

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 April 30, 2021
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: 001-38240

MONGODB, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization)	26-1463205 (I.R.S. Employer Identification No.)
1633 Broadway, 38th Floor New York, NY (Address of principal executive offices)	10019 (Zip Code)

Registrant's telephone number, including area code: 646-727-4092

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.001 per share	MDB	The Nasdaq Stock Market LLC (Nasdaq Global 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 checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input 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 June 1, 2021, there were 62,140,090 shares of the registrant's Class A common stock, par value \$0.001 per share, outstanding.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

MONGODB, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)
(unaudited)

	April 30, 2021	January 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 407,055	\$ 42
Short-term investments	527,988	52
Accounts receivable, net of allowance for doubtful accounts of \$4,404 and \$6,024 as of April 30, 2021 and January 31, 2021, respectively	100,646	13
Deferred commissions	39,595	3
Prepaid expenses and other current assets	20,738	1
Total current assets	1,096,022	1,14
Property and equipment, net	60,906	6
Operating lease right-of-use assets	45,019	3
Goodwill	57,775	5
Acquired intangible assets, net	27,493	2
Deferred tax assets	1,006	
Other assets	89,406	8
Total assets	\$ 1,377,627	\$ 1,40
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 4,358	\$ 7
Accrued compensation and benefits	59,482	7
Operating lease liabilities	6,432	
Other accrued liabilities	27,369	5
Deferred revenue	231,040	22
Total current liabilities	328,681	35
Deferred tax liability, non-current	73	
Operating lease liabilities, non-current	45,835	3
Deferred revenue, non-current	17,263	1
Convertible senior notes, net	1,192,488	93
Other liabilities, non-current	61,651	5
Total liabilities	1,645,991	1,40
Commitments and contingencies (Note 7)		
Temporary equity, convertible senior notes	—	
Stockholders' deficit:		
Class A common stock, par value of \$0.001 per share; 1,000,000,000 shares authorized as of April 30, 2021 and January 31, 2021; 62,195,644 shares issued and 62,096,273 shares outstanding as of April 30, 2021; 60,997,822 shares issued and 60,898,451 shares outstanding as of January 31, 2021	62	
Additional paid-in capital	680,413	93
Treasury stock, 99,371 shares (repurchased at an average of \$13.27 per share) as of April 30, 2021 and January 31, 2021	(1,319)	(
Accumulated other comprehensive loss	(760)	
Total stockholders' deficit	(946,760)	(93)
Total liabilities, temporary equity and stockholders' deficit	\$ 1,377,627	\$ 1,40

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

MONGODB, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended April 30,	
	2021	2020
Revenue:		
Subscription	\$ 174,570	\$ 124,856
Services	7,078	5,473
Total revenue	181,648	130,329
Cost of revenue:		
Subscription	45,402	30,625
Services	9,126	7,052
Total cost of revenue	54,528	37,677
Gross profit	127,120	92,652
Operating expenses:		
Sales and marketing	97,890	69,125
Research and development	64,751	45,632
General and administrative	25,925	19,935
Total operating expenses	188,566	134,692
Loss from operations	(61,446)	(42,040)
Other income (expense):		
Interest income	173	2,727
Interest expense	(3,658)	(13,795)
Other expense, net	(437)	(625)
Loss before provision for (benefit from) income taxes	(65,368)	(53,733)
Provision for (benefit from) income taxes	(1,376)	234
Net loss	\$ (63,992)	\$ (53,967)
Net loss per share, basic and diluted	\$ (1.04)	\$ (0.94)
Weighted-average shares used to compute net loss per share, basic and diluted	61,361,670	57,649,524

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

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

	Three Months Ended April 30,	
	2021	2020
Net loss	\$ (63,992)	\$ (53,000)
Other comprehensive income (loss), net of tax:		
Unrealized gain on available-for-sale securities	34	
Foreign currency translation adjustment	(90)	
Other comprehensive income (loss)	(56)	
Total comprehensive loss	\$ (64,048)	\$ (53,000)

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

MONGODB, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands, except share data)
(unaudited)

	Class A Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount					
Balances as of January 31, 2021	60,898,451	\$ 61	\$ 932,332	\$ (1,319)	\$ (704)	\$ (935,403)	\$ (5,033)
Cumulative effect of accounting change	—	—	(309,381)	—	—	52,635	(256,746)
Stock option exercises	483,787	1	3,539	—	—	—	3,540
Vesting of early exercised stock options	—	—	10	—	—	—	10
Vesting of restricted stock units	341,939	—	—	—	—	—	—
Stock-based compensation	—	—	50,914	—	—	—	50,914
Conversion of 2024 convertible senior notes	372,096	—	2,999	—	—	—	2,999
Unrealized gain on available-for-sale securities	—	—	—	—	34	—	34
Foreign currency translation adjustment	—	—	—	—	(90)	—	(90)
Net loss	—	—	—	—	—	(63,992)	(63,992)
Balances as of April 30, 2021	62,096,273	\$ 62	\$ 680,413	\$ (1,319)	\$ (760)	\$ (946,760)	\$ (268,364)

	Class A and Class B Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount					
Balances as of January 31, 2020	57,382,543	\$ 57	\$ 752,127	\$ (1,319)	\$ 225	\$ (668,232)	\$ 82,858
Cumulative effect of accounting change	—	—	—	—	—	(227)	(227)
Stock option exercises	373,394	1	2,994	—	—	—	2,995
Repurchase of early exercised options	(79)	—	—	—	—	—	—
Vesting of early exercised stock options	—	—	42	—	—	—	42
Vesting of restricted stock units	241,569	—	—	—	—	—	—
Stock-based compensation	—	—	30,567	—	—	—	30,567
Conversion of 2024 convertible senior notes	8	—	—	—	—	—	—
Unrealized gain on available-for-sale securities	—	—	—	—	848	—	848
Foreign currency translation adjustment	—	—	—	—	(75)	—	(75)
Net loss	—	—	—	—	—	(53,967)	(53,967)
Balances as of April 30, 2020	57,997,435	\$ 58	\$ 785,730	\$ (1,319)	\$ 998	\$ (722,426)	\$ 63,041

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

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

	Three Months Ended April 30,	
	2021	2020
Cash flows from operating activities		
Net loss	\$ (63,992)	\$ (53,967)
Adjustments to reconcile net loss to net cash provided by (used) in operating activities:		
Depreciation and amortization	3,251	2,864
Stock-based compensation	50,914	30,567
Amortization of debt discount and issuance costs	1,427	12,023
Amortization of finance right-of-use assets	994	994
Amortization of operating right-of-use assets	1,522	1,372
Deferred income taxes	(1,585)	(290)
Accretion of discount on short-term investments	1,527	(193)
Unrealized foreign exchange loss	315	—
Change in operating assets and liabilities:		
Accounts receivable	35,145	3,637
Prepaid expenses and other current assets	(9,027)	234
Deferred commissions	(5,882)	(3,063)
Other long-term assets	23	(170)
Accounts payable	224	219
Accrued liabilities	(17,152)	(2,779)
Operating lease liabilities	(1,027)	(1,126)
Deferred revenue	9,749	3,349
Other liabilities, non-current	3,791	451
Net cash provided by (used in) operating activities	10,217	(5,878)
Cash flows from investing activities		
Purchases of property and equipment	(627)	(1,505)
Acquisition, net of cash acquired	(4,469)	—
Investment in non-marketable securities	(936)	—
Proceeds from maturities of marketable securities	100,000	165,000
Purchases of marketable securities	(101,479)	(160,283)
Net cash provided by (used in) investing activities	(7,511)	3,212
Cash flows from financing activities		
Payments of issuance costs for convertible senior notes	—	(4,154)
Proceeds from exercise of stock options, including early exercised stock options	3,539	3,000
Repurchase of early exercised stock options	—	(1)
Principal repayments of finance leases	(1,199)	(1,135)
Repayments of convertible senior notes attributable to principal	(27,594)	—
Net cash used in financing activities	(25,254)	(2,290)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(94)	(593)
Net decrease in cash, cash equivalents and restricted cash	(22,642)	(5,549)
Cash, cash equivalents and restricted cash, beginning of period	430,222	706,706
Cash, cash equivalents and restricted cash, end of period	\$ 407,580	\$ 701,157
Supplemental cash flow disclosure		
Cash paid during the period for:		
Income taxes, net of refunds	\$ 995	\$ 553
Interest expense	\$ 819	\$ 884
Reconciliation of cash, cash equivalents and restricted cash within the condensed consolidated balance sheets, end of period, to the amounts shown in the statements of cash flows above		
Cash and cash equivalents	\$ 407,055	\$ 700,645
Restricted cash, non-current	525	512
Total cash, cash equivalents and restricted cash	\$ 407,580	\$ 701,157

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

MONGODB, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Description of Business

MongoDB, Inc. (“MongoDB” or the “Company”) was originally incorporated in the state of Delaware in November 2007 under the name 10Gen, Inc. In August 2013, the Company changed its name to MongoDB, Inc. The Company is headquartered in New York City. MongoDB is the leading, modern, general purpose database platform. The Company’s robust platform enables developers to build and modernize applications rapidly and cost-effectively across a broad range of use cases. Organizations can deploy the Company’s platform at scale in the cloud, on-premise or in a hybrid environment. In addition to selling its software, the Company provides post-contract support, training and consulting services for its offerings. The Company’s fiscal year ends January 31.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying interim condensed consolidated balance sheet as of April 30, 2021, the interim condensed consolidated statements of stockholders’ equity (deficit) for the three months ended April 30, 2021 and 2020, the interim condensed consolidated statements of operations and of comprehensive loss for the three months ended April 30, 2021 and 2020 and the interim condensed consolidated statements of cash flows for the three months ended April 30, 2021 and 2020 are unaudited. The interim unaudited condensed consolidated financial statements have been prepared on a basis consistent with the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to state fairly the Company’s financial position as of April 30, 2021, its statements of stockholders’ equity (deficit) as of April 30, 2021 and 2020, its results of operations and of comprehensive loss for the three months ended April 30, 2021 and 2020 and its statements of cash flows for the three months ended April 30, 2021 and 2020. The financial data and the other financial information disclosed in the notes to these interim condensed consolidated financial statements related to the three-month periods are also unaudited. The results of operations for the three months ended April 30, 2021 are not necessarily indicative of the results to be expected for the fiscal year ending January 31, 2022 or for any other future year or interim period.

The interim unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and accounts have been eliminated. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the applicable rules and regulations of the Securities and Exchange Commission. The condensed balance sheet data as of January 31, 2021 was derived from the Company’s audited financial statements, but does not include all disclosures required by U.S. GAAP. Therefore, these interim unaudited condensed consolidated financial statements and accompanying footnotes should be read in conjunction with the Company’s annual consolidated financial statements and related footnotes included in its Annual Report on Form 10-K for the fiscal year ended January 31, 2021 (the “2021 Form 10-K”).

Use of Estimates

The preparation of the interim unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates include, but are not limited to, revenue recognition, allowances for doubtful accounts, the incremental borrowing rate related to the Company’s lease liabilities, stock-based compensation, fair value of common stock prior to the initial public offering, legal contingencies, fair value of acquired intangible assets and goodwill, useful lives of acquired intangible assets and property and equipment, fair value of non-marketable securities and accounting for income taxes. The Company bases these estimates on historical and anticipated results, trends and various other assumptions that it believes are reasonable under the circumstances, including assumptions as to future events.

The ongoing COVID-19 pandemic has resulted in a global slowdown of economic activity that is likely to continue to decrease demand for a broad variety of goods and services, including from the Company’s customers, while also disrupting sales channels and marketing activities for an unknown period of time. The Company currently expects its revenue to continue to be negatively impacted by the slowdown in activity and other challenges associated with the ongoing COVID-19 pandemic in the near-term.

MONGODDB, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Estimates and assumptions about future events and their effects cannot be determined with certainty and therefore require the exercise of judgment. As of the date of issuance of these financial statements, the Company is not aware of any specific event or circumstance that would require the Company to update its estimates, assumptions and judgments or adjust the carrying value of its assets or liabilities. These estimates may change as new events occur and additional information is obtained and are recognized in the consolidated financial statements as soon as they become known. Actual results could differ from those estimates and any such differences may be material to the Company's financial statements.

Related Party Transactions

All contracts with related parties are executed in the ordinary course of business. There were no material related party transactions in the three months ended April 30, 2021 and 2020. As of April 30, 2021 and January 31, 2021, there were no material amounts payable to or amounts receivable from related parties.

Significant Accounting Policies

There have been no changes to the Company's significant accounting policies as described in the Company's 2021 Form 10-K other than as a result of the Company's adoption of the new accounting guidance related to convertible instruments, effective February 1, 2021, as discussed in "Recently Adopted Accounting Pronouncements—Convertible Senior Notes" below.

Recently Adopted Accounting Pronouncements

Convertible Senior Notes. In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-06—*Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity ("ASU 2020-06")*. The new standard simplifies the accounting for convertible instruments by eliminating the conversion option separation model for convertible debt that can be settled in cash and by eliminating the measurement model for beneficial conversion features. Convertible instruments that continue to be subject to separation models are (1) those with conversion options that are required to be accounted for as bifurcated derivatives and (2) convertible debt instruments issued with substantial premiums for which the premiums are recorded as paid-in capital. Additionally, among other changes, the new guidance eliminates some of the conditions for equity classification for contracts in an entity's own equity, thereby making it easier for equity contracts to qualify for the derivative scope exception. The new standard also requires entities to use the if-converted method for all convertible instruments in the diluted earnings per share calculation and include the effect of share settlement for instruments that may be settled in cash or shares, except for certain liability-classified share-based payment awards.

The Company early adopted ASU 2020-06 as of February 1, 2021 using the modified retrospective transition method. Upon adoption of ASU 2020-06, the Company is no longer recording the conversion feature of its convertible senior notes in equity. Instead, the Company combined the previously separated equity component with the liability component, which together is now classified as debt, thereby eliminating the subsequent amortization of the debt discount as interest expense. Similarly, the portion of issuance costs previously allocated to equity was reclassified to debt and amortized as interest expense. Accordingly, the Company recorded a decrease to accumulated deficit of \$52.6 million, a decrease to additional paid-in capital of \$309.4 million, a decrease to temporary equity of \$4.7 million and an increase to convertible senior notes, net of \$261.5 million. There was an immaterial benefit from the reversal of the deferred tax liability associated with the convertible senior notes upon the adoption of ASU 2020-06. Prior period financial statements were not restated.

Also upon adoption, the Company is no longer utilizing the treasury stock method for earnings per share purposes. Instead, the Company is applying the if-converted method when reporting the number of potentially dilutive shares of common stock. Although the required use of the if-converted method will not impact the diluted net loss per share as long as the Company is in a net loss position, the Company is required to include disclosures of all the underlying shares regardless of the average stock price for the reporting period.

The Company's convertible senior notes are classified as non-current liabilities until the reporting period date is within one year of maturity of the convertible senior notes or when the Company has received a redemption request, but settlement will occur after the reporting period date. Under such circumstances, the carrying amount of the convertible senior notes, net of the associated unamortized debt issuance costs, is classified as a current liability.

Income Taxes. In December 2019, the FASB issued ASU 2019-12—*Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The amendments in ASU 2019-12 simplify the accounting for income taxes by removing

MONGODDB, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

certain exceptions to the general principles in Topic 740. The amendments also improve consistent application and simplification of GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The Company adopted ASU 2019-12 effective February 1, 2021 and the adoption of this standard did not have a material impact on the Company's condensed consolidated financial statements.

3. Fair Value Measurements

The following tables present information about the Company's financial assets and liabilities that have been measured at fair value on a recurring basis as of April 30, 2021 and January 31, 2021 and indicate the fair value hierarchy of the valuation inputs utilized to determine such fair value (in thousands):

	Fair Value Measurement as of April 30, 2021			Total
	Level 1	Level 2	Level 3	
Financial Assets:				
Cash and cash equivalents:				
Money market funds	\$ 279,453	\$ —	\$ —	\$ 279
Short-term investments:				
U.S. government treasury securities	527,989	—	—	527
Total financial assets	<u>\$ 807,442</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 807</u>
	Fair Value Measurement as of January 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial Assets:				
Cash and cash equivalents:				
Money market funds	\$ 330,109	\$ —	\$ —	\$ 330
Short-term investments:				
U.S. government treasury securities	528,045	—	—	528
Total financial assets	<u>\$ 858,154</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 858</u>

The Company utilized the market approach and Level 1 valuation inputs to value its money market mutual funds and U.S. government treasury securities because published net asset values were readily available. The contractual maturity of all marketable securities was less than one year as of April 30, 2021 and January 31, 2021. As of April 30, 2021 and January 31, 2021, gross unrealized gains and losses for cash equivalents and short-term investments were not material. Accordingly, the Company concluded that an allowance for credit losses was unnecessary for short-term investments as of April 30, 2021. Gross realized gains and losses were immaterial for each of the three month periods ended April 30, 2021 and 2020.

Convertible Senior Notes

In addition to its cash, cash equivalents and short-term investments, the Company measures the fair value of its outstanding convertible senior notes on a quarterly basis for disclosure purposes. The Company considers the fair value of its convertible senior notes at April 30, 2021 to be a Level 2 measurement due to limited trading activity of the convertible senior notes. Refer to Note 5, *Convertible Senior Notes*, for further details.

Non-marketable Securities

As of April 30, 2021 and January 31, 2021, the total amount of non-marketable equity securities included in other assets on the Company's condensed consolidated balance sheets was \$1.4 million and \$0.5 million. During the three months ended April 30, 2021, the Company invested an additional \$0.9 million in cash in non-marketable equity securities. Refer to Note 2, *Summary of Significant Accounting Policies*, in the Notes to Consolidated Financial Statements included in Part II, Item 8 of the Company's 2021 Form 10-K for further information. The Company classifies these assets as Level 3 within the fair value hierarchy only if an impairment or observable price changes in orderly transactions are recognized on these non-marketable equity securities during the period. The estimation of fair value for these investments is inherently complex due to the lack of readily available market data and inherent lack of liquidity and requires the Company's judgment and the use of significant unobservable inputs in an inactive market. In addition, the determination of whether an orderly transaction is for the identical or a similar investment requires significant management judgment, including understanding the differences in the rights and obligations of the investments, the extent to which those differences would affect the fair values of those

MONGODDB, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

investments and the stage of operational development of the entities. For the three months ended April 30, 2021, there have been no adjustments to the carrying values of the Company's non-marketable securities as a result of impairment or observable price changes.

4. Goodwill and Acquired Intangible Assets, Net

During the three months ended April 30, 2021, the Company made an acquisition for total cash consideration of \$9.0 million, of which \$4.5 million was the purchase price to be allocated and \$4.5 million will be recognized as post-combination compensation expense. For accounting purposes, this business combination was deemed immaterial. The Company allocated \$3.4 million to the acquired developed technology intangible asset based on fair value to be amortized over its economic useful life of five years. The Company also recorded \$1.9 million to goodwill, which included a tax benefit associated with the acquisition due to the release of the valuation allowance of \$0.8 million. The gross carrying amount and accumulated amortization of the Company's intangible assets are as follows (in thousands):

	April 30, 2021		
	Gross Carrying Value	Accumulated Amortization	Net Book Value
Developed technology	\$ 38,100	\$ (18,377)	\$ 19,723
Customer relationships	15,200	(7,430)	7,770
Total	\$ 53,300	\$ (25,807)	\$ 27,493

	January 31, 2021		
	Gross Carrying Value	Accumulated Amortization	Net Book Value
Developed technology	\$ 34,700	\$ (16,955)	\$ 17,745
Customer relationships	15,200	(6,670)	8,530
Total	\$ 49,900	\$ (23,625)	\$ 26,275

Acquired intangible assets are amortized on a straight-line basis. As of April 30, 2021, the weighted-average remaining useful lives of identifiable, acquisition-related intangible assets was 3.3 years for developed technology and 2.6 years for customer relationships. Amortization expense of intangible assets was \$2.2 million for the three months ended April 30, 2021. Amortization expense for developed technology was included as research and development expense in the Company's condensed consolidated statements of operations. Amortization expense for customer relationships was included as sales and marketing expense in the Company's condensed consolidated statements of operations.

As of April 30, 2021, future amortization expense related to the intangible assets is as follows (in thousands):

Years Ending January 31,	
Remainder of 2022	\$ 6,885
2023	9,180
2024	8,505
2025	2,130
2026	680
2027	113
Total	\$ 27,493

5. Convertible Senior Notes

In June 2018, the Company issued \$250.0 million aggregate principal amount of 0.75% convertible senior notes due 2024 in a private placement and, in July 2018, the Company issued an additional \$50.0 million aggregate principal amount of convertible senior notes pursuant to the exercise in full of the initial purchasers' option to purchase additional convertible senior notes (collectively, the "2024 Notes"). The 2024 Notes are senior unsecured obligations of the Company and interest is payable semiannually in arrears on June 15 and December 15 of each year, beginning on December 15, 2018, at a rate of 0.75% per year. The 2024 Notes will mature on June 15, 2024, unless earlier converted, redeemed or repurchased. The total net proceeds from the offering, after deducting initial purchase discounts and debt issuance costs, were approximately \$291.1 million.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

In January 2020, the Company issued \$1.0 billion aggregate principal amount of 0.25% convertible senior notes due 2026 in a private placement and, also in January 2020, the Company issued an additional \$150.0 million aggregate principal amount of convertible senior notes pursuant to the exercise in full of the initial purchasers' option to purchase additional convertible senior notes (collectively, the "2026 Notes"). The 2026 Notes are senior unsecured obligations of the Company and interest is payable semiannually in arrears on July 15 and January 15 of each year, beginning on July 15, 2020, at a rate of 0.25% per year. The 2026 Notes will mature on January 15, 2026, unless earlier converted, redeemed or repurchased. The total net proceeds from the offering, after deducting initial purchase discounts and estimated debt issuance costs, were approximately \$1.13 billion.

On January 14, 2020, in connection with the issuance of the 2026 Notes, the Company used a portion of the net proceeds to repurchase \$210.0 million aggregate principal amount of the 2024 Notes (the "2024 Notes Partial Repurchase") leaving \$90.0 million aggregate principal outstanding on the 2024 Notes immediately after the exchange. The 2024 Notes Partial Repurchase were not pursuant to a redemption notice and were individually privately negotiated transactions. The 2024 Notes Partial Repurchase and issuance of the 2026 Notes were deemed to have substantially different terms due to the significant difference between the value of the conversion option immediately prior to and after the exchange, and accordingly, the 2024 Notes Partial Repurchase was accounted for as a debt extinguishment.

Refer to Note 6, *Convertible Senior Notes*, in the Notes to Consolidated Financial Statements included in Part II, Item 8 of the Company's 2021 Form 10-K for further information on the 2024 Notes, the 2026 Notes and the 2024 Notes Partial Repurchase.

During the three months ended April 30, 2021, the conditional conversion feature of the 2024 Notes and the 2026 Notes was triggered as the last reported sale price of the Company's Class A common stock was more than or equal to 130% of the applicable conversion price for each of the series of convertible senior notes for at least 20 trading days in the period of 30 consecutive trading days ending on April 30, 2021 (the last trading day of the fiscal quarter) and therefore the 2024 Notes and the 2026 Notes are currently convertible, in whole or in part, at the option of the holders from May 1, 2021 through July 31, 2021. Whether the 2024 Notes or 2026 Notes will be convertible following such period will depend on the continued satisfaction of this condition or another conversion condition in the future. During the three months ended April 30, 2021, the Company converted \$30.6 million aggregate principal amount of the 2024 Notes to certain holders. Pursuant to the Company's adoption of ASU 2020-06, there was no gain nor loss recognized upon these conversions. The difference between the settlement consideration and the liability component of the redeemed 2024 Notes was recorded to additional paid-in capital on the Company's condensed consolidated balance sheet. Although the Company used \$27.6 million of cash to repay a portion of the principal upon redemption, the Company may continue to elect to repay the 2024 Notes and the 2026 Notes in cash, shares of the Company's Class A common stock or a combination of both cash and shares with respect to future conversions of the 2024 Notes and the 2026 Notes.

The net carrying amounts of the liability component of the 2024 Notes and the 2026 Notes were as follows (in thousands):

	April 30, 2021	
	2024 Notes	2026 Notes
Principal	\$ 59,405	\$ 1,150,000
Unamortized debt issuance costs	(931)	(15,986)
Net carrying amount ⁽¹⁾	\$ 58,474	\$ 1,134,014

⁽¹⁾ The net carrying amount was increased on February 1, 2021 as a result of the adoption of ASU 2020-06. Refer to Note 2, *Summary of Significant Accounting Policies*, in this Quarterly Report on Form 10-Q for further information.

As of April 30, 2021, the total estimated fair values (Level 2) of the outstanding 2024 Notes and the 2026 Notes were approximately \$260.5 million and \$1.79 billion, respectively. The fair values were determined based on the closing trading price per \$100 of the 2024 Notes and 2026 Notes as of the last day of trading for the period. The fair values of the 2024 Notes and 2026 Notes are primarily affected by the trading price of the Company's Class A common stock and market interest rates.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The following table sets forth the interest expense related to the 2024 Notes and 2026 Notes (in thousands):

	Three Months Ended April 30,			
	2021		2020	
	2024 Notes	2026 Notes	2024 Notes	2026 Notes
Contractual interest expense	\$ 132	\$ 718	\$ 169	\$ 719
Amortization of debt discount ⁽¹⁾	—	—	970	10,547
Amortization of issuance costs ⁽¹⁾	87	837	65	441
Total ⁽¹⁾	\$ 219	\$ 1,555	\$ 1,204	\$ 11,707

⁽¹⁾ The decrease in total interest expense for the period ended April 30, 2021 was due to the derecognition of the unamortized debt discount, partially offset by the increase in the amortization of issuance costs previously recognized in equity. These changes were the result of the Company's adoption of ASU 2020-06, as of February 1, 2021, as described in Note 2, *Summary of Significant Accounting Policies*.

Capped Calls

In connection with the pricing of the 2024 Notes and 2026 Notes, the Company entered into privately negotiated capped call transactions with certain counterparties (the "Capped Calls"). The Capped Calls associated with the 2024 Notes each have an initial strike price of approximately \$68.15 per share, subject to certain adjustments, which corresponds to the initial conversion price of the 2024 Notes. These Capped Calls have initial cap prices of \$106.90 per share, subject to certain adjustments.

The Capped Calls associated with the 2026 Notes each have an initial strike price of approximately \$211.20 per share, subject to certain adjustments, which corresponds to the initial conversion price of the 2026 Notes. These Capped Calls have initial cap prices of \$296.42 per share, subject to certain adjustments.

Refer to Note 6, *Convertible Senior Notes*, in the Notes to Consolidated Financial Statements included in Part II, Item 8 of the Company's 2021 Form 10-K for further information on the Capped Calls.

6. Leases

Finance Lease

In December 2017, the Company entered into a lease agreement for 106,230 rentable square feet of office space (the "Premises") to accommodate its growing employee base in New York City. The Company received delivery of the Premises on January 1, 2018 to commence construction to renovate the Premises. Total estimated aggregate base rent payments over the initial 12-year term of the lease are \$87.3 million and payments began in July 2019. The Company has the option to extend the term of the lease by an additional 5 years.

Operating Leases

The Company has entered into non-cancelable operating leases, primarily related to rental of office space expiring through 2032. The Company recognizes operating lease costs on a straight-line basis over the term of the agreement, taking into account adjustments for market provisions such as free or escalating base monthly rental payments or deferred payment terms such as rent holidays that defer the commencement date of the required payments. The Company may receive renewal or expansion options, leasehold improvement allowances or other incentives on certain lease agreements.

The Company entered into a new agreement to lease approximately 16,000 square feet of office space in Palo Alto for a term of eight years with one option to extend for an additional five years. The total estimated aggregate base rent payments are \$14.2 million with payments beginning four months subsequent to the commencement date, which was April 13, 2021.

MONGODB, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Lease Costs

The components of the Company's lease costs included in its condensed consolidated statement of operations were as follows (in thousands):

	Three Months Ended April 30,	
	2021	2020
Finance lease cost:		
Amortization of finance lease right-of-use assets	\$ 994	\$ 994
Interest on finance lease liabilities	819	884
Operating lease cost	1,907	1,823
Short-term lease cost	66	793
Total lease cost	\$ 3,786	\$ 4,494

Balance Sheet Components

The balances of the Company's finance and operating leases were recorded on the condensed consolidated balance sheet as follows (in thousands):

	April 30, 2021	January 31, 2021
Finance Lease:		
Property and equipment, net	\$ 34,444	\$ 35,
Other accrued liabilities (current)	4,297	4,
Other liabilities, non-current	53,087	54,
Operating Leases:		
Operating lease right-of-use assets	\$ 45,019	\$ 34,
Operating lease liabilities (current)	6,432	2,
Operating lease liabilities, non-current	45,835	39,

Supplemental Information

The following table presents supplemental information related to the Company's finance and operating leases (in thousands, except weighted-average information):

	Three Months Ended April 30,	
	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance lease	\$ 819	\$ 884
Operating cash flows from operating leases	1,506	1,297
Financing cash flows from finance lease	1,199	1,135
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 11,924	\$ 23,375
Weighted-average remaining lease term (in years):		
Finance lease	8.7	
Operating leases	7.9	
Weighted-average discount rate:		
Finance lease	5.6 %	5.6
Operating leases	4.3 %	5.0

MONGODDB, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Maturities of Lease Liabilities

Future minimum lease payments under non-cancelable finance and operating leases on an annual undiscounted cash flow basis as of April 30, 2021 were as follows (in thousands):

Year Ending January 31,	Finance Lease	Operating Leases
Remainder of 2022	\$ 5,382	\$ 6,153
2023	8,073	9,656
2024	8,073	8,778
2025	8,445	7,729
2026	8,711	6,219
Thereafter	34,118	23,354
Total minimum payments	72,802	61,889
Less imputed interest	(15,418)	(9,622)
Present value of future minimum lease payments	57,384	52,267
Less current obligations under leases	(4,297)	(6,432)
Non-current lease obligations	\$ 53,087	\$ 45,835

7. Commitments and Contingencies*Non-cancelable Material Commitments*

During the three months ended April 30, 2021, other than certain non-cancelable operating leases described in Note 6, *Leases*, there have been no material changes outside the ordinary course of business to the Company's contractual obligations and commitments from those disclosed in the 2021 Form 10-K.

Legal Matters

From time to time, the Company has become involved in claims, litigation and other legal matters arising in the ordinary course of business, including intellectual property claims, labor and employment claims and breach of contract claims. For example, on March 12, 2019, Realtime Data ("Realtime") filed a lawsuit against the Company (the "Realtime Lawsuit") in the United States District Court for the District of Delaware alleging that the Company is infringing three U.S. patents that it holds: U.S. Patent No. 9,116,908 (the "908 Patent"), U.S. Patent No. 9,667,751 (the "751 Patent") and U.S. Patent No. 8,933,825 (the "825 Patent"). The patent infringement allegations in the lawsuit relate to data compression, decompression, storage and retrieval. Realtime seeks monetary damages and injunctive relief. On May 4, 2021, in a separate action involving the same three Patents, the District Court granted the defendants' motion to dismiss without prejudice, finding that the Patents are invalid under 35 U.S.C. § 101. Realtime filed an amended complaint against the Company on May 18, 2021 and the Company intends to respond in due course.

The Company investigates all claims, litigation and other legal matters as they arise. Although claims and litigation are inherently unpredictable, the Company is currently not aware of any matters that, if determined adversely to the Company, would individually or taken together have a material adverse effect on its business, financial position, results of operations or cash flows.

The Company accrues estimates for resolution of legal and other contingencies when losses are probable and estimable. Although the results of claims and litigation are inherently unpredictable, the Company believes that there was less than a reasonable possibility that the Company had incurred a material loss with respect to such loss contingencies, as of April 30, 2021 and January 31, 2021; therefore, the Company has not recorded an accrual for such contingencies.

Indemnification

The Company enters into indemnification provisions under its agreements with other companies in the ordinary course of business, including business partners, landlords, contractors and parties performing its research and development. Pursuant to these arrangements, the Company agrees to indemnify, hold harmless and reimburse the indemnified party for certain losses suffered or incurred by the indemnified party as a result of the Company's activities. The terms of these indemnification agreements are generally perpetual. The maximum potential amount of future payments the Company could

MONGODB, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

be required to make under these agreements is not determinable. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the fair value of these agreements is not material. The Company maintains commercial general liability insurance and product liability insurance to offset certain of the Company's potential liabilities under these indemnification provisions.

The Company has entered into indemnification agreements with each of its directors and executive officers. These agreements require the Company to indemnify such individuals, to the fullest extent permitted by Delaware law, for certain liabilities to which they may become subject as a result of their affiliation with the Company.

8. Revenue

Disaggregation of Revenue

Based on the information provided to and reviewed by the Company's Chief Executive Officer, the Company believes that the nature, amount, timing and uncertainty of its revenue and cash flows and how they are affected by economic factors is most appropriately depicted through the Company's primary geographical markets and subscription product categories. The Company's primary geographical markets are North and South America ("Americas"); Europe, Middle East and Africa ("EMEA"); and Asia Pacific. The Company also disaggregates its subscription products between its MongoDB Atlas-related offerings and other subscription products, which includes MongoDB Enterprise Advanced.

The following table presents the Company's revenues disaggregated by primary geographical markets, subscription product categories and services (in thousands):

	Three Months Ended April 30,	
	2021	2020
Primary geographical markets:		
Americas	\$ 109,476	\$ 81,538
EMEA	54,725	39,009
Asia Pacific	17,447	9,782
Total	\$ 181,648	\$ 130,329
Subscription product categories and services:		
MongoDB Atlas-related	\$ 93,510	\$ 54,170
Other subscription	81,060	70,686
Services	7,078	5,473
Total	\$ 181,648	\$ 130,329

Customers located in the United States accounted for 55% of total revenue for the three months ended April 30, 2021 and 58% of total revenue for the three months ended April 30, 2020. No other country accounted for 10% or more of revenue for the periods presented.

Contract Liabilities

The Company's contract liabilities are recorded as deferred revenue in the Company's condensed consolidated balance sheet and consists of customer invoices issued or payments received in advance of revenues being recognized from the Company's subscription and services contracts. Deferred revenue, including current and non-current balances, as of April 30, 2021 and January 31, 2021 was \$248.3 million and \$238.0 million, respectively. Approximately 42% and 52% of the total revenue recognized for the three months ended April 30, 2021 and 2020, respectively, was from deferred revenue at the beginning of each respective period.

Remaining Performance Obligations

Remaining performance obligations represent the aggregate amount of the transaction price in contracts allocated to performance obligations not delivered, or partially undelivered, as of the end of the reporting period. Remaining performance obligations include unearned revenue, multi-year contracts with future installment payments and certain unfulfilled orders against accepted customer contracts at the end of any given period. As of April 30, 2021, the aggregate transaction price

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allocated to remaining performance obligations was \$284.1 million. Approximately 56% is expected to be recognized as revenue over the next 12 months and the remainder thereafter. The Company applies the practical expedient to omit disclosure with respect to the amount of the transaction price allocated to remaining performance obligations if the related contract has a total duration of 12 months or less.

Unbilled Receivables

Revenue recognized in excess of invoiced amounts creates an unbilled receivable, which represents the Company's unconditional right to consideration in exchange for goods or services that the Company has transferred to the customer. Unbilled receivables were recorded as part of accounts receivable, net in the Company's condensed consolidated balance sheets. As of April 30, 2021 and January 31, 2021, unbilled receivables were \$4.6 million and \$5.7 million, respectively.

Allowance for Doubtful Accounts

The adoption of ASU 2016-13 on February 1, 2020 required the Company to shift from an incurred loss impairment model to an expected credit loss model. Accordingly, the Company is required to consider expectations of forward-looking losses, in addition to historical loss rates, to estimate its allowance for doubtful accounts on its account receivables. The following is a summary of the changes in the Company's allowance for doubtful accounts (in thousands):

	Allowance for Doubtful Accounts	
Balance at January 31, 2021	\$	6,024
Provision		26
Recoveries/write-offs		(1,646)
Balance as of April 30, 2021	\$	4,404

Costs Capitalized to Obtain Contracts with Customers

Deferred commissions were \$124.5 million as of April 30, 2021. Amortization expense with respect to deferred commissions was \$9.7 million for the three months ended April 30, 2021 and \$6.5 million for the three months ended April 30, 2020. There was no impairment loss in relation to the costs capitalized for the periods presented.

9. Equity Incentive Plans and Employee Stock Purchase Plan

2008 Stock Incentive Plan and 2016 Equity Incentive Plan

The Company adopted the 2008 Stock Incentive Plan (as amended, the "2008 Plan") and the 2016 Equity Incentive Plan (as amended, the "2016 Plan"), primarily for the purpose of granting stock-based awards to employees, directors and consultants, including stock options, restricted stock units ("RSUs") and other stock-based awards. With the establishment of the 2016 Plan in December 2016, all shares available for grant under the 2008 Plan were transferred to the 2016 Plan. The Company no longer grants any stock-based awards under the 2008 Plan and any shares underlying stock options canceled under the 2008 Plan will be automatically transferred to the 2016 Plan.

Stock Options

The 2016 Plan provides for the issuance of incentive stock options to employees and nonstatutory stock options to employees, directors or consultants. The Company's Board of Directors or a committee thereof determines the vesting schedule for all equity awards. Stock option awards generally vest over a period of four years with 25% vesting on the one-year anniversary of the award and the remainder vesting monthly over the next 36 months of the grantee's service to the Company.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The following table summarizes stock option activity for the three months ended April 30, 2021 (in thousands, except share and per share data and years):

	Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Balance - January 31, 2021	3,881,545	\$ 7.50	4.8	\$ 1,405,540
Stock options exercised	(483,787)	7.37		
Stock options forfeited and expired	(9,483)	11.00		
Balance - April 30, 2021	<u>3,388,275</u>	\$ 7.51	4.6	\$ 982,426
Vested and exercisable - January 31, 2021	<u>3,566,091</u>	\$ 7.22	4.7	\$ 1,292,303
Vested and exercisable - April 30, 2021	<u>3,303,706</u>	\$ 7.32	4.5	\$ 958,531

Restricted Stock Units

The 2016 Plan provides for the issuance of RSUs to employees, directors and consultants. RSUs granted to new employees generally vest over a period of four years with 25% vesting on the one-year anniversary of the vesting start date and the remainder vesting quarterly over the next 12 quarters, subject to the grantee's continued service to the Company. RSUs granted to existing employees generally vest quarterly over a period of four years, subject to the grantee's continued service to the Company.

The following table summarizes RSU activity for the three months ended April 30, 2021:

	Shares	Weighted-Average Grant Date Fair Value per RSU
Unvested - January 31, 2021	3,473,512	\$ 139.68
RSUs granted	677,279	408.82
RSUs vested	(341,939)	121.75
RSUs forfeited and canceled	(148,362)	155.67
Unvested - April 30, 2021	<u>3,660,490</u>	\$ 190.43

2017 Employee Stock Purchase Plan

In October 2017, the Company's Board of Directors adopted, and stockholders approved, the 2017 Employee Stock Purchase Plan (the "2017 ESPP"). Subject to any plan limitations, the 2017 ESPP allows eligible employees to contribute, normally through payroll deductions, up to 15% of their earnings for the purchase of the Company's Class A common stock at a discounted price per share. The Company's current offering period began December 16, 2020 and is expected to end June 15, 2021.

Stock-Based Compensation Expense

Total stock-based compensation expense recognized in the Company's unaudited condensed consolidated statements of operations is as follows (in thousands):

	Three Months Ended April 30,	
	2021	2020
Cost of revenue—subscription	\$ 2,990	\$ 1,827
Cost of revenue—services	1,487	1,146
Sales and marketing	18,876	10,823
Research and development	20,335	11,759
General and administrative	7,226	5,012
Total stock-based compensation expense	<u>\$ 50,914</u>	<u>\$ 30,567</u>

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Net Loss Per Share

The Company calculates basic net loss per share by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period, less shares subject to repurchase. Diluted net loss per share is computed by giving effect to all potentially dilutive shares of Class A common stock outstanding for the period, including stock options, restricted stock units and shares underlying the conversion option of the 2024 Notes and the 2026 Notes. Basic and diluted net loss per share was the same for each period presented, as the inclusion of all potential shares of Class A common stock outstanding would have been anti-dilutive due to the net loss reported for each period presented.

The following table sets forth the computation of basic and diluted net loss per share (in thousands, except share and per share data):

	Three Months Ended April 30,	
	2021	2020
<i>Numerator:</i>		
Net loss	\$ (63,992)	\$ (53,967)
<i>Denominator:</i>		
Weighted-average shares used to compute net loss per share, basic and diluted	61,361,670	57,649,524
Net loss per share, basic and diluted	\$ (1.04)	\$ (0.94)

Prior to the adoption of ASU 2020-06, the Company calculated the potential dilutive effect of its 2024 Notes and 2026 Notes under the treasury stock method. As a result, only the amount by which the conversion value exceeded the aggregate principal amount of the 2024 Notes and 2026 Notes (the “conversion spread”) was considered in the diluted earnings per share computation. The conversion spread only had a dilutive impact on diluted net income per share when the average market price of the Company’s Class A common stock for a given period exceeded the initial conversion price of \$68.15 per share for the 2024 Notes and \$211.20 per share for the 2026 Notes.

Upon the adoption of ASU 2020-06 on February 1, 2021, the Company calculates the potential dilutive effect of its 2024 Notes and 2026 under the if-converted method. Under this method, diluted earnings per share is determined by assuming that all of the 2024 Notes and the 2026 Notes were converted into shares of the Company’s Class A common stock at the beginning of the reporting period.

In connection with the issuance of the 2024 Notes and 2026 Notes, the Company entered into Capped Calls, which were not included for purposes of calculating the number of diluted shares outstanding, as their effect would have been anti-dilutive. The Capped Calls are expected to partially offset the potential dilution to the Company’s Class A common stock upon any conversion of the 2024 Notes and 2026 Notes. The Company has not exercised any of its Capped Calls as of April 30, 2021.

The following weighted-average outstanding potentially dilutive shares of common stock 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.

	Three Months Ended April 30,	
	2021	2020
Stock options pursuant to the 2016 Equity Incentive Plan	918,106	1,646,894
Stock options pursuant to the 2008 Stock Incentive Plan (previously options to purchase Class B common stock)	2,755,430	4,326,300
Unvested restricted stock units	3,812,342	3,866,970
Early exercised stock options	416	10,157
Shares underlying the conversion option of the 2024 Notes (conversion spread only prior to the adoption of ASU 2020-06)	871,697	707,613
Shares underlying the conversion option of the 2026 Notes	5,445,135	—

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Income Taxes

The Company recorded a provision for (benefit from) income taxes of \$(1.4) million and \$0.2 million for the three months ended April 30, 2021 and 2020, respectively. The benefit recorded during the three months ended April 30, 2021 was driven by the release of the valuation allowance as a result of goodwill recorded associated with an immaterial business combination, as well as the reversal of the deferred tax liability associated with the convertible senior notes upon the adoption of ASU 2020-06, partially offset by an increase in foreign taxes as the Company continued its global expansion. The calculation of income taxes was based upon the estimated annual effective tax rates for the year applied to the current period income (loss) before tax plus the tax effect of any significant unusual items, discrete events or changes in tax law.

The Company assesses uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainties in Tax*. As of January 31, 2021, the Company's net unrecognized tax benefits totaled \$17.5 million, which would have no impact on the Company's effective tax rate if recognized.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed into law. The CARES Act includes provisions relating to refundable payroll tax credits, deferral of certain payroll taxes, technical corrections to tax depreciation methods for qualified improvement property, net operating loss carryback periods, alternative minimum tax credit refunds and modifications to the net interest deduction limitations. The CARES Act did not have a material impact on the Company's interim unaudited condensed consolidated financial statements for the three months ended April 30, 2021. The Company will continue to monitor any effects that may result from the CARES Act.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Unless the context otherwise indicates, references in this report to the terms “MongoDB,” “the Company,” “we,” “our” and “us” refer to MongoDB, Inc., its divisions and its subsidiaries. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with (1) our interim unaudited condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and (2) the audited consolidated financial statements and the related notes and the discussion under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2021 (the “2021 Form 10-K”). All information presented herein is based on our fiscal calendar year, which ends January 31. Unless otherwise stated, references to particular years, quarters, months or periods refer to our fiscal years ended January 31 and the associated quarters, months and periods of those fiscal years.

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements are often identified by the use of words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “will,” “would” or the negative or plural of these words or similar expressions or variations, including our expectations regarding our future growth opportunity, revenue and revenue growth, investments, strategy, operating expenses and the anticipated impact of the global economic uncertainty and financial market conditions caused by the ongoing COVID-19 pandemic on our business, results of operations and financial condition. Such forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified herein, and those discussed in the section titled “Risk Factors,” set forth in Part 2, Item 1A of this Quarterly Report on Form 10-Q. You should not rely upon forward-looking statements as predictions of future events. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Our corporate website is located at www.mongodb.com. We make available free of charge, on or through our corporate website, our annual, quarterly and current reports, and any amendments to those reports, as soon as reasonably practicable after electronically filing such reports with, or furnishing such reports to, the Securities and Exchange Commission (“SEC”). Information contained on our corporate website is not part of this Quarterly Report on Form 10-Q or any other report filed with or furnished to the SEC.

Overview

MongoDB is the leading modern, general purpose database platform. Our robust platform enables developers to build and modernize applications rapidly and cost-effectively across a broad range of use cases. Organizations can deploy our platform at scale in the cloud, on-premise, or in a hybrid environment. Through our unique document-based architecture, we are able to address the needs of organizations for performance, scalability, flexibility and reliability while maintaining the strengths of legacy databases. Software applications are redefining how organizations across industries engage with their customers, operate their businesses and compete with each other. A database is at the heart of every software application. As a result, selecting a database is a highly strategic decision that directly affects developer productivity, application performance and organizational competitiveness. Our platform addresses the performance, scalability, flexibility and reliability demands of modern applications, while maintaining the strengths of legacy databases. Our business model combines the developer mindshare and adoption benefits of open source with the economic benefits of a proprietary software subscription business model. MongoDB is headquartered in New York City and our total headcount was 2,745 as of April 30, 2021, an increase from 2,020 as of April 30, 2020.

We generate revenue primarily from sales of subscriptions, which accounted for 96% of our total revenue for each of the three month periods ended April 30, 2021 and 2020.

MongoDB Atlas is our hosted multi-cloud database-as-a-service (“DBaaS”) offering that includes comprehensive infrastructure and management, which we run and manage in the cloud. During the three months ended April 30, 2021, MongoDB Atlas revenue represented 51% of our total revenue, as compared to 42% of our total revenue during the three months ended April 30, 2020, reflecting the continued growth of MongoDB Atlas since its introduction in June 2016. We have experienced strong growth in self-serve customers of MongoDB Atlas. These customers are charged monthly in arrears

based on their usage. In addition, we have also seen growth in MongoDB Atlas customers sold by our sales force. These customers typically sign annual contracts and pay in advance or are invoiced monthly in arrears based on usage.

MongoDB Enterprise Advanced is our proprietary commercial database server offering for enterprise customers that can run in the cloud, on-premise or in a hybrid environment, and includes our proprietary commercial database server, enterprise management capabilities, our graphical user interface, analytics integrations, technical support and a commercial license to our platform. MongoDB Enterprise Advanced revenue represented 40% of our subscription revenue for the three months ended April 30, 2021 and 49% of our subscription revenue for the three months ended April 30, 2020. We sell subscriptions directly through our field and inside sales teams, as well as indirectly through channel partners. The majority of our subscription contracts are one year in duration and are invoiced upfront. When we enter into multi-year subscriptions, we typically invoice the customer on an annual basis.

Many of our enterprise customers initially get to know our software by using Community Server, which is our free-to-download version of our database that includes the core functionality developers need to get started with MongoDB without all the features of our commercial platform. Our platform has been downloaded from our website more than 175 million times since February 2009 and over 70 million times in the last 12 months alone. We also offer a free tier of MongoDB Atlas, which provides access to our hosted database solution with limited processing power and storage, as well as certain operational limitations. As a result, with the availability of both Community Server and MongoDB Atlas free tier offerings, our direct sales prospects are often familiar with our platform and may have already built applications using our technology. A core component of our growth strategy for MongoDB Atlas and MongoDB Enterprise Advanced is to convert developers and their organizations who are already using Community Server or the free tier of MongoDB Atlas to become customers of our commercial products and enjoy the benefits of either a self-managed or hosted offering.

We also generate revenue from services, which consist primarily of fees associated with consulting and training services. Revenue from services accounted for 4% of our total revenue for both the three months ended April 30, 2021 and 2020. We expect to continue to invest in our services organization as we believe it plays an important role in accelerating our customers' realization of the benefits of our platform, which helps drive customer retention and expansion.

We believe the market for our offerings is large and growing. According to IDC, the worldwide database software market, which it refers to as the data management software market, is forecast to be \$73 billion in 2021 growing to approximately \$119 billion in 2025, representing a 13% compound annual growth rate. We have experienced rapid growth and have made substantial investments in developing our platform and expanding our sales and marketing footprint. We intend to continue to invest heavily to grow our business to take advantage of our market opportunity rather than optimizing for profitability or cash flow in the near term.

Impact of the Ongoing COVID-19 Pandemic

The ongoing COVID-19 pandemic has continued to impact the United States ("U.S.") and the world. As a result, authorities have from time to time implemented numerous measures to contain the virus, including travel bans and restrictions, quarantines, shelter-in-place orders, and business limitations and shutdowns. Although many jurisdictions have relaxed such restrictions, in some cases these restrictions have been or may in the future be re-instituted, and other jurisdictions are imposing restrictions for the first time. As the COVID-19 pandemic continues, it is highly uncertain to what extent and when restrictions will be lifted in various jurisdictions. The full extent of the impact of the ongoing COVID-19 pandemic on our future operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact of new variants of the virus that causes COVID-19; the public health measures taken by authorities and other entities to contain and treat COVID-19; the actions taken to effect a widespread, global roll-out of the available vaccines; and the impact of the COVID-19 pandemic on the global economy and on our current and prospective customers, employees, vendors and other parties with whom we do business, all of which are uncertain and cannot be predicted.

We adopted several measures in response to the COVID-19 pandemic, including temporarily requiring employees to work remotely, suspending non-essential travel by our employees, and replacing in-person marketing events (including our annual developer conference) with virtual events. We have informed our employees that they may continue to elect to work remotely until September 1, 2021, even if their office reopens.

While the broader implications of the ongoing COVID-19 pandemic on our results of operations and overall financial performance remain uncertain, we currently expect our revenue to continue to be negatively impacted by the slowdown in activity and other challenges associated with the COVID-19 pandemic and global uncertainty in the near term.

During the three months ended April 30, 2021, we experienced a decrease in our travel costs due to global travel restrictions and remote work arrangements in effect as a result of the ongoing COVID-19 pandemic.

We will continue to evaluate the nature and extent of the impact of COVID-19 on our business. For further discussion of the potential impacts of the ongoing COVID-19 pandemic on our business, operating results, and financial condition, see the section titled “Risk Factors” included in Part II, Item 1A of this Quarterly Report on Form 10-Q. Other factors affecting our performance are discussed below, although we caution you that the ongoing COVID-19 pandemic may also further impact these factors.

Key Factors Affecting Our Performance

Growing Our Customer Base and Expanding Our Global Reach

We are intensely focused on continuing to grow our customer base. We have invested, and expect to continue to invest, heavily in our sales and marketing efforts and developer community outreach, which are critical to driving customer acquisition. As of April 30, 2021, we had over 26,800 customers across a wide range of industries and in over 100 countries, compared to over 18,400 customers as of April 30, 2020. All affiliated entities are counted as a single customer.

Our customer count as of April 30, 2021 includes customers acquired from ObjectLabs Corporation (“mLab”) and Tightlydb, Inc. (“Realm”), which acquisitions closed on November 1, 2018 and May 7, 2019, respectively. Our definition of “customer” excludes (1) users of our free offerings, (2) mLab users who spend \$20 or less per month with us and (3) self-serve users acquired from Realm. The excluded mLab and Realm users collectively represent an immaterial portion of the revenue associated with users acquired from those acquisitions.

As of April 30, 2021, we had over 3,300 customers that were sold through our direct sales force and channel partners, as compared to over 2,200 such customers as of April 30, 2020. These customers, which we refer to as our Direct Sales Customers, accounted for 84% of our subscription revenue for the three months ended April 30, 2021 and 79% of our subscription revenue for the three months ended April 30, 2020. The percentage of our subscription revenue from Direct Sales Customers increased, in part, due to existing self-serve customers of MongoDB Atlas becoming Direct Sales Customers. We are also focused on increasing the number of overall MongoDB Atlas customers as we emphasize the on-demand scalability of MongoDB Atlas by allowing our customers to consume the product with minimal commitment. After launching in June 2016, we had over 25,300 MongoDB Atlas customers as of April 30, 2021. The growth in MongoDB Atlas customers included customers from mLab and Realm, as described above, as well as new customers to MongoDB and existing MongoDB Enterprise Advanced customers adding incremental MongoDB Atlas workloads.

In an effort to expand our global reach, in October 2019, we announced a partnership with Alibaba Cloud to offer an authorized MongoDB-as-a-service solution allowing customers of Alibaba Cloud to use this managed offering from their data centers globally. We expanded our reach in China in February 2021 when we announced the launch of a global partnership with Tencent Cloud that allows customers to easily adopt and use MongoDB-as-a-Service across Tencent’s global cloud infrastructure.

Increasing Adoption of MongoDB Atlas

MongoDB Atlas, our hosted multi-cloud offering, is an important part of our run-anywhere strategy. To accelerate adoption of this DBaaS offering, in 2017, we introduced tools to easily migrate existing users of our Community Server offering to MongoDB Atlas. We have also expanded our introductory offerings for MongoDB Atlas, including a free tier, which provides limited processing power and storage in order to drive usage and adoption of MongoDB Atlas among developers. Our MongoDB Atlas free tier offering is now available on all three major cloud providers (Amazon Web Services (“AWS”), Google Cloud Platform (“GCP”) and Microsoft Azure) in North America, Europe and Asia Pacific. In addition, MongoDB Atlas is available on AWS Marketplace, making it easier for AWS customers to buy and consume MongoDB Atlas. Our business partnership with GCP provides deeper product integration and unified billing for GCP customers who are also MongoDB Atlas customers and offers GCP customers a seamless integration between MongoDB Atlas and GCP. The availability of MongoDB Atlas on the Microsoft Azure Marketplace offers unified billing for joint customers of MongoDB Atlas and Microsoft and makes it easier for established Azure customers to purchase and use MongoDB Atlas. In addition, MongoDB is part of Microsoft’s strategic partner program.

We have also expanded the functionality available in MongoDB Atlas beyond that of our Community Server offering. We expect this will drive further adoption of MongoDB Atlas as companies migrate mission-critical applications to the public cloud. The enterprise capabilities that we have introduced to MongoDB Atlas include advanced security features,

enterprise-standard authentication and database auditing. We have invested significantly in MongoDB Atlas and our ability to drive adoption of MongoDB Atlas is a key component of our growth strategy.

Retaining and Expanding Revenue from Existing Customers

The economic attractiveness of our subscription-based model is driven by customer renewals and increasing existing customer subscriptions over time, referred to as land-and-expand. We believe that there is a significant opportunity to drive additional sales to existing customers, and expect to invest in sales and marketing and customer success personnel and activities to achieve additional revenue growth from existing customers. If an application grows and requires additional capacity, our customers increase their subscriptions to our platform. In addition, our customers expand their subscriptions to our platform as they migrate additional existing applications or build new applications, either within the same department or in other lines of business or geographies. Also, as customers modernize their information technology infrastructure and move to the cloud, they may migrate applications from legacy databases. Our goal is to increase the number of customers that standardize on our database within their organization. Over time, the subscription amount for our typical Direct Sales Customer has increased.

We calculate annualized recurring revenue (“ARR”) and annualized monthly recurring revenue (“MRR”) to help us measure our subscription revenue performance. ARR includes the revenue we expect to receive from our customers over the following 12 months based on contractual commitments and, in the case of Direct Sales Customers of MongoDB Atlas, by annualizing the prior 90 days of their actual consumption of MongoDB Atlas, assuming no increases or reductions in their subscriptions or usage. For all other customers of our self-serve products, we calculate annualized MRR by annualizing the prior 30 days of their actual consumption of such products, assuming no increases or reductions in usage. ARR and annualized MRR exclude professional services. The number of customers with \$100,000 or greater in ARR and annualized MRR was 1,057 and 780 as of April 30, 2021 and 2020, respectively. Our ability to increase sales to existing customers will depend on a number of factors, including customers’ satisfaction or dissatisfaction with our products and services, competition, pricing, economic conditions or overall changes in our customers’ spending levels.

We also examine the rate at which our customers increase their spend with us, which we call net ARR expansion rate. We calculate net ARR expansion rate by dividing the ARR at the close of a given period (the “measurement period”), from customers who were also customers at the close of the same period in the prior year (the “base period”), by the ARR from all customers at the close of the base period, including those who churned or reduced their subscriptions. For Direct Sales Customers included in the base period, measurement period or both such periods that were self-serve customers in any such period, we also include annualized MRR from those customers in the calculation of the net ARR expansion rate. Our net ARR expansion rate remained over 120% during the three months ended April 30, 2021, demonstrating our ability to expand within existing customers.

Components of Results of Operations

Revenue

Subscription Revenue. Our subscription revenue is comprised of term licenses and hosted as-a-service solutions. Subscriptions to term licenses include technical support and access to new software versions on a when-and-if available basis. Revenue from our term licenses is recognized upfront for the license component and ratably for the technical support and when-and-if available update components. Associated contracts are typically billed annually in advance. Revenue from our hosted as-a-service solutions is primarily generated on a usage basis and is billed either in arrears or paid up front. The majority of our subscription contracts are one year in duration. When we enter into multi-year subscriptions, we typically invoice the customer on an annual basis. Our subscription contracts are generally non-cancelable and non-refundable.

Services Revenue. Services revenue is comprised of consulting and training services and is recognized over the period of delivery of the applicable services. We recognize revenue from services agreements as services are delivered.

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, delivery of professional services, the impact of significant transactions and seasonality of or fluctuations in usage for our consumption-based customers. Further, we currently expect our revenue to be negatively impacted by the slowdown in activity and other challenges associated with the COVID-19 pandemic in fiscal 2022.

Cost of Revenue

Cost of Subscription Revenue. Cost of subscription revenue primarily includes personnel costs, including salaries, bonuses and benefits, and stock-based compensation, for employees associated with our subscription arrangements principally related to technical support and allocated shared costs, as well as depreciation and amortization. Our cost of subscription revenue for our hosted as-a-service solutions also includes third-party cloud infrastructure expenses. We expect our cost of subscription revenue to increase in absolute dollars as our subscription revenue increases and, depending on the results of MongoDB Atlas, our cost of subscription revenue may increase as a percentage of subscription revenue as well.

Cost of Services Revenue. Cost of services revenue primarily includes personnel costs, including salaries, bonuses and benefits, and stock-based compensation, for employees associated with our professional service contracts, as well as, travel costs, allocated shared costs and depreciation and amortization. We expect our cost of services revenue to increase in absolute dollars as our services revenue increases.

Gross Profit and Gross Margin

Gross Profit. Gross profit represents revenue less cost of revenue.

Gross Margin. Gross margin, or gross profit as a percentage of revenue, has been and will continue to be affected by a variety of factors, including the average sales price of our products and services, the mix of products sold, transaction volume growth and the mix of revenue between subscriptions and services. We expect our gross margin to fluctuate over time depending on the factors described above and, to the extent MongoDB Atlas revenue increases as a percentage of total revenue, our gross margin may decline as a result of the associated hosting costs of MongoDB Atlas.

Operating Expenses

Our operating expenses consist of sales and marketing, research and development and general and administrative expenses. Personnel costs are the most significant component of each category of operating expenses. Operating expenses also include travel and related costs and allocated overhead costs for facilities, information technology and employee benefit costs.

Sales and Marketing. Sales and marketing expense consists primarily of personnel costs, including salaries, sales commission and benefits, bonuses and stock-based compensation. These expenses also include costs related to marketing programs, travel-related expenses and allocated overhead. Marketing programs consist of advertising, events, corporate communications, and brand-building and developer-community activities. We expect our sales and marketing expense to increase in absolute dollars over time as we expand our sales force and increase our marketing resources, expand into new markets and further develop our self-serve and partner channels.

Research and Development. Research and development expense consists primarily of personnel costs, including salaries, bonuses and benefits, and stock-based compensation. It also includes amortization associated with intangible acquired assets and allocated overhead. We expect our research and development expenses to continue to increase in absolute dollars, as we continue to invest in our platform and develop new products.

General and Administrative. General and administrative expense consists primarily of personnel costs, including salaries, bonuses and benefits, and stock-based compensation for administrative functions including finance, legal, human resources and external legal and accounting fees, as well as allocated overhead. We expect general and administrative expense to increase in absolute dollars over time as we continue to invest in the growth of our business and incur the costs of compliance associated with being a publicly traded company.

Other Income (Expense), net

Other income (expense), net consists primarily of interest income, interest expense and gains and losses from foreign currency transactions.

Provision for (Benefit from) Income Taxes

Provision for income taxes consists primarily of state income taxes in the U.S. and income taxes in certain foreign jurisdictions in which we conduct business. As of January 31, 2021, we had net operating loss (“NOL”) carryforwards for federal, state, Irish and United Kingdom (“U.K.”) income tax purposes of approximately \$1.2 billion, \$1.1 billion, \$384.0 million and \$22.1 million, respectively, which begin to expire in the year ending January 31, 2028 for federal purposes and

January 31, 2021 for state purposes. Ireland, U.K. and the U.S. federal losses for the years after January 31, 2018 are allowed to be carried forward indefinitely. The deferred tax assets associated with the NOL carryforwards in each of these jurisdictions are subject to a full valuation allowance. Under Section 382 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), a corporation that experiences an “ownership change” is subject to a limitation on its ability to utilize its pre-change NOLs to offset future taxable income. We also have U.S. federal and state research credit carryforwards of \$52.9 million and \$4.1 million, respectively, which begin to expire in the year ending January 31, 2029 for federal purposes and January 31, 2025 for state purposes. Utilization of the federal NOL carryforwards and credits may be subject to a substantial annual limitation due to the ownership change limitations provided by the Code and similar state provisions. The annual limitation, should we undergo an ownership change, may result in the expiration of federal or state net operating losses and credits before utilization; however, we do not expect any such limitation to be material.

Three Months Ended April 30, 2021 Summary

For the three months ended April 30, 2021, our total revenue was \$181.6 million as compared to \$130.3 million for the three months ended April 30, 2020. Our net loss was \$64.0 million for the three months ended April 30, 2021 as compared to \$54.0 million for the three months ended April 30, 2020.

Our operating cash flow was \$10.2 million and \$(5.9) million for the three months ended April 30, 2021 and 2020, respectively. Our free cash flow was \$8.4 million and \$(8.5) million for the three months ended April 30, 2021 and 2020, respectively. See the section titled “Liquidity and Capital Resources—Non-GAAP Free Cash Flow” below.

Results of Operations

The following tables set forth our results of operations for the periods presented in dollars (unaudited, in thousands) and as a percentage of our total revenue. Percentage of revenue figures are rounded and therefore may not subtotal exactly.

	Three Months Ended April 30,	
	2021	2020
Consolidated Statements of Operations Data:		
Revenue:		
Subscription	\$ 174,570	\$ 124,856
Services	7,078	5,473
Total revenue	181,648	130,329
Cost of revenue:		
Subscription ⁽¹⁾	45,402	30,625
Services ⁽¹⁾	9,126	7,052
Total cost of revenue	54,528	37,677
Gross profit	127,120	92,652
Operating expenses:		
Sales and marketing ⁽¹⁾	97,890	69,125
Research and development ⁽¹⁾	64,751	45,632
General and administrative ⁽¹⁾	25,925	19,935
Total operating expenses	188,566	134,692
Loss from operations	(61,446)	(42,040)
Other expense, net	(3,922)	(11,693)
Loss before provision for (benefit from) income taxes	(65,368)	(53,733)
Provision for (benefit from) income taxes	(1,376)	234
Net loss	\$ (63,992)	\$ (53,967)

⁽¹⁾ Includes stock-based compensation expense as follows (unaudited, in thousands):

	Three Months Ended April 30,	
	2021	2020
Cost of revenue—subscription	\$ 2,990	\$ 1,827
Cost of revenue—services	1,487	1,146
Sales and marketing	18,876	10,823
Research and development	20,335	11,759
General and administrative	7,226	5,012
Total stock-based compensation expense	\$ 50,914	\$ 30,567

	Three Months Ended April 30,	
	2021	2020
Percentage of Revenue Data:		
Revenue:		
Subscription	96 %	96 %
Services	4 %	4 %
Total revenue	100 %	100 %
Cost of revenue:		
Subscription	25 %	23 %
Services	5 %	5 %
Total cost of revenue	30 %	29 %
Gross profit	70 %	71 %
Operating expenses:		
Sales and marketing	54 %	53 %
Research and development	36 %	35 %
General and administrative	14 %	15 %
Total operating expenses	104 %	103 %
Loss from operations	(34) %	(32) %
Other expense, net	(2) %	(9) %
Loss before provision for (benefit from) income taxes	(36) %	(41) %
Provision for (benefit from) income taxes	(1) %	— %
Net loss	(35) %	(41) %

Comparison of the Three Months Ended April 30, 2021 and 2020

Revenue

(unaudited, in thousands)	Three Months Ended April 30,		Change	
	2021	2020	\$	%
Subscription	\$ 174,570	\$ 124,856	\$ 49,714	40 %
Services	7,078	5,473	1,605	29 %
Total revenue	\$ 181,648	\$ 130,329	\$ 51,319	39 %

Total revenue growth reflects increased demand for our platform and related services. Subscription revenue increased by \$49.7 million primarily due to an increase of \$47.7 million from our Direct Sales Customers, inclusive of Direct Sales Customers who were self-serve customers of MongoDB Atlas in the prior-year period. The growth in services revenue was driven primarily by the increased delivery of consulting and training services.

Cost of Revenue, Gross Profit and Gross Margin Percentage

(unaudited, in thousands)	Three Months Ended April 30,		Change	
	2021	2020	\$	%
Subscription cost of revenue	\$ 45,402	\$ 30,625	\$ 14,777	48 %
Services cost of revenue	9,126	7,052	2,074	29 %
Total cost of revenue	54,528	37,677	16,851	45 %
Gross profit	\$ 127,120	\$ 92,652	\$ 34,468	37 %
Gross margin	70 %	71 %		
Subscription	74 %	75 %		
Services	(29)%	(29)%		

The increase in subscription cost of revenue was primarily due to a \$11.4 million increase in third-party cloud infrastructure costs, including costs associated with the growth of MongoDB Atlas, as well as a \$2.8 million increase in personnel costs and stock-based compensation associated with increased headcount in our support organization. The increase in services cost of revenue was primarily due to higher compensation costs from increased headcount in our services organization, partially offset by lower expense associated with our China Stock Appreciation Rights Plan. Total headcount in our support and services organizations increased 32% from April 30, 2020 to April 30, 2021.

Our overall gross margin declined due to a decrease in subscription gross margin, which was impacted by the increase in subscription revenue from MongoDB Atlas as a percentage of our total revenue. This change in revenue mix caused gross margin to decline due to the increase in third-party cloud infrastructure costs associated with MongoDB Atlas. In addition, our cost of revenue included higher personnel costs and stock-based compensation. Our services gross margin remained flat.

Operating Expenses

Sales and Marketing

(unaudited, in thousands)	Three Months Ended April 30,		Change	
	2021	2020	\$	%
Sales and marketing	\$ 97,890	\$ 69,125	\$ 28,765	42 %

The increase in sales and marketing expense included \$24.5 million from higher personnel costs and stock-based compensation, driven by an increase in our sales and marketing headcount to 1,281 as of April 30, 2021 from 922 as of April 30, 2020, which includes non-quota-carrying hires in sales operations, customer success and marketing. Sales and marketing expense also increased \$5.7 million from costs associated with our higher headcount, including higher commissions expense and higher facilities and computer hardware and software expenses, as well as higher spend on marketing programs. These increases were partially offset by lower travel costs resulting from global travel restrictions and stay-at-home or similar orders in effect due to the ongoing COVID-19 pandemic.

Research and Development

(unaudited, in thousands)	Three Months Ended April 30,		Change	
	2021	2020	\$	%
Research and development	\$ 64,751	\$ 45,632	\$ 19,119	42 %

The increase in research and development expense was primarily driven by a \$19.9 million increase in personnel costs and stock-based compensation as we increased our research and development headcount by 34%. The increase in personnel costs was impacted by higher payroll taxes associated with employee stock option exercises and restricted stock unit vesting as a result of our higher average stock price as compared to the prior-year period. Research and development expense also increased \$1.4 million from costs associated with our higher headcount, including higher facilities and computer hardware and software expenses. These increases were partially offset by the full amortization of previously acquired developed technology intangible assets and the full amortization of the founder holdback associated with our acquisition of mLab.

General and Administrative

(unaudited, in thousands)	Three Months Ended April 30,		Change	
	2021	2020	\$	%
General and administrative	\$ 25,925	\$ 19,935	\$ 5,990	30 %

The increase in general and administrative expense was due to higher costs to support the growth of our business and to maintain compliance as a public company. In particular, these higher costs were driven by an increase in general and administrative personnel headcount resulting in higher personnel costs and stock-based compensation. These higher costs were partially offset by lower bad debt expense.

Other Income (Expense), net

(unaudited, in thousands)	Three Months Ended April 30,		Change	
	2021	2020	\$	%
Other expense, net	\$ (3,922)	\$ (11,693)	\$ 7,771	(66)%

Other expense, net for the three months ended April 30, 2021 decreased primarily due to the adoption of the new accounting standard for convertible senior notes, which eliminated the amortization of the debt discount previously associated with our 0.75% convertible senior notes due 2024 and 0.25% convertible senior notes due 2026.

Provision for (Benefit from) Income Taxes

(unaudited, in thousands)	Three Months Ended April 30,		Change	
	2021	2020	\$	%
Provision for (benefit from) income taxes	\$ (1,376)	\$ 234	\$ (1,610)	nm

The provision for (benefit from) income taxes during the three months ended April 30, 2021 was primarily due to adjustments to the valuation allowance as a result of goodwill recorded associated with an immaterial business combination, as well as the reversal of the deferred tax liability associated with convertible debt upon the adoption of ASU 2020-06, partially offset by an increase in foreign taxes as we continue our global expansion.

Liquidity and Capital Resources

As of April 30, 2021, we had cash, cash equivalents, short-term investments and restricted cash totaling \$935.6 million. Our cash and cash equivalents primarily consist of bank deposits and money market funds. Our short-term investments consist of U.S. government treasury securities, and our restricted cash represents collateral for our available credit on corporate credit cards. We believe our existing cash and cash equivalents and short-term investments will be sufficient to fund our operating and capital needs for at least the next 12 months.

We have generated significant operating losses and negative cash flows from operations as reflected in our accumulated deficit and historical consolidated statements of cash flows. As of April 30, 2021, we had an accumulated deficit of \$946.8 million. We expect to continue to incur operating losses and negative cash flows from operations in the future and may require additional capital resources to execute strategic initiatives to grow our business. Our future capital requirements and adequacy of available funds will depend on many factors, including our growth rate, the timing and extent of spending to support development efforts, the expansion of sales and marketing and international operation activities, the timing of new subscription introductions, the continuing market acceptance of our subscriptions and services and the impact of the ongoing COVID-19 pandemic on the global economy and our business, financial condition and results of operations. As the impact of the ongoing COVID-19 pandemic on the global economy and our operations continues to evolve, we will continue to assess our liquidity needs. We may in the future enter into arrangements to acquire or invest in complementary businesses, services and technologies, including intellectual property rights. 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 when desired, our business, operating results and financial condition would be adversely affected.

The following table summarizes our cash flows for the periods presented (unaudited, in thousands):

	Three Months Ended April 30,	
	2021	2020
Net cash provided by (used in) operating activities	\$ 10,217	\$ (5,878)
Net cash provided by (used in) investing activities	(7,511)	3,212
Net cash used in financing activities	(25,254)	(2,290)

Operating Activities

Cash provided by operating activities during the three months ended April 30, 2021 was \$10.2 million primarily driven by an increase in our cash collections reflecting overall growth of our sales and our expanding customer base. Accordingly, our accounts receivable decreased by \$35.1 million and our deferred revenue increased by \$9.7 million. In addition, our net loss of \$64.0 million included non-cash charges of \$50.9 million for stock-based compensation, \$3.3 million for depreciation and amortization, \$2.5 million for lease-related non-cash charges and \$1.4 million for the amortization of our debt issuance costs. Partially offsetting these benefits to our operating cash flow were a decrease of \$17.2 million in accrued liabilities, primarily from commissions paid during the three months ended April 30, 2021, as well as higher prepaid expenses of \$9.0 million and higher deferred commissions of \$5.9 million.

Cash used in operating activities during the three months ended April 30, 2020 was \$5.9 million primarily driven by our net loss of \$54.0 million, which was partially offset by non-cash charges of \$30.6 million for stock-based compensation, \$12.0 million for the amortization of our debt discount and issuance costs, \$2.9 million for depreciation and amortization and \$2.4 million for lease-related non-cash charges. In addition, our cash collections decreased our accounts receivable by \$3.6 million and increased our deferred revenue by \$3.3 million, reflecting the overall growth of our sales and our expanding customer base. Partially offsetting these benefits to our operating cash flow were decreases of \$3.1 million in deferred commissions and \$2.8 million in accrued liabilities, primarily from commissions and bonuses paid during the three months ended April 30, 2020.

Investing Activities

Cash used in investing activities during the three months ended April 30, 2021 of \$7.5 million resulted primarily from \$4.5 million of net cash used for an immaterial acquisition and \$1.5 million of cash used to purchase marketable securities, net of maturities. In addition, we used \$0.9 million to invest in additional non-marketable securities and \$0.6 million for purchases of property and equipment.

Cash provided by investing activities during the three months ended April 30, 2020 of \$3.2 million resulted from the maturities of marketable securities, partially offset by purchases of marketable securities and property and equipment.

Financing Activities

Cash used in financing activities during the three months ended April 30, 2021 was \$25.3 million, primarily to repay a portion of the principal upon the conversion of the 2024 Notes redeemed during the period, as well as \$1.2 million used for principal repayments of finance leases, partially offset by \$3.5 million in proceeds from the exercises of stock options.

Cash used in financing activities during the three months ended April 30, 2020 was \$2.3 million primarily due to issuance costs related to our January 2020 offering of 0.25% convertible senior notes due 2026 that had been accrued as of January 31, 2020, as well as principal repayment of finance leases, partially offset by the proceeds from the exercise of stock options.

Non-GAAP Free Cash Flow

To supplement our interim unaudited condensed consolidated financial statements, which are prepared and presented in accordance with generally accepted accounting principles in the United States (“GAAP”), we provide investors with the amount of free cash flow, which is a non-GAAP financial measure. Free cash flow represents net cash used in operating activities less capital expenditures, principal repayments of finance lease liabilities and capitalized software development costs, if any. During each of the three months ended April 30, 2021 and 2020, we did not capitalize any software development costs. Free cash flow is a measure used by management to understand and evaluate our liquidity and to generate future operating plans. The exclusion of capital expenditures, principal repayments of finance lease liabilities and amounts capitalized for software development facilitates comparisons of our liquidity on a period-to-period basis and excludes items that we do not consider to be indicative of our liquidity. We believe that free cash flow is a measure of liquidity that provides useful information to our management, investors and others in understanding and evaluating the strength of our liquidity and future ability to generate cash that can be used for strategic opportunities or investing in our business in the same manner as our management and Board of Directors. Nevertheless, our use of free cash flow has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. Further, our definition of free cash flow may differ from the definitions used by other companies and therefore comparability may be limited. You should consider free cash flow alongside our other GAAP-based financial performance measures, such as net cash used in operating activities, and our other GAAP financial results.

The following table presents a reconciliation of free cash flow to net cash provided by (used in) operating activities, the most directly comparable GAAP measure, for each of the periods indicated (unaudited, in thousands):

	Three Months Ended April 30,	
	2021	2020
Net cash provided by (used in) operating activities	\$ 10,217	\$ (5,878)
Capital expenditures	(627)	(1,505)
Principal repayments of finance leases	(1,199)	(1,135)
Capitalized software	—	—
Free cash flow	<u>\$ 8,391</u>	<u>\$ (8,518)</u>

Seasonality

We have in the past and expect in the future to experience seasonal fluctuations in our revenue and results from time to time. In addition, as a result of the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, we may experience greater variability and reduced comparability of our quarterly revenue and results with respect to the timing and nature of certain of our contracts, particularly multi-year contracts that contain a term license.

Contractual Obligations and Commitments

During the three months ended April 30, 2021, there were no material changes outside the ordinary course of business to our contractual obligations and commitments from those disclosed in our 2021 Form 10-K. Refer to Note 6, *Leases* and Note 7, *Commitments and Contingencies*, in our Notes to Unaudited Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further details.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

There have been no material changes in our critical accounting policies from those disclosed in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of the 2021 Form 10-K.

Recent Accounting Pronouncements

See Note 2, *Summary of Significant Accounting Policies*, in our Notes to Unaudited 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, including our adoption of the new standard for our convertible senior notes under Accounting Standards Update 2020-06.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We have operations both within the United States and internationally, and we are exposed to market risk in the ordinary course of business. The uncertainty that exists with respect to the global economic impact of the ongoing COVID-19 pandemic has introduced significant volatility in the financial markets subsequent to the quarter ended April 30, 2021.

Interest Rate Risk

Our cash and cash equivalents primarily consist of bank deposits and money market funds, and our short-term investments consist of U.S. government treasury securities. As of April 30, 2021, we had cash, cash equivalents, restricted cash and short-term investments of \$935.6 million. The carrying amount of our cash equivalents reasonably approximates fair value, due to the short maturities of these instruments. The primary objectives of our investment activities are the preservation of capital, the fulfillment of liquidity needs and the fiduciary control of cash and investments. We do not enter into investments for trading or speculative purposes. Our investments are exposed to market risk due to a fluctuation in interest rates, which may affect our interest income and the fair market value of our investments. The effect of a hypothetical 10% increase or decrease in interest rates would not have had a material impact on the fair market value of our investments as of April 30, 2021.

In June 2018, we issued \$250.0 million aggregate principal amount of 0.75% convertible senior notes due 2024 in a private placement and, in July 2018, we issued an additional \$50.0 million aggregate principal amount of 0.75% convertible senior notes pursuant to the exercise in full of the initial purchasers' option to purchase additional convertible senior notes (collectively, the "2024 Notes"). In January 2020, we issued \$1.15 billion aggregate principal amount of 0.25% convertible senior notes due 2026 in a private placement (the "2026 Notes"). Concurrently with the issuance of the 2026 Notes, we repurchased \$210.0 million aggregate principal amount of the 2024 Notes leaving \$90.0 million aggregate principal outstanding on the 2024 Notes immediately after the exchange. The fair values of the 2024 Notes and 2026 Notes are subject to interest rate risk, market risk and other factors due to the conversion feature. The fair value of the 2024 Notes and 2026 Notes will generally increase as our Class A common stock price increases and will generally decrease as our Class A common stock price declines. The interest and market value changes affect the fair value of the 2024 Notes and 2026 Notes, but do not impact our financial position, cash flows or results of operations due to the fixed nature of the debt obligation. Additionally, we carry the 2024 Notes and 2026 Notes at face value less unamortized discount on our balance sheet, and we present the fair value for required disclosure purposes only.

Foreign Currency Risk

Our sales contracts are primarily denominated in U.S. dollars, British pounds ("GBP") or Euros ("EUR"). A portion of our operating expenses are incurred outside the United States and denominated in foreign currencies and are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the GBP and EUR. Additionally, fluctuations in foreign currency exchange rates may cause us to recognize transaction gains and losses in our statement of operations. The effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have a material impact on our historical consolidated financial statements for either of the three-month periods ended April 30, 2021 and 2020. Given the impact of foreign currency exchange rates has not been material to our historical operating results, we have not entered into derivative or hedging transactions, but we may do so in the future if our exposure to foreign currency should become more significant. As our international operations grow, we will continue to reassess our approach to manage our risk relating to fluctuations in currency rates.

Market Risk

We could experience additional volatility to our consolidated statements of operations due to observable price changes and impairments to our non-marketable securities. These changes could be material based on market conditions and events, particularly in periods of significant market fluctuations that affect our non-marketable securities. Our non-marketable securities are subject to a risk of partial or total loss of invested capital. As of April 30, 2021, the total amount of non-marketable equity securities included in other assets on our balance sheet was \$1.4 million.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act 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 SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures 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 accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of April 30, 2021. Based on the evaluation of our disclosure controls and procedures as of April 30, 2021, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and Rule 15d-15(d) of the Exchange Act that occurred during the three months ended April 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

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, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent 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. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. 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, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. 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 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.

The information required to be set forth under this Item 1 is incorporated by reference to Note 7, *Commitments and Contingencies* of the Notes to Condensed Consolidated Financial Statements included in this Form 10-Q.

From time to time, we may be subject to legal proceedings and claims in the ordinary course of business. For example, on March 12, 2019, Realtime Data (“Realtime”) filed a lawsuit against us in the United States District Court for the District of Delaware alleging that we are infringing three U.S. patents that it holds: the 908 Patent, the 751 Patent and the 825 Patent. The patent infringement allegations in the lawsuit relate to data compression, decompression, storage and retrieval. Realtime seeks monetary damages and injunctive relief. The patent infringement allegations in the lawsuit relate to data compression, decompression, storage and retrieval. Realtime seeks monetary damages and injunctive relief. On May 4, 2021, in a separate action involving the same three Patents, the District Court granted the defendants’ motion to dismiss without prejudice, finding that the Patents are invalid under 35 U.S.C. § 101. Realtime filed an amended complaint against us on May 18, 2021 and we intend to respond in due course.

Future litigation may be necessary to defend ourselves, our partners and our customers by determining the scope, enforceability and validity of third-party proprietary rights, or to establish our proprietary rights. The results of any current or future litigation cannot be predicted with certainty and, regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

ITEM 1A. RISK FACTORS.

Our operations and financial results are subject to various risks and uncertainties including those described below. You should consider carefully the risks and uncertainties described below, in addition to other information contained in this Form 10-Q, including our consolidated financial statements and related notes. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks or others not specified below materialize, our business, financial condition and results of operations could be materially and adversely affected. In that case, the trading price of our Class A common stock could decline.

Risk Factors Summary

Investing in our Class A common stock involves a high degree of risk because we are subject to numerous risks and uncertainties that could negatively impact our business, financial condition and results of operations, as more fully described below. These risks and uncertainties include, but are not limited to, the following:

- The ongoing COVID-19 pandemic, related economic downturn and measures taken in response to the pandemic could negatively impact our business, financial condition and results of operations.
- Unfavorable conditions in our industry or the global economy or reductions in information technology spending could limit our ability to grow our business and negatively affect our results of operations.
- We may fail to meet our publicly announced guidance or other expectations about our business and future operating results, which would cause our stock price to decline.
- We have a limited operating history, which makes it difficult to predict our future results of operations.
- We have a history of losses and as our costs increase, we may not be able to generate sufficient revenue to achieve or sustain profitability.
- Because we derive substantially all of our revenue from our database platform, failure of this platform to satisfy customer demands could adversely affect our business, results of operations, financial condition and growth prospects.
- We currently face significant competition and expect that intense competition will continue.
- If we do not effectively expand our sales and marketing organization, we may be unable to add new customers or increase sales to our existing customers.
- Our decision to offer Community Server under a new license, the Server Side Public License (“SSPL”), may harm adoption of Community Server.

- We have invested significantly in our MongoDB Atlas offering, and if it fails to achieve market adoption, our business, results of operations and financial condition could be harmed.
- We could be negatively impacted if the GNU Affero General Public License Version 3 (the “AGPL”), the SSPL and other open source licenses under which some of our software is licensed are not enforceable.
- Our licensing model for Community Server could negatively affect our ability to monetize and protect our intellectual property rights.
- We could incur substantial costs in protecting or defending our intellectual property rights and any failure to protect our intellectual property rights could reduce the value of our software and brand.
- If we are not able to introduce new features or services successfully and to make enhancements to our software or services, our business and results of operations could be adversely affected.
- We have experienced rapid growth in recent periods. If we fail to continue to grow and to manage our growth effectively, we may be unable to execute our business plan, increase our revenue, improve our results of operations, maintain high levels of service, or adequately address competitive challenges.
- If our security measures, or those of our service providers, are breached or unauthorized access to personal information or otherwise private or proprietary data is otherwise obtained, our software may be perceived as not being secure, customers may reduce or terminate their use of our software and we may face litigation, regulatory investigations, significant liability and reputational damage.
- If we are not able to maintain and enhance our brand, especially among developers, our business and results of operations may be adversely affected.

Risks Related to Our Business and Industry

The ongoing COVID-19 pandemic, related economic downturn and measures taken in response to the pandemic could negatively impact our business, financial condition and results of operations.

In light of the uncertain and continually evolving situation relating to the spread of COVID-19 and in compliance with then-effective shelter-in-place orders and other government executive orders directing that all non-essential businesses close their physical operations, beginning March 2020, we took measures intended to help minimize the risk of the virus to our employees, our customers and the communities in which we participate, which could negatively impact our business. These measures included temporarily requiring all employees to work remotely, suspending all non-essential travel worldwide for our employees, canceling, postponing or holding virtually MongoDB-sponsored events and discouraging employee attendance at industry events and in-person work-related meetings. While we have a distributed workforce and our employees are accustomed to working remotely or working with other remote employees, our workforce has not historically been fully remote. Although shelter-in-place and similar orders have been lifted in certain locations where we conduct operations, we have informed our employees that they may continue to elect to work remotely through September 1, 2021, even if their office reopens. Further, shelter-in-place and similar orders in some jurisdictions have been and may in the future be re-instituted as rates of infection increase in those locations. As the COVID-19 pandemic continues, it is highly uncertain to what extent and when restrictions will be lifted in various jurisdictions. Prior to the COVID-19 pandemic, our employees traveled frequently to establish and maintain relationships with one another and with our customers, partners and investors, and some of our business processes assume that employees can review and sign documents in person. Although we continue to monitor the situation and may adjust our current policies as more information and guidance become available, suspending travel and doing business in-person on a long-term basis could negatively impact our marketing efforts, our ability to enter into customer contracts in a timely manner, our international expansion efforts, our ability to recruit employees across the organization and, in sales and marketing, in particular, which could have longer term effects on our sales pipeline, or create operational or other challenges as our workforce remains predominantly remote, any of which could harm our business. For example, remote work arrangements may result in decreased employee productivity and morale with increased regretted employee attrition. As we contemplate a return to in-person work arrangements following the lifting of COVID-19-related restrictions, we expect to adopt a hybrid work environment that may also present operational challenges and risks, including reduced productivity, lower employee retention, and increased compliance and tax obligations in a number of jurisdictions. In addition, our management team has spent, and will likely continue to spend, significant time, attention and resources monitoring the COVID-19 pandemic and associated global economic uncertainty and seeking to manage its effects on our business and workforce.

The ultimate impact to our results of operations will depend to a large extent on currently unknowable developments, including the length of time the disruption and uncertainty caused by COVID-19 will continue, which will, in turn, depend on, among other things, the actions taken by authorities and other entities to effect a widespread global roll-out of available

vaccines or otherwise contain COVID-19 or treat its impact, including the impact of any reopening plans, additional closures and spikes or surges in COVID-19 infection, and individuals' and companies' risk tolerance regarding health matters going forward, all of which are beyond our control. Accordingly, these potential impacts, while uncertain, could harm our business and adversely affect our operating results. In addition, to the extent the ongoing COVID-19 pandemic adversely affects our business and results of operations, it may also have the effect of heightening many of the other risks and uncertainties described in this "Risk Factors" section which may materially and adversely affect our business and results of operations.

Unfavorable conditions in our industry or the global economy or reductions in information technology spending could limit our ability to grow our business and negatively affect our results of operations.

Our results of operations may vary based on the impact of changes in our industry or the global economy on us or our customers. The revenue growth and potential profitability of our business depend on demand for database software and services generally and for our subscription offering and related services in particular. Current or future economic uncertainties or downturns could adversely affect our business and results of operations. Negative conditions in the general economy both in the United States and abroad, including conditions resulting from changes in gross domestic product growth, financial and credit market fluctuations, international trade relations, political turmoil, natural catastrophes, regional or global outbreaks of contagious diseases, such as the ongoing COVID-19 pandemic, warfare and terrorist attacks on the United States, Europe, the Asia Pacific region or elsewhere, could cause a decrease in business investments, including spending on information technology, disrupt the timing and cadence of key industry and marketing events and otherwise negatively affect the growth of our business.

In particular, the ongoing COVID-19 pandemic and the associated global economic uncertainty may prevent us or our employees, contractors, suppliers, customers and other business partners from conducting marketing and other business activities for an indefinite period of time, which could materially and adversely impact our business, financial results and results of operations. Further, in response to the ongoing COVID-19 pandemic, many state, local and foreign governments have from time to time put in place, and others in the future may put in place, quarantines, executive orders, shelter-in-place orders and similar government orders and restrictions in order to control the spread of the disease. Such orders or restrictions, or the perception that such orders or restrictions could occur, have resulted in business closures, work stoppages, slowdowns and delays, work-from-home policies, travel restrictions and cancellation of events, among other effects that could negatively impact productivity and disrupt our operations and those of our contractors, suppliers, customers and other business partners. We expect the ongoing COVID-19 pandemic and the associated global economic uncertainty will likely continue to impact our revenue. In addition, the ongoing COVID-19 pandemic could adversely affect workforces, customers, economies and financial markets globally, potentially leading to a sustained economic downturn. While it is not possible at this time to predict the duration and extent of the impact that the ongoing COVID-19 pandemic could have on worldwide economic activity and our business in particular, the continued spread of COVID-19, the measures taken by governments, businesses and other organizations in response to COVID-19 and the associated global economic uncertainty could materially and adversely impact our business, financial condition or results of operations.

Further, to the extent there is a sustained general economic downturn and our database software is perceived by customers and potential customers as costly, or too difficult to deploy or migrate to, our revenue may be disproportionately affected by delays or reductions in general information technology spending. Also, competitors, many of whom are larger and more established than we are, may respond to market conditions by lowering prices and attempting to lure away our customers. In addition, the increased pace of consolidation in certain industries may result in reduced overall spending on our subscription offerings and related services. We cannot predict the timing, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry. If the economic conditions of the general economy or markets in which we operate worsen from present levels, our business, results of operations and financial condition could be adversely affected.

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

We were incorporated in 2007 and introduced MongoDB Community Server in 2009, MongoDB Enterprise Advanced in 2013 and MongoDB Atlas in 2016. As a result of our limited operating history, our ability to forecast our future results of operations is limited and subject to a number of uncertainties, including our ability to accurately predict future growth. Our historical revenue growth has been inconsistent and should not be considered indicative of our future performance. Further, in future periods, our revenue growth could slow or our revenue could decline for a number of reasons, including slowing adoption of MongoDB or demand for our subscription offerings and related services, reduced conversion of users of our free offerings to paying customers, increasing competition, changes to technology or our intellectual property or our failure, for any reason, to continue to capitalize on growth opportunities. We have also encountered and will encounter risks and

uncertainties frequently experienced by growing companies in rapidly changing industries, such as the risks and uncertainties described herein. If our assumptions regarding these risks and uncertainties and our future revenue growth are incorrect or change, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations and our business could suffer.

We have a history of losses and as our costs increase, we may not be able to generate sufficient revenue to achieve or sustain profitability.

We have incurred net losses in each period since our inception, including net losses of \$266.9 million, \$175.5 million and \$99.0 million for the fiscal years ended January 31, 2021, 2020 and 2019, respectively. We had an accumulated deficit of \$935.4 million as of January 31, 2021. We expect our operating expenses to increase significantly as we increase our sales and marketing efforts, continue to invest in research and development and expand our operations and infrastructure, both domestically and internationally. In particular, we have entered into non-cancelable multi-year capacity commitments with respect to cloud infrastructure services with certain third-party cloud providers, which require us to pay for such capacity irrespective of actual usage. In addition, we have incurred and expect to continue to incur significant additional legal, accounting and other expenses related to being a public company. While our revenue has grown in recent years, if our revenue declines or fails to grow at a rate faster than these increases in our operating expenses, we will not be able to achieve and maintain profitability in future periods. As a result, we expect to continue to generate losses. We cannot assure you that we will achieve profitability in the future or that, if we do become profitable, we will be able to sustain profitability.

Because we derive substantially all of our revenue from our database platform, failure of this platform to satisfy customer demands could adversely affect our business, results of operations, financial condition and growth prospects.

We derive and expect to continue to derive substantially all of our revenue from our database platform. As such, market adoption of our database platform is critical to our continued success. Demand for our platform is affected by a number of factors, many of which are beyond our control, including continued market acceptance by developers, the availability of our Community Server offering, the continued volume, variety and velocity of data that is generated, timing of development and release of new offerings by our competitors, technological change and the rate of growth in our market. If we are unable to continue to meet the demands of our customers and the developer community, our business operations, financial results and growth prospects will be materially and adversely affected.

We currently face significant competition and expect that intense competition will continue.

The database software market, for both relational and non-relational database products, is highly competitive, rapidly evolving and others may put out competing databases or sell services in connection with existing open source or source available databases, including ours. The principal competitive factors in our market include: mindshare with software developers and information technology (“IT”) executives; product capabilities, including flexibility, scalability, performance, security and reliability; flexible deployment options, including fully managed as a service or self-managed in the cloud, on-premise or in a hybrid environment and ease of deployment; breadth of use cases supported; ease of integration with existing IT infrastructure; robustness of professional services and customer support; price and total cost of ownership; adherence to industry standards and certifications; size of customer base and level of user adoption; strength of sales and marketing efforts; and brand awareness and reputation. If we fail to compete effectively with respect to any of these competitive factors, we may fail to attract new customers or lose or fail to renew existing customers, which would cause our business and results of operations to suffer.

We primarily compete with established legacy database software providers such as IBM, Microsoft, Oracle and other similar companies. We also compete with public cloud providers such as Amazon Web Services (“AWS”), Google Cloud Platform (“GCP”) and Microsoft Azure that offer database functionality and non-relational database software providers. In addition, other large software and internet companies may seek to enter our market.

Some of our actual and potential competitors, in particular the legacy relational database providers and large cloud providers, have advantages over us, such as longer operating histories, more established relationships with current or potential customers and commercial partners, significantly greater financial, technical, marketing or other resources, stronger brand recognition, larger intellectual property portfolios and broader global distribution and presence. Such competitors may make their products available at a low cost or no cost basis in order to enhance their overall relationships with current or potential customers. Our competitors may also be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. As we introduce new technologies, such as the ones we announced during fiscal year 2021, and as our existing markets see more market entry, we expect competition to intensify in the future. In addition, some of our larger competitors have substantially broader offerings and can bundle

competing products with hardware or other software offerings, including their cloud computing and customer relationship management platforms. As a result, customers may choose a bundled offering from our competitors, even if individual products have more limited functionality compared to our software. These larger competitors are also often in a better position to withstand any significant reduction in technology spending and will therefore not be as susceptible to competition or economic downturns. In addition, some competitors may offer products or services that address one or a limited number of functions at lower prices, with greater depth than our products or in geographies where we do not operate.

Furthermore, our actual and potential competitors may establish cooperative relationships among themselves or with third parties that may further enhance their resources and offerings in the markets we address. In addition, third parties with greater available resources may acquire current or potential competitors. As a result of such relationships and acquisitions, our actual or potential competitors might be able to 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 more quickly than we do. For all of these reasons, we may not be able to compete successfully against our current or future competitors.

If we do not effectively expand our sales and marketing organization, we may be unable to add new customers or increase sales to our existing customers.

Increasing our customer base and achieving broader market acceptance of our subscription offerings and related services will depend, to a significant extent, on our ability to effectively expand our sales and marketing operations and activities. We are substantially dependent on our direct sales force and our marketing efforts to obtain new customers. We plan to continue to expand our sales and marketing organization both domestically and internationally. We believe that there is significant competition for experienced sales professionals with the sales skills and technical knowledge that we require, particularly as we continue to target larger enterprises. Our ability to achieve significant revenue growth in the future will depend, in part, on our success in recruiting, training and retaining a sufficient number of experienced sales professionals, especially in highly competitive markets. New hires require significant training and time before they achieve full productivity, particularly in new or developing sales territories. Our recent hires and planned hires may not become as productive as quickly as we expect, including as a result of the ongoing COVID-19 pandemic and remote work arrangements, and we may be unable to hire or retain sufficient numbers of qualified individuals in the future in the markets where we do business. Because of our limited operating history, we cannot predict whether, or to what extent, our sales will increase as we expand our sales and marketing organization or how long it will take for sales personnel to become productive. Our business and results of operations could be harmed if the expansion of our sales and marketing organization does not generate a significant increase in revenue.

Our adoption strategies include offering Community Server and a free tier of MongoDB Atlas and we may not be able to realize the intended benefits of these strategies.

To encourage developer usage, familiarity and adoption of our platform, we offer Community Server as a “freemium” offering. Community Server is a free-to-download version of our database that does not include all of the features of our commercial platform. We also offer a free tier of MongoDB Atlas in order to accelerate adoption, promote usage and drive brand and product awareness. We do not know if we will be able to convert these users to paying customers of our platform. Our marketing strategy also depends in part on persuading users who use one of these free versions to convince others within their organization to purchase and deploy our platform. To the extent that users of Community Server or our free tier of MongoDB Atlas do not become, or lead others to become, paying customers, we will not realize the intended benefits of these strategies and our ability to grow our business or achieve profitability may be harmed.

Our decision to offer Community Server under a new license, the Server Side Public License, may harm adoption of Community Server.

On October 16, 2018, we announced that we were changing the license for Community Server from the AGPL to a new software license, the SSPL. The SSPL builds on the spirit of the AGPL, but includes an explicit condition that any organization attempting to exploit MongoDB as a service must open source the software that it uses to offer such service. Since the SSPL is a new license and has not been interpreted by any court, developers and the companies they work for may be hesitant to adopt Community Server because of uncertainty around the provisions of the SSPL and how it will be interpreted and enforced. In addition, the SSPL has not been approved by the Open Source Initiative, nor has it been included in the Free Software Foundation’s list of free software licenses. This may negatively impact adoption of Community Server, which in turn could lead to reduced brand and product awareness, ultimately leading to a decline in paying customers and our ability to grow our business or achieve profitability may be harmed.

We have invested significantly in our MongoDB Atlas offering and if it fails to achieve market adoption our business, results of operations and financial condition could be harmed.

We introduced MongoDB Atlas in June 2016. We have limited experience marketing, determining pricing for and selling MongoDB Atlas and we are continuing to refine our approach to selling, marketing, pricing and supporting adoption of this offering. We have directed and intend to continue to direct, a significant portion of our financial and operating resources to develop and grow MongoDB Atlas, including offering a free tier of MongoDB Atlas to generate developer usage and awareness. Although MongoDB Atlas has seen rapid adoption since its commercial launch, we cannot guarantee that rate of adoption will continue at the same pace or at all. If we are unsuccessful in our efforts to drive customer adoption of MongoDB Atlas, or if we do so in a way that is not profitable or fails to compete successfully against our current or future competitors, our business, results of operations and financial condition could be harmed.

We could be negatively impacted if the AGPL, the SSPL and other open source licenses under which some of our software is licensed are not enforceable.

The versions of Community Server released prior to October 16, 2018 are licensed under the AGPL. This license states that any program licensed under it may be copied, modified and distributed provided certain conditions are met. On October 16, 2018, we issued a new software license, the SSPL, for all versions of Community Server released after that date. The SSPL builds on the spirit of the AGPL, but includes an explicit condition that any organization using Community Server to offer MongoDB as a third-party service must open source the software that it uses to offer such service. It is possible that a court would hold the SSPL or AGPL to be unenforceable. If a court held either license or certain aspects of this license to be unenforceable, others may be able to use our software to compete with us in the marketplace in a manner not subject to the restrictions set forth in the SSPL or AGPL.

Our licensing model for Community Server could negatively affect our ability to monetize and protect our intellectual property rights.

We make our Community Server offering available under either the SSPL (for versions released after October 16, 2018) or the AGPL (for versions released prior to October 16, 2018). Community Server is a free-to-download version of our database that includes the core functionality developers need to get started with MongoDB but not all of the features of our commercial platform. Both the SSPL and the AGPL grant licensees broad freedom to view, use, copy, modify and redistribute the source code of Community Server provided certain conditions are met. Some commercial enterprises consider SSPL- or AGPL-licensed software to be unsuitable for commercial use because of the “copyleft” requirements of those licenses. However, some of those same commercial enterprises do not have the same concerns regarding using the software under the SSPL or AGPL for internal purposes. As a result, these commercial enterprises may never convert to paying customers of our platform. Anyone can obtain a free copy of Community Server from the Internet and we do not know who all of our SSPL or AGPL licensees are. Competitors could develop modifications of our software to compete with us in the marketplace. We do not have visibility into how our software is being used by licensees, so our ability to detect violations of the SSPL or AGPL is extremely limited.

In addition to Community Server, we contribute other source code to open source projects under open source licenses and release internal software projects under open source licenses and anticipate doing so in the future. Because the source code for Community Server and any other software we contribute to open source projects or distribute under open source licenses is publicly available, our ability to monetize and protect our intellectual property rights with respect to such source code may be limited or, in some cases, lost entirely.

Our software incorporates third-party open source software, which could negatively affect our ability to sell our products and subject us to possible litigation.

Our software includes third-party open source software and we intend to continue to incorporate third-party open source software in our products in the future. There is a risk that the use of third-party open source software in our software could impose conditions or restrictions on our ability to monetize our software. Although we monitor the incorporation of open source software into our products to avoid such restrictions, we cannot be certain that we have not incorporated open source software in our products or platform in a manner that is inconsistent with our licensing model. Certain open source projects also include other open source software and there is a risk that those dependent open source libraries may be subject to inconsistent licensing terms. This could create further uncertainties as to the governing terms for the open source software we incorporate.

In addition, the terms of certain open source licenses to which we are subject have not been interpreted by U.S. or foreign courts and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated restrictions or conditions on our use of such software. Additionally, we may from time to time face claims from third parties claiming ownership of, or demanding release of, the software or derivative works that we developed using such open source software, which could include proprietary portions of our source code, or otherwise seeking to enforce the terms of the open source licenses. These claims could result in litigation and could require us to make those proprietary portions of our source code freely available, purchase a costly license or cease offering the implicated software or services unless and until we can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources and we may not be able to complete it successfully.

In addition to risks related to license requirements, use of third-party open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties. In addition, licensors of open source software included in our offerings may, from time to time, modify the terms of their license agreements in such a manner that those license terms may become incompatible with our licensing model and thus could, among other consequences, prevent us from incorporating the software subject to the modified license.

Any of these risks could be difficult to eliminate or manage and if not addressed, could have a negative effect on our business, results of operations and financial condition.

If we are not able to introduce new features or services successfully and to make enhancements to our software or services, our business and results of operations could be adversely affected.

Our ability to attract new customers and increase revenue from existing customers depends in part on our ability to enhance and improve our software and to introduce new features and services. To grow our business and remain competitive, we must continue to enhance our software and develop features that reflect the constantly evolving nature of technology and our customers' needs. The success of new products, enhancements and developments depends on several factors: our anticipation of market changes and demands for product features, including timely product introduction and conclusion, sufficient customer demand, cost effectiveness in our product development efforts and the proliferation of new technologies that are able to deliver competitive products and services at lower prices, more efficiently, more conveniently or more securely. In addition, because our software is designed to operate with a variety of systems, applications, data and devices, we will need to continuously modify and enhance our software to keep pace with changes in such systems. We may not be successful in developing these modifications and enhancements. Furthermore, the addition of features and solutions to our software will increase our research and development expenses. Any new features that we develop 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 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 cannot address such uncertainties and successfully develop new features, enhance our software or otherwise overcome technological challenges and competing technologies, our business and results of operations could be adversely affected.

We also offer professional services including consulting and training and must continually adapt to assist our customers in deploying our software in accordance with their specific IT strategies. If we cannot introduce new services or enhance our existing services to keep pace with changes in our customers' deployment strategies, we may not be able to attract new customers, retain existing customers and expand their use of our software or secure renewal contracts, which are important for the future of our business.

Our success is highly dependent on our ability to penetrate the existing market for database products, as well as the growth and expansion of the market for database products.

Our future success will depend in large part on our ability to service existing demand, as well as the continued growth and expansion of the database market. It is difficult to predict demand for our offerings, the conversion from one to the other and related services and the size, growth rate and expansion of these markets, the entry of competitive products or the success of existing competitive products. Our ability to penetrate the existing database market and any expansion of the market depends on a number of factors, including cost, performance and perceived value associated with our subscription offerings, as well as our customers' willingness to adopt an alternative approach to relational and other database products available in the market. Furthermore, many of our potential customers have made significant investments in relational databases, such as offerings from Oracle and may be unwilling to invest in new products. If the market for databases fails to grow at the rate that we anticipate or decreases in size or we are not successful in penetrating the existing market, our business would be harmed.

Our future quarterly results may fluctuate significantly and if we fail to meet the expectations of analysts or investors, our stock price could decline substantially.

Our results of operations, including our revenue, operating expenses and cash flows may vary significantly in the future as a result of a variety of factors, many of which are outside of our control, may be difficult to predict and may or may not fully reflect the underlying performance of our business and period-to-period comparisons of our operating results may not be meaningful. Some of the factors that may cause our results of operations to fluctuate from quarter to quarter include:

- changes in actual and anticipated growth rates of our revenue, customers and other key operating metrics;
- new product announcements, pricing changes and other actions by competitors;
- the mix of revenue and associated costs attributable to subscriptions for our MongoDB Enterprise Advanced and MongoDB Atlas offerings (such as our non-cancelable multi-year cloud infrastructure capacity commitments, which require us to pay for such capacity irrespective of actual usage) and professional services, as such relative mix may impact our gross margins and operating income;
- the mix of revenue and associated costs attributable to sales where subscriptions are bundled with services versus sold on a standalone basis and sales by us and our partners;
- our ability to attract new customers;
- our ability to effectively expand our sales and marketing capabilities and teams;
- our ability to retain customers and expand their usage of our software, particularly for our largest customers;
- shelter-in-place or similar orders, private travel limitation, or business disruption in regions affecting our operations, stemming from actual, imminent or perceived outbreak of contagious disease, including the ongoing COVID-19 pandemic;
- our inability to enforce the AGPL or SSPL;
- delays in closing sales, including the timing of renewals, which may result in revenue being pushed into the next quarter, particularly because a large portion of our sales occur toward the end of each quarter;
- the timing of revenue recognition;
- the mix of revenue attributable to larger transactions as opposed to smaller transactions;
- changes in customers' budgets and in the timing of their budgeting cycles and purchasing decisions;
- customers and potential customers opting for alternative products, including developing their own in-house solutions, or opting to use only the free version of our products;
- fluctuations in currency exchange rates;
- our ability to control costs, including our operating expenses;
- the timing and success of new products, features and services offered by us and our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors, customers or strategic partners;
- significant security breaches of, technical difficulties with, or interruptions to, the delivery and use of our software;
- our failure to maintain the level of service uptime and performance required by our customers;
- the collectability of receivables from customers and resellers, which may be hindered or delayed if these customers or resellers experience financial distress;
- changes in political and economic conditions, in domestic or international markets, including developments resulting from the recent United States presidential and congressional elections and change of administration in the United States;
- general economic conditions, both domestically and internationally, as well as economic conditions specifically affecting industries in which our customers participate, including those conditions related to the ongoing COVID-19 pandemic;

- sales tax and other tax determinations by authorities in the jurisdictions in which we conduct business;
- the impact of new accounting pronouncements; and
- fluctuations in stock-based compensation expense.

The occurrence of one or more of the foregoing and other factors may cause our results of operations to vary significantly. For example, the full impact of the ongoing COVID-19 pandemic is unknown at this time, but could result in material adverse changes in our results of operations for an unknown period of time as the virus and its related political, social and economic impacts spread. Moreover, fluctuations in our quarterly operating results and the price of our Class A common stock may be particularly pronounced in the current economic environment due to the uncertainty caused by and the unprecedented nature of the COVID-19 pandemic. We also intend to continue to invest significantly to grow our business in the near future rather than optimizing for profitability or cash flows. Accordingly, historical patterns and our results of operations in any one quarter may not be meaningful and should not be relied upon as indicative of future performance. Additionally, if our quarterly results of operations fall below the expectations of investors or securities analysts who follow our stock, the price of our Class A common stock could decline substantially and we could face costly lawsuits, including securities class action suits.

We have experienced rapid growth in recent periods. If we fail to continue to grow and to manage our growth effectively, we may be unable to execute our business plan, increase our revenue, improve our results of operations, maintain high levels of service, or adequately address competitive challenges.

We have recently experienced rapid growth in our business, operations and employee headcount. For fiscal years 2021, 2020 and 2019, our total revenue was \$590.4 million, \$421.7 million and \$267.0 million, respectively, representing a 40% and 58% growth rate, respectively. We have also significantly increased the size of our customer base from over 3,200 customers as of January 31, 2017 to over 24,800 customers as of January 31, 2021 and we grew from 713 employees as of January 31, 2017 to 2,539 employees as of January 31, 2021. We expect to continue to expand our operations and employee headcount in the near term. Our success will depend in part on our ability to continue to grow and to manage this growth, domestically and internationally, effectively.

Our recent growth has placed and future growth will continue to place, a significant strain on our management, administrative, operational and financial infrastructure. We will need to continue to improve our operational, financial and management processes and controls and our reporting systems and procedures to manage the expected growth of our operations and personnel, which will require significant expenditures and allocation of valuable management and employee resources. If we fail to implement these infrastructure improvements effectively, our ability to ensure uninterrupted operation of key business systems and comply with the rules and regulations that are applicable to public reporting companies will be impaired. Further, if we do not effectively manage the growth of our business and operations, the quality of our products and services could suffer, the preservation of our culture, values and entrepreneurial environment may change and we may not be able to adequately address competitive challenges. This could impair our ability to attract new customers, retain existing customers and expand their use of our products and services, all of which would adversely affect our brand, overall business, results of operations and financial condition.

If our security measures, or those of our service providers, are breached or unauthorized access to personal data or otherwise private or proprietary data is otherwise obtained, our software may be perceived as not being secure, customers may reduce or terminate their use of our software and we may face litigation, regulatory investigations, significant liability and reputational damage.

In the ordinary course of our business, we collect, store and process personal data and other confidential information of our employees and our customers. We collect such information from individuals located both in the United States and abroad and may store or process such information outside of the country in which it was collected. We use third-party service providers and subprocessors to help us deliver services to our customers. These third-party service providers and subprocessors may store or process personal data and/or other confidential information of our employees and our customers. While we have taken steps to protect the security of the information that we handle, there can be no assurance that any security measures that we or our third-party service providers and subprocessors have implemented will be effective against current or future security threats. Our security measures or those of our third-party service providers and subprocessors could fail and result in unauthorized access to or use of our platform, systems or network, or unauthorized, accidental or unlawful access to, or disclosure, modification, misuse, loss or destruction of, our or our customers' data, including personal data (a "Security Breach"). If our security measures are compromised now, or in the future, this could result in a material adverse effect, including without limitation, a material operational or service interruption, harm to our reputation, significant fines,

penalties and liability, breach or triggering of data protection laws, privacy policies and contractual obligations, loss of customers or sales, or users curtailing or ceasing their use of our software and services.

Furthermore, applicable data protection laws, privacy policies and contractual obligations may require us to implement specific security measures or use industry-standard or reasonable security measures to protect against Security Breaches. We may be required to expend significant resources, fundamentally change our business activities and practices, or modify our platform, services, software, operations or information technology in an effort to protect against Security Breaches and to mitigate, detect, and remediate actual and potential vulnerabilities.

In addition, because our software, which can be deployed in the cloud, on-premise or in a hybrid environment and can be hosted by our customers or can be hosted by us as a service, allows customers to store and transmit data, there exists an inherent risk of a Security Breach or other security incident, which may result in the loss of, or unauthorized access to, this data. For example, industry publications have reported ransomware attacks on MongoDB instances. We believe these attacks were successful due to the failure by users of our Community Server offering to properly turn on the recommended security settings when running these instances.

Cyberattacks and other malicious internet-based activity continue to increase and the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target. Third parties may attempt to fraudulently induce our employees and contractors into disclosing sensitive information such as user names, passwords, or other information or otherwise compromise the security of our electronic systems, networks, and/or physical facilities in order to gain access to our data or the data of organizations on our platform. Security Breaches may arise out of malicious activity, exposure of access credentials, errors and omissions, system misuse, and inadvertent disclosures caused by or resulting from our employees or contractors. Such employees and contractors pose increased risk if they have access to sensitive systems, data and customer information. Additionally, due to the COVID-19 pandemic, nearly all of our employees are temporarily working remotely, which may pose additional data security risks. For example, we have seen an increase in phishing and spam emails as well as social engineering attempts from “hackers” hoping to use the ongoing COVID-19 pandemic to their advantage. In addition to traditional computer “hackers,” malicious code (such as malware, viruses, worms and ransomware), business email compromises, password spraying, employee theft or misuse and denial-of-service (“DoS”) attacks, we also face threats from sophisticated organized crime, nation-state and nation-state supported actors who engage in attacks (including advanced persistent threat intrusions, ransomware attacks, and supply-chain attacks) that add to the risks to us, our internal systems and our partners’ systems. We cannot guarantee that our security measures will be sufficient to protect against unauthorized access to or other compromise of the personal data and/or other confidential information of our employees or customers.

The techniques used to sabotage or to obtain unauthorized access to our platform, systems, networks and/or physical facilities in which data is stored or through which data is transmitted change frequently and we may be unable to implement adequate preventative measures or stop Security Breaches while they are occurring. We may also experience Security Breaches that may remain undetected for an extended period. In addition, security researchers and other individuals have in the past and will continue in the future to actively search for and exploit actual and potential vulnerabilities in our (or our third parties’) information technology, services, communications or software. We cannot be certain that we will be able to address any such vulnerabilities, in whole or part, and there may be delays in developing and deploying patches and other remedial measures to adequately address vulnerabilities. We expect similar issues to arise in the future as our services are more widely adopted, and as we continue to expand the features and functionality of existing services and introduce new services. Any actual or perceived failure to maintain the performance, reliability, confidentiality, integrity, and availability of our platform to the satisfaction of our customers may harm our reputation and our ability to retain existing customers and attract new customers.

Any Security Breach or other security incident could harm our reputation and lead to litigation, indemnity obligations, regulatory investigations and enforcement actions and other liabilities. Litigation with our customers could result in significant costs for remediation that may include liability for stolen assets or information and repair of system damage that may have been caused, incentives offered to customers or other business partners in an effort to maintain business relationships after a breach and other liabilities. There can be no assurance that the limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from liabilities or damages if we fail to comply with applicable data protection laws, privacy policies or contractual obligations related to Security Breaches.

Furthermore, most jurisdictions have enacted laws requiring companies to notify individuals, regulatory authorities and others of Security Breaches involving certain types of data. Such mandatory disclosures are costly, could lead to negative publicity, may cause our customers to lose confidence in the effectiveness of our security measures and require us to expend

significant capital and other resources to respond to and/or alleviate problems caused by the actual or perceived Security Breach.

We may also face regulatory investigations and actions and fines and penalties for violations of applicable data protection laws or regulations. These litigation and regulatory proceedings could force us to spend money in defense or settlement, divert management's time and attention, increase our costs of doing business and adversely affect our reputation. We could be required to fundamentally change our business activities and practices or modify our products in response to such litigation, which could have an adverse effect on our business.

While we maintain general liability insurance coverage and coverage for errors or omissions, we cannot assure you that such coverage will be adequate or otherwise protect us from liabilities or damages with respect to claims alleging compromises of personal or other confidential data or otherwise relating to privacy or data security matters. The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or results in changes to our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have an adverse effect on our business. In addition, we cannot be sure that our existing insurance coverage and coverage for errors and omissions will continue to be available on acceptable terms or that our insurers will not deny coverage as to any future claim.

Our sales cycle may be long and is unpredictable and our sales efforts require considerable time and expense.

The timing of our sales and related revenue recognition is difficult to predict because of the length and unpredictability of the sales cycle for our offerings. We are often required to spend significant time and resources to better educate and familiarize potential customers with the value proposition of paying for our products and services. The length of our sales cycle, from initial evaluation to payment for our offerings is generally three to nine months, but can vary substantially from customer to customer or from application to application within a given customer. As the purchase and deployment of our products can be dependent upon customer initiatives, our sales cycle can extend to more than a year for some customers. Customers often view a subscription to our products and services as a strategic decision and significant investment and, as a result, frequently require considerable time to evaluate, test and qualify our product offering prior to entering into or expanding a subscription. During the sales cycle, we expend significant time and money on sales and marketing and contract negotiation activities, which may not result in a sale. Additional factors that may influence the length and variability of our sales cycle include:

- the effectiveness of our sales force, in particular new sales people as we increase the size of our sales force;
- the discretionary nature of purchasing and budget cycles and decisions;
- the obstacles placed by a customer's procurement process;
- our ability to convert users of our free offerings to paying customers;
- economic conditions and other factors impacting customer budgets;
- customer evaluation of competing products during the purchasing process; and
- evolving customer demands.

Given these factors, it is difficult to predict whether and when a sale will be completed and when revenue from a sale will be recognized, particularly the timing of revenue recognition related to the term license portion of our subscription revenue. This could impact the variability and comparability of our quarterly revenue results and may have an adverse effect on our business, results of operations and financial condition.

We have a limited history with our subscription offerings and pricing model and if, in the future, we are forced to reduce prices for our subscription offerings, our revenue and results of operations will be harmed.

We have limited experience with respect to determining the optimal prices for our subscription offerings. As the market for databases evolves, or as new competitors introduce new products or services that compete with ours, we may be unable to attract new customers or convert users of our free offerings to paying customers on terms or based on pricing models that we have used historically. In the past, we have been able to increase our prices for our subscription offerings, but we may choose not to introduce or be unsuccessful in implementing future price increases. As a result of these and other factors, in the future we may be required to reduce our prices or be unable to increase our prices, or it may be necessary for us to increase our services or product offerings without additional revenue to remain competitive, all of which could harm our results of operations and financial condition.

If we are unable to attract new customers in a manner that is cost-effective and assures customer success, we will not be able to grow our business, which would adversely affect our results of operations and financial condition.

In order to grow our business, we must continue to attract new customers in a cost-effective manner and enable these customers to realize the benefits associated with our products and services. We may not be able to attract new customers for a variety of reasons, including as a result of their use of traditional relational and/or other database products and their internal timing, budget or other constraints that hinder their ability to migrate to or adopt our products or services.

Even if we do attract new customers, the cost of new customer acquisition, product implementation and ongoing customer support may prove so high as to prevent us from achieving or sustaining profitability. For example, in fiscal years 2021, 2020 and 2019, total sales and marketing expense represented 55%, 53% and 56% of revenue, respectively. We intend to continue to hire additional sales personnel, increase our marketing activities to help educate the market about the benefits of our platform and services, grow our domestic and international operations and build brand awareness. We also intend to continue to cultivate our relationships with developers through continued investment and growth of our MongoDB World, MongoDB Advocacy Hub, User Groups, MongoDB University and our partner ecosystem of global system integrators, value-added resellers and independent software vendors. If the costs of these sales and marketing efforts increase dramatically, if we do not experience a substantial increase in leverage from our partner ecosystem, or if our sales and marketing efforts do not result in substantial increases in revenue, our business, results of operations and financial condition may be adversely affected. In addition, while we expect to continue to invest in our professional services organization to accelerate our customers' ability to adopt our products and ultimately create and expand their use of our products over time, we cannot assure you that any of these investments will lead to the cost-effective acquisition of additional customers.

Our business and results of operations depend substantially on our customers renewing their subscriptions with us and expanding their use of software and related services. Any decline in our customer renewals or failure to convince our customers to broaden their use of subscription offerings and related services would harm our business, results of operations and financial condition.

Our subscription offerings are term-based and a majority of our subscription contracts were one year in duration in fiscal year 2021. In order for us to maintain or improve our results of operations, it is important that our customers renew their subscriptions with us when the existing subscription term expires and renew on the same or more favorable quantity and terms. Our customers have no obligation to renew their subscriptions and we may not be able to accurately predict customer renewal rates. In addition, the growth of our business depends in part on our customers expanding their use of subscription offerings and related services. Historically, some of our customers have elected not to renew their subscriptions with us for a variety of reasons, including as a result of changes in their strategic IT priorities, budgets, costs and, in some instances, due to competing solutions. Our retention rate may also decline or fluctuate as a result of a number of other factors, including our customers' satisfaction or dissatisfaction with our software, the increase in the contract value of subscription and support contracts from new customers, the effectiveness of our customer support services, our pricing, the prices of competing products or services, mergers and acquisitions affecting our customer base, global economic conditions and the other risk factors described herein. As a result, we cannot assure you that customers will renew subscriptions or increase their usage of our software and related services. If our customers do not renew their subscriptions or renew on less favorable terms, or if we are unable to expand our customers' use of our software, our business, results of operations and financial condition may be adversely affected.

If we fail to offer high quality support, our business and reputation could suffer.

Our customers rely on our personnel for support of our software and services included in our subscription packages. High-quality support is important for the renewal and expansion of our agreements with existing customers. The importance of high-quality support will increase as we expand our business and pursue new customers. If we do not help our customers quickly resolve issues and provide effective ongoing support, our ability to sell new software to existing and new customers could suffer and our reputation and relationships with existing or potential customers could be harmed.

Real or perceived errors, failures or bugs in our software could adversely affect our business, results of operations, financial condition and growth prospects.

Our software is complex and therefore, undetected errors, failures or bugs have occurred in the past and may occur in the future. Our software is used in IT environments with different operating systems, system management software, applications, devices, databases, servers, storage, middleware, custom and third-party applications and equipment and networking configurations, which may cause errors or failures in the IT environment into which our software is deployed. This diversity increases the likelihood of errors or failures in those IT environments. Despite testing by us, real or perceived

errors, failures or bugs may not be found until our customers use our software. Real or perceived errors, failures or bugs in our products could result in negative publicity, loss of or delay in market acceptance of our software, regulatory investigations and enforcement actions, harm to our brand, weakening of our competitive position, or claims by customers for losses sustained by them or 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 software could also impair our ability to attract new customers, retain existing customers or expand their use of our software, which would adversely affect our business, results of operations and financial condition.

Because our software and services could be used to collect and store personal data, domestic and international privacy concerns could result in additional costs and liabilities to us or inhibit sales of our software.

Data privacy has become a significant issue in the United States, Europe and in many other countries and jurisdictions where we offer our software and services. Our software and services can be used to collect and store substantial amounts of personal data. We are subject to a variety of federal, state, local and foreign laws, directives, rules and regulations relating to the collection, use, storage, retention, security, disclosure, transfer, breach notification procedures and other processing of personal data. The regulatory framework for privacy issues is rapidly evolving and interpretation of these laws, rules and regulations and their application to our software and professional services in the United States and foreign jurisdictions is ongoing and cannot be fully determined at this time.

In the United States, these include rules and regulations promulgated under the authority of the Federal Trade Commission, the Electronic Communications Privacy Act, Computer Fraud and Abuse Act, the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), the Gramm Leach Bliley Act and state laws relating to privacy, data security and data breaches. For example, California enacted the California Consumer Privacy Act (the “CCPA”) in 2018, which became effective on January 1, 2020, with implementing regulations that came into effect on August 14, 2020. The CCPA introduced new requirements regarding the handling of personal information of California consumers and households. The law gives individuals the right to request access to and deletion of their information and the right to opt out of sales of their personal information. The CCPA also authorizes private lawsuits to recover statutory damages for certain data breaches. In addition, a new California ballot initiative, the California Privacy Rights Act (the “CPRA”), was passed in November 2020. Effective January 1, 2023, the CPRA will impose additional obligations on companies covered by the legislation and will significantly modify the CCPA, including by expanding consumers’ rights with respect to certain sensitive personal information. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and the CPRA. The effects of the CCPA and the CPRA are potentially significant and may require us to modify our data collection or processing practices and policies and increase our compliance costs and potential liability with respect to personal information we collect about California residents. California and other states may enact further privacy and data security legislation in the coming years.

Furthermore, on May 12, 2021 the Biden administration issued an Executive Order requiring federal agencies to implement additional IT security measures, including, among other things, requiring agencies to adopt multifactor authentication and encryption for data at rest and in transit, to the maximum extent consistent with federal records laws and other applicable laws. Additionally, the Executive Order will result in the development of secure software development practices or criteria for a consumer software labeling program and shall reflect a baseline level of secure practices for development of software sold to the U.S. federal government, including requiring developers to maintain greater visibility into their software and making security data publicly available. Due to the Executive Order, Federal Agencies may require us to modify our cybersecurity practices and policies and increase our compliance costs and, if we are unable to meet the requirements of the Executive Order, it could impede our ability to work with the U.S. government and result in a loss of revenue.

In addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards that may apply to us.

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 European Economic Area (“E.E.A.”), Switzerland, the United Kingdom (“U.K.”), Canada, Brazil and other countries. The collection, use, disclosure, transfer, or other processing of personal data regarding individuals in the E.E.A and Switzerland is subject to the General Data Protection Regulation (the “GDPR”), which came into effect in May 2018, and other European laws governing the processing of personal data. Data protection authorities in the E.E.A. and Switzerland. have the power to impose administrative fines for violations of the GDPR of up to a maximum of €20 million or 4% of the entity’s total worldwide

global turnover for the preceding financial year, whichever is higher and violations of the GDPR may also lead to damages claims by data controllers and data subjects. Since we act as a data processor for our MongoDB Atlas customers, we have taken steps to cause our processes to be compliant with applicable portions of the GDPR, but because of the ambiguities in the GDPR and the evolving interpretation of the GDPR by data protection authorities, we cannot assure you that such steps are complete or effective. Countries outside Europe, including without limitation Brazil, which recently enacted the General Data Protection Law (*Lei Geral Proteção de Dados Pessoais* or *LGPD*) (Law No. 13,709/2018), are implementing significant limitations on the processing of personal data, similar to those in the GDPR. On June 5, 2020, Japan passed amendments to its Act on the Protection of Personal data, or APPI. Both laws broadly regulate the processing of personal data in a manner comparable to the GDPR, and violators of the LGPD and APPI face substantial penalties.

Some of the foreign data protection laws, including without limitation the GDPR, may restrict the cross-border transfer of personal data, such as transfers of data to the United States from the E.E.A and Switzerland. These laws may require data exporters and data importers - as a condition of cross-border data transfers - to implement specific safeguards to protect the transferred personal data.

The GDPR prohibits the transfer of personal data from the E.E.A to the United States and most other countries unless an approved compliance mechanism has been implemented. On July 16, 2020, the Court of Justice of the European Union issued a decision invalidating the EU-US Privacy Shield framework, which companies had generally relied upon for the transfer of data from the European Union (“EU”) to the United States, on the grounds that the EU-US Privacy Shield failed to offer adequate protections to EU personal data transferred to the United States. While the Court of Justice upheld the use of other data transfer mechanisms, such as the Standard Contractual Clauses, the decision has led to some uncertainty regarding the use of such mechanisms for data transfers to the United States, and the court made clear that reliance on Standard Contractual Clauses alone may not necessarily be sufficient in all circumstances. The use of Standard Contractual Clauses for the transfer of personal data specifically to the United States also remains under review by a number of European data protection supervisory authorities. For example, German and Irish supervisory authorities have indicated that the Standard Contractual Clauses alone provide inadequate protection for EU-US data transfers. Use of the data transfer mechanisms must now be assessed on a case-by-case basis taking into account the legal regime applicable in the destination country, in particular applicable surveillance laws and rights of individuals. The European Data Protection Board issued additional guidance regarding the Court of Justice’s decision on November 11, 2020, which imposes higher burdens on the use of data transfer mechanisms, such as the Standard Contractual Clauses, for cross-border data transfers. To comply with this guidance, we may need to implement additional safeguards to further enhance the security of data transferred out of the E.E.A., which could increase our compliance costs, expose us to further regulatory scrutiny and liability, and adversely affect our business. Further, the European Commission published new versions of the Standard Contractual Clauses for comment and is expected to finalize and implement the new Standard Contractual Clauses in early 2021. Any inability to transfer personal data to the U.S. from the E.E.A., Switzerland or the U.K. in compliance with the GDPR and European data protection laws may impede our ability to attract and retain customers and adversely affect our business and financial position. We may also be required to incur significant costs and increase our foreign data processing capabilities in an effort to comply with these requirements, and there is no assurance they will be successful.

In addition to the GDPR, the Privacy and Electronic Communications Directive 2002 (“e-Privacy Directive”) covers electronic marketing, the use of cookies (and similar technologies) and privacy and confidentiality in electronic communications that pertain to E.U. and U.K. residents. There are proposals to replace the e-Privacy Directive with an e-Privacy Regulation, currently in draft form. The draft e-Privacy Regulation seeks to improve individuals’ privacy and updates the existing privacy and electronic communications regime to cover recent technological developments and bring it in line with the GDPR. Complying with foreign data protection laws like the GDPR, e-Privacy Directive and the e-Privacy Regulation (when it becomes effective) may cause us to incur substantial operational costs, require us to change our business practices, or increase our exposure to regulatory enforcement action. Despite our compliance efforts, we may not be successful in achieving compliance either due to internal or external factors such as resource allocation limitations or a lack of vendor cooperation. We may find it necessary to establish systems to maintain locally the personal data originating from the EU, or to protect a person’s privacy, which may involve substantial expense and distraction from other aspects of our business.

Additionally, the U.K. implemented the Data Protection Act, effective May 2018 and statutorily amended in 2019, that contains provisions, including its own derogations, for how the GDPR is applied in the U.K. These developments could increase the risk of non-compliance and the costs of providing our products and services in a compliant manner. From the beginning of 2021 (when the transitional period following Brexit expired), we have to continue to comply with the GDPR and also the Data Protection Act. The relationship between the U.K. and the EU remains uncertain, for example how data transfers between the U.K. and the EU and other jurisdictions will be treated and the role of the U.K.’s supervisory authority.

The EU is expected to either issue an adequacy decision for personal data transfers from the E.E.A to the U.K. in early 2021, or an adequacy mechanism, such as the Standard Contractual Clauses, will be required for transfer of personal data from the E.E.A. to the U.K. We may incur substantial expense in complying with any new obligations, and we may be required to make significant changes in our business operations, all of which may adversely affect our revenues and our business overall.

In addition to Europe, countries that have enacted data protection laws, including Brazil, may issue regulations and other interpretations of such laws that may restrict cross-border transfers of personal data from those countries in a manner similar to the restrictions imposed by the GDPR.

Because the interpretation and application of privacy and data protection laws, regulations, rules and other standards are still uncertain and likely to remain uncertain for the foreseeable future, it is possible that these laws, rules, regulations and other actual or alleged legal obligations, such as contractual or self-regulatory obligations, may be interpreted and applied in a manner that is inconsistent with our data management practices or the features of our software. If so, in addition to the possibility of fines, lawsuits and other claims, we could be required to fundamentally change our business activities and practices or modify our software, which we may be unable to do in a commercially reasonable manner or at all and which could have an adverse effect on our business. Any inability to adequately address privacy concerns, even if unfounded, or comply with applicable privacy or data protection laws, regulations and other actual or alleged obligations, could result in additional cost and liability to us, damage our reputation, inhibit sales and adversely affect our business.

In addition, because data security and privacy are critical competitive factors in our industry, we publish privacy policies and other documentation regarding our collection, processing, use and disclosure of personal data and/or other confidential information. Although we endeavor to comply with our published policies, certifications and documentation, we may at times fail to do so, may be perceived to have failed to do so, or be alleged to have failed to do so. Moreover, despite our efforts, we may not be successful in achieving compliance if our employees or vendors fail to comply with our published policies, certifications and documentation. The publication of our privacy policies and other documentation that provide promises and assurances about data security and privacy can subject us to potential government or legal action if they are found to be deceptive, unfair or misrepresentative of our actual practices. Should any of these statements prove to be untrue or be perceived as untrue, even if because of circumstances beyond our reasonable control, we may face litigation, disputes, claims, investigations, inquiries or other proceedings by the U.S. Federal Trade Commission, federal, state and foreign regulators, our customers and private litigants, which could adversely affect our business, reputation, results of operations and financial condition.

Furthermore, the costs of compliance with and other burdens imposed by, the laws, regulations and policies that are applicable to the businesses of our customers may limit the use and adoption of, and reduce the overall demand for, our software. Privacy concerns, whether valid or not valid, may inhibit market adoption of our software particularly in certain industries and foreign countries.

The estimates of market opportunity and forecasts of market growth included in this Form 10-Q may prove to be inaccurate and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

Market opportunity estimates and growth forecasts included in this Form 10-Q are subject to significant uncertainty and are based on third-party assumptions and estimates that may not prove to be accurate. The market in which we compete may not meet the size estimates and may not achieve the growth forecast referenced in this Form 10-Q. Even if the market in which we compete meets the size estimates and the growth forecast referenced in this Form 10-Q, our business could fail to grow at similar rates, if at all, for a variety of reasons, which would adversely affect our results of operations.

We could incur substantial costs in protecting or defending our intellectual property rights and any failure to protect our intellectual property rights could reduce the value of our software and brand.

Our success and ability to compete depend in part upon our intellectual property rights. As of January 31, 2021, we had 45 issued patents and 36 pending patent applications in the United States, which may not result in issued patents. Even if a patent issues, we cannot assure you that such patent will be adequate to protect our business. We primarily rely on copyright, trademark laws, trade secret protection and confidentiality or other contractual arrangements with our employees, customers, partners and others to protect our intellectual property rights. However, the steps we take to protect our intellectual property rights may not be adequate. In order to protect our intellectual property rights, we may be required to spend significant resources to establish, monitor and enforce such rights. Litigation brought to enforce our intellectual property rights could be costly, time-consuming and distracting to management and could be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights, which may result

in the impairment or loss of portions of our intellectual property. The local laws of some foreign countries do not protect our intellectual property rights to the same extent as the laws of the United States and effective intellectual property protection and mechanisms may not be available in those jurisdictions. We may need to expend additional resources to defend our intellectual property in these countries and our inability to do so could impair our business or adversely affect our international expansion. Even if we are able to secure our intellectual property rights, there can be no assurances that such rights will provide us with competitive advantages or distinguish our products and services from those of our competitors or that our competitors will not independently develop similar technology.

In addition, we regularly contribute source code under open source licenses and have made some of our own software available under open source or source available licenses and we include third-party open source software in our products. Because the source code for any software we contribute to open source projects or distribute under open source or source available licenses is publicly available, our ability to protect our intellectual property rights with respect to such source code may be limited or lost entirely. In addition, from time to time, we may face claims from third parties claiming ownership of, or demanding release of, the software or derivative works that we have developed 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.

We have been and may in the future be, subject to intellectual property rights claims by third parties, which may be costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies.

Companies in the software and technology industries, including some of our current and potential competitors, own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. We have in the past and may in the future be subject to claims that we have misappropriated, misused or infringed the intellectual property rights of our competitors, non-practicing entities or other third parties. This risk is exacerbated by the fact that our software incorporates third-party open source software. For example, Realtime Data (“Realtime”) filed a lawsuit against us in the United States District Court for the District of Delaware in March 2019 alleging that we are infringing three U.S. patents that it holds: the 908 Patent, the 751 Patent and the 825 Patent. The patent infringement allegations in the lawsuit relate to data compression, decompression, storage and retrieval. See the section titled “Part II, Item 1. Legal Proceedings.”

Any intellectual property claims, with or without merit, could be very time-consuming and expensive and could divert our management’s attention and other resources. These claims could also subject us to significant liability for damages, potentially including treble damages if we are found to have willfully infringed patents or copyrights. These claims could also result in our having to stop using technology found to be in violation of a third party’s rights, some of which we have invested considerable effort and time to bring to market. We might be required to seek a license for the intellectual property, which may not be available on reasonable terms or at all. Even if a license is available, we could be required to pay significant royalties, which would increase our operating expenses. As a result, we may be required to develop alternative non-infringing technology, which could require significant effort and expense. If we cannot license or develop technology for any aspect of our business that may ultimately be determined to infringe on the intellectual property rights of another party, we could be forced to limit or stop sales of subscriptions to our software and may be unable to compete effectively. Any of these results would adversely affect our business, results of operations and financial condition.

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

In addition to our direct sales force and our website, we use strategic partners, such as global system integrators, value-added resellers and independent software vendors to sell our subscription offerings and related services. Our agreements with our partners are generally nonexclusive, meaning our partners may offer their customers products and services of several different companies, including products and services that compete with ours, or may themselves be or become competitors. If our partners do not effectively market and sell our subscription offerings and related services, choose to use greater efforts to market and sell their own products and services or those of our competitors, or fail to meet the needs of our customers, our ability to grow our business and sell our subscription offerings and related services may be harmed. Our partners may cease marketing our subscription offerings or related services with limited or no notice and with little or no penalty. The loss of a substantial number of our partners, our possible inability to replace them, or the failure to recruit additional partners could harm our growth objectives and results of operations.

We rely upon third-party cloud providers to host our cloud offering; any disruption of or interference with our use of third-party cloud providers would adversely affect our business, results of operations and financial condition.

We outsource substantially all of the infrastructure relating to MongoDB Atlas across AWS, Microsoft Azure and GCP to host our cloud offering. Customers of MongoDB Atlas need to be able to access our platform at any time, without interruption or degradation of performance and we provide them with service level commitments with respect to uptime. Third-party cloud providers run their own platforms that we access and we are, therefore, vulnerable to their service interruptions. We may experience interruptions, delays and outages in service and availability from time to time as a result of problems with our third-party cloud providers' infrastructure. Lack of availability of this infrastructure could be due to a number of potential causes including technical failures, natural disasters, fraud or security attacks that we cannot predict or prevent. Such outages could lead to the triggering of our service level agreements and the issuance of credits to our cloud offering customers, which may impact our business, results of operations and financial condition. In addition, if our security, or that of any of these third-party cloud providers, is compromised, our software is unavailable or our customers are unable to use our software within a reasonable amount of time or at all, then our business, results of operations and financial condition could be adversely affected. In some instances, we may not be able to identify the cause or causes of these performance problems within a period of time acceptable to our customers. It is possible that our customers and potential customers would hold us accountable for any breach of security affecting a third-party cloud provider's infrastructure and we may incur significant liability from those customers and from third parties with respect to any breach affecting these systems. We may not be able to recover a material portion of our liabilities to our customers and third parties from a third-party cloud provider. It may also become increasingly difficult to maintain and improve our performance, especially during peak usage times, as our software becomes more complex and the usage of our software increases. Any of the above circumstances or events may harm our business, results of operations and financial condition.

Interruptions or performance problems associated with our technology and infrastructure may adversely affect our business, results of operations and financial condition.

Our continued growth depends in part on the ability of our existing customers and new customers to access our software at any time and within an acceptable amount of time. We may experience service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes or failures, human or software errors, malicious acts, terrorism or capacity constraints. Capacity constraints could be due to a number of potential causes including technical failures, natural disasters, fraud or security attacks. In some instances, we may not be able to identify and/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 as our software offerings and customer implementations become more complex. If our software is unavailable or if our customers are unable to access features of our software within a reasonable amount of time or at all, or if other performance problems occur, our business, results of operations and financial conditions may be adversely affected.

Incorrect or improper implementation or use of our software could result in customer dissatisfaction and harm our business, results of operations, financial condition and growth prospects.

Our database software and related services are designed to be deployed in a wide variety of technology environments, including in large-scale, complex technology environments and we believe our future success will depend at least, in part, on our ability to support such deployments. Implementations of our software may be technically complicated and it may not be easy to maximize the value of our software without proper implementation and training. For example, industry publications have reported ransomware attacks on MongoDB instances. We believe these attacks were successful due to the failure by users of our Community Server offering to properly turn on the recommended security settings when running these instances. If our customers are unable to implement our software successfully, or in a timely manner, customer perceptions of our company and our software may be impaired, our reputation and brand may suffer and customers may choose not to renew their subscriptions or increase their purchases of our related services.

Our customers and partners need regular training in the proper use of and the variety of benefits that can be derived from our software to maximize its potential. We often work with our customers to achieve successful implementations, particularly for large, complex deployments. Our failure to train customers on how to efficiently and effectively deploy and use our software, or our failure to provide effective support or professional services to our customers, whether actual or perceived, may result in negative publicity or legal actions against us. Also, as we continue to expand our customer base, any actual or perceived failure by us to properly provide these services will likely result in lost opportunities for follow-on sales of our related services.

If we fail to meet our service level commitments, our business, results of operations and financial condition could be adversely affected.

Our agreements with customers typically provide for service level commitments. Our MongoDB Enterprise Advanced customers typically get service level commitments with certain guaranteed response times and comprehensive 24x365 coverage. Our MongoDB Atlas customers typically get monthly uptime service level commitments, where we are required to provide a service credit for any extended periods of downtime. The complexity and quality of our customer's implementation and the performance and availability of cloud services and cloud infrastructure are outside our control and, therefore, we are not in full control of whether we can meet these service level commitments. Our business, results of operations and financial condition could be adversely affected if we fail to meet our service level commitments for any reason. Any extended service outages could adversely affect our business, reputation and brand.

We rely on the performance of highly skilled personnel, including senior management and our engineering, professional services, sales and technology professionals; if we are unable to retain or motivate key personnel or hire, retain and motivate qualified personnel, our business would be harmed.

We believe our success has depended and continues to depend, on the efforts and talents of our senior management team, particularly our Chief Executive Officer, and our highly skilled team members, including our sales personnel, customer-facing technical personnel and software engineers. We do not maintain key man insurance on any of our executive officers or key employees. From time to time, there may be changes in our senior management team resulting from the termination or departure of our executive officers and key employees. The majority of our senior management and key employees are employed on an at-will basis, which means that they could terminate their employment with us at any time. For example, our former Chief Technology Officer resigned effective July 10, 2020. The loss of any of our senior management or key employees could adversely affect our ability to build on the efforts they have undertaken to execute our business plan and to execute against our market opportunity. We may not be able to find adequate replacements. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees.

Further, if members of our management and other key personnel in critical functions across our organization are unable to perform their duties or have limited availability due to COVID-19, we may not be able to execute on our business strategy and/or our operations may be negatively impacted.

Our ability to successfully pursue our growth strategy also depends on our ability to attract, motivate and retain our personnel. Competition for well-qualified employees in all aspects of our business, including sales personnel, customer-facing technical personnel and software engineers, is intense, and the recent move by companies to offer a remote or hybrid work environment may increase the competition for talent. Our recruiting efforts focus on elite organizations and our primary recruiting competition are well-known, high-paying technology companies. Our continued ability to compete effectively depends on our ability to attract new employees and to retain and motivate existing employees. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees, our business would be adversely affected.

If we are not able to maintain and enhance our brand, especially among developers, our business and results of operations may be adversely affected.

We believe that developing and maintaining widespread awareness of our brand, especially with developers, in a cost-effective manner is critical to achieving widespread acceptance of our software and attracting new customers. Brand promotion activities may not generate customer awareness or increase revenue and even if they do, any increase in revenue may not offset the expenses we incur in building our brand. For instance, our continued focus and investment in MongoDB World, MongoDB University and similar investments in our brand and customer engagement and education may not generate a sufficient financial return. If we fail to successfully promote and maintain our brand, or continue to incur substantial expenses, we may fail to attract or retain customers necessary to realize a sufficient return on our brand-building efforts, or to achieve the widespread brand awareness that is critical for broad customer adoption of our platform.

Our corporate culture has contributed to our success and if we cannot continue to maintain and develop this culture as we grow and evolve, we may be unable to execute effectively and could lose the innovation, creativity and entrepreneurial spirit we have worked hard to foster, which could harm our business.

We believe that our culture has been and will continue to be a key contributor to our success. From January 31, 2017 to January 31, 2021, we increased the size of our workforce by 1,826 employees and we expect to continue to hire

aggressively as we expand, especially research and development and sales and marketing personnel. Such substantial headcount growth may result in a change to our corporate culture.

Our leadership team also plays a key role in our corporate culture. We recently hired a Chief Technology Officer, a Chief People Officer and a Chief Marketing Officer, and we may also recruit and hire other senior executives in the future. Such management changes subject us to a number of risks, such as risks pertaining to coordination of responsibilities and tasks, creation of new management systems and processes, differences in management style, any of which could adversely impact our corporate culture. In addition, we may need to adapt our corporate culture and work environments to changing circumstances, such as during times of a natural disaster or pandemic, including the ongoing COVID-19 pandemic.

If we do not continue to maintain and develop our corporate culture, we may be unable to execute effectively and foster the innovation, creativity and entrepreneurial spirit we believe we need to support our growth, which could harm our business.

We depend and rely upon SaaS technologies from third parties to operate our business and interruptions or performance problems with these technologies may adversely affect our business and results of operations.

We rely on hosted SaaS applications from third parties in order to operate critical functions of our business, including enterprise resource planning, order management, contract management billing, project management and accounting and other operational activities. If these services become unavailable due to extended outages, interruptions or because they are no longer available on commercially reasonable terms, our expenses could increase, our ability to manage finances could be interrupted and our processes for managing sales of our platform and supporting our customers could be impaired until equivalent services, if available, are identified, obtained and implemented, all of which could adversely affect our business.

Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses.

Our agreements with customers and other third parties may include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement, damages caused by us to property or persons, data breach, or other liabilities relating to or arising from our software, services or other contractual obligations. Large indemnity payments could harm our business, results of operations and financial condition. Although we normally contractually limit our liability with respect to such indemnity obligations, we may still incur substantial liability related to them. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other existing customers and new customers and harm our business and results of operations.

Because our long-term growth strategy involves further expansion of our sales to customers outside the United States, our business will be susceptible to risks associated with international operations.

A component of our growth strategy involves the further expansion of our operations and customer base internationally. In the fiscal years ended January 31, 2020, 2019 and 2018, total revenue generated from customers outside the United States was 44%, 41% and 39%, respectively, of our total revenue. We currently have international offices outside of North America in Europe, the Middle East and Africa (“EMEA”), the Asia-Pacific region and South America, focusing primarily on selling our products and services in those regions. In addition, we expanded our reach in China in February 2021 when we announced a global partnership with Tencent Cloud that allows customers to easily adopt and use MongoDB-as-a-Service across Tencent’s global cloud infrastructure. In the future, we may continue to expand our presence in these regions or expand into other international locations. Our current international operations and future initiatives involve a variety of risks, including risks associated with:

- changes in a specific country’s or region’s political or economic conditions;
- the need to adapt and localize our products for specific countries;
- greater difficulty collecting accounts receivable and longer payment cycles;
- unexpected changes in laws, regulatory requirements, taxes or trade laws;
- shelter-in-place or similar orders, private travel limitation, or business disruption in regions affecting our operations, stemming from actual, imminent or perceived outbreak of contagious disease, including the ongoing COVID-19 pandemic;

- more stringent regulations relating to privacy and data security and the unauthorized use of, or access to, commercial and personal data, particularly in EMEA;
- differing labor regulations, especially in EMEA, where labor laws are generally more advantageous to employees as compared to the United States, including deemed hourly wage and overtime regulations in these locations;
- challenges inherent in efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits and compliance programs;
- difficulties in managing a business in new markets with diverse cultures, languages, customs, legal systems, alternative dispute systems and regulatory systems;
- increased costs associated with international operations, including travel, real estate, infrastructure and legal compliance costs;
- currency exchange rate fluctuations and the resulting effect on our revenue and expenses and the cost and risk of entering into hedging transactions if we chose to do so in the future;
- the effect of other economic factors, including inflation, pricing and currency devaluation;
- limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries;
- laws and business practices favoring local competitors or general preferences for local vendors;
- operating in new, developing or other markets in which there are significant uncertainties regarding the interpretation, application and enforceability of laws and regulations, including relating to contract and intellectual property rights;
- limited or insufficient intellectual property protection or difficulties enforcing our intellectual property;
- political instability, social unrest, terrorist activities, natural disasters or regional or global outbreaks of contagious diseases, such as the ongoing COVID-19 pandemic;
- exposure to liabilities under anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act, U.K. Bribery Act and similar laws and regulations in other jurisdictions; and
- adverse tax burdens and foreign exchange controls that could make it difficult to repatriate earnings and cash.

Our limited experience in operating our business internationally increases the risk that any potential future expansion efforts that we may undertake will not be successful. If we invest substantial time and resources to expand our international operations and are unable to do so successfully and in a timely manner, our business and results of operations will suffer.

Changes in government trade policies, including the imposition of tariffs and other trade barriers, could limit our ability to sell our products to certain customers and certain markets, which could adversely affect our business, financial condition and results of operations.

The United States or foreign governments may take administrative, legislative or regulatory action that could materially interfere with our ability to sell our offerings in certain countries. For instance, there is currently significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, tariffs and taxes. If tariffs or other trade barriers are placed on offerings such as ours, this could have a direct or indirect adverse effect on our business. Even in the absence of tariffs or other trade barriers, the related uncertainty and the market's fears relating to international trade might result in lower demand for our offerings, which could adversely affect our business, financial condition and results of operations.

Legal, political and economic uncertainty surrounding the exit of the United Kingdom from the European Union may be a source of instability in international markets, create significant currency fluctuations, adversely affect our operations in the United Kingdom and pose additional risks to our business, revenue, financial condition and results of operations.

The United Kingdom (the "U.K.") formally left the E.U. on January 31, 2020, commonly referred to as Brexit. There was a transitional period, during which EU laws continued to apply in the U.K.; however this ended on December 31, 2020. The U.K. and E.U. have signed a E.U.-U.K. Trade and Cooperation Agreement, which became provisionally applicable on January 1, 2021 and will become formally applicable once ratified by both the U.K. and the E.U. This agreement provides

details on how some aspects of the U.K. and E.U.'s relationship will operate, however there are still many uncertainties. Many of the regulations that now apply in the U.K. following the transition period, will likely be amended in the future as the UK determines its new approach, which may result in significant divergence from E.U. regulations.

The uncertainty concerning the U.K.'s legal, political and economic relationships with the E.U. following Brexit may be a source of instability in the international markets, create significant currency fluctuations and otherwise adversely affect trading agreements or similar cross border co-operation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise). The long-term effects of Brexit will depend in part on how the EU-UK Trade and Cooperation Agreement, and any future agreements signed by the UK and the EU, take effect in practice.

Such a withdrawal from the E.U. is unprecedented and it is unclear how the U.K.'s access to the European single market for goods, capital, services and labor within the E.U., or the European single market and the wider commercial, legal and regulatory environment, will impact our U.K. operations and our customers located in the U.K. Further, if other E.U. Member States pursue withdrawal, barrier-free access between the U.K. and other E.U. Member States or among the European Economic Area overall could be diminished or eliminated.

The ultimate effects of Brexit on us are difficult to predict; however, we currently conduct a significant part of our business in the U.K. and in the E.U., with customers located in the U.K. accounting for 10% of total revenue for each of the fiscal years ended January 31, 2021, 2020 and 2019. The U.K.'s withdrawal from the E.U. could cause disruptions and create uncertainty to our businesses, including affecting the business of and/or our relationships with our customers and suppliers, as altering the relationship among tariffs and currencies, including the value of the British pound and the Euro relative to the U.S. dollar and creating new regulatory costs and challenges. Any of these effects, among others, could adversely impact our financial position and results of operations.

If currency exchange rates fluctuate substantially in the future, our financial results, which are reported in U.S. dollars, could be adversely affected.

As we continue to expand our international operations, we become more exposed to the effects of fluctuations in currency exchange rates. Often, contracts executed by our foreign operations are denominated in the currency of that country or region and a portion of our revenue is therefore subject to foreign currency risks. However, a strengthening of the U.S. dollar could increase the real cost of our subscription offerings and related services to our customers outside of the United States, adversely affecting our business, results of operations and financial condition. We incur expenses for employee compensation and other operating expenses at our non-U.S. locations in the local currency. Fluctuations in the exchange rates between the U.S. dollar and other currencies could result in the dollar equivalent of such expenses being higher. This could have a negative impact on our reported results of operations. To date, we have not engaged in any hedging strategies and any such strategies, such as forward contracts, options and foreign exchange swaps related to transaction exposures that we may implement in the future to mitigate this risk may not eliminate our exposure to foreign exchange fluctuations. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

Changes in laws and regulations related to the internet or changes in the internet infrastructure itself may diminish the demand for our software and could have a negative impact on our business.

The future success of our business and particularly our cloud offerings, such as MongoDB Atlas, depends upon the continued use of the internet as a primary medium for commerce, communication and business applications. Federal, state or foreign government bodies or agencies have in the past adopted and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. Changes in these laws or regulations could require us to modify our software in order to comply with these changes. In addition, government agencies or private organizations may begin to impose taxes, fees or other charges for accessing the internet or commerce conducted via the internet. These laws or charges could limit the growth of internet-related commerce or communications generally, resulting in reductions in the demand for internet-based solutions such as ours.

In addition, the use of the internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease of use, accessibility and quality of service. The performance of the internet and its acceptance as a business tool have been adversely affected by "ransomware," "viruses," "worms," "malware," "phishing attacks," "data breaches" and similar malicious programs, behavior and events and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the internet is adversely affected by these issues, demand for our subscription offerings and related services could suffer.

Our corporate structure and intercompany arrangements are subject to the tax laws of various jurisdictions and we could be obligated to pay additional taxes, which would harm our results of operations.

Based on our current corporate structure, we may be subject to taxation in several jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain. The amount of taxes we pay in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents. The authorities in these jurisdictions could review our tax returns or require us to file tax returns in jurisdictions in which we are not currently filing and could impose additional tax, interest and penalties. In addition, the authorities could claim that various withholding requirements apply to us or our subsidiaries, assert that benefits of tax treaties are not available to us or our subsidiaries, or challenge our methodologies for valuing developed technology or intercompany arrangements, including our transfer pricing. The relevant taxing authorities may determine that the manner in which we operate our business does not achieve the intended tax consequences. If such a disagreement was to occur and our position was not sustained, we could be required to pay additional taxes and interest and penalties. Such authorities could claim that various withholding requirements apply to us or our subsidiaries or assert that benefits of tax treaties are not available to us or our subsidiaries. Any increase in the amount of taxes we pay or that are imposed on us could increase our worldwide effective tax rate and harm our business and results of operations.

We may acquire or invest in companies, which may divert our management's attention and result in additional dilution to our stockholders. We may be unable to integrate acquired businesses and technologies successfully or achieve the expected benefits of such acquisitions.

Our success will depend, in part, on our ability to grow our business in response to changing technologies, customer demands and competitive pressures. In some circumstances, we may choose to do so through the acquisition of businesses and technologies rather than through internal development. The identification of suitable acquisition candidates can be difficult, time-consuming and costly and we may not be able to successfully complete identified acquisitions.

On November 1, 2018, we acquired ObjectLabs Corporation (“mLab”), a privately held company, headquartered in San Francisco, California, that offers cloud database services. On May 7, 2019, we acquired Tightdb, Inc. (“Realm”), a privately held mobile database company. The risks we face in connection with these and any future acquisitions include:

- an acquisition may negatively affect our results of operations because it may require us to incur charges or assume substantial debt or other liabilities, may cause adverse tax consequences or unfavorable accounting treatment, may expose us to claims and disputes by stockholders and third parties, including intellectual property claims and disputes, or may not generate sufficient financial return to offset additional costs and expenses related to the acquisition;
- we may encounter difficulties or unforeseen expenditures in integrating the business, technologies, products, personnel or operations of any company that we acquire, particularly if key personnel of the acquired company decide not to work for us;
- we may not be able to realize anticipated synergies;
- an acquisition may disrupt our ongoing business, divert resources, increase our expenses and distract our management;
- an acquisition may result in a delay or reduction of customer purchases for both us and the company acquired due to customer uncertainty about continuity and effectiveness of service from either company and we may experience increased customer churn with respect to the company acquired;
- we may encounter challenges integrating the employees of the acquired company into our company culture;
- for international transactions, we may face additional challenges related to the integration of operations across different cultures and languages and the economic, political and regulatory risks associated with specific countries;
- we may be unable to successfully sell any acquired products or increase adoption or usage of acquired products, or increase spend by acquired customers;
- our use of cash to pay for acquisitions would limit other potential uses for our cash;
- if we incur debt to fund any acquisitions, such debt may subject us to material restrictions on our ability to conduct our business, including financial maintenance covenants; and

- if we issue a significant amount of equity securities in connection with future acquisitions, existing stockholders may be diluted and earnings per share may decrease.

The occurrence of any of these risks could have an adverse effect on our business, results of operations and financial condition.

We are subject to risks associated with our non-marketable securities, including partial or complete loss of invested capital. Significant changes in the fair value of our private investment portfolio could negatively impact our financial results.

We have non-marketable equity securities in privately-held companies. The financial success of our investments in any privately-held company is typically dependent on a liquidity event, such as a public offering, acquisition or other favorable market event reflecting appreciation to the cost of our initial investment. In addition, valuations of privately-held companies are inherently complex due to the lack of readily available market data.

We record all fair value adjustments of our non-marketable securities through the consolidated statement of operations. As a result, we may experience additional volatility to our statements of operations due to the valuation and timing of observable price changes or impairments of our non-marketable securities. Our ability to mitigate this volatility in any given period may be impacted by our contractual obligations to hold securities for a set period of time. All of our investments, especially our non-marketable securities, are subject to a risk of a partial or total loss of investment capital. Changes in the fair value or partial or total loss of investment capital of these individual companies could be material to our financial statements and negatively impact our business and financial results.

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

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”), the U.S. Travel Act, the U.K. Bribery Act (the “Bribery Act”) and other anti-corruption, anti-bribery and anti-money laundering laws in various jurisdictions around the world. The FCPA, Bribery Act and similar applicable laws generally prohibit companies, their officers, directors, employees and third-party intermediaries, business partners and agents from making improper payments or providing other improper things of value to government officials or other persons. We and our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and other third parties where we may be held liable for the corrupt or other illegal activities of these third-party business partners and intermediaries, our employees, representatives, contractors, resellers and agents, even if we do not explicitly authorize such activities. While we have policies and procedures and internal controls to address compliance with such laws, we cannot assure you that all of our employees and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. To the extent that we learn that any of our employees, third-party intermediaries, agents, or business partners do not adhere to our policies, procedures, or internal controls, we are committed to taking appropriate remedial action. In the event that we believe or have reason to believe that our directors, officers, employees, third-party intermediaries, agents, or business partners have or may have violated such laws, we may be required to investigate or have outside counsel investigate the relevant facts and circumstances. Detecting, investigating and resolving actual or alleged violations can be extensive and require a significant diversion of time, resources and attention from senior management. Any violation of the FCPA, Bribery Act, or other applicable anti-bribery, anti-corruption laws and anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, fines and penalties or suspension or debarment from U.S. government contracts, all of which may have a material adverse effect on our reputation, business, operating results and prospects and financial condition.

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

Generally accepted accounting principles in the United States (“GAAP”), are subject to interpretation by the FASB, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of a change.

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 the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as described in Note 2, *Summary of Significant Accounting Policies*, in the Notes to Unaudited Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our Consolidated Financial Statements and Unaudited Condensed Consolidated Financial Statements include those related to revenue recognition, allowances for doubtful accounts, the incremental borrowing rate related to our lease liabilities, stock-based compensation, fair value of the liability component of the convertible debt, fair value of common stock and redeemable convertible preferred stock warrants prior to the initial public offering, legal contingencies, fair value of acquired intangible assets and goodwill, useful lives of acquired intangible assets and property and equipment and accounting for income taxes. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our Class A common stock.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act and the rules and regulations of the applicable listing standards of the Nasdaq. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming and costly and place significant strain on our personnel, systems and resources.

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 develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our Class A 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.

We are required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting on an annual basis. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting. In addition, we are required to have our independent registered public accounting firm issue an opinion on the effectiveness of our internal control over financial reporting on an annual basis. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective. If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our

internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our business and results of operations and could cause a decline in the price of our Class A common stock and we may be subject to investigation or sanctions by the SEC.

We may require additional capital to support our operations or the growth of our business and we cannot be certain that this capital will be available on reasonable terms when required, or at all.

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new features or otherwise enhance our database software, improve our operating infrastructure or acquire businesses and technologies. Accordingly, we may need to secure additional capital through equity or debt financings. If we raise additional capital, our existing stockholders could suffer significant dilution and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our Class A common stock. Any debt financing that we may secure 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, including potential acquisitions. We may not be able to obtain additional financing on terms that are favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms that are satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired and our business may be harmed.

We are a multinational organization with a distributed workforce facing increasingly complex tax issues in many jurisdictions, and we could be obligated to pay additional taxes in various jurisdictions.

As a multinational organization, we may be subject to taxation in several jurisdictions around the world with increasingly complex tax laws, the amount of taxes we pay in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could have a material adverse effect on our liquidity and operating results. Additionally, both the COVID-19 pandemic and new flexible work policies are likely to increase the complexity of our payroll tax practices and may lead to challenges with our payments to tax authorities. Furthermore, authorities in the many jurisdictions in which we operate or have employees could review our tax returns and impose additional tax, interest and penalties and the authorities could claim that various withholding requirements apply to us or our subsidiaries or assert that benefits of tax treaties are not available to us or our subsidiaries, any of which could have a material impact on us and the results of our operations.

The enactment of legislation implementing changes in U.S. taxation of international business activities or the adoption of other tax reform policies could materially impact our financial position and results of operations.

Changes to U.S. tax laws, including limitations on the ability of taxpayers to claim and utilize foreign tax credits and the deferral of certain tax deductions until earnings outside of the United States are repatriated to the United States, as well as changes to U.S. tax laws that may be enacted in the future, could impact the tax treatment of our foreign earnings. Due to expansion of our international business activities, any changes in the U.S. taxation of such activities may increase our worldwide effective tax rate and adversely affect our financial position and results of operations.

In addition, potential tax reform in the United States may result in significant changes to U.S. federal income taxation law, including changes to the U.S. federal income taxation of corporations (including the Company) and/or changes to the U.S. federal income taxation of stockholders in U.S. corporations, including investors in our Class A common stock. For example, the Tax Cuts and Jobs Act of 2017 was enacted on December 22, 2017 and significantly revised the U.S. corporate income tax law by, among other things, reducing the corporate income tax rate to 21% for tax years beginning in 2018, imposing additional limitations on the deductibility of interest, changing the utilization of future net operating loss carryforwards, allowing for the expensing of certain capital expenditures and implementing a modified territorial system. We are currently unable to predict whether any future changes will occur and, if so, the impact of such changes, including on the U.S. federal income tax considerations relating to the purchase, ownership and disposition of our Class A common stock.

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.

As of January 31, 2021, we had net operating loss carryforwards for federal, state, Irish and U.K. income tax purposes of approximately \$1.2 billion, \$1.1 billion, \$384.0 million and \$22.1 million, respectively, which begin to expire in the year ending January 31, 2028 for federal purposes and January 31, 2021 for state purposes. Ireland, U.K. and U.S. federal losses for years after January 31, 2018 are allowed to be carried forward indefinitely. A lack of future taxable income would adversely affect our ability to utilize these net operating losses (“NOLs”) before they expire. In general, under Section 382 of the Code, a corporation that undergoes an “ownership change” (as defined under Section 382 of the Code and applicable

Treasury Regulations) is subject to limitations on its ability to utilize its pre-change NOLs to offset future taxable income. We may experience a future ownership change under Section 382 of the Code that could affect our ability to utilize the NOLs to offset our income. Furthermore, our ability to utilize NOLs of companies that we have acquired or may acquire in the future may be subject to limitations. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to reduce future income tax liabilities, including for state tax purposes.

For these reasons, we may not be able to utilize a material portion of the NOLs reflected on our balance sheet, even if we attain profitability, which could potentially result in increased future tax liability to us and could adversely affect our results of operations and financial condition.

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 do not collect sales and use, value added or similar taxes in all jurisdictions in which we have sales and we have been advised that such taxes are not applicable to our products and services in certain 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, to us or our end-customers for the past amounts and we may be required to collect such taxes in the future. If we are unsuccessful in collecting such taxes from our end-customers, we could be held liable for such costs. Such tax assessments, penalties and interest, or future requirements may adversely affect our results of operations.

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

Our offerings are subject to United States export controls and we incorporate encryption technology into certain of our offerings. These encryption offerings and the underlying technology may be exported outside of the United States only with the required export authorizations, including by license.

Furthermore, our activities are subject to the U.S. economic sanctions laws and regulations that prohibit the shipment of certain products and services without the required export authorizations or export to countries, governments and persons targeted by U.S. sanctions. While we take precautions to prevent our offerings from being exported in violation of these laws, including obtaining authorizations for our encryption offerings, implementing IP address blocking and screenings against U.S. Government and international lists of restricted and prohibited persons, we cannot guarantee that the precautions we take will prevent violations of export control and sanctions laws.

We also note that if our channel partners fail to obtain appropriate import, export or re-export licenses or permits, we may also be adversely affected, through reputational harm as well as other negative consequences including government investigations and penalties. We presently incorporate export control compliance requirements in our channel partner agreements. Complying with export control and sanctions regulations for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities.

If we fail to comply with U.S. sanctions and export control laws and regulations, we and certain of our employees could be subject to substantial civil or criminal penalties, including the possible loss of export or import privileges, fines, which may be imposed on us and responsible employees or managers and, in extreme cases, the incarceration of responsible employees or managers.

Also, various countries, in addition to the United States, regulate the import and export of certain encryption and other technology, including import and export permitting and licensing requirements and have enacted laws that could limit our ability to distribute our offerings or could limit our customers' ability to implement our offerings in those countries. Changes in our offerings or future changes in export and import regulations may create delays in the introduction of our offerings in international markets, prevent our customers with international operations from deploying our offerings globally or, in some cases, prevent the export or import of our offerings to certain countries, governments, or persons altogether. Any change in export or import regulations, economic sanctions or related legislation, or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our offerings by, or in our decreased ability to export or sell our offerings to, existing or potential customers with international operations. Any decreased use of our offerings or limitation on our ability to export or sell our offerings would likely adversely affect our business operations and financial results.

Our business is subject to the risks of earthquakes, fire, floods and other natural catastrophic events and to interruption by man-made problems such as power disruptions, computer viruses, Security Breaches or terrorism.

As of April 30, 2021, we have customers in over 100 countries and employees in over 25 countries. A significant natural disaster or man-made problem, such as an earthquake, fire, flood, an act of terrorism, the regional or global outbreak of a contagious disease, such as the ongoing COVID-19 pandemic, or other catastrophic event occurring in any of these locations, could adversely affect our business, results of operations and financial condition. Further, if a natural disaster or man-made problem were to affect data centers used by our cloud infrastructure service providers this could adversely affect the ability of our customers to use our products. In addition, natural disasters, regional or global outbreaks of contagious diseases and acts of terrorism could cause disruptions in our or our customers' businesses, national economies or the world economy as a whole. Moreover, these types of events could negatively impact consumer and business spending in the impacted regions or depending upon the severity, globally, which could adversely impact our operating results. For example, the extent to which the ongoing COVID-19 pandemic may continue to impact our business is uncertain, however we continue to monitor its effect. In the event of a major disruption caused by a natural disaster or man-made problem, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our development activities, lengthy interruptions in service, breaches of data security and loss of critical data, any of which could adversely affect our business, results of operations and financial condition.

In addition, as computer malware, viruses and computer hacking, fraudulent use attempts and phishing attacks have become more prevalent, we face increased risk from these activities to maintain the performance, reliability, security and availability of our subscription offerings and related services and technical infrastructure to the satisfaction of our customers, which may harm our reputation and our ability to retain existing customers and attract new customers.

Risks Related to Ownership of Our Class A Common Stock

The trading price of our Class A common stock has been and is likely to continue to be volatile, which could cause the value of our Class A common stock to decline.

Technology stocks have historically experienced high levels of volatility. The trading price of our Class A common has been and is likely to continue to be volatile. Factors that could cause fluctuations in the trading price of our Class A common stock include the following:

- announcements of new products or technologies, commercial relationships, acquisitions or other events by us or our competitors;
- changes in how customers perceive the benefits of our product and future product offerings and releases;
- departures of key personnel;
- price and volume fluctuations in the overall stock market from time to time;
- fluctuations in the trading volume of our shares or the size of our public float;
- sales of large blocks of our Class A common stock;
- actual or anticipated changes or fluctuations in our results of operations;
- whether our results of operations meet the expectations of securities analysts or investors;
- changes in actual or future expectations of investors or securities analysts;
- significant data breach involving our software;
- litigation involving us, our industry, or both;
- regulatory developments in the United States, foreign countries or both;
- general economic conditions and trends;
- major catastrophic events in our domestic and foreign markets; and
- “flash crashes,” “freeze flashes” or other glitches that disrupt trading on the securities exchange on which we are listed.

In addition, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the trading price of our Class A common stock could decline for reasons unrelated to our business, results of operations or financial condition. The trading price of our Class A common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. In the past, following periods of volatility in the trading price of a company's securities, securities class action litigation has often been brought against that company. If our stock price is volatile, we may become the target of securities litigation. Securities litigation could result in substantial costs and divert our management's attention and resources from our business. This could have an adverse effect on our business, results of operations and financial condition.

We may fail to meet our publicly announced guidance or other expectations about our business and future operating results, which would cause our stock price to decline.

We release earnings guidance in our quarterly and annual earnings conference calls, quarterly and annual earnings releases, or otherwise, regarding our future performance that represents our management's estimates as of the date of release. This guidance includes forward-looking statements based on projections prepared by our management. Projections are based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies on our business, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. One of those key assumptions relates to the impact of the ongoing COVID-19 pandemic and the associated economic uncertainty on our business, which is inherently difficult to predict. We intend to state possible outcomes as high and low ranges which are intended to provide a sensitivity analysis as variables are changed but are not intended to imply that actual results could not fall outside of the suggested ranges. The principal reason that we release guidance is to provide a basis for our management to discuss our business outlook with analysts and investors. Furthermore, analysts and investors may develop and publish their own projections of our business, which may form a consensus about our future performance. Our actual business results may vary significantly from such guidance or that consensus due to a number of factors, many of which are outside of our control, including due to the global economic uncertainty and financial market conditions caused by the ongoing COVID-19 pandemic, and which could adversely affect our business and future operating results. There are no comparable recent events that provide insights as to the probable effect of the ongoing COVID-19 pandemic, and, as a result, the ultimate impact of the COVID-19 outbreak is highly uncertain and subject to change. We are relying on the reports and models of economic and medical experts in making assumptions relating to the duration of this crisis and predictions as to timing and pace of any future economic recovery. If these models are incorrect or incomplete, or if we fail to accurately predict the full impact that the COVID-19 pandemic will have on all aspects of our business, the guidance and other forward-looking statements we provide may also be incorrect or incomplete. Furthermore, if we make downward revisions of our previously announced guidance, if we withdraw our previously announced guidance, or if our publicly announced guidance of future operating results fails to meet expectations of securities analysts, investors or other interested parties, the price of our common stock would decline.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results may vary from our guidance and the variations may be material. In light of the foregoing, investors are urged not to rely upon our guidance in making an investment decision regarding our common stock.

Any failure to successfully implement our operating strategy or the occurrence of any of the events or circumstances set forth in this "Risk Factors" section in this report could result in the actual operating results being different from our guidance, and the differences may be adverse and material.

Our issuance of additional capital stock in connection with financings, acquisitions, investments, our equity incentive plans or otherwise will dilute all other stockholders.

We expect to issue additional capital stock in the future that will result in dilution to all other stockholders. We expect to grant equity awards to employees, directors and consultants under our equity incentive plans. We may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments in companies, products or technologies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per share value of our Class A common stock to decline.

We do not intend to pay dividends on our Class A common stock for the foreseeable future.

We have never declared or paid any dividends on our capital stock. We intend to retain any earnings to finance the operation and expansion of our business and we do not anticipate paying any dividends in the foreseeable future. As a result, investors in our Class A common stock may only receive a return if the market price of our Class A common stock increases.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain additional executive management and qualified board members.

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

Being a public company under these rules and regulations has made it more expensive for us to obtain director and officer liability insurance and in the future, we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified executive officers or members of our Board of Directors, particularly to serve on our audit and compensation committees.

As a result of the disclosures within our filings with the SEC, information about our business and our financial condition is available to competitors and other third parties, which may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and results of operations could be adversely affected. Even if the claims do not result in litigation or are resolved in our favor, these claims and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and results of operations.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action asserting a breach of fiduciary duty;
- any action asserting a claim against us arising under the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and restated bylaws; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, Section 22 of 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 certificate of incorporation further provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers and other employees. While the Delaware courts have determined that such choice of forum

provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs, and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions.

Delaware law and our corporate charter and bylaws contain anti-takeover provisions that could delay or discourage takeover attempts that stockholders may consider favorable.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors who are not nominated by the current members of our Board of Directors or take other corporate actions, including effecting changes in our management. These provisions include:

- a classified Board of Directors with three-year staggered terms, which could delay the ability of stockholders to change the membership of a majority of our Board of Directors;
- the ability of our Board of Directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the exclusive right of our Board of Directors to elect a director to fill a vacancy created by the expansion of our Board of Directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our Board of Directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by our Board of Directors, the chairperson of our Board of Directors or our chief executive officer, which limitations could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the requirement for the affirmative vote of holders of a majority of the voting power of all of the then outstanding shares of the voting stock to amend the provisions of our amended and restated certificate of incorporation relating to the management of our business (including our classified board structure) or certain provisions of our amended and restated bylaws, which may inhibit the ability of an acquirer to effect such amendments to facilitate an unsolicited takeover attempt;
- the ability of our Board of Directors to amend our bylaws, which may allow our Board of Directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend our bylaws to facilitate an unsolicited takeover attempt; and
- advance notice procedures with which stockholders must comply to nominate candidates to our Board of Directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law, which may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a specified period of time.

Risks Related to our Outstanding Notes

We have incurred a significant amount of debt and may in the future incur additional indebtedness. We may not have sufficient cash flow from our business to make payments on our substantial debt when due.

In June and July 2018, we issued \$300.0 million aggregate principal amount of 0.75% convertible senior notes due 2024 (the "2024 Notes") in a private placement and in January 2020, we issued \$1.15 billion aggregate principal amount of 0.25% convertible senior notes due 2026 (the "2026 Notes" and, together with the 2024 Notes, the "Notes") in a private

placement and concurrently repurchased for cash approximately \$210.0 million of the aggregate principal amount of the 2024 Notes.

We may be required to use a substantial portion of our cash flows from operations to pay interest and principal on our indebtedness. Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the Notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Such payments will reduce the funds available to us for working capital, capital expenditures and other corporate purposes and limit our ability to obtain additional financing for working capital, capital expenditures, expansion plans and other investments, which may in turn limit our ability to implement our business strategy, heighten our vulnerability to downturns in our business, the industry, or in the general economy, limit our flexibility in planning for, or reacting to, changes in our business and the industry and prevent us from taking advantage of business opportunities as they arise. Our business may not be able to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

In addition, we and our subsidiaries may incur substantial additional debt in the future, subject to the restrictions contained in our future debt agreements, some of which may be secured debt. We are not restricted under the terms of the indentures governing the Notes, from incurring additional debt, securing existing or future debt, recapitalizing our debt, repurchasing our stock, pledging our assets, making investments, paying dividends, guaranteeing debt or taking a number of other actions that are not limited by the terms of the indenture governing the Notes that could have the effect of diminishing our ability to make payments on the Notes when due.

The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the Notes is triggered, holders of the Notes will be entitled to convert their Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class A common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation in cash, which could adversely affect our liquidity. In addition, even if holders of Notes do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

Additionally, the conditional conversion feature of the 2024 Notes and 2026 Notes was triggered during the three months ended April 30, 2021, as the last reported sale price of our Class A common stock was more than or equal to 130% of the applicable conversion price for each series of Notes for at least 20 trading days in the period of 30 consecutive trading days ending on April 30, 2021 (the last trading day of the fiscal quarter). Therefore, the 2024 Notes and 2026 Notes are currently convertible at the option of the holders thereof, in whole or in part, from May 1, 2021 through July 31, 2021. Whether the 2024 Notes or 2026 Notes will be convertible following such fiscal quarter will depend on the continued satisfaction of this condition or another conversion condition in the future. Upon conversion of the 2024 Notes and 2026 Notes, unless we elect to deliver solely shares of our Class A common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the 2024 Notes and 2026 Notes being converted, which could adversely affect our liquidity.

The capped call transactions may affect the value of the Notes and our Class A common stock.

In connection with the pricing of the Notes, we entered into privately negotiated capped call transactions with certain counterparties. The capped call transactions cover, subject to customary adjustments, the number of shares of our Class A common stock initially underlying the Notes. The capped call transactions are expected to offset the potential dilution to our Class A common stock upon any conversion of the Notes. In connection with establishing their initial hedges of the capped call transactions, the counterparties or their respective affiliates entered into various derivative transactions with respect to our Class A common stock concurrently with or shortly after the pricing of the Notes, including with certain investors in the Notes.

The counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our Class A common stock and/or purchasing or selling our Class A common stock or

other securities of ours in secondary market transactions prior to the maturity of the Notes (and are likely to do so on each exercise date of the capped call transactions, which are scheduled to occur during the observation period relating to any conversion of the Notes on or after March 15, 2024, in the case of the 2024 Notes and on or after October 15, 2025, in the case of the 2026 Notes), or following any termination of any portion of the capped call transactions in connection with any repurchase, redemption or early conversions of the Notes or otherwise. This activity could also cause or avoid an increase or a decrease in the market price of our Class A common stock. We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of shares of our Class A common stock.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

(a) Recent Sales of Unregistered Equity Securities

None.

(b) Use of Proceeds

None.

(c) Issuer Purchases of Equity Securities

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Not applicable.

ITEM 6. EXHIBITS.

Exhibit Number	Description	Incorporated by Reference				Herev
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of Registrant	8-K	001-38240	3.1	10/25/2017	
3.1.1	Certificate of Retirement	8-K	001-38240	3.1	6/16/2020	
3.2	Amended and Restated Bylaws of Registrant	S-1	333-220557	3.4	9/21/2017	
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					
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					
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					
101.INS	Inline XBRL Instance Document					
101.SCH	Inline XBRL Taxonomy Extension Schema Document					
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					

* This certification is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended.

SIGNATURES

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

MONGODB, INC.

Date: June 4, 2021

By: _____ /s/ Dev Ittycheria
Name: Dev Ittycheria
Title: President and Chief Executive Officer
(Principal Executive Officer)

By: _____ /s/ Michael Gordon
Name: Michael Gordon
Title: Chief Operating Officer and Chief
Financial Officer
(Principal Financial Officer)

