to our IPO, valuation of stock-based awards, determination of allowance for doubtful accounts, credit losses, incremental borrowing rate used to measure operating lease liabilities, and accounting for income taxes. If our assumptions change or if actual circumstances differ from those in our assumptions, our results of operations could be adversely affected which could cause our results of operations to or fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.

***We are obligated to maintain proper and effective internal control over financial reporting, and any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in our company and, as a result, the value of our common stock.***

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), and the listing standards of the Nasdaq Global Select Market. Our management and other personnel devote a substantial amount of time to comply with these requirements. Moreover, these laws, regulations and standards are subject to varying interpretations and their application in practice may evolve over time as regulatory and governing bodies issue revisions to, or new interpretations of, these public company requirements, revisions. Such changes could result in continuing uncertainty regarding compliance matters and higher legal and financial costs necessitated by ongoing revisions to disclosure and governance practices, costs. We will continue to invest resources to comply with evolving laws, regulations and standards, and this investment which may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities, attention. If our compliance efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to refine and improve our disclosure controls, internal controls and other procedures that are designed to ensure that information disclosures required to be disclosed by us in the reports that we will file with the SEC is filings are timely recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports disclosures under the Exchange Act is are accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. We have expended, and anticipate that we will continue to expend, significant resources in order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting.

Our current controls and any new controls that we develop may become inadequate because of changes in the conditions in our business, including increased complexity resulting from any international expansion. Further, weaknesses in our disclosure controls or our internal control over financial reporting may be discovered in the future. Any failure **or difficulties** to develop, **maintain, implement or maintain improve** effective controls **or any difficulties encountered in their implementation or improvement**, could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. **Ineffective disclosure controls** **Any of the foregoing could have an adverse effect on our business, financial condition and procedures results of operations and internal control over financial reporting could also** cause investors to lose confidence in our reported financial and other information, which would likely adversely affect the market price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the Nasdaq Global Select Market.

Our independent registered public accounting firm will be required to formally attest to the effectiveness of our internal control over financial reporting when we are no longer an “emerging growth company.” At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. **Any failure to maintain effective disclosure controls and internal control over financial reporting could have an adverse effect on our business, financial condition and results of operations, and could cause a decline in the market price of our common stock.**

### **Risks Related to Ownership of Our Common Stock and Governance Matters**

***Operating as a public company has and will require us to incur substantial costs and will require substantial management attention.***

As a public company, we incur substantial legal, accounting and other expenses that we did not incur as a private company. **For example, we are subject to Compliance with the reporting requirements rules and regulations** of the Exchange Act, the applicable requirements of the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the rules and regulations of the SEC and the listing standards of the Nasdaq Global Select Market. The Exchange Act requires, among other things, we file annual, quarterly **Market have increased and current reports with respect to our business, financial condition and results of operations.** Compliance with these rules and regulations will **may further** increase our legal and financial compliance costs, and increase demand on our systems, particularly after we are no longer an “emerging growth company.” In addition, as a public company, we may be subject to stockholder activism, which can lead to additional substantial costs, distract management and impact the manner in which we operate our business in **ways we cannot currently anticipate, unanticipated ways.** As a result of disclosure of information in filings required of a public company, our business and financial condition become more visible, which may result in threatened or actual litigation, including by competitors.

**Certain members** There is also an increasing focus from regulators, certain investors, and other stakeholders concerning environmental, social and governance (“ESG”) matters. Our actual or perceived failure to achieve some or all of our **management team have limited experience managing a publicly traded company, ESG-related initiatives, goals, or commitments or maintain ESG practices that meet evolving stakeholder expectations or regulatory requirements could harm our reputation, adversely impact our ability to attract and certain members joined retain employees or customers, and expose us more recently. Accordingly, to increased scrutiny from ESG-focused investors, regulatory authorities, and others, or subject us to liabilities, which may further adversely impact our business, financial condition, or results of operations.**

**Our** management team may not successfully or efficiently manage **our transition to being a public company subject to the** significant regulatory oversight and reporting obligations under the federal **or state** securities laws and the continuous scrutiny of securities analysts and investors. These **new** obligations and constituents **will** require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, financial condition and results of operations.

***We are an “emerging growth company” and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.***

We are an “emerging growth company,” as defined in the JOBS Act, and we intend to take advantage of certain **available** exemptions, **from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,”** including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. **As an “emerging growth company,” In addition, we are also allowed have elected to take advantage of the extended transition period under the JOBS Act to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. As a result, our financial statements may not be comparable to those of companies that comply with new or revised accounting pronouncements as of public company effective dates. We have elected to take advantage of this extended transition period under the JOBS Act with respect to the adoption of new accounting pronouncements.** Any difficulties in implementing these pronouncements could cause **us to fail failure** to meet our

financial reporting obligations, which could result in regulatory discipline and/or harm investors' confidence in us, investor confidence. We may take advantage of these exemptions for so long as we are an "emerging growth company," which could be for as long as

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five full fiscal years following the completion of our IPO. We cannot predict if investors will find our common stock less attractive because we will rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market and a more volatile market price for our common stock and the market price of our common stock may be more volatile. stock.

***Our executive officers, directors and holders of 5% or more of our common stock continue to have substantial control over us, which will limit your ability to influence the outcome of important transactions, including a change in control.***

Our executive officers, directors and our stockholders who own 5% or more of our outstanding common stock and their affiliates, in the aggregate, beneficially own a substantial portion of the outstanding shares of our common stock. As a result, these stockholders, if acting together, will be able to influence or control matters requiring stockholders' approval, by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. They may also have interests that differ from yours transactions and may vote in a way with which you disagree and which may be adverse to your interests. This concentration of ownership may have the effect of delaying, preventing or deterring a change in control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company, and might ultimately affect the market price of our common stock.

***The market price of our common stock may continue to be volatile, and you could lose all or part of your investment.***

The market price of our common stock may continue to be volatile and could be subject to fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our common stock. Factors that could cause fluctuations in the market price of our common stock and include the following:

- price and volume fluctuations and investor confidence in the overall stock market from time to time;
- volatility and in the market prices and trading volumes of technology stocks;
- changes in operating performance and stock market valuations of other technology companies generally, stocks or those in our industry in particular;
- sales of shares or short selling of our common stock by us or our stockholders; related derivative securities;
- failure of securities analysts to maintain coverage of us or publish inaccurate or unfavorable research about our business, changes in financial estimates by securities analysts who follow our company or our failure to meet these estimates or the expectations of investors;
- any changes in the financial projections we may provide to the public any changes in those projections or our failure to meet those projections;
- announcements by us or our competitors of new offerings or platform features and market acceptance of such new offerings or platform features;
- the public's reaction to our press releases, other public announcements and filings with the SEC; SEC filings;
- rumors and market speculation involving us or other companies in our industry;
- short selling of our common stock industry, whether or related derivative securities; not involving us;
- actual or anticipated changes in our results of operations or key business metrics or fluctuations in our results of operations or key business metrics;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- announced or completed acquisitions of businesses, offerings or technologies by us or our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors; competitors, or securities class action litigation against us;



- new laws, regulations, rules or industry standards or new interpretations of existing laws, regulations, rules or industry standards applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;

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- any significant change in our management; and
- general economic conditions and slow or negative growth of our markets and other geopolitical developments.

In addition, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the market price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations. The market price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. In the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, would result in substantial costs and a diversion of our management's attention and resources.

Recently, the stock

Stock markets in general, and the markets for technology stocks in particular, have previously experienced and may in the future experience extreme volatility, including as a result of global economic conditions, such as recessionary fears, inflation concerns and rising interest rates, and other geopolitical developments. Furthermore, the market price of our common stock may be adversely affected by third parties, such as short sellers, trying to drive down the price of our common stock. Short sellers and others, some of whom post anonymously on social media, can negatively affect the market price of our common stock and may be positioned to profit if the market price of our common stock declines. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance.

***Sales of substantial amounts of shares of our common stock in the public market, or the perception that such sales might occur, could cause the market price of our common stock to decline or impair our ability to raise capital through the sale of additional equity securities.***

Sales of a substantial number of shares of our common stock in the public market could occur. If our stockholders sell, or the market perceives that our stockholders intend to sell, a substantial number of shares of our common stock in the public market, the market price of our common stock could decline and our ability to raise capital through the sale of additional equity securities could be impaired. Many of our existing equity holders have substantial unrecognized gains on the value of the equity they hold, and may take, or attempt to take, steps to sell, directly or indirectly, their shares or otherwise secure or limit the risk to, the value of their unrecognized gains on those shares.

In addition, certain of our stockholders are entitled, under our investors' rights agreement, to require us to register their shares owned by them for public sale in the United States. U.S. Sales of our common stock pursuant to registration rights may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. an appropriate time. These sales also could cause the market price of our common stock to fall and make it more difficult for you to sell shares of our common stock.

***The issuance of additional stock in connection with financings, acquisitions, investments, our equity compensation plans or otherwise will dilute all other stockholders.***

Our Subject to applicable rules and regulations and our amended and restated certificate of incorporation, authorizes us to issue up to 1,000,000,000 shares of common stock and up to 200,000,000 shares of preferred stock with such rights and preferences as may be determined by our board of directors. Subject to compliance with applicable rules and regulations, we may issue shares of additional common stock or securities convertible into shares of our common stock from time to time in connection with a financing, acquisition, investment, our equity compensation plans or otherwise.

Any such issuance could result in substantial dilution to our existing stockholders and cause the market price of our common stock to decline.

***Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the market price of our common stock.***

Our status as a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, **even if a change regardless of control would be beneficial the potential benefit** to our existing stockholders. In addition, our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult, including the following:

- our board of directors will be classified into three classes of directors with staggered three-year terms, and directors will only be able to be removed from office for cause;

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- certain amendments to our amended and restated certificate of incorporation will require the approval of at least **66 2/3% 3** of our then-outstanding common stock;
- our stockholders will only be able to take action at a meeting of stockholders and **will not be able to take action by** by written **consent for any matter; consent;**
- our amended and restated certificate of incorporation will not provide for cumulative voting;
- vacancies on our board of directors will be able to be filled only by our board of directors and not by stockholders;
- a special meeting of our stockholders may only be called by the chairperson of our board of directors, our Chief Executive Officer or a majority of our board of directors;
- certain litigation against us can only be brought in Delaware;
- our amended and restated certificate of incorporation authorizes undesignated preferred stock, the terms of which may be established and shares of which may be issued without further action by our stockholders; and
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

These provisions, alone or together, could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests, **and make it more difficult for stockholders to elect directors election of their choosing stockholders' director nominees and to cause us to take** other corporate actions **they our stockholders may** desire, any of which, under certain circumstances, could limit the opportunity for our stockholders to receive a premium **for their shares as part of a sale of our common stock company** and could also affect the price **that some investors are willing to pay for of our common stock. stock in a change of control.**

***Our amended and restated bylaws designate a state or federal court located within the State of Delaware as the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers or employees.***

Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws or (iv) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over indispensable parties named as defendants.

Section 22 of the Securities Act of 1933, as amended (the "Securities Act"), creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated bylaws further provide that the federal district courts of the **United States U.S.** will be the exclusive forum for resolving any complaints asserting a cause of action arising under the Securities Act. We note, however, that investors cannot waive compliance with the federal securities

laws and the rules and regulations thereunder, and that there is uncertainty as to whether a court would enforce this exclusive forum provision. If a court were to find either exclusive-forum provision in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could harm our results of operations.

***If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us, our business or our market, or if they change their recommendations regarding our common stock adversely, the market price and trading volume of our common stock could decline.***

The trading market for our common stock depends, in part, on the research and reports that securities or industry analysts publish about us, our business, our market or our competitors. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If any of the analysts who cover us change their recommendation regarding our common stock adversely, provide more favorable relative recommendations about our competitors or publish inaccurate or unfavorable research about our business, the market price of our common stock would likely decline. If few securities analysts commence coverage of us, or if one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets and demand for our securities could decrease, which could cause the market price and trading volume of our common stock to decline.

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***We do not intend to pay dividends for the foreseeable future.***

We have never declared nor paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. As a result, stockholders must rely on sales of their common stock after price appreciation, if any, as the only way to realize any future gains on their investment in our common stock.

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## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

### Unregistered Sales of Equity Securities

None.

### Use of Proceeds

On July 26, 2021, we completed our IPO in which we sold 9,589,999 shares of common stock at a price to the public of \$24.00 per share, which includes 1,250,869 shares issued upon the exercise of the underwriters' option to purchase additional shares. We received aggregate net proceeds of \$214.9 million, net of underwriting discounts and commissions of \$16.1 million. We incurred offering costs of approximately \$4.9 million subject to certain cost reimbursements. As of January 31, 2022, all \$4.9 million of offering expenses incurred in connection with our IPO were paid.

We intend to use a portion of the net proceeds we received from our IPO for general corporate purposes, including working capital, operating expenses, and capital expenditures. In the year ended January 31, 2022, we used a portion of our net proceeds to repay the \$25.0 million outstanding debt registered under the Credit Facility. Further, we may use the net proceeds to acquire or invest in businesses, products, services, or technologies. There has been no material change in the expected use of the net IPO proceeds from our IPO as described in our final prospectus filed with the SEC on July 22, 2021, pursuant to Rule 424(b) of the Securities Act and other periodic reports previously filed with the SEC.

## Item 3. Defaults Upon Senior Securities

None.

## Item 4. Mine Safety Disclosures

Not Applicable.



## Item 5. Other Information

### Securities Trading Plans of Directors and Executive Officers

On **October 2, 2023** **March 11, 2024** during our last fiscal quarter, **Margaret Chow, SVP, Chief Legal Officer and officer as defined in Rule 16a-1(f), Jeff Epstein, a member of our board of directors** adopted a "Rule 10b5-1 trading arrangement" as defined in Regulation S-K Item 408. The trading arrangement provides for the sale from time to time of an aggregate of up to **154,034** **121,623** shares of our common stock, the actual amount of which may be less based on tax withholdings. stock. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until **December 31, 2024** **June 7, 2025**, or earlier if all transactions under the trading arrangement are completed.

On **October 2, 2023** **April 8, 2024** during our last fiscal quarter, **Huw Owen, SVP, Chief Revenue Officer and officer as defined in Rule 16a-1(f), Carol Carpenter, a member of our board of directors** adopted a "Rule 10b5-1 trading arrangement" as defined in Regulation S-K Item 408. The trading arrangement provides for the sale from time to time of an aggregate of up to 228,700 shares of our common stock, the actual amount of which may be less based on tax withholdings. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until December 31, 2024, or earlier if all transactions under the trading arrangement are completed.

On October 3, 2023 during our last fiscal quarter, Greg Henry, our SVP, Chief Financial Officer and officer as defined in Rule 16a-1(f), adopted a "Rule 10b5-1 trading arrangement" as defined in Regulation S-K Item 408. The trading arrangement provides for the sale from time to time of an aggregate of up to 294,753 shares of our common stock, the actual amount of which may be less based on tax withholdings. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until December 31, 2024, or earlier if all transactions under the trading arrangement are completed.

On October 5, 2023 during our last fiscal quarter, Lynn Christensen, a member of our board of directors and officer as defined in Rule 16a-1(f), adopted a "Rule 10b5-1 trading arrangement" as defined in Regulation S-K Item 408. The trading arrangement provides for the sale from time to time of an aggregate of up to 44,406 **10,800** shares of our common stock. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until **December 31, 2024**, or earlier if all transactions under the trading arrangement are completed.

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On October 6, 2023 during our last fiscal quarter, Matt Cain, our Chair, President, Chief Executive Officer and officer as defined in Rule 16a-1(f), adopted a "Rule 10b5-1 trading arrangement" as defined in Regulation S-K Item 408. The trading arrangement provides for the sale from time to time of an aggregate of up to 336,512 shares of our common stock, the actual amount of which may be less based on tax withholdings. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until **December 31, 2024** **July 30, 2025**, or earlier if all transactions under the trading arrangement are completed.

No other directors or officers, as defined in Rule 16a-1(f), adopted, modified and/or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as defined in Regulation S-K Item 408, during the last fiscal quarter.

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## Item 6. Exhibits

| Exhibit<br>Number | Description  | Form | File No. | Exhibit | Filing Date | Filed<br>Herewith |
|-------------------|--|------|----------|---------|-------------|-------------------|
| 10.1†+            | <a href="#">Loan and Security Agreement, dated as of February 7, 2024, between the Company and MUFG Ltd.</a>   |      |          |         |             | X                 |
| 31.1              | <a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>  |      |          |         |             | X                 |
| 31.2              | <a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>  |      |          |         |             | X                 |
| 32.1*             | <a href="#">Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>  |      |          |         |             | X                 |
| 101.INS           | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.   |      |          |         |             | X                 |
| 101.SCH           | Inline XBRL Taxonomy Extension Schema Document.  |      |          |         |             | X                 |
| 101.CAL           | Inline XBRL Taxonomy Extension Calculation Linkbase Document.  |      |          |         |             | X                 |
| 101.DEF           | Inline XBRL Taxonomy Extension Definition Linkbase Document.   |      |          |         |             | X                 |
| 101.LAB           | Inline XBRL Taxonomy Extension Label Linkbase Document.  |      |          |         |             | X                 |
| 101.PRE           | Inline XBRL Taxonomy Extension Presentation Linkbase Document.   |      |          |         |             | X                 |
| 104               | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibits 101) - the cover page interactive data is embedded within the Inline XBRL document or included within the Exhibit 101 attachments.  |      |          |         |             | X                 |
| *                 | The certifications attached as Exhibit 32.1 that accompanies this Quarterly Report on Form 10-Q are deemed furnished and not filed with the SEC and are not to be incorporated by reference into any filing of Couchbase, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing. |      |          |         |             |                   |
| †                 | Certain portions of the Loan and Security Agreement have been omitted to preserve the confidentiality of such information. The Company will furnish copies of any such information to the SEC upon request.  |      |          |         |             |                   |
| +                 | The schedules to the Loan and Security Agreement have been omitted from this filing pursuant to Item 601(a)(5) of Regulation S-K. The Company will furnish copies of any such schedules to the SEC upon request.   |      |          |         |             |                   |

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**COUCHBASE, INC.**

Date: June 6, 2024

By: /s/ MATTHEW M. CAIN  
Matthew M. Cain  
Chair, President and Chief Executive Officer  
(Principal Executive Officer)

By: /s/ GREG HENRY  
Greg Henry  
Senior Vice President and Chief Financial Officer  
(Principal Financial Officer)

By: /s/ BILL CAREY  
Bill Carey  
Vice President and Chief Accounting Officer  
(Principal Accounting Officer)

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**Exhibit 10.1**

CERTAIN CONFIDENTIAL INFORMATION, MARKED BY [\*\*\*], HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE (I) IT IS NOT MATERIAL AND (II) THE REGISTRANT CUSTOMARILY AND ACTUALLY TREATS THE INFORMATION AS PRIVATE AND CONFIDENTIAL.

**LOAN AND SECURITY AGREEMENT**

This **LOAN AND SECURITY AGREEMENT** (this “**Agreement**”), dated as of February 7, 2024 (the “**Effective Date**”), between **MUFG BANK, LTD.** (“**Bank**”), and **COUCHBASE, INC.**, a Delaware corporation (“**Borrower**”), provides the terms on which Bank shall lend to Borrower and Borrower shall repay Bank.

**1 ACCOUNTING AND OTHER TERMS**

**1.1 Accounting Terms.** Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall be construed in conformity with GAAP. Financial statements and other information required to be delivered by Borrower to Bank shall be prepared in accordance with GAAP as in effect at the time of such preparation, except with respect to unaudited financial statements (a) non-compliance with FAS 123R, and (b) for the absence of footnotes and subject to year-end audit and purchase accounting adjustments. Notwithstanding the foregoing, (i) for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of Borrower and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded, (ii) if Borrower notifies Bank that Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if Bank notifies Borrower that Bank requests an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in

effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith and (iii) any obligations of any Person that are or would have been treated as operating leases for purposes of GAAP prior to the issuance by the Financial Accounting Standards Board on February 25, 2016 of an Accounting Standards Update (the “ASU”) shall continue to be accounted for as operating leases for purposes of all financial definitions, calculations and covenants for purpose of this Agreement (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with the ASU (on a prospective or retroactive basis or otherwise) to be treated as capitalized lease obligations in accordance with GAAP.

**1.2 Rates.** Bank does not warrant or accept responsibility for, and shall not have any liability with respect to (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Prime Rate, the Term SOFR Reference Rate or Term SOFR, or any component definition thereof or rates referred to in the definition thereof, or any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Prime Rate, the Term SOFR Reference Rate, Term SOFR or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. Bank and its affiliates or other related entities may engage in transactions that affect the calculation of the Prime Rate, the Term SOFR Reference Rate, Term SOFR, any alternative, successor or

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replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse Borrower. Bank may select information sources or services in its reasonable discretion to ascertain the Prime Rate, the Term SOFR Reference Rate, Term SOFR or any other Benchmark, or any component definition thereof or rates referred to in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to Borrower or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

## **2 LOAN AND TERMS OF PAYMENT**

**2.1 Promise to Pay.** Borrower hereby unconditionally promises to pay Bank the outstanding principal amount of all Credit Extensions and accrued and unpaid interest thereon as and when due in accordance with this Agreement.

### **2.2 Revolving Line.**

(a) **Availability.** Subject to the terms and conditions of this Agreement, Bank shall make Advances not exceeding the Availability Amount. Amounts borrowed under the Revolving Line may be repaid and, prior to the Revolving Line Maturity Date, reborrowed, subject to the applicable terms and conditions precedent herein. Each Advance shall be comprised entirely of SOFR Advances. Each SOFR Advance shall be in an aggregate amount of at least \$1,000,000 or a larger multiple of \$100,000; provided, that a SOFR Advance may be in an aggregate amount that is equal to the entire unused balance of the Availability Amount. There shall not be more than a total of seven (7) SOFR Advances outstanding at any time.

(b) **Letter of Credit Sublimit.** Subject to the terms and conditions of this Agreement, Bank shall issue for the account of Borrower such Letters of Credit as Borrower may request from time to time by delivering to Bank a duly executed letter of credit application on Bank's standard form; provided, however, that the outstanding and undrawn amounts under all such Letters of Credit (i) shall not at any time exceed the Letter of Credit Sublimit, and (ii) shall be deemed to constitute Advances for the purpose of calculating availability under the Availability Amount; provided further, that the maturity date of any such Letter of Credit shall not be later than the Revolving Line Maturity Date. Any drawn but unreimbursed amounts under any Letters of Credit shall be charged as Advances against the Revolving Line. All Letters of Credit shall be in form and substance and shall include terms (including, without limitation, the expiration date thereof) acceptable to Bank in its sole discretion and shall be subject to the terms and conditions of Bank's form of letter of credit application and agreement (as such form may be amended, restated, supplemented, replaced, or otherwise modified from time to time) and any other agreement that Borrower may enter into with Bank in connection with such Letters of Credit.

(c) **Termination.** The Revolving Line terminates on the Revolving Line Maturity Date, when the outstanding principal amount of all Advances, the accrued and unpaid interest thereon, and all other Obligations relating to the Revolving Line shall be immediately due and payable.

**2.3 Overadvances.** If, at any time, the outstanding principal amount of any Advances exceeds the lesser of either the Revolving Line or the Availability Amount, Borrower shall immediately pay to Bank in cash the amount of such excess (such excess, the "Overadvance"). Without limiting Borrower's obligation to repay Bank any Overadvance, Borrower agrees to pay Bank interest on the outstanding

amount of any Overadvance, on demand, at a per annum rate equal to the rate that is otherwise applicable to Advances plus three percent (3.0%).

## **2.4 Procedures for Borrowing.**

(a) Subject to the prior satisfaction of all other applicable conditions to the making of an Advance set forth in this Agreement, each Advance shall be made upon Borrower's irrevocable notice to Bank. Each such notice shall be in the form of a written Borrowing Request, appropriately completed and signed by a Authorized Signer of Borrower, or may be given by telephone to Bank (if promptly confirmed by such a written Borrowing Request consistent with such telephonic notice) and must be received by Bank not later than 2:00 p.m. Pacific time three (3) U.S. Government Securities Business Days prior to the date of the requested Borrowing.

(b) Each Borrowing Request for a Borrowing pursuant to this Section shall specify the following information: (i) the aggregate amount of the requested Advance; (ii) the date of such Advance (which shall be a Business Day); and (iii) the Interest Period therefor. If no Interest Period is specified with respect to any requested SOFR Advance, Borrower shall be deemed to have selected an Interest Period of one month's duration.

(c) Bank shall have received satisfactory evidence that the Board has approved that such Authorized Signer may provide such notices and request Advances. Bank shall credit proceeds of an Advance to an account designated by Borrower to Bank in writing. Bank may make Advances under this Agreement based on instructions from an Authorized Signer or without instructions if the Advances are necessary to meet Obligations which have become due.

**2.5 Interest Elections.** Borrower may elect to convert any Advance to an Advance with a different Interest Period or to continue as the same type of such Advance. Each such election pursuant to this Section shall be made upon Borrower's irrevocable notice to Bank. Each such notice shall be in the form of a written Interest Election Request, appropriately completed and signed by a Authorized Signer of Borrower, or may be given by telephone to Bank (if promptly confirmed in writing by delivery of such a written Interest Election Request consistent with such telephonic notice) and must be received by Bank not later than the time that a Borrowing Request would be required under Section 2.4 if Borrower were requesting an Advance of the type resulting from such election to be made on the effective date of such election. Each Interest Election Request shall specify the Advance to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Advance, the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day,

and the Interest Period therefor after giving effect to such election. If Borrower fails to deliver a timely and complete Interest Election Request with respect to a SOFR Advance prior to the end of the Interest Period therefor, then, unless such SOFR Advance is repaid as provided herein, Borrower shall be deemed to have selected that such SOFR Advance shall automatically be continued as a SOFR Advance with an Interest Period of one month at the end of such Interest Period. Notwithstanding any contrary provision hereof, if an Event of Default has occurred, then, so long as such Event of Default is continuing, at Bank's election, (i) no outstanding Advance may be converted to or continued as a SOFR Advance and (ii) unless repaid as provided herein,

each SOFR Advance shall automatically be converted to a Prime Rate Advance at the end of the Interest Period therefor.

## **2.6 Payment of Interest on the Credit Extensions.**

(a) Interest Rate. Subject to Section 2.6(b), the principal amount outstanding under the Revolving Line shall accrue interest at a floating per annum rate equal to (i) for each Prime Rate Advance, the greater of (A) one-half of one percent (0.50%) above the Prime Rate, and (B) three and three-quarters of one percent (3.75%), or (ii) for each SOFR Advance, three percent (3.0%) above the Term SOFR for the Interest Period therefor.

(b) Default Rate. Upon the occurrence and during the continuance of an Event of Default, at Bank's election, Obligations shall bear interest at a rate per annum which is two percent (2.0%) above the rate that is otherwise applicable thereto (the "**Default Rate**"). Fees and expenses which are required to be paid by Borrower pursuant to the Loan Documents (including, without limitation, Bank Expenses) but are not paid when due shall bear interest until paid at a rate equal to the highest rate applicable to the Obligations. Payment or acceptance of the increased interest rate provided in this Section 2.6(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Bank.

(c) Payment. Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein; provided that (i) interest accrued pursuant to paragraph (b) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any SOFR Advance prior to the end of the Interest Period therefor, accrued interest on such Advance shall be payable on the effective date of such conversion.

(d) Interest Computation. All interest hereunder shall be computed on the basis of a year of three hundred sixty (360) days (or in the case of interest computed by reference to the Prime Rate, such interest shall be computed on the basis of a year of 365 days (or 366 days in a leap year)), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). All interest hereunder on any Advance shall be computed on a daily basis based upon the outstanding principal amount of such Advance as of the applicable date of determination. The applicable Prime Rate or Term SOFR shall be determined by Bank, and such determination shall be conclusive absent manifest error.

(e) Term SOFR Conforming Changes. In connection with the use or administration of Term SOFR, Bank will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document. Bank will promptly notify Borrower of the effectiveness of any Conforming Changes in connection with the use or administration of Term SOFR.

## **2.7 Fees.** Borrower shall pay to Bank:

(a) [Reserved];

(b) Unused Revolving Line Facility Fee. Payable quarterly in arrears on the last day of each calendar quarter occurring thereafter prior to the Revolving Line Maturity Date, and on the Revolving

Line Maturity Date, a fee (the “**Unused Revolving Line Facility Fee**”) in an amount equal to one-quarter of one percent (0.25%) per annum of the average unused portion of the Revolving Line, as determined by Bank, computed on the basis of a year with the applicable number of days as set forth in Section 2.6(d). The unused portion of the Revolving Line, for purposes of this calculation, shall be calculated on a calendar year basis and shall equal the difference between (i) the Revolving Line, and (ii) the average for the period of the daily closing balance of the Revolving Line outstanding;

(c) **Letter of Credit Fees.** Borrower shall pay Bank (i) a letter of credit fee (the “**Letter of Credit Fee**”) equal to two percent (2.00%) per annum times the daily face amount of each outstanding Letter of Credit for the period from and excluding the date of issuance of such Letter of Credit to and including the date of expiration or termination of such Letter of Credit, and (ii) without duplication of costs, expenses and fees otherwise payable to Bank hereunder, all reasonable and documented out-of-pocket costs and expenses incurred by Bank on account of such Letters of Credit and any other standard issuance or other fees that Bank notifies Borrower it will charge for issuing and processing Letters of Credit. The Letter of Credit Fee shall be payable in arrears on the last day of each calendar quarter and on the Revolving Line Maturity Date. All Letter of Credit Fees shall be computed on the basis of a year of three hundred sixty (360) days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). Any other fees payable to Bank pursuant to this paragraph shall be payable within ten (10) days after demand.

(d) **Bank Expenses.** All Bank Expenses (including reasonable and documented attorneys’ fees and expenses for documentation and negotiation of this Agreement) incurred through and after the Effective Date, when due (or, if no stated due date, upon demand by Bank).

(e) **Fees Fully Earned.** Unless otherwise provided in this Agreement or in a separate writing by Bank, Borrower shall not be entitled to any credit, rebate, or repayment of any fees earned by Bank pursuant to this Agreement notwithstanding any termination of this Agreement or the suspension or termination of Bank’s obligation to make loans and advances hereunder. Bank may deduct amounts owing by Borrower under the clauses of this Section 2.7 pursuant to the terms of Section 2.8(c). Bank shall provide Borrower written notice of deductions made from any of Borrower’s deposit accounts pursuant to the terms of the clauses of this Section 2.7.

## **2.8 Repayment; Prepayments; Payments Generally; Application of Payments; Debit of Accounts.**

(a) **Repayment.** The outstanding principal amount of all Advances, the accrued and unpaid interest thereon, and all other Obligations relating to the Revolving Line shall be immediately due and payable on the Revolving Line Maturity Date.

(b) **Prepayments.** Borrower may prepay any Advances at any time from time to time without penalty or premium. Borrower shall provide Bank prior notice of any prepayment in the form of a Prepayment Notice, appropriately completed and signed by a Responsible Officer of the Borrower. Such Prepayment Notice must be received by Bank (i) in the case of prepayment of a SOFR Advance, not later than 2:00 p.m. Pacific time three (3) U.S. Government Securities Business Days before the date of prepayment, or (ii) in the case of prepayment of a Prime Rate Advance, not later than 2:00 p.m. Pacific time one (1) Business Day before the date of prepayment. Each Prepayment Notice shall specify (x) the prepayment date and (y) the principal amount of each Advance or portion thereof to be prepaid. Each Prepayment Notice shall be irrevocable; provided that such Prepayment Notice may state that such prepayment is contingent upon the effectiveness of other credit facilities, securities offerings or other

transactions, the proceeds of which will be used to refinance in full this Agreement, in which case such notice may be revoked by Borrower (by notice to the Bank on or prior to the specified effective date) if such condition is not satisfied.

(c) **Payments Generally.** All payments (including prepayments) to be made by Borrower under any Loan Document shall be made in immediately available funds in Dollars, without setoff, counterclaim or deduction before 2:00 p.m. Pacific time on the date when due. Payments of principal and/or interest received after 2:00 p.m. Pacific time are considered received at the opening of business on the next Business Day. Unless otherwise provided in this Agreement, when a payment is due on a day that is not a Business Day, the payment shall be due the next Business Day, and additional fees or interest, as applicable, shall continue to accrue until paid.



(d) Application of Payments. Prior to the existence of an Event of Default, payments shall be applied as directed by Borrower. Upon the occurrence and during the continuance of an Event of Default, Bank has the exclusive right to determine the order and manner in which all payments with respect to the Obligations may be applied and Borrower shall have no right to specify the order or the accounts to which Bank shall allocate or apply any payments required to be made by Borrower to Bank or otherwise received by Bank under this Agreement when any such allocation or application is not specified elsewhere in this Agreement.

(e) Debit of Accounts. Bank may debit any of Borrower's deposit accounts, for principal and interest payments or any other amounts Borrower owes Bank when due. These debits shall not constitute a set-off.

**2.9 Compensation for Losses.** In the event of (a) the payment of any principal of any SOFR Advance other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any SOFR Advance other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default), or (c) the failure to borrow, convert, continue or prepay any SOFR Advance on the date specified in any notice delivered pursuant hereto, then, in any such event, Borrower shall compensate Bank for any loss, cost and expense attributable to such event, including any loss, cost or expense arising from the liquidation or redeployment of funds or from any fees payable. A certificate of Bank setting forth any amount or amounts that Bank is entitled to receive pursuant to this Section shall be delivered to Borrower and shall be conclusive absent manifest error. Borrower shall pay Bank the amount shown as due on any such certificate within 10 days after receipt thereof.

## **2.10 Increased Costs.**

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve (including pursuant to regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, special, supplemental or other marginal reserve requirement) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D)), special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, Bank;

(ii) subject Bank to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) and (d) of the definition of Excluded Taxes and (C) Connection Income Taxes)

on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on Bank any other condition, cost or expense (other than Taxes) affecting this Agreement or Advances;

and the result of any of the foregoing shall be to increase the cost to Bank of making, converting to, continuing or maintaining any Advance or of maintaining its obligation to make any such Advance, or to increase the cost to Bank, or to reduce the amount of any sum received or receivable by Bank hereunder (whether of principal, interest or any other amount) then, upon request of Bank, Borrower will pay to Bank, such additional amount or amounts as will compensate Bank for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If Bank determines that any Change in Law affecting Bank or any lending office of Bank or Bank's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on Banks's capital or on the capital of Bank's holding company, if any, as a consequence of this Agreement, the Revolver Commitments of Bank or the Advances made by Bank to a level below that which Bank or Bank's holding company could have achieved but for such Change in Law (taking into consideration Bank's policies and the policies of Bank's holding company with respect to capital adequacy), then from time to time Borrower will pay to Bank such additional amount or amounts as will compensate Bank or Bank's holding company for any such reduction suffered.



(c) Certificates for Reimbursement. A certificate of Bank setting forth the amount or amounts necessary to compensate Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to Borrower, shall be conclusive absent manifest error. Borrower shall pay Bank the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of Bank to demand compensation pursuant to this Section shall not constitute a waiver of Bank's right to demand such compensation; provided that Borrower shall not be required to compensate Bank pursuant to this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that Bank notifies Borrower of the Change in Law giving rise to such increased costs or reductions, and of Bank's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

## **2.11 Taxes.**

(a) Defined Terms. For purposes of this Section, the term "Applicable Law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of Borrower or Bank) requires the deduction or withholding of any Tax from any such payment by Borrower or Bank, then such party shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and

withholdings applicable to additional sums payable under this section) Bank receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by Borrower. Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of Bank timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by Borrower. Borrower shall indemnify Bank, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this section) payable or paid by Bank or required to be withheld or deducted from a payment to Bank and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by Bank shall be conclusive absent manifest error.

(e) Evidence of Payments. As soon as practicable after any payment of Taxes by Borrower to a Governmental Authority pursuant to this Section, Borrower shall deliver to Bank the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Bank

(f) Status of Lenders

(i) Bank or any other lender under any Loan Document that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to Borrower, at the time or times reasonably requested by Borrower, such properly completed and executed documentation reasonably requested by Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, Bank or any other lender under this Agreement or any Loan Document, if reasonably requested by Borrower, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by Borrower as will enable Borrower to determine whether or not such lender is subject to

backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in paragraphs (f)(ii)(A), (ii)(B) and (ii)(D) of this section) shall not be required if in Bank or any other such lender's reasonable judgment such completion, execution or submission would subject Bank or any such lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such lender,

(ii) Without limiting the generality of the foregoing, in the event that Borrower is a U.S. Person,

(A) Bank or any lender that is a U.S. Person shall deliver to Borrower on or about the date on which bank or any such lender becomes a lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed copies of IRS Form W-9 certifying that Bank or any such lender is exempt from U.S. federal backup withholding tax

(B) Bank or any foreign lender shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be requested by Borrower) on or about the date on which Bank or any such foreign lender becomes a lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), whichever of the following is applicable:

(1) in the case of Bank or any foreign lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of Bank or any foreign lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the U.S. Code, (x) a certificate to the effect that such Bank or foreign lender is not a "bank" within the meaning of U.S. Code Section 881(c)(3)(A), a "10 percent shareholder" of Borrower within the meaning of Section 871(h)(3)(B) of the U.S. Code, or a "controlled foreign corporation" related to Borrower as described in U.S. Code Section 881(c)(3)(C) (a "**U.S. Tax Compliance Certificate**") and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(4) to the extent Bank or foreign lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate and/or other certification documents from each beneficial owner, as applicable; provided that if Bank or the foreign lender is a partnership and one or more direct or indirect partners of Bank or such foreign lender are claiming the portfolio interest exemption, Bank or such foreign lender may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner;

(C) Bank or any foreign lender shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be requested by Borrower) on or about the date on which Bank or such foreign lender becomes a lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit to determine the withholding or deduction required to be made; and

(D) if a payment made to Bank or any lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in U.S. Code Section 1471(b) or 1472(b), as applicable), Bank or any such lender shall deliver to Borrower at the time or times prescribed by law and at such time or times reasonably requested by Borrower such documentation prescribed by Applicable Law (including as prescribed by U.S. Code Section 1471(b)(3)(C)(i)) and such additional documentation reasonably requested by

Borrower as may be necessary for Borrower to comply with their obligations under FATCA and to determine that Bank or any such lender has complied with Bank or any such lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(E) Bank and any other lender under any Loan Document agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect,

it shall update such form or certification or promptly notify Borrower in writing of its legal inability to do so.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this section (including by the payment of additional amounts pursuant to this section), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph, in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Survival. Each party's obligations under this Section shall survive any assignment of rights by, or the replacement of, Bank, the termination of the commitments hereunder and the repayment, satisfaction or discharge of all obligations under any Loan Document.

**2.12 Inability to Determine Rates**. Subject to Section 2.13, if, on or prior to the first day of any Interest Period for any SOFR Advance:

(a) Bank determines (which determination shall be conclusive and binding absent manifest error) that "Term SOFR" cannot be determined pursuant to the definition thereof, or

(b) Bank determine that for any reason in connection with any request for a SOFR Advance or a conversion thereto or a continuation thereof that Term SOFR for any requested Interest Period with respect to a proposed SOFR Advance does not adequately and fairly reflect the cost to Bank of making and maintaining such Advance,

then, in each case, Bank will promptly so notify Borrower.

Upon notice thereof by Bank to Borrower, any obligation of Bank to make SOFR Advances, and any right of Borrower to continue SOFR Advances shall be suspended (to the extent of the affected SOFR Advances or affected Interest Periods) until Bank revokes such notice. Upon receipt of such notice, (i) Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Advances (to the extent of the affected SOFR Advances or affected Interest Periods) or, failing that, Borrower will be deemed to have converted any such request into a request for a Borrowing of or conversion to Prime Rate Advances in the amount specified therein and (ii) any outstanding affected SOFR Advances will be deemed to have been converted into Prime Rate Advances at the end of the applicable Interest Period. Upon any such conversion, Borrower shall also pay accrued interest on the amount so converted, together with any additional amounts required pursuant to Section 2.9.

## 2.13 Benchmark Replacement Setting.

(a) **Benchmark Replacement.** Notwithstanding anything to the contrary herein or in any other Loan Document (and any interest rate swap or other funding arrangement entered by Bank to make or maintain any Advance shall be deemed not to be a “Loan Document” for purposes of this paragraph), upon the occurrence of a Benchmark Transition Event, Bank and Borrower may amend this Agreement to replace the then-current Benchmark with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. (New York City time) on the fifth Business Day after Bank has posted such proposed amendment to Borrower. No replacement of a Benchmark with a Benchmark Replacement pursuant to this section will occur prior to the applicable Benchmark Transition Start Date.

(b) **Benchmark Replacement Conforming Changes.** In connection with the use, administration, adoption or implementation of a Benchmark Replacement, Bank will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(c) **Notices; Standards for Decisions and Determinations.** Bank will promptly notify Borrower of (i) the implementation of any Benchmark Replacement, and (ii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. Bank will notify Borrower of (x) the removal or reinstatement of any tenor of a Benchmark and (y) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by Bank under the section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in Bank’s sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this section.

(d) **Unavailability of Tenor of Benchmark.** Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by Bank in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then Bank may modify the definition of “Interest Period” (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then Bank may modify the definition of “Interest Period” (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) **Benchmark Unavailability Period.** Upon Borrower’ receipt of notice of the commencement of a Benchmark Unavailability Period, Borrower may revoke any pending request for a

borrowing of SOFR Advances, or a conversion to or a continuation of any SOFR Advances to be made during any Benchmark Unavailability Period and, failing that, Borrower will be deemed to have converted any such request into a request for a borrowing of Prime Rate Advances and any outstanding SOFR Advances will automatically convert to Prime Rate Advances at the end of the applicable Interest Period.

**2.14 Illegality.** If Bank determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for Bank or its applicable lending office to make, maintain or fund Advances whose interest is determined by reference to SOFR, the Term SOFR Reference Rate or Term SOFR, or to determine or charge interest based upon SOFR, the Term SOFR Reference Rate or Term SOFR, then, upon notice thereof by Bank to Borrower (an “**Illegality Notice**”), (a) any obligation of Bank to make SOFR Advances, and any right of Borrower to continue SOFR Advances shall be suspended until Bank notifies Borrower that the

circumstances giving rise to such determination no longer exist. Upon receipt of an Illegality Notice, Borrower shall, if necessary to avoid such illegality, upon demand from Bank, prepay or, if applicable, convert all SOFR Advances to Prime Rate Advances, on the last day of the Interest Period therefor, if all Bank may lawfully continue to maintain such SOFR Advances to such day, or immediately, if Bank may not lawfully continue to maintain such SOFR Advances to such day. Upon any such prepayment or conversion, Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 2.9.

## **2.15 Accordion.**

(a) Increase in Revolver Commitments. Subject to the conditions set forth in Section 2.15(b), Borrower may request that the Revolver Commitments be increased by an aggregate amount of up to Twenty-Five Million Dollars (\$25,000,000) (each such increase, an “**Increase**”; and each date on which an Increase is made, an “**Increase Date**”). Borrower may submit a request in writing in accordance with the notice provisions of this Agreement (each, an “**Increase Request**”) not later than 2:00 p.m. Pacific time three (3) U.S. Government Securities Business Days prior to the date of the proposed Increase that Bank increase its Revolver Commitments in connection with a proposed Increase (it being agreed and understood that Bank shall not be obligated to increase its Revolver Commitments). If Bank does not agree to increase its Revolver Commitments in connection with such proposed Increase, then Borrower may consult with Bank to invite one or more prospective lenders satisfactory to Bank in its reasonable discretion to become a lender under this Agreement in connection with a proposed Increase. Any Increase shall be in an amount of at least \$1,000,000 and integral multiples of \$100,000 in excess thereof. In no event may the Revolver Commitments be increased pursuant to this Section 2.15 on more than three (3) occasions in the aggregate for all such Increases. Submission by Borrower of an Increase Request shall be deemed to be a certification that the representations and warranties in this Agreement are true, accurate, and correct in all material respects on the date of such submission; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and correct in all material respects as of such specific date. For the avoidance of doubt, it is understood and agreed that in no event shall the aggregate amount of the Increases to the Revolver Commitments exceed Twenty-Five Million Dollars (\$25,000,000).

(b) Conditions to Increase. Each of the following shall be conditions precedent to any Increase of the Revolver Commitments: (i) Borrower has obtained the commitment of either Bank or one or more other prospective lenders reasonably satisfactory to Bank to provide the applicable Increase; (ii)

if such Increase is not provided by Bank in full, any new lenders shall duly execute and deliver a joinder agreement or amendment to this Agreement, in form and substance reasonably satisfactory to Bank, to which such lenders, Borrower and Bank are party; (iii) each of the conditions precedent set forth in Section 3.2(b) and (c) have been satisfied; (iv) Borrower shall have paid all increase and closing fees as may be required by Bank or any other applicable lender as a condition to such Increase; (v) Borrower shall arrange for the delivery of all Loan Documents, certificates and other items as Bank or other lender may reasonably require in connection with such Increase; and (vi) no Event of Default has occurred and is continuing.

(c) Miscellaneous. The Revolver Commitments and Advances established pursuant to this Section 2.15 shall constitute Revolver Commitments and Advances under, and shall be entitled to all the benefits afforded by, this Agreement and the other Loan Documents, and shall, without limiting the foregoing, benefit equally and ratably from any guarantees and the security interests created by the Loan Documents. Borrower shall take any actions reasonably required by Bank to ensure and demonstrate that the Liens and security interests granted by the Loan Documents continue to be perfected under the UCC or otherwise after giving effect to the establishment of any such new Revolver Commitments.

## **3 CONDITIONS OF LOANS**

**3.1 Conditions Precedent to Initial Credit Extension.** Bank's obligation to make the initial Credit Extension is subject to the condition precedent that Bank shall have received, in form and substance satisfactory to Bank, such documents, and completion of

such other matters, as Bank may request, including, without limitation:

(a) duly executed Loan Agreement;

(b) the Operating Documents of Borrower and (i) a long-form good standing certificate of Borrower certified by the Secretary of State of the State of Delaware and (ii) good standing/foreign qualification certificates certified by the Secretary of State (or equivalent agency) of each other jurisdiction in which Borrower is qualified to conduct business and the failure of so qualified in such jurisdiction would reasonably result in a Material Adverse Change, in each case, as of a date no earlier than thirty (30) days prior to the Effective Date;

(c) certificate duly executed by a Responsible Officer or secretary of Borrower with respect to Borrower's (i) Operating Documents, (ii) good standing certificates, (iii) Borrowing Resolutions and (iv) incumbency;

(d) certified copies, dated as of a recent date, of searches for financing statements filed in the central filing office of the State of Delaware against Borrower, accompanied by written evidence (including any UCC termination statements) that the Liens indicated in any such financing statements constitute Permitted Liens;

(e) evidence satisfactory to Bank that (i) that certain Amended and Restated Loan and Security Agreement, dated as of January 29, 2021, between Borrower and Silicon Valley Bank, has been terminated and all amounts thereunder shall have been paid in full, and (ii) all Liens granted in connection therewith have been terminated;

(f) duly executed Perfection Certificate of Borrower;

(g) evidence satisfactory to Bank that the insurance policies and endorsements required by Section 6.7 hereof are in full force and effect, together with appropriate evidence showing lender loss payable and/or additional insured clauses or endorsements in favor of Bank; and

(h) payment of the fees and Bank Expenses then due as specified in Section 2.7(a) and (d) hereof.

**3.2 Conditions Precedent to all Credit Extensions.** Bank's obligation to make each Credit Extension, including the initial Credit Extension, is subject to the following conditions precedent:

(a) timely receipt of the Credit Extension request and any materials and documents required by Section 2.4;

(b) the representations and warranties in this Agreement shall be true, accurate, and correct in all material respects on the date of the proposed Credit Extension and on the Funding Date of each Credit Extension; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and correct in all material respects as of such date, and no Event of Default shall have occurred and be continuing or result from the Credit Extension. Each Credit Extension is Borrower's representation and warranty on that date that the representations and warranties in this Agreement remain true, accurate, and correct in all material respects; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and correct in all material respects as of such date; and

(c) Bank determines to its reasonable satisfaction that there has not been a Material Adverse Change.

**3.3 Covenant to Deliver.** Borrower agrees to deliver to Bank each item required to be delivered to Bank under this Agreement as a condition precedent to any Credit Extension. Borrower expressly agrees that a Credit Extension made prior to the receipt by Bank of any such item shall not constitute a waiver by Bank of Borrower's obligation to deliver such item, and the making of any Credit Extension in the absence of a required item shall be in Bank's sole discretion.

## **4 CREATION OF SECURITY INTEREST**



**4.1 Grant of Security Interest.** Borrower hereby grants Bank, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Bank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. Borrower acknowledges that it previously has entered, and/or may in the future enter, into Bank Services Agreements with Bank. Regardless of the terms of any Bank Services Agreement, Borrower agrees that any amounts Borrower owes Bank thereunder shall be deemed to be Obligations hereunder and that it is the intent of Borrower and Bank to have all such Obligations secured by the first priority perfected security interest in the Collateral granted herein (subject only to Permitted Liens).

**4.2 Termination.** If this Agreement is terminated, Bank's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations) and at such time as Bank's obligation to make Credit Extensions has terminated, Bank shall, at the sole cost and expense of

Borrower, release its Liens in the Collateral and all rights therein shall revert to Borrower. In the event (x) all Obligations (other than inchoate indemnity obligations), except for Bank Services, are satisfied in full, and (y) this Agreement is terminated, Bank shall terminate the security interest granted herein upon Borrower providing cash collateral acceptable to Bank in its good faith business judgment for Bank Services, if any. In the event such Bank Services consist of outstanding Letters of Credit, Borrower shall provide to Bank cash collateral in an amount equal to (x) if such Letters of Credit are denominated in Dollars, then at least one hundred five percent (105.0%); and (y) if such Letters of Credit are denominated in a Foreign Currency, then at least one hundred ten percent (110.0%), of the Dollar Equivalent of the face amount of all such Letters of Credit plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its business judgment), to secure all of the Obligations relating to such Letters of Credit.

**4.3 Priority of Security Interest.** Borrower represents, warrants, and covenants that the security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral (subject only to Permitted Liens). If Borrower shall acquire a commercial tort claim valued in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000), individually or in the aggregate, Borrower shall promptly notify Bank in a writing signed by Borrower of the general details thereof and grant to Bank in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Bank.

**4.4 Authorization to File Financing Statements.** Borrower hereby authorizes Bank to file financing statements, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Bank's interest or rights hereunder, including a notice that any disposition of the Collateral, by either Borrower or any other Person, shall be deemed to violate the rights of Bank under the Code. Such financing statements may indicate the Collateral as "all assets of the Debtor" or words of similar effect, or as being of an equal or lesser scope, or with greater detail, all in Bank's discretion.

## **5 REPRESENTATIONS AND WARRANTIES**

Borrower represents and warrants as follows:

**5.1 Due Organization, Authorization; Power and Authority.** Borrower is duly existing and in good standing as a Registered Organization in its jurisdiction of formation and is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its business or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to have a material adverse effect on Borrower's business or operations. In connection with this Agreement, Borrower has delivered to Bank a completed certificate signed by Borrower, entitled "Perfection Certificate" (the "**Perfection Certificate**"). Borrower represents and warrants to Bank that except as otherwise disclosed to Bank from time to time pursuant to Section 7.2, (a) Borrower's exact legal name is that indicated on the Perfection Certificate and on the signature page hereof; (b) Borrower is an organization of the type and is organized in the jurisdiction set forth in the Perfection Certificate; (c) the Perfection Certificate accurately sets forth Borrower's organizational identification number or accurately states that Borrower has none; (d) the Perfection Certificate accurately sets forth Borrower's place of business, or, if more than one, its chief executive office as well as

Borrower's mailing address (if different than its chief executive office); (e) Borrower (and each of its predecessors) has not, in the past five (5) years, changed its jurisdiction of formation, organizational structure or type, or any organizational number assigned by its jurisdiction; and (f) all other information set forth on the Perfection Certificate pertaining to Borrower and each of its Subsidiaries is accurate and correct in all material respects (it being understood and agreed that Borrower may from time to time update certain information in the Perfection

Certificate after the Effective Date to the extent permitted by one or more specific provisions in this Agreement). If Borrower is not now a Registered Organization but later becomes one, Borrower shall promptly notify Bank of such occurrence and provide Bank with Borrower's organizational identification number.

The execution, delivery and performance by Borrower of the Loan Documents to which it is a party have been duly authorized, and do not (i) conflict with any of Borrower's organizational documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law, (iii) contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or any of its Subsidiaries or any of their property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except such Governmental Approvals which have already been obtained and are in full force and effect and filings necessary to perfect Liens granted under the Loan Documents), or (v) conflict with, contravene, constitute a default or breach under, or result in or permit the termination or acceleration of, any material agreement by which Borrower is bound. Borrower is not in default under any agreement to which it is a party or by which it is bound in which the default could reasonably be expected to have a material adverse effect on Borrower's business or operations.

**5.2 Collateral.** The security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral (subject to Permitted Liens). Borrower has good title to, rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien hereunder, free and clear of any and all Liens except Permitted Liens. As of the Effective Date, Borrower has no Collateral Accounts at or with any bank or financial institution other than Bank or Bank's Affiliates except for the Collateral Accounts described in the Perfection Certificate delivered to Bank in connection herewith. The Accounts are bona fide, existing obligations of the Account Debtors.

As of the Effective Date, the Collateral is not in the possession of any third party bailee (such as a warehouse) or maintained at locations except as otherwise provided in the Perfection Certificate.

All Inventory is in all material respects of good and marketable quality, free from material defects. Borrower is the sole owner of the Intellectual Property which it owns or purports to own except for (a) non-exclusive licenses granted to its customers in the ordinary course of business and licenses that could not result in a legal transfer of title of the licensed property but that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discreet geographical areas outside of the United States, (b) over-the-counter software that is commercially available to the public, (c) material Intellectual Property licensed to Borrower and noted on the Perfection Certificate or as otherwise disclosed to Bank and (d) open-source software. Each Patent which it owns or purports to own and which is material to Borrower's business is valid and enforceable, and no part of the Intellectual Property which Borrower owns or purports to own and which is material to Borrower's business has been judged invalid or unenforceable, in whole or in part. To the best of Borrower's knowledge, no claim has been made that any part of the Intellectual Property violates the rights of any third party except to the extent such claim would not reasonably be expected to have a material adverse effect on Borrower's business or operations.

As of the Effective Date, except as noted on the Perfection Certificate, Borrower is not a party to, nor is it bound by, any Restricted License.

### **5.3 [Reserved].**

**5.4 Litigation.** Except as disclosed on the Perfection Certificate or as required to be disclosed pursuant to Section 6.2 (such disclosure shall be deemed to update the applicable provision of the Perfection Certificate), there are no actions or proceedings



pending or, to the knowledge of any Responsible Officer, threatened in writing against Borrower or any of its Subsidiaries that could reasonably be expected to result in damages payable by Borrower or any of its Subsidiaries of more than, individually or in the aggregate, Two Million Five Hundred Thousand Dollars (\$2,500,000).

**5.5 Financial Statements; Financial Condition.** All consolidated financial statements for Borrower and any of its Subsidiaries delivered to Bank fairly present in all material respects (subject to normal fiscal year-end adjustments) Borrower's consolidated financial condition and Borrower's consolidated results of operations. There has not been any material deterioration in Borrower's consolidated financial condition since the date of the most recent financial statements submitted to Bank.

**5.6 Solvency.** The fair salable value of Borrower's consolidated assets (including goodwill minus disposition costs) exceeds the fair value of Borrower's liabilities; Borrower is not left with unreasonably small capital after the transactions in this Agreement; and Borrower is able to pay its debts (including trade debts) as they mature.

**5.7 Regulatory Compliance.** Borrower is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Borrower is not engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower (a) has complied in all material respects with all Requirements of Law, and (b) has not violated any Requirements of Law the violation of which could reasonably be expected to have a material adverse effect on its business. None of Borrower's or any of its Subsidiaries' properties or assets has been used by Borrower or any Subsidiary or, to the best of Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than legally. Borrower and each of its Subsidiaries have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted.

**5.8 Subsidiaries; Investments.** Borrower does not own any stock, partnership, or other ownership interest or other equity securities except for Permitted Investments.

**5.9 Tax Returns and Payments; Pension Contributions.** Borrower has timely filed all required income and other material tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except (a) to the extent such taxes are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor, or (b) if such taxes, assessments, deposits and contributions do not, individually or in the aggregate, exceed Two Million Five Hundred Thousand Dollars (\$2,500,000).

To the extent Borrower defers payment of any contested taxes, Borrower shall post bonds or take any other steps required to prevent the Governmental Authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a "Permitted Lien." Borrower is unaware of any claims or adjustments proposed for any of Borrower's prior tax years which could result in additional taxes becoming due and payable by Borrower in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000). Borrower has paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms, and Borrower has not withdrawn from participation in, and has not permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

**5.10 Use of Proceeds.** Borrower shall use the proceeds of the Credit Extensions solely as working capital and to fund its general business requirements and not for personal, family, household or agricultural purposes.

**5.11 Full Disclosure.** To the best of Borrower's knowledge, no written representation, warranty or other statement of Borrower or any of its Subsidiaries in any report, certificate or written statement by submission to Bank, as of the date such representation, warranty, or other statement was made, taken together with all such written reports, written certificates and written statements submitted to Bank, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the reports, certificates or written statements not misleading (it being recognized by Bank that the projections and forecasts provided by

Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

**5.12 Definition of “Knowledge.”** For purposes of the Loan Documents, whenever a representation or warranty is made to Borrower’s knowledge or awareness, to the “best of” Borrower’s knowledge, or with a similar qualification, knowledge or awareness means the actual knowledge, after reasonable investigation, of any Responsible Officer.

**5.13 Sanctions.** Neither Borrower nor any of its Subsidiaries is: (a) in violation of any Sanctions; or (b) a Sanctioned Person. Neither Borrower nor any of its Subsidiaries, directors, or officers, or, to the knowledge of Borrower, any of its employees, agents or Affiliates: (i) conducts any business or engages in any transaction or dealing with any Sanctioned Person, including making or receiving any contribution of funds, goods or services to or for the benefit of any Sanctioned Person; (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to any Sanctions; (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Sanctions; or (iv) otherwise engages in any transaction that could cause Bank to violate any Sanctions.

## **6 AFFIRMATIVE COVENANTS**

Borrower shall do all of the following:

### **6.1 Government Compliance.**

(a) Except as permitted by Section 7.1 or Section 7.3, maintain its and all its Subsidiaries’ legal existence and good standing in their respective jurisdictions of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to have a material adverse effect on Borrower’s business or operations. Borrower shall comply, and have each Subsidiary comply, in all material respects, with all laws, ordinances and regulations to which it is subject.

(b) Obtain all of the Governmental Approvals necessary for the performance by Borrower of its obligations under the Loan Documents to which it is a party and the grant of a security interest to Bank in all of its property. Upon Bank’s reasonable request, Borrower shall promptly provide copies of any such obtained Governmental Approvals to Bank.

### **6.2 Financial Statements, Reports.** Provide Bank with the following by submitting to Bank:

(a) for each of the first three fiscal quarters of Borrower’s fiscal year, as soon as available, but no later than the earlier of (i) forty-five (45) days after the end of each such fiscal quarter, or (ii) five (5) days after filing with the SEC, a consolidated balance sheet and income statement covering Borrower’s and each of its Subsidiary’s operations for such quarter in a form of presentation reasonably acceptable to Bank (the “**Quarterly Financial Statements**”);

(b) together with the Quarterly Financial Statements delivered pursuant to Section 6.2(a) and the Annual Financial Statements delivered pursuant to Section 6.2(d) , a completed Compliance Statement, confirming that, as of the end of such fiscal period, Borrower was in full compliance with all of the terms and conditions of this Agreement, and setting forth calculations showing compliance with the financial covenants set forth in this Agreement and such other information as Bank may reasonably request;

(c) within the earlier of (i) fifteen (15) days after approval by the Board or (ii) sixty (60) days after each fiscal year of Borrower, and contemporaneously with any updates or amendments thereto, (A) annual budgeted income statement for the then-current fiscal year of Borrower, and (B) annual financial projections for the then-current fiscal year, in each case as approved by the Board;

(d) as soon as available, but no later than the earlier of (i) one hundred twenty (120) days following the end of Borrower’s fiscal year, or (ii) five (5) days after filing with the SEC, audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified (other than a qualification with respect to “going concern” or like qualification or exception solely as a result of the final maturity date of any Advance being scheduled to occur within twelve (12) months from the date of such opinion)

opinion on the financial statements from an independent certified public accounting firm reasonably acceptable to Bank (the “**Annual Financial Statements**”);

(e) [reserved];

(f) within five (5) days of filing, copies of all periodic and other reports, proxy statements and other materials filed by Borrower and/or any Guarantor with the SEC, any Governmental Authority succeeding to any or all of the functions of the SEC or with any national securities exchange, or distributed to its shareholders, as the case may be;

(g) within five (5) days of delivery, copies of all statements, reports and notices made available to all of Borrower’s security holders (in their capacity as such) or to any holders of Subordinated Debt;

(h) prompt report of any legal actions pending or threatened in writing against Borrower or any of its Subsidiaries that could reasonably be expected to result in damages or costs to Borrower or any of its Subsidiaries of, individually or in the aggregate, Two Million Five Hundred Thousand Dollars (\$2,500,000) or more;

(i) prompt written notice of the occurrence of a Default or Event of Default; and

(j) promptly, from time to time, such other information regarding Borrower or compliance with the terms of any Loan Documents as reasonably requested by Bank.

Notwithstanding the foregoing, information required to be delivered pursuant to clauses (a), (b), (d), (f), (g), (h) and (i) of this Section 6.2 shall be deemed to have been delivered if such information, or one or more annual, quarterly or other periodic reports containing such information, shall be available on the website of the SEC at <http://www.sec.gov>. In the event that the Borrower is no longer subject to the reporting requirements under the Exchange Act, Borrower shall furnish Bank the information required to be delivered pursuant to clauses (a), (b) and (d) of this Section 6.2 in accordance with the same timeframes as were required when Borrower was a company subject to the reporting requirements under the Exchange Act.

Any submission by Borrower of a Compliance Statement or any other financial statement submitted to Bank shall be deemed to be a representation by Borrower that (a) as of the date of such Compliance Statement or other financial statement, the information and calculations set forth therein are true, accurate and correct in all material respects, (b) as of the end of the compliance period set forth in such submission, Borrower is in complete compliance with all required covenants except as noted in such Compliance Statement or other financial statement, as applicable; (c) as of the date of such submission, no Events of Default have occurred or are continuing; (d) all representations and warranties other than any representations or warranties that are made as of a specific date in Article 5 remain true and correct in all material respects as of the date of such submission except as noted in such Compliance Statement or other financial statement, as applicable; (e) as of the date of such submission, Borrower and each of its Subsidiaries has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except as otherwise permitted pursuant to the terms of Section 5.9; and (f) as of the date of such submission, no Liens have been levied or claims made against Borrower or any of its Subsidiaries relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Bank.

### **6.3 [Reserved].**

### **6.4 [Reserved].**

**6.5 Taxes; Pensions.** Timely file, and require each of its Subsidiaries to timely file, all required income and other material tax returns and reports and timely pay, and require each of its Subsidiaries to timely pay, all material foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower and each of its Subsidiaries, except for deferred payment of any taxes contested pursuant to the terms of Section 5.9 hereof, and shall deliver to Bank, on demand, appropriate certificates attesting to such payments, and pay all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms.

**6.6 Access to Collateral; Books and Records.** At reasonable times, on five (5) Business Days' notice (provided no notice is required if an Event of Default has occurred and is continuing), Bank, or its agents, shall have the right to inspect the Collateral and the right to audit and copy Borrower's Books. Such inspections and audits shall be conducted no more often than once every twelve (12) months, unless an Event of Default has occurred and is continuing in which case such inspections and audits shall occur as often as Bank shall determine is necessary. The foregoing inspections and audits shall be conducted at Borrower's expense and the charge therefor shall be One Thousand Dollars (\$1,000) per person per day (or such higher amount as shall represent Bank's then-current standard charge for the same), plus reasonable out-of-pocket expenses. In the event Borrower and Bank schedule an audit more than ten (10)

days in advance, and Borrower cancels or seeks to or reschedules the audit with less than ten (10) days written notice to Bank, then (without limiting any of Bank's rights or remedies) Borrower shall pay Bank a fee of One Thousand Dollars (\$1,000) plus any out-of-pocket expenses incurred by Bank to compensate Bank for the anticipated costs and expenses of the cancellation or rescheduling.

### **6.7 Insurance.**

(a) Keep its business and the Collateral insured for risks and in amounts standard for companies in Borrower's industry and location and as Bank may reasonably request. Insurance policies shall be in a form, with financially sound and reputable insurance companies that are not Affiliates of Borrower, and in amounts that are satisfactory to Bank. All property policies shall have Bank's loss payable endorsement showing Bank as lender loss payee. All liability policies shall show, or have endorsements showing, Bank as an additional insured. Bank shall be named as lender loss payee and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral.

(b) Ensure that proceeds payable under any property policy are, at Bank's option, payable to Bank on account of the Obligations. Notwithstanding the foregoing, (a) so long as no Event of Default has occurred and is continuing, Borrower shall have the option of applying the proceeds of property and casualty policies up toward the replacement or repair of destroyed or damaged property; provided that any such replaced or repaired property (i) shall be of equal or like value as the replaced or repaired Collateral, (ii) shall be made within 365 days of date of receipt of such proceeds, and (iii) shall be deemed Collateral in which Bank has been granted a first priority security interest (subject to Permitted Liens), and (b) after the occurrence and during the continuance of an Event of Default, all proceeds payable under such casualty policy shall, at the option of Bank, be payable to Bank on account of the Obligations.

(c) At Bank's request, Borrower shall deliver certified copies of insurance policies and evidence of all premium payments. Each provider of any such insurance required under this Section 6.7 shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to Bank, that it will give Bank thirty (30) days prior written notice before any such policy or policies shall be canceled. If Borrower fails to obtain insurance as required under this Section 6.7 or to pay any amount or furnish any required proof of payment to third persons and Bank, Bank may make all or part of such payment or obtain such insurance policies required in this Section 6.7, and take any action under the policies Bank deems prudent.

**6.8 Accounts.** Borrower shall provide Bank five (5) days prior written notice before establishing any Collateral Account at or with any bank or financial institution other than Bank or Bank's Affiliates. For each Collateral Account that Borrower at any time maintains, Borrower shall cause the applicable bank or financial institution (other than Bank) at or with which any Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Bank's Lien in such Collateral Account in accordance with the terms hereunder which Control Agreement may not be terminated without the prior written consent of Bank. The provisions of this Section 6.8 shall not apply to the Excluded Accounts; provided that Borrower shall provide Bank with written notice promptly (and in any event within five (5) days) upon the time that any of Borrower's accounts shall no longer constitute an Excluded Account as defined herein.

**6.9 Minimum LTM Consolidated EBITDA.** Maintain, to be tested as of the last day of each quarter and calculated on a trailing 12-month basis, Consolidated EBITDA of at least the amounts shown in the table immediately below for the corresponding reporting periods (the "Financial Covenant"):

| Period Ending | Minimum LTM Consolidated EBITDA |
|---------------|---------------------------------|
| LTM 4Q'24     | \$ (***)                        |
| LTM 1Q'25     | \$ (***)                        |
| LTM 2Q'25     | \$ (***)                        |
| LTM 3Q'25     | \$ (***)                        |
| LTM 4Q'25     | \$ (***)                        |
| LTM 1Q'26     | \$ (***)                        |
| LTM 2Q'26     | \$ (***)                        |
| LTM 3Q'26     | \$ (***)                        |
| LTM 4Q'26     | \$ (***)                        |
| LTM 1Q'27     | \$ (***)                        |
| LTM 2Q'27     | \$ (***)                        |
| LTM 3Q'27     | \$ (***)                        |

#### 6.10 Protection of Intellectual Property Rights.

(a) (i) Protect, defend and maintain the validity and enforceability of Borrower's and each Subsidiary's Intellectual Property material to Borrower's business or operations; (ii) promptly advise Bank in writing of material infringements or any other event that could reasonably be expected to materially and adversely affect the value of Borrower's and each Subsidiary's Intellectual Property; and (iii) not allow any Intellectual Property material to Borrower's business or operations to be abandoned, forfeited or dedicated to the public without Bank's written consent.

(b) Provide written notice to Bank, concurrently with the required delivery of a Compliance Statement pursuant to Section 6.2, of entering or becoming bound by any Restricted License (other than over-the-counter software that is commercially available to the public). Borrower shall take such commercially reasonable steps as Bank requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (i) any Restricted License to be deemed "Collateral" and for Bank to have a security interest in it that might otherwise be restricted or prohibited by law or by the terms of any such Restricted License, whether now existing or entered into in the future, and (ii) Bank to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Bank's rights and remedies under this Agreement and the other Loan Documents.

**6.11 Litigation Cooperation.** From the date hereof and continuing through the termination of this Agreement, make available to Bank, without expense to Bank, Borrower and its officers, employees and agents and Borrower's books and records, to the extent that Bank may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Bank with respect to any Collateral or relating to Borrower.

#### 6.12 Reserved.

**6.13 Formation or Acquisition of Subsidiaries.** Notwithstanding and without limiting the negative covenants contained in Sections 7.3 and 7.7 hereof, at the time that Borrower or any Guarantor forms any direct or indirect Subsidiary or acquires any direct or indirect Subsidiary after the Effective Date (including, without limitation, pursuant to a Division), Borrower and such Guarantor shall, within forty-five (45) days of such formation or acquisition, (a) cause such new Subsidiary (other than a Foreign

Subsidiary) to provide to Bank a joinder to this Agreement to become a co-borrower hereunder or a Guaranty to become a Guarantor hereunder, together with such appropriate financing statements and/or Control Agreements, all in form and substance reasonably satisfactory to Bank (including being sufficient to grant Bank a first priority Lien (subject to Permitted Liens) in and to the assets of such

newly formed or acquired Subsidiary), (b) provide to Bank appropriate certificates and powers and financing statements, pledging all of the direct or beneficial ownership interest in such new Subsidiary, in form and substance reasonably satisfactory to Bank, provided, however, that such pledge shall include no more than sixty-five percent (65%) of the presently existing and hereafter issued voting stock of any Foreign Subsidiary (as determined under U.S. federal tax principles); and (c) provide to Bank all other documentation in form and substance satisfactory to Bank, which in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above. Any document, agreement, or instrument executed or issued pursuant to this Section 6.13 shall be a Loan Document.

**6.14 Use of Proceeds.** Cause the proceeds of the Credit Extensions to be used solely (a) as working capital or (b) to fund its general business purposes, and not for personal, family, household or agricultural purposes.

**6.15 Further Assurances.** Execute any further instruments and take further action as Bank reasonably requests to perfect, protect, ensure the priority of or continue Bank's Lien in the Collateral or to effect the purposes of this Agreement. Upon Bank's reasonable request, deliver to Bank, within five (5) days after the same are sent or received, copies of all correspondence, reports, documents and other filings with any Governmental Authority regarding compliance with or maintenance of Governmental Approvals or Requirements of Law or that could reasonably be expected to have a material effect on any of the Governmental Approvals or otherwise on the operations of Borrower or any of its Subsidiaries.

#### **6.16 Post-Closing Obligations.**

(a) On or prior to the date that is sixty (60) days after the Closing Date, the Borrower shall have delivered to Bank a Control Agreement with respect to all Collateral Accounts as required by Section 6.8, in form and substance satisfactory to Agent, duly authorized, executed and delivered by the Borrower, Agent and the bank at which such Collateral Account is maintained.

(b) On or prior to the date that is thirty (30) days after the Closing Date, the Borrower shall deliver to the Bank insurance endorsements, in form and substance reasonably satisfactory to Bank, with respect to additional insured, lenders loss payee and notice endorsements relating to the insurance policies required by Section 6.7 hereof.

## **7 NEGATIVE COVENANTS**

Borrower shall not do any of the following without Bank's prior written consent:

**7.1 Dispositions.** Convey, sell, lease, transfer, assign, or otherwise dispose of (including, without limitation, pursuant to a Division) (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn-out, surplus or obsolete Equipment that is, in the reasonable judgment of Borrower, no longer economically practicable to maintain or useful in the ordinary course of business of Borrower; (c) consisting of Permitted Liens and Permitted Investments; (d) consisting of the sale or issuance of any stock of Borrower permitted under Section 7.2 of this Agreement; (e) consisting of Borrower's use or transfer of money or Cash Equivalents in the ordinary course of its business for the payment of ordinary

course business expenses in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents; (f) of non-exclusive licenses for the use of the property of Borrower or its Subsidiaries in the ordinary course of business and licenses that could not result in a legal transfer of title of the licensed property but that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discreet geographical areas outside of the United States; (g) of accounts receivable and other claims which arise out of the sale of goods or services to United Parcel Service, Inc., a Delaware corporation ("**UPS**"), and/or its Subsidiaries or Affiliates, to JPMorgan Chase Bank, N.A. ("**JPMorgan**") and/or one (1) or more other investors, pursuant to the terms of a Master Receivables Purchase Acceptance Letter by and between Borrower and JPMorgan or to any other financial institution pursuant to any similar arrangement; or (h) not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000) in the aggregate in any fiscal year.

**7.2 Changes in Business, Management, Control, or Business Locations.** (a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses currently engaged in by Borrower and such Subsidiary, as applicable, or reasonably



related thereto; (b) liquidate or dissolve; (c) [reserved]; or (d) permit, allow or suffer any Change in Control. Borrower shall not, without at least thirty (30) days prior written notice to Bank: (1) add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than Two Million Five Hundred Thousand Dollars (\$2,500,000) in Borrower's assets or property) or deliver any portion of the Collateral (other than movable items of personal property such as laptop computers) valued, individually or in the aggregate, in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000) to a bailee at a location other than to a bailee and at a location already disclosed in the Perfection Certificate, (2) change its jurisdiction of organization, (3) change its organizational type, (4) change its legal name, or (5) change any organizational number (if any) assigned by its jurisdiction of organization.

**7.3 Mergers or Acquisitions.** Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock, partnership, membership, or other ownership interest or other equity securities or property of another Person (including, without limitation, by the formation of any Subsidiary or pursuant to a Division), except for Permitted Acquisitions; provided that a Subsidiary may merge or consolidate into another Subsidiary or into Borrower.

**7.4 Indebtedness.** Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

**7.5 Encumbrance.** (a) Create, incur, allow, or suffer to exist any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, (b) permit any Collateral not to be subject to the first priority security interest granted herein, or (c) enter into any agreement, document, instrument or other arrangement (except with or in favor of Bank) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower or any Subsidiary from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's or any Subsidiary's Intellectual Property in favor of Bank, except as is otherwise permitted in Section 7.1 hereof and the definition of "Permitted Liens" herein.

**7.6 Maintenance of Collateral Accounts.** Maintain any Collateral Account except pursuant to the terms of Section 6.8 hereof.

**7.7 Distributions; Investments.** (a) Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock, partnership, membership, or other ownership interest or other equity securities provided that Borrower may (i) convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof and pay cash in lieu of fractional shares in connection with such conversion, (ii) pay dividends or make distributions solely in common stock; (iii) repurchase stock pursuant to stock repurchase agreements so long as an Event of Default does not exist at the time of any such repurchase and would not exist after giving effect to any such repurchase, provided that the aggregate amount of all such repurchases does not exceed Two Million Five Hundred Thousand Dollars (\$2,500,000) per fiscal year and (iv) any Subsidiary of Borrower may make dividends or distributions ratably on account of its capital stock; or (b) directly or indirectly make any Investment (including, without limitation, by the formation of any Subsidiary) other than Permitted Investments, or permit any of its Subsidiaries to do so.

**7.8 Transactions with Affiliates.** Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except for (a) transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person, (b) transactions that are not otherwise prohibited by this Section 7, (c) transactions permitted by Section 7.7 hereof, (d) commercially reasonable and customary compensation arrangements with Borrower's employees, officers, directors and managers and commercially reasonable and customary indemnification arrangements with Borrower's directors and managers, in each case, approved by the Board, (e) the incurrence of Subordinated Debt, or (f) sales of equity securities in a bona fide financing transactions.

**7.9 Subordinated Debt.** (a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject, or (b) amend any provision in any document



relating to the Subordinated Debt which would increase the amount thereof, provide for earlier or greater principal, interest, or other payments thereon, or adversely affect the subordination thereof to Obligations owed to Bank.

**7.10 Compliance.** Become an “investment company” or a company controlled by an “investment company”, under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Credit Extension for that purpose; fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur; fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if such violation, individually or in the aggregate, could reasonably be expected to have a material adverse effect on Borrower’s business or operations, or permit any of its Subsidiaries to do so; withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other Governmental Authority.

**7.11 Negative Pledge of Intellectual Property.** Except for Permitted Liens, assign, pledge, grant a security interest in or upon, or encumber any of Borrower’s or any Subsidiary’s Intellectual Property existing now or in the future, in favor of any third party, without receiving Bank’s prior written consent.

## **8 EVENTS OF DEFAULT**

Any one of the following shall constitute an event of default (an “**Event of Default**”) under this Agreement:

**8.1 Payment Default.** Borrower fails to (a) make any payment of principal or interest on any Credit Extension when due, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day cure period shall not apply to payments due on the Revolving Line Maturity Date). During the cure period, the failure to make or pay any payment specified under clause (b) hereunder is not an Event of Default (but no Credit Extension will be made during the cure period);

### **8.2 Covenant Default.**

(a) Borrower fails or neglects to perform any obligation in Sections 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.12, 6.13, 6.14, or 6.15 or violates any covenant in Section 7; or (b) Borrower fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement or any Loan Documents, and as to any default (other than those specified in this Section 8) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) Business Days after the occurrence thereof; provided, however, that if the default cannot by its nature be cured within the ten (10) Business Day period or cannot after diligent attempts by Borrower be cured within such ten (10) Business Day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default (but no Credit Extensions shall be made during such cure period). Cure periods provided under this section shall not apply, among other things, to financial covenants or any other covenants set forth in clause (a) above;

### **8.3 [Reserved].**

### **8.4 Attachment; Levy; Restraint on Business.**

(a) (i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or of any entity under the control of Borrower (including a Subsidiary) in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000), or (ii) a notice of lien or levy is filed against any of Borrower’s assets by any Governmental Authority, and the same under subclauses (i) and (ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); provided, however, no Credit Extensions shall be made during any ten (10) day cure period; or

(b) (i) any material portion of Borrower's assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower from conducting all or any material part of its business, provided, however, that the Event of Default under this Section 8.4(b) shall be cured or waived for purposes of this Agreement upon Bank receiving written evidence that the same under subclauses (i) and (ii) hereof have, within ten (10) days after the occurrence thereof, been discharged or stayed (whether through the posting of a bond or otherwise) and so long as Bank has not declared an Event of Default under any other provision of this Agreement and/or exercised any rights with respect thereto;

**8.5 Insolvency.** (a) Borrower or any of its Subsidiaries is unable to pay its debts (including trade debts) as they become due or otherwise becomes insolvent; (b) Borrower or any of its Subsidiaries begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower or any of its Subsidiaries and is not dismissed or stayed within forty-five (45) days (but no Credit Extensions shall be made while any of the conditions described in clause (a) exist and/or until any Insolvency Proceeding is dismissed);

**8.6 Other Agreements.** There is, under any agreement to which Borrower or any Guarantor is a party with a third party or parties, any default resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount individually or in the aggregate in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000);

**8.7 Judgments; Penalties.** One or more fines, penalties or final judgments, orders or decrees for the payment of money in an amount, individually or in the aggregate, of at least Two Million Five Hundred Thousand Dollars (\$2,500,000) (not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against Borrower by any Governmental Authority, and the same are not, within ten (10) days after the entry, assessment or issuance thereof, discharged, satisfied, or paid, or after execution thereof, stayed or bonded pending appeal, or such judgments are not discharged prior to the expiration of any such stay (provided that no Credit Extensions will be made prior to the satisfaction, payment, discharge, stay, or bonding of such fine, penalty, judgment, order or decree);

**8.8 Misrepresentations.** Borrower or any Person acting for Borrower makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Bank or to induce Bank to enter this Agreement or any Loan Document, and such representation, warranty, or other statement is incorrect in any material respect when made;

**8.9 Subordinated Debt.** If (a) any document, instrument, or agreement evidencing any Subordinated Debt shall for any reason be revoked or invalidated or otherwise cease to be in full force and effect, any Person shall be in breach thereof or contest in any manner the validity or enforceability thereof or deny that it has any further liability or obligation thereunder; (b) a default or event of default (however defined) has occurred under any document, instrument, or agreement evidencing any Subordinated Debt, which default shall not have been cured or waived within any applicable grace period; or (c) the Obligations shall for any reason be subordinated or shall not have the priority contemplated by this Agreement or any applicable subordination or intercreditor agreement;

**8.10 Lien Priority.** There is a material impairment (through no fault of Bank) in the perfection or priority of Bank's security interest in the Collateral;

**8.11 Guaranty.** (a) Any guaranty of any Obligations terminates or ceases for any reason to be in full force and effect; (b) any Guarantor does not perform any obligation or covenant under any guaranty of the Obligations; (c) any circumstance described in Sections 8.4, 8.5, 8.6, 8.7, or 8.8 of this Agreement occurs with respect to any Guarantor, (d) the death, liquidation, winding up, or termination of existence of any Guarantor; or (e) a material impairment (through no fault of Bank) in the perfection or priority of Bank's Lien in the collateral provided by Guarantor; or

**8.12 Governmental Approvals.** Any Governmental Approval shall have been revoked, rescinded, suspended, modified in an adverse manner or not renewed that could reasonably be expected to cause a Material Adverse Change.

## **9 BANK'S RIGHTS AND REMEDIES**

**9.1 Rights and Remedies.** Upon the occurrence and during the continuance of an Event of Default, Bank may, without notice or demand, do any or all of the following:

(a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations are immediately due and payable without any action by Bank);

(b) stop advancing money or extending credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Bank;

(c) demand that Borrower (i) deposit cash with Bank in an amount equal to at least (A) one hundred five percent (105.0%) of the Dollar Equivalent of the aggregate face amount of all Letters of Credit denominated in Dollars remaining undrawn, and (B) one hundred ten percent (110.0%) of the Dollar Equivalent of the aggregate face amount of all Letters of Credit denominated in a Foreign Currency remaining undrawn (plus, in each case, all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment)), to secure all of the Obligations relating to such Letters of Credit, as collateral security for the repayment of any future drawings under such Letters of Credit, and Borrower shall forthwith deposit and pay such amounts, and (ii) pay in advance all letter of credit fees scheduled to be paid or payable over the remaining term of any Letters of Credit;

(d) terminate any FX Contracts (it being understood and agreed that (i) Bank is not obligated to deliver the currency which Borrower has contracted to receive under any FX Contract, and Bank may cover its exposure for any FX Contracts by purchasing or selling currency in the interbank market as Bank deems appropriate; (ii) Borrower shall be liable for all losses, damages, costs, margin obligations and expenses incurred by Bank arising from Borrower's failure to satisfy its obligations under any FX Contract or the execution of any FX Contract; and (iii) Bank shall not be liable to Borrower for any gain in value of a FX Contract that Bank may obtain in covering Borrower's breach);

(e) verify the amount of, demand payment of and performance under, and collect any Accounts and General Intangibles, settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Bank considers advisable, and notify any Person owing Borrower money of Bank's security interest in such funds. Borrower shall collect all payments in trust for Bank and, if requested by Bank, immediately deliver the payments to Bank in the form received from the Account Debtor, with proper endorsements for deposit;

(f) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Bank requests and make it available as Bank designates. Bank may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Bank a license to enter and occupy any of its premises, without charge, to exercise any of Bank's rights or remedies;

(g) apply to the Obligations any (i) balances and deposits of Borrower it holds, or (ii) amount held by Bank owing to or for the credit or the account of Borrower;

(h) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral. Bank is hereby granted a non-exclusive, royalty-free license or other right to use,

without charge, Borrower's labels, Patents, Copyrights, mask works, rights of use of any name, trade secrets, trade names, Trademarks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its rights under this Section 9.1, Borrower's rights under all licenses and all franchise agreements inure to Bank's benefit;

(i) place a "hold" on any account maintained with Bank and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(j) direct Borrower to deliver, in kind, all proceeds arising from the disposition of any Collateral to Bank in the original form in which received by Borrower not later than the following Business Day after receipt by Borrower, to be applied to the Obligations, pursuant to the terms of Section 9.4 hereof. Borrower agrees that it will not commingle proceeds of Collateral with any of Borrower's other funds or property, but will hold such proceeds separate and apart from such other funds and property and in an express trust for Bank;

(k) demand and receive possession of Borrower's Books; and

(l) exercise all rights and remedies available to Bank under the Loan Documents or at law or equity, including all remedies provided under the Code or any Applicable Law (including disposal of the Collateral pursuant to the terms thereof).

**9.2 Power of Attorney.** Borrower hereby irrevocably appoints Bank as its true and lawful attorney-in-fact, exercisable following the occurrence and during the continuance of an Event of Default, to: (a) endorse Borrower's name on any checks, payment instruments, or other forms of payment or security; (b) sign Borrower's name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) demand, collect, sue, and give releases to any Account Debtor for monies due, settle and adjust disputes and claims about the Accounts directly with Account Debtors, and compromise, prosecute, or defend any action, claim, case, or proceeding about any Collateral (including filing a claim or voting a claim in any bankruptcy case in Bank's or Borrower's name, as Bank chooses); (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, or other claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Bank or a third party as the Code permits. Borrower hereby appoints Bank as its lawful attorney-in-fact to sign Borrower's name on any documents necessary to perfect or continue the perfection of Bank's security interest in the Collateral regardless of whether an Event of Default has occurred until all Obligations (other than inchoate indemnity obligations) have been satisfied in full and the Loan Documents have been terminated. Bank's foregoing appointment as Borrower's attorney in fact, and all of Bank's rights and powers, coupled with an interest, are irrevocable until all Obligations (other than inchoate indemnity obligations) have been satisfied in full, Bank is under no further obligation to make Credit Extensions and the Loan Documents have been terminated. Bank shall not incur any liability in connection with or arising from the exercise of such power of attorney and shall have no obligation to exercise any of the foregoing rights and remedies.

**9.3 Protective Payments.** If Borrower fails to obtain the insurance called for by Section 6.7 or fails to pay any premium thereon or fails to pay any other amount which Borrower is obligated to pay under this Agreement or any other Loan Document or which may be required to preserve the Collateral, Bank may obtain such insurance or make such payment, and all amounts so paid by Bank are Bank Expenses

and immediately due and payable, bearing interest at the then highest rate applicable to the Obligations, and secured by the Collateral. Bank will make reasonable efforts to provide Borrower with notice of Bank obtaining such insurance at the time it is obtained or within a reasonable time thereafter. No payments by Bank are deemed an agreement to make similar payments in the future or Bank's waiver of any Event of Default.

**9.4 Application of Payments and Proceeds.** Bank shall have the right to apply in any order any funds in its possession, whether from Borrower account balances, payments, proceeds realized as the result of any collection of Accounts or other disposition of the Collateral, or otherwise, to the Obligations. Bank shall pay any surplus to Borrower by credit to any of Borrower's deposit accounts or to other Persons legally entitled thereto; Borrower shall remain liable to Bank for any deficiency. If Bank, directly or indirectly, enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Bank shall have the option, exercisable at any time, of either reducing the Obligations by the principal amount of the purchase price or deferring the reduction of the Obligations until the actual receipt by Bank of cash therefor.

**9.5 Bank's Liability for Collateral.** So long as Bank complies with reasonable banking practices regarding the safekeeping of the Collateral in the possession or under the control of Bank, Bank shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral.

**9.6 No Waiver; Remedies Cumulative.** Bank's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Bank thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by the party granting the waiver and then is only effective for the specific instance and purpose for which it is given. Bank's rights and remedies under this Agreement and the other Loan Documents are cumulative. Bank has all rights and remedies provided under the Code, by law, or in equity. Bank's exercise of one right or remedy is not an election and shall not preclude Bank from exercising any other remedy under this Agreement or other remedy available at law or in equity, and Bank's waiver of any Event of Default is not a continuing waiver. Bank's delay in exercising any remedy is not a waiver, election, or acquiescence.

**9.7 Demand Waiver.** Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Bank on which Borrower is liable.

## **10 NOTICES**

All notices, consents, requests, approvals, demands, or other communication by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail or facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below; provided that, for clause (b), if such notice, consent, request, approval, demand or other communication is not sent during the normal business hours of the recipient, it shall be deemed to have been sent at the opening of business on the next Business Day of the recipient. Bank or Borrower may change its mailing or electronic mail address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower: COUCHBASE, INC.

[\*\*\*]

Attn: [\*\*\*]

Email: [\*\*\*]

If to Bank: MUFG BANK, LTD.

[\*\*\*]

Attn: [\*\*\*]

Fax: [\*\*\*]

Email: [\*\*\*]

with a copy to: Lowenstein Sandler LLP

[\*\*\*]

Attn: [\*\*\*]

Fax: [\*\*\*]

Email: [\*\*\*]

## **11 CHOICE OF LAW, VENUE, JURY TRIAL WAIVER AND JUDICIAL REFERENCE**

Except as otherwise expressly provided in any of the Loan Documents, New York law governs the Loan Documents without regard to principles of conflicts of law that would require the application of the laws of another jurisdiction. Borrower and Bank each irrevocably and unconditionally submit to the exclusive jurisdiction of the State and Federal courts in New York, New York; provided, however, that nothing in this Agreement shall be deemed to operate to preclude Bank from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Bank. Borrower expressly, irrevocably and unconditionally, submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby irrevocably and unconditionally waives, to the fullest extent permitted by

Applicable Law, any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby irrevocably and unconditionally consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 10 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) Business Days after deposit in the U.S. mails, proper postage prepaid.

**TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND BANK EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.**

This Section 11 shall survive the termination of this Agreement.

## **12 GENERAL PROVISIONS**

**12.1 Termination Prior to Maturity Date; Survival.** All covenants, representations and warranties made in this Agreement shall continue in full force until this Agreement has terminated pursuant to its terms and all Obligations have been satisfied. So long as Borrower has satisfied the Obligations (other than inchoate indemnity obligations, and any other obligations which, by their terms, are to survive the termination of this Agreement, and any Obligations under Bank Services Agreements that are cash collateralized in accordance with Section 4.1 of this Agreement), this Agreement may be terminated prior to the Revolving Line Maturity Date by Borrower, effective three (3) Business Days after written notice of termination is given to Bank. Those obligations that are expressly specified in this Agreement as surviving this Agreement's termination and the repayment of all Obligations shall continue to survive notwithstanding this Agreement's termination and the repayment of all Obligations.

**12.2 Successors and Assigns.** This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign or transfer this Agreement or any rights or obligations under it without Bank's prior written consent (which may be granted or withheld in Bank's sole discretion) and any other attempted assignment or transfer by Borrower shall be null and void. Bank has the right, without the consent of or notice to Borrower, to sell, transfer, assign, negotiate, or grant participation in all or any part of, or any interest in, Bank's obligations, rights, and benefits under this Agreement and the other Loan Documents. Bank or any other lender hereunder may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Revolver Commitments and the Advances at the time owing to it). Notwithstanding the foregoing, if no Event of Default exists, Bank shall not be permitted to assign its interests in the Loan Documents to a direct competitor of Borrower, vulture fund or distressed debt fund, each as determined by Bank. The parties to each assignment shall execute and deliver to Bank an assignment and assumption agreement in a form reasonably satisfactory to Bank. The assignee shall deliver to Bank any such administrative information as Bank may request. Bank shall maintain at one of its offices a copy of each assignment and a register for the recordation of the names and addresses of the lenders, and the Advances of, and principal amounts (and stated interest) owing to, each lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive absent manifest error, and Borrower, Bank or any other lender shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by Borrower, at any reasonable time and from time to time upon reasonable prior notice. Further, each lender (including Bank) that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in Bank's obligations, rights, and benefits under this Agreement and the other Loan Documents (the "**Participant Register**"); provided that no lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any participant or any information relating to a participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit



or other obligation is in registered form under Section 5f.103-1(c) of the Treasury Regulations (or successor provisions of similar effect). The foregoing language is intended to cause the Advances, Loan or other obligations under any Loan Document, and any assignments and participation thereof, to be in "registered form" as defined in Sections 163(f), 871(h)(2) and 881(c)(2) of the U.S. Code and any related Treasury Regulations (or any other relevant or successor provisions of the U.S. Code or such Treasury Regulations). The entries in the Participant Register shall be conclusive absent manifest

error, and such lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

### **12.3 Indemnification.**

(a) General Indemnification. Borrower shall indemnify, defend and hold Bank and its Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors, attorneys, or any other Person affiliated with or representing Bank and its Affiliates (each, an "**Indemnified Person**") harmless against: all obligations, demands, losses, claims, damages, liabilities and related documented expenses (including Bank Expenses and the reasonable fees, charges and disbursements of any counsel for any Indemnified Person) (collectively, "**Claims**") arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Credit Extension or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of hazardous materials on or from any property owned or operated by Borrower or any of its Subsidiaries, or any environmental liability related in any way to Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by Borrower, and regardless of whether any Indemnified Person is a party thereto; provided that such indemnity shall not, as to any Indemnified Person, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnified Person. All amounts due under this Section 12.3 shall be payable promptly after demand therefor.

(b) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, Borrower shall not assert, and hereby waives, any claim against any Indemnified Person, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) or any loss of profits arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Credit Extension, or the use of the proceeds thereof. No Indemnified Person shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby except to the extent such damages are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnified Person.

(c) This Section 12.3 shall survive the termination of this Agreement and the repayment of all Obligations until all statutes of limitation with respect to the Claims, losses, and expenses for which indemnity is given shall have run. This Section 12.3 shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

**12.4 Time of Essence.** Time is of the essence for the performance of all Obligations in this Agreement.

**12.5 Severability of Provisions.** Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

**12.6 Correction of Loan Documents.** Bank may correct patent errors and fill in any blanks in the Loan Documents consistent with the agreement of the parties so long as Bank provides Borrower with written notice of such correction and allows Borrower at least



ten (10) Business Days to object to such correction. In the event of such objection, such correction shall not be made except by an amendment signed by both Bank and Borrower.

**12.7 Amendments in Writing; Waiver; Integration.** No purported amendment or modification of any Loan Document, or waiver, discharge or termination of any obligation under any Loan Document, shall be enforceable or admissible unless, and only to the extent, expressly set forth in a writing signed by the party against which enforcement or admission is sought. Without limiting the generality of the foregoing, no oral promise or statement, nor any action, inaction, delay, failure to require performance or course of conduct shall operate as, or evidence, an amendment, supplement or waiver or have any other effect on any Loan Document. Any waiver granted shall be limited to the specific circumstance expressly described in it, and shall not apply to any subsequent or other circumstance, whether similar or dissimilar, or give rise to, or evidence, any obligation or commitment to grant any further waiver. The Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of the Loan Documents merge into the Loan Documents.

**12.8 Counterparts.** This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement. Delivery of an executed signature page of this Agreement by electronic mail transmission shall be effective as delivery of a manually executed counterpart hereof.

**12.9 Confidentiality.** Bank agrees to maintain the confidentiality of Information (as defined below), except that Information may be disclosed (a) to Bank's Subsidiaries and Affiliates and their respective employees, directors, agents, attorneys, accountants and other professional advisors (collectively, "**Representatives**" and, together with Bank, collectively, "**Bank Entities**"); (b) to prospective transferees, assignees, credit providers or purchasers of Bank's interests under or in connection with this Agreement and their Representatives (provided, however, Bank shall use commercially reasonable efforts to obtain any such prospective transferee's, assignee's, credit provider's, purchaser's or their Representatives' agreement to the terms of this provision); (c) as required by law, regulation, subpoena, or other order; (d) to Bank's regulators or as otherwise required or requested in connection with Bank's examination or audit; (e) in connection with the exercise of remedies under the Loan Documents or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; and (f) to third-party service providers of Bank so long as such service providers have executed a confidentiality agreement with Bank with terms no less restrictive than those contained herein. "**Information**" means all information received from Borrower regarding Borrower or its business, in each case other than information that is either: (i) in the public domain or in Bank's possession when disclosed to Bank, or becomes part of the public domain (other than as a result of its disclosure by Bank in violation of this Agreement) after disclosure to Bank; or (ii) disclosed to Bank by a third party, if Bank does not know that the third party is prohibited from disclosing the information.

Bank Entities may use anonymous forms of confidential information for aggregate datasets, for analyses or reporting, and for any other uses not expressly prohibited in writing by Borrower. The provisions of the immediately preceding sentence shall survive the termination of this Agreement.

**12.10 Attorneys' Fees, Costs and Expenses.** In any action or proceeding between Borrower and Bank arising out of or relating to the Loan Documents, the prevailing party shall be entitled to recover its

reasonable attorneys' fees and other costs and expenses incurred, in addition to any other relief to which it may be entitled.

**12.11 Electronic Execution of Documents.** The words "execution," "signed," "signature" and words of like import in any Loan Document shall be deemed to include electronic signatures, including any Electronic Signature as defined in the Electronic Transactions Law (2003 Revision) of the Cayman Islands (the "**Cayman Islands Electronic Signature Law**"), if applicable, or the keeping of records in electronic form, including any Electronic Record, as defined in Cayman Islands Electronic Signature Law, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any Applicable Law, including, without limitation, any

state law based on the Uniform Electronic Transactions Act or the Cayman Islands Electronic Signature Law; provided, however that sections 8 and 19(3) of the Cayman Islands Electronic Signature Law shall not apply to this Agreement or the execution or delivery thereof.

**12.12 Right of Setoff.** Borrower hereby grants to Bank a Lien and a right of setoff as security for all Obligations to Bank, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Bank or any entity under the control of Bank (including a subsidiary of Bank) or in transit to any of them and other obligations owing to Bank. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Bank may setoff the same or any part thereof and apply the same to any liability or Obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

**12.13 Captions and Section References.** The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement. Unless indicated otherwise, section references herein are to sections of this Agreement.

**12.14 Construction of Agreement.** The parties hereto mutually acknowledge that they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

**12.15 Relationship.** The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust, fiduciary or other relationship with duties or incidents different from those of parties to an arm's-length contract.

**12.16 Third Parties.** Nothing in this Agreement, whether express or implied, is intended to: (a) confer any benefits, rights or remedies under or by reason of this Agreement on any persons other than the express parties to it and their respective permitted successors and assigns; (b) relieve or discharge the obligation or liability of any person not an express party to this Agreement; or (c) give any person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

**12.17 Anti-Terrorism Law.** Bank hereby notifies Borrower that, pursuant to the requirements of Anti-Terrorism Law, Bank may be required to obtain, verify and record information that identifies

Borrower, which information may include the name and address of Borrower and other information that will allow Bank to identify Borrower in accordance with Anti-Terrorism Law. Borrower hereby agrees to take any action necessary to enable Bank to comply with the requirements of Anti-Terrorism Law.

**12.18 Marketing Consent.** Borrower hereby authorizes Bank Entities, without any prior approval by Borrower, to include Borrower's name and logo in advertising, marketing, tombstones, case studies and training materials, and give such other publicity to this Agreement as Bank Entities may from time to time determine in their reasonable discretion; provided that notwithstanding the foregoing, no such advertising, marketing, tombstones, case studies, training materials, or other publicity may disclose any information that is restricted from being disclosed pursuant to the Loan Documents or that has not previously been disclosed by Borrower in an 8-K or similar public filing. The foregoing authorization shall remain in effect unless Borrower notifies Bank in writing that such authorization is revoked.

## 13 **DEFINITIONS**

**13.1 Definitions.** As used in the Loan Documents, (i) the words "shall" or "will" are mandatory, the word "may" is permissive, the word "or" is not exclusive, the words "includes" and "including" are not limiting, the singular includes the plural, and numbers denoting amounts that are set off in brackets are negative, (ii) the term "continuing" in the context of an Event of Default means that the Event of

Default has not been remedied (if capable of being remedied) or waived; and (iii) whenever a representation or warranty is made to Borrower's knowledge or awareness, to the "best of" Borrower's knowledge, or with a similar qualification, knowledge or awareness means the actual knowledge, after reasonable investigation, of any Responsible Officer. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in this Section 13.1. All other terms contained in this Agreement, unless otherwise indicated, shall have the meaning provided by the Code to the extent such terms are defined therein. As used in this Agreement, the following capitalized terms have the following meanings:

**"Account"** is, as to any Person, any **"account"** of such Person as **"account"** is defined in the Code with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to such Person.

**"Account Debtor"** is any **"account debtor"** as defined in the Code with such additions to such term as may hereafter be made.

**"Administrator"** is an individual that is named as an Authorized Signer of Borrower in an approval by the Board.

**"Advance"** or **"Advances"** means a revolving credit loan (or revolving credit loans) under the Revolving Line.

**"Affiliate"** is, with respect to any Person, each other Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members. For purposes of the definition of Eligible Accounts, Affiliate shall include a Specified Affiliate.

**"Agreement"** is defined in the preamble hereof.

**"Anti-Terrorism Law"** means any law relating to terrorism or money-laundering, including Executive Order No. 13224 and the USA Patriot Act.

**"Applicable Law"** means, as to any person, all applicable Laws binding upon such person or to which such a person is subject.

**"ASU"** is defined in Section 1.

**"Authorized Signer"** is any individual listed in Borrower's Borrowing Resolution who is authorized to execute the Loan Documents, including making (and executing if applicable) any Credit Extension request, on behalf of Borrower.

**"Availability Amount"** is (a) the Revolving Line minus (b) the outstanding principal balance of any Advances minus (c) the aggregate face amount of Letters of Credit issued under the Letter of Credit Sublimit.

**"Available Tenor"** means, as of any date of determination and with respect to the then-current Benchmark, as applicable, if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to Section 2.13(d).

**"Bank"** is defined in the preamble hereof.

**"Bank Entities"** is defined in Section 12.9.

**"Bank Expenses"** are all audit fees and expenses, costs, and expenses (including reasonable and documented attorneys' fees and expenses) for preparing, amending, negotiating, administering, defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred with respect to Borrower or any Guarantor.

**"Bank Services"** are any products, credit services, and/or financial accommodations previously, now, or hereafter provided to Borrower or any of its Subsidiaries by Bank or any Bank Affiliate, including, without limitation, any letters of credit, cash management

services (including, without limitation, merchant services, direct deposit of payroll, business credit cards, and check cashing services), interest rate swap arrangements, and foreign exchange services as any such products or services may be identified in Bank's various agreements related thereto (each, a "Bank Services Agreement").

**"Bank Services Agreement"** is defined in the definition of Bank Services.

**"Benchmark"** means, initially, the Term SOFR Reference Rate; provided that if a Benchmark Transition Event has occurred with respect to the Term SOFR Reference Rate or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.13(a).

**"Benchmark Replacement"** means, with respect to any Benchmark Transition Event, the sum of: (a) the alternate benchmark rate that has been selected by Bank and Borrower giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for Dollar-denominated syndicated credit facilities at such time and (b) the related Benchmark Replacement Adjustment; provided that, if such Benchmark Replacement as so determined would be less than the

Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

**"Benchmark Replacement Adjustment"** means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by Bank and Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities at such time.

**"Benchmark Replacement Date"** means the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of "Benchmark Transition Event," the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of "Benchmark Transition Event," the first date on which such Benchmark (or the published component used in the calculation thereof) has been or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof) have been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if such Benchmark (or such component thereof) or, if such Benchmark is a term rate, any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, if such Benchmark is a term rate, the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

**“Benchmark Transition Event”** means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the

Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate, any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such Benchmark (or such component thereof) or, if such Benchmark is a term rate, all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, if such Benchmark is a term rate, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

**“Benchmark Transition Start Date”** means, in the case of a Benchmark Transition Event, the earlier of (a) the applicable Benchmark Replacement Date and (b) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication).

**“Benchmark Unavailability Period”** means, the period (if any) (a) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.13 and (b) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.13.

**“Board”** is Borrower’s board of directors or equivalent governing body.

**“Borrower”** is defined in the preamble hereof.

**“Borrower’s Books”** are all Borrower’s books and records including ledgers, federal and state tax returns, records regarding Borrower’s assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

**“Borrowing Request”** means a request for an Advance in the form attached hereto as Exhibit C.

**“Borrowing Resolutions”** are, with respect to any Person, those resolutions adopted by such Person’s board of directors (and, if required under the terms of such Person’s Operating Documents, stockholders) and delivered by such Person to Bank approving the Loan Documents to which such Person is a party and the transactions contemplated thereby.

**“Business Day”** means any day that is not a Saturday, Sunday or other day that is a legal holiday under the laws of the State of New York or is a day on which banking institutions in such state are authorized or required by Law to close.

**“Cash Equivalents”** means (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor’s Ratings Group or Moody’s Investors Service, Inc.; (c) Bank’s certificates of deposit issued maturing no more than one (1) year after issue; and (d) money market funds at least ninety-five percent (95.0%) of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (c) of this definition.

**“CFC”** means a “controlled foreign corporation” within the meaning of Section 957 of the U.S. Code.

**“Change in Control”** means (a) at any time, any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the “beneficial owner” (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of forty-nine percent (49.0%) or more of the ordinary voting power for the election of directors of Borrower (determined on a fully diluted basis) other than by the sale of Borrower’s equity securities in a public offering or to venture capital or private equity investors so long as Borrower identifies to Bank the venture capital or private equity investors at least seven (7) Business Days prior to the closing of the transaction and provides to Bank a description of the material terms of the transaction; (b) [reserved]; or (c) at any time, Borrower shall cease to own and control, of record and beneficially, directly or indirectly, one hundred percent (100.0%) of each class of outstanding capital stock, partnership, membership, or other ownership interest or other equity securities of each Subsidiary of Borrower (other than directors’ qualifying shares or other similar shares as required by applicable law) free and clear of all Liens (except Liens created by this Agreement).

**“Change in Law”** means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

**“Claims”** is defined in Section 12.3.

**“Code”** is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of New York; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Bank’s Lien on any Collateral is governed by the Uniform

Commercial Code in effect in a jurisdiction other than the State of New York, the term “Code” shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.



**“Collateral”** is any and all properties, rights and assets of Borrower described on Exhibit A.

**“Collateral Account”** is any Deposit Account, Securities Account or Commodity Account (other than any Excluded Account).

**“Commodity Account”** is any “commodity account” as defined in the Code with such additions to such term as may hereafter be made.

**“Compliance Statement”** is that certain statement in the form attached hereto as Exhibit B.

**“Conforming Changes”** means, with respect to either the use or administration of Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Prime Rate,” the definition of “Business Day,” the definition of “U.S. Government Securities Business Day,” the definition of “Interest Period” or any similar or analogous definition (or the addition of a concept of “interest period”), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 2.9 and other technical, administrative or operational matters) that Bank decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by Bank in a manner substantially consistent with market practice (or, if Bank decides that adoption of any portion of such market practice is not administratively feasible or if Bank determines that no market practice for the administration of any such rate exists, in such other manner of administration as Bank decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

**“Connection Income Taxes”** means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

**“Consolidated EBITDA”**: with respect to the Borrower for any period,

(a) Consolidated Net Income, plus

(b) the sum, without duplication, of the amounts for such period but (other than with respect to subclauses (xv) and (xvi)) solely to the extent deducted in calculating Consolidated Net Income, for such period of:

(i) Consolidated Interest Expense, plus

(ii) provisions for taxes based on income, plus

(iii) total depreciation expense, plus

(iv) total amortization or related impairments, plus

(v) other non-cash items reducing Consolidated Net Income (excluding any such non-cash item to the extent that it represents an accrual or reserve for potential cash items in any future period or amortization of a prepaid cash item that was paid in a prior period), plus

(vi) costs and expenses relating to the Loan Documents, plus

(vii) other extraordinary, unusual or nonrecurring charges or expenses; provided that, for any period, the aggregate amount added back pursuant to this clause (b)(vii) (x) shall not exceed \$2,500,000 for such period and (y) when taken together with amounts added pursuant to clauses (b)(xiv), (b)(xv), and (b)(xvi), shall not exceed \$7,500,000 for such period, plus

(viii) non-cash charges for employee compensation plans (including stock option compensation), plus

(ix) Public Company Costs paid in cash during such period, plus



(x) any fees, costs, expenses or charges related to any actual, proposed or contemplated issuance of capital stock, Investment, acquisition, disposition outside of the ordinary course of business, recapitalization or the incurrence of Indebtedness permitted to be incurred hereunder (including a refinancing thereof), plus

(xi) contingent obligations, purchase price adjustments, milestone payments, earn-out payments and indemnity obligations incurred in connection with any Permitted Acquisition, plus

(xii) any losses, charges or expenses that are (or are expected to be within one year of the end of such period with a deduction in the subsequent period to the extent not so reimbursed or paid) reimbursed or actually paid by a third party or under indemnification or reimbursement provisions, plus

(xiii) pro forma "run rate" cost savings, operating expense reductions and synergies relating to acquisitions, business combinations, Dispositions, and other cost savings initiatives that are factually supportable, reasonably identifiable and projected in good faith by the Borrower to be realized within 18 months from actions that have been taken or with respect to which substantial steps have been taken or initiated or are expected to be taken (in the good faith determination of the Borrower) within twelve months after the end of such measurement period, in each case, calculated on a pro forma basis as though such cost savings, operating expense reductions and synergies had been realized on the first day of such period and net of the amount of actual benefits realized during such period from such actions; provided that, for any period, the aggregate amount added back pursuant to this clause (b)(xiii), (x) shall not exceed \$2,500,000 for such period and (y) when taken together with amounts added pursuant to clauses (b)(vii), (b)(xiv), and (b)(xv), shall not exceed 7,500,000 for such period, plus

(xiv) adjustments, exclusions and add-backs set forth in any due diligence adjustments section of a quality of earnings analysis prepared by independent registered public accounts of recognized national standing and delivered to Bank in connection with any Permitted Acquisition or similar permitted Investment; provided that, the aggregate amount added back pursuant to this clause (b)(xiv), (x) shall not exceed \$2,500,000 for such period and (y) when taken together with amounts added pursuant to clauses (b)(vii), (b)(xiii), and (b)(xv), shall not exceed 7,500,000 for such period, plus

(xv) restructuring, impairments, transitions, business optimization and similar fees, charges and expenses; provided that, for any period, the aggregate amount added back pursuant to this clause (b)(xv), (x) shall not exceed \$2,500,000 and (y) when taken together with amounts added pursuant to clauses (b)(vii), (b)(xiii), and (b)(xiv), shall not exceed 7,500,000 for such period, plus

(xvi) other adjustments, charges or expenses as approved by Bank, minus

(c) the sum, without duplication of the amounts for such period of:

(i) non-cash items increasing Consolidated Net Income for such period (excluding any such non-cash item to the extent it represents the reversal of an accrual or reserve for potential cash item in any prior period), plus

(ii) interest income increasing Consolidated Net Income for such period;

provided that, without duplication of any adjustment set forth above (or of the type set forth above) or other pro forma adjustments pursuant to this Agreement, Consolidated EBITDA for any period shall be determined on a pro forma basis to give effect to any Permitted Acquisitions or any similar permitted Investment or any disposition of any business or assets consummated during such period, in each case, as if such transaction occurred on the first day of such period.

**"Consolidated Interest Expense":** for any period, total cash interest expense (including that attributable to capital lease obligations) of Borrower for such period with respect to all outstanding Indebtedness of such Persons (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under interest rate swap or other funding arrangement agreement to the extent such net costs are allocable to such period in accordance with GAAP).

**“Consolidated Net Income”**: for any period, the consolidated net income (or loss) of Borrower, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded from the calculation of “Consolidated Net Income”:

(a) the income (or deficit) of any such Person accrued prior to the date it becomes a Subsidiary of Borrower or is merged into or consolidated with a Subsidiary of Borrower,

(b) the income (or deficit) of any such Person in which Borrower has an ownership interest, except to the extent that any such income is actually received by Borrower in the form of dividends or similar distributions,

(c) the undistributed earnings of any Subsidiary of the Borrower to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any contractual obligation agreement, instrument or other undertaking (other than under any Loan Document) or Applicable Law,

(d) the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies during such period whether effected through a cumulative effect adjustment or a retroactive application, in each case in accordance with GAAP,

(e) effects of adjustments related to the application of recapitalization accounting or purchase accounting (including in the inventory, property and equipment, software, goodwill, intangible assets, in process research and development, deferred revenue and debt line items),

(f) any non-cash gain (loss) attributable to the mark to market movement in the valuation of hedging obligations and other derivative instruments (including swap agreements) and earnouts, and

(g) any net realized or unrealized gain or loss (after any offset) resulting in such period from currency transaction or translation gains or losses, including those related to currency remeasurements of Indebtedness (including any net loss or gain resulting from (i) hedging obligations for currency exchange risk and (ii) intercompany indebtedness) and any other foreign currency transaction or translation gains and losses.

**“Contingent Obligation”** is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit, credit card or other obligation of another such as an obligation, in each case, directly or indirectly guaranteed, endorsed, co made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but “Contingent Obligation” does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

**“Control Agreement”** is any control agreement entered into among the depository institution at which Borrower maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower maintains a Securities Account or a Commodity Account, Borrower, and Bank pursuant to which Bank obtains control (within the meaning of the Code) over such Deposit Account, Securities Account, or Commodity Account.

**“Copyrights”** are any and all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

**“Credit Extension”** is any Advance, any Overadvance, Letter of Credit, FX Contract or any other extension of credit by Bank for Borrower’s benefit.

**“Current Liabilities”** are (a) all obligations and liabilities of Borrower to Bank, plus, (b) without duplication of (a), the aggregate amount of Borrower’s Total Liabilities that mature within one (1) year.

**“Default”** means any event which with notice or passage of time or both, would constitute an Event of Default.

**“Default Rate”** is defined in Section 2.6(b).

**“Deferred Revenue”** is all amounts received or invoiced in advance of performance under contracts and not yet recognized as revenue.

**“Deposit Account”** is any **“deposit account”** as defined in the Code with such additions to such term as may hereafter be made.

**“Division”** means, in reference to any Person which is an entity, the division of such Person into two (2) or more separate Persons, with the dividing Person either continuing or terminating its existence as part of such division, including, without limitation, as contemplated under Section 18-217 of the Delaware Limited Liability Company Act for limited liability companies formed under Delaware law, Section 17-220 of the Delaware Revised Uniform Limited Partnership Act for limited partnerships formed under Delaware law, or any analogous action taken pursuant to any other Applicable Law with respect to any corporation, limited liability company, partnership or other entity.

**“Dollars,” “dollars”** or use of the sign “\$” means only lawful money of the United States and not any other currency, regardless of whether that currency uses the “\$” sign to denote its currency or may be readily converted into lawful money of the United States.

**“Dollar Equivalent”** is, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in a Foreign Currency, the equivalent amount therefor in Dollars as determined by Bank at such time on the basis of the then-prevailing rate of exchange in New York, New York, for sales of the Foreign Currency for transfer to the country issuing such Foreign Currency.

**“Effective Date”** is defined in the preamble hereof.

**“Equipment”** is all **“equipment”** as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

**“ERISA”** is the Employee Retirement Income Security Act of 1974, as amended, and its regulations.

**“Event of Default”** is defined in Section 8.

**“Exchange Act”** is the Securities Exchange Act of 1934, as amended.

**“Excluded Account”** means (a) Deposit Accounts exclusively used for payroll, payroll taxes, and other employee wage and benefit payments to or for the benefit of Borrower’s employees, (b) deposit securities, commodity or similar accounts with financial institutions other than Bank inside of the United States, so long as no more than Seven Million Five Hundred Thousand Dollars (\$7,500,000) in the aggregate is maintained in such accounts for more than seven (7) consecutive days, (c) deposit, securities, commodity or similar accounts with financial institutions other than Bank outside of the United States so long as no more than Seven Million Five Hundred Thousand Dollars (\$7,500,000) in the aggregate is maintained in such accounts for more than seven (7) consecutive days, and (d) PayPal, Stripe or similar payment processing accounts.

**“Excluded Taxes”** means any of the following Taxes imposed on or with respect to Bank or required to be withheld or deducted from a payment to Bank, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of Bank being organized under the laws of, or having its principal office or its

applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) U.S. federal withholding Taxes imposed on amounts payable to or for the

account of Bank with respect to an applicable interest in an Advance pursuant to a law in effect on the date on which (i) Bank acquires such interest in the Advance or (ii) Bank changes its lending office, (c) Taxes attributable to Bank's failure to comply with Section 2.11(f) and (d) any withholding Taxes imposed under FATCA.

**"FATCA"** means Sections 1471 through 1474 of the U.S. Code as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the U.S. Code.

**"Floor"** means a rate of interest equal to 0%.

**"Foreign Currency"** means lawful money of a country other than the United States.

**"Foreign Subsidiary"** means any Subsidiary which (i) is not organized under the laws of the United States or any state or territory thereof or the District of Columbia or (ii) an entity organized under the laws of the United States or any state or territory thereof or the District of Columbia substantially all of the assets of which consist of equity interests in, or other securities of or debt obligations owed by, one or more CFCs (or are treated as consisting of such assets for U.S. federal income tax purposes).

**"Funding Date"** is any date on which a Credit Extension is made to or for the account of Borrower which shall be a Business Day.

**"FX Contract"** is any foreign exchange contract by and between Borrower and Bank under which Borrower commits to purchase from or sell to Bank a specific amount of Foreign Currency on a specified date.

**"GAAP"** is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

**"General Intangibles"** is all "general intangibles" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation, all Intellectual Property, claims, income and other tax refunds, security and other deposits, payment intangibles, contract rights, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

**"Governmental Approval"** is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

**"Governmental Authority"** is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity

exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

**"Guarantor"** is any Person providing a Guaranty in favor of Bank.

**“Guaranty”** is any guarantee of all or any part of the Obligations, as the same may from time to time be amended, restated, modified or otherwise supplemented.

**“Indebtedness”** is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations and (d) Contingent Obligations with respect to Indebtedness described in clauses (a) through (c) and (e) of this definition and (e) and other short- and long-term obligations under debt agreements and lines of credit.

**“Indemnified Person”** is defined in Section 12.3.

**“Indemnified Taxes”** means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of Borrower under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

**“Insolvency Proceeding”** is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, receivership, arrangement, or other relief.

**“Intellectual Property”** means, with respect to any Person, all of such Person’s right, title, and interest in and to the following:

(a) its Copyrights, Trademarks and Patents;

(b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how and operating manuals;

(c) any and all source or object code;

(d) any and all design rights which may be available to such Person;

(e) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and

(f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

**“Interest Election Request”** means a request by Borrower to convert or continue an Advance in accordance with Section 2.5, which shall be in such form as Bank may approve.

**“Interest Payment Date”** means (a) as to any Prime Rate Advance, the last Business Day of each calendar month and the Revolving Line Maturity Date and (b) as to any SOFR Advance, the last day of each Interest Period therefor and, in the case of any Interest Period of more than three months’ duration,

each day prior to the last day of such Interest Period that occurs at three month intervals after the first day of such Interest Period, and the Revolving Line Maturity Date.

**“Interest Period”** means, as to any SOFR Advance, the period commencing on the date such credit extension is borrowed and ending on the numerically corresponding day in the calendar month that is one, three, six or twelve months thereafter (in each case, subject to the availability thereof), as specified in the applicable Borrowing Request or Interest Election Request; provided that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period, (iii) no Interest Period shall extend beyond the Revolving Line Maturity Date and (iv) no tenor that has been removed from this definition pursuant to Section 2.13(d) shall be available for specification in such

Borrowing Request or Interest Election Request. For purposes hereof, the date of an Advance initially shall be the date on which such Advance is made and thereafter shall be the effective date of the most recent conversion or continuation of such Advance.

**"Inventory"** is all **"inventory"** as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of Borrower's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

**"Investment"** is any beneficial ownership interest in any Person (including stock, partnership, membership, or other ownership interest or other securities), and any loan, advance or capital contribution to any Person.

**"JPMorgan"** is defined in Section 7.1.

**"Laws"** means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

**"Letter of Credit"** is a standby or commercial letter of credit issued by Bank upon request of Borrower based upon an application, guarantee, indemnity, or similar agreement in accordance with Section 2.1(b).

**"Letter of Credit Fee"** is defined in Section 2.5(c).

**"Letter of Credit Sublimit"** means a sublimit for Letters of Credit under the Revolving Line not to exceed Five Million Dollars (\$5,000,000).

**"Lien"** is a claim, mortgage, deed of trust, levy, attachment, charge, hypothecation, pledge, security interest or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

**"Liquidity"** is on any date, Borrower's unrestricted and unencumbered cash and Cash Equivalents maintained with Bank, Bank's Affiliates or any other bank or financial institution, provided that such bank or financial institution executed and delivered a Control Agreement or other appropriate instrument in favor of Bank in a form acceptable to Bank.

**"Loan Documents"** are, collectively, this Agreement and any schedules, exhibits, certificates, notices, the Perfection Certificate, any Control Agreement, any Bank Services Agreement, any subordination agreement, any note or notes, any guaranties executed by Borrower or any Guarantor, any other documents related to the foregoing, and any other present or future agreement by Borrower and/or any Guarantor with or for the benefit of Bank, all as amended, restated, or otherwise modified in accordance with the terms thereof.

**"Material Adverse Change"** is (a) a material impairment in the perfection or priority of Bank's Lien in the Collateral or in the value of such Collateral; (b) a material adverse change in the business, operations, or condition (financial or otherwise) of Borrower; or (c) a material impairment of the prospect of repayment of any portion of the Obligations.

**"Obligations"** are Borrower's obligations to pay when due any debts, principal, interest, fees, Revolving Line Commitment Fee, Unused Revolving Line Facility Fee, Bank Expenses and other amounts Borrower owes Bank now or later, whether under this Agreement, the other Loan Documents or otherwise, including, without limitation, all obligations relating to Bank Services and interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank, and to perform Borrower's duties under the Loan Documents.

**"OFAC"** is the Office of Foreign Assets Control of the United States Department of the Treasury and any successor thereto.



**“Operating Documents”** are, for any Person, such Person’s formation documents, as certified by the Secretary of State (or equivalent agency) of such Person’s jurisdiction of organization on a date that is no earlier than thirty (30) days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

**“Other Connection Taxes”** means Taxes imposed as a result of a present or former connection between Bank and the jurisdiction imposing such Tax (other than connections arising from Bank having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan Document).

**“Other Taxes”** means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

**“Overadvance”** is defined in Section 2.3.

**“Patents”** means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

**“Payment Date”** is the last calendar day of each month.

**“Perfection Certificate”** is defined in Section 5.1.

**“Periodic Term SOFR Determination Day”** is defined in the definition of “Term SOFR”.

**“Permitted Acquisition”** means a transaction whereby Borrower acquires all or substantially all of the capital stock or property of another Person, which satisfies each of the following conditions:

(a) such transaction shall only involve an entity formed, and assets located, in the United States, and the party or parties being acquired is in the same or a substantially similar line of business as Borrower;

(b) no Event of Default has occurred and is continuing or would exist after giving effect to the transaction and Bank has received satisfactory evidence that Borrower is in compliance with all terms and conditions of this Agreement (and that it will be in compliance after giving effect to the transaction);

(c) the acquisition is approved by the board of directors (or equivalent control group) of all parties to the transaction;

(d) the total aggregate cash consideration to be paid by Borrower and its Subsidiaries in connection with any individual transaction or in the aggregate for all such transactions does not exceed Fifty Million Dollars (\$50,000,000) at any time; provided that immediately after giving effect to the transaction, Borrower shall (i) have Liquidity of at least Thirty Million Dollars (\$30,000,000), and (ii) be in compliance with the Financial Covenant immediately prior to such transaction and on a pro forma basis; provided further that if immediately after giving effect to the transaction, Borrower maintains Liquidity of at least Seventy-Five Million Dollars (\$75,000,000), the total aggregate cash consideration to be paid by Borrower and its Subsidiaries in connection with such transaction may exceed Fifty Million Dollars (\$50,000,000) so long as Borrower shall be in compliance with the Financial Covenant immediately prior to such transaction and on a pro forma basis;

(e) Borrower provides Bank (i) written notice of the transaction at least three (3) Business Days prior to the closing of the transaction, and (ii) copies of the acquisition agreement and other material documents relative to the contemplated transaction and such other financial information, financial analysis, documentation or other information relating to such transaction as Bank shall reasonably request within five (5) Business Days after the closing of the transaction;



(f) Borrower is a surviving legal entity after completion of the contemplated transaction;

(g) the contemplated transaction is consensual and non-hostile;

(h) no Indebtedness will be incurred, assumed, or would exist with respect to Borrower or its Subsidiaries as a result of the contemplated transaction, other than Permitted Indebtedness, and no Liens will be incurred, assumed, or would exist with respect to the assets of Borrower or its Subsidiaries as a result of the contemplated transaction, other than Permitted Liens;

(i) any Subsidiary of Borrower acquired in the contemplated transaction shall provide to Bank a joinder to the Loan Agreement to cause such Subsidiary to become a co-borrower or guarantor hereunder, together with such appropriate financing statements and/or Control Agreements, all in form and substance satisfactory to Bank (including being sufficient to grant Bank a first priority Lien (subject to Permitted Liens) in and to the assets of such Subsidiary in accordance with Section 6.13;

(j) the acquisition and the company being acquired is accretive in all respects; and

(k) Borrower shall have delivered to Bank, at least five (5) Business Days prior to the date on which any such acquisition is to be consummated (or such later date as is agreed by Bank in its sole discretion), a certificate of a Responsible Officer of Borrower, in form and substance reasonably satisfactory to Bank, certifying that all of the requirements set forth in this definition have been satisfied or will be satisfied on or prior to the consummation of such purchase or other acquisition.

**"Permitted Indebtedness" is:**

(a) Borrower's Indebtedness to Bank under this Agreement and the other Loan Documents and any other Indebtedness in favor of Bank;

(b) Indebtedness existing on the Effective Date which is shown on the Perfection Certificate;

(c) Subordinated Debt;

(d) unsecured Indebtedness to trade creditors incurred in the ordinary course of business;

(e) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business;

(f) Indebtedness secured by Liens permitted under clauses (a) and (c) of the definition of "Permitted Liens" hereunder;

(g) Indebtedness of Borrower to any Subsidiary and Contingent Obligations of any Subsidiary with respect to obligations of Borrower (provided that the primary obligations are not prohibited hereby), and Indebtedness of any Subsidiary to Borrower in an aggregate principal amount not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000) or any other Subsidiary and Contingent Obligations of any Subsidiary with respect to obligations of any other Subsidiary (provided that the primary obligations are not prohibited hereby);

(h) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and similar obligations, in each case provided in the ordinary course of business;

(i) Indebtedness that otherwise constitutes Permitted Investments;

(j) Permitted Publicly Traded Indebtedness;

(k) Indebtedness in connection with corporate credit cards in an aggregate principal amount not to exceed Five Million Dollars (\$5,000,000);

(l) Indebtedness incurred in connection with the financing of insurance premiums in the ordinary course of business;

(m) contingent liabilities in respect of any indemnification obligation, adjustment of purchase price (including working capital adjustments), non-compete, or similar obligations of the Borrower or its Subsidiaries incurred in connection with the consummation of one or more Permitted Investments;

(n) other Indebtedness in an aggregate principal amount outstanding not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000); and

(o) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (n) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be.

**“Permitted Investments” are:**

(a) Investments (including, without limitation, Subsidiaries) existing on the Effective Date which are shown on the Perfection Certificate;

(b) (i) Investments consisting of Cash Equivalents, and (ii) any Investments permitted by Borrower’s investment policy, as amended from time to time, provided that such investment policy (and any such amendment thereto) has been approved in writing by Bank;

(c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower’s business;

(d) Investments consisting of deposit accounts (but only to the extent that Borrower is permitted to maintain such accounts pursuant to Section 6.8 of this Agreement) in which Bank has a first priority perfected security interest (subject to Permitted Liens);

(e) Investments accepted in connection with Transfers permitted by Section 7.1;

(f) Investments consisting of the ownership of equity interests in Subsidiaries and/or creation of a Subsidiary for the purpose of consummating a merger transaction permitted by Section 7.3 of this Agreement, which is otherwise a Permitted Investment;

(g) Investments (i) by Borrower in Subsidiaries not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000) in the aggregate in any fiscal year, (ii) by Subsidiaries (which is not a Borrower or guarantor) in other Subsidiaries or in Borrower, and (iii) Investments by a Borrower or Guarantor in any other Borrower or Guarantor;

(h) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by the Board;

(i) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(j) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (j) shall not apply to Investments of Borrower in any Subsidiary; and

(k) Investments not otherwise permitted in an aggregate amount of not more than Two Million Five Hundred Thousand Dollars (\$2,500,000) in each fiscal year.

**“Permitted Liens” are:**

(a) Liens existing on the Effective Date which are shown on the Perfection Certificate or arising under this Agreement or the other Loan Documents;

(b) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which Borrower maintains adequate reserves on Borrower's Books, provided that no notice of any such Lien has been filed or recorded under the U.S. Code and the Treasury Regulations adopted thereunder;

(c) purchase money Liens (i) on Equipment acquired or held by Borrower incurred for financing the acquisition of the Equipment securing no more than Two Million Five Hundred Thousand Dollars (\$2,500,000) in the aggregate amount outstanding, or (ii) existing on Equipment when acquired, if the Lien is confined to the property and improvements and the proceeds of the Equipment;

(d) Liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory, securing liabilities in the aggregate amount not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000) and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(e) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(f) Liens incurred in the extension, renewal or refinancing of the Indebtedness secured by Liens described in (a) through (c), but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase;

(g) leases or subleases of real property granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), and leases, subleases, non-exclusive licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), if the leases, subleases, licenses and sublicenses do not prohibit granting Bank a security interest therein;

(h) non-exclusive licenses of Intellectual Property granted to third parties in the ordinary course of business, and licenses of Intellectual Property that could not result in a legal transfer of title of the licensed property that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discreet geographical areas outside of the United States;

(i) Liens arising from attachments or judgments, orders, or decrees in circumstances not constituting an Event of Default under Sections 8.4 and 8.7;

(j) deposits to secure the performance of bids, tenders, trade contracts, leases, government contracts, statutory obligations, surety, stay, customs and appeal bonds, performance and other similar obligations, in each case provided in the ordinary course of business;

(k) Liens securing Subordinated Debt;

(l) Liens on insurance policies and the proceeds thereof securing the financing of premiums with respect thereto; and

(m) Liens in favor of other financial institutions arising in connection with Borrower's deposit and/or securities accounts held at such institutions, provided that (i) Bank has a first priority perfected security interest (subject to Permitted Liens) in the amounts held in such deposit and/or securities accounts (ii) such accounts are permitted to be maintained pursuant to Section 6.8 of this Agreement.

**"Permitted Publicly Traded Indebtedness"** means any publicly traded Indebtedness incurred by the Borrower, including any high-yield bonds, convertible bonds or other Indebtedness, which satisfies each of the following conditions:

(a) the aggregate principal amount of such Permitted Publicly Trade Indebtedness shall not to exceed One Hundred Million Dollars (\$100,000,000) at any time outstanding;

(b) no Event of Default has occurred and is continuing or would exist after giving effect to the transaction and Bank has received satisfactory evidence that Borrower is in compliance with all terms and conditions of this Agreement (and that it will be in compliance after giving effect to the transaction);

(c) such Indebtedness shall be unsecured;

(d) immediately after giving effect to the transaction, Borrower shall have Liquidity of at least Seventy-Five Million Dollars (\$75,000,000);

(e) immediately after giving effect to the transaction, Borrower shall be in compliance with the Financial Covenant; and

(f) Borrower has received the prior written consent of Bank.

**"Person"** is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

**"Prepayment Notice"** means a notice delivered by Borrower to Bank of any prepayment of an Advance in accordance with Section 2.8(b), which shall be in such form as Bank may approve.

**"Prime Rate"** is the rate of interest per annum from time to time published in the money rates section of The Wall Street Journal or any successor publication thereto as the "prime rate" then in effect; provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Agreement; and provided further that if such rate of interest, as set forth from time to time in the money rates section of The Wall Street Journal, becomes unavailable for any reason as

determined by Bank, the "Prime Rate" shall mean the rate of interest per annum announced by Bank as its prime rate in effect at its principal office in the State of New York (such Bank announced Prime Rate not being intended to be the lowest rate of interest charged by Bank in connection with extensions of credit to debtors); provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Agreement. Changes to the interest rate of any Credit Extension based on changes to the Prime Rate shall be effective on the effective date of any change to the Prime Rate and to the extent of any such change.

**"Prime Rate Advance"** means an Advance that bears interest at a rate based on the Prime Rate.

**"Public Company Costs"**: as to any Person, costs associated with, or in anticipation of, or preparation for, compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith and costs relating to compliance with the provisions of the Securities Act of 1933 (as amended, and the rules and regulations of the SEC promulgated thereunder, as amended) and the Securities Exchange Act of 1934 (as amended, and the rules and regulations of the SEC promulgated thereunder, as amended) or any other comparable body of laws, rules or regulations, as companies with listed equity, directors' compensation, fees and expense reimbursement, costs relating to enhanced accounting functions and investor relations, stockholder meetings and reports to stockholders, directors' and officers' insurance and other executive costs, legal and other professional fees, listing fees and other transaction costs, in each case to the extent arising solely by virtue of the listing of such Person's equity securities on a national securities exchange or issuance of public debt securities.

**"Quarterly Financial Statements"** is defined in Section 6.2(a).

**"Quick Assets"** is on any date, (a) Borrower's unrestricted and unencumbered cash and Cash Equivalents maintained with Bank, Bank's Affiliates or any other bank or financial institution, provided that such bank or financial institution executed and delivered a Control Agreement or other appropriate instrument in favor of Bank in a form acceptable to Bank, plus (b) net billed accounts receivable, determined according to GAAP.

**“Registered Organization”** is any “registered organization” as defined in the Code with such additions to such term as may hereafter be made.

**“Relevant Governmental Body”** means the Federal Reserve Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York, or any successor thereto.

**“Requirement of Law”** is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

**“Responsible Officer”** is any of the Chief Executive Officer, President, Chief Financial Officer and Controller of Borrower.

**“Restricted License”** is any material license agreement (excluding any “shrink wrap” or other licenses that are generally commercially available) with respect to which Borrower is the licensee (a) that validly prohibits or otherwise restricts Borrower from granting a security interest in Borrower’s interest in such license agreement or any other property subject to such license agreement in favor of Bank, or

(b) for which a default under or termination of could reasonably be expected to interfere in any material respect with Bank’s right to sell any Collateral.

**“Revolver Commitments”** means the obligations of Bank (or any other lender pursuant to Section 2.15) to make Advances under the Revolving Line, as hereafter may be increased pursuant to Section 2.15; provided that such Advances shall not exceed the Availability Amount.

**“Revolving Line”** is an aggregate principal amount equal to Twenty-Five Million Dollars (\$25,000,000), as hereafter may be increased pursuant to Section 2.15.

**“Revolving Line Maturity Date”** is February 7, 2027.

**“Sanctioned Person”** means a Person that: (a) is listed on any Sanctions list maintained by OFAC or any similar Sanctions list maintained by any other Governmental Authority having jurisdiction over Borrower; (b) is located, organized, or resident in any country, territory, or region that is the subject or target of Sanctions; or (c) is owned or controlled by one (1) or more Persons described in clauses (a) and (b) hereof.

**“Sanctions”** means the economic sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by the United States government and any of its agencies, including, without limitation, OFAC and the U.S. State Department, or any other Governmental Authority having jurisdiction over Borrower.

**“SEC”** shall mean the Securities and Exchange Commission, any successor thereto, and any analogous Governmental Authority.

**“Securities Account”** is any “securities account” as defined in the Code with such additions to such term as may hereafter be made.

**“SOFR”** means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

**“SOFR Administrator”** means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

**“SOFR Advance”** means an Advance that bears interest at a rate based on Term SOFR.

**“SOFR Borrowing”** means, as to any Advance, the SOFR Advances comprising such Advance.

**"Specified Affiliate"** is any Person (a) more than ten percent (10.0%) of whose aggregate issued and outstanding equity or ownership securities or interests, voting, non-voting or both, are owned or held directly or indirectly, beneficially or of record, by Borrower, and/or (b) whose equity or ownership securities or interests representing more than ten percent (10.0%) of such Person's total outstanding combined voting power are owned or held directly or indirectly, beneficially or of record, by Borrower.

**"Subordinated Debt"** is indebtedness incurred by Borrower subordinated to all of Borrower's now or hereafter indebtedness to Bank (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Bank entered into between Bank and the other creditor), on terms acceptable to Bank.

**"Subsidiary"** is, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock, partnership, membership, or other ownership interest or other equity securities having ordinary voting power (other than stock, partnership, membership, or other ownership interest or other equity securities having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless the context otherwise requires, each reference to a Subsidiary herein shall be a reference to a Subsidiary of Borrower or Guarantor.

**"Taxes"** means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

**"Term SOFR"** means, for any calculation with respect to a SOFR Advance, the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the "Periodic Term SOFR Determination Day") that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day; provided further that if Term SOFR determined as provided above (including pursuant to the proviso above) shall ever be less than the Floor, then Term SOFR shall be deemed to be the Floor.

**"Term SOFR Administrator"** means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by Bank in its reasonable discretion).

**"Term SOFR Reference Rate"** means the forward-looking term rate based on SOFR.

**"Total Liabilities"** is on any day, obligations that should, under GAAP, be classified as liabilities on Borrower's consolidated balance sheet, including all Indebtedness.

**"Trademarks"** means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

**"Transfer"** is defined in Section 7.1.

**"U.S. Government Securities Business Day"** means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"U.S. Code" means the Internal Revenue Code of 1986, as amended.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the U.S. Code.

"U.S. Subsidiary" means any Subsidiary that is incorporated or formed under the laws of the United States of America, any state thereof or the District of Columbia (excluding any Subsidiary organized under the laws of any political subdivision of the United States (including any disregarded entity for U.S. federal income tax purposes), substantially all of the assets of which consist of, directly or indirectly, equity securities of one or more CFCs or indebtedness of such CFCs).

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"Unused Revolving Line Facility Fee" is defined in Section 2.5(b).

"UPS" is defined in Section 7.1.

"USA Patriot Act" means the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56, signed into law on October 26, 2001), as amended from time to time.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER:

COUCHBASE, INC.

By: COUCHBASE, /s/ GREG HENRY  
INC. \_\_\_\_\_  
Name: Greg Henry  
Date: Chief Financial Officer  
December  
7,  
2023 Title:

By: /s/ MATTHEW M. CAIN

[Signature Page to Loan and Security Agreement]



Matthew  
M. Cain

BANK:

MUFG BANK, LTD.

Chair,  
President  
and Chief  
Executive  
Officer  
(Principal  
Executive  
Officer)

By:

/s/ GREG

By: HENRY LAWRENCE  
CHAO

Name:

Greg  
Henry Lawrence  
Chao

Title:

Senior Vice  
President and Chief  
Financial Officer  
(Principal Financial  
Officer)

By: /s/ BILL CAREY

[Signature Page to Loan and Security Agreement]

EXHIBIT A

COLLATERAL DESCRIPTION

The Collateral consists of all of Borrower's right, title and interest in and to the following personal property:

All goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (except as provided below), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and all Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include (i) any accounts receivable and other claims which arise out of the sale of goods or services to United Parcel Service, Inc., a Delaware corporation, and/or its subsidiaries or affiliates, to JPMorgan and/or one (1) or more other investors, pursuant to the terms of a Master Receivables Purchase Acceptance Letter by and between Borrower and JPMorgan or to any other financial institution pursuant to any similar arrangement, (ii) with respect to stock in Foreign Subsidiaries, more than sixty-five percent (65%) of the presently existing and hereafter arising issued and outstanding shares of capital stock owned by Borrower of any Foreign Subsidiary which shares entitle the holder thereof to vote for directors or any other matter (as determined under U.S. federal tax principles), (iii) any property to the extent that such grant of security interest is prohibited by any Requirement of Law of a Governmental Authority or constitutes a breach or default under or results in the termination of or requires any consent not obtained under, any contract, license, agreement, instrument or other document evidencing or giving rise to such property, except to the extent that such Requirement of Law or the term in such contract, license, agreement, instrument or other document providing for such prohibition, breach, default or termination or requiring such consent is ineffective under Section 9-406, 9-407, 9-408 or 9-409 of the Code (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity; provided, however, that such security interest shall attach immediately at such time as such Requirement of Law is not effective or applicable, or such prohibition, breach, default or termination is no longer applicable or is waived, and to the extent severable, shall attach immediately to any portion of the Collateral that does not result in such consequences, (iv) any interest of Borrower as a lessee or sublessee under a real property lease or an Equipment lease if Borrower is prohibited by the terms of such lease from granting a security interest in such lease or under which such an assignment or Lien would cause a default to occur under such lease (but only to the extent that such prohibition is enforceable under all applicable laws including, without limitation, the Code); provided, however, that upon termination of such prohibition, such interest shall immediately become Collateral without any action by Borrower or Bank, (v) the Excluded Accounts, or (vi) any Intellectual Property; provided, however, the Collateral shall include all Accounts and all proceeds of Intellectual Property. If a judicial authority (including a U.S. Bankruptcy Court) would hold that a security interest in the underlying Intellectual Property is necessary to have a security interest in such Accounts and such property that are proceeds of Intellectual Property, then the Collateral shall automatically, and effective as of the Effective Date, include the Intellectual

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Property to the extent necessary to permit perfection of Bank's security interest in such Accounts and such other property of Borrower that are proceeds of the Intellectual Property.

Pursuant to the terms of a certain negative pledge arrangement with Bank, Borrower has agreed not to encumber any of its Intellectual Property without Bank's prior written consent.

Exhibit A - 62

## EXHIBIT B

### COMPLIANCE STATEMENT

TO: MUFG BANK, LTD. Date: \_\_\_\_\_  
FROM: COUCHBASE, INC. (the "Borrower")

Under the terms and conditions of the Loan and Security Agreement between Borrower and Bank (as amended, modified, supplemented and/or restated from time to time, "Agreement"), Borrower is in complete compliance for the period ending \_\_\_\_\_ with all required covenants except as noted below. Attached are the required documents evidencing such compliance, setting forth calculations prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes (other than, with respect to unaudited financial statements for the absence of footnotes and year-end audit adjustments). Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status by circling Yes/No under "Complies" column.

Bill  
Carey

| Reporting Covenants   | Required   | Complies |
|---|--|----------|
| Quarterly Financial Statements with Compliance Statement (first three fiscal quarters of each year) | Within the earlier of (i) 45 days of fiscal quarter end, or (ii) 5 days after filing with SEC (satisfied if periodic reports containing such information are available on the SEC website) | Yes No   |
| Annual Financial Statements with Compliance Statement   | Within the earlier of (i) FYE within 120 days or (ii) 5 days after filing with SEC (satisfied if periodic reports containing such information are available on the SEC website)            | Yes No   |
| Board approved projections  | Within the earlier of (i) 15 days after approval by the Board or (ii) 60 after FYE, and as amended/updated   | Yes No   |

Vice  
President  
and Chief  
Accounting  
Officer

| Financial Covenant              | Required | Actual | Complies |
|---------------------------------|----------|--------|----------|
| Minimum LTM Consolidated EBITDA |          |        | Yes No   |

The following financial covenant analyses and information set forth in Schedule 1 attached hereto are true and accurate as of the fiscal period described therein.

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The following are the exceptions with respect to the statements above: (If no exceptions exist, state "No exceptions to note.")

Exhibit B - 64

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**Schedule 1 to Compliance Statement**

**Financial Covenant of Borrower**

*Calculations showing compliance with the financial covenant.*

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**EXHIBIT C**

**BORROWING REQUEST FORM**

Date: \_\_\_\_\_

**Advance:**

Complete *Outgoing Wire Request* section below if all or a portion of the funds from this loan advance are for an outgoing wire.

From Account # \_\_\_\_\_ To Account # \_\_\_\_\_  
(Principal Accounting Officer) Loan Account #)(Deposit Account #)

Amount of Advance \$ \_\_\_\_\_

Interest Period \_\_\_\_\_ (If no Interest Period is specified with respect to any requested SOFR Advance, Borrower shall be deemed to have selected an Interest Period of one month's duration.)

All Borrower's representations and warranties in the Loan and Security Agreement and the other Loan Documents are true, correct and complete in all material respects on the date of the request for an advance; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true and correct in all material respects as of such date:

Authorized Signature:Phone Number:

Print Name/Title:

**Outgoing Wire Request:**

Complete only if all or a portion of funds from the loan advance above is to be wired.

Beneficiary Name: \_\_\_\_\_ Amount of Wire: \$ \_\_\_\_\_

Beneficiary Bank: \_\_\_\_\_ Account Number: \_\_\_\_\_

City and State: \_\_\_\_\_

Beneficiary Bank Transit (ABA) #: Beneficiary Bank Code (Swift, Sort, Chip, etc.):  
(For International Wire Only)

Intermediary Bank: Transit (ABA) #: \_\_\_\_\_

For Further Credit to: \_\_\_\_\_

Special Instruction: \_\_\_\_\_

*By signing below, I (we) acknowledge and agree that my (our) funds transfer request shall be processed in accordance with and subject to the terms and conditions set forth in the agreements(s) covering funds transfer service(s), which agreements(s) were previously received and executed by me (us).*

Authorized Signature: \_\_\_\_\_ 2nd Signature (if required): \_\_\_\_\_

Print Name/Title: \_\_\_\_\_ Print Name/Title: \_\_\_\_\_

Telephone #: Telephone #: \_\_\_\_\_

**CERTIFICATION OF PERIODIC REPORT UNDER  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Matthew M. Cain, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Couchbase, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 7, 2023 June 6, 2024

By: /s/ MATTHEW M. CAIN  
Name: Matthew M. Cain  
Title: Chair, President and Chief Executive Officer  
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION OF PERIODIC REPORT UNDER  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Greg Henry, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Couchbase, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and



- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 7, 2023 June 6, 2024

By: \_\_\_\_\_  
Name: Greg Henry  
Title: Senior Vice President and Chief Financial Officer  
(Principal Financial Officer)

**Exhibit 32.1**

**CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Matthew M. Cain, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Couchbase, Inc. for the period ended October 31, 2023 April 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Couchbase, Inc.

Date: December 7, 2023 June 6, 2024

By: \_\_\_\_\_  
Name: Matthew M. Cain  
Title: Chair, President and Chief Executive Officer  
(Principal Executive Officer)

I, Greg Henry, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Couchbase, Inc. for the period ended October 31, 2023 April 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Couchbase, Inc.

Date: December 7, 2023 June 6, 2024

By: \_\_\_\_\_  
Name: Greg Henry  
Title: Senior Vice President and Chief Financial Officer  
(Principal Financial Officer)

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