
**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, 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 29, 2024, the registrant had 52,347,954 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, 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 as well as financial and credit markets fluctuations, inflation concerns, capital markets volatility 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, 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.

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.

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 highly competitive 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 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.
- 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.
- 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.
- A portion of our revenue is generated by sales to heavily regulated organizations, which are subject to a number of challenges and risks.
- The concentration of ownership of our outstanding common stock will limit your ability to influence the outcome of important transactions, including a change in control.

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 October 31, 2024	As of January 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 33,031	\$ 41,351
Short-term investments	108,908	112,281
Accounts receivable, net	28,514	44,848
Deferred commissions	13,297	15,421
Prepaid expenses and other current assets	10,551	10,385
Total current assets	194,301	224,286
Property and equipment, net	7,000	5,327
Operating lease right-of-use assets	5,497	4,848
Deferred commissions, noncurrent	14,485	11,400
Other assets	1,176	1,891
Total assets	\$ 222,459	\$ 247,752
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 4,724	\$ 4,865
Accrued compensation and benefits	12,323	18,116
Other accrued expenses	3,981	4,581
Operating lease liabilities	2,150	3,208
Deferred revenue	67,996	81,736
Total current liabilities	91,174	112,506
Operating lease liabilities, noncurrent	3,678	2,078
Deferred revenue, noncurrent	829	2,747
Total liabilities	95,681	117,331
Commitments and contingencies (Note 9)		
Stockholders' equity		
Preferred stock, \$0.00001 par value; 200,000,000 shares authorized as of October 31, 2024 and January 31, 2024; zero shares issued outstanding as of October 31, 2024 and January 31, 2024	—	—
Common stock, \$0.00001 par value; 1,000,000,000 shares authorized as of October 31, 2024 and January 31, 2024; 52,264,762 and 49,079,876 shares issued and outstanding as of October 31, 2024 and January 31, 2024, respectively	—	—
Additional paid-in capital	676,360	621,024
Accumulated other comprehensive income	119	56
Accumulated deficit	(549,701)	(490,659)
Total stockholders' equity	126,778	130,421
Total liabilities and stockholders' equity	\$ 222,459	\$ 247,752

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

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

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Revenue:				
License	\$ 4,343	\$ 4,577	\$ 16,444	\$ 14,318
Support and other	44,955	39,420	131,185	109,175
Total subscription revenue	49,298	43,997	147,629	123,493
Services	2,330	1,816	6,915	6,455
Total revenue	51,628	45,813	154,544	129,948
Cost of revenue:				
Subscription	4,866	3,549	13,278	11,067
Services	1,690	1,562	5,423	5,875
Total cost of revenue	6,556	5,111	18,701	16,942
Gross profit	45,072	40,702	135,843	113,006
Operating expenses:				
Research and development	17,486	15,903	52,703	47,578
Sales and marketing	34,196	31,602	108,119	96,503
General and administrative	12,624	10,739	37,843	30,823
Restructuring	—	—	—	46
Total operating expenses	64,306	58,244	198,665	174,950
Loss from operations	(19,234)	(17,542)	(62,822)	(61,944)
Interest expense	(17)	—	(46)	(43)
Other income, net	1,790	1,298	5,062	3,986
Loss before income taxes	(17,461)	(16,244)	(57,806)	(58,001)
Provision for income taxes	691	11	1,236	780
Net loss	\$ (18,152)	\$ (16,255)	\$ (59,042)	\$ (58,781)
Net loss per share, basic and diluted	\$ (0.35)	\$ (0.34)	\$ (1.16)	\$ (1.26)
Weighted-average shares used in computing net loss per share, basic and diluted	51,831	47,586	50,821	46,724

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

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

	<u>Three Months Ended October 31,</u>		<u>Nine Months Ended October 31,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net loss	\$ (18,152)	\$ (16,255)	\$ (59,042)	\$ (58,781)
Other comprehensive income:				
Net unrealized gains on investments, net of tax	92	189	63	695
Total comprehensive loss	<u>\$ (18,060)</u>	<u>\$ (16,066)</u>	<u>\$ (58,979)</u>	<u>\$ (58,086)</u>

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

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

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount				
Balance as of July 31, 2024	51,283,093	\$ —	\$ 658,165	\$ 27	\$ (531,549)	\$ 126,643
Issuance of common stock upon exercise of stock options	179,959	—	1,115	—	—	1,115
Issuance of common stock in connection with employee stock purchase plan	148,018	—	1,720	—	—	1,720
Vesting of restricted stock units	653,692	—	—	—	—	—
Stock-based compensation	—	—	15,360	—	—	15,360
Net unrealized gains on investments	—	—	—	92	—	92
Net loss	—	—	—	—	(18,152)	(18,152)
Balance as of October 31, 2024	<u>52,264,762</u>	<u>\$ —</u>	<u>\$ 676,360</u>	<u>\$ 119</u>	<u>\$ (549,701)</u>	<u>\$ 126,778</u>

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount				
Balance as of July 31, 2023	47,063,914	\$ —	\$ 588,845	\$ (301)	\$ (453,002)	\$ 135,542
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	94,730	—	1,153	—	—	1,153
Vesting of restricted stock units	489,612	—	—	—	—	—
Stock-based compensation	—	—	11,936	—	—	11,936
Net unrealized gains on investments	—	—	—	189	—	189
Net loss	—	—	—	—	(16,255)	(16,255)
Balance as of October 31, 2023	<u>48,055,227</u>	<u>\$ —</u>	<u>\$ 604,637</u>	<u>\$ (112)</u>	<u>\$ (469,257)</u>	<u>\$ 135,268</u>

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount				
Balance as of January 31, 2024	49,079,876	\$ —	\$ 621,024	\$ 56	\$ (490,659)	\$ 130,421
Issuance of common stock upon exercise of stock options	722,352	—	5,251	—	—	5,251
Issuance of common stock in connection with employee stock purchase plan	271,796	—	3,515	—	—	3,515
Vesting of restricted stock units	2,190,738	—	—	—	—	—
Stock-based compensation	—	—	46,570	—	—	46,570
Net unrealized gains on investments	—	—	—	63	—	63
Net loss	—	—	—	—	(59,042)	(59,042)
Balance as of October 31, 2024	52,264,762	\$ —	\$ 676,360	\$ 119	\$ (549,701)	\$ 126,778

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
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

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

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

	Nine Months Ended October 31,	
	2024	2023
Cash flows from operating activities		
Net loss	\$ (59,042)	\$ (58,781)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	1,520	2,034
Stock-based compensation, net of amounts capitalized	46,071	33,148
Amortization of deferred commissions	12,655	13,742
Non-cash lease expense	2,393	2,313
Foreign currency transaction losses	231	649
Other	(1,869)	(2,580)
Changes in operating assets and liabilities		
Accounts receivable	16,207	9,114
Deferred commissions	(13,616)	(13,892)
Prepaid expenses and other assets	(163)	837
Accounts payable	(149)	1,735
Accrued compensation and benefits	(5,790)	(3,517)
Other accrued expenses	(475)	(2,997)
Operating lease liabilities	(2,501)	(2,561)
Deferred revenue	(15,658)	313
Net cash used in operating activities	(20,186)	(20,443)
Cash flows from investing activities		
Purchases of short-term investments	(75,614)	(90,456)
Maturities of short-term investments	81,144	111,974
Additions to property and equipment	(2,645)	(3,425)
Net cash provided by investing activities	2,885	18,093
Cash flows from financing activities		
Proceeds from exercise of stock options	5,251	7,353
Proceeds from issuance of common stock under ESPP	3,515	2,000
Net cash provided by financing activities	8,766	9,353
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(328)	(542)
Net (decrease) increase in cash, cash equivalents and restricted cash	(8,863)	6,461
Cash, cash equivalents and restricted cash		
Beginning of period	41,894	40,989
End of period	\$ 33,031	\$ 47,450
Cash and cash equivalents	\$ 33,031	\$ 46,907
Restricted cash included in other assets	—	543
Total cash, cash equivalents and restricted cash	\$ 33,031	\$ 47,450
Supplemental disclosures of cash activities		
Cash paid for income taxes	\$ 1,427	\$ 1,245
Cash paid for interest	\$ 30	\$ 43
Non-cash investing and financing activities:		
Stock-based compensation capitalized as internal-use software costs	\$ 499	\$ 589
Net change in unrealized gains or losses on available-for-sale debt securities	\$ 63	\$ 695
Change in purchases of property and equipment included in accounts payable and other accrued expenses	\$ 50	\$ 224

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

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 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, 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, 2024, are not necessarily indicative of the results to be expected for the year ending 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, 2024, as filed with the SEC on 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 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.

Significant Accounting Policies

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, 2024, that have had a material impact on its condensed consolidated financial statements and related notes.

Deferred Commissions

The Company capitalizes certain sales commissions, including related payroll taxes, earned by the Company's sales force, which are considered to be incremental costs that would not be incurred absent of the contract. On an annual basis, the Company 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 four years. This change in accounting estimate was effective February 1, 2024 and is accounted for prospectively in the Company's unaudited condensed consolidated financial statements. Commissions for renewal contracts are not commensurate with the commission paid for initial acquisition of a contract and are amortized based over the related contractual renewal period. This change in the period of benefit did not have a material impact to our unaudited condensed consolidated financial statements.

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 ("U.S."). 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 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, 2024 and 2023. No customer accounted for 10% or more of gross accounts receivable as of October 31, 2024 and 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 November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): 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 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 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 quantitative threshold. Additionally, companies will be required to 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 quantitative threshold. The guidance is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2023-09 on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU No.2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* (“ASU 2024-03”) to require public companies to disclose, in the notes to financial statements, specified information about certain costs and expenses at each interim and annual reporting period. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating whether this standard will have a material impact on its consolidated financial statements.

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. The Company currently expects that we will no longer be an emerging growth company as of January 31, 2025.

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, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Cash Equivalents				
Money market funds	\$ 9,778	\$ —	\$ —	\$ 9,778
Total cash equivalents	9,778	—	—	9,778
Short-Term Investments				
U.S. government treasury securities	69,374	117	(38)	69,453
Corporate debt securities	32,528	56	(16)	32,568
Commercial paper	4,888	—	—	4,888
U.S. government agency securities	1,999	—	—	1,999
Total short-term investments	108,789	173	(54)	108,908
Total	\$ 118,567	\$ 173	\$ (54)	\$ 118,686

	As of January 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Cash Equivalents				
Money market funds	\$ 32,895	\$ —	\$ —	\$ 32,895
Total cash equivalents	32,895	—	—	32,895
Short-Term Investments				
U.S. government treasury securities	85,525	58	(7)	85,576
Corporate debt securities	13,712	14	(1)	13,725
Commercial paper	4,845	—	—	4,845
U.S. government agency securities	7,999	—	(8)	7,991
Asset-backed securities	144	—	—	144
Total short-term investments	112,225	72	(16)	112,281
Total	\$ 145,120	\$ 72	\$ (16)	\$ 145,176

During the three and nine months ended October 31, 2024 and 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, net in the condensed consolidated statements of operations.

As of October 31, 2024, the Company's short-term investments consisted of \$77.0 million and \$31.9 million with contractual maturities due within one year and due after one year through three years, respectively. As of January 31, 2024, the Company's short-term investments consisted of \$97.6 million and \$14.7 million with contractual maturities due within one year and due after one year through three years, 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, 2024 and 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, 2024					
	Less Than 12 Months		12 Months or Greater		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
U.S. government treasury securities	\$ (38)	\$ 16,888	\$ —	\$ —	\$ (38)	\$ 16,888
Corporate debt securities	(16)	12,076	—	—	(16)	12,076
Total	\$ (54)	\$ 28,964	\$ —	\$ —	\$ (54)	\$ 28,964

	As of January 31, 2024					
	Less Than 12 Months		12 Months or Greater		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
U.S. government treasury securities	\$ (7)	\$ 22,746	\$ —	\$ —	\$ (7)	\$ 22,746
Corporate debt securities	(1)	5,008	—	—	(1)	5,008
U.S. government agency securities	(8)	7,991	—	—	(8)	7,991
Asset-backed securities	—	—	—	144	—	144
Total	\$ (16)	\$ 35,745	\$ —	\$ 144	\$ (16)	\$ 35,889

As of October 31, 2024, the Company had 6 short-term investments in an unrealized loss position. As of January 31, 2024, the Company had 13 short-term investments in an unrealized loss position. As of October 31, 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, 2024 and October 31, 2023, there were no credit or non-credit related impairment charges recorded by the 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.

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, 2024		
	Level 1	Level 2	Total
Cash Equivalents			
Money market funds	\$ 9,778	\$ —	\$ 9,778
Total cash equivalents	9,778	—	9,778
Short-Term Investments			
U.S. government treasury securities	—	69,453	69,453
Corporate debt securities	—	32,568	32,568
Commercial paper	—	4,888	4,888
U.S. government agency securities	—	1,999	1,999
Total short-term investments	—	108,908	108,908
Total	\$ 9,778	\$ 108,908	\$ 118,686
	As of January 31, 2024		
	Level 1	Level 2	Total
Cash Equivalents			
Money market funds	\$ 32,895	\$ —	\$ 32,895
Total cash equivalents	32,895	—	32,895
Short-Term Investments			
U.S. government treasury securities	—	85,576	85,576
Corporate debt securities	—	13,725	13,725
Commercial paper	—	4,845	4,845
U.S. government agency securities	—	7,991	7,991
Asset-backed securities	—	144	144
Total short-term investments	—	112,281	112,281
Total	\$ 32,895	\$ 112,281	\$ 145,176

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 October 31, 2024	As of January 31, 2024
Prepaid expenses	\$ 5,069	\$ 4,793
Prepaid software	3,646	4,429
Other current assets	1,836	1,163
Total prepaid expenses and other current assets	\$ 10,551	\$ 10,385

Property and Equipment, Net

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

	As of October 31, 2024	As of January 31, 2024
Computer equipment	\$ 3,867	\$ 3,736
Furniture and fixtures	489	418
Capitalized internal-use software	13,759	8,743
Leasehold improvements	1,903	1,903
Construction in progress	141	—
Construction in progress—capitalized internal-use software	405	2,571
Total gross property and equipment	20,564	17,371
Accumulated depreciation and amortization	(13,564)	(12,044)
Total property and equipment, net	\$ 7,000	\$ 5,327

Depreciation and amortization expense was \$0.8 million and \$0.4 million for the three months ended October 31, 2024 and 2023, respectively, and \$1.5 million and \$2.0 million for the nine months ended October 31, 2024 and 2023, respectively. Included in these amounts were the amortization of capitalized internal-use software development costs of \$0.7 million and \$0.3 million for the three months ended October 31, 2024 and 2023, respectively, and \$1.2 million and \$1.5 million for the nine months ended October 31, 2024 and 2023, respectively.

Accrued Compensation and Benefits

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

	As of October 31, 2024	As of January 31, 2024
Accrued bonus	\$ 4,104	\$ 7,056
Accrued commissions	4,043	4,852
Accrued payroll and benefits	3,516	4,690
Employee contributions under the ESPP	660	1,518
Total accrued compensation and benefits	\$ 12,323	\$ 18,116

Other Accrued Liabilities

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

	As of October 31, 2024	As of January 31, 2024
Accrued professional fees	\$ 1,307	\$ 1,190
Sales and value added tax payable	320	517
Income taxes payable	153	173
Other	2,201	2,701
Total other accrued liabilities	\$ 3,981	\$ 4,581

6. Deferred Revenue and Remaining Performance Obligations

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

	As of October 31, 2024	As of January 31, 2024
Deferred revenue, current	\$ 67,996	\$ 81,736
Deferred revenue, noncurrent	829	2,747
Total deferred revenue	\$ 68,825	\$ 84,483

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

	Nine Months Ended October 31,	
	2024	2023
Beginning balance	\$ 84,483	\$ 74,991
Performance obligations satisfied during the period that were included in the deferred revenue balance at the beginning of the year	(75,231)	(63,887)
Increases due to invoicing prior to satisfaction of performance obligations	59,573	64,200
Ending balance	<u>\$ 68,825</u>	<u>\$ 75,304</u>

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, 2024, the Company’s RPOs were \$211.3 million. The Company expects to recognize revenue of \$128.7 million of these remaining performance obligations over the next 12 months and the substantial majority of the remainder in the next 13 months to 36 months.

7. Debt

Loan and Security Agreement

On February 7, 2024, the Company entered into a loan and security agreement with MUFG Bank, Ltd., as lender, for a three-year senior secured revolving loan facility of up to \$25.0 million, including a letter of credit sublimit of up to \$5.0 million, with an original maturity date on February 7, 2027 and an uncommitted accordion feature that provides up to \$25.0 million of additional borrowing capacity (the “Credit Facility”). 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 is also obligated to pay other customary fees and expenses, including an unused revolving line facility fee of 0.25% per annum of the average daily unused portion of the Credit Facility.

Under the Credit Facility, the Company is subject to a minimum consolidated adjusted EBITDA covenant, tested quarterly. The Credit Facility also contains certain customary affirmative and negative covenants as well as customary events of default, subject to certain exceptions, including restrictions on the ability of the Company and its subsidiaries to, among other things, incur debt, grant liens, make acquisitions, suffer changes 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 agreed limitations and exceptions. As of October 31, 2024, the Company has outstanding letters of credit totaling \$1.4 million against the \$5.0 million sublimit in connection with the One Santana Lease (as defined below).

The Company did not have any debt outstanding under the Credit Facility as of October 31, 2024 and was in compliance with the financial covenants associated with the Credit Facility as of October 31, 2024.

8. Leases

The Company leases facilities under non-cancelable operating leases, primarily for rent of office space. On August 1, 2024, the Company entered into a lease agreement with SR Winchester, LLC (the “One Santana Lease”). The One Santana Lease commenced in September 2024 and has a term of 96 months. At the end of the term, the Company has the right to extend the term of the One Santana Lease for an additional seven years at the then-prevailing market rate. The Company expects to start making recurring rental payments under the lease in the third quarter of fiscal 2026, and the total future minimum lease payments related to the One Santana Lease is approximately \$8.6 million. Additionally, the Company will participate in the construction of the office space, which will be reimbursed by the landlord through a tenant

improvement allowance of approximately \$3.9 million. The new leased facility will be held as the Company's new headquarters following the expiration of the current lease for the facility in Santa Clara, California in March 2025.

As of October 31, 2024, the Company's leases have various expiration dates through August 2032, some of which include options to extend the leases for up to seven years. The Company does not have any finance leases.

The components of lease costs were as follows (in thousands):

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Operating lease costs	\$ 863	\$ 766	\$ 2,393	\$ 2,313
Variable lease costs	\$ 160	\$ 159	\$ 481	\$ 505

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

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

	Nine Months Ended October 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	\$ 2,501	\$ 2,535
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 2,880	\$ 475

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

	October 31, 2024	January 31, 2024
Operating lease right-of-use assets	\$ 5,497	\$ 4,848
Operating lease liabilities	\$ 2,150	\$ 3,208
Operating lease liabilities, noncurrent	3,678	2,078
Total operating lease liabilities	\$ 5,828	\$ 5,286
Weighted-average remaining lease term	4.5 years	2.0 years
Weighted-average discount rate	5.5 %	4.4 %

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

Period	Operating Leases
Remaining for Fiscal 2025	\$ 918
Fiscal 2026*	(2,086)
Fiscal 2027	1,621
Fiscal 2028	1,435
Fiscal 2029 and thereafter	5,942
Total lease payments	7,830
Less: imputed interest	(2,002)
Total	\$ 5,828

*Net of tenant improvement receivables related to the One Santana Lease

9. Commitments and Contingencies

Other Contractual Commitments

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

Other than the non-cancelable operating lease described in Note 8, there were no material contractual commitments that were entered into during the three and nine months ended October 31, 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 from their services as a director or executive officer in any capacity as the Company's director, trustee, general partner, managing member, officer, employee, agent or 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, 2024 and January 31, 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, 2024 and 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, 2024 and January 31, 2024, no dividends had been declared.

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

	Number of Shares
Stock options outstanding	5,048,192
Restricted stock units issued and outstanding	4,597,672
Remaining shares available for issuance under the 2021 Plan	3,441,814
Shares available for issuance under the 2023 Inducement Plan	932,000
ESPP	1,458,638
Common stock warrants	105,350
Total	<u>15,583,666</u>

Common Stock Warrants

In April, 2019, the Company issued warrants in connection with a term loan agreement with a certain lender to purchase 105,350 shares of the Company's common stock at \$7.48 per share, exercisable over 10 years. As of October 31, 2024, all warrants were outstanding and exercisable.

Stock Options

The following table summarizes stock option activity under 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") for the nine months ended October 31, 2024 (aggregate intrinsic value in thousands):

	Options Outstanding		Weighted-Average Contractual Term	Aggregate Intrinsic Value
	Number of Options	Weighted-Average Exercise Price		
Balances as of January 31, 2024	5,889,938	\$ 10.38	4.84	\$ 86,742
Options exercised	(722,352)	\$ 7.32		
Options cancelled	(119,394)	\$ 23.20		
Balances as of October 31, 2024	<u>5,048,192</u>	\$ 10.51	4.01	\$ 36,182
Options vested and expected to vest as of October 31, 2024	5,048,192	\$ 10.51	4.01	\$ 36,182
Options vested and exercisable as of October 31, 2024	4,942,165	\$ 10.24	3.96	\$ 36,179

No stock options were granted during the nine months ended October 31, 2024 and 2023.

The aggregate intrinsic value of options exercised during the three months ended October 31, 2024 and 2023 was \$1.8 million and \$4.7 million, respectively, and \$11.8 million and \$13.4 million during the nine months ended October 31, 2024 and 2023, 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 \$0.7 million and \$0.8 million during the three months ended October 31, 2024 and 2023, respectively, and \$2.8 million and \$3.2 million during the nine months ended October 31, 2024 and 2023, respectively.

As of October 31, 2024, there was \$0.8 million of unrecognized stock-based compensation expense related to unvested stock options, which is expected to be recognized over a weighted-average period of 0.3 years.

Service-Based RSUs

During the year ended January 31, 2022, the Company began granting restricted stock units ("RSUs") to its 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 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 months ended October 31, 2024:

	RSUs Outstanding	
	Number of RSUs	Weighted Average Grant Date Fair Value Per Share
Balances as of January 31, 2024	3,909,920	\$ 17.56
RSUs granted	2,337,410	\$ 25.50
RSUs vested	(1,915,540)	\$ 19.49
RSUs forfeited	(437,720)	\$ 20.00
Balances as of October 31, 2024	<u>3,894,070</u>	\$ 21.10

The aggregate fair value of the RSU awards granted was \$9.0 million and \$2.7 million during the three months ended October 31, 2024 and 2023, respectively, and \$59.6 million and \$46.3 million during the nine months ended October

31, 2024 and 2023, respectively. This represents the fair value of the common stock on the date the service-based vesting awards were granted.

We recognized \$14.0 million and \$8.6 million in stock-based compensation expense related to service vesting-based RSUs during the three months ended October 31, 2024 and 2023, respectively, and \$38.9 million and \$24.0 million during the nine months ended October 31, 2024 and 2023, respectively. As of October 31, 2024, there was \$71.6 million of unrecognized compensation expense related to service-based RSUs expected to be recognized over a weighted-average vesting period of 1.7 years.

Performance-based and Market-based Awards

Performance-based Awards

We recognized an immaterial amount of stock-based compensation expense related to performance-based RSUs ("PSUs") during the three months ended October 31, 2024 and \$1.6 million during the three months ended October 31, 2023, and \$2.1 million and \$4.0 million during the nine months ended October 31, 2024 and 2023, respectively. As of October 31, 2024, there were 598,002 awards outstanding and a total of \$3.0 million of unrecognized compensation expense related to PSUs expected to be recognized over an average vesting period of 2.0 years.

Market-based Awards

The Company recognized a total of \$0.2 million and \$0.3 million in stock-based compensation expense related to market-based awards during the three months ended October 31, 2024 and 2023, respectively, and \$0.6 million and \$0.9 million during the nine months ended October 31, 2024 and 2023, respectively. There were 79,200 awards vested during the nine months ended October 31, 2024. As of October 31, 2024, there were 105,600 awards outstanding and a total of \$0.2 million of unrecognized compensation expense related to market-based RSUs expected to be recognized over an average vesting period of 0.4 years.

Determination of Fair Value

The Company estimates the fair value of 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.

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,	
	2024	2023
Employee Stock Purchase Plan:		
Expected term (in years)	1.1	1.0
Expected volatility	59.2 %	62.9 %
Risk-free interest rate	4.7 %	5.3 %
Dividend yield	—	—

The Company recognized stock-based compensation expense related to the ESPP of \$0.6 million and \$0.4 million for the three months ended October 31, 2024 and 2023, respectively, and \$1.6 million and \$1.0 million for the nine months ended October 31, 2024 and 2023, respectively. As of October 31, 2024, \$1.9 million of unrecognized stock-based compensation expense related to the ESPP is expected to be recognized over a weighted-average vesting period of 0.8 years.

During the nine months ended October 31, 2024, 271,796 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,	
	2024	2023	2024	2023
Cost of revenue—subscription	\$ 318	\$ 130	\$ 885	\$ 559
Cost of revenue—services	104	119	354	413
Research and development	4,497	3,116	12,704	9,498
Sales and marketing	5,242	4,188	16,627	11,461
General and administrative	5,127	4,202	15,501	11,216
Restructuring	—	—	—	1
Total stock-based compensation expense	\$ 15,288	\$ 11,755	\$ 46,071	\$ 33,148

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 \$0.7 million of income tax expense for the three months ended October 31, 2024 and an immaterial amount for the three months ended October 31, 2023, and \$1.2 million and \$0.8 million for the nine months ended October 31, 2024 and 2023, 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 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, 2024. The Company will continue to evaluate for any future developments.

12. Geographic Information

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

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
United States	\$ 34,754	\$ 29,796	\$ 103,438	\$ 82,848
International	16,874	16,017	51,106	47,100
Total	\$ 51,628	\$ 45,813	\$ 154,544	\$ 129,948

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

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

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,	
	2024	2023	2024	2023
Numerator				
Net loss	\$ (18,152)	\$ (16,255)	\$ (59,042)	\$ (58,781)
Denominator				
Weighted-average shares used in computing net loss per share, basic and diluted	51,831	47,586	50,821	46,724
Net loss per share, basic and diluted	\$ (0.35)	\$ (0.34)	\$ (1.16)	\$ (1.26)

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,	
	2024	2023
Stock options	5,048	6,478
RSUs	4,522	5,438
Employee stock purchase rights under the ESPP	174	163
Common stock warrants	105	105
Total	9,849	12,184

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, 2023, 2024 and 2025 are referred to herein as fiscal 2023, fiscal 2024 and fiscal 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 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 DBaaS that is managed by Couchbase. Our 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.

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 months ended October 31, 2024 and 2023, our revenue was \$154.5 million and \$129.9 million, respectively, representing period-over-period growth rate of 19%. As of October 31, 2024 and 2023, our annual recurring revenue (“ARR”) was \$220.3 million and \$188.7 million, respectively, representing period-over-period growth of 17%. For the nine months ended October 31, 2024 and 2023, our net loss was \$59.0 million and \$58.8 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 96% and 95% of our total revenue for the nine months ended October 31, 2024 and 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 8am-6pm 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 DBaaS offering. Our 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.

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 4% and 5% of our total revenue for the nine months ended October 31, 2024 and 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 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.

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. We also offer free Community Editions of some of our products, which are free trials of our Enterprise Edition of Couchbase Server and Couchbase Capella products 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 months ended October 31, 2024 and 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, financial and credit market fluctuations and volatility in the capital markets 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 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.

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 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.

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 renewed at the same levels unless we receive notification of non-renewal and are no longer in negotiations prior to the measurement date. For Capella products, ARR in a customer's initial year is calculated as the greater of: (i) initial year contract revenue as described above or (ii) annualized prior 90 days of actual consumption; and ARR for subsequent years is calculated with method (ii). ARR excludes 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, expand within our existing customers and consumption dynamics. We believe that ARR is an important indicator of the growth and performance of our business.

As of October 31, 2024, ARR for Couchbase Capella products was approximately \$33.2 million.

	As of October 31,	
	2024	2023
	<i>(in millions)</i>	
ARR	\$ 220.3	\$ 188.7

Customers

We calculate our total number of customers, which also includes customers of Couchbase Capella, at the end of each period. Each customer account that has, or that is contractually identified by a partner in, an active subscription contract with us or with which we are negotiating a renewal contract at the end of a given 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 October 31, 2024, we had 300 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,	
	2024	2023
Customers	903	715

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 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.

For the fourth quarter of fiscal 2024, we have excluded the impairment of capitalized internal-use software, a non-cash operating expense, from our non-GAAP results as it is not reflective of ongoing operating results. This impairment charge related 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 adjusted to reflect this change as we did not incur impairment of capitalized internal-use software in any prior period 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 October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
	<i>(dollars in thousands)</i>			
Total revenue	\$ 51,628	\$ 45,813	\$ 154,544	\$ 129,948
Gross profit	\$ 45,072	\$ 40,702	\$ 135,843	\$ 113,006
Add: Stock-based compensation expense	422	249	1,239	972
Add: Employer taxes on employee stock transactions	22	55	120	86
Non-GAAP gross profit	\$ 45,516	\$ 41,006	\$ 137,202	\$ 114,064
Gross margin	87.3%	88.8%	87.9%	87.0%
Non-GAAP gross margin	88.2%	89.5%	88.8%	87.8%

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 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 October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
	<i>(dollars in thousands)</i>			
Total revenue	\$ 51,628	\$ 45,813	\$ 154,544	\$ 129,948
Loss from operations	\$ (19,234)	\$ (17,542)	\$ (62,822)	\$ (61,944)
Add: Stock-based compensation expense	15,288	11,755	46,071	33,147
Add: Employer taxes on employee stock transactions	467	757	2,474	1,557
Add: Restructuring ⁽¹⁾	—	—	—	46
Non-GAAP operating loss	\$ (3,479)	\$ (5,030)	\$ (14,277)	\$ (27,194)
Operating margin	(37)%	(38)%	(41)%	(48)%
Non-GAAP operating margin	(7)%	(11)%	(9)%	(21)%

⁽¹⁾ For the nine months ended October 31, 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 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 October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
	<i>(in thousands, except per share data)</i>			
Net loss	\$ (18,152)	\$ (16,255)	\$ (59,042)	\$ (58,781)
Add: Stock-based compensation expense	15,288	11,755	46,071	33,147
Add: Employer taxes on employee stock transactions	467	757	2,474	1,557
Add: Restructuring ⁽¹⁾	—	—	—	46
Non-GAAP net loss	\$ (2,397)	\$ (3,743)	\$ (10,497)	\$ (24,031)
GAAP net loss per share	\$ (0.35)	\$ (0.34)	\$ (1.16)	\$ (1.26)
Non-GAAP net loss per share	\$ (0.05)	\$ (0.08)	\$ (0.21)	\$ (0.51)
Weighted average shares outstanding, basic and diluted	51,831	47,586	50,821	46,724

(1) For the nine months ended October 31, 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.

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
	<i>(in thousands)</i>			
Net cash used in operating activities	\$ (16,895)	\$ (12,743)	\$ (20,186)	\$ (20,443)
Less: Additions to property and equipment	(583)	(1,066)	(2,645)	(3,425)
Free cash flow	<u>\$ (17,478)</u>	<u>\$ (13,809)</u>	<u>\$ (22,831)</u>	<u>\$ (23,868)</u>
Net cash (used in) provided by investing activities	\$ (15,392)	\$ 14,647	\$ 2,885	\$ 18,093
Net cash provided by financing activities	\$ 2,835	\$ 3,856	\$ 8,766	\$ 9,353

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 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 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 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 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 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 DBaaS offering.

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 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, which was completed during fiscal 2024.

Interest Expense

Interest expense consists primarily of unused Credit Facility fees.

Other Income, Net

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

Provision 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,	
	2024	2023	2024	2023
Revenue:				
License	\$ 4,343	\$ 4,577	\$ 16,444	\$ 14,318
Support and other	44,955	39,420	131,185	109,175
Total subscription revenue	49,298	43,997	147,629	123,493
Services	2,330	1,816	6,915	6,455
Total revenue	51,628	45,813	154,544	129,948
Cost of revenue:				
Subscription ⁽¹⁾	4,866	3,549	13,278	11,067
Services ⁽¹⁾	1,690	1,562	5,423	5,875
Total cost of revenue	6,556	5,111	18,701	16,942
Gross profit	45,072	40,702	135,843	113,006
Operating expenses:				
Research and development ⁽¹⁾	17,486	15,903	52,703	47,578
Sales and marketing ⁽¹⁾	34,196	31,602	108,119	96,503
General and administrative ⁽¹⁾	12,624	10,739	37,843	30,823
Restructuring ⁽¹⁾	—	—	—	46
Total operating expenses	64,306	58,244	198,665	174,950
Loss from operations	(19,234)	(17,542)	(62,822)	(61,944)
Interest expense	(17)	—	(46)	(43)
Other income, net	1,790	1,298	5,062	3,986
Loss before income taxes	(17,461)	(16,244)	(57,806)	(58,001)
Provision for income taxes	691	11	1,236	780
Net loss	\$ (18,152)	\$ (16,255)	\$ (59,042)	\$ (58,781)

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

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
	<i>(in thousands)</i>			
Cost of revenue—subscription	\$ 318	\$ 130	\$ 885	\$ 559
Cost of revenue—services	104	119	354	413
Research and development	4,497	3,116	12,704	9,498
Sales and marketing	5,242	4,188	16,627	11,461
General and administrative	5,127	4,202	15,501	11,216
Restructuring	—	—	—	1
Total stock-based compensation expense	\$ 15,288	\$ 11,755	\$ 46,071	\$ 33,148

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,	
	2024	2023	2024	2023
Revenue:				
License	8 %	10 %	11 %	11 %
Support and other	87	86	85	84
Total subscription revenue	95	96	96	95
Services	5	4	4	5
Total revenue	100	100	100	100
Cost of revenue:				
Subscription	9	8	9	9
Services	3	3	4	5
Total cost of revenue	13	11	12	13
Gross profit	87	89	88	87
Operating expenses:				
Research and development	34	35	34	37
Sales and marketing	66	69	70	74
General and administrative	24	23	24	24
Restructuring	—	*	—	*
Total operating expenses	125	127	129	135
Loss from operations	(37)	(38)	(41)	(48)
Interest expense	*	*	*	*
Other income, net	3	3	3	3
Loss before income taxes	(34)	(35)	(37)	(45)
Provision for income taxes	1	*	1	1
Net loss	(35)%	(35)%	(38)%	(45)%

* Represents less than 1%

Note: Certain figures may not sum due to rounding.

Comparison of Three and Nine Months Ended October 31, 2024 and 2023
Revenue

	Three Months Ended October 31,				Nine Months Ended October 31,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
	<i>(dollars in thousands)</i>				<i>(dollars in thousands)</i>			
Revenue								
License	\$ 4,343	\$ 4,577	\$ (234)	(5)%	\$ 16,444	\$ 14,318	\$ 2,126	15 %
Support and other	44,955	39,420	5,535	14 %	131,185	109,175	22,010	20 %
Total subscription revenue	49,298	43,997	5,301	12 %	147,629	123,493	24,136	20 %
Services	2,330	1,816	514	28 %	6,915	6,455	460	7 %
Total revenue	\$ 51,628	\$ 45,813	\$ 5,815	13 %	\$ 154,544	\$ 129,948	\$ 24,596	19 %

Subscription revenue increased by \$5.3 million, or 12%, during the three months ended October 31, 2024 compared to the three months ended October 31, 2023. The increase in subscription revenue was primarily driven by growth in revenue from existing customers. Approximately 92% of the increase in revenue was attributable to growth from existing customers. The remaining increase was attributable to new customers as we increased our customer base from 715 customers as of October 31, 2023 to 903 customers as of October 31, 2024.

Subscription revenue increased by \$24.1 million, or 20%, during the nine months ended October 31, 2024 compared to the nine months ended October 31, 2023. Approximately 97% of the increase in revenue was attributable to growth from existing customers.

Services revenue increased by \$0.5 million, or 28%, during the three months ended October 31, 2024 compared to the three months ended October 31, 2023 primarily due to an increase in delivery of professional service hours.

Services revenue increased by \$0.5 million, or 7%, during the nine months ended October 31, 2024 compared to the nine months ended October 31, 2023 primarily due to an increase in delivery of professional service hours.

Cost of Revenue, Gross Profit and Gross Margin

	Three Months Ended October 31,				Nine Months Ended October 31,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
	<i>(dollars in thousands)</i>				<i>(dollars in thousands)</i>			
Cost of revenue:								
Subscription	\$ 4,866	\$ 3,549	\$ 1,317	37 %	\$ 13,278	\$ 11,067	\$ 2,211	20 %
Services	1,690	1,562	128	8 %	5,423	5,875	(452)	(8)%
Total cost of revenue	\$ 6,556	\$ 5,111	\$ 1,445	28 %	\$ 18,701	\$ 16,942	\$ 1,759	10 %
Gross profit	\$ 45,072	\$ 40,702			\$ 135,843	\$ 113,006		
Gross margin	87.3 %	88.8 %			87.9 %	87.0 %		
Headcount (at period end)	64	66			64	66		

Cost of subscription revenue increased by \$1.3 million, or 37%, during the three months ended October 31, 2024 compared to the three months ended October 31, 2023. This change was primarily due to an increase of \$1.1 million related to the computing infrastructure costs associated with increasing usage from Couchbase Capella.

Cost of subscription revenue increased by \$2.2 million, or 20%, during the nine months ended October 31, 2024 compared to the nine months ended October 31, 2023. This change was primarily due to an increase of \$1.6 million related to the computing infrastructure costs associated with Couchbase Capella and an increase of \$0.7 million in personnel-related costs, including higher stock-based compensation expense related to our RSUs.

Cost of services revenue increased by an immaterial during the three months ended October 31, 2024 compared to the three months ended October 31, 2023.

Cost of services revenue decreased by \$0.5 million, or 8%, during the nine months ended October 31, 2024 compared to the nine months ended October 31, 2023. This change was primarily due to a decrease of \$0.9 million in personnel-related costs due to lower headcount, partially offset by contracted third-party professional services.

Gross margin decreased during the three months ended October 31, 2024 compared to the three months ended October 31, 2023 primarily due to changes in the mix of subscription and service revenue, including higher costs associated with the growth of our database-as-a-service offering.

Gross margin increased during the nine months ended October 31, 2024 compared to the nine months ended October 31, 2023 primarily due to changes in the mix of subscription and services revenue.

Research and Development

	Three Months Ended October 31,				Nine Months Ended October 31,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
	<i>(dollars in thousands)</i>				<i>(dollars in thousands)</i>			
Research and development	\$ 17,486	\$ 15,903	\$ 1,583	10 %	\$ 52,703	\$ 47,578	\$ 5,125	11 %
Percentage of revenue	34 %	35 %			34 %	37 %		
Headcount (at period end)	300	293			300	293		

Research and development increased by \$1.6 million, or 10%, during the three months ended October 31, 2024 compared to the three months ended October 31, 2023. This change was primarily due to an increase of \$2.3 million in personnel-related costs driven by headcount growth and higher stock-based compensation related to our RSUs, partially offset by reduced expense from decreased use of software and subscription related services.

Research and development increased by \$5.1 million, or 11%, during the nine months ended October 31, 2024 compared to the nine months ended October 31, 2023. This change was primarily due to an increase of \$6.6 million in personnel-related costs driven by headcount growth and higher stock-based compensation related to our RSUs, partially offset by reduced expense from decreased use of software and subscription related services.

Sales and Marketing

	Three Months Ended October 31,				Nine Months Ended October 31,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
	<i>(dollars in thousands)</i>				<i>(dollars in thousands)</i>			
Sales and marketing	\$ 34,196	\$ 31,602	\$ 2,594	8 %	\$ 108,119	\$ 96,503	\$ 11,616	12 %
Percentage of revenue	66 %	69 %			70 %	74 %		
Headcount (at period end)	361	351			361	351		

Sales and marketing increased by \$2.6 million, or 8%, during the three months ended October 31, 2024 compared to the three months ended October 31, 2023. This increase was primarily due to an increase of \$3.0 million in personnel-related costs driven by headcount growth and higher stock-based compensation related to our RSUs.

Sales and marketing increased by \$11.6 million, or 12%, during the nine months ended October 31, 2024 compared to the nine months ended October 31, 2023. This increase was primarily due to an increase of \$11.0 million in personnel-related costs, driven by headcount growth and higher stock-based compensation related to our RSUs and an increase of \$0.5 million in third-party professional services.

General and Administrative

	Three Months Ended October 31,				Nine Months Ended October 31,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
	<i>(dollars in thousands)</i>				<i>(dollars in thousands)</i>			
General and administrative	\$ 12,624	\$ 10,739	\$ 1,885	18 %	\$ 37,843	\$ 30,823	\$ 7,020	23 %
Percentage of revenue	24 %	23 %			24 %	24 %		
Headcount (at period end)	84	69			84	69		

General and administrative increased by \$1.9 million, or 18%, during the three months ended October 31, 2024 compared to the three months ended October 31, 2023. This increase was primarily due to an increase of \$1.3 million in personnel-related costs driven by headcount growth and higher stock-based compensation related to our RSUs and \$0.5 million in professional services.

General and administrative increased by \$7.0 million, or 23%, during the nine months ended October 31, 2024 compared to the nine months ended October 31, 2023. This increase was primarily due to an increase of \$6.3 million in personnel-related costs driven by headcount growth and higher stock-based compensation related to our RSUs.

Interest Expense

	Three Months Ended October 31,				Nine Months Ended October 31,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
	<i>(dollars in thousands)</i>				<i>(dollars in thousands)</i>			
Interest expense	\$ (17)	\$ —	\$ (17)	100 %	\$ (46)	\$ (43)	\$ (3)	7 %

The changes in interest expense during the three and nine months ended October 31, 2024 and 2023 were not material.

Other Income, Net

	Three Months Ended October 31,				Nine Months Ended October 31,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
	<i>(dollars in thousands)</i>				<i>(dollars in thousands)</i>			
Other income, net	\$ 1,790	\$ 1,298	\$ 492	38 %	\$ 5,062	\$ 3,986	\$ 1,076	27 %

Other income, net fluctuated by \$0.5 million during the three months ended October 31, 2024 compared to the three months ended October 31, 2023 primarily due to a decrease in foreign currency losses due to fluctuations in exchange rates.

Other income, net fluctuated by \$1.1 million during the nine months ended October 31, 2024 compared to the nine months ended October 31, 2023 primarily due to higher yields on securities and a decrease in foreign currency losses due to fluctuations in exchange rates.

Provision for Income Taxes

	Three Months Ended October 31,				Nine Months Ended October 31,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
	<i>(dollars in thousands)</i>				<i>(dollars in thousands)</i>			
Loss before income taxes	\$ (17,461)	\$ (16,244)	\$ (1,217)	7 %	\$ (57,806)	\$ (58,001)	\$ 195	— %
Provision for income taxes	691	11	\$ 680	6182 %	1,236	780	\$ 456	58 %
Effective tax rate	(4.0)%	(0.1)%			(2.1)%	(1.3)%		

The change in provision for income taxes for the three months ended October 31, 2024 compared with the same period last year was primarily driven by the increase in withholding taxes and foreign excess tax benefits related to stock-based compensation expense. The change in provision for income taxes for the nine months ended October 31, 2024 compared with the same period last year was primarily driven by the mix of income in foreign jurisdictions.

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 2023 and 2024 and the nine months ended October 31, 2024. As of October 31, 2024, we had an accumulated deficit of \$549.7 million.

As of October 31, 2024, we had \$141.9 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 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, 2024, remaining performance obligations, including both deferred revenue and non-cancelable contracted amounts, were \$211.3 million. We expect to recognize revenue of \$128.7 million on these remaining performance obligations over the next 12 months, with the remaining balance recognized thereafter.

Cash Flows

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

	Nine Months Ended October 31,	
	2024	2023
	<i>(in thousands)</i>	
Net cash (used in) provided by:		
Operating activities	\$ (20,186)	\$ (20,443)
Investing activities	\$ 2,885	\$ 18,093
Financing activities	\$ 8,766	\$ 9,353

Operating Activities

Cash used in operating activities for the nine months ended October 31, 2024 of \$20.2 million primarily consisted of our net loss of \$59.0 million, adjusted for non-cash charges of \$61.0 million and net cash outflows of \$22.1 million from changes in our operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities include a \$16.2 million decrease in accounts receivable related to collections and timing of billings offset by a \$15.7 million decrease in deferred revenue due to timing of billings, a \$13.6 million increase in deferred commissions related to increased sales during the period, a \$5.8 million decrease in accrued compensation primarily due to timing of bonus and commissions payments, and a \$2.5 million decrease in lease liabilities driven by payments for operating leases.

Cash used in operating activities for the nine months ended October 31, 2023 of \$20.4 million primarily consisted of our net loss of \$58.8 million, adjusted for non-cash charges of \$49.3 million and net cash outflows of \$11.0 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 decrease in accounts receivable related to timing of billings and collections, a \$1.7 million increase in accounts payable due to timing of payments, and a \$0.8 million decrease in prepaid expenses. 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 decrease in accrued compensation primarily due to timing of bonus and commission payments, a \$3.0 million decrease in accrued expenses and other liabilities due to the timing of accruals and payments, and a \$2.6 million decrease in lease liabilities driven by monthly rental payments for operating leases.

Investing Activities

Cash provided by investing activities for the nine months ended October 31, 2024 of \$2.9 million consisted of maturities of short-term investments net of purchases of \$5.5 million and additions to property and equipment of approximately \$2.6 million.

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

Financing Activities

Cash provided by financing activities for the nine months ended October 31, 2024 of \$8.8 million was primarily due to \$5.3 million in proceeds from the issuance of common stock upon exercises of stock options, and \$3.5 million in proceeds from the issuance of common stock under our Employee Stock Purchase Plan ("ESPP").

Cash provided by financing activities for the nine months ended October 31, 2023 of \$9.4 million was primarily due to \$7.4 million in proceeds from the issuance of common stock upon exercises of stock options, and \$2.0 million in proceeds from the issuance of common stock under our ESPP.

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 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, 2024, except for our One Santana Lease, as mentioned in Note 8. See our Annual Report on Form 10-K for the fiscal year ended January 31, 2024, which was filed with the SEC on March 26, 2024, for additional information regarding our contractual obligations.

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 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, 2024, which was filed with the SEC on March 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. We currently expect that we will no longer be an emerging growth company as of January 31, 2025.

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, 2024, we had cash and cash equivalents of \$33.0 million and short-term investments of \$108.9 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, 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 three months ended October 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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.

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, 2023 and 2024 are referred to herein as fiscal 2023 and fiscal 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 future. We incurred net losses of \$80.2 million, \$68.5 million, \$59.0 million and \$58.8 million for fiscal 2024, fiscal 2023 and the nine months ended October 31, 2024 and 2023, respectively. As of October 31, 2024, we had an accumulated deficit of \$549.7 million. We intend to continue investing significant resources to further develop our platform, and expand our sales, marketing, 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, \$154.5 million and \$129.9 million for fiscal 2024, fiscal 2023 and the nine months ended October 31, 2024 and 2023, respectively. Our revenue growth rate has fluctuated in prior periods, and we expect our revenue growth rate to continue to fluctuate. Our revenue growth rate may be impacted by a number of factors, including slowing adoption of or demand for our products and services, increasing competition, decreasing growth of our overall market, changes to technology or our failure to capitalize on growth opportunities, among others.

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, geographic reach and operations, and we expect to continue to grow in the future. Managing our growth effectively and integrating new employees, technologies and acquisitions into our existing business will require us to continue expanding our operational and financial infrastructure 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, maintain customer satisfaction and 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. Plans to continue 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 or could have, substantial competitive advantages, including but not limited to:

- greater name recognition and longer operating histories;
- broader distribution and established relationships with partners, customers and 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;
- lower labor, research and development costs; and
- more mature intellectual property rights 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 could adversely affect our business, financial condition and results of operations.

We expect competition to increase with the entry of new companies and the introduction of innovative technologies. Potential customers may believe that substitute technologies or ancillary solutions that address narrower segments overall are adequate for their needs. 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 AI, more quickly than we do. If we are unable to anticipate or effectively react to competitive challenges, our business, financial condition and results of operations 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 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 fluctuate 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, among other things.

Additionally, our success depends, in part, on our determination of which product features to include in the free versus paid versions of our 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 free trials to a paid product or downgrade from our paid products. Further, users of our Enterprise Edition of Couchbase Server and Couchbase 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. Inadequate returns on sales and marketing efforts and investments may harm our business.

The market for our products and services is highly competitive 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. 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 Enterprise Edition of 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, address additional use 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. We have adopted new features and may introduce others in the future, which may not be introduced in a timely or cost-effective manner or may not achieve the market acceptance necessary to generate sufficient revenue to justify the related research and development and other related expenses. It is difficult to predict customer adoption of new features. Such uncertainty limits our ability to forecast our future results of operations and subjects us to a number of challenges, including our ability to plan for and model future growth. If we are unable to 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 Edition of Couchbase Server and Couchbase 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, customers may opt out of services, which may harm our results of operations.

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 challenges that we face, including those 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 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 fluctuate from period to period as a result of a number of factors, many of which are outside of our control and are difficult to predict, including:

- market acceptance and demand for our products and services, including new products and 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;
- 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;
- the implementation of cost-saving activities, extra layers of scrutiny and approval, and customers electing to buy in smaller increments as a result of macroeconomic conditions;
- the impact and costs related to the acquisition and integration of businesses, talent, technologies or intellectual property rights;
- 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; and
- general economic conditions in either domestic or international markets, including geopolitical uncertainty and instability, as well as the effects of foreign exchange fluctuations.

Any one or more of the factors above may result in significant fluctuations in our results of operations. We also intend to continue to invest significantly to grow our business in the near future. In addition, we generally experience seasonality based on when we enter into agreements with customers, and our quarterly results of operations generally fluctuate from quarter to quarter depending on customer buying habits. This seasonality is reflected to a lesser extent, and sometimes is not immediately apparent, in revenue, due to the fact that a substantial portion of our subscription revenue is recognized ratably over the term of the subscription, which typically ranges from one to three years. We expect that seasonality will continue to affect our results of operations in the future. The variability of our results of operations or other operating estimates could result in our failure to meet our expectations or those of securities analysts or investors; if so, 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 96% and 95% of total revenue for the nine months ended October 31, 2024 and 2023, respectively.

Sales of new or renewal subscriptions may 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 but in 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 in contrast to our 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.

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. 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. A number of factors influence the length and variability of our sales cycles, including the need to educate potential customers about the uses and benefits of our products and services, the discretionary nature of purchasing and budget cycles and the competitive nature of evaluation and purchasing approval processes and the size of the 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. Large customer sales have, in some cases, occurred in periods subsequent to those we anticipated, or have not occurred at all, the result of which could affect our cash flows and 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.

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks and our competitors may adopt trade names or trademarks similar to ours leading to market confusion. If we are otherwise unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. The maintenance and promotion of our brand requires us to make substantial expenditures, yet may not generate customer awareness or yield increased revenue, and even if they do, any increase in revenue from such brand promotion initiatives may not offset the increased expenses we incur. If so, we may have reduced pricing power relative to our competitors, which could materially and adversely affect our business, financial condition and results of operations.

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

Our products are complex, and therefore, undetected errors, failures or bugs have occurred in the past and may occur in the future. Our products are used in IT environments with different operating systems, system management software, applications, devices, databases, servers, storage, middleware, custom and third-party applications and equipment and networking configurations. This diversity increases the likelihood of errors or failures in the IT 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. 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. 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 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 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 and are subject to a number of risks, including, without limitation:

- greater difficulty in enforcing contracts and managing collections in countries where our recourse may be more limited, as well as longer collection periods;
- higher costs of doing business internationally, including costs incurred in establishing and maintaining office space and equipment for our international operations;
- differing labor regulations, especially in the European Union ("EU") where labor laws may be and often are more favorable to employees;
- challenges inherent to efficiently recruiting and retaining talented and capable employees in foreign countries and maintaining our company culture and employee programs across all of our offices;
- fluctuations in exchange rates between the U.S. Dollar and foreign currencies in markets where we do business;
- management communication and integration problems resulting from language and cultural differences and geographic dispersion;
- costs associated with language localization of our products and services;
- risks associated with trade restrictions and foreign legal requirements, including any importation, certification and localization of our products and services that may be required in foreign countries;

- greater risk of unexpected changes in regulatory requirements, tariffs and tax laws, trade laws, export quotas, customs duties, treaties and other trade restrictions;
- costs of compliance with foreign laws and regulations and the risks and costs of non-compliance with such laws and regulations, including, but not limited to laws and regulations governing our corporate governance, product licenses, data privacy, data protection and data security regulations, particularly in the EU;
- compliance with anti-bribery laws, including, without limitation, the U.S. Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”), the U.S. Travel Act and the United Kingdom Bribery Act 2010, violations of which could lead to significant fines, penalties and collateral consequences for us;
- risks relating to the implementation of exchange controls, including restrictions promulgated by the Office of Foreign Assets Control (“OFAC”) and other similar trade protection regulations and measures;
- heightened risk of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact our financial condition and result in restatements of, or irregularities in, financial statements;
- the uncertainty of protection for intellectual property rights in some countries, particularly, those countries where we operate through a professional employer organization and do not have a direct contractual relationship with our service providers in such countries;
- exposure to regional or global public health issues and restrictions on travel or other measures undertaken by governments in response;
- general economic and political conditions in these foreign markets, including inflation and interest rate concerns, political and economic instability in some countries, such as the ongoing conflicts in Ukraine and the Middle East, 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 U.S.; and
- double taxation of our international earnings and potentially adverse tax consequences due to changes in the tax laws of the 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 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 track certain key business metrics with internal systems and tools and do not independently verify such metrics. Certain of these metrics are subject to inherent challenges in measurement, and any real or perceived inaccuracies in such metrics may adversely affect our business and reputation.

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

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:

- 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.

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.

We maintain a revolving line of credit (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 due to inherent risks, including, without limitation:

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

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

Acquisitions also require the use of substantial portions of our available cash or the incurrence of debt to consummate the acquisition. Each of 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 have in the past and could in the future 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 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 U.S. or abroad, including the ongoing conflicts in Ukraine and the Middle East and any related political or economic response and counter responses or otherwise by various global actors or general effect on the global economy, can continue to adversely affect our operations or the economy as a whole. The impact of any natural disaster, act of terrorism or other disruption to us or our third-party providers' abilities could result in decreased demand for our products and services or a delay in the provision of our products and services or could negatively impact consumer and business spending in the impacted regions or globally depending on the severity, any of which would adversely affect our business, financial condition and results of operations. All of the aforementioned risks would be further increased if our disaster recovery plans prove to be inadequate.

Risks Related to Our Dependence on Third Parties

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

We employ a go-to-market business model whereby a portion of our revenue is generated by sales through or with our partners, including CSPs, independent software vendors, systems integrators, technology partners, original equipment manufacturers, marketplaces, managed service providers and resellers, that further expand the reach of our direct sales force into additional geographies, sectors, industries and channels. We have entered, and intend to continue to enter, into reseller relationships in certain international markets where we do not have a local presence. We provide certain partners with specific training and programs to assist them in selling our products and services, but 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. Any shortcomings of the foregoing by us or our partners could adversely affect our business, financial condition, results of operations and growth 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 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.

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 investors do not perceive such data or methodologies to be accurate, or if we discover limitations or material inaccuracies with respect to such data or methodologies, our reputation, financial condition and results of operations could be adversely affected.

Risks Related to Our Open Source and Intellectual Property

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

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

Although most of our code is developed in-house, we also receive a limited amount of contributions from our open source developer communities. We require third parties who provide contributions to us to assign ownership of all intellectual property rights in their contributions to us, or provide us with a perpetual license to their works, and represent that their contributions are original works and that they are entitled to assign or license these rights to us. However, we cannot be sure that we can use all contributions without obtaining additional licenses from third parties, and may be subject to intellectual property infringement or misappropriation claims as a result of our use of these contributions.

Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use, or grant other licenses to our intellectual property. We seek to ensure that our closed-source proprietary software is not combined with, and does not incorporate, open source software in ways that would require the release of the source code of our closed-source proprietary software to the public. However, we cannot ensure that our processes for controlling our use of open source software in our products will be effective. If we are held to have failed to comply with the terms of 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 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, the terms of many open source licenses have not been interpreted by U.S. or foreign courts, and 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. 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 event of such a claim, we could be required to incur significant legal expenses defending against such allegations. 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 for certain of our publicly available source code. We believe BSL 1.1 enables us to fairly and transparently control commercialization of our source code, however such licensing strategy may not prevent misuse of our source code. Additionally, BSL 1.1 is not an open source license, which may negatively impact adoption of the source code, reduce our brand and product awareness and negatively impact our ability to compete.

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

Open source software license terms generally allow liberal modifications and distribution of the code. We have historically elected to make core portions of our source code available on an open source 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. 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.

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 if, for example, we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property, and as a result 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. We hold a number of issued patents and have filed patent applications both in the U.S. and in foreign jurisdictions. There can be no assurance that our patent applications will result in issued patents, or will result in issued patents in a timely manner.

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 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 deemed unenforceable in the 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 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 U.S. may adversely affect our ability to obtain patents and may facilitate third-party challenges to any future owned or licensed patents. 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. Intellectual property protection may not be available to us in every country in which our services are available, or the laws of or mechanisms for enforcement in some foreign countries may not be as protective of intellectual property rights as those in the U.S. Policing unauthorized use of our technologies, trade secrets

and intellectual property may thus be 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.

We protect and rely, in part, on trade secrets, proprietary know-how and other confidential information to maintain our competitive 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. We may not have adequate remedies for any 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 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. Any litigation to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management, and could result in the impairment or loss of portions of our intellectual property. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights that, if successful, could 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. 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.

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 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. 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 for data privacy and 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 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 U.S. These laws and regulations impose added costs on our business, noncompliance with 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.

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.

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. 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.

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. Actual or perceived security incidents 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 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 are exposed to increased risks of security breaches or incidents. For example, we have seen an increase in phishing attempts and spam emails over time and it is possible this trend will continue. Also, in connection with geopolitical events and conflicts such as the ongoing conflicts in Ukraine and the Middle East, we and our third-party service providers are vulnerable to a heightened risk of cybersecurity attacks, phishing attacks, viruses, malware, ransomware, hacking or similar breaches or incidents.

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 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 our customers' data. Further, security breach techniques are varied and continue to evolve, including through the use of AI to launch more automated, targeted, sophisticated and coordinated attacks, and these attacks may not be detected until after an incident has 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 obligations to notify customers, regulators, impacted individuals or 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 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 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 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, store, transmit, and otherwise process increasing volumes of 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.

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, relating to the collection, use, retention, security, disclosure, transfer, storage and other processing of personal information and other data. The regulatory framework governing these matters worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future, and it is possible that these or other actual or asserted obligations may be interpreted and applied in manners inconsistent between jurisdictions and 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 laws, regulations, contractual obligations, or other actual or 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. Further, we have received and may in the future receive assertions of noncompliance by private actors. Such assertions may result in 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") and more robust compliance 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.

While we have taken steps to mitigate the impact on us with respect to transfers of personal data, the efficacy and longevity of transfer mechanisms upon which we 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 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, 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. 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.

In addition, domestic data privacy laws continue to evolve and could require us to modify our data processing practices and policies and expose us to further regulatory or operational burdens. For example, the California Consumer Privacy Act (“CCPA”) took effect in January 2020 and was subsequently modified by the California Privacy Rights Act (“CPRA”). The CCPA imposes obligations on companies that process California residents’ personal information, including an obligation to provide certain new disclosures to such residents and creates new consumer rights. 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.

Numerous other states have enacted privacy laws that have gone or will go into effect 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, 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 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 have signed business associate agreements with certain of our customers, subjecting us to provisions of HIPAA applicable to business associates, as well as additional contractual requirements. Certain obligations under HIPAA also apply to us directly as a business associate. 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. 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.

We also expect laws, regulations, industry standards and other obligations worldwide relating to privacy, data protection and cybersecurity to continue to evolve, with new, modified, and re-interpreted laws, regulations, standards, and other obligations in these areas. For example, the Network and Information Security Directive II (“NIS2”), adopted in 2023, aims to enhance cybersecurity across critical infrastructure and essential services in the EU. It expands the 2016 NIS Directive’s scope while enforcing stricter governance and accountability requirements. NIS2 requires all EU member states to issue implementing legislation by October 2024, but some EU member states have not finalized their respective legislation and guidance. Additionally, the Digital Operational Resiliency Act (“DORA”), effective in January 2025, establishes a universal framework for managing and mitigating information and communication technology risk that will apply to entities in the financial sector and certain third-party service providers.

Complying with these laws, regulations, contractual or other obligations relating to privacy, security, data protection, transfer or localization and information security may require us to modify our products and services, incur

substantial operational costs, modify our data practices and policies and restrict our business operations. Actual or perceived failure by us to comply with these laws, regulations or other actual or asserted obligations may lead to significant fines, penalties, regulatory investigations, lawsuits, significant costs for remediation, damage to our reputation or other liabilities. The interpretation and application of many privacy, security, and data protection laws, regulations 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 data management practices or the features of our services and platform capabilities. If so, in addition to the possibility of fines, lawsuits, regulatory enforcement or orders, investigations, and other proceedings, imprisonment of company officials and public censure, other claims and penalties, significant costs for remediation and damage to our reputation, we could be required to fundamentally change our business activities and practices or modify our services and platform capabilities, any of which could require significant additional expense and have an adverse effect on our business, including impacting our ability to innovate, delaying our product development roadmap and adversely affecting our relationships with customers and our ability to compete. We 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 self-regulatory standards that may place additional burdens on our ability to provide our products and 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 data that could improve our products and services, or limit the use and adoption of our products and services.

These laws, regulations, rules, industry standards and contractual or other obligations relating to privacy, security, data 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, to reach existing and potential customers or to derive insights from customer 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.

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

In addition to litigation regarding intellectual property, employment, governmental and regulatory investigations, and other claims discussed above, from time to time, we may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including commercial, product liability, class action, whistleblower and other litigation, claims and proceedings. Such proceedings can be time-consuming and difficult to estimate, divert management's attention and resources, cause us to incur significant expenses or liability, require us to change our business 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. In addition, we cannot be sure that our existing insurance coverage for errors and omissions will be adequate or available or continue to be available on acceptable 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 from claims of infringement, misappropriation or violation of intellectual property rights, data breaches, damages or other liabilities caused by us, or relating to or arising from our products and services, our acts or omissions under such agreements or other contractual obligations. Large indemnity payments could harm our business, financial condition and results of operations. Although we attempt to contractually limit indemnity obligations, we are not always successful and may still incur substantial liability related to such claims and we may be required to halt certain functions of our products or services. Moreover, even claims that ultimately are unsuccessful could result in 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

respect to such obligations could have adverse effects on our relationship with customers, channel parties or other third parties or other existing or potential customers, harm our reputation or reduce demand for our products and services.

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

We provide our products and services to heavily regulated organizations, and at times to federal, state and local governments and non-U.S. governments directly and through our partners. Selling to these entities can be highly competitive, expensive and time-consuming, often requiring significant upfront time and expense without any assurance of sales. For instance, highly regulated entities and government customers often require contract terms that differ from our standard arrangements, impose complex compliance requirements, 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. Even if we do meet them, the additional costs associated with providing our services to such customers could harm our financial condition and results of operations.

We have been and are increasingly doing more business in heavily regulated industries. Customers in these industries, may be required to comply with more stringent regulations in connection with subscribing to and implementing our products and 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. 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 U.S. where we conduct our activities. Anti-corruption and anti-bribery laws have been enforced aggressively 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 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 services and conduct our business abroad or through our employees, agents, representatives, partners and third-party intermediaries. We may be held liable for their corrupt or other illegal activities even if we do not explicitly authorize such activities. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. While we have policies and procedures designed to address compliance with such laws, we cannot ensure that none of our employees, agents, representatives, partners or third-party intermediaries will take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

Any allegations or violation of the FCPA or other applicable anti-bribery, anti-corruption and anti-money laundering laws could result in whistleblower complaints, sanctions, settlements, prosecution, enforcement actions, fines, damages, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions or suspension or debarment from federal 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, any of the foregoing could harm our reputation, business, financial condition and results of operations.

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

Certain of our business activities are subject to the U.S. export control laws and regulations, including the Export Administration Regulations (the “EAR”) and the U.S. trade and economic sanctions maintained by the U.S. Department of Treasury’s OFAC as well as the U.S. import laws and regulations. The U.S. export control laws and economic sanctions prohibit the export, re-export and in-country transfer of our offerings, including software and services, to certain U.S. embargoed or sanctioned countries and territories, governments and persons, as well as for prohibited end-uses. Further, we incorporate encryption functionality into certain of our products. As a result, we submit reports about certain of our products to the U.S. Department of Commerce’s Bureau of Industry and Security to ensure that our exports, re-exports and transfers are in accordance with the EAR. Also, in certain cases, it is possible that a license may be required to export or re-export our products to certain countries and end-users. Obtaining the necessary export license for a particular sale or offering may be time-consuming 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 or our customers’ ability to implement our products in those countries.

If we 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 succeed since such laws and regulations are very detailed and technical.

In addition, changes in our products or services or changes in export and import regulations in various countries may create delays in the introduction of our products and services into international markets, prevent the deployment of our 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, or in their scope or targets, could result in decreased use of our products and services by or in our decreased ability to export or sell our products and services to, existing or potential end-customers with international operations. Any of 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 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 of 2022 imposes a 15% minimum tax for large corporations on global adjusted financial statement income for tax years beginning after December 31, 2022, and a 1% excise tax on certain share repurchases occurring after December 31, 2022. We do not currently expect that the IRA will have a material impact on our income tax liability, but will continue to monitor this change in future periods. We are unable to predict what changes to the tax laws of the U.S. and other jurisdictions may be proposed or enacted in the future or what effect such changes would have on our business. Any significant increase in our future effective tax rate could have a material adverse impact on our business, financial condition, results of operations, or cash flows.

There is also a high level of uncertainty in today’s tax environment stemming from both global initiatives put forth by the Organisation for Economic Co-operation and Development (the “OECD”) and unilateral measures being implemented by various countries such as Pillar Two and the global minimum 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, 2024, we had federal and state net operating losses (“NOLs”) of \$335.6 million and \$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, \$166.9 million may be carried forward indefinitely with utilization limited to 80% of taxable income. The remaining \$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. Subsequent ownership changes and changes to the U.S. tax rules in respect of the utilization of NOLs may further affect the limitation in future years.

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

Adverse outcomes in tax audits or changes 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 U.S.

Generally accepted accounting principles in the 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 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 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 revisions. Such changes could result in continuing uncertainty regarding compliance matters and higher legal and financial costs. We continue to invest resources to comply with evolving laws, regulations and standards, which may result in increased general and administrative expenses and a diversion of management's time and attention. If our compliance efforts differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to refine and improve our disclosure controls, internal controls and other procedures to ensure disclosures required in SEC filings are timely recorded, processed, summarized and reported and that disclosures under the Exchange Act are accumulated and communicated to our principal executive and financial officers. We have expended, and anticipate that we will continue to expend, significant resources 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 improve effective controls 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. Any of the foregoing could have an adverse effect on our business, financial condition and results of operations and could 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." We currently expect that we will no longer be an emerging growth company as of January 31, 2025. 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.

Risks Related to Ownership of Our Common Stock and Governance Matters

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

As a public company, we incur substantial legal, accounting and other expenses that we did not incur as a private company. Compliance with the rules and regulations of the Exchange Act, the applicable requirements of the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the rules and regulations of the SEC and the listing standards of the Nasdaq Global Select Market have increased and 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.” We currently expect that we will no longer be an emerging growth company as of January 31, 2025. In addition, as a public company, we may be subject to stockholder activism, which can lead to additional substantial costs, distract management and impact the manner in which we operate our business in unanticipated ways. 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.

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 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 retain employees or customers, and expose us 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 the significant regulatory oversight and reporting obligations under the federal or state securities laws and the continuous scrutiny of securities analysts and investors. These obligations and constituents 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, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, we 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. Any difficulties in implementing these pronouncements could cause failure to meet our financial reporting obligations, regulatory discipline or harm 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 five full fiscal years following the completion of our IPO. 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. We currently expect that we will no longer be an emerging growth company as of January 31, 2025.

The concentration of ownership of our outstanding common stock 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, including the election of directors and the approval of mergers, acquisitions or other extraordinary 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 subject to fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our common stock and include the following:

- price and volume fluctuations and investor confidence in the overall stock market and in technology stocks or those in our industry in particular;
- sales or short selling of our common stock or 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 or our failure to meet these estimates or the expectations of investors;
- any changes in the financial projections we may provide to the public 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 SEC filings;
- rumors and market speculation in our industry, whether or not involving us;
- actual or anticipated changes or fluctuations in our results of operations or key business metrics;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- announced or completed acquisitions of businesses, offerings or technologies by us or our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors, or securities class action litigation against us;
- new laws, regulations, rules or industry standards or new interpretations of existing laws, regulations, rules or industry standards applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- any significant change in our management; and
- general economic conditions and slow or negative growth of our markets and other geopolitical developments.

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. 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. 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.

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 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 for public sale in the 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 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 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.

Subject to applicable rules and regulations and our amended and restated certificate of incorporation, we may issue additional common stock or securities convertible into common stock from time to time in connection with a financing, acquisition, investment, our equity compensation plans or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the market price of our common stock to decline.

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

Our status as a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, regardless of 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;
- certain amendments to our amended and restated certificate of incorporation will require the approval of at least 2/3 of our then-outstanding common stock;
- our stockholders will only be able to take action at a meeting of stockholders and not by written 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, election of stockholders' director nominees and other corporate actions our stockholders may desire, any of which, under certain circumstances, could limit the opportunity for our stockholders to receive a premium as part of a sale of our company and could also affect the price of our common stock in a change of control.

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

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

Section 22 of the Securities Act of 1933, as amended (the "Securities Act"), creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary

rulings by different courts, among other considerations, our amended and restated bylaws further provide that the federal district courts of the 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.

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.

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. The offer and sale of the shares in the IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-257205), which was declared effective by the SEC on July 21, 2021. There has been no material change in the use of the IPO proceeds 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 3, 2024 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 436,832 shares of our common stock, the actual amount of which may be less based on tax withholding. 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, 2025, or earlier if all transactions under the trading arrangement are completed.

On September 28, 2024 during our last fiscal quarter, Greg Henry, our SVP, Chief Financial Officer and officer as defined in Rule 16a-1(f), and the Henry Family Trust, of which Mr. Henry serves as the trustee, 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 220,614 shares of our common stock, the actual amount of which may be less based on tax withholding. 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, 2025, or earlier if all transactions under the trading arrangement are completed.

On September 17, 2024 during our last fiscal quarter, Margaret Chow, SVP, Chief Legal 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 326,973 shares of our common stock, the actual amount of which may be less based on tax withholding. 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, 2025, or earlier if all transactions under the trading arrangement are completed.

On September 30, 2024 during our last fiscal quarter, Huw Owen, SVP, Chief Revenue 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 279,042 shares of our common stock, the actual amount of which may be less based on tax withholding. 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, 2025, or earlier if all transactions under the trading arrangement are completed.

On October 1, 2024 during our last fiscal quarter, Lynn Christensen, 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 52,100 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.

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.

Item 6. Exhibits

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
10.1*	Change in Control and Severance Policy and related form agreements.					X
10.2 [#]	Office Lease Agreement by and between the registrant and SR WINCHESTER, LLC, dated as of August 1, 2024	10-Q	001-40601	10.2	September 5, 2024	
31.1	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.					X
31.2	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.					X
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.					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

* Indicates management contract or compensatory plan.

+ Certain portions of the Office Lease 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 Office Lease Agreement have been omitted from the 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.

† 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.

COUCHBASE, INC.

CHANGE IN CONTROL AND SEVERANCE POLICY

(As renewed, effective August 28, 2024)

This Change in Control and Severance Policy (the “Policy”) is designed to provide certain protections to a select group of designated key employees of Couchbase, Inc. (“Couchbase” or the “Company”) or any of its subsidiaries if their employment is involuntarily terminated under the circumstances described in this Policy. The Policy is designed to be an “employee welfare benefit plan” (as defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”)), and this document is both the formal plan document and the required summary plan description for the Policy.

1. Eligible Employee. An individual is only eligible for protection under this Policy if he or she is an Eligible Employee and complies with its terms. An “Eligible Employee” is an employee of the Company or any subsidiary of the Company who has (a) been designated by the Compensation Committee of the Board (the “Compensation Committee”) as eligible to participate in the Policy, whether individually or by position or category of position and (b) executed a participation agreement in the form attached hereto as Exhibit A (a “Participation Agreement”). Failure to comply with the terms of an individual’s Participation Agreement will result in that individual not being an Eligible Employee.

2. Policy Benefits. An Eligible Employee will be eligible to receive the payments and benefits under this Policy and his or her Participation Agreement upon his or her Qualified Termination. The amount and terms of any Equity Vesting, Salary Severance, Bonus Severance, and COBRA Benefit that an Eligible Employee may receive upon his or her Qualified Termination will be set forth in his or her Participation Agreement. All benefits under this Policy will be subject to the Eligible Employee’s compliance with the Release Requirement and any timing modifications required to avoid adverse taxation under Section 409A.

3. Equity Vesting. On a Qualified Termination, the applicable percentage (set forth in an Eligible Employee’s Participation Agreement) of the then-unvested shares subject to each of the Eligible Employee’s then-outstanding time-based equity awards will immediately vest and, in the case of options and stock appreciation rights, will become exercisable (for avoidance of doubt, no more than 100% of the shares subject to the outstanding portion of a time-based equity award may vest and become exercisable pursuant to this provision). Any restricted stock units or similar full value awards that vest under this paragraph will be settled on the 61st day following the Eligible Employee’s Qualified Termination. For the avoidance of doubt, if an Eligible Employee’s Qualified Termination occurs prior to a Change in Control, then any unvested portion of the Eligible Employee’s outstanding time-based equity awards will remain outstanding for 30 days so that any additional benefits due on a Qualified Termination can be provided if a Change in Control occurs within 30 days following the Qualified Termination (provided that in no event will the terminated Eligible Employee’s stock options or similar equity awards remain outstanding beyond the equity award’s maximum term to expiration). If no Change in Control occurs within 30 days after a Qualified Termination, any unvested portion of the Eligible Employee’s equity awards automatically will be forfeited permanently without having vested.

Any accelerated vesting of an Eligible Employee's outstanding performance-based equity awards upon a Qualified Termination will be determined by the terms of the award agreement for each such equity award.

4. Salary Severance. On a Qualified Termination, an Eligible Employee will be eligible to receive salary severance payment(s) equal to the applicable percentage (set forth in his or her Participation Agreement) of his or her Base Salary. The Eligible Employee's salary severance payment(s) will be paid in cash at the time(s) specified in his or her Participation Agreement.

5. Bonus Severance. To the extent specified in his or her Participation Agreement, on a Qualified Termination, an Eligible Employee will be eligible to receive bonus severance payment(s) with respect to the Eligible Employee's annual bonus. If applicable, the Eligible Employee's bonus severance payment(s) will be paid in cash at the time(s) specified in his or her Participation Agreement.

6. COBRA Benefit. On a Qualified Termination, if an Eligible Employee makes a valid election under COBRA to continue his or her health coverage, the Company will pay the cost of such continuation coverage for the Eligible Employee and any eligible dependents that were covered under the Company's health care plans immediately prior to the date of his or her eligible termination until the earliest of (a) the end of the applicable period set forth in the Eligible Employee's Participation Agreement, (b) the date upon which the Eligible Employee and/or the Eligible Employee's eligible dependents become covered under similar plans or (c) the date upon which the Eligible Employee ceases to be eligible for coverage under COBRA (the "COBRA Coverage").

7. Death of Eligible Employee. If the Eligible Employee dies after a Qualified Termination and before all payments or benefits he or she is entitled to receive under this Policy have been paid, then (i) COBRA Coverage (or COBRA Replacement Payments) to the Eligible Employee will immediately cease and (ii) any such unpaid Salary Severance, Bonus Severance, or Equity Vesting will be paid to his or her designated beneficiary, if living, or otherwise to his or her personal representative in a lump-sum payment as soon as possible following his or her death.

8. Recoupment. If the Company discovers after the Eligible Employee's receipt of payments or benefits under this Policy that grounds for the termination of the Eligible Employee's employment for Cause existed, then the Eligible Employee will not receive any further payments or benefits under this Policy and, to the extent permitted under applicable laws, will be required to repay to the Company any payments or benefits he or she received under the Policy (and any financial gain derived from such payments or benefits).

9. Release. The Eligible Employee's receipt of any severance payments or benefits upon his or Qualified Termination under this Policy is subject to the Eligible Employee signing and not revoking the Company's then-standard separation agreement and release of claims (which may include an agreement not to disparage the Company, non-solicit provisions, and other standard terms and conditions) (the "Release" and such requirement, the "Release Requirement"), which must become effective and irrevocable no later than the 60th day following the Eligible Employee's Qualified Termination (the "Release Deadline"). If the Release does not become effective and irrevocable by the Release Deadline, the Eligible Employee will forfeit any right to severance payments or benefits under this Policy. In no event will severance payments or benefits under the Policy be paid or provided until

the Release actually becomes effective and irrevocable. Notwithstanding any other payment schedule set forth in this Policy or the Eligible Employee's Participation Agreement, none of the severance payments and benefits payable upon such Eligible Employee's Qualified Termination under this Policy will be paid or otherwise provided prior to the 60th day following the Eligible Employee's Qualified Termination. Except as otherwise set forth in an Eligible Employee's Participation Agreement or to the extent that payments are delayed under the paragraph below entitled "Section 409A," on the first regular payroll pay day following the 60th day following the Eligible Employee's Qualified Termination, the Company will pay or provide the Eligible Employee the severance payments and benefits that the Eligible Employee would otherwise have received under this Policy on or prior to such date, with the balance of such severance payments and benefits being paid or provided as originally scheduled.

10. Section 409A. The Company intends that all payments and benefits provided under this Policy or otherwise are exempt from, or comply with, the requirements of Section 409A of the Code and any guidance promulgated thereunder (collectively, "Section 409A") so that none of the payments or benefits will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted in accordance with this intent. No payment or benefits to be paid to an Eligible Employee, if any, under this Policy or otherwise, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A (together, the "Deferred Payments") will be paid or otherwise provided until such Eligible Employee has a "separation from service" within the meaning of Section 409A. If, at the time of the Eligible Employee's termination of employment, the Eligible Employee is a "specified employee" within the meaning of Section 409A, then the payment of the Deferred Payments will be delayed to the extent necessary to avoid the imposition of the additional tax imposed under Section 409A, which generally means that the Eligible Employee will receive payment on the first payroll date that occurs on or after the date that is 6 months and 1 day following his or her termination of employment. The Company reserves the right to amend the Policy as it deems necessary or advisable, in its sole discretion and without the consent of any Eligible Employee or any other individual, to comply with any provision required to avoid the imposition of the additional tax imposed under Section 409A or to otherwise avoid income recognition under Section 409A prior to the actual payment of any benefits or imposition of any additional tax. Each payment, installment, and benefit payable under this Policy is a separate payment for purposes of U.S. Treasury Regulation Section 1.409A-2(b)(2). In no event will the Company reimburse any Eligible Employee for any taxes that may be imposed on him, including as a result of Section 409A.

11. Parachute Payments.

(a) Reduction of Severance Benefits. Notwithstanding anything set forth herein to the contrary, if any payment or benefit that an Eligible Employee would receive from the Company or any other party whether in connection with the provisions herein or otherwise (the "Payment") would (a) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (b) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then such Payment will be equal to the Best Results Amount. The "Best Results Amount" will be either (x) the full amount of such Payment or (y) such lesser amount as would result in no portion of the Payment being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local employment taxes, income taxes and the Excise Tax, results in the

Eligible Employee's receipt, on an after-tax basis, of the greater amount notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting parachute payments is necessary so that the Payment equals the Best Results Amount, reduction will occur in the following order: (i) cancellation of awards granted "contingent on a change in ownership or control" (within the meaning of Section 280G); (ii) a pro rata reduction of (A) cash payments that are subject to Section 409A as deferred compensation and (B) cash payments not subject to Section 409A of the Code; (iii) a pro rata reduction of (A) employee benefits that are subject to Section 409A as deferred compensation and (B) employee benefits not subject to Section 409A; and (iv) a pro rata cancellation of (A) accelerated vesting equity awards that are subject to Section 409A as deferred compensation and (B) equity awards not subject to Section 409A. In the event that acceleration of vesting of equity awards is to be cancelled, such acceleration of vesting will be cancelled in the reverse order of the date of grant of a Participant's equity awards.

(b) Determination of Excise Tax Liability. The Company will select a professional services firm to make all of the determinations required to be made under these paragraphs relating to parachute payments. The Company will request that firm provide detailed supporting calculations both to the Company and the Eligible Employee prior to the date on which the event that triggers the Payment occurs if administratively feasible, or subsequent to such date if events occur that result in parachute payments to the Eligible Employee at that time. For purposes of making the calculations required under these paragraphs relating to parachute payments, the firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith determinations concerning the application of the Code. The Company and the Eligible Employee will furnish to the firm such information and documents as the firm may reasonably request in order to make a determination under these paragraphs relating to parachute payments. The Company will bear all costs the firm may reasonably incur in connection with any calculations contemplated by these paragraphs relating to parachute payments. Any such determination by the firm will be binding upon the Company and the Eligible Employee, and the Company will have no liability to the Eligible Employee for the determinations of the firm.

1. Administration. The Policy will be administered by the Company, acting through the Compensation Committee or another duly constituted committee of members of the Board or its delegate, but only to the extent of such delegation of authority or responsibility (in each case, an "Administrator"). The Administrator will have full discretion to administer and interpret the Policy. Any decision made or other action taken by the Administrator with respect to the Policy and any interpretation by the Administrator of any term or condition of the Policy, or any related document, will be conclusive and binding on all persons and be given the maximum possible deference allowed by law. The Administrator is the "named fiduciary" and "plan administrator" of the Policy for purposes of ERISA and will be subject to the fiduciary standards of ERISA when acting in such capacity. The Administrator may, in its sole discretion and on such terms and conditions as it may provide, delegate in writing to one or more officers of the Company all or any portion of its authority or responsibility with respect to the Policy.

2. Attorneys' Fees. The Company and each Eligible Employee will bear their own attorneys' fees incurred in connection with any disputes between them.

3. Exclusive Benefits. Except as may be set forth in an Eligible Employee's Participation Agreement, this Policy is intended to be the only agreement between the Eligible Employee and the Company regarding any change in control or severance payments or benefits to be paid to the Eligible Employee on account of a termination of employment whether unrelated to, concurrent with, or following, a Change in Control. Accordingly, by executing a Participation Agreement, an Eligible Employee hereby forfeits and waives any rights to any severance or change in control benefits set forth in any employment agreement, offer letter, and/or equity award agreement, except as set forth in this Policy and in the Eligible Employee's Participation Agreement.

4. Tax Obligations. All payments and benefits under this Policy will be paid less applicable withholding taxes. The Company is authorized to withhold from any payments or benefits all U.S. federal, state, local and/or non-U.S. taxes required to be withheld therefrom and any other required payroll deductions. The Company will not pay any Eligible Employee's taxes arising from or relating to any payments or benefits under this Policy. The Eligible Employee will be solely responsible for the payment of all personal tax liability that is incurred as a result of the payments and benefits received under this Policy, and the Eligible Employee will not be reimbursed by the Company for any such payments.

5. Term. Subject to the terms of this paragraph, this Policy will have a term of 3 years commencing on the Effective Date (the "Term") unless the Board or the Compensation Committee, as applicable, decides to sooner terminate this Policy in accordance with the terms of this Policy or the affected Eligible Employee consents to an earlier termination. Any termination of this Policy by the Board or the Compensation Committee, as applicable, must be in writing and will be taken in a non-fiduciary capacity. Neither the lapse of this Policy by its terms nor the termination of this Policy by the Company will by itself constitute termination of employment or grounds for a Constructive Termination. Further, if a Change in Control occurs when there are fewer than 6 months remaining during the Term, the Term will extend automatically through the date that is 18 months following the date of the Change in Control (unless the affected Eligible Employee consents to an earlier termination). Notwithstanding the foregoing, if during the Term, an initial occurrence of an act or omission by the company constituting the grounds for "Constructive Termination" in accordance with the definition herein has occurred (the "Initial Grounds"), and the expiration date of the Cure Period (as such defined herein) with respect to such Initial Grounds could occur following the expiration of the Term, the Term will extend automatically through the date that is 30 days following the expiration of the Cure Period, but such extension of the Term will only apply with respect to the Initial Grounds.

6. Amendment. Subject to this Section 17, the Board or the Compensation Committee may amend the Policy in writing at any time, without advance notice to any Eligible Employee or other individual and without regard to the effect of the amendment on any Eligible Employee or on any other individual. Any amendment to the Policy that (a) causes an individual to cease to be a Eligible Employee, or (b) reduces or alters to the detriment of the Eligible Employee the Severance Benefits potentially payable to the Eligible Employee (including, without limitation, imposing additional conditions or modifying the timing of payment) (an amendment described in clause (a) and/or clause (b) being an "adverse amendment or termination"), will be effective only if it is approved by the Company and communicated to the affected individual(s) in writing more than 18 months before the effective date of the adverse amendment or termination. Once a Participant has incurred a Qualified Termination, no amendment or termination of the Policy may, without that Participant's written consent, reduce or alter

to the detriment of the Participant, the Severance Benefits payable to the Participant. In addition and notwithstanding the preceding, beginning on the date that the Change in Control Period begins, the Company may not, without a Participant's written consent, amend or terminate the Policy in any way, nor take any other action under the Policy, which (i) prevents that Eligible Employee from becoming eligible for Severance Benefits, or (ii) reduces or alters to the detriment of the Eligible Employee the Severance Benefits payable, or potentially payable, to the Eligible Employee (including, without limitation, imposing additional conditions). Any action of the Company in amending or terminating the Policy will be taken in a non-fiduciary capacity.

7. Claims Procedure. Any Eligible Employee who believes he or she is entitled to any payment under the Policy may submit a claim in writing to the Administrator. If the claim is denied (in full or in part), the claimant will be provided a written notice explaining the specific reasons for the denial and referring to the provisions of the Policy on which the denial is based. The notice will also describe any additional information needed to support the claim and the Policy's procedures for appealing the denial. The denial notice will be provided within 90 days after the claim is received. If special circumstances require an extension of time (up to 90 days), written notice of the extension will be given within the initial 90-day period. This notice of extension will indicate the special circumstances requiring the extension of time and the date by which the Administrator expects to render its decision on the claim.

8. Appeal Procedure. If the claimant's claim is denied, the claimant (or his or her authorized representative) may apply in writing to the Administrator for a review of the decision denying the claim. Review must be requested within 60 days following the date the claimant received the written notice of their claim denial or else the claimant loses the right to review. The claimant (or representative) then has the right to review and obtain copies of all documents and other information relevant to the claim, upon request and at no charge, and to submit issues and comments in writing. The Administrator will provide written notice of the decision on review within 60 days after it receives a review request. If additional time (up to 60 days) is needed to review the request, the claimant (or representative) will be given written notice of the reason for the delay. This notice of extension will indicate the special circumstances requiring the extension of time and the date by which the Administrator expects to render its decision. If the claim is denied (in full or in part), the claimant will be provided a written notice explaining the specific reasons for the denial and referring to the provisions of the Policy on which the denial is based. The notice will also include a statement that the claimant will be provided, upon request and free of charge, reasonable access to, and copies of, all documents and other information relevant to the claim and a statement regarding the claimant's right to bring an action under Section 502(a) of ERISA.

9. Successors. Any successor to the Company of all or substantially all of the Company's business and/or assets (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or other transaction) must assume the obligations under the Policy and agree expressly to perform the obligations under the Policy in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under the Policy, the term "Company" will include any successor to the Company's business and/or assets which becomes bound by the terms of the Policy by operation of law, or otherwise.

10. Applicable Law. The provisions of the Policy will be construed, administered, and enforced in accordance with ERISA and, to the extent applicable, the internal substantive laws of the state of California (but not its conflict of laws provisions).

11. Definitions. Unless otherwise defined in an Eligible Employee's Participation Agreement, the following terms will have the following meanings for purposes of this Policy and the Eligible Employee's Participation Agreement:

(a) "Base Salary." means the Eligible Employee's annual base salary as in effect immediately prior to his or her Qualified Termination (or if the termination is due to a resignation in a Constructive Termination based on a material reduction in base salary, then the Eligible Employee's annual base salary in effect immediately prior to such reduction) or, if the Eligible Employee's Qualified Termination occurs following the Change in Control, at the level in effect immediately prior to the Change in Control if the pre-Change in Control amount is greater.

(b) "Board" means the Board of Directors of the Company.

(c) "Cause" means, with respect to an Eligible Employee, the occurrence of any of the following: (i) the Eligible Employee's engaging in illegal or unethical conduct that was or is reasonably likely to be materially injurious to the business or reputation of the Company or its subsidiaries; (ii) the Eligible Employee's violation of a federal or state law or regulation materially applicable to the Company's business; (iii) the Eligible Employee's material breach of the terms of any confidentiality agreement or invention assignment agreement between the Eligible Employee and the Company; (iv) the Eligible Employee's being convicted of, or entering a plea of *nolo contendere* to, a felony (other than a traffic violation) or committing any act of moral turpitude, dishonesty or fraud against, or the misappropriation of material property belonging to, the Company or its subsidiaries; (v) the Eligible Employee's repeated failure to substantially perform his or her duties and responsibilities to the Company after written notification by the Board of such failure and an opportunity to cure such failure within 30 days, (vi) the Eligible Employee's material breach of any of his or her fiduciary duties to the Company; or (vii) the Eligible Employee's failure to reasonably cooperate in any audit or investigation of the business or financial practices of the Company.

(d) "Change in Control" means the occurrence of any of the following events:

(i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, (A) the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control, and (B) if the stockholders of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately prior to the change in ownership, the direct or indirect beneficial ownership of fifty percent (50%) or more of the total voting power of the stock of the Company or of the ultimate parent entity of the Company, such event will not be considered a Change in Control under this subsection (i). For this purpose, indirect beneficial ownership will include, without limitation, an interest resulting from ownership of the voting

securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through one or more subsidiary corporations or other business entities; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this subsection (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is to change the jurisdiction of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(e) "Change in Control Period" will mean the period beginning 30 days prior to and ending 12 months following a Change in Control.

- (f) “COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985.
- (g) “Code” means the Internal Revenue Code of 1986.
- (h) “Constructive Termination” has the meaning set forth in the Eligible Employee’s Participation Agreement.
- (i) “Disability” means the total and permanent disability as defined in Section 22(e)(3) of the Code unless the Company maintains a long-term disability plan at the time of the Eligible Employee’s termination, in which case, the determination of disability under such plan also will be considered “Disability” for purposes of this Policy.
- (j) “Exchange Act” means the Securities and Exchange Act of 1934.
- (k) “Qualified Termination” has the meaning set forth in the Eligible Employee’s Participation Agreement.
- (l) “Severance Benefits” means Salary Severance, Bonus Severance, or Equity Vesting.

Additional Information:

Plan Name: Couchbase, Inc. Change in Control and Severance Policy

Plan Sponsor: Couchbase, Inc.

3250 Olcott Street
Santa Clara, CA 95054

Identification Numbers: 26-3576987

Plan Year: Company's Fiscal Year

Plan Administrator: Couchbase, Inc.

Attention: Administrator of the Couchbase, Inc. Change in Control and Severance Policy
3250 Olcott Street
Santa Clara, CA 95054

Agent for Service of

Legal Process: Couchbase, Inc.

Attention: Chief Legal Officer

3250 Olcott Street
Santa Clara, CA 95054

Service of process may also be made upon the Plan Administrator.

Type of Plan Severance Plan/Employee Welfare Benefit Plan

Plan Costs The cost of the Policy is paid by the Company.

Statement of ERISA Rights:

Eligible Employees have certain rights and protections under ERISA:

They may examine (without charge) all Policy documents, including any amendments and copies of all documents filed with the U.S. Department of Labor, such as the Policy's annual report (Internal Revenue Service Form 5500). These documents are available for review in the Company's Human Resources Department.

They may obtain copies of all Policy documents and other Policy information upon written request to the Plan Administrator. A reasonable charge may be made for such copies.

In addition to creating rights for Eligible Employees, ERISA imposes duties upon the people who are responsible for the operation of the Policy. The people who operate the Policy (called "fiduciaries") have a duty to do so prudently and in the interests of Eligible Employees. No one, including the Company or any other person, may fire or otherwise discriminate against an Eligible Employee in any way to prevent them from obtaining a benefit under the Policy or exercising rights under ERISA. If an Eligible Employee's claim for a severance benefit is denied, in whole or in part, they must receive a written explanation of the reason for the denial. An Eligible Employee has the right to have the denial of their claim reviewed. (The claim review procedure is explained above.)

Under ERISA, there are steps Eligible Employees can take to enforce the above rights. For instance, if an Eligible Employee requests materials and does not receive them within 30 days, they may file suit in a federal court. In such a case, the court may require the Administrator to provide the materials and to pay the Eligible Employee up to \$110 a day until they receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If an Eligible Employee has a claim which is denied or ignored, in whole or in part, he or she may file suit in a state or federal court. If it should happen that an Eligible Employee is discriminated against for asserting their rights, he or she may seek assistance from the U.S. Department of Labor, or may file suit in a federal court.

In any case, the court will decide who will pay court costs and legal fees. If the Eligible Employee is successful, the court may order the person sued to pay these costs and fees. If the Eligible Employee loses, the court may order the Eligible Employee to pay these costs and fees, for example, if it finds that the claim is frivolous.

If an Eligible Employee has any questions regarding the Policy, please contact the Plan Administrator. If an Eligible Employee has any questions about this statement or about their rights under ERISA, they may contact the nearest area office of the Employee Benefits Security Administration (formerly the Pension and Welfare Benefits Administration), U.S. Department of Labor, listed in the telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W. Washington, D.C. 20210. An Eligible Employee may also obtain certain publications about their rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

EXHIBIT A**Change in Control and Severance Policy
Participation Agreement**

This Participation Agreement ("Agreement") is made and entered into by and between [•] on the one hand, and Couchbase, Inc. (the "Company") on the other.

You have been designated as eligible to participate in the Policy, a copy of which is attached hereto, pursuant to which you are eligible to receive the following severance payments and benefits upon a Qualified Termination, subject to the terms and conditions of the Policy.

"Qualified Termination" means a termination of your employment by the Company (or any of its subsidiaries) other than for Cause, death, or Disability or by you due to a Constructive Termination, in either case (i) during the Change in Control Period (a "CIC Qualified Termination") or (ii) outside the Change in Control Period (a "Non-CIC Qualified Termination").

"Constructive Termination" means your resignation in accordance with the next sentence after the occurrence of one or more of the following events without your express written consent: (i) the assignment to you of any authority, duties or responsibilities or the reduction of the your authority, duties or responsibilities, either of which results in a material diminution in the your authority, duties or responsibilities at the Company as in effect immediately prior to the Change in Control Period, unless you are provided with a comparable position (i.e., a position of equal or greater organizational level, duties, authority and status); provided, however, that ceasing to hold the CEO position at either the parent level of the surviving entity or at the highest level of the acquiring company during the Change in Control Period will constitute such a material diminution in your authority, duties or responsibilities unless you are provided with a comparable position (i.e., a position of equal or greater organizational level, duties, authority and status); (ii) a material reduction of more than 10% of your then-current on-target cash compensation (including Base Salary, target annual bonus and, if applicable, Commission Target), other than as part of a single, across-the-board proportional compensation reduction applicable to all officers of the Company and approved by the Board or the Compensation Committee; (iii) a material reduction in your employee benefits (including but not limited to medical, dental, insurance, short- and long-term disability insurance and 401k retirement plan benefits) to which you are entitled immediately prior to such reduction (iv) a relocation of your principal work location to a location that increases your one-way commute from your principal residence at the time of the Change in Control by more than 30 miles as compared to where you perform duties immediately prior to the Change in Control; and (v) the failure of the Company to obtain the assumption of the material obligations of the your employment offer letter (or employment agreement) with the Company by any successors. In order for your resignation to be a Constructive Termination, you must not resign without first providing the Company with written notice of the acts or omissions constituting the grounds for a "Constructive Termination" within 60 days of the initial existence of the grounds for a "Constructive Termination" and a cure period of 30 days following the date of written notice (the "Cure Period"), such grounds must not have been cured during such time, and you must terminate your employment within 30 days following the Cure Period. As used in this definition, "Company" includes any successor to the Company pursuant to a Change in Control.

Non-CIC Qualified Termination

- **Equity Vesting:** None.
- **Salary Severance:** Your percentage of Base Salary will be 100%, payable over 12 months following your Qualified Termination.
- **Bonus Severance:** None.
- **COBRA Coverage:** The Company will pay for your COBRA continuation coverage for up to 12 months.

CIC Qualified Termination

- **Equity Vesting:** Your equity vesting benefit will be 100% (time-based awards).
- **Salary Severance:** Your percentage of Base Salary will be 100%, payable in a lump-sum.
- **Bonus Severance:** You will receive a lump-sum payment equal to 100% of your target annual bonus as in effect for the fiscal year in which your Qualified Termination occurs.
- **COBRA Coverage:** The Company will pay for your COBRA continuation coverage (or COBRA Replacement Payments, as applicable) for up to 12 months.

Release

All payments are subject to the continued compliance with the Release and all the covenants therein. The Release shall provide for concurrence between Eligible Employee's non-solicitation covenants and the number of months of Eligible Employee's severance term.

Non-Duplication of Payment or Benefits

If (i) an Eligible Employee's Qualified Termination occurs prior to a Change in Control that qualifies him or her for severance payments and benefits payable on a Non-CIC Qualified Termination under this Policy and the Agreement and (ii) a Change in Control occurs within the 30 day period following the Eligible Employee's Qualified Termination that qualifies him or her for the severance payments and benefits payable on a CIC Qualified Termination under this Policy, then (i) the Eligible Employee will cease receiving any further payments or benefits under this Policy in connection with his or her Non-CIC Qualified Termination and (ii) the Equity Vesting, Salary Severance and COBRA Coverage (or COBRA Replacement Payments), as applicable, otherwise payable on a CIC Qualified Termination under this Agreement each will be offset by the corresponding payments or benefits already paid under this Participation Agreement upon a Non-CIC Qualified Termination.

Other Provisions

Except as set forth in this paragraph, you agree that the Policy and the Agreement constitute the entire agreement of the parties hereto and supersede in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties, and will specifically supersede any severance and/or change in control provisions of any

offer letter, employment agreement, or equity award agreement entered into between you and the Company.

This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

By its signature below, each of the parties signifies its acceptance of the terms of this Agreement, in the case of the Company by its duly authorized officer effective as of the last date set forth below.

COUCHBASE, INC. ELIGIBLE EMPLOYEE

By: _____ By: _____

Signature: _____ Signature: _____

Date: _____ Date: _____

EXHIBIT B

**Change in Control and Severance Policy
Participation Agreement**

This Participation Agreement (“Agreement”) is made and entered into by and between [•] on the one hand, and Couchbase, Inc. (the “Company”) on the other.

You have been designated as eligible to participate in the Policy, a copy of which is attached hereto, pursuant to which you are eligible to receive the following severance payments and benefits upon a Qualified Termination, subject to the terms and conditions of the Policy.

“Qualified Termination” means either (i) a termination of your employment by the Company (or any of its subsidiaries) other than for Cause, death, or Disability or by you due to a Constructive Termination, in either case, during the Change in Control Period (a “**CIC Qualified Termination**”) or (ii) a termination of your employment by the Company (or any of its subsidiaries) other than for Cause, death, or Disability outside the Change in Control Period (a “**Non-CIC Qualified Termination**”).

“Constructive Termination” means your resignation in accordance with the next sentence after the occurrence of one or more of the following events without your express written consent: (i) a material reduction of your duties, position or responsibilities; provided, however, that ceasing to hold the [TITLE] position at either the parent level of the surviving entity or at the highest level of the acquiring company during the Change in Control Period will constitute such a material diminution in your authority, duties or responsibilities unless you are provided with a comparable position (i.e., a position of equal or greater organizational level, duties, authority and status); (ii) a material reduction of more than 10% of your then-current on-target cash compensation (including Base Salary, target annual bonus and, if applicable, Commission Target), other than as part of a single, across-the-board proportional compensation reduction applicable to all officers of the Company and approved by the Board or the Compensation Committee; (iii) a material reduction in your employee benefits (including but not limited to medical, dental, insurance, short- and long-term disability insurance and 401k retirement plan benefits) to which you are entitled immediately prior to such reduction (iv) a relocation of the Company’s principal corporate offices to a location greater than 30 miles from its current location; and (v) the failure of the Company to obtain the assumption of the material obligations of the your employment offer letter (or employment agreement) with the Company by any successors. In order for your resignation to be a Constructive Termination, you must not resign without first providing the Company with written notice of the acts or omissions constituting the grounds for a “Constructive Termination” within 60 days of the initial existence of the grounds for a “Constructive Termination” and a cure period of 30 days following the date of written notice (the “Cure Period”), such grounds must not have been cured during such time, and you must terminate your employment within 30 days following the Cure Period. As used in this definition, “Company” includes any successor to the Company pursuant to a Change in Control.

Non-CIC Qualified Termination

- Equity Vesting: None.
- **Salary Severance:** The amount of the Salary Severance will vary based on Eligible Employee's time of service with the Company, or tenure, through the date of the Qualified Termination as follows:
 - For tenure less than 2 years, your percentage of Base Salary will be 50%, payable over 6 months following your Qualified Termination.
 - For tenure equal to or greater than 2 years, but less than 3 years, your percentage of Base Salary will be 75%, payable over 9 months following your Qualified Termination.
 - For tenure equal to or greater than 3 years, your percentage of Base Salary will be 100%, payable over 12 months following your Qualified Termination.
- **Bonus Severance:** None.
- **COBRA Coverage:** The Company will pay for your COBRA continuation coverage for up to the same number of months as the applicable Salary Severance term.

CIC Qualified Termination

- **Equity Vesting:** Your equity vesting benefit will be 100% (time-based awards).
- **Salary Severance:** Your percentage of Base Salary will be 100%, payable in a lump-sum.
- **Bonus Severance:** You will receive a lump-sum payment equal to the pro-rata portion of your target annual bonus (based on the number of full months you have worked during the fiscal year in which your Qualified Termination occurs).
- **COBRA Coverage:** The Company will pay for your COBRA continuation coverage for up to 12 months.

Release

All payments are subject to the continued compliance with the Release and all the covenants therein. The Release shall provide for concurrence between Eligible Employee's non-solicitation covenants and the number of months of Eligible Employee's severance term.

Non-Duplication of Payment or Benefits

If (i) an Eligible Employee's Qualified Termination occurs prior to a Change in Control that qualifies him or her for severance payments and benefits payable on a Non-CIC Qualified Termination under this Policy and the Agreement and (ii) a Change in Control occurs within the 30 day period following the Eligible Employee's Qualified Termination that qualifies him or her for the severance

payments and benefits payable on a CIC Qualified Termination under this Policy, then (i) the Eligible Employee will cease receiving any further payments or benefits under this Policy in connection with his or her Non-CIC Qualified Termination and (ii) the Equity Vesting, Salary Severance and COBRA Coverage (or COBRA Replacement Payments), as applicable, otherwise payable on a CIC Qualified Termination under this Agreement each will be offset by the corresponding payments or benefits already paid under this Participation Agreement upon a Non-CIC Qualified Termination.

Other Provisions

Except as set forth in this paragraph, you agree that the Policy and the Agreement constitute the entire agreement of the parties hereto and supersede in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties, and will specifically supersede any severance and/or change in control provisions of any offer letter, employment agreement, or equity award agreement entered into between you and the Company.

This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

By its signature below, each of the parties signifies its acceptance of the terms of this Agreement, in the case of the Company by its duly authorized officer effective as of the last date set forth below.

COUCHBASE, INC. ELIGIBLE EMPLOYEE

By: _____ By: _____

Signature: _____ Signature: _____

Date: _____ Date: _____

**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 4, 2024

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

**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, 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 4, 2024

By:

/s/ MATTHEW M. CAIN

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, 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 4, 2024

By:

/s/ GREG HENRY

Name:

Greg Henry

Title:

Senior Vice President and Chief Financial Officer
(Principal Financial Officer)