

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended July 31, 2024

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number: 001-40895

GITLAB INC.

(Exact name of registrant as specified in its charter)

Delaware

47-1861035

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

Address Not Applicable¹

Zip Code Not Applicable¹

(Address of Principal Executive Offices)

Zip Code

Not Applicable

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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 \$0.0000025 per share	GTLB	The Nasdaq Stock Market LLC

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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 August 19, 2024, the number of shares of the registrant's Class A common stock outstanding was 136.5 million and the number of shares of the registrant's Class B common stock outstanding was 24.0 million.

¹ We are a remote-only company. Accordingly, we do not maintain a headquarters. For purposes of compliance with applicable requirements of the Securities Act of 1933, as amended, or the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, any stockholder communication required to be sent to our principal executive offices may be directed to the agent for service of process at Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808, or to the email address: reach.gitlab@gitlab.com.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, or this Quarterly Report, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements contained in this Quarterly Report other than statements of historical fact, including statements regarding our future operating results and financial condition, our business strategy and plans, market growth, and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “potentially,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “target,” “plan,” “expect,” and similar expressions are intended to identify forward-looking statements.

Forward-looking statements contained in this Quarterly Report include, but are not limited to, statements about:

- our future financial performance, including our expectations regarding our total revenue, cost of revenue, gross profit or gross margin, operating expenses, including changes in operating expenses and our ability to achieve and maintain future profitability;
- our business plan and our ability to effectively manage our growth;
- our total market opportunity;
- anticipated trends, growth rates, and challenges in our business and in the markets in which we operate;
- market acceptance of The DevSecOps Platform and our ability to increase adoption of The DevSecOps Platform;
- beliefs and objectives for future operations;
- our ability to further penetrate our existing customer base and attract, retain, and expand our customer base;
- our ability to timely and effectively scale and adapt The DevSecOps Platform;
- our ability to develop new features and bring them to market in a timely manner;
- our incorporation of artificial intelligence features into our products;
- our expectations to grow our partner network;
- our ability to maintain, protect, and enhance our intellectual property;
- our ability to continue to expand internationally;
- the effects of increased competition in our markets and our ability to compete effectively;
- future acquisitions or investments in complementary companies, products, services, or technologies;
- our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business both in the United States and internationally;
- the impact of any data breaches, cyberattacks or other malicious activity on our technology systems;
- economic and industry trends, projected growth, or trend analysis;

- the impact of macroeconomic conditions, including inflation, volatile interest rates, uncertainty with respect to the federal budget and debt ceiling and potential government shutdowns related thereto, increased volatility in the capital markets, and actual or perceived instability in the global banking sector, and regional and other global events, including ongoing armed conflicts in different regions of the world, on our operations, financial results, and liquidity and capital resources, including on customers, sales, expenses, and team members; and
- other statements regarding our future operations, financial condition, and prospects and business strategies.

These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in the section titled “Risk Factors” and elsewhere in this Quarterly Report. Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the forward-looking events and circumstances discussed in this Quarterly Report may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. We undertake no obligation to update any of these forward-looking statements for any reason after the date of this Quarterly Report or to conform these statements to actual results or to changes in our expectations, except as required by law.

You should read this Quarterly Report and the documents that we reference in this Quarterly Report and have filed with the Securities and Exchange Commission, or the SEC, as exhibits to this Quarterly Report with the understanding that our actual future results, performance, and events and circumstances may be materially different from what we expect.

Summary Risk Factors

Our business is subject to numerous risks and uncertainties, including those risks more fully described below in the section titled “Risk Factors.” These risks include, among others, the following, which we consider our most material risks:

- Our business and operations have experienced rapid growth, and if we do not appropriately and effectively manage future growth, if any, or are unable to improve our systems, processes and controls, our business, financial condition, results of operations, and prospects will be adversely affected.
- Our recent growth may not be indicative of our future growth, and we may not be able to sustain our revenue growth rate in the future. Our growth also makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.
- We have a history of losses, anticipate increases in our operating expenses in the future, and may not achieve or sustain profitability on a consistent basis. If we cannot achieve and sustain profitability, our business, financial condition, and operating results may be adversely affected.
- Security and privacy breaches may hurt our business.
- We face heightened risk of security breaches because we use third-party open source technologies and incorporate a substantial amount of open source code in our products.
- We face intense competition and could lose market share to our competitors, which would adversely affect our business, operating results, and financial condition.

- We may not be able to respond to rapid technological changes with new solutions, which could have a material adverse effect on our operating results.
- If our services fail to perform properly, whether due to material defects with the software or external issues, our reputation could be adversely affected, our market share could decline, and we could be subject to liability claims.
- The market for our services is relatively new and unproven and may not grow, which would adversely affect our future results and the trading price of our Class A common stock.
- We are dependent on sales and marketing strategies to drive our growth in our revenue. These sales and marketing strategies may not be successful in continuing to generate sufficient sales opportunities. Any decline in our customer renewals and expansions could harm our future operating results.
- Our operating results may fluctuate significantly, which could make our future results difficult to predict and could adversely affect the trading price of our Class A common stock.
- As our product offerings mature and expand, our pricing and packaging for new products may result in existing customers purchasing new products on less favorable terms to us to replace the existing products they purchase or subscribe for from us.
- The implementation of AI and machine learning technologies in our services may result in reputational harm, liability, increased expenditures, or other adverse consequences to our business operations.
- Transparency is one of our core values. While we will continue to prioritize transparency, we must also promote "responsible" transparency as transparency can have unintended negative consequences.
- The Handbook may not be up to date or accurate, which may result in negative third-party scrutiny or be used in ways that adversely affects our business.
- Customers may choose to stay on our free self-managed or SaaS product offerings instead of converting into a paying customer.
- Failure to effectively expand our marketing and sales capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our services.
- We rely on our management team and other key team members and will need additional personnel to grow our business, and the loss of one or more key team members or our inability to hire, integrate, train and retain qualified personnel, could harm our business.
- Our corporate culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the innovation, creativity, and teamwork fostered by our culture, and our business may be harmed.
- We engage our team members in various ways, including direct hires, through PEOs and as independent contractors. As a result of these methods of engagement, we face certain challenges and risks that can affect our business, operating results, and financial condition.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

GitLab Inc. Condensed Consolidated Balance Sheets (in thousands, except per share data) (unaudited)

	July 31, 2024 ⁽¹⁾	January 31, 2024 ⁽¹⁾
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 438,616	\$ 287,996
Short-term investments	644,488	748,289
Accounts receivable, net of allowance for doubtful accounts of \$679 and \$673 as of July 31, 2024 and January 31, 2024, respectively	165,001	166,731
Deferred contract acquisition costs, current	33,841	32,300
Prepaid expenses and other current assets	32,410	45,601
Total current assets	1,314,356	1,280,917
Property and equipment, net	2,899	2,954
Operating lease right-of-use assets	482	405
Goodwill	16,017	8,145
Intangible assets, net	21,867	1,733
Deferred contract acquisition costs, non-current	15,753	19,317
Other non-current assets	4,888	4,390
TOTAL ASSETS	\$ 1,376,262	\$ 1,317,861
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 3,219	\$ 1,738
Accrued expenses and other current liabilities	272,164	286,178
Accrued compensation and benefits	29,117	35,809
Deferred revenue, current	362,348	338,348
Total current liabilities	666,848	662,073
Deferred revenue, non-current	14,732	23,794
Other non-current liabilities	6,678	14,060
TOTAL LIABILITIES	688,258	699,927
Commitments and contingencies (Note 14)		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.0000025 par value; 50,000 shares authorized as of July 31, 2024 and January 31, 2024; no shares issued and outstanding as of July 31, 2024 and January 31, 2024	—	—
Class A Common stock, \$0.0000025 par value; 1,500,000 shares authorized as of July 31, 2024 and January 31, 2024; 136,462 and 114,670 shares issued and outstanding as of July 31, 2024 and January 31, 2024, respectively	—	—
Class B Common stock, \$0.0000025 par value; 250,000 shares authorized as of July 31, 2024 and January 31, 2024; 23,963 and 42,887 shares issued and outstanding as of July 31, 2024 and January 31, 2024, respectively	—	—
Additional paid-in capital	1,833,786	1,718,661
Accumulated deficit	(1,191,517)	(1,149,822)
Accumulated other comprehensive income	570	2,335
Total GitLab stockholders' equity	642,839	571,174
Noncontrolling interests	45,165	46,760
TOTAL STOCKHOLDERS' EQUITY	688,004	617,934
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,376,262	\$ 1,317,861

(1) As of July 31, 2024 and January 31, 2024, the condensed consolidated balance sheet includes assets of the consolidated variable interest entity, GitLab Information Technology (Hubei) Co., LTD ("JiHu"), of \$45.0 million and \$47.6 million, respectively, and liabilities of \$6.5 million and \$6.1 million, respectively. The assets of JiHu can be used only to settle obligations of JiHu and creditors of JiHu do not have recourse against the general credit of the Company. Refer to "Note 11. Joint Venture and Equity Method Investment" for further discussion.

GitLab Inc.
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Revenue:				
Subscription—self-managed and SaaS	\$ 163,181	\$ 122,096	\$ 314,360	\$ 233,287
License—self-managed and other	19,403	17,485	37,411	33,172
Total revenue	182,584	139,581	351,771	266,459
Cost of revenue:				
Subscription—self-managed and SaaS	16,630	10,871	30,469	21,762
License—self-managed and other	4,740	3,825	9,677	6,873
Total cost of revenue	21,370	14,696	40,146	28,635
Gross profit	161,214	124,885	311,625	237,824
Operating expenses:				
Sales and marketing	97,778	92,116	190,202	178,653
Research and development	61,273	49,007	115,413	99,394
General and administrative	43,168	37,819	100,655	72,067
Total operating expenses	202,219	178,942	406,270	350,114
Loss from operations	(41,005)	(54,057)	(94,645)	(112,290)
Interest income	12,827	9,112	24,857	16,427
Other income (expense), net	1,032	(1,330)	465	(1,077)
Loss before income taxes and loss from equity method investment	(27,146)	(46,275)	(69,323)	(96,940)
Loss from equity method investment, net of tax	—	(917)	—	(1,665)
Provision for (benefit from) income taxes	(39,420)	4,016	(26,710)	5,502
Net income (loss)	\$ 12,274	\$ (51,208)	\$ (42,613)	\$ (104,107)
Net loss attributable to noncontrolling interest	(675)	(1,128)	(918)	(1,558)
Net income (loss) attributable to GitLab	\$ 12,949	\$ (50,080)	\$ (41,695)	\$ (102,549)
Net income (loss) per share attributable to GitLab Class A and Class B common stockholders:				
Basic	\$ 0.08	\$ (0.33)	\$ (0.26)	\$ (0.67)
Diluted	\$ 0.08	\$ (0.33)	\$ (0.26)	\$ (0.67)
Weighted-average shares used to compute net income (loss) per share attributable to GitLab Class A and Class B common stockholders:				
Basic	159,677	153,644	158,973	152,683
Diluted	166,346	153,644	158,973	152,683

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

GitLab Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(in thousands)
(unaudited)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Net income (loss)	\$ 12,274	\$ (51,208)	\$ (42,613)	\$ (104,107)
Foreign currency translation adjustments	(5,178)	(365)	(2,546)	(1,222)
Net change in unrealized gains (losses) on available-for-sale securities	1,620	(194)	(101)	1,303
Comprehensive income (loss) including noncontrolling interest	\$ 8,716	\$ (51,767)	\$ (45,260)	\$ (104,026)
Net loss attributable to noncontrolling interest	(675)	(1,128)	(918)	(1,558)
Foreign currency translation adjustments attributable to noncontrolling interest	(768)	(1,338)	(882)	(2,406)
Comprehensive loss attributable to noncontrolling interest	(1,443)	(2,466)	(1,800)	(3,964)
Comprehensive income (loss) attributable to GitLab	\$ 10,159	\$ (49,301)	\$ (43,460)	\$ (100,062)

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

GitLab Inc.
Condensed Consolidated Statements of Stockholders' Equity
(in thousands)
(unaudited)

	Three Months Ended July 31, 2024								
	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balances at April 30, 2024	132,670	\$ —	26,212	\$ —	\$ 1,768,947	\$ (1,204,466)	\$ 3,360	\$ 46,517	\$ 614,358
Conversion of Class B common stock to Class A common stock	2,619	—	(2,619)	—	—	—	—	—	—
Issuance of common stock related to vested exercised stock options	—	—	370	—	4,981	—	—	—	4,981
Issuance of common stock under employee stock purchase plan	252	—	—	—	7,932	—	—	—	7,932
Issuance of common stock related to RSUs vested	854	—	—	—	—	—	—	—	—
Charitable donation of common stock	67	—	—	—	2,957	—	—	—	2,957
Vesting of early exercised stock options	—	—	—	—	91	—	—	—	91
Stock-based compensation expense	—	—	—	—	48,877	—	—	92	48,969
Change in noncontrolling interest ownership	—	—	—	—	1	—	—	(1)	—
Other comprehensive loss	—	—	—	—	—	—	(2,790)	(768)	(3,558)
Net income (loss)	—	—	—	—	—	12,949	—	(675)	12,274
Balances at July 31, 2024	136,462	\$ —	23,963	\$ —	\$ 1,833,786	\$ (1,191,517)	\$ 570	\$ 45,165	\$ 688,004

	Three Months Ended July 31, 2023								
	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balances at April 30, 2023	96,240	\$ —	56,453	\$ —	\$ 1,542,603	\$ (778,117)	\$ 1,003	\$ 50,112	\$ 815,601
Conversion of Class B common stock to Class A common stock	6,213	—	(6,213)	—	—	—	—	—	—
Issuance of common stock related to vested exercised stock options	—	—	940	—	10,320	—	—	—	10,320
Issuance of common stock under employee stock purchase plan	247	—	—	—	7,751	—	—	—	7,751
Repurchases, net of early exercised stock options	—	—	(2)	—	—	—	—	—	—
Issuance of common stock related to RSUs vested	679	—	—	—	—	—	—	—	—
Charitable donation of common stock	53	—	—	—	2,675	—	—	—	2,675
Vesting of early exercised stock options	—	—	—	—	292	—	—	—	292
Stock-based compensation expense	—	—	—	—	46,555	—	—	(187)	46,368
Change in noncontrolling interest ownership	—	—	—	—	(124)	—	—	124	—
Other comprehensive income (loss)	—	—	—	—	—	—	779	(1,338)	(559)
Net loss	—	—	—	—	—	(50,080)	—	(1,128)	(51,208)
Balances at July 31, 2023	103,432	\$ —	51,178	\$ —	\$ 1,610,072	\$ (828,197)	\$ 1,782	\$ 47,583	\$ 831,240

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

GitLab Inc.
Condensed Consolidated Statements of Stockholders' Equity
(in thousands)
(unaudited)

Six Months Ended July 31, 2024									
	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balances at January 31, 2024	114,670	\$ —	42,887	\$ —	\$ 1,718,661	\$ (1,149,822)	\$ 2,335	\$ 46,760	\$ 617,934
Conversion of Class B common stock to Class A common stock	19,855	—	(19,855)	—	—	—	—	—	—
Issuance of common stock related to vested exercised stock options	—	—	931	—	10,074	—	—	—	10,074
Issuance of common stock under employee stock purchase plan	252	—	—	—	7,932	—	—	—	7,932
Issuance of common stock related to RSUs vested	1,565	—	—	—	—	—	—	—	—
Charitable donation of common stock	120	—	—	—	5,914	—	—	—	5,914
Vesting of early exercised stock options	—	—	—	—	189	—	—	—	189
Stock-based compensation expense	—	—	—	—	91,425	—	—	(204)	91,221
Change in noncontrolling interest ownership	—	—	—	—	(409)	—	—	409	—
Other comprehensive loss	—	—	—	—	—	—	(1,765)	(882)	(2,647)
Net loss	—	—	—	—	—	(41,695)	—	(918)	(42,613)
Balances at July 31, 2024	136,462	\$ —	23,963	\$ —	\$ 1,833,786	\$ (1,191,517)	\$ 570	\$ 45,165	\$ 688,004

Six Months Ended July 31, 2023									
	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (loss)	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balances at January 31, 2023	94,655	\$ —	56,489	\$ —	\$ 1,497,373	\$ (725,648)	\$ (705)	\$ 53,705	\$ 824,725
Conversion of Class B common stock to Class A common stock	7,358	—	(7,358)	—	—	—	—	—	—
Issuance of common stock related to vested exercised stock options	—	—	2,060	—	17,933	—	—	—	17,933
Issuance of common stock under employee stock purchase plan	247	—	—	—	7,751	—	—	—	7,751
Repurchases, net of early exercised stock options	—	—	(13)	—	—	—	—	—	—
Issuance of common stock related to RSUs vested	1,038	—	—	—	—	—	—	—	—
Charitable donation of common stock	134	—	—	—	5,350	—	—	—	5,350
Vesting of early exercised stock options	—	—	—	—	809	—	—	—	809
Stock-based compensation expense	—	—	—	—	81,359	—	—	(2,661)	78,698
Change in noncontrolling interest ownership	—	—	—	—	(503)	—	—	503	—
Other comprehensive income (loss)	—	—	—	—	—	—	2,487	(2,406)	81
Net loss	—	—	—	—	—	(102,549)	—	(1,558)	(104,107)
Balances at July 31, 2023	103,432	\$ —	51,178	\$ —	\$ 1,610,072	\$ (828,197)	\$ 1,782	\$ 47,583	\$ 831,240

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

GitLab Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Six Months Ended July 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss, including amounts attributable to noncontrolling interest	\$ (42,613)	\$ (104,107)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Stock-based compensation expense	91,221	78,698
Change in fair value of acquisition related contingent consideration	3,750	—
Charitable donation of common stock	5,914	5,350
Amortization of intangible assets	3,420	1,125
Depreciation expense	1,681	2,206
Amortization of deferred contract acquisition costs	22,946	20,619
Loss from equity method investment	—	2,108
Net amortization of premiums or discounts on short-term investments	(9,141)	(8,494)
Unrealized foreign exchange loss (gain), net	(258)	825
Other non-cash expense (income), net	301	(103)
Changes in assets and liabilities:		
Accounts receivable	1,225	25,281
Prepaid expenses and other current assets	13,271	(4,248)
Deferred contract acquisition costs	(20,955)	(18,137)
Other non-current assets	(497)	(721)
Accounts payable	1,350	(1,023)
Accrued expenses and other current liabilities	(21,633)	1,183
Accrued compensation and benefits	(6,902)	2,611
Deferred revenue	14,838	11,175
Other non-current liabilities	(8,083)	1,800
Net cash provided by operating activities	49,835	16,148
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of short-term investments	(263,258)	(334,996)
Proceeds from maturities of short-term investments	376,099	272,984
Purchases of property and equipment	(1,551)	(533)
Payments for business combination, net of cash acquired	(20,210)	—
Payments for asset acquisition	(7,314)	—
Escrow payment related to business combination, after acquisition date	—	(2,500)
Other investing activities	457	—
Net cash provided by (used in) investing activities	84,223	(65,045)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the issuance of common stock upon exercise of stock options, including early exercises, net of repurchases	10,073	17,777
Issuance of common stock under employee stock purchase plan	7,932	7,751
Net cash provided by financing activities	18,005	25,528
Impact of foreign exchange on cash and cash equivalents	(1,443)	(1,308)
Net increase (decrease) in cash and cash equivalents	150,620	(24,677)
Cash and cash equivalents at beginning of period	287,996	297,902
Cash and cash equivalents at end of period	\$ 438,616	\$ 273,225
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 1,803	\$ 4,187
Supplemental disclosure of non-cash investing and financing activities:		

Vesting of early exercised stock options	\$	189	\$	809
Unpaid property and equipment in accrued expenses	\$	87	\$	—
Unpaid direct transaction costs related to the asset acquisition in accrued expenses	\$	346	\$	—

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

GitLab Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Organization and Description of Business

GitLab Inc. (the "Company") began as an open source project in 2011 and was incorporated in Delaware on September 12, 2014. The Company operates on an all-remote model. The Company is a technology company and its primary offering is "GitLab", a complete DevSecOps platform delivered as a single application. GitLab is used by a wide range of organizations. The Company also provides related training and professional services. GitLab is offered on both self-managed and software-as-a-service ("SaaS") models. The principal markets for GitLab are currently located in the United States, Europe, and Asia Pacific. The Company is focused on accelerating innovation and broadening the distribution of its platform to companies across the world to help them become better software-led businesses.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying 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 applicable rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") regarding interim financial reporting. Accordingly, they do not include all disclosures normally required in annual consolidated financial statements prepared in accordance with U.S. GAAP.

Fiscal Year

The Company's fiscal year ends on January 31. For example, references to fiscal year 2025 and 2024 refer to the fiscal year ending January 31, 2025 and the fiscal year ended January 31, 2024, respectively.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions 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, allocation of revenue to the license element in the Company's self-managed subscriptions, estimating the amortization period for capitalized costs to obtain a contract, allowance for doubtful accounts, stock-based compensation expense, fair value of contingent consideration, fair valuation of retained interest in an investee on loss of control, valuation allowance for deferred income taxes, reserves for unrecognized income tax benefits, valuation of acquired intangibles assets and impairment of goodwill and equity method investments. 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. Actual results could differ from those estimates.

Principles of Consolidation

The condensed consolidated financial statements include 100% of the accounts of wholly owned and majority owned subsidiaries as well as a variable interest entity for which the Company is the primary beneficiary. The ownership interest of other investors is recorded as noncontrolling interest. All intercompany accounts and transactions have been eliminated in consolidation.

Summary of Significant Accounting Policies

There were no significant changes to the Company's significant accounting policies disclosed in "Note 2" of the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2024.

Recently Issued Accounting Pronouncements

Aside from the new accounting pronouncements already discussed in our Annual Report on Form 10-K for the fiscal year ended January 31, 2024, there were no additional pronouncements issued or effective during the period that would materially affect our condensed consolidated financial statements.

3. Revenues

Disaggregation of Revenue

The following table shows the components of revenues and their respective percentages of total revenue for the periods indicated (in thousands, except percentages):

	Three Months Ended July 31,				Six Months Ended July 31,			
	2024		2023		2024		2023	
Subscription—self-managed and SaaS	\$ 163,181	89 %	\$ 122,096	87 %	\$ 314,360	89 %	\$ 233,287	87 %
Subscription—self-managed	111,546	61	86,659	62	215,219	61	166,246	62
SaaS	51,635	28	35,437	25	99,141	28	67,041	25
License—self-managed and other	\$ 19,403	11 %	\$ 17,485	13 %	\$ 37,411	11 %	\$ 33,172	13 %
License—self-managed	15,802	9	14,624	11	30,639	9	27,979	11
Professional services and other	3,601	2	2,861	2	6,772	2	5,193	2
Total revenue	\$ 182,584	100 %	\$ 139,581	100 %	\$ 351,771	100 %	\$ 266,459	100 %

Total Revenue by Geographic Location

The following table summarizes the Company's total revenue by geographic location based on the region of the Company's contracting entity, which may be different than the region of the customer (in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
United States	\$ 149,357	\$ 114,054	\$ 286,883	\$ 217,016
Europe	28,889	22,245	56,541	43,202
Asia Pacific	4,338	3,282	8,347	6,241
Total revenue	\$ 182,584	\$ 139,581	\$ 351,771	\$ 266,459

During the three and six months ended July 31, 2024, the United States accounted for 82% of total revenue for each period presented. During the three and six months ended July 31, 2023, the United States accounted for 82% and 81% of total revenue, respectively. No other individual country exceeded 10% of total revenue for any of the periods presented.

The Company operates its business as a single operating segment.

Deferred Revenue

During the three and six months ended July 31, 2024, \$133.9 million and \$218.5 million, respectively, of revenue was recognized, which was included in the corresponding deferred revenue balance at the beginning of the periods presented. During the three and six months ended July 31, 2023, \$101.6 million and \$157.5 million, respectively, of revenue was recognized, which was included in the corresponding deferred revenue balance at the beginning of the periods presented.

Remaining Performance Obligations

As of July 31, 2024 and January 31, 2024, the aggregate amount of the transaction price allocated to billed and unbilled remaining performance obligations for which revenue has not yet been recognized was approximately \$747.9 million and \$673.8 million, respectively. As of July 31, 2024, the Company expects to recognize approximately 64% of the transaction price as product or services revenue over the next 12 months and 87% over the next 24 months.

Concentration of Credit Risk and Significant Customers

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents, short-term investments, and accounts receivable. At times, cash deposits may be in excess of insured limits. The Company believes that the financial institutions or corporations that hold its cash, cash equivalents, and short-term investments are financially sound and, accordingly, minimal credit risk exists with respect to these balances. The Company maintains allowances for potential credit losses on accounts receivable when deemed necessary.

The Company uses various distribution channels. As of July 31, 2024, one partner represented 15% of the accounts receivable balance; while as of January 31, 2024, two channel partners represented 12% and 13% of the accounts receivable balance, respectively. There were no individual customers whose balance represented more than 10% of accounts receivable as of July 31, 2024 and January 31, 2024.

There were no individual customers whose revenue represented more than 10% of total revenue during the three and six months ended July 31, 2024 and 2023.

4. Cash Equivalents and Short-Term Investments

The following table summarizes the Company's cash equivalents and short-term investments by category (in thousands):

	As of July 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Level 1:				
Cash equivalents ⁽¹⁾				
Money market funds	\$ 350,712	\$ —	\$ —	\$ 350,712
Level 2:				
Cash equivalents ⁽¹⁾				
U.S. Treasury securities	8,946	—	—	8,946
Commercial paper	2,984	—	(1)	2,983
Total cash equivalents	362,642	—	(1)	362,641
Short-term investments				
Commercial paper	19,208	—	(7)	19,201
Corporate debt securities	196,403	193	(249)	196,347
U.S. Agency securities	51,420	14	(53)	51,381
U.S. Treasury securities	377,412	359	(212)	377,559
Total short-term investments	644,443	566	(521)	644,488
Level 2 total	656,373	566	(522)	656,417
Total cash equivalents and short-term investments	\$ 1,007,085	\$ 566	\$ (522)	\$ 1,007,129

⁽¹⁾ Included in "cash and cash equivalents" in our condensed consolidated balance sheet as of July 31, 2024, in addition to cash of \$76.0 million.

	As of January 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Level 1:				
Cash equivalents ⁽¹⁾				
Money market funds	\$ 187,175	\$ —	\$ —	\$ 187,175
Level 2:				
Cash equivalents ⁽¹⁾				
U.S. Treasury securities	15,909	—	(2)	15,907
Commercial paper	3,962	—	(1)	3,961
Total cash equivalents	207,046	—	(3)	207,043
Short-term investments				
Commercial paper	23,229	14	(1)	23,242
Corporate debt securities	231,219	740	(250)	231,709
U.S. Agency securities	56,324	29	(136)	56,217
U.S. Treasury securities	437,369	141	(389)	437,121
Total short-term investments	748,141	924	(776)	748,289
Level 2 total	768,012	924	(779)	768,157
Total cash equivalents and short-term investments	\$ 955,187	\$ 924	\$ (779)	\$ 955,332

⁽¹⁾ Included in “cash and cash equivalents” in our condensed consolidated balance sheet as of January 31, 2024, in addition to cash of \$81.0 million.

The fair value of the Company's Level 1 financial instruments, such as money market funds which are traded in active markets, is based on quoted market prices for identical instruments. The fair value of the Company's Level 2 financial instruments such as commercial paper, corporate debt and U.S. government securities are obtained from an independent pricing service, which may use inputs other than quoted prices that are directly or indirectly observable in the market, including readily available pricing sources for the identical underlying security that may not be actively traded. The Company's marketable securities are held by custodians who obtain investment prices from a third-party pricing provider that incorporates standard inputs in various asset price models.

The Company uses the specific-identification method to determine any realized gains or losses from the sale of the Company's short-term investments classified as available-for-sale. For the three and six months ended July 31, 2024 and 2023, the Company did not have any material realized gains or losses as a result of maturities or sales of short-term investments.

During the three and six months ended July 31, 2024, the Company recorded \$12.8 million and \$24.9 million of interest income on cash and cash equivalents and short-term investments, respectively, which includes \$4.2 million and \$9.1 million of net amortization of premiums or discounts on short-term investments during the three and six months ended July 31, 2024, respectively. During the three and six months ended July 31, 2023, the Company recorded \$9.1 million and \$16.4 million of interest income on cash equivalents and short-term investments, respectively, which includes \$4.9 million and \$8.5 million of net amortization of premiums or discounts on short-term investments during the three and six months ended July 31, 2023, respectively.

The following table summarizes unrealized losses on the Company's cash equivalents and short-term investments aggregated by category and the length of time such aggregated investments have been in a continuous unrealized loss position as of the periods presented (in thousands):

	Less Than 12 Months		12 Months or Greater		Total	
	Carrying Value	Gross Unrealized Losses	Carrying Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
July 31, 2024						
U.S. Agency securities	\$ 32,661	\$ (38)	\$ 13,729	\$ (15)	\$ 46,390	\$ (53)
Commercial paper	19,074	(8)	—	—	19,074	(8)
Corporate debt securities	75,764	(102)	43,796	(147)	119,560	(249)
U.S. Treasury securities	199,799	(170)	25,135	(42)	224,934	(212)
Total cash equivalents and short-term investments	<u>\$ 327,298</u>	<u>\$ (318)</u>	<u>\$ 82,660</u>	<u>\$ (204)</u>	<u>\$ 409,958</u>	<u>\$ (522)</u>

	Less Than 12 Months		12 Months or Greater		Total	
	Carrying Value	Gross Unrealized Losses	Carrying Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
January 31, 2024						
U.S. Agency securities	\$ 35,979	\$ (53)	\$ 11,386	\$ (83)	\$ 47,365	\$ (136)
Commercial paper	15,462	(2)	—	—	15,462	(2)
Corporate debt securities	85,998	(192)	15,485	(58)	101,483	(250)
U.S. Treasury securities	139,567	(192)	41,193	(199)	180,760	(391)
Total cash equivalents and short-term investments	<u>\$ 277,006</u>	<u>\$ (439)</u>	<u>\$ 68,064</u>	<u>\$ (340)</u>	<u>\$ 345,070</u>	<u>\$ (779)</u>

The following table classifies the Company's short-term investments by contractual maturities (in thousands):

	July 31, 2024		January 31, 2024	
	Amortized cost	Fair Value	Amortized cost	Fair Value
Due within 1 year	\$ 546,547	\$ 546,368	\$ 619,286	\$ 618,765
Due between 1 year to 2 years	97,896	98,120	128,855	129,524
Total	<u>\$ 644,443</u>	<u>\$ 644,488</u>	<u>\$ 748,141</u>	<u>\$ 748,289</u>

All available-for-sale securities have been classified as current, based on management's ability to use the funds in current operations.

Liabilities are measured at fair value on a recurring basis. The Company has contingent cash consideration from a business combination which is determined based upon the satisfaction of certain defined operational milestones and remeasured at fair value at each reporting period through earnings. As the fair value is based on unobservable inputs, the liability is included in Level 3 of the fair value measurement hierarchy.

The Company reassessed the fair value of outstanding operational milestones during the three and six months ended July 31, 2024 and 2023. As of July 31, 2024, the contingent consideration was revalued to \$7.4 million, resulting in a change in fair value of \$3.8 million which is included in general and administrative expenses in the condensed consolidated statement of operations for the three months ended July 31, 2024. There were no changes to the fair value during the three and six months ended July 31, 2023. The Company had \$7.4 million and \$3.6 million of Level 3 contingent consideration as of July 31, 2024 and January 31, 2024, respectively.

Interest accretion expense on contingent cash consideration was immaterial and \$0.1 million for the three and six months ended July 31, 2024, respectively, and immaterial and \$0.1 million for the three and six months ended July 31, 2023, respectively.

5. Supplemental Financial Statement Information

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	July 31, 2024	January 31, 2024
Income tax liability related to BAPA ⁽¹⁾	\$ 231,379	\$ 258,675
Accrued expenses	15,496	11,499
Acquisition related liabilities ⁽²⁾	8,455	3,608
Income taxes payable	8,309	2,212
Customer refunds payable	3,398	3,019
Indirect taxes payable	2,579	3,928
ESPP employee contributions	2,224	2,827
Operating lease liabilities, current	324	410
Total accrued expenses and other current liabilities	<u>\$ 272,164</u>	<u>\$ 286,178</u>

⁽¹⁾ Refer to "Note 12. Income Taxes" for a discussion on the unrecognized tax benefits related to the BAPA.

⁽²⁾ \$1.0 million relates to Oxeye acquisition founder holdback (see Note 6. Acquisitions) and \$7.4 million relates to Opstrace acquisition (see Note 4. Cash Equivalents and Short-Term Investments).

Other Income (Expense), Net

Other income (expense), net consisted of the following (in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Foreign exchange gains (losses), net	\$ 867	\$ (1,268)	\$ 230	\$ (994)
Other income (expense), net	165	(62)	235	(83)
Total other income (expense), net	<u>\$ 1,032</u>	<u>\$ (1,330)</u>	<u>\$ 465</u>	<u>\$ (1,077)</u>

6. Acquisitions

Rezilion

On May 23, 2024 (the “Asset Acquisition Date”), the Company completed its acquisition of certain assets, primarily software intellectual property, of Rezilion Inc. and its subsidiary, Rezilion Ltd. (collectively, “Rezilion”) for approximately \$7.3 million in cash.

The Rezilion transaction was accounted for as an asset acquisition because substantially all of the fair value of gross assets acquired were concentrated in the developed intellectual property. Acquisition-related direct transaction costs were capitalized as a component of the cost of the assets acquired.

On the Asset Acquisition Date, the fair value of the developed technology was \$7.7 million including \$0.4 million of acquisition-related direct costs. The developed technology acquired has an estimated useful life of three years.

Oxeye

On March 20, 2024 (the “Acquisition Date”), the Company completed the acquisition of Oxeye Security Limited (“Oxeye”), a cloud-native application security and risk management solution company based in Israel. The Company believes this acquisition will allow the Company to strengthen its product offerings.

The transaction was accounted for as a business combination. The Acquisition Date fair value of the consideration transferred consisted of the following (in thousands):

Closing cash consideration	\$	16,737
Cash held in escrow		3,593
Total consideration	\$	<u>20,330</u>

Total consideration includes \$3.6 million deposited in an escrow account as partial security for post-closing indemnification claims made within 15 months of the Acquisition Date. As the Company is not the legal owner of the escrow account, it is not recorded on the condensed consolidated balance sheet as of July 31, 2024.

As part of the acquisition, there was also a holdback in the amount of \$3.2 million (the “holdback”). The holdback will be paid to the two co-founders (the “founder holdback”) in three equal tranches of 33.3%. The first such payment will be paid if certain milestones are achieved on or before the first anniversary of the closing date, provided such founder is employed by the Company upon completion of the milestones. The second and third tranches will be paid provided such founder is employed by the Company on the second and third anniversaries of the closing dates, respectively. As the founder holdback arrangement represents compensation for post-combination services, the Company has excluded the entire \$3.2 million from the purchase price to be allocated, and will recognize the amount as expense over the period of services rendered after factoring in the likelihood of achieving the milestones in the first year.

As of July 31, 2024, the Company determined that the milestones attached to the first payment tranche would be achieved in the third quarter of fiscal year 2025 and has recorded \$0.9 million and \$1.0 million in general and administrative expenses in its condensed consolidated statement of operations for the three and six months ended July 31, 2024, respectively.

Acquisition related transaction costs were immaterial and \$1.2 million for the three and six months ended July 31, 2024, respectively, and were recorded by the Company in general and administrative expenses in its condensed consolidated statement of operations.

The Company recorded the assets acquired and liabilities assumed at their estimated fair values, with the difference between the fair value of the net assets acquired and the purchase consideration reflected in goodwill. The total purchase price of \$20.3 million was allocated using information available to the Company at the time of acquisition. The Company may continue to adjust the preliminary purchase price allocation after obtaining more information regarding asset valuations, liabilities assumed, tax-related items and revisions of preliminary estimates. During the three and six months ended July 31, 2024, there were no measurement period adjustments identified and recorded.

The following table reflects the fair values of assets acquired and liabilities assumed (in thousands):

Cash and cash equivalents	\$	120
Developed technology		16,276
Goodwill		8,055
Prepaid expenses and other current assets		121
Accrued expenses and payroll		(3,582)
Deferred tax liability		(660)
Net assets acquired	\$	<u>20,330</u>

As of March 20, 2024, developed technology of the acquired business had an estimated useful life of three years. The fair value of the developed technology intangible asset was estimated using the replacement cost method, which utilizes assumptions for the cost to replace it, such as time and resources required, as well as a theoretical profit margin and opportunity costs. The goodwill is primarily attributed to the synergies expected to be realized following the acquisition. The goodwill is not deductible for Israeli income tax purposes.

Results of operations of the business acquired have been included in the Company's condensed consolidated financial statements subsequent to the date of acquisition. The revenue and net income (loss) earned by the business acquired following the acquisition are not material to the Company's condensed consolidated results of operations; and accordingly, pro forma financial statements have not been presented.

7. Goodwill and Intangible Assets, Net

Goodwill

The carrying amount of goodwill was as follows (in thousands):

	Carrying Amount
Balance as of January 31, 2024	\$ 8,145
Acquisition of Oxeve	8,055
Foreign currency translation adjustments	(183)
Balance as of July 31, 2024	<u>\$ 16,017</u>

There was no goodwill impairment for any periods presented.

Intangible Assets

Intangible assets, net consisted of the following (in thousands):

July 31, 2024	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Weighted average remaining amortization period (years)
Developed technology from business combination ⁽¹⁾	\$ 22,082	\$ (7,395)	\$ 14,687	2.4
Developed technology from asset acquisitions	8,574	(1,394)	7,180	2.8
Total	<u>\$ 30,656</u>	<u>\$ (8,789)</u>	<u>\$ 21,867</u>	

January 31, 2024	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Weighted average remaining amortization period (years)
Developed technology from business combination	\$ 6,200	\$ (4,467)	\$ 1,733	0.8
Developed technology from asset acquisitions ⁽¹⁾	914	(914)	—	0.0
Total	<u>\$ 7,114</u>	<u>\$ (5,381)</u>	<u>\$ 1,733</u>	

⁽¹⁾ The amounts in the tables above include cumulative foreign currency translation adjustments, reflecting movement in the currencies of the underlying intangibles.

Amortization expense was \$2.3 million and \$3.4 million for the three and six months ended July 31, 2024, respectively, and \$0.5 million and \$1.1 million for the three and six months ended July 31, 2023, respectively.

As of July 31, 2024, future amortization expense related to the intangibles assets is expected to be as follows (in thousands):

Fiscal Years

2025	\$ 4,625
2026	7,848
2027	7,848
2028	1,546
Total future amortization	<u>\$ 21,867</u>

8. Team Member Benefit Plans

The Company contributes to defined contribution plans in a number of countries including a 401(k) savings plan for U.S. based team members and defined contribution arrangements in the United Kingdom, Australia, New Zealand and select other countries based on the legislative and tax requirements of the respective countries. Total contributions to these plans were \$1.2 million and \$3.0 million for the three and six months ended July 31, 2024, respectively, and \$1.0 million and \$2.7 million for the three and six months ended July 31, 2023, respectively.

9. Equity

Common Stock

The Company had shares of common stock reserved for future issuance as follows (in thousands):

	July 31, 2024	January 31, 2024
Class A and Class B common stock		
Options issued and outstanding	7,481	8,503
Shares available for issuance under Equity Incentive Plans	29,797	24,868
RSUs and PSUs issued and outstanding	12,405	10,930
Shares reserved for issuance to charitable organizations	1,284	1,404
ESPP	6,722	5,398
Total	57,689	51,103

Equity Incentive Plans

In September 2021, the Company adopted the 2021 Equity Incentive Plan (the "2021 Plan") as a successor of the Company's 2015 Equity Incentive Plan (together the "Plans").

The awards available for grant under the above Plans for the periods presented were as follows (in thousands):

	July 31, 2024	January 31, 2024
Available at beginning of period	24,868	21,483
Awards authorized	7,878	7,557
RSUs and PSUs granted	(4,238)	(6,258)
RSUs and PSUs canceled and forfeited	1,198	1,292
Options canceled and forfeited	91	777
Options repurchased	—	17
Available at end of period	29,797	24,868

In the event that shares previously issued under the above Plans are reacquired by the Company, such shares shall be added to the number of shares then available for issuance under the 2021 Plan. In the event that an outstanding stock option for any reason expires or is canceled, the shares allocable to the unexercised portion of such stock option will be added to the number of shares then available for issuance under the 2021 Plan.

Both Plans allow the grantees to early exercise stock options.

Stock Options, RSUs and PSUs

The following table summarizes options activity under the Plans, and related information:

	Number of Stock Options Outstanding (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Years	Aggregate Intrinsic value (in millions)
Balances at January 31, 2024	8,503	\$ 13.03	5.85	\$ 499.2
Options granted	—	—	—	
Options exercised	(931)	10.82	—	
Options canceled	(11)	13.75	—	
Options forfeited	(80)	18.30	—	
Balances at July 31, 2024	7,481	\$ 13.18	5.39	\$ 284.7
Options vested at July 31, 2024	6,252	\$ 12.18	5.13	\$ 244.2
Options vested and expected to vest at July 31, 2024	7,481	\$ 13.18	5.39	\$ 284.7

During the three and six months ended July 31, 2024, the Company recorded \$3.4 million and \$6.9 million stock-based compensation expense related to options, respectively. During the three and six months ended July 31, 2023, the Company recorded \$4.7 million and \$9.5 million stock-based compensation expense related to options, respectively.

As of July 31, 2024, approximately \$12.9 million of total unrecognized compensation cost was related to stock options granted, that is expected to be recognized over a weighted-average period of 1.2 years. The expected stock compensation expense remaining to be recognized reflects only outstanding stock awards as of the periods presented, and assumes no forfeitures.

The following table summarizes the Company's RSU activity:

	Number of Shares (in thousands) ⁽¹⁾	Weighted- Average grant date fair value
Balances at January 31, 2024	7,701	\$ 47.20
Granted	4,238	53.15
Vested	(1,565)	48.70
Canceled/forfeited	(1,198)	48.44
Balances at July 31, 2024	9,176	\$ 49.48

⁽¹⁾ The table above does not include 3 million RSUs granted to the Company's founder and the Chief Executive Officer ("CEO") described below.

These RSUs are grants of shares of the Company's common stock, the vesting of which is based on the requisite service requirement. Generally, the Company's RSUs are subject to forfeiture and are expected to vest over two to four years ratably on a combination of bi-annual and quarterly basis. During the three and six months ended July 31, 2024, the Company recorded \$41.3 million and \$76.8 million stock-based compensation expense related to RSUs, respectively. During the three and six months ended July 31, 2023, the Company recorded \$29.9 million and \$53.2 million stock-based compensation expense related to RSUs, respectively.

As of July 31, 2024, approximately \$450.6 million of total unrecognized compensation cost was related to RSUs granted to team members other than the CEO, that is expected to be recognized over a weighted-average period of 2.9 years. The expected stock compensation expense remaining to be recognized reflects only outstanding stock awards as of the periods presented, and assumes no forfeitures.

In June 2022, the Company granted 0.4 million PSUs to senior members of its management team subject to revenue performance condition and service conditions. The number of awards granted represents 100% of the target goal; under the terms of the awards, the recipient may earn between 0% and 200% of the original grant. The performance condition is set to be achieved in fiscal year 2025 and the service condition in calendar year 2025. The Company recorded \$0.3 million and \$0.9 million of stock-based compensation expense related to PSUs during the three and six months ended July 31, 2024, respectively. The Company recorded a \$0.1 million gain and \$0.3 million of stock-based compensation expense related to PSUs during the three and six months ended July 31, 2023, respectively. As of July 31, 2024, unrecognized stock-based compensation expense related to these PSUs was \$1.7 million to be recognized over a period of 1.4 years.

CEO Performance Award

In May 2021, the Company granted 3 million RSUs tied to its Class B common stock to Sytse Sijbrandij, the Company's co-founder and CEO, with an estimated aggregate grant date fair value of \$8.8 million. During the three and six months ended July 31, 2024, the Company recorded \$0.3 million and \$0.7 million of stock-based compensation expense related to the CEO RSU, respectively. During the three and six months ended July 31, 2023, the Company recorded \$0.4 million and \$0.8 million of stock-based compensation expense related to the CEO RSU, respectively.

As measured from the grant date, the derived service period of the respective tranches ranges from 3 to 7 years. As of July 31, 2024, unrecognized stock-based compensation expense related to these RSUs was \$3.6 million which will be recognized over 4.3 years.

2021 Employee Stock Purchase Plan ("ESPP")

In September 2021, the Company's board of directors and its stockholders approved the ESPP and participation of eligible team members.

During the quarter ended July 31, 2024, the Company's stock price on the purchase date, May 31, 2024, was lower than the Company's stock price on the previously applicable offering date. As a result, the offering in effect was reset with the lower stock price becoming the new offering price and rolled over to a new 24-month offering period. The reset was treated as a modification resulting in incremental expense totaling \$1.0 million, which is being recognized over the remaining requisite service period as of the date of reset.

The following table summarizes assumptions used in estimating the fair value of the ESPP for the new offering period in effect using the Black-Scholes option-pricing model:

	Three Months Ended July 31,	
	2024	2023
Risk-free interest rate	4.70% - 5.25%	4.22% - 5.30%
Volatility	50.94% - 60.50%	40.95% - 51.00%
Expected term (in years)	0.50 - 2.00	0.50 - 2.00
Dividend yield	—%	—%

The Company recorded \$3.5 million and \$6.1 million of stock-based compensation expense related to the ESPP during the three and six months ended July 31, 2024, respectively. The Company recorded \$6.7 million and \$11.2 million of stock-based compensation expense related to the ESPP during the three and six months ended July 31, 2023, respectively. As of July 31, 2024, approximately \$11.4 million of total unrecognized compensation cost was related to the ESPP that is expected to be recognized over 1.8 years.

Stock-Based Compensation Expense

The Company recognized stock-based compensation expense as follows (in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Cost of revenue	\$ 2,076	\$ 1,698	\$ 3,931	\$ 3,112
Sales and marketing	19,881	21,295	37,278	35,059
Research and development	16,114	12,477	28,450	24,179
General and administrative	10,898	10,898	21,562	16,348
Total stock-based compensation expense ⁽¹⁾	\$ 48,969	\$ 46,368	\$ 91,221	\$ 78,698

⁽¹⁾ The table above includes stock-based compensation of JiHu. Refer to "Note 11. Joint Venture and Equity Method Investment" for further discussion.

The corporate income tax benefit recognized in the condensed consolidated statements of operations for stock-based compensation expense was zero for both the three and six months ended July 31, 2024, and \$3.6 million and \$6.4 million for the three and six months ended July 31, 2023, respectively.

Charitable Donation of Common Stock

In September 2021, the Company's board of directors approved the reservation of up to 1,635,545 shares of Class A common stock for issuance to charitable organizations. In March 2024 and 2023, the Company's board of directors approved the donation of \$11.8 million and \$10.7 million aggregate principal amount of shares of Class A common stock to the GitLab Foundation (the "Foundation"), a California nonprofit public benefit corporation, respectively. The Foundation is also a related party as certain of the Company's officers serve as directors of the Foundation. These donations shall occur in four equal quarterly distributions.

During the three and six months ended July 31, 2024, the Company donated 67,015 shares and 120,241 shares of Class A common stock at fair value to the Foundation, respectively. During the three and six months ended July 31, 2023, the Company donated 52,647 shares and 133,389 shares of Class A common stock at fair value to the Foundation, respectively. The fair value of the common stock was determined based on the quoted market price on the grant date.

The donation expense of \$2.9 million and \$5.9 million was recorded in general and administrative expense in the condensed consolidated statements of operations for the three and six months ended July 31, 2024, respectively. The donation expense of \$2.7 million and \$5.3 million was recorded in general and administrative expense in the condensed consolidated statements of operations for the three and six months ended July 31, 2023, respectively.

10. Restructuring and Other Related Charges

In fiscal year 2025, the Company restructured certain departments to better align functions and recognized total restructuring charges of approximately \$0.8 million and \$1.8 million during the three and six months ended July 31, 2024, respectively.

In fiscal year 2024, the Company reduced its total global headcount by approximately 7%. As a result, the Company recognized total restructuring charges of approximately \$0.2 million and \$7.8 million during the six months ended July 31, 2023, respectively.

The Company recognized severance and other termination benefit costs as follows (in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023 ⁽¹⁾
Cost of revenue	\$ —	\$ 46	\$ —	\$ 463
Research and development	393	(12)	393	2,047
Sales and marketing	266	118	996	3,677
General and administrative	112	20	388	1,638
Total	<u>\$ 771</u>	<u>\$ 172</u>	<u>\$ 1,777</u>	<u>\$ 7,825</u>

⁽¹⁾ Excludes stock-based compensation of \$1.3 million for the six months ended July 31, 2023.

The changes in liabilities resulting from the restructuring charges and related accruals were as follows (in thousands):

Balance as of January 31, 2024	\$ 188
Charges	1,777
Cash payments	(1,799)
Balance as of July 31, 2024 ⁽¹⁾	<u>\$ 166</u>

⁽¹⁾ Balance is included in accrued compensation and benefits on the condensed consolidated balance sheet as of July 31, 2024.

11. Joint Venture and Equity Method Investment

Joint Venture

In February 2021, the Company along with Sequoia CBC Junyuan (Hubei) Equity Investment Partnership (Limited Partnership) and Suzhou Gaocheng Xinjian Equity Investment Fund Partnership (Limited Partnership) executed an investment agreement (the "Investment Agreement") to establish GitLab Information Technology (Hubei) Co., LTD ("JiHu"), a legal entity in the People's Republic of China. The Company accounted for JiHu as a variable interest entity and consolidated the entity in accordance with ASC Topic 810, Consolidation. As of July 31, 2024, the Company retains control over JiHu with its equity stake at approximately 54%.

Since fiscal year 2023, JiHu has maintained an employee stock option plan ("JiHu 2022 ESOP") for its employees. In June 2024, the board of directors of JiHu approved a new employee stock option plan ("JiHu 2024 ESOP") for its employees in order to grant additional shares. The fair value of restricted stock awards ("RSAs") and stock option awards is measured on the date of grant and compensation costs related to these awards are recognized on a graded attribution method; as the grants include a performance condition for both the JiHu 2022 ESOP and JiHu 2024 ESOP ("JiHu ESOPs").

As a result of forfeitures triggered by the departure of key executives from JiHu, during the three and six months ended July 31, 2024, the Company reversed stock-based compensation previously recorded which resulted in a \$0.1 million stock-based compensation net expense and a \$0.2 million net gain, respectively. As a result of forfeitures triggered by the departure of certain executives during the three and six months ended July 31, 2023, the Company reversed stock-based compensation previously recorded for such executives. The Company recorded a \$0.2 million stock-based compensation net expense and a \$2.7 million net gain for the three and six months ended July 31, 2023, respectively.

As of July 31, 2024, approximately \$9.4 million of total unrecognized compensation cost was related to the JiHu ESOPs that is expected to be recognized over 4.1 years.

Operating Leases

JiHu entered into two new operating leases during the six months ended July 31, 2024 and has various non-cancelable long-term operating leases maturing by May 25, 2027 with total lease payments of \$0.5 million and a total present value of lease liabilities of \$0.5 million. In addition, JiHu has various short-term leases. Lease expense associated with short-term leases was immaterial during the three and six months ended July 31, 2024.

The Company recognized \$0.1 million and \$0.3 million of operating lease expense during the three and six months ended July 31, 2024, respectively. The Company recognized \$0.1 million and \$0.3 million of operating lease expense during the three and six months ended July 31, 2023, respectively.

The table below presents supplemental information related to operating leases for the six months ended July 31, 2024 (in thousands, except weighted-average information):

Weighted-average remaining lease term (in years)		1.75
Weighted-average discount rate		3.5 %
Right-of-use assets obtained in exchange for new operating lease liabilities	\$	372
Cash paid for amounts included in the measurement of lease liabilities	\$	294

Selected Financial Information

Selected financial information of JiHu, post intercompany eliminations, is as follows (in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Revenue	\$ 1,775	\$ 1,609	\$ 3,421	\$ 3,073
Cost of revenue	535	560	1,019	1,051
Gross profit	1,240	1,049	2,402	2,022
Operating expenses:				
Sales and marketing	1,410	1,960	3,046	4,044
Research and development	578	727	366	2,683
General and administrative	907	1,407	1,745	(37)
Total operating expenses	2,895	4,094	5,157	6,690
Loss from operations	(1,655)	(3,045)	(2,755)	(4,668)
Interest income	230	240	457	555
Other income (expense), net	(42)	293	305	562
Net loss before income taxes	(1,467)	(2,512)	(1,993)	(3,551)
Net loss	\$ (1,467)	\$ (2,512)	\$ (1,993)	\$ (3,551)
Net loss attributable to noncontrolling interest	\$ (675)	\$ (1,128)	\$ (918)	\$ (1,558)

	July 31, 2024	January 31, 2024
Cash and cash equivalents	\$ 40,756	\$ 43,896
Property and equipment, net	277	489
Operating lease right-of-use assets	482	405
Other assets	3,465	2,835
Total assets	\$ 44,980	\$ 47,625
Total liabilities	\$ 6,464	\$ 6,080

Equity Method Investment

In April 2021, the Company reorganized Meltano Inc. ("Meltano"), now operating as Arch Data, Inc. ("Arch"), which started as an internal project within the Company in July 2018, into a separate legal entity.

The Company recorded an impairment charge of \$8.9 million in other income (expense), net in the condensed consolidated statement of operations during the year ended January 31, 2024 which reduced the equity method investment value to zero as of January 31, 2024.

During the three and six months ended July 31, 2024, the Company recorded a loss from equity method investment of zero. During the three and six months ended July 31, 2023, the Company recognized a loss from equity method investment of \$0.9 million and \$1.7 million, net of tax on the condensed consolidated statements of operations, respectively.

12. Income Taxes

For the three and six months ended July 31, 2024, the Company recorded an income tax benefit of \$39.4 million and \$26.7 million on pretax loss of \$27.1 million and \$69.3 million, respectively. The income tax benefit for the three and six months ended July 31, 2024 was primarily related to a decrease in tax expense for unrecognized tax benefits and the Company's foreign and domestic operations.

For the three and six months ended July 31, 2023, the Company recorded income tax expense of \$4.0 million and \$5.5 million on pretax loss of \$46.3 million and \$96.9 million, respectively. The income tax expense for the three and six months ended July 31, 2023 was primarily related to an increase in tax expense for unrecognized tax benefits and the Company's foreign and domestic operations.

The Company's provision for income taxes is based on its worldwide estimated annualized effective tax rate, except for jurisdictions for which a loss is expected for the year and no benefit can be realized for those losses, jurisdictions for which forecasted pre-tax income or loss cannot be estimated, and the tax effect of discrete items occurring during the period. The tax provision for jurisdictions for which a forecast cannot be estimated is based on actual taxes and tax reserves for the quarter.

Under the provisions of ASC 740, *Income Taxes*, the determination of the Company's ability to recognize its deferred tax asset requires an assessment of both negative and positive evidence when determining the Company's ability to recognize its deferred tax assets. As in prior years, the Company maintained that it was not more likely than not that the Company could recognize deferred tax assets in certain jurisdictions. The evidence evaluated by the Company included operating results during the most recent three-year period and future projections. More weight was given to historical results than to expectations of future profitability, which are inherently uncertain. Certain entities' net losses in recent periods represented sufficient negative evidence to require a valuation allowance against its net deferred tax assets. This valuation allowance will be evaluated periodically and could be reversed partially or totally if business results have sufficiently improved to support realization of deferred tax assets.

As of July 31, 2024, unrecognized tax benefits were \$349.9 million, of which \$160.1 million would affect the effective tax rate if recognized. The Company has classified approximately \$159.5 million of unrecognized tax benefit as current tax liability due to anticipated timing of the settlement of the bilateral advance pricing agreement ("BAPA") with the U.S. Internal Revenue Service ("IRS") and Dutch Tax Authority ("DTA") and their associated payments, which are expected to be made within the next 12 months. The Company is unable to reasonably estimate the timing of remaining long-term payments or the amount by which the liability will increase or decrease.

It is the Company's policy to classify accrued interest and penalties related to unrecognized tax benefits in provision for income taxes. Accrued interest and penalties were \$55.4 million as of July 31, 2024 and \$52.1 million as of January 31, 2024, respectively.

The Company has been in BAPA negotiations between the IRS and the DTA relating to the Company's transfer pricing arrangements between the United States and the Netherlands. In the year ended January 31, 2024, the Company for the first time discussed with the IRS and DTA a framework to finalize its transfer pricing arrangements for the proposed BAPA period consisting of tax years ending December 31, 2018 through January 31, 2026. The proposed agreements between the Company, the IRS and the DTA are not yet final; in anticipation of the agreements, \$254.9 million of net tax liability was recorded in the year ended January 31, 2024, and a net reduction of \$38.1 million of tax liability was recorded for the six months ended July 31, 2024. An increase of \$8.6 million was recorded in the net liability in the three months ended April 30, 2024, and a decrease of \$46.7 million was recorded in the net liability in the three months ended July 31, 2024. These amounts represent the unrecognized tax benefit relating to the BAPA. The unrecognized tax benefit represents the Company's best estimate of the tax liability associated with the proposed agreements and their related effects.

As of July 31, 2024, the Company's U.S. federal 2018 through 2024 tax years were open and subject to potential examination in one or more jurisdictions. In addition, in the United States, any net operating losses or credits that were generated in prior years but not yet fully utilized in a year that is closed under the statute of limitations may also be subject to examination. The Company is currently under examination in the Netherlands for the tax years ended December 31, 2015 and 2016. The Company expects negotiations to continue through the end of fiscal year 2025. The Company believes that it has adequately reserved for the outcome of this audit. The Company regularly assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of its provision for income taxes. The Company continues to monitor the progress of ongoing discussions with tax authorities and the effect, if any, of the expected expiration of the statute of limitations in various taxing jurisdictions.

13. Net Income (Loss) per Share

The following table sets forth basic and diluted income (loss) per share for each of the periods presented (in thousands, except per share data):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Numerator:				
Net income (loss) attributable to GitLab	\$ 12,949	\$ (50,080)	\$ (41,695)	\$ (102,549)
Denominator:				
Weighted-average shares used to compute net income (loss) per share attributable to GitLab Class A and Class B common stockholders, basic	159,677	153,644	158,973	152,683
Dilutive impact of Stock Options	5,452	—	—	—
Dilutive impact of RSUs	1,166	—	—	—
Dilutive impact of ESPP	51	—	—	—
Weighted-average shares used to compute net income (loss) per share attributable to GitLab Class A and Class B common stockholders, diluted	166,346	153,644	158,973	152,683
Net income (loss) per share attributable to GitLab Class A and Class B common stockholders, basic	\$ 0.08	\$ (0.33)	\$ (0.26)	\$ (0.67)
Net income (loss) per share attributable to GitLab Class A and Class B common stockholders, diluted	\$ 0.08	\$ (0.33)	\$ (0.26)	\$ (0.67)

Potentially dilutive securities that were not included in the diluted per share calculations because they would be anti-dilutive were as follows (in thousands):

	As of	
	July 31, 2024	July 31, 2023
Shares subject to outstanding common stock options	—	9,933
Unvested restricted stock in connection with business combination	2	3
Unvested early exercised stock options	—	63
Unvested RSUs and PSUs	6,917	11,465
Shares subject to the ESPP	222	71
Total	7,141	21,535

14. Commitments and Contingencies

Contractual Obligations and Commitments

The Company's purchase obligations of \$135.1 million as of July 31, 2024, represent third-party non-cancelable hosting infrastructure agreements, subscription arrangements and other commitments used in the ordinary course of business to meet operational requirements.

Loss Contingencies

In accordance with ASC 450, *Loss Contingencies*, the Company accrues for contingencies when losses become probable and reasonably estimable. Accordingly, the Company has recorded an estimated liability related to certain labor matters regarding its use of contractors in certain foreign countries. As of July 31, 2024 and January 31, 2024, the estimated liability relating to these matters was \$2.1 million and \$2.2 million recorded in other non-current liabilities on the condensed consolidated balance sheets, respectively.

Warranties and Indemnifications

The Company enters into service level agreements with customers which warrant defined levels of uptime and support response times and permit those customers to receive credits for prepaid amounts in the event that those performance and response levels are not met. To date, the Company has not experienced any significant failures to meet defined levels of performance and response. In connection with the service level agreements, the Company has not incurred any significant costs and has not accrued any liabilities in the condensed consolidated financial statements.

In the ordinary course of business, the Company enters into contractual arrangements under which the Company agrees to provide indemnification of varying scope and terms to business partners and other parties with respect to certain matters, including, but not limited to, losses arising out of the breach of such agreements, intellectual property infringement claims made by third parties, and other liabilities relating to or arising from the Company's platform or the Company's acts or omissions. In these circumstances, payment may be conditional on the other party making a claim pursuant to the procedures specified in the particular contract. Further, the Company's obligations under these agreements may be limited in terms of time and/or amount, and in some instances, the Company may have recourse against third parties for certain payments.

In addition, the Company has agreed to indemnify its directors and executive officers for costs associated with any fees, expenses, judgments, fines, and settlement amounts incurred by any of these persons in any action or proceeding to which any of those persons is, or is threatened to be, made a party by reason of the person's service as a director or officer, including any action by the Company, arising out of that person's services as the Company's director or officer or that person's services provided to any other company or enterprise at the Company's request. The Company maintains director and officer insurance coverage that may enable the Company to recover a portion of any future amounts paid.

Legal Proceedings

The Company is, and from time to time, may become involved in legal proceedings or be subject to claims arising in the ordinary course of its business. The Company is not presently a party to any legal proceedings that in the opinion of management, if determined adversely to the Company, would individually or taken together have a material adverse effect on its business, financial condition or operating results.

Defending such proceedings is costly and can impose a significant burden on management and team members. 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 the Company because of defense and settlement costs, diversion of management resources and other factors.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q. You should review the section titled "Special Note Regarding Forward-Looking Statements" above in this Quarterly Report on Form 10-Q for a discussion of forward-looking statements and important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" in this Quarterly Report on Form 10-Q. Our historical results are not necessarily indicative of the results that may be expected for any period in the future.

Overview

In today's world, software defines the speed of innovation. Every industry, business, and every function within a company is dependent on software. Nearly all companies must digitally transform and become experts at building, delivering, and securing software to remain competitive and survive.

To meet these market needs, GitLab pioneered The DevSecOps Platform, a fundamentally new approach to software development and delivery. Our platform is uniquely built as a single application with native artificial intelligence, or AI, assisted workflows, and a single interface with a unified data model, enabling all stakeholders in the software delivery lifecycle – from development teams to operations teams to security teams – to work together in a single tool with a single workflow. With GitLab, they can build better, more secure software, faster.

GitLab is the solution to significant business transformation needs. Across every industry – and across companies of every size – technology leaders want to make developers more productive so they can deliver better products faster; they want to measure productivity so they can increase operational efficiency; they want to secure the software supply chain so they can reduce security and compliance risk; and, they want to accelerate secure cloud migration, so they can unlock digital transformation results. These technology leaders need a platform that enables a value stream-driven mindset that shortens the time from idea to customer value and establishes a powerful flywheel for data collection and aggregation. And they are looking for a platform approach that unifies the entire development experience, so that customers can be faster than their competition in moving from idea to customer value.

We believe GitLab is the shortest path to unlocking business and technology transformation results. Our DevSecOps platform accelerates our customers' ability to create business value and innovate by reducing their software development cycle times from weeks to minutes – achieving up to 7x faster cycle time. It removes the need for point tools and delivers enhanced operational efficiency by eliminating manual work, increasing productivity, and creating a culture of innovation and velocity. GitLab also embeds security earlier into the development process, improving our customers' software security, quality, and overall compliance.

GitLab is available to any team, regardless of the size, scope, and complexity of their deployment. As a result, we have more than 40 million registered users, and more than 50% of the Fortune 100 companies are GitLab customers. For purposes of determining the number of our active customers, we look at our customers with more than \$5,000 of Annual Recurring Revenue, or ARR, in a given period, who we refer to as our Base Customers. For purposes of determining our Base Customers, a single organization with separate subsidiaries, segments, or divisions that use The DevSecOps Platform is considered a single customer.

GitLab is the only DevSecOps platform built on an open-core business model. We enable any customer and contributor to add functionality to our platform. In calendar year 2023, nearly 700 people contributed more than 2,100 merge requests back to the core product, extending GitLab's in-house R&D

efforts and empowering our most passionate users to make improvements to the DevOps tool they use every day. Our open-core approach has enabled us to build trust with our customers and maintain our high velocity of innovation so that we can rapidly create the most comprehensive DevSecOps platform.

GitLab largely exists today thanks to the vast and growing community of open source contributors worldwide. We actively work to grow open source community engagement by operating with transparency. We make our strategy, direction, and product roadmap available to the wider community, where we encourage and solicit their feedback. By making non-sensitive information public, we create a deeper level of trust with our customers and make it easier to solicit contributions and collaboration from our users and customers. See the section entitled “Key Business Metrics—Dollar-Based Net Retention Rate and ARR” below for additional information about how we define ARR.

We make our plans available through our self-managed and software-as-a-service, or SaaS, offering. For our self-managed offering, the customer installs GitLab in their own on-premise or hybrid cloud environment. For our SaaS offering, the platform is managed by GitLab and hosted either in our public cloud or in our private cloud based on the customer’s preference.

Factors Affecting Our Performance

Sustaining innovation and technology leadership

We believe we have built a highly differentiated platform that gives us an advantage over our competitors by empowering business, development, security, operations, and IT teams to collaborate in a single application across the entire DevSecOps lifecycle. Our technology leadership is an outcome of various factors, including our strong community, network of contributors, and continued enhancement of The DevSecOps Platform by developing new features and expanding the functionality of existing features with speed and consistency. We have had a history of releasing enhancements to The DevSecOps Platform every month and, as of July 31, 2024, had done so for the last 154 months. We intend to continue releasing new software on a monthly cadence.

We also intend to continue investing in research and development to further enhance The DevSecOps Platform and sustain our innovation and technology leadership. We have a history of investing in our open source community and intend to continue to leverage our open core software to accelerate innovation. We also intend to continue to add headcount to our research and development team to extend the functionality and range of The DevSecOps Platform by bringing new and improved products and services to our customers.

We expect our research and development expenses to increase on an absolute basis in future periods. We foresee that such investment in research and development will contribute to our long-term growth, but may also negatively impact our short-term profitability. As engaged members of the GitLab open-source community, our contributors often serve as subject matter experts at market-leading developer events and The DevSecOps Platform is presented on the cutting edge of innovation. We intend to continue to invest in building out this community to foster more contributions and collaboration in the space. Our open source community, in turn, accelerates our ability to innovate and provide a better platform to our customers. We intend to expend additional resources in the future to continue enhancing The DevSecOps Platform and introducing new products, features and functionality.

Acquiring New Customers

Our future growth depends in large part on our ability to acquire new customers. This, in turn, relies on our ability to reach teams and organizations through our marketing and sales efforts. To this end, we are making investments in our sales and marketing efforts to expand our reach and differentiate The DevSecOps Platform from competitive products and services. We believe that eventually the vast majority of organizations will switch to a DevSecOps platform and embrace a single application approach, creating a substantial opportunity to continue to grow our customer base. As a result, our Base Customers increased to 9,314 as of July 31, 2024 from 7,815 as of July 31, 2023, an increase of 19%, our \$100,000 ARR customers increased to 1,076 as of July 31, 2024 from 810 as of July 31, 2023, an increase of 33%. See the section entitled “—Key Business Metrics—Dollar-Based Net Retention Rate and ARR” below for information about how we define ARR.

Our operating results and growth prospects will depend in part on our ability to attract new customers. While we believe we have a significant market opportunity that The DevSecOps Platform addresses, we will need to continue to invest in sales and marketing, research and development, and customer support to further grow our customer base, both in the United States and internationally. We believe that we have more than 40 million registered users, which includes users of our free tier offering, provides a base of potential new customers. We intend to continue to add headcount to our global sales and marketing team to acquire new customers and to increase sales to existing customers.

Retaining and Expanding Our Existing Customers

We employ a “land and expand” business strategy that focuses on efficiently acquiring new customers and growing our relationships with existing customers over time. We believe that as our customers realize the benefits of a single application approach, they will increase the use of The DevSecOps Platform, enhancing our ability to expand revenue generation within our existing customers over time. As a result of our approach, as of July 31, 2024 and 2023, our Dollar-Based Net Retention Rate was 126% and 129%, respectively. See the section entitled “—Key Business Metrics—Dollar-Based Net Retention Rate and ARR” below for information about how we define Dollar-Based Net Retention Rate.

We plan to continue investing in sales and marketing, with a focus on expanding usage of our platform with our existing customers. We believe that this expansion will provide us with substantial operating leverage because the costs to expand sales within existing customers are significantly less than the costs to acquire new customers. Our future revenue growth and our ability to achieve and maintain profitability is dependent upon our ability to continue landing new customers, expanding the adoption of The DevSecOps Platform by additional users within their organizations, selling add-on offerings, and upgrading customers to higher-priced tiers. Ultimately, our ability to increase sales to existing customers will depend on several factors, including our customers’ satisfaction with The DevSecOps Platform, our pricing, competition, and overall changes in our customers’ spending levels.

Partnerships, Alliances, Channels, and Integrations

We believe that our further growth depends in part on our ability to build and maintain successful partnerships, alliances, channels and integrations. We are continuously investing in developing a strong ecosystem and partner network, comprised of cloud and technology partners, resellers, and system integrators, as a way to expand our go-to-market strategy. We plan to continue investing in and developing these relationships to broaden our distribution footprint and drive greater awareness of our brand and The DevSecOps Platform. We believe that these partnerships will extend our sales reach and provide product and technology integrations that will accelerate implementation of The DevSecOps Platform in the United States and internationally. While expending resources in developing these partnerships and alliances may adversely impact our short-term profitability, we believe these investments will lead to longer term growth for the business as a whole.

Continuing to Scale our Business

We plan to continue investing in our business so that we can capitalize on our market opportunity. We believe that these investments will contribute to our long-term growth, although they may adversely affect our operating results in the near term. Furthermore, we expect our general and administrative expenses to increase in absolute amount for the foreseeable future given the additional expenses for accounting, compliance, and insurance as a public company. We plan to balance these investments in future growth with a continued focus on managing our operating results.

Key Business Metrics

We monitor the following key metrics to help us evaluate our business, identify trends affecting our business, formulate business plans, and make strategic decisions.

Dollar-Based Net Retention Rate and ARR

We believe that our ability to retain and expand our revenue generated from our existing customers is an indicator of the long-term value of our customer relationships and our potential future business opportunities. Dollar-Based Net Retention Rate measures the percentage change in our ARR derived from our customer base at a point in time. Our calculation of ARR and by extension Dollar-Based Net Retention Rate, includes both self-managed and SaaS subscription revenue. We report Dollar-Based Net Retention Rate on a threshold basis of 130% each quarter or the actual number if below 130%.

We calculate ARR by taking the monthly recurring revenue, or MRR, and multiplying it by 12. MRR for each month is calculated by aggregating, for all customers during that month, monthly revenue from committed contractual amounts of subscriptions, including our self-managed and SaaS offerings but excluding professional services. We calculate Dollar-Based Net Retention Rate as of a period end by starting with our customers as of the 12 months prior to such period end, or the Prior Period ARR. We then calculate the ARR from these customers as of the current period end, or the Current Period ARR. The calculation of Current Period ARR includes any upsells, price adjustments, user growth within a customer, contraction, and attrition. We then divide the total Current Period ARR by the total Prior Period ARR to arrive at the Dollar-Based Net Retention Rate.

	As of July 31,	
	2024	2023
Dollar-Based Net Retention Rate	126%	129 %

Customers with ARR of \$100,000 or More

We believe that our ability to increase the number of \$100,000 ARR customers is an indicator of our market penetration and strategic demand for The DevSecOps Platform. A single organization with separate subsidiaries, segments, or divisions that use The DevSecOps Platform is considered a single customer for determining each organization's ARR. We do not count our reseller or distributor channel partners as customers. In cases where customers subscribe to The DevSecOps Platform through our channel partners, each end customer is counted separately.

	As of July 31,	
	2024	2023
\$100,000 ARR customers	1,076	810

Components of Our Results of Operations

Revenue

Subscription - self-managed and SaaS

Subscription - self-managed

Our self-managed subscriptions include support, maintenance, upgrades, and updates on a when-and-if-available basis. Revenue for self-managed subscriptions is recognized ratably over the contract period based on the stand-ready nature of subscription elements.

The typical term of a subscription contract for self-managed offering is one to three years.

SaaS

Our SaaS subscriptions provide access to our latest managed version of our product hosted in a public or private cloud based on the customer's preference. Revenue from our SaaS offerings is recognized ratably over the contract period when the performance obligation is satisfied.

The typical term of a subscription contract for SaaS offering is one to three years.

License - self-managed and other

The license component of our self-managed subscriptions reflects the revenue recognized by providing customers with access to proprietary software features. License revenue is recognized up-front when the software license is made available to our customers.

Other revenue consists of professional services revenue which is derived from fixed fee and time and materials offerings, subject to customer acceptance for fixed fee offerings. Uncertainty exists about customer acceptance and therefore, control is presumed to transfer upon confirmation from the customer, as defined in each professional services contract. Accordingly, revenue is recognized upon satisfaction of all requirements per the applicable contract. Revenue from professional services provided on a time and material basis is recognized over the periods services are delivered.

Cost of Revenue

Subscription - self-managed and SaaS

Cost of revenue for self-managed and SaaS subscriptions consists primarily of allocated cloud-hosting costs paid to third-party service providers, personnel-related costs associated with our customer support personnel, including contractors, third-party payment processing fees, and allocated overhead. Personnel-related expenses consist of salaries, benefits, bonuses, and stock-based compensation. We expect our cost of revenue for self-managed and SaaS subscriptions to increase in absolute dollars as our self-managed and SaaS subscription revenue increases. As our SaaS offering makes up an increasing percentage of our total revenue, we expect to see increased associated cloud-related costs, such as hosting and managing costs, which may adversely impact our gross margins.

License - self-managed and other

Cost of self-managed license and other revenue consists primarily of contractor and personnel-related costs, including stock-based compensation expense, associated with the professional services team and customer support team, and allocated overhead. We expect our cost of revenue for self-managed license and other to increase in absolute dollars as our self-managed and other revenue increases.

Operating Expenses

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

Sales and Marketing

Sales and marketing expenses consist primarily of personnel-related expenses associated with our sales and marketing personnel, advertising, travel and entertainment related expenses, branding and marketing events, promotions, software subscriptions, and our allocated cloud infrastructure expenses for our free tier. Sales and marketing expenses also include sales commissions paid to our sales force. Such costs incurred on acquisition of an initial contract are capitalized and amortized over an estimated period of benefit of three years, and any such expenses paid for the renewal of a subscription are capitalized and amortized over the contractual term of the renewal. However, prorated costs for commissions that are incremental to obtain a self-managed license contract are expensed immediately.

We expect sales and marketing expenses to increase in absolute dollars as we continue to make strategic investments in our sales and marketing organization to drive additional revenue, further penetrate the market, and expand our global customer base, but to decrease as a percentage of our total revenue over time, although our sales and marketing expenses may fluctuate as a percentage of our total revenue from period-to-period depending on the timing of these expenses.

Research and Development

Research and development expenses consist primarily of personnel-related expenses, including contractors, as well as cloud infrastructure expenses to support our internal development efforts, and software and subscription services. Costs related to research and development are expensed as incurred.

We expect research and development expenses to increase in absolute dollars as we continue to increase investments in our existing products and services. However, we anticipate research and development expenses to decrease as a percentage of our total revenue over time, although our research and development expenses may fluctuate as a percentage of our total revenue from period-to-period depending on the timing of these expenses.

General and Administrative

General and administrative expenses consist primarily of personnel-related expenses for our executives, finance, legal, and human resources teams. General and administrative expenses also include external legal, accounting, and director and officer insurance, as well as other consulting and professional services fees, software and subscription services, in-person company-wide event expenses, and any contract termination fees.

We incur expenses as a result of operating as a public company, including costs to comply with the rules and regulations applicable to companies listed on a national securities exchange, costs related to compliance and reporting obligations, costs related to Sarbanes-Oxley compliance, costs related to Environmental, Social, and Governance (ESG) compliance and expenses for insurance, investor relations, and related professional services. We expect that our general and administrative expenses will increase in absolute dollars as our business grows but will decrease as a percentage of our total revenue over time, although our general and administrative expenses may fluctuate as a percentage of our total revenue from period-to-period depending on the timing of these expenses.

Interest Income, and Other Income (Expense), Net

Interest income consists primarily of interest earned on our cash equivalents and short-term investments.

Other income (expense), net consists primarily of the foreign currency transaction gains and losses.

Loss from Equity Method Investment, Net of Tax

Loss from equity method investment, net of tax, consists of our share of losses from the results of operations of Arch, following its deconsolidation.

Provision for (Benefit from) Income Taxes

Provision for (benefit from) income taxes consists primarily of income taxes in the foreign and state jurisdictions in which we conduct business. We maintain a full valuation allowance against our deferred tax assets in certain jurisdictions because we have concluded that it is not more likely than not that the deferred tax assets will be realized.

Results of Operations

The following table sets forth our results of operations for the periods presented (in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Revenue:				
Subscription—self-managed and SaaS	\$ 163,181	\$ 122,096	\$ 314,360	\$ 233,287
License—self-managed and other	19,403	17,485	37,411	33,172
Total revenue	182,584	139,581	351,771	266,459
Cost of revenue: ⁽¹⁾				
Subscription—self-managed and SaaS	16,630	10,871	30,469	21,762
License—self-managed and other	4,740	3,825	9,677	6,873
Total cost of revenue	21,370	14,696	40,146	28,635
Gross profit	161,214	124,885	311,625	237,824
Operating expenses:				
Sales and marketing ⁽¹⁾	97,778	92,116	190,202	178,653
Research and development ⁽¹⁾	61,273	49,007	115,413	99,394
General and administrative ⁽¹⁾	43,168	37,819	100,655	72,067
Total operating expenses	202,219	178,942	406,270	350,114
Loss from operations	(41,005)	(54,057)	(94,645)	(112,290)
Interest income	12,827	9,112	24,857	16,427
Other income (expense), net	1,032	(1,330)	465	(1,077)
Loss before income taxes and loss from equity method investment	(27,146)	(46,275)	(69,323)	(96,940)
Loss from equity method investment, net of tax	—	(917)	—	(1,665)
Provision for (benefit from) income taxes	(39,420)	4,016	(26,710)	5,502
Net income (loss)	\$ 12,274	\$ (51,208)	\$ (42,613)	\$ (104,107)
Net loss attributable to noncontrolling interest ⁽²⁾	(675)	(1,128)	(918)	(1,558)
Net income (loss) attributable to GitLab	\$ 12,949	\$ (50,080)	\$ (41,695)	\$ (102,549)

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

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
	(in thousands)			
Cost of revenue	\$ 2,076	\$ 1,698	\$ 3,931	\$ 3,112
Sales and marketing	19,881	21,295	37,278	35,059
Research and development	16,114	12,477	28,450	24,179
General and administrative	10,898	10,898	21,562	16,348
Total stock-based compensation expense	\$ 48,969	\$ 46,368	\$ 91,221	\$ 78,698

(2) Our results of operations include our variable interest entity, JiHu. The ownership interest of other investors is recorded as a noncontrolling interest. See “Note 11. Joint Venture and Equity Method Investment” to our condensed consolidated financial statements for additional details.

The following table sets forth the components of our condensed consolidated statements of operations as a percentage of total revenue for each of the periods presented:

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Revenue	100 %	100 %	100 %	100 %
Cost of revenue	12	11	11	11
Gross profit	88	89	89	89
Operating expenses:				
Sales and marketing	54	66	54	67
Research and development	34	35	33	37
General and administrative	24	27	29	27
Total operating expenses	111	128	115	131
Loss from operations	(22)	(39)	(27)	(42)
Interest income	7	7	7	6
Other income (expense), net	1	(1)	—	—
Loss before income taxes and loss from equity method investment	(15)	(33)	(20)	(36)
Loss from equity method investment, net of tax	—	(1)	—	(1)
Provision for (benefit from) income taxes	(22)	3	(8)	2
Net income (loss)	7 %	(37)%	(12)%	(39)%
Net loss attributable to noncontrolling interest	— %	(1)%	— %	(1)%
Net income (loss) attributable to GitLab	7 %	(36)%	(12)%	(38)%

Comparison of the Three and Six Months Ended July 31, 2024 and 2023

Revenue

	Three Months Ended July 31,		Change		Six Months Ended July 31,		Change	
	2024	2023	\$	%	2024	2023	\$	%
	(in thousands, except percentages)				(in thousands, except percentages)			
Subscription—self-managed and SaaS	\$ 163,181	\$ 122,096	\$ 41,085	34 %	\$ 314,360	\$ 233,287	\$ 81,073	35 %
License—self-managed and other	19,403	17,485	1,918	11	37,411	33,172	4,239	13
Total revenue	<u>\$ 182,584</u>	<u>\$ 139,581</u>	<u>\$ 43,003</u>	<u>31 %</u>	<u>\$ 351,771</u>	<u>\$ 266,459</u>	<u>\$ 85,312</u>	<u>32 %</u>

Revenue increased \$43.0 million, or 31%, to \$182.6 million for the three months ended July 31, 2024 from \$139.6 million for the three months ended July 31, 2023. Revenue increased \$85.3 million, or 32%, to \$351.8 million for the six months ended July 31, 2024 from \$266.5 million for the six months ended July 31, 2023. The increase in both the three and six months ended July 31, 2024 was primarily due to the ongoing demand for The DevSecOps Platform, including adding new customers, the expansion within our existing paid customers, and an increase in our number of customers with \$100,000 or greater in ARR. As of July 31, 2024 and 2023, our expansion is reflected by our Dollar-Based Net Retention Rate being 126% and 129%, respectively. We had 1,076 customers with ARR over \$100,000 as of July 31, 2024, increasing from 810 customers with ARR over \$100,000 as of July 31, 2023.

Revenue attributed to our variable interest entity, JiHu, was \$1.8 million and \$1.6 million for the three months ended July 31, 2024 and 2023, respectively, and \$3.4 million and \$3.1 million for the six months ended July 31, 2024 and 2023, respectively. See “Note 11. Joint Venture and Equity Method Investment” to our condensed consolidated financial statements for additional details.

Cost of Revenue, Gross Profit, and Gross Margin

	Three Months Ended July 31,		Change		Six Months Ended July 31,		Change	
	2024	2023	\$	%	2024	2023	\$	%
	(in thousands, except percentages)				(in thousands, except percentages)			
Cost of revenue	\$ 21,370	\$ 14,696	\$ 6,674	45 %	\$ 40,146	\$ 28,635	\$ 11,511	40 %
Gross profit	161,214	124,885	36,329	29	311,625	237,824	73,801	31
Gross margin	88 %	89 %		(1)%	89 %	89 %		— %

Cost of revenue increased by \$6.7 million, to \$21.4 million for the three months ended July 31, 2024 from \$14.7 million for the three months ended July 31, 2023, primarily due to an increase of \$2.4 million in third party hosting costs for increased SaaS and cloud usage and \$2.0 million in personnel-related expenses, driven by an increase in our average customer support and professional services headcount and an increase of \$0.4 million in stock-based compensation expense (as discussed in the section titled “*Stock-Based Compensation Expense*” below). The remaining change was primarily attributable to an increase of \$1.8 million in the amortization of intangible assets, partially offset by a decrease of \$0.2 million in software and consulting expenses. Gross margin decreased by 1% to 88% for the three months ended July 31, 2024 from 89% for the three months ended July 31, 2023.

Cost of revenue increased by \$11.5 million, to \$40.1 million for the six months ended July 31, 2024 from \$28.6 million for the six months ended July 31, 2023, primarily due to an increase of \$4.1 million in third-party hosting costs for increased SaaS and cloud usage and an increase of \$3.7 million in personnel-related expenses, driven by an increase in our average customer support and professional services headcount and an increase of \$0.8 million in stock-based compensation expense (as discussed in the section titled “*Stock-Based Compensation Expense*” below). The remaining change was primarily attributable to an increase of \$2.4 million in the amortization of intangible assets, and \$0.6 million in software and consulting expenses. Gross margin remained at 89% for the six months ended July 31, 2024 compared to the six months ended July 31, 2023.

Cost of revenue attributed to our variable interest entity, JiHu, was \$0.5 million and \$0.6 million for the three months ended July 31, 2024 and 2023, respectively, and \$1.0 million and \$1.1 million for the six months ended July 31, 2024 and 2023, respectively. See “Note 11. Joint Venture and Equity Method Investment” to our condensed consolidated financial statements for additional details.

Sales and Marketing

	Three Months Ended July 31,		Change		Six Months Ended July 31,		Change	
	2024	2023	\$	%	2024	2023	\$	%
(in thousands, except percentages)					(in thousands, except percentages)			
Sales and marketing expenses	\$ 97,778	\$ 92,116	\$ 5,662	6 %	\$ 190,202	\$ 178,653	\$ 11,549	6 %

Sales and marketing expenses increased by \$5.7 million, to \$97.8 million for the three months ended July 31, 2024 from \$92.1 million for the three months ended July 31, 2023, primarily due to an increase of \$4.4 million in personnel-related expenses, driven by an increase in our average sales and marketing headcount. The remaining change was mainly due to an increase of \$1.1 million in hosting costs in the three months ended July 31, 2024.

Sales and marketing expenses increased by \$11.5 million, to \$190.2 million for the six months ended July 31, 2024 from \$178.7 million for the six months ended July 31, 2023, primarily due to an increase of \$12.0 million in personnel-related expenses, including an increase of \$2.2 million in stock-based compensation expense (as discussed in the section titled “*Stock-Based Compensation Expense*” below), partially offset by expense attributed to our variable interest entity, JiHu.

Sales and marketing expenses attributed to our variable interest entity, JiHu, were \$1.4 million and \$2.0 million for the three months ended July 31, 2024 and 2023, respectively, and \$3.0 million and \$4.0 million for the six months ended July 31, 2024 and 2023, respectively. See “Note 11. Joint Venture and Equity Method Investment” to our condensed consolidated financial statements for additional details.

Research and Development

	Three Months Ended July 31,		Change		Six Months Ended July 31,		Change	
	2024	2023	\$	%	2024	2023	\$	%
(in thousands, except percentages)					(in thousands, except percentages)			
Research and development expenses	\$ 61,273	\$ 49,007	\$ 12,266	25 %	\$ 115,413	\$ 99,394	\$ 16,019	16 %

Research and development expenses increased by \$12.3 million, to \$61.3 million for the three months ended July 31, 2024 from \$49.0 million for the three months ended July 31, 2023, primarily due to an increase of \$10.9 million in personnel-related expenses, driven by an increase in our average research and development headcount and an increase of \$3.6 million in stock-based compensation expense (as discussed in the section titled “*Stock-Based Compensation Expense*” below). The remaining change was mainly due to an increase of \$0.9 million in hosting costs for internal usage and an increase of \$0.4 million in restructuring costs.

Research and development expenses increased by \$16.0 million, to \$115.4 million for the six months ended July 31, 2024 from \$99.4 million for the six months ended July 31, 2023, primarily due to an increase of \$16.0 million in personnel-related expenses, driven by an increase in our average research and development headcount and an increase of \$4.3 million in stock-based compensation expense (as discussed in the section titled “*Stock-Based Compensation Expense*” below). The remaining change was mainly due to \$1.2 million in hosting costs for internal usage, partially offset by a decrease of \$1.7 million in restructuring costs.

Research and development expenses attributed to our variable interest entity, JiHu, were \$0.6 million and \$0.7 million for the three months ended July 31, 2024 and 2023, respectively, and \$0.4 million and \$2.7 million for the six months ended July 31, 2024 and 2023, respectively. See “Note 11. Joint Venture and Equity Method Investment” to our condensed consolidated financial statements for additional details.

General and Administrative

	Three Months Ended July 31,		Change		Six Months Ended July 31,		Change	
	2024	2023	\$	%	2024	2023	\$	%
	(in thousands, except percentages)				(in thousands, except percentages)			
General and administrative expenses	\$ 43,168	\$ 37,819	\$ 5,349	14 %	\$ 100,655	\$ 72,067	\$ 28,588	40 %

General and administrative expenses increased by \$5.3 million, to \$43.2 million for the three months ended July 31, 2024 from \$37.8 million for the three months ended July 31, 2023, primarily driven by an increase of \$3.8 million attributable to the fair value remeasurement of acquisition related contingent consideration. The remaining change was primarily due to an increase of \$0.6 million in personnel-related expenses, mainly attributable to an increase in our average general and administrative headcount, an increase of \$0.5 million in software and consulting expenses, and an increase of \$0.3 million in charitable donation of common stock.

General and administrative expenses increased by \$28.6 million, to \$100.7 million for the six months ended July 31, 2024 from \$72.1 million for the six months ended July 31, 2023, primarily driven by \$14.5 million expense related to our in-person company-wide event. The remaining change was primarily due to an increase of \$6.6 million in personnel-related expenses, mainly attributable to an increase in our average general and administrative headcount and an increase of \$5.2 million in stock-based compensation expense (as discussed in the section titled “*Stock-Based Compensation Expense*” below), an increase of \$3.8 million attributable to the fair value remeasurement of acquisition related contingent consideration, an increase of \$1.2 million in software and consulting expenses, and an increase of \$0.6 million in charitable donation of common stock.

General and administrative expenses attributed to our variable interest entity, JiHu, was \$0.9 million and \$1.4 million for the three months ended July 31, 2024 and 2023, respectively, and \$1.7 million and immaterial for the six months ended July 31, 2024 and 2023, respectively. See “Note 11. Joint Venture and Equity Method Investment” to our condensed consolidated financial statements for additional details.

Stock-Based Compensation Expense

	Three Months Ended July 31,		Change		Six Months Ended July 31,		Change	
	2024	2023	\$	%	2024	2023	\$	%
	(in thousands, except percentages)				(in thousands, except percentages)			
Cost of revenue	\$ 2,076	\$ 1,698	\$ 378	22 %	\$ 3,931	\$ 3,112	\$ 819	26 %
Sales and marketing	19,881	21,295	(1,414)	(7)	37,278	35,059	2,219	6
Research and development	16,114	12,477	3,637	29	28,450	24,179	4,271	18
General and administrative	10,898	10,898	—	—	21,562	16,348	5,214	32
Total stock-based compensation expense	<u>\$ 48,969</u>	<u>\$ 46,368</u>	<u>\$ 2,601</u>	<u>6 %</u>	<u>\$ 91,221</u>	<u>\$ 78,698</u>	<u>\$ 12,523</u>	<u>16 %</u>

Stock-based compensation expense increased by \$2.6 million, to \$49.0 million for the three months ended July 31, 2024 from \$46.4 million for the three months ended July 31, 2023, primarily due to an increase of \$11.4 million of expense from RSUs, offset by a decrease of \$5.0 million for grant modifications, a decrease of \$3.2 million related to our ESPP and a decrease of \$1.3 million related to stock options.

Stock-based compensation expense increased by \$12.5 million, to \$91.2 million for the six months ended July 31, 2024 from \$78.7 million for the six months ended July 31, 2023, primarily due to an increase of \$23.6 million of expense from RSUs, offset by a decrease of \$6.4 million for grant modifications, and a decrease of \$5.1 million related to our ESPP.

Stock-based compensation expense attributed to our variable interest entity, JiHu, was \$0.1 million and \$0.2 million for the three months ended July 31, 2024 and 2023, respectively, and a \$0.2 million gain and \$2.7 million gain for the six months ended July 31, 2024 and 2023, respectively. See “Note 11. Joint Venture and Equity Method Investment” to our condensed consolidated financial statements for additional details.

Interest Income and Other Income (Expense), Net

	Three Months Ended July 31,		Change		Six Months Ended July 31,		Change	
	2024	2023	\$	%	2024	2023	\$	%
	(in thousands, except percentages)				(in thousands, except percentages)			
Interest income	\$ 12,827	\$ 9,112	\$ 3,715	41 %	\$ 24,857	\$ 16,427	\$ 8,430	51 %
Foreign exchange gains (losses), net	867	(1,268)	2,135	(168)	230	(994)	1,224	(123)
Other income (expense), net	165	(62)	227	(366)	235	(83)	318	(383)
Total other income (expense), net	<u>\$ 1,032</u>	<u>\$ (1,330)</u>	<u>\$ 2,362</u>	<u>(178)%</u>	<u>\$ 465</u>	<u>\$ (1,077)</u>	<u>\$ 1,542</u>	<u>(143)%</u>

For the three and six months ended July 31, 2024 compared to the three and six months ended July 31, 2023, interest income increased primarily due to income earned from our cash equivalents and short-term investments as a result of investing the proceeds from our initial public offering, or IPO, into marketable securities as well as higher interest rates during the three and six months ended July 31, 2024 compared to the three and six months ended July 31, 2023.

The change in other income (expense), net is mainly due to currency exchange gains and losses.

Loss from Equity Method Investment, Net of Tax

	Three Months Ended July 31,		Change		Six Months Ended July 31,		Change	
	2024	2023	\$	%	2024	2023	\$	%
	(in thousands, except percentages)				(in thousands, except percentages)			
Loss from equity method investment, net of tax	\$ —	\$ (917)	\$ 917	(100)%	\$ —	\$ (1,665)	\$ 1,665	(100)%

We recorded an impairment charge of \$8.9 million in other income (expense), net in the condensed consolidated statement of operations during the year ended January 31, 2024 which reduced the equity method investment value to zero as of January 31, 2024. As a result there is no loss from equity method investment for the three and six months ended July 31, 2024.

Provision for (Benefit from) Income Taxes

	Three Months Ended July 31,		Change		Six Months Ended July 31,		Change	
	2024	2023	\$	%	2024	2023	\$	%
	(in thousands, except percentages)				(in thousands, except percentages)			
Provision for (benefit from) income taxes	\$ (39,420)	\$ 4,016	\$ (43,436)	(1081.6)%	\$ (26,710)	\$ 5,502	\$ (32,212)	(585.5)%
Effective tax rate	145.2%	(8.7)%	153.9%		38.5 %	(5.7)%	44.2%	

Our effective tax rate increased by approximately 153.9% for the three months ended July 31, 2024 as compared to the three months ended July 31, 2023. A tax benefit is expressed as a positive rate because of our pretax loss. The increase in tax benefit was primarily due to the tax effects of the BAPA negotiations between the United States and Dutch taxing authorities, and the Company's foreign and domestic operations.

Our effective tax rate increased by approximately 44.2% for the six months ended July 31, 2024 as compared to the six months ended July 31, 2023, representing an increased tax benefit. The increase in tax benefit was primarily due to the tax effects of the BAPA negotiations between the United States and Dutch taxing authorities, and the Company's foreign and domestic operations.

Our effective tax rate for the three and six months ended July 31, 2024 was higher than the U.S. federal statutory tax rate of 21%, primarily due to the tax effects of the BAPA negotiations between the United States and Dutch taxing authorities, and the Company's foreign and domestic operations.

Under the provisions of ASC 740, *Income Taxes*, the determination of our ability to recognize our deferred tax assets requires an assessment of both negative and positive evidence when determining our ability to recognize deferred tax assets. Consistent with prior years, we maintain that it is not more likely than not that we can recognize deferred tax assets in certain jurisdictions. The evidence we evaluated included operating results during the most recent three-year period and future projections. More weight is given to historical results than to expectations of future profitability, which are inherently uncertain. Certain entities' net losses in recent periods represented sufficient negative evidence to require a valuation allowance against its net deferred tax assets. This valuation allowance will be evaluated periodically and could be reversed partially or totally if business results have sufficiently improved to support realization of deferred tax assets.

We have been in BAPA negotiations between the IRS and the DTA relating to our transfer pricing arrangements between the United States and the Netherlands. In the year ended January 31, 2024, we for the first time discussed with the IRS and DTA a framework to finalize its transfer pricing arrangements for the proposed BAPA period consisting of tax years ending December 31, 2018 through January 31, 2026. The proposed agreements between us, the IRS and the DTA are not yet final; in anticipation of the agreements, \$254.9 million of net tax liability was recorded in the year ended January 31, 2024, and a net reduction of \$38.1 million of tax liability was recorded for the six months ended July 31, 2024 based on on-going BAPA negotiations. An increase of \$8.6 million was recorded in the net liability in the three months ended April 30, 2024, and a decrease of \$46.7 million was recorded in the net liability in the three months ended July 31, 2024. These amounts represent the unrecognized tax benefit relating to the BAPA. The unrecognized tax benefit represents our best estimate of the tax liability associated with the proposed agreements and their related effects.

As of July 31, 2024, our U.S. federal 2018 through 2022 tax years were open and subject to potential examination in one or more jurisdictions. In addition, in the United States, any net operating losses or credits that were generated in prior years but not yet fully utilized in a year that is closed under the statute of limitations may also be subject to examination. We are currently under examination in the Netherlands for the tax years ended December 31, 2015 and 2016. We expect negotiations to continue through the end of fiscal year 2025. We believe that we have adequately reserved for the outcome of this audit. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. We continue to monitor the progress of ongoing discussions with tax authorities and the effect, if any, of the expected expiration of the statute of limitations in various taxing jurisdictions.

As of July 31, 2024, unrecognized tax benefits were \$349.9 million, of which \$160.1 million would affect the effective tax rate if recognized. We have classified approximately \$159.5 million of unrecognized tax benefit as current tax liability due to anticipated timing of the settlement with the Internal Revenue Service and Dutch taxing authorities and their associated payments, which are expected to be made within the next 12 months. We are unable to reasonably estimate the timing of remaining long-term payments or the amount by which the liability will increase or decrease.

It is our policy to classify accrued interest and penalties related to unrecognized tax benefits in provision for income taxes. Accrued interest and penalties were \$55.4 million as of July 31, 2024 and \$52.1 million as of January 31, 2024, respectively.

Liquidity and Capital Resources

Since inception, we have financed operations primarily through proceeds received from issuances of equity securities, preferred stock and payments received from our customers.

As of July 31, 2024 and January 31, 2024, our principal source of liquidity was cash, cash equivalents, and short-term investments aggregating to \$1.1 billion and \$1.0 billion, respectively, which were held for working capital and strategic investment purposes. As of July 31, 2024, cash and cash equivalents consist of cash in banks, money markets funds, treasuries, and commercial paper, while short-term investments mainly consist of treasuries, corporate debt securities, agency securities, and commercial paper.

We believe that our existing cash, cash equivalents, and short-term investments will be sufficient to support working capital and capital expenditure requirements for at least the next 12 months. Our future capital requirements will depend on many factors, including our revenue growth rate, the timing and the amount of cash received from customers, the expansion of sales and marketing activities, the timing and extent of spending to support research and development efforts, the price at which we are able to procure third-party cloud infrastructure, expenses associated with our international expansion, the introduction of platform enhancements, and the continuing market adoption of The DevSecOps Platform. In the future, we may enter into arrangements to acquire or invest in complementary businesses, products, and technologies. We may be required to seek additional equity or debt financing. In the event that we require additional financing, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in continued innovation, we may not be able to compete successfully, which would harm our business, operating results, and financial condition.

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

	Six Months Ended July 31, 2024	
	2024	2023
	(in thousands)	
Net cash provided by operating activities	\$ 49,835	\$ 16,148
Net cash provided by (used in) investing activities	\$ 84,223	\$ (65,045)
Net cash provided by financing activities	\$ 18,005	\$ 25,528

Operating Activities

Our largest source of operating cash is payments received from our customers. Our primary uses of cash from operating activities are for personnel-related expenses, sales and marketing expenses, third-party cloud infrastructure expenses, and overhead expenses. We have generated positive cash flows from operating activities and have supplemented working capital through net proceeds from the issuance of equity securities.

Cash provided by operating activities during the six months ended July 31, 2024 was \$49.8 million, primarily consisting of our net loss of \$42.6 million, adjusted for non-cash items of \$119.8 million (mainly attributable to stock-based compensation expense of \$91.2 million and amortization of deferred contract acquisition costs, net of \$22.9 million), and net cash outflows of \$27.4 million provided by changes in our operating assets and liabilities. The main drivers of the changes in operating assets and liabilities were the decrease in deferred contract acquisition costs of \$21.0 million, the decrease in accrued expenses and other liabilities of \$21.6 million, the decrease in accrued compensation and related expenses of \$6.9 million, and the decrease in other non-current liabilities of \$8.1 million, partially offset by the decrease in prepaid expenses and other current assets of \$13.3 million, and the increase in deferred revenue of \$14.8 million.

Cash provided by operating activities during the six months ended July 31, 2023 was \$16.1 million, primarily consisting of our net loss of \$104.1 million, adjusted for non-cash items of \$102.3 million (mainly attributable to stock-based compensation expense of \$78.7 million), and net cash inflows of \$17.9 million provided by changes in our operating assets and liabilities. The main drivers of the changes in operating assets and liabilities were the decrease in accounts receivable of \$25.3 million, the increase in accrued compensation and related expenses of \$2.6 million, and the increase in deferred revenue of \$11.2 million, partially offset by the increase in deferred contract acquisition costs of \$18.1 million.

Investing Activities

Cash provided by investing activities during the six months ended July 31, 2024 was \$84.2 million, primarily consisting of \$112.8 million in proceeds from maturities, net of purchases of short-term investments, partially offset by a \$20.2 million payment for a business combination, net of cash acquired, a \$7.3 million payment for an asset acquisition, and \$1.6 million in purchases of property and equipment.

Cash used in investing activities during the six months ended July 31, 2023 was \$65.0 million, primarily consisting of \$62.0 million in purchases of short-term investments, net of proceeds from maturities, \$2.5 million outflow as a result of an escrow payment related to a prior business combination, and \$0.5 million in purchases of property and equipment.

Financing Activities

Cash provided by financing activities during the six months ended July 31, 2024 was \$18.0 million, attributable to \$10.1 million proceeds from the issuance of common stock upon stock options exercises, and \$7.9 million of proceeds from the issuance of common stock under the ESPP.

Cash provided by financing activities during the six months ended July 31, 2023 was \$25.5 million, attributable to \$17.8 million of proceeds from the issuance of common stock upon stock options exercises, and \$7.8 million of proceeds from the issuance of common stock under the ESPP.

Adjusted Free Cash Flow

Adjusted free cash flow is a non-GAAP financial measure that we calculate as net cash provided by operating activities less cash used for purchases of property and equipment, plus any non-recurring income tax payments related to the BAPA. We believe that adjusted free cash flow is a useful indicator of liquidity that provides information to management and investors about the amount of cash generated from our operations that, after the investments in property and equipment and any non-recurring income tax payments related to the BAPA, can be used for strategic initiatives, including investing in our business, and strengthening our financial position. One limitation of adjusted free cash flow is that it does not reflect our future contractual commitments. Additionally, adjusted free cash flow does not represent the total increase or decrease in our cash balance for a given period.

The following table presents a reconciliation of adjusted free cash flow to net cash provided by (used in) operating activities, the most directly comparable financial measure calculated in accordance with GAAP, for the periods presented (in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Computation of adjusted free cash flow ⁽¹⁾				
GAAP net cash provided by operating activities	\$ 11,697	\$ 27,109	\$ 49,835	\$ 16,148
Less: Purchases of property and equipment	(851)	(277)	(1,551)	(533)
Non-GAAP adjusted free cash flow	<u>\$ 10,846</u>	<u>\$ 26,832</u>	<u>\$ 48,284</u>	<u>\$ 15,615</u>

⁽¹⁾ No income tax payments related to the BAPA were recorded during the periods presented.

Contractual Obligations and Commitments

For more information regarding our contractual obligations, refer to “Note 14. Commitments and Contingencies” to our condensed consolidated financial statements.

Critical Accounting Estimates

Our condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles, or GAAP. The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. We base 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. Actual results could differ from those estimates. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, operating results, and cash flows will be affected.

For additional information about our critical accounting policies and estimates, see the disclosure included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2024, which was filed with the SEC on March 26, 2024.

Recently Issued Accounting Pronouncements

Aside from the new accounting pronouncements already discussed in our Annual Report on Form 10-K for the fiscal year ended January 31, 2024, there were no additional pronouncements issued or effective during the period that would materially affect our condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We have operations both within the United States and internationally. We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial condition due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign currency exchange rates.

Interest Rate Risk

As of July 31, 2024 and January 31, 2024, we had \$1.1 billion and \$1.0 billion of cash, cash equivalents, and short-term investments, respectively. As of July 31, 2024 and January 31, 2024, our cash equivalents and short-term investments of \$1.0 billion and \$955.3 million, respectively, mainly consist of money market funds, treasuries, corporate debt securities and commercial paper. Our cash, cash equivalents, and short-term investments are held for working capital and strategic investment purposes. We do not enter into investments for trading or speculative purposes. Our fixed-income portfolio is subject to fluctuations in interest rates, which could affect our results of operations. Based on our investment portfolio balance as of July 31, 2024, a hypothetical increase or decrease in interest rates of 1% (100 basis points) would result in a decrease or an increase in the fair value of our portfolio of approximately \$3.6 million. Such losses would only be realized if we sell the investments prior to maturity. The weighted-average life of our investment portfolio was approximately 4 months as of July 31, 2024.

Foreign Currency Exchange Risk

To date, all of our sales contracts have been denominated in U.S. dollars, except for our variable interest entity, JiHu, which sells in local currency in its designated area. Our revenue is not subject to a material foreign currency risk. Operating expenses within the United States are primarily denominated in U.S. dollars, while operating expenses incurred outside the United States are primarily denominated in each country's respective local currency. Our condensed consolidated results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates.

Our reporting currency is the U.S. dollar, and the functional currency of our foreign subsidiaries is each country's respective local currency. Assets and liabilities of the foreign subsidiaries are translated into U.S. dollars at the exchange rates in effect at the reporting date, and income and expenses are translated at average exchange rates during the period, with the resulting translation adjustments directly recorded as a component of accumulated other comprehensive income (loss). Foreign currency transaction gains and losses are recorded in other income (expense), net in the condensed consolidated statements of operations. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. In the event our foreign currency denominated assets, liabilities, or expenses increase, our operating results may be more greatly affected by fluctuations in the exchange rates of the currencies in which we do business. Moreover, as of July 31, 2024, we have \$46.8 million of cash and cash equivalents denominated in currencies other than the U.S. dollar. The value of these cash balances may materially change along with the weakness or strength of the U.S. dollar. As of July 31, 2024, a hypothetical 10% change in foreign currency exchange rates would have a material impact on our condensed consolidated financial statements.

We have not engaged in the hedging of foreign currency transactions to date, although we may choose to do so in the future.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this Quarterly Report on Form 10-Q, as of July 31, 2024, an evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of July 31, 2024, our disclosure controls and procedures were, in design and operation, not effective at a reasonable assurance level as a result of the material weakness described below.

Material Weakness

As disclosed in our Annual Report on Form 10-K for the fiscal year ended January 31, 2024, we previously identified a material weakness in our internal control over financial reporting. Our management determined that a material weakness exists due to a lack of policies and procedures related to the operation of control activities and inadequate communication of information to control owners and operators related to the objectives and responsibilities for internal control in a manner which supports the internal control environment at the Company.

As a result, the following material weakness exists as of July 31, 2024:

- We did not design and maintain effective controls over certain information technology ("IT") general controls for information systems used in the financial reporting processes related to revenue. In particular, we did not design and maintain effective (i) program change management controls to ensure that IT programs, data changes and migrations affecting financial IT applications and underlying records are identified, tested, authorized and implemented appropriately and (ii) user access controls to ensure appropriate segregation of duties, restricted user and privileged access to our financial applications, data and programs to the appropriate personnel. The ineffective design and operation of IT general controls resulted in the ineffective operation of automated controls and manual controls using reports and information from the impacted information systems used in the financial reporting processes related to revenue.

Notwithstanding such material weakness in internal control over financial reporting, our Chief Executive Officer and Chief Financial Officer have concluded that our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q present fairly, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP. The aforementioned material weakness also did not result in a material misstatement in any previously issued consolidated financial statements.

Remediation Efforts and Status

As previously disclosed in our Quarterly Report on Form 10-Q for the quarter ended April 30, 2024, we are currently in the process of remediating our material weakness and have taken the steps that we believe will address the underlying causes of the material weakness, including:

- Strengthening IT governance and designing IT general controls related to certain revenue systems, including program change management, restricting user access to our internal systems used for financial reporting and enhancing the retention of contemporaneous documentation of reviews over IT general controls, and
- Developing and deploying training programs regarding the operation and importance of internal controls.

We believe the actions described above, which we have implemented in the second quarter of fiscal year 2025, once fully tested, will be sufficient to remediate the identified material weakness and strengthen our internal controls. However, our efforts to remediate this material weakness may not be effective or prevent any future material weakness or significant deficiency in our internal control over financial reporting. This material weakness will not be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control over Financial Reporting

Other than the material weakness and remediation efforts described above, there were no changes to our internal control over financial reporting identified in connection with the evaluation required by rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended July 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our disclosure controls and procedures and internal controls over financial reporting are designed to provide reasonable assurance of achieving their desired objectives. Management does not expect, however, that our disclosure controls and procedures or our internal controls over financial reporting will prevent or detect all errors and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the company have been detected.

PART II - OTHER INFORMATION

ITEM 3. LEGAL PROCEEDINGS

We are, and from time to time we may become, involved in legal proceedings or be subject to claims arising in the ordinary course of our business. Defending such proceedings is costly and can impose a significant burden on management and team members. We are not presently a party to any legal proceedings that in the opinion of our management, if determined adversely to us, would individually or taken together have a material adverse effect on our business, financial condition or operating results.

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

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Quarterly Report on Form 10-Q, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our condensed consolidated financial statements and the accompanying notes included elsewhere in this Quarterly Report on Form 10-Q before making a decision to invest in our Class A common stock. Our business, financial condition, operating results, or prospects could also be adversely affected by risks and uncertainties that are not presently known to us or that we currently believe are not material. If any of the risks occur, our business, financial condition, operating results, and prospects could be adversely affected. In that event, the market price of our Class A common stock could decline, and you could lose all or part of your investment.

Risks Related to Our Business and Financial Position

Our business and operations have experienced rapid growth, and if we do not appropriately and effectively manage future growth, if any, or are unable to improve our systems, processes and controls, our business, financial condition, results of operations, and prospects will be adversely affected.

We have experienced rapid growth, both in terms of employee headcount and customer growth, as well as increased demand for our products. We anticipate that we will continue to expand our operations and responsibly grow our headcount in the near term, and our success will depend in part on our ability to manage that growth effectively, although there is no assurance that our rate of growth will continue at its current pace. Our total number of Base Customers has grown to 9,314 as of July 31, 2024 from 7,815 as of July 31, 2023. The growth and expansion of our business places a continuous significant strain on our management and operational and financial resources. In addition, as customers adopt our products for an increasing number of use cases, we have had to support more complex commercial relationships. To effectively manage and capitalize on our growth periods, we need to manage headcount capital and processes efficiently, while continuing to make investments to improve and expand our information technology and financial infrastructure, our security and compliance requirements, our operating and administrative systems, our relationships with various partners and other third parties. Our rate of growth may also be impacted as a result of global business or macroeconomic conditions, including inflation, volatile interest rates, uncertainty with respect to the federal budget and debt ceiling and potential government shutdowns related thereto, volatility of the global debt and equity markets, actual or perceived instability in the global banking sector, and investment decisions by our customers.

We may not be able to sustain the pace of improvements to our products successfully or implement systems, processes, and controls in an efficient or timely manner or in a manner that does not negatively affect our results of operations. Failure to effectively manage growth or improve our systems, processes, and controls, or the failure to operate in the intended manner could result in the following adverse impacts to our business: difficulty or delays in deploying customers, declines in quality or customer satisfaction, increases in costs, difficulties in introducing new features or other operational difficulties, inability to manage the growth of our business and to forecast our revenue, expenses, and earnings accurately, or to prevent losses.

Our recent growth may not be indicative of our future growth, and we may not be able to sustain our revenue growth rate in the future. Our growth also makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.

Our total revenue for the six months ended July 31, 2024 and 2023 was \$351.8 million and \$266.5 million, respectively, representing a growth rate of 32%. You should not rely on the revenue growth of any prior quarter or annual period as an indication of our future performance. As a result of our limited history operating as a public company, our ability to accurately forecast our future results of operations is limited

and subject to a number of uncertainties, including our ability to plan for and model future growth. Our historical revenue growth should not be considered indicative of our future performance.

Further, in future periods, our revenue could decline or our revenue growth rate could slow. Many factors may contribute to this decline, including changes to technology, increased competition, slowing demand for The DevSecOps Platform, the maturation of our business, a failure by us to continue capitalizing on growth opportunities, our failure, for any reason, to continue to take advantage of growth opportunities and a global economic downturn, among others. If our growth rate declines, investors' perceptions of our business and the market price of our Class A common stock could be adversely affected.

In addition, we expect to continue to responsibly expend financial and other resources to align with our:

- expansion and enablement of our sales, services, and marketing organization to increase brand awareness and drive adoption of The DevSecOps Platform;
- product development, including investments in our product development team and the development of new features and functionality for The DevSecOps Platform;
- technology and sales channel partnerships;
- international expansion;
- acquisitions or strategic investments; and
- general administration, including increased legal and accounting expenses associated with being a public company.

These investments may not result in increased revenue in our business. If we are unable to maintain or increase our revenue at a rate sufficient to offset the expected increase in our costs, our business, financial position and results of operations will be harmed, and we may not be able to achieve or maintain profitability.

Our ability to forecast our future results of operations is subject to a number of uncertainties, including our ability to effectively plan for and model future growth. We have encountered in the past, and may encounter in the future, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If we fail to achieve the necessary level of efficiency in our organization as it grows, or if we are not able to accurately forecast future growth, our business would be harmed. Moreover, if the assumptions that we use to plan our business are incorrect or change in reaction to changes in our market, or we are unable to maintain consistent revenue or revenue growth, our share price could be volatile, and it may be difficult to achieve and maintain profitability.

We have a history of losses, anticipate increases in our operating expenses in the future, and may not achieve or sustain profitability on a consistent basis. If we cannot achieve and sustain profitability, our business, financial condition, and operating results may be adversely affected.

We have incurred losses in each year since our inception, including net losses of approximately \$172.3 million, \$424.2 million and \$41.7 million in fiscal year 2023, fiscal year 2024 and for the six months ended July 31, 2024, respectively. As of July 31, 2024, we had an accumulated deficit of approximately \$1.2 billion. While we have experienced significant growth in revenue in recent periods, we cannot assure you that we will achieve profitability in future periods or that, if at any time we are profitable, we will sustain profitability. We also expect our operating and other expenses to increase in the foreseeable future as we continue to invest in our future growth, including expanding our research and development function to drive further development of The DevSecOps Platform, expanding our sales and marketing activities, developing the functionality to expand into adjacent markets, and reaching customers in new geographic locations, which will negatively affect our operating results if our total revenue does not

increase. While we consistently evaluate opportunities to reduce our operating costs and optimize efficiencies, including, for example, through our workforce reduction in February 2023, we cannot guarantee that these efforts will be successful or that we will not re-accelerate operating expenditures in the future in order to capitalize on growth opportunities. In addition to the anticipated costs to grow our business, we also expect to continue to incur significant legal, accounting, and other expenses as a public company. These efforts and expenses may be more costly than we expect, and we cannot guarantee that we will be able to increase our revenue to offset our operating expenses. Our revenue growth may slow or our revenue may decline for a number of reasons, including reduced demand for The DevSecOps Platform, increased competition, an increased use of our free product offerings, a decrease in the growth or reduction in size of our overall market, or any inability on our part to capitalize on growth opportunities. Further, as our SaaS offering makes up an increasing percentage of our total revenue, we expect to see increased associated cloud-related costs, such as hosting and infrastructure costs, which may adversely impact our gross margins. Any failure to increase our revenue or to manage our costs as we continue to grow and invest in our business would prevent us from achieving or maintaining profitability or achieving or maintaining positive operating cash flow at all or on a consistent basis, which would cause our business, financial condition, and results of operations to suffer.

As we continue to invest in infrastructure, develop our services and features, responsibly manage our headcount and expand our sales and marketing activity, we may continue to have losses in future periods and these may increase significantly. As a result, our losses in future periods may be significantly greater than the losses we would incur if we developed our business more slowly. In addition, we may find that these efforts require greater investment of time and human and capital resources than we currently anticipate and/or that they may not result in increases in our revenues or billings. Any failure by us to achieve and sustain profitability on a consistent basis could cause the value of our Class A common stock to decline.

Security and privacy breaches may hurt our business.

The DevSecOps Platform hosts, processes, stores, and transmits our customers' proprietary and sensitive data, including personal data, and financial data. We also use third-party service providers and sub-processors to help us deliver services to our customers and their end-users. These vendors may host, process, store, or transmit personal data, or other confidential information of our team members, our partners, our customers, or our customers' end-users. We collect such information from individuals located both in the United States and abroad and may host, process, store, or transmit such information outside the country in which it was collected. While we, our third-party cloud providers, our third-party processors, and our customers have implemented security measures designed to protect against security breaches, these measures could fail or may be insufficient, resulting in the unauthorized access or disclosure, modification, misuse, destruction, or loss of our or our customers' data or other sensitive information. Any security breach of our DevSecOps platform, our operational systems, physical facilities, or the systems of our third-party processors, or the perception that a breach has occurred, could result in litigation, indemnity obligations, regulatory enforcement actions, investigations, compulsory audits, fines, penalties, mitigation and remediation costs, disputes, reputational harm, diversion of management's attention, and other liabilities and damage to our business. Even though we do not control the security measures of our customers and other third parties, we may be considered responsible for any breach of such measures or suffer reputational harm even where we do not have recourse to the third party that caused the breach, if it is found that GitLab failed to conduct comprehensive third party risk due diligence. In addition, any failure by our vendors to comply with applicable law or regulations could result in proceedings against us by governmental entities or others.

Security incidents compromising the confidentiality, integrity, and availability of our confidential or personal data and our third-party service providers' information technology systems could result from artificial intelligence, or AI, related sensitive data exposure such as insufficient data anonymization during the training process, system misconfiguration, or from cyber attacks, including denial-of-service attacks, reverse-engineering of AI algorithms, web scraping, ransomware attacks, business email compromises, computer malware, viruses, and social engineering (including phishing), which are prevalent in our

industry and our customers' industries. Any security breach or disruption could result in the loss or destruction of or unauthorized access to, or use, alteration, disclosure, or acquisition of confidential and/or personal data, which may result in damage to our reputation, early termination of our contracts, litigation, regulatory investigations, or other liabilities. If our, our customers', or our partners' security measures are breached as a result of third-party action, team member error, misconfiguration, malfeasance (including bribery) or otherwise and, as a result, someone obtains unauthorized access to the GitLab application or data, including personal and/or confidential information of our customers, our reputation could be damaged, our business may suffer loss of current customers and future opportunities and we could incur significant financial liability including fines, cost of recovery, and costs related to remediation measures.

Techniques used to obtain unauthorized access or to sabotage systems change frequently. As a result, we may be unable to fully anticipate these techniques or to implement adequate preventative measures. If an actual or perceived security breach occurs, the market perception of our security measures could be harmed, and we could lose sales and customers. If we are, or are perceived to be, not in compliance with data protection, consumer privacy, or other legal or regulatory requirements or operational norms bearing on the collection, processing, storage, or other treatment of data records, including personal data, our reputation and operating performance may suffer. Further, we need to continually monitor and remain compliant with all applicable changes in local, state, national, or international legal or regulatory requirements. Any significant violations of data privacy could result in the loss of business, litigation, and regulatory investigations and penalties that could damage our reputation and adversely impact our results of operations and financial condition.

We have contractual and legal obligations to notify relevant stakeholders of security breaches. Most jurisdictions have enacted laws requiring companies to notify affected individuals, regulatory authorities, and relevant others of security breaches involving certain types of data, including personal data. In addition, our agreements with certain customers and partners may require us to notify them in the event of a security breach. 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 or alleviate problems caused by the actual or perceived security breach. In addition, in July 2023, the Securities and Exchange Commission, or the SEC, adopted a new cybersecurity rule requiring companies subject to SEC reporting requirements to formally report material cybersecurity incidents, where failure to report may result in the SEC imposing injunctions, fines and other penalties.

A security breach may cause us to breach customer contracts. Our agreements with certain customers may require us to use industry-standard or reasonable measures to safeguard sensitive personal data or confidential information. A security breach could lead to claims by our customers, their end-users, or other relevant stakeholders that we have failed to comply with such legal or contractual obligations. As a result, we could be subject to legal action or our customers could end their relationships with us. There can be no assurance that any limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from liabilities or damages.

Litigation resulting from security breaches may adversely affect our business. Unauthorized access to The DevSecOps Platform, systems, networks, or physical facilities could result in litigation with our customers, our customers' end-users, or other relevant stakeholders. These proceedings could force us to spend money in defense or settlement, divert management's time and attention, increase our costs of doing business, or adversely affect our reputation. We could be required to fundamentally change our business activities and practices or modify The DevSecOps Platform capabilities in response to such litigation, which could have an adverse effect on our business. If a security breach were to occur, and the confidentiality, integrity, or availability of our data or the data of our partners, our customers or our customers' end-users was disrupted, we could incur significant liability, or The DevSecOps Platform, systems, or networks may be perceived as less desirable, which could negatively affect our business and damage our reputation.

If we fail to detect, contain, or remediate a security breach in a timely manner, or a breach otherwise affects a large amount of data of one or more customers, or if we suffer a cyber attack that impacts our ability to operate The DevSecOps Platform, we may suffer material damage to our reputation, business, financial condition, and results of operations. Further, while we maintain cyber insurance that may provide coverage for these types of incidents, such coverage may not be adequate to cover the costs and other liabilities related to these incidents. 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 risks are likely to increase as we continue to expand The DevSecOps Platform, grow our customer base, and host, process, store, and transmit increasingly large amounts of proprietary and confidential data.

We face heightened risk of security breaches because we use third-party open source technologies and incorporate a substantial amount of open source code in our products.

The DevSecOps Platform is built using open-source technology. Using or incorporating any third-party technology can become a vector for supply-chain cyber attacks. Such attacks are prevalent in our industry and our customers' industries, and our use of open-source technology may, or may be perceived to, leave us vulnerable to security attacks. We have previously been, and may in the future become, the target of cyber attacks by third parties seeking unauthorized access to our or our customers' data or to disrupt our operations or ability to provide our services. If we are the target of cyber attacks as a result of our use of open source code, it may substantially damage our reputation and adversely affect our business, financial condition, and operating results.

We face intense competition and could lose market share to our competitors, which would adversely affect our business, operating results, and financial condition.

The markets for our services are highly competitive, with limited barriers to entry. Competition presents an ongoing threat to the success of our business. We expect competition in the software business generally, and in all of the stages of the software development lifecycle that our product covers, in particular, to continue to increase. We expect to continue to face intense competition from current competitors, as well as from new entrants into the market or from adjacent markets. If we are unable to anticipate or react to these challenges, our competitive position would weaken, and we would experience a decline in revenue or reduced revenue growth, and loss of market share that would adversely affect our business, financial condition, and operating results.

We face competition in several areas due to the nature of our product. Our product offering is broad across all stages of the software development lifecycle which has us competing with many providers with offerings across all stages. We compete with well-established providers such as Microsoft and Atlassian as well as other companies with offerings in fewer stages, including with respect to both code hosting and code collaboration services, as well as file storage and distribution services and artificial intelligence, or AI. Many of our competitors are significantly larger than we are and have more capital to invest in their businesses.

We believe that our ability to compete depends upon many factors both within and beyond our control, including the following:

- the ability of our products or of those of our competitors to deliver the positive business outcomes prioritized and valued by our customers and prospects;
- our ability to price our products competitively, including our ability to transition users of our free product offering to a paid version of The DevSecOps Platform;
- the timing and market acceptance of services, including the developments and enhancements to those services offered by us or our competitors, including incorporation of AI into such services;

- the amount and quality of communications, postings, and sharing by our users on public forums, which can promote improvements on The DevSecOps Platform but may also lead to disclosure of commercially sensitive details;
- our ability to monetize activity on our services;
- customer service and support efforts;
- sales and marketing efforts;
- ease of use, performance and reliability of solutions developed either by us or our competitors;
- our ability to manage our operations in a cost effective manner;
- insolvency or credit difficulties confronting our customers, affecting their ability to purchase or pay for our product offering;
- our reputation and brand strength relative to our competitors;
- introduction of new technologies or standards that compete with or are unable to be adopted in our products;
- ability to attract new team members or retain existing team members which could affect our ability to attract new customers, service existing customers, enhance our product or handle our business needs;
- our ability to maintain and grow our community of users; and
- the length and complexity of our sales cycles.

Many of our current and potential competitors have greater financial, technical, marketing and other resources and larger customer bases than we do. Furthermore, our current or potential competitors may be acquired by third parties with greater available resources and the ability to initiate or withstand substantial price competition. In addition, many of our competitors have established sales and marketing relationships and have access to larger customer bases. Our competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their product offerings or resources. These factors may allow our competitors to respond more quickly than we can to new or emerging technologies and changes in customer preferences. These competitors may engage in more extensive research and development efforts, undertake more far-reaching marketing campaigns and adopt more aggressive pricing policies which may undercut our pricing policies and allow them to build a larger user base or to monetize that user base more effectively than us. If our competitors' products, platforms, services or technologies maintain or achieve greater market acceptance than ours, if they are successful in bringing their products or services to market earlier than ours, or if their products, platforms or services are more technologically capable than ours, then our revenues could be adversely affected. In addition, some of our competitors may offer their products and services at a lower price or for free, or may offer a competing product with other services or products that together result in offering the competing product for free. If we are unable to achieve our target pricing levels, our operating results would be negatively affected. Pricing pressures and increased competition could result in reduced sales, reduced margins, losses or a failure to maintain or improve our competitive market position, any of which could adversely affect our business.

Many of our users extend the functionality of The DevSecOps Platform using third-party code editors and integrated development environments, or IDEs, including editors and IDEs developed by our competitors. Our development and distribution of integrations with such tools is subject to the integration policies and technical specifications imposed by the developer of the tool. A change to the policies and specifications pertaining to any of these third-party tools (including those developed by Microsoft), could

cause us to lose market share to competitors whose products and services continue to support integrations with such tools.

We may not be able to respond to rapid technological changes with new solutions, which could have a material adverse effect on our operating results.

The DevSecOps market is characterized by rapid technological change, fluctuating price points, and frequent new product and service introductions. Our ability to increase our user base and increase revenue from existing customers will depend heavily on our ability to enhance and improve our existing solutions, introduce new features and products, both independently and in conjunction with third-party developers and technology partners, reach new platforms and sell into new markets. Customers may require features and capabilities that our current solutions do not have. If we fail to develop solutions that satisfy customer preferences in a timely and cost-effective manner, we may fail to renew our subscriptions with existing customers and create or increase demand for our solutions, and our business may be materially and adversely affected.

The introduction of new services by competitors or the development of entirely new technologies to replace existing offerings could make our solutions obsolete or adversely affect our business. In addition, any new markets or countries into which we attempt to sell our solutions may not be receptive. We may experience difficulties, including delayed releases and upgrades, with software development, design, or marketing that could delay or prevent our development, introduction, or implementation of new solutions and enhancements. Delayed releases or upgrades, or releases with defects, could result in adverse publicity, loss of revenue, delay in market acceptance, or claims by customers brought against us, all of which could have a material adverse effect on our reputation, business, operating results, and financial condition. Moreover, upgrades and enhancements to our solutions may require substantial investment and we have no assurance that such investments will be successful. If users do not widely adopt enhancements to our solutions, we may not be able to realize a return on our investment. If we are unable to develop, license, or acquire enhancements to our existing solutions on a timely and cost-effective basis, or if such enhancements do not achieve market acceptance, our business, operating results, and financial condition may be adversely affected.

If our services fail to perform properly, whether due to material defects with the software or external issues, our reputation could be adversely affected, our market share could decline, and we could be subject to liability claims.

Our products are inherently complex and may contain material defects, software “bugs” or errors. Any defects in functionality or operational procedures that cause interruptions in the availability of our products could result in:

- loss or delayed market acceptance and sales;
- loss of data;
- breach of warranty claims;
- sales credits or refunds for prepaid amounts related to unused subscription services;
- loss of customers;
- diversion of development and customer service resources;
- loss of operational time;
- destruction or compromised integrity of data and/or intellectual property; and
- injury to our reputation.

The costs incurred in correcting any material defects, software “bugs” or errors might be substantial and could adversely affect our operating results.

We rely on information technology systems to process, transmit and store electronic information. Our ability to effectively manage our business depends significantly on the reliability and capacity of these systems. The operation, success and growth of our business (whether now or in the future) depends on streamlined processes made available through information systems, global communications, internet activity, and other network processes. The future operation, success and growth of our business depends on streamlined processes made available through information systems, global communications, internet activity, and other network processes.

Our information technology systems may be subject to damage or interruption from telecommunications problems, data corruption, software errors, fire, flood, acts of terror and armed conflicts, global pandemics and natural disasters, power outages, systems disruptions, system conversions, and/or human error. Our existing safety systems, data backup, access protection, user management and information technology emergency planning may not be sufficient to prevent data loss or long-term network outages. In addition, we may have to upgrade our existing information technology systems or choose to incorporate new technology systems from time to time in order for such systems to support the increasing needs of our expanding business. Introduction of new technology, or upgrades and maintenance to our existing systems, could result in increased costs or unforeseen problems which may disrupt or reduce our operating efficacy.

We may also encounter service interruptions, outage, or disruption due to issues interfacing with our customers’ IT systems, including stack misconfigurations or improper environment scaling, defective updates or upgrades, or due to cybersecurity attacks on ours or our customers’ IT systems. Any such service interruption may have an adverse impact on our reputation and future operating results.

Because of the (nature and importance of the data) that our customers collect and manage by means of our services, it is possible that failures or errors in our systems could result in data loss or corruption, and/or cause the information that we or our customers collect to be incomplete or contain inaccuracies that our customers regard as material. Furthermore, the availability or performance of our products could be adversely affected by a number of factors, including customers’ inability to access the internet, the failure of our network or software systems, security breaches, or variability in user traffic for our services. We may be required to issue credits or refunds for prepaid amounts related to unused services or otherwise be liable to our customers for damages they may incur resulting from certain of these events. For example, our customers access our products through their internet service providers. If a service provider fails to provide sufficient capacity to support our products, otherwise experiences service outages, interruption or disruption, or intentionally or unintentionally restricts or limits our ability to send, deliver, or receive electronic communications or provide services, such failure could interrupt our customers’ access to our products, adversely affect their perception of our products’ reliability and reduce our revenues. In addition to potential liability, if we experience interruptions in the availability of our products or services, our reputation could be adversely affected and we could lose customers. Our production systems might not be sufficiently resilient against regional outages and recovery from such an outage might take an extended period of time. Further, while we have in place a data recovery plan, our data backup systems might fail and our data recovery plans may be insufficient to fully recover all of ours or our customers’ data hosted on our system.

While we currently maintain errors and omissions insurance, it may be inadequate or may not be available in the future on acceptable terms, or at all. In addition, our policy may not cover all claims made against us and defending a suit, regardless of its merit, could be costly and divert management’s attention.

The market for our services is relatively new and unproven and may not grow, which would adversely affect our future results and the trading price of our Class A common stock.

Because the market for our services is relatively new and rapidly evolving, it is difficult to predict customer adoption, customer demand for our services, the size and growth rate of this market, the entry of competitive products or the success of existing competitive services. Any expansion or contraction in our market depends on a number of factors, including the cost, performance and perceived value associated with our services and the appetite and ability of customers to use and pay for the services we provide. Further, even if the overall market for the type of services we provide continues to grow, we face intense competition from larger and more well-established providers and we may not be able to compete effectively or achieve market acceptance of our products. If we or other software and SaaS providers experience security incidents, loss of customer data, or disruptions in delivery or service, the market for these applications as a whole, including The DevSecOps Platform and products, may be negatively affected. If the market for our services does not achieve widespread adoption, we do not compete effectively in this market, or there is a reduction in demand for our software or our services in our market caused by a lack of customer acceptance, implementation challenges for deployment, technological challenges, lack of accessible data, competing technologies and services, decreases in corporate spending, including as a result of global business or macroeconomic conditions, including inflation, volatile interest rates, uncertainty with respect to the federal budget and debt ceiling and potential government shutdowns related thereto, volatility of the global debt and equity markets, actual or perceived instability in the global banking sector, or otherwise, it could result in reduced customer orders and decreased revenues, which could require slowing our rate of headcount growth and would adversely affect our business operations and financial results.

We are dependent on sales and marketing strategies to drive our growth in our revenue. These sales and marketing strategies may not be successful in continuing to generate sufficient sales opportunities. Any decline in our customer renewals and expansions could harm our future operating results.

Our business model depends on generating and maintaining a large user base that is satisfied with The DevSecOps Platform. We rely on satisfied customers to expand their footprint by buying new products and services and onboarding additional users. We have implemented user limits on our free SaaS product (and plan to implement in the future storage and transfer limitations on our free SaaS product), and have limited historical data with respect to the number of current and previous free users and the rates in which customers convert to paying customers. As a result, we may not accurately predict future customer purchasing trends. In future periods, our growth could slow or our profits could decline for several reasons, including decreased demand for our product offerings and our professional services, increased competition, a decrease in the growth of our overall market, a decrease in corporate spending, including as a result of global business or macroeconomic conditions, including inflation, volatile interest rates, uncertainty with respect to the federal budget and debt ceiling and potential government shutdowns related thereto, volatility of the global debt and equity markets, actual or perceived instability in the global banking sector, or otherwise, or our failure, for any reason, to continue to capitalize on growth opportunities. We may be forced to change or abandon our subscription based revenue model in order to compete with our competitors' offerings.

It could also become increasingly difficult to predict revenue and timing of collections as our mix of annual, multi-year and other types of transactions changes as a result of our expansion into cloud-based offerings. Our failure to execute on our revenue projections could impair our ability to meet our business objectives and adversely affect our results of operations and financial condition.

Our future success also depends in part on our ability to sell more subscriptions and additional services to our current customers. Even if customers choose to renew their current subscriptions with us, they may decline to purchase additional services or they may choose to downsize or otherwise decrease the number of seats in their subscription. If our customers do not purchase additional subscriptions and services from us, our revenue may decline and our operating results may be harmed. Paying customers

may decline or fluctuate as a result of a number of factors, including their satisfaction with our services and our end-customer support, the frequency and severity of product outages, our product uptime or latency, their satisfaction with the speed of delivering new features, the pricing of our, or competing, services, and the impact of macroeconomic conditions on our customers and their corporate spending. We have limited historical data with respect to rates of paying customers buying more seats, uptiering, downtiering and churning, so we may not accurately predict future customer trends.

Our customer expansions and renewals may decline or fluctuate, and conversely, contractions and downtiers may increase, or fluctuate, as a result of a number of factors, including: quality of our sales efforts, customer usage, customer satisfaction with our services and customer support, our prices (including price increases for our Premium tier that were generally implemented in the first quarter of fiscal year 2024), the prices of competing services, mergers and acquisitions affecting our customer base, the effects of global economic conditions, including inflation, volatile interest rates, uncertainty with respect to the federal budget and debt ceiling and potential government shutdowns related thereto, volatility of the global debt and equity markets, and actual or perceived instability in the global banking sector, or reductions in our customers' spending levels generally (including, our customers that have or may have to downsize their operations or headcount). If we cannot use our marketing strategies in a cost-effective manner or if we fail to promote our services efficiently and effectively, our ability to acquire new customers or expand the services of our existing customers may suffer. In addition, an increase in the use of online and social media for product promotion and marketing may increase the burden on us to monitor compliance of such materials and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable regulations.

Further, we have previously discontinued certain lower priced product offerings, requiring users of these products to switch to another paid offering, switch to our free product or discontinue using our products. Additionally, we have implemented user limits on our free SaaS product, and plan to implement in the future storage and transfer limitations on our free SaaS product offering. We also announced in the first quarter of fiscal year 2023 storage and transfer limitations on our paid product offerings, the extent and implementation of which varies depending on the tier. To the extent we discontinue or add additional limits on our free or lower-priced product offerings, we cannot assure you that our customers will purchase our products, and if our end customers do not purchase our products, our revenues may grow more slowly than expected or decline.

Our operating results may fluctuate significantly, which could make our future results difficult to predict and could adversely affect the trading price of our Class A common stock.

Our operating results may vary significantly from period to period, which could adversely affect our business and financial condition. Our operating results have varied significantly from period to period in the past, and we expect that our operating results will continue to vary significantly in the future such that period-to-period comparisons of our operating results may not be meaningful. Accordingly, our financial results in any one quarter or fiscal year should not be relied upon as indicative of future performance. Our quarterly or annual financial results may fluctuate as a result of several factors, many of which are outside of our control and may be difficult to predict, including:

- our ability to attract and retain new customers;
- the addition or loss of material customers, including through acquisitions or consolidations;
- the timing of recognition of revenues;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure;
- general economic, industry and market conditions, in both domestic and our foreign markets, including inflation, volatile interest rates, uncertainty with respect to the federal budget and debt ceiling and potential government shutdowns related thereto, volatility of the global debt and equity

markets, and actual or perceived instability in the global banking sector, the potential effects of health pandemics or epidemics and other global events, including the U.S. presidential election and ongoing armed conflicts in different regions of the world;

- customer renewal rates;
- the timing and success of new service introductions by us or our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors, customers or strategic partners;
- our ability to convert users of our free product offerings into subscribing customers;
- increases or decreases in the number of elements of our services or pricing changes upon any renewals of customer agreements;
- allocation of software development in customers' budget;
- seasonal variations in sales of our products;
- decisions by potential customers to use products of our competitors;
- the timing of expenses related to the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired companies;
- extraordinary expenses such as litigation or other dispute-related settlement payments or outcomes;
- future accounting pronouncements or changes in our accounting policies or practices;
- negative media coverage or publicity;
- political events;
- the amount and timing of operating costs and capital expenditures related to the expansion of our business, in the U.S. and foreign markets;
- the cost to develop and upgrade The DevSecOps Platform to incorporate new technologies; and
- increases or decreases in our expenses caused by fluctuations in foreign currency exchange rates.

In addition, we experience seasonal fluctuations in our financial results as we typically receive a higher percentage of our annual orders from new customers, as well as renewal orders from existing customers, in our last two fiscal quarters as compared to the first two fiscal quarters due to the annual budget approval process of many of our customers, the timing of our customers' decisions to make a purchase, changes our customers experienced, or may experience, in their businesses, and other variables some of which are outside of our and our customers' control, such as macroeconomic and general economic conditions, including inflation and volatile interest rates.

Any of the above factors, individually or in the aggregate, may result in significant fluctuations in our financial and other operating results from period to period. As a result of this variability, our historical operating results should not be relied upon as an indication of future performance. Moreover, this variability and unpredictability could result in our failure to meet our operating plan or the expectations of investors or analysts for any period. If we fail to meet such expectations for the reasons described above or any other reasons, our stock price could fall substantially.

As our product offerings mature and expand, our pricing and packaging for new products may result in existing customers purchasing new products on less favorable terms to us to replace the existing products they purchase or subscribe for from us.

As our product offerings and the markets for our services mature, or as new competitors introduce new products or services that are similar to or compete with ours, we may be unable to attract new customers at the same price or based on the same pricing model as we have used historically. Moreover, some customers may demand greater price concessions or additional functionality at the same price levels. As a result, in the future we may be required to reduce our prices or provide more features without corresponding increases in price, which could adversely affect our revenues, gross margin, profitability, financial position and cash flow.

In addition, our customers have no obligation to renew their subscriptions for our services after the expiration of the initial subscription period. A majority of our subscriptions are on a one-year period. Our customers may renew for fewer or other elements of our services or negotiate for different pricing terms. Our customers' renewal rates may decline or fluctuate as a result of a number of factors, including their dissatisfaction with our pricing or our services, their ability to continue their operations and spending levels, and changes in other technology components used within the customer's organization. Changes in product packaging, pricing strategy, or product offerings, or the implementation or execution of the foregoing, may not be seen favorably by our customers and may have an adverse effect on our ability to retain our current customers and acquire new ones. For example, we have previously discontinued certain lower priced product offerings, and during fiscal year 2024 we implemented a price increase in our Premium tier product offering, which may cause customers who previously used these tiers to opt for our free version or to cease using our products completely. We may also decide to raise the prices of our product offerings in the future. If our customers do not renew their subscriptions on similar pricing terms, our revenues may decline, and our business could suffer. In addition, over time the average term of our contracts could change based on renewal rates or for other reasons.

The implementation of AI and machine learning technologies in our services may result in reputational harm, liability, increased expenditures, or other adverse consequences to our business operations.

We have implemented AI capabilities throughout GitLab's services, including as part of the GitLab Duo suite of AI features. The technologies underpinning these features are in the early stages of commercial use and exist in a nascent regulatory environment which presents regulatory, litigation, ethical, reputational, and financial risks.

Many states, regions, and supranational bodies, including the European Union, have proposed or enacted regulations related to the use of AI and machine learning technologies. These regulations may impose onerous obligations related to our, and our vendors', development, offering, and use of AI technologies and expose us to an increased risk of regulatory enforcement and litigation.

Additionally, issues relating to intellectual property rights in AI-generated content have not been fully addressed by the courts, laws, or regulations. Accordingly, the implementation of generative AI technologies into our services may result in exposure to claims related to copyright infringement or other intellectual property misappropriation.

Furthermore, many of our generative AI features involve the processing of personal data and may be subject to laws, policies, legal obligations, and codes of conduct related to privacy and data protection. While there is current uncertainty about the extent to which privacy and data protection laws apply to AI technologies, any delay in addressing privacy or data protection concerns relating to our AI features may result in liability or regulatory investigations and fines, as well as damage to our sales and reputation.

Our generative AI features may also generate output that is misleading, insecure, inaccurate, harmful, or otherwise flawed, which may harm our reputation, business, or customers, or expose us to legal liability.

We rely on third-party vendors for the provision of the AI models which power many of our AI features. In the event those vendors encounter service disruption, materially and adversely change the terms on which they provide access to the models, or otherwise cease providing or change the basis on which they provide access to the models such that we can no longer obtain access, our ability to provide AI-powered features may be adversely affected.

Further, developing, testing, and offering AI-powered features may lead to greater than expected expenditures for our company because deploying AI systems involves high computing costs, which could adversely affect our gross margin, profitability, financial position, and cash flow.

Transparency is one of our core values. While we will continue to prioritize transparency, we must also promote "responsible" transparency as transparency can have unintended negative consequences.

Transparency is one of our core values. As an all-remote open-source software company, we believe transparency is essential to how we operate our business and interact with our team members, the community, and our customers. We also find it to be critical for team member recruitment, retention, efficiency and our culture. In addition, our transparency is highly valued by both our customers and our contributors. While we will continue to emphasize transparency, we also promote and educate our team members about responsible internal and external transparency, as openly sharing certain types of information can potentially lead to unintended, and sometimes negative, consequences.

As a result of our transparency, our competitors and other outside parties may have access to certain information that is often kept confidential or internal at other companies through our Handbook, our team members' open and public use of The DevSecOps Platform to run our business, and other avenues of communication we commonly use. The public availability of this information may allow our competitors to take advantage of certain of our innovations, and may allow parties to take other actions, including litigation, that may have an adverse impact on our operating results or cause reputational harm, which in turn may have a negative economic impact.

We are also subject to Regulation FD, which imposes restrictions on the selective disclosure of material information to stockholders and other market participants, and other regulations. While we have implemented internal controls to maintain compliance with Regulation FD, if as a result of our transparency, we disclose material information in a non-Regulation FD compliant matter, we may be subject to heightened regulatory and litigation risk.

The Handbook may not be up to date or accurate, which may result in negative third-party scrutiny or be used in ways that adversely affects our business.

Consistent with our commitment to our transparency and efficiency values, we maintain a publicly available company Handbook that contains important information about our operations and business practices. This Handbook is open to the public and may be used by our competitors or bad actors in malicious ways that may adversely affect our business, operating results, and financial condition. Although we aim to keep the Handbook updated, the information in the Handbook may not be up to date at all times. Also, because any of our team members can contribute to the Handbook, the information in the Handbook may not be accurate. We have implemented disclosure controls and procedures, including internal controls over financial reporting, that comply with the U.S. securities laws; however, if we fail to successfully maintain the appropriate controls, we may face unintended disclosures of material information about the company through our Handbook, which may lead to disclosure control failures, potential securities law violations, and reputational harm.

Customers may choose to stay on our free self-managed or SaaS product offerings instead of converting into a paying customer.

Our future success depends, in part, on our ability to convert users of our free self-managed or SaaS product offerings into paying customers by selling additional products, and by upselling additional

subscription services. The total number of users of our free SaaS product may decline as a result of, or due to, our enforcement of user limits and our plan to implement in the future storage and transfer limits for our free SaaS product offering. As a result of our investment in new capabilities and improvements to our free product offering, users of our free product may decline to purchase additional products or subscription services if they perceive the free product to be more attractive as compared to our paid offerings. Converting users of our free product offering may require increasingly sophisticated and costly sales efforts and may not result in additional sales. In addition, the rate at which our end-customers purchase additional products and services depends on a number of factors, including the perceived need for additional products and services, the limitations on the number of users and limitations on storage and transfers applicable to the free product offering as well as general economic conditions. If our efforts to sell additional products and services to our end-customers are not successful, our business may suffer.

Failure to effectively expand our marketing and sales capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our services.

Our ability to increase our customer base and expand with existing customers will depend to a significant extent on our ability to continue to expand our marketing and sales operations. We plan to continue expanding our sales force. We also plan to continue to dedicate resources to sales and marketing programs. We are expanding our marketing and sales capabilities to target additional potential customers, including some larger organizations, but there is no guarantee that we will be successful attracting and maintaining these businesses as customers, and even if we are successful, these efforts may divert our resources away from and negatively impact our ability to attract and maintain our current customer base. All of these efforts will require us to invest financial and other resources. If we are unable to find efficient ways to deploy our marketing spend or to hire, develop, and retain talent required to maintain and support our growth, if our new sales talent are unable to achieve desired productivity levels in a reasonable period of time, or if our sales and marketing programs are not effective, our ability to increase our customer base and achieve broader market acceptance of our services could be harmed.

Any failure to offer high-quality technical support services, including success plan services, or adequately sell such services, may adversely affect our relationships with our customers and our financial results.

Once our products are deployed, our customers depend on our technical support organization to resolve technical issues. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services, and customers may not purchase the success plan services that we offer. We also may be unable to modify the format of our support services to compete with changes in support services provided by our competitors. Increased customer demand for these services, without corresponding revenues, could increase costs and adversely affect our operating results. In addition, our sales process is highly dependent on our services and business reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality technical support, or a market perception that we do not maintain high-quality support, could adversely affect our reputation, our ability to sell our services to existing and prospective customers, and our business, operating results and financial position.

Customers may demand more customized configuration and integration services, or custom features and functions that we do not offer, which could adversely affect our business and operating results.

Our current and future customers may demand more customized configuration and integration services, which increase our up-front investment in sales and deployment efforts, with no guarantee that these customers will increase the scope of their subscription. As a result of these factors, we may need to devote a significant amount of sales, support, and professional services resources to individual customers, increasing the cost and time required to complete sales. If prospective customers require customized features or functions that we do not offer, and which would be difficult for them to deploy themselves, then the market for our applications will be more limited and our business could suffer.

If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, and changing customer needs, requirements, or preferences, our services may become less competitive.

Our industry is subject to rapid technological change, evolving industry standards and practices, and changing customer needs, requirements, and preferences. The success of our business will depend, in part, on our ability to adapt and respond effectively to these changes on a timely basis, including our ability to timely provide enhancements and new features for our existing services or new services that achieve market acceptance or that keep pace with rapid technological developments and the competitive landscape. The success of new services and enhancements depends on several factors, including the timely delivery, introduction, and market acceptance of such services. If we are unable to develop and sell new services that satisfy our customers and provide enhancements and new features for our existing services that keep pace with rapid technological and industry change, our revenue and operating results could be adversely affected. Furthermore, we have in the past experienced delays in the planned release dates of new features and upgrades, and have discovered defects in new solutions after their introduction. There can be no assurance that new solutions or upgrades will be released according to schedule, or that when released they will not contain defects. If new technologies emerge that are able to deliver competitive products at lower prices, more efficiently, more conveniently, or more securely, such technologies could adversely impact our ability to compete.

Our services must also integrate with a variety of network, hardware, mobile, cloud, and software platforms and technologies, including third-party AI services, and we need to continuously modify and enhance our services to adapt to changes and innovation in these technologies, including changes in internet-related hardware, operating systems, cloud computing infrastructure, and other software, communication, browser and open source technologies. If developers widely adopt new software platforms, we would have to develop new versions of our products to work with those new platforms. This development effort may require significant engineering, marketing, and sales resources, all of which would affect our business and operating results. Any failure of our services to operate effectively with future infrastructure platforms and technologies could reduce the demand for our products and significantly impair our revenue growth. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely fashion. Furthermore, uncertainties about the timing and nature of new network platforms or technologies, or modifications to existing platforms or technologies, could increase our research and development expenses. If we are unable to respond to these changes in a timely or cost-effective manner, our services may become less marketable and less competitive or obsolete, which may result in customer dissatisfaction, and adversely affect our business.

Our channel partners may provide a poor experience to customers putting our brand or company growth at risk. Channel partners may deliver poor services or a poor selling experience delaying customer purchase or hurting the company brand.

In addition to our direct sales force, we use channel partners to sell and support our products. Channel partners may become an increasingly important aspect of our business, particularly with regard to enterprise, governmental, and international sales. Our future growth in revenue and ability to achieve and sustain profitability may depend in part on our ability to identify, establish, and retain successful channel partner relationships in the United States and internationally, which will take significant time and resources and involve significant risk. If we are unable to maintain our relationships with these channel partners, or otherwise develop and expand our indirect distribution channel, our business, operating results, financial condition, or cash flows could be adversely affected.

We cannot be certain that we will be able to identify suitable indirect sales channel partners. To the extent we do identify such partners, we will need to negotiate the terms of a commercial agreement with them under which the partner would distribute The DevSecOps Platform. We cannot be certain that we will be able to negotiate commercially-attractive terms with any channel partner, if at all. In addition, all channel partners must be trained to distribute The DevSecOps Platform and must allocate appropriately

skilled resources to the customers. In order to develop and expand our distribution channel, we must develop and improve our processes for channel partner introduction and training. If we do not succeed in identifying suitable indirect sales channel partners, our business, operating results, and financial condition may be adversely affected.

We also cannot be certain that we will be able to maintain successful relationships with any channel partners and, to the extent that our channel partners are unsuccessful in selling our products, our ability to sell our products and our business, operating results, and financial condition could be adversely affected. Our channel partners may offer customers the products and services of several different companies, including products and services that compete with our products. Because our channel partners generally do not have an exclusive relationship with us, we cannot be certain that they will prioritize or provide adequate resources to sell our products. Moreover, divergence in strategy by any of these channel partners may materially adversely affect our ability to develop, market, sell, or support our products. We cannot assure you that our channel partners will continue to cooperate with us. In addition, actions taken or omitted to be taken by such parties may adversely affect us. In addition, we rely on our channel partners to operate in accordance with the terms of their contractual agreements with us. For example, our agreements with our channel partners limit the terms and conditions pursuant to which they are authorized to resell or distribute our products and offer technical support and related services. We also typically require our channel partners to represent to us the dates and details of products sold through to our customers. If our channel partners do not comply with their contractual obligations to us, our business, operating results, and financial condition may be adversely affected.

We track certain performance metrics with internal tools and data models and do not independently verify such metrics. Certain of our performance metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

Our internal tools and data models have a number of limitations and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we report. We calculate and track performance metrics with internal tools, which are not independently verified by any third party. While we believe our metrics are reasonable estimates of our customer base for the applicable period of measurement, the methodologies used to measure these metrics require significant judgment and may be susceptible to algorithmic or other technical errors. For example, the accuracy and consistency of our performance metrics may be impacted by changes to internal assumptions regarding how we account for and track customers, limitations on system implementations, and limitations on the ability of third-party tools to match our database. If the internal tools we use to track these metrics undercount or overcount performance or contain algorithmic or other technical errors, the data we report may not be accurate. In addition, limitations or errors with respect to how we measure data (or the data that we measure) may affect our understanding of certain details of our business, which could affect our longer-term strategies. If our performance metrics are not accurate representations of our business, user base, or traffic levels; if we discover material inaccuracies in our metrics; or if the metrics we rely on to track our performance do not provide an accurate measurement of our business, our reputation may be harmed, we may be subject to legal or regulatory actions, and our operating and financial results could be adversely affected.

We rely to a significant degree on a number of independent open source contributors, to develop and enhance the open source technologies we use to provide our products and services.

In our development process we rely upon numerous open core software programs which are outside of our direct control. Members of corresponding leadership committees and core teams, many of whom are not employed by us, are primarily responsible for the oversight and evolution of the codebases of these open source technologies. If the project committees and contributors fail to adequately further develop and enhance open source technologies, or if the leadership committees fail to oversee and guide the evolution of the open source technologies in the manner that we believe is appropriate to maximize the market potential of our offerings, then we would have to rely on other parties, or we would need to

expend additional resources, to develop and enhance our offerings. We also must devote adequate resources to our own internal contributors to support their continued development and enhancement of open source technologies, and if we do not do so, we may have to turn to third parties or experience delays in developing or enhancing open source technologies. We cannot predict whether further developments and enhancements to these technologies will be available from reliable alternative sources. In either event, our development expenses could be increased, and our technology release and upgrade schedules could be delayed. Delays in developing, completing, or delivering new or enhanced offerings could cause our offerings to be less competitive, impair customer acceptance of our offerings and result in delayed or reduced revenue for our offerings.

Our failure or inability to protect our intellectual property rights, or claims by others that we are infringing upon or unlawfully using their intellectual property, could diminish the value of our brand and weaken our competitive position, and adversely affect our business, financial condition, operating results, and prospects.

We currently rely on a combination of copyright, trademark, patent, trade secret, and unfair competition laws, as well as confidentiality agreements and procedures and licensing arrangements, to establish and protect our intellectual property rights. We have devoted substantial resources to the development of our proprietary technologies and related processes. In order to protect our proprietary technologies and processes, we rely in part on patent and trade secret laws and confidentiality agreements with our team members, licensees, independent contractors, commercial partners, and other advisors. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. We cannot be certain that the steps taken by us to protect our intellectual property rights will be adequate to prevent infringement of such rights by others. Additionally, the process of obtaining patent or trademark protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications or apply for all necessary or desirable trademark applications at a reasonable cost or in a timely manner. Moreover, intellectual property protection may be unavailable or limited in some foreign countries where laws or law enforcement practices may not protect our intellectual property rights as fully as in the United States, and it may be more difficult for us to successfully challenge the use of our intellectual property rights by other parties in these countries. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and our failure or inability to obtain or maintain trade secret protection or otherwise protect our proprietary rights could adversely affect our business.

We may in the future be subject to intellectual property infringement claims and lawsuits in various jurisdictions, and although we are diligent in our efforts to protect our intellectual property we cannot be certain that our products or activities do not violate the patents, trademarks, or other intellectual property rights of third-party claimants. Companies in the technology industry and other patent, copyright, and trademark holders seeking to profit from royalties in connection with grants of licenses own large numbers of patents, copyrights, trademarks, domain names, and trade secrets and frequently commence litigation based on allegations of infringement, misappropriation, or other violations of intellectual property or other rights. As we face increasing competition and gain an increasingly high profile, the likelihood of intellectual property rights claims against us may grow.

Further, from time to time, we may receive letters from third parties alleging that we are infringing upon their intellectual property rights or inviting us to license their intellectual property rights. Our technologies and other intellectual property may be found to infringe upon such third-party rights, and such successful claims against us could result in significant monetary liability, prevent us from selling some of our products and services, or require us to change our branding. In addition, resolution of claims may require us to redesign our products, license rights from third parties at a significant expense, or cease using those rights altogether. And we may in the future bring claims against third parties for infringing our intellectual property rights. Costs of supporting such litigation and disputes may be considerable, and there can be no assurances that a favorable outcome will be obtained. Patent infringement, trademark infringement, trade secret misappropriation, and other intellectual property claims

and proceedings brought against us or brought by us, whether successful or not, could require significant attention of our management and resources and have in the past and could further result in substantial costs, harm to our brand, and have an adverse effect on our business.

Our open source and source code-available business model makes our software vulnerable to authorized and unauthorized distribution and sale.

We license many significant components of our software under permissive open source software licenses which grant licensees broad permissions to use, copy, modify, and distribute the covered software. Under these licenses, third parties are entitled to distribute and sell the covered software without payment to us.

Features available on our paid tiers are source code-available subject to a proprietary software license. This proprietary license prohibits, amongst other things, distribution and sale of the covered software. Notwithstanding these prohibitions, by virtue of the source code's being publicly available, the covered software is vulnerable to unauthorized distribution and sale by third parties.

We are or may be the defendant in lawsuits or other claims that could cause us to incur substantial liabilities.

We have from time to time been, and are likely to in the future become, defendants in actual or threatened lawsuits brought by or on behalf of our current and former team members, competitors, vendors, governmental or regulatory bodies, or third parties who use The DevSecOps Platform. In addition, our agreements sometimes include indemnification provisions which can subject us to costs and damages in the event of a claim against an indemnified third party. In either case, the various claims in such lawsuits may include, among other things, negligence or misconduct in the operation of our business and provision of services, intellectual property infringement, unfair competition, or violation of employment or privacy laws or regulations. Such suits may seek, as applicable, direct, indirect, consequential, punitive or other penalties or monetary damages, injunctive relief, and/or attorneys' fees. Litigation is inherently unpredictable, and it is not possible to predict the outcome of any such lawsuits, individually or in the aggregate. However, these lawsuits may consume substantial amounts of our financial and managerial resources and might result in adverse publicity, regardless of the ultimate outcome of the lawsuits. In addition, we and our subsidiaries may become subject to similar lawsuits in the same or other jurisdictions. An unfavorable outcome with respect to these lawsuits and any future lawsuits could, individually or in the aggregate, cause us to incur substantial liabilities that may have a material adverse effect upon our business, financial condition or results of operations. In addition, an unfavorable outcome in one or more of these cases could cause us to change our compensation plans for our team members, which could have a material adverse effect upon our business. Further, while we maintain insurance that may provide coverage for these types of lawsuits and other claims, such coverage may not be adequate to cover the related costs and other liabilities.

We may engage in merger and acquisition activities and joint ventures, which could require significant management attention, disrupt our business, dilute stockholder value, and adversely affect our operating results.

As part of our business strategy, we have in the past and expect to continue to make investments in and/or acquire other companies, products, or technologies. We may not be able to find suitable acquisition candidates and we may not be able to complete acquisitions on favorable terms, if at all. Even if we complete acquisitions or joint ventures, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisitions or joint ventures we complete could be viewed negatively by users or investors. In addition, if we fail to successfully integrate such acquisitions, or the assets, technologies or talent associated with such acquisitions, into our company, we may have depleted the company's capital resources without attractive returns, and the revenue and operating results of the combined company could be adversely affected.

We may face additional risks in connection with acquisitions and joint ventures, including:

- diversion of management time and focus from operating our business to addressing acquisition integration challenges;
- coordination of research and development and sales and marketing functions;
- integration of product and service offerings;
- retention of key team members from the acquired company;
- changes in relationships with strategic partners as a result of product acquisitions or strategic positioning resulting from the acquisition;
- integration of customers from the acquired company;
- cultural challenges associated with integrating team members from the acquired company into our organization;
- integration of the acquired company's accounting, management information, human resources and other administrative systems;
- the need to implement or improve controls, procedures and policies at a business that prior to the acquisition may have lacked sufficiently effective controls, procedures and policies;
- additional legal, regulatory or compliance requirements;
- financial reporting, revenue recognition or other financial or control deficiencies of the acquired company that we do not adequately address and that cause our reported results to be incorrect;
- liability for activities of the acquired company before the acquisition, including intellectual property infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities;
- unanticipated write-offs or charges; and
- litigation or other claims in connection with the acquired company, including claims from terminated team members, customers, former stockholders or other third parties.

Further, we may have to pay cash, incur debt, or issue equity securities to pay for any such acquisition or joint venture, each of which could affect our financial condition or the value of our capital stock and could result in dilution to our stockholders. If we incur more debt it would result in increased fixed obligations and could also subject us to covenants or other restrictions that would impede or may be beyond our ability to manage our operations. Additionally, we may receive indications of interest from other parties interested in acquiring some or all of our business. The time required to evaluate such indications of interest could require significant attention from management, disrupt the ordinary functioning of our business, and adversely affect our operating results.

Our failure to address these risks or other problems encountered in connection with acquisitions activities and joint ventures could cause us to fail to realize the anticipated benefits of these acquisitions, investments or joint ventures, cause us to incur unanticipated liabilities, and harm our business generally.

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

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed 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 the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included

elsewhere in 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 condensed consolidated financial statements include those related to revenue recognition, deferred contract acquisition costs, income taxes, business combination, stock-based compensation and common stock valuations. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the price of our common stock.

Adverse tax laws or regulations could be enacted or existing laws could be applied to us or our customers, which could increase the costs of our services and adversely impact our business.

The application of federal, state, local, and international tax laws to services provided electronically is evolving. New sales, use, value-added tax, digital service or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time (possibly with retroactive effect), and could be applied solely or disproportionately to services provided over the internet. If we are unsuccessful in collecting such taxes from our customers, we could be held liable for such costs, thereby adversely impacting our operating results and cash flows. Moreover, we are subject to the examination of our sales, use, and value-added tax returns by U.S. state and foreign tax authorities. We regularly assess the likelihood of outcomes resulting from these examinations and have reserved for potential adjustments that may result from these examinations. We cannot provide assurance that the final determination of these examinations will not have an adverse effect on our financial position and results of operations.

The termination of our relationship with our payment solutions providers could have a severe, negative impact on our ability to collect revenue from customers.

All web direct customers purchase our solution using online payment solutions such as credit cards, which represent the majority of the payment transactions we receive, and our business depends upon our ability to offer such payment options. The termination of our ability to process payments on any material payment option would significantly impair our ability to operate our business and significantly increase our administrative costs related to customer payment processing. If we fail to maintain our compliance with the data protection and documentation standards adopted by our payment processors and applicable to us, these processors could terminate their agreements with us, and we could lose our ability to offer our customers a credit card or other payment option. If these processors increase their payment processing fees because we experience excessive chargebacks or refunds or for other reasons, it could adversely affect our business and operating results. Increases in payment processing fees would increase our operating expense and adversely affect our operating results.

We process, store and use personal data and other data, which subjects us to governmental regulation and other legal obligations, including in the United States, the European Union, or the E.U., the United Kingdom, or the U.K., Canada, and Australia, related to privacy, and our actual or perceived failure to comply with such laws, regulations and contractual obligations could result in significant liability and reputational harm.

We receive, store and process personal data and other customer data. There are numerous federal, state, local and foreign laws regarding privacy and the storing, sharing, access, use, processing, disclosure and protection of personal data and other customer data, the scope of which is changing, subject to differing interpretations, and which may be inconsistent among countries or conflict with other rules.

With respect to E.U. and U.K. team members, contractors and other personnel, as well as for our customers' and prospective customers' personal data, such as contact and business information, we are subject to the E.U. General Data Protection Regulation, or the GDPR, and applicable national

implementing legislation of the GDPR, and the U.K. General Data Protection Regulation and U.K. Data Protection Act 2018, or the U.K. GDPR, respectively. We are a controller with respect to this data.

The GDPR and U.K. GDPR impose stringent data protection requirements and, where we are acting as a controller, includes requirements to: provide detailed disclosures about how personal data is collected and processed (in a concise, intelligible and easily accessible form); demonstrate that an appropriate legal basis is in place or otherwise exists to justify data processing activities; grant rights for data subjects in regard to their personal data including the right to be “forgotten,” the right to data portability, the right to correct personal data, and the right to access personal data; notify data protection regulators or supervisory authorities (and in certain cases, affected individuals) of significant data breaches; define pseudonymized (key-coded) data; limit the retention of personal data; maintain a record of data processing; and comply with the principle of accountability and the obligation to demonstrate compliance through policies, procedures, trainings and audits. Where we act as a processor and process personal data on behalf of our customers, we are required to execute mandatory data processing clauses with those customers and maintain a record of data processing, among other requirements under the GDPR and U.K. GDPR. The GDPR and U.K. GDPR provide for penalties for noncompliance of up to the greater of €20 million or 4% of worldwide annual revenues (in the case of the GDPR) or £17 million and 4% of worldwide annual revenue (in the case of the U.K. GDPR). As we are required to comply with both the GDPR and the U.K. GDPR, we could be subject to parallel enforcement actions with respect to breaches of the GDPR or U.K. GDPR which affects both E.U. and U.K. data subjects. In addition to the foregoing, a breach of the GDPR or U.K. GDPR could result in regulatory investigations, reputational damage, orders to cease or change our processing of our personal data, enforcement notices, and/or assessment notices (for a compulsory audit). We may also face civil claims including representative actions and other class action type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, as well as associated costs, diversion of internal resources, and reputational harm.

The GDPR and U.K. GDPR requires, among other things, that personal data only be transferred outside of the European Economic Area, or the E.E.A., or the U.K., respectively, to jurisdictions that have not been deemed adequate by the European Commission or by the U.K. data protection regulator, respectively, including the United States, if certain safeguards are taken to legitimize those data transfers. Recent legal developments in the E.U. have created complexity and uncertainty regarding such transfers. For example, on July 16, 2020, the European Court of Justice, or the CJEU, invalidated the E.U.-U.S. Privacy Shield framework, or the Privacy Shield. Further, the CJEU also advised that the Standard Contractual Clauses (a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism and potential alternative to the Privacy Shield) were not alone sufficient to protect data transferred to the United States or other countries not deemed adequate. On July 10, 2023, the European Commission entered into force the E.U.-U.S. Data Privacy Framework, or the DPF, as a successor framework to the Privacy Shield. Under the DPF, certified U.S.-based organizations may receive transfers of personal data from the E.E.A. and the U.K. However, there are uncertainties regarding the long-term viability of the DPF due to proposed legal challenges to the framework before the CJEU. Thus, the Standard Contractual Clauses will remain an important data transfer mechanism for transfers to countries outside of the E.E.A. and the U.K., but the use of Standard Contractual Clauses must still 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, and additional measures and/or contractual provisions may need to be put in place. The European Data Protection Board issued additional guidance regarding the CJEU’s decision in November 2020, which imposes higher burdens on the use of data transfer mechanisms, such as the Standard Contractual Clauses, for cross-border data transfers. The CJEU also stated that if a competent supervisory authority believes that the Standard Contractual Clauses cannot be complied with in the destination country and that the required level of protection cannot be secured by other means, such supervisory authority is under an obligation to suspend or prohibit that transfer. Since the decision by the CJEU, Supervisory Authorities, including the CNIL and the Austrian Data Protection Authority, are now looking at cross-border transfers more closely, and have publicly stated in January 2022 that the transfer of data to the United States using

certain analytics tools is illegal. While these decisions related specifically to analytics tools and may be inapplicable to organizations certified under the DPF, it has been suggested that it is far-reaching and applies to any transfer of E.U. personal data to the United States. We will continue to monitor this situation, and evaluate and utilize, where appropriate, all data transfer mechanisms available to us, but this may require the removal of tools from our services and websites where data is transferred from the E.U. to the U.S., or impact the manner in which we provide our services, which could adversely affect our business. In addition, if participation in the DPF is deemed appropriate, then we would be required to update documentation and processes, which may result in further compliance costs.

In addition, following the U.K.'s withdrawal from the E.U., the E.U. issued an adequacy decision in June 2021 in favor of the U.K. permitting data transfers from the E.U. to the U.K. However, this adequacy decision is subject to a four-year term, and the E.U. could intervene during the term if it determines that the data protection laws in the U.K. are not sufficient. If the adequacy decision is not renewed after its term, or the E.U. intervenes during the term, data may not be able to flow freely from the E.U. to the U.K. unless additional measures are taken. In which case, we may be required to find alternative solutions for the compliant transfer of personal data into the U.K. from the E.U. As supervisory authorities continue to issue further guidance on personal data (including regarding data export and circumstances in which we cannot use the Standard Contractual Clauses), we could suffer additional costs, complaints, or regulatory investigations or fines, and if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results. Loss, retention or misuse of certain information and alleged violations of laws and regulations relating to privacy and data security, and any relevant claims, may expose us to potential liability and may require us to expend significant resources on data security and in responding to and defending such allegations and claims.

We are also subject to evolving E.U. and U.K. privacy laws on cookies and e-marketing. In the E.U. and the U.K., regulators are increasingly focusing on compliance with requirements in the online behavioral advertising ecosystem, and current national laws that implement the ePrivacy Directive are highly likely to be replaced by an E.U. regulation known as the ePrivacy Regulation which will significantly increase fines for non-compliance. In the E.U. and the U.K., informed consent is required for the placement of a cookie or similar technologies on a user's device and for direct electronic marketing. The U.K. GDPR also imposes conditions on obtaining valid consent, such as a prohibition on pre-checked consents and a requirement to ensure separate consents are sought for each type of cookie or similar technology. While the text of the ePrivacy Regulation is still under development, a recent European court decision and regulators' recent guidance are driving increased attention to cookies and tracking technologies. If regulators start to enforce the strict approach in recent guidance, this could lead to substantial costs, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, increase costs and subject us to additional liabilities. Regulation of cookies and similar technologies, and any decline of cookies or similar online tracking technologies as a means to identify and potentially target users, may lead to broader restrictions and impairments on our marketing and personalization activities and may negatively impact our efforts to understand users.

We depend on a number of third parties in relation to the operation of our business, a number of which process personal data on our behalf or as our sub-processor. To the extent required by applicable law, we attempt to mitigate the associated risks of using third parties by performing security assessments and detailed due diligence, entering into contractual arrangements to ensure that providers only process personal data according to our instructions or equivalent instructions to that of our customer (as applicable), and that they have sufficient technical and organizational security measures in place. Where we transfer personal data outside the E.U. or the U.K. to such third parties, we do so in compliance with the relevant data export requirements, as described above. There is no assurance that these contractual measures and our own privacy and security-related safeguards will protect us from the risks associated with the third-party processing, storage and transmission of such information. Any violation of data or

security laws by our third-party processors could have a material adverse effect on our business and result in the fines and penalties under the GDPR and the U.K. GDPR outlined above.

Additionally, we are subject to the California Consumer Privacy Act, or the CCPA, which came into effect in 2020 and increases privacy rights for California consumers and imposes obligations on companies that process their personal data. The CCPA requires covered companies to, among other things, provide new disclosures to California consumers and affords such consumers new privacy rights such as the ability to opt out of certain sales of personal data and expanded rights to access and deletion of their personal data, opt out of certain personal data sharing, and receive detailed information about how their personal data is collected, used and shared. The CCPA provides for civil penalties for violations, as well as a private right of action for security breaches that may increase the likelihood of, and the risks associated with, security breach litigation. Additionally, in November 2020, California passed the California Privacy Rights Act, or the CPRA, which expands the CCPA significantly, including by expanding consumers' rights with respect to certain personal data and creating a new state agency to oversee implementation and enforcement efforts, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses in an effort to comply. Many of the CPRA's provisions became effective on January 1, 2023. The CCPA has also prompted a number of passed laws and proposals for new federal and state privacy legislation that, if passed, could increase our potential liability and compliance costs, particularly in the event of a data breach, and adversely affect our business, including how we use personal data, our financial condition, and the results of our operations or prospects. For instance, a comprehensive federal privacy bill, which includes a private right of action for violations, has been proposed and is under review by the U.S. House of Representatives. Compliance with this new privacy legislation adds complexity and may require investment in additional resources for compliance programs, thus potentially resulting in additional costs and expense of resources to maintain compliance. Changing definitions of personal data and information may also limit or inhibit our ability to operate or expand our business, including limiting strategic partnerships that may involve the sharing of data. Also, some jurisdictions require that certain types of data be retained on servers within these jurisdictions. Our failure to comply with applicable laws, directives, and regulations may result in enforcement action against us, including fines, and damage to our reputation, any of which may have an adverse effect on our business and operating results.

We are also currently subject to China's Personal Information Protection Law, or PIPL, which came into effect in November 2021 and which increases the protections of Chinese residents. In particular, the law is intended to protect the rights and interests of individuals, to regulate personal data processing activities, to safeguard the lawful and "orderly flow" of data, and to facilitate reasonable use of personal data. Our failure to comply with the PIPL may result in enforcement action against us, including fines, and damage to our reputation, any of which may have an adverse effect on our business and operating results. Also, the Cyberspace Administration of China has developed measures to govern cross-border transfers of personal data, such as security assessments, certifications, and Standard Contractual Clauses, all of which may impact our ability to transact with customers with operations in China. To reduce the impact of PIPL, we are in the process of transitioning certain users who are resident in China to our JiHu entity.

Further, we are subject to Payment Card Industry Data Security Standard, or PCI-DSS, a security standard applicable to companies that collect, store or transmit certain data regarding credit and debit cards, holders and transactions. We rely on vendors to handle PCI-DSS matters and to ensure PCI-DSS compliance. Despite our compliance efforts, we may become subject to claims that we have violated the PCI-DSS based on past, present, and future business practices. Our actual or perceived failure to comply with the PCI-DSS can subject us to fines, termination of banking relationships, and increased transaction fees. In addition, there is no guarantee that PCI-DSS compliance will prevent illegal or improper use of our payment systems or the theft, loss or misuse of payment card data or transaction information.

We generally seek to comply with industry standards and are subject to the terms of our privacy policies and privacy-related obligations to third parties. We strive to comply with all applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection to the

extent possible. However, it is possible that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure or perceived failure by us to comply with applicable privacy and data security laws and regulations, our privacy policies, or our privacy-related obligations to users or other third parties, or any compromise of security that results in the unauthorized release or transfer of personal data or other customer data, may result in governmental enforcement actions, litigation, or public statements against us by consumer advocacy groups or others and could cause our users to lose trust in us, which would have an adverse effect on our reputation and business. It is possible that a regulatory inquiry might result in changes to our policies or business practices. Violation of existing or future regulatory orders or consent decrees could subject us to substantial monetary fines and other penalties that could negatively affect our financial condition and operating results. In addition, it is possible that future orders issued by, or enforcement actions initiated by, regulatory authorities could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business.

Any significant change to applicable laws, regulations or industry practices regarding the use or disclosure of our users' data, or regarding the manner in which the express or implied consent of users for the use and disclosure of such data is obtained – or in how these applicable laws, regulations or industry practices are interpreted and enforced by state, federal and international privacy regulators – could require us to modify our services and features, possibly in a material manner, may subject us to regulatory enforcement actions and fines, and may limit our ability to develop new services and features that make use of the data that our users voluntarily share with us.

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

In some cases, our software is subject to export control laws and regulations, including the Export Administration Regulations administered by the U.S. Department of Commerce, and our activities may be subject to trade and economic sanctions, including those administered by the United States Department of the Treasury's Office of Foreign Assets Control, or OFAC, and collectively, Trade Controls. As such, a license may be required to export or re-export our products, or provide related services, to certain countries and end-users, and for certain end-uses. For example, Trade Controls targeting Russia and Belarus, impose a license requirement for the export of our product to those countries and have sanctioned various entities and individuals located there, while recent sanctions restrict the provision of certain cloud services to Russia. Those Trade Controls, which are unprecedented and expansive, continue to evolve and further restrict our ability to do business in that region. Processing payments from those customers, even when legally permissible, has become very difficult, in part because most U.S. and E.U. banks are unwilling to facilitate those transactions. Further, our products incorporating encryption functionality may be subject to special controls applying to encryption items and/or certain reporting requirements.

We have procedures in place designed to ensure our compliance with Trade Controls, with which failure to comply could subject us to both civil and criminal penalties, including substantial fines, possible incarceration of responsible individuals for willful violations, possible loss of our export or import privileges, and reputational harm. We are currently working to enhance these procedures. Trade Controls are complex and dynamic regimes, and monitoring and ensuring compliance can be challenging, particularly given that our products are widely distributed throughout the world and are available for download without registration. Prior to implementing certain control procedures, we inadvertently exported our software to entities located in embargoed countries and listed on denied parties lists administered by the U.S. Department of Commerce's Bureau of Industry and Security, or BIS, and OFAC. In September 2019, we disclosed these apparent violations to BIS and OFAC, which resulted in a BIS Warning Letter and an OFAC Cautionary Letter, in January and February 2020, respectively. While BIS and OFAC did not assess any penalties, we understand that BIS and OFAC may consider our regulatory history, including these prior disclosures and warning/cautionary letters, if the company is involved in a future enforcement case for failure to comply with export control laws and regulations. Any future failure by us or

our partners to comply with applicable laws and regulations would have negative consequences for us, including reputational harm, government investigations, and penalties.

In addition, various countries regulate the import of certain encryption technology, including through import permit and license requirements, and have enacted laws that could limit our ability to distribute our products or could limit our end-customers' ability to implement our products in those countries. Changes in our products or changes in export and import regulations in such countries may create delays in the introduction of our products into international markets, prevent our end-customers with international operations from deploying our products globally or, in some cases, prevent or delay the export or import of our products to certain countries, governments, or persons altogether. Any change in export or import laws or regulations, economic sanctions or related legislation, shift in the enforcement or scope of existing export, import or sanctions laws or regulations, or change in the countries, governments, persons, or technologies targeted by such export, import or sanctions laws or regulations, could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential end-customers with international operations. Any decreased use of our products or limitation on our ability to export to or sell our products in international markets could adversely affect our business, financial condition, and results of operations.

Failure to comply with anti-bribery, anti-corruption, anti-money laundering laws, and similar 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, or the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the United Kingdom Bribery Act 2010 and possibly other anti-bribery and anti-money laundering laws in countries outside of the United States in which we conduct our activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their team members, and their third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector.

We sometimes leverage third parties to sell our products and services and conduct our business abroad. We 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 may be held liable for the corrupt or other illegal activities of these third-party business partners and intermediaries, our team members, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. We cannot assure you that all of our team members and agents will not take actions in violation of applicable law, for which we may be ultimately held responsible. As we increase our international sales and business, our risks under these laws may increase.

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

Further, in June 2024, the U.S. Supreme Court reversed its longstanding approach under the *Chevron* doctrine, which provided for judicial deference to regulatory agencies. As a result of this decision, we cannot be sure whether there will be increased challenges to existing agency regulations or how lower courts will apply the decision in the context of other regulatory schemes without more specific guidance from the U.S. Supreme Court and/or federal appellate courts. For example, the U.S. Supreme

Court's decision could significantly impact consumer protection, advertising, privacy, artificial intelligence, anti-corruption and anti-money laundering practices and other regulatory regimes with which we are required to comply.

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

Sales to government entities are subject to a number of risks. Selling to government entities can be highly competitive, expensive, and time-consuming, often requiring significant up-front time and expense without any assurance that these efforts will generate a sale. Government certification requirements for products like ours may change, thereby restricting our ability to sell into the U.S. federal government, U.S. state governments, or non-U.S. government sectors until we have attained the revised certification. Government demand and payment for our products may be affected by public sector budgetary cycles, funding authorizations, government shutdowns, and general political priorities, with funding reductions or delays adversely affecting public sector demand for our products. Additionally, any actual or perceived privacy, data protection, or data security incident, or even any perceived defect with regard to our practices or measures in these areas, may negatively impact public sector demand for our products. The U.S. federal government and other government entities are in the process of implementing specific policies and obligations relating to the use of AI, and we will need to continue to monitor these developments to ensure our products that we sell to government entities remain compliant with such applicable regulations.

Additionally, we rely on certain partners to provide technical support services to certain of our government entity customers to resolve any issues relating to our products. If our partners do not effectively assist our government entity customers in deploying our products, succeed in helping our government entity customers quickly resolve post-deployment issues, or provide effective ongoing support, our ability to sell additional products to new and existing government entity customers would be adversely affected and our reputation could be damaged.

Government entities may have statutory, contractual, or other legal rights to terminate contracts with us for convenience or due to a default, and any such termination may adversely affect our future results of operations. Governments routinely investigate and audit government contractors' administrative processes, and any unfavorable audit could result in the government refusing to continue buying our subscriptions, a reduction of revenue, or fines or civil or criminal liability if the audit uncovers improper or illegal activities, which could adversely affect our results of operations in a material way.

Our success depends on our ability to provide users of our products and services with access to an abundance of useful, efficient, high-quality code which in turn depends on the quality and volume of code contributed by our open source contributors.

We believe that one of our competitive advantages is the quality, quantity and collaborative nature of the code on GitLab, and that access to open source code is one of the main reasons users visit GitLab. In furtherance of the foregoing competitive advantages and access, we seek to foster a broad and engaged contributor community, and we encourage individuals, companies, governments, and institutions to use our products and services to learn, code and work. If contributors, including influential contributors, do not continue to contribute code, our customer base and contributor engagement may decline. Additionally, if we are not able to address user concerns regarding the safety and security of our products and services or if we are unable to successfully prevent abusive or other hostile behavior on The DevSecOps Platform, the size of our customer base and contributor engagement may decline. If there is a decline in the number of contributors, customer or contributor growth rate or engagement, including as a result of the loss of influential contributors and companies who provide innovative code on GitLab, paying customers of our online services may be deterred from using our products or services or reduce their spending with us or cease doing business with us, which would harm our business and operating results.

Seasonality may cause fluctuations in our sales and results of operations.

Historically, we have experienced seasonality in new customer contracts, as we typically enter into a higher percentage of subscription agreements with new customers and renewals with existing customers in the last two fiscal quarters of each year. We believe that this results from the procurement, budgeting, and deployment cycles of many of our customers, particularly our enterprise customers, along with variables outside of our and our customers' control, such as macroeconomic and general economic conditions, including inflation, volatile interest rates, uncertainty with respect to the federal budget and debt ceiling and potential government shutdowns related thereto, volatility of the global debt and equity markets, and actual or perceived instability in the global banking sector. We expect that this seasonality, which can itself at times be unpredictable, will continue to affect our bookings, deferred revenue, and our results of operations in the future and might become more pronounced as we continue to target larger enterprise customers.

We recognize a significant portion of revenue from subscriptions over the term of the relevant subscription period, and as a result, downturns or upturns in sales are not immediately reflected in our results of operations. Further, we recognize a significant portion of our subscription revenue over the term of the relevant subscription period. As a result, much of the subscription revenue we report each fiscal quarter is the recognition of deferred revenue from subscription contracts entered into during previous fiscal quarters. Consequently, a decline in new or renewed subscriptions in any one fiscal quarter will not be fully or immediately reflected in revenue in that fiscal quarter and will negatively affect our revenue in future fiscal quarters. Accordingly, the effect of significant downturns in new or renewed sales of our subscriptions is not fully reflected in our results of operations until future periods.

The length of our sales cycle can be unpredictable, particularly with respect to sales to large customers, and our sales efforts may require considerable time and expense.

Our results of operations may fluctuate, in part, because of the length and variability of the sales cycle of our subscriptions and the difficulty in making short-term adjustments to our operating expenses. The length of our sales cycle, from initial contact from a prospective customer to contractually committing to our paid subscriptions can vary substantially from customer to customer based on deal complexity as well as whether a sale is made directly by us. It is difficult to predict exactly when, or even if, we will make a sale to a potential customer or if we can increase sales to our existing customers, the timing of our customers' decisions to make a purchase, greater deal scrutiny by our customers, changes our customers experienced, or may experience, in their businesses, and other variables some of which are outside of our and our customers' control, such as macroeconomic and general economic conditions, including inflation, volatile interest rates, uncertainty with respect to the federal budget and debt ceiling and potential government shutdowns related thereto, volatility of the global debt and equity markets, and actual or perceived instability in the global banking sector. Our results of operations depend in part on sales to new large customers and increasing sales to existing customers. As a result, in particular, large individual sales have, in some cases, occurred in quarters subsequent to those we anticipated, or have not occurred at all. Because a substantial proportion of our expenses are relatively fixed in the short term, our results of operations will suffer if revenue falls below our expectations in a particular quarter, which could cause the price of our Class A common stock to decline.

Risks Related to our People and Culture

We rely on our management team and other key team members and will need additional personnel to grow our business, and the loss of one or more key team members or our inability to hire, integrate, train and retain qualified personnel, could harm our business.

Our future success is dependent, in part, on our ability to hire, integrate, train, retain and motivate the members of our management team and other key team members throughout our organization. The loss of key personnel, including key members of our management team, as well as certain of our key marketing, sales, finance, support, product development, human resources, or technology personnel, could disrupt our operations and have an adverse effect on our ability to grow our business. In particular, we are highly dependent on the services of Sytse Sijbrandij, our co-founder, Chair of the board of

directors and Chief Executive Officer, who is critical to the development of our technology, services, future vision and strategic direction.

In March 2023, Mr. Sijbrandij announced that he had been diagnosed with osteosarcoma and was undergoing treatment, including chemotherapy. In June 2024, Mr. Sijbrandij announced his intention to again undergo treatment due to a recent discovery of a part of the original lesion. Mr. Sijbrandij intends to continue in his role as Chief Executive Officer and Chair of the board of directors throughout his treatment period and to work closely with our board of directors and management to execute on our business priorities. However, his condition may change and may prevent him from continuing to perform his role. In the event that Mr. Sijbrandij is no longer able to perform his duties as Chief Executive Officer, we will be required to identify, recruit and hire a new Chief Executive Officer. While our board of directors regularly reviews potential interim and longer-term contingency plans that could be activated as needed to minimize business disruption and to ensure the continued execution of our business priorities, the recruitment of a new Chief Executive Officer can be lengthy and distracting. In addition, we may be required to implement temporary or interim executive management to support the leadership of our company during a transition period. A change in the leadership of the company is a significant event and may result in additional volatility in our stock price.

Competition for highly skilled personnel in our industry is intense, and we may not be successful in hiring or retaining qualified personnel to fulfill our current or future needs. We have, from time to time, experienced, and we may experience in the future, difficulty in hiring and retaining highly skilled team members with appropriate qualifications. In particular, recruiting and hiring senior product engineering personnel with AI and machine learning backgrounds has been, and we expect it to continue to be, challenging.

Further, many of the companies with which we compete for experienced personnel have greater resources than we have. Our competitors also may be successful in recruiting and hiring members of our management team or other key team members, and it may be difficult for us to find suitable replacements on a timely basis, on competitive terms, or at all. We have in the past, and may in the future, be subject to allegations that team members we hire have been improperly solicited, or that they have divulged proprietary or other confidential information or that their former employers own such team member's inventions or other work product, or that they have been hired in violation of non-compete provisions or non-solicitation provisions.

In addition, job candidates and existing team members often consider the value of the benefits and equity awards they receive in connection with their employment. If the perceived value of our benefits, equity, or equity awards declines, it may adversely affect our ability to retain highly skilled team members. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects would be severely harmed.

Our corporate culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the innovation, creativity, and teamwork fostered by our culture, and our business may be harmed.

We believe that our corporate culture has been and will continue to be a key contributor to our success. If we do not continue to develop our corporate culture as we grow and evolve, it could harm our ability to foster the innovation, creativity, and teamwork that we believe is important to support our growth. As our organization grows and we are required to implement more complex organizational structures, we may find it increasingly difficult to maintain the beneficial aspects of our corporate culture, which could negatively impact our future success.

We engage our team members in various ways, including direct hires, through PEOs and as independent contractors. As a result of these methods of engagement, we face certain challenges and risks that can affect our business, operating results, and financial condition.

In the locations where we directly hire our team members into one of our entities, we must ensure that we are compliant with the applicable local laws governing team members in those jurisdictions, including local employment and tax laws. In the locations where we utilize PEOs, we contract with the PEO for it to serve as “Employer of Record” for those team members engaged through the PEO in each applicable location. Under this model, team members are employed by the PEO but provide services to GitLab. We also engage team members through a PEO self-employed model in certain jurisdictions where we contract with the PEO, which in turn contracts with individual team members as independent contractors. In all locations where we utilize PEOs, we rely on those PEOs to comply with local employment laws and regulations. We also issue equity to a substantial portion of our team members, including team members engaged through PEOs and to independent contractors, and must ensure we remain compliant with securities laws of the applicable jurisdiction where such team members are located.

Additionally, in some cases, we contract directly with team members who are independent contractors. When we engage team members through a PEO or independent contractor model, we may not be utilizing the appropriate hiring model needed to be compliant with local laws or the PEO may not be complying with local regulations. Additionally, the agreements executed between PEOs and our team members or between us and team members engaged under the independent contractor model, may not be enforceable depending on the local laws because of the indirect relationship created through these engagement models. Accordingly, as a result of our engagement of team members through PEOs, and of our relationship with independent contractors, our business, financial condition and results of operations could be materially and adversely affected. Furthermore, litigation related to our model of engaging team members, if instituted against us, could result in substantial costs and divert our management’s attention and resources from our business.

If we do not effectively hire, integrate, and train additional sales personnel, and expand our sales and marketing capabilities, we may be unable to increase our customer base and increase sales to our existing customers.

Our ability to increase our customer base and achieve broader market adoption of The DevSecOps Platform will depend to a significant extent on our ability to continue to expand our sales and marketing operations. We plan to dedicate significant resources to sales and marketing programs and to expand our sales and marketing capabilities to target additional potential customers, but there is no guarantee that we will be successful in attracting and maintaining additional customers. If we are unable to find efficient ways to deploy our sales and marketing investments or if our sales and marketing programs are not effective, our business and operating results would be adversely affected.

Furthermore, we plan to continue expanding our sales force and there is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve revenue growth will depend, in part, on our success in hiring, integrating, training, and retaining sufficient numbers of sales personnel to support our growth, particularly in international markets. New hires require significant training and may take significant time before they achieve full productivity. Our recent hires and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. If we are unable to hire and train a sufficient number of effective sales personnel, or the sales personnel we hire are not successful in obtaining new customers or increasing sales to our existing customer base, our business, operating results, and financial condition will be adversely affected.

We are a remote-only company, meaning that our team members work remotely which poses a number of risks and challenges that can affect our business, operating results, and financial condition. We are increasingly dependent on technology in our operations and if our technology fails, our business could be adversely affected.

As a remote-only company, we face a number of unique operational risks. For example, technologies in our team members’ homes may not be robust enough and could cause the networks, information

systems, applications, and other tools available to team members and service providers to be limited, unreliable, or unsecure. Additionally, we are increasingly dependent on technology as a remote-only company and if we experience problems with the operation of our current IT systems or the technology systems of third parties on which we rely, that could adversely affect, or even temporarily disrupt, all or a portion of our operations until resolved. In addition, in a remote-only company, it may be difficult for us to develop and preserve our corporate culture and our team members may have decreased opportunities to collaborate in meaningful ways. Any impediments to preserving our corporate culture and fostering collaboration could harm our future success, including our ability to retain and recruit personnel, innovate and operate effectively, and execute on our business strategy.

Unfavorable media coverage could negatively impact our business.

We receive a high degree of media coverage, including due to our commitment to transparency. Unfavorable publicity or consumer perception of our service offerings could adversely affect our reputation, resulting in a negative impact on the size of our user base and the loyalty of our users. It could negatively impact our ability to acquire new customers and could lead to customers choosing to leave GitLab. As a result, our business, financial condition and results of operations could be materially and adversely affected.

Our brand, reputation, and business may be harmed if our customers, partners, team members, contributors or the public at large disagrees with, or finds objectionable, our policies and practices or organizational decisions that we make or with the actions of members of our management team.

Our customers, partners, team members, contributors or the public at large may, from time to time, disagree with, or find objectionable, our policies and practices or organizational decisions that we make or with the actions of members of our management team. As a result of these disagreements and any negative publicity associated therewith, we could lose customers or partners, or we may have difficulty attracting or retaining team members or contributors and such disagreements may divert resources and the time and attention of management from our business. Our culture of transparency may also result in customers, partners, team members, contributors or the public at large having greater insight into our policies and practices or organizational decisions. Additionally, with the importance and impact of social media, any negative publicity regarding our policies and practices or organizational decisions or actions by members of our management team, may be magnified and reach a large portion of our customer, partner, team member base or contributors in a very short period of time, which could harm our brand and reputation and adversely affect our business.

Risks Related to Our International Operations

We plan to continue expanding our international operations which could subject us to additional costs and risks, and our continued expansion internationally may not be successful.

We plan to expand our operations internationally in the future. Outside of the United States, we currently have direct and indirect subsidiaries in Canada, Germany, France, Ireland, Israel, the Netherlands, Spain, the United Kingdom, Australia, India, Japan, South Korea, and Singapore, and have team members in over 60 countries. We also have a joint venture in China. There are significant costs and risks inherent in conducting business in international markets, including:

- establishing and maintaining effective controls at foreign locations and the associated increased costs;
- adapting our technologies, products, and services to non-U.S. consumers' preferences and customs;
- increased competition from local providers;
- compliance with foreign laws and regulations;

- adapting to doing business in other languages and/or cultures;
- compliance with the laws of numerous taxing jurisdictions where we conduct business, potential double taxation of our international earnings, and potentially adverse tax consequences due to U.S. and foreign tax laws as they relate to our international operations;
- compliance with anti-bribery laws, such as the FCPA and the U.K. Bribery Act, by us, our team members, our service providers, and our business partners;
- difficulties in staffing and managing global operations and the increased travel, infrastructure, and compliance costs associated with multiple international locations;
- complexity and other risks associated with current and future foreign legal requirements, including legal requirements related to data privacy frameworks, such as the GDPR and U.K. GDPR;
- currency exchange rate fluctuations or limitations and related effects on our operating results;
- economic and political instability in some countries, including the potential effects of health pandemics or epidemics and the ongoing armed conflicts in different regions of the world;
- the uncertainty of protection for intellectual property rights in some countries and practical difficulties of enforcing rights abroad; and
- other costs of doing business internationally.

These factors and other factors could harm our international operations and, consequently, materially impact our business, operating results, and financial condition. Further, we may incur significant operating expenses as a result of our international expansion; such expansion may not be successful. We have limited experience with regulatory environments and market practices internationally, and we may not be able to penetrate or successfully operate in new markets. If we are unable to continue to expand internationally and manage the complexity of our global operations successfully, our financial condition and operating results could be adversely affected.

We have a limited operating history in China and we face risks with respect to conducting business in connection with our joint venture in China due to certain legal, political, economic and social uncertainties relating to China. Our ability to monetize our joint venture in China may be limited.

In February 2021, we partnered with two Chinese investment partners to form an independent company called GitLab Information Technology (Hubei) Co., Ltd. (极狐, pinyin: JiHu, pronounced Gee Who) which was formed to specifically serve the Chinese market. This company offers a dedicated distribution of The DevSecOps Platform available as both a self-managed and SaaS that is only available in mainland China, Hong Kong and Macau. The autonomous company has its own governance structure, management team, and business support functions including Engineering, Sales, Marketing, Finance, Legal, Human Relations and Customer Support.

Our participation in this joint venture in China is subject to general, as well as industry-specific, economic, political, tax, and legal developments and risks in China. The Chinese government exercises significant control over the Chinese economy, including but not limited to controlling capital investments, allocating resources, setting monetary policy, controlling and monitoring foreign exchange rates, implementing and overseeing tax regulations, providing preferential treatment to certain industry segments or companies and issuing necessary licenses to conduct business. In addition, we could face additional risks resulting from changes in China's data privacy and cybersecurity requirements, including China's adoption of the Personal Information Protection Law, or PIPL, which went into effect on November 1, 2021. The PIPL shares similarities with the GDPR, including extraterritorial application, data minimization, data localization, and purpose limitation requirements, and obligations to provide certain notices and rights to citizens of China. Accordingly, any adverse change in the Chinese economy, the

Chinese legal system or Chinese governmental, economic or other policies could have a material adverse effect on our business and operations in China and our prospects generally.

We face additional risks in China due to China's historically limited recognition and enforcement of contractual and intellectual property rights. We may experience difficulty enforcing our intellectual property rights in China. Unauthorized use of our technologies and intellectual property rights by Chinese partners or competitors may dilute or undermine the strength of our brands. If we cannot adequately monitor the use of our technologies and products, or enforce our intellectual property rights in China or contractual restrictions relating to use of our intellectual property by Chinese companies, our revenue from JiHu could be adversely affected.

Our joint venture is subject to laws and regulations applicable to foreign investment in China. There are uncertainties regarding the interpretation and enforcement of laws, rules and policies in China. Because many laws and regulations are relatively new, the interpretations of many laws, regulations and rules are not always uniform. Moreover, the interpretation of statutes and regulations may be subject to government policies reflecting domestic political agendas. Enforcement of existing laws or contracts based on existing law may be uncertain and sporadic. As a result of the foregoing, it may be difficult for us to obtain swift or equitable enforcement of laws ostensibly designed to protect companies like ours, which could have a material adverse effect on our business and results of operations. Our ability to monetize our joint venture in China may also be limited. Although the joint venture entity is an autonomous company, it is the exclusive seller of GitLab in mainland China, Hong Kong and Macau and is therefore the public face of GitLab in those areas. Additionally, under U.S. GAAP, we currently consolidate the joint venture's financials within our own and rely on the joint venture's management for accurate and timely delivery of the joint venture's financials. Therefore, we face reputational and brand risk as a result of any negative publicity faced by the joint venture entity. Any such reputational and brand risk can harm our business and operating results.

We are exposed to fluctuations in currency exchange rates and interest rates, which could negatively affect our results of operations and our ability to invest and hold our cash.

Revenue generated is primarily billed in U.S. dollars while expenses incurred by our international subsidiaries and activities are often denominated in the currencies of the local countries. As a result, our condensed consolidated U.S. dollar financial statements are subject to fluctuations due to changes in exchange rates as the financial results of our international subsidiaries are translated from local currencies into U.S. dollars. Our financial results are also subject to changes in exchange rates that impact the settlement of transactions in non-local currencies. To date, we have not engaged in currency hedging activities to limit the risk of exchange fluctuations and, as a result, our financial condition and operating results could be adversely affected by such fluctuations.

Our fixed-income investment portfolio is subject to fluctuations in fair value due to change in interest rates, which could adversely affect our results of operations due to a rise in interest rates in the future.

Risks Related to Financial and Accounting Matters

We have identified a material weakness in our internal controls over financial reporting and if our remediation of such material weakness is not effective, or if we fail to develop and maintain an effective system of disclosure controls and internal controls over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and 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 Global Select Market.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and improve the

effectiveness of our internal controls and procedures, we have expended, and anticipate that we will continue to expend, significant resources, including accounting related costs and significant management oversight.

As disclosed in our Annual Report on Form 10-K for the year ended January 31, 2024, we had identified a material weakness in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. We determined that a material weakness exists due to a lack of policies and procedures related to the operation of control activities and inadequate communication of information to control owners and operators related to the objectives and responsibilities for internal control in a manner which supports the internal control environment at the company.

As a result, the following material weakness exists as of July 31, 2024:

- We did not design and maintain effective controls over certain information technology (“IT”) general controls for information systems used in the financial reporting processes related to revenue. In particular, we did not design and maintain effective (i) program change management controls to ensure that IT programs, data changes and migrations affecting financial IT applications and underlying records are identified, tested, authorized and implemented appropriately and (ii) user access controls to ensure appropriate segregation of duties, restricted user and privileged access to our financial applications, data and programs to the appropriate personnel. The ineffective design and operation of IT general controls resulted in the ineffective operation of automated controls and manual controls using reports and information from the impacted information systems used in the financial reporting processes related to revenue.

Although the aforementioned material weakness did not result in a material misstatement to our annual or interim financial statements, the deficiency could result in misstatements potentially impacting the financial reporting processes related to revenue and related disclosures that would not be prevented or detected. Therefore, we concluded that the deficiency represents a material weakness in our internal control over financial reporting and our internal control over financial reporting was not effective as of July 31, 2024.

Our independent registered public accounting firm, KPMG LLP, who audited the consolidated financial statements included in this Annual Report on Form 10-K, issued an adverse opinion on the effectiveness of the Company’s internal control over financial reporting for the year ended January 31, 2024. To address our material weakness, we have commenced certain steps to enhance our internal control environment and remediate these material weaknesses. See the section entitled “Remediation Efforts and Status” for additional information.

However, we cannot guarantee that the measures we have taken to date, and actions we may take in the future, will be sufficient to remediate the control deficiencies that led to our material weakness or that they will prevent or avoid potential future material weaknesses. Our current controls and any new controls we develop may become inadequate because of changes in conditions in our business. Further, additional weaknesses in our internal controls 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 operating results, may result in a restatement of our financial statements for prior periods, cause us to fail to meet our reporting obligations, and 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 are required to include in the periodic reports we will file with the SEC. Because we are a large accelerated filer, our independent registered public accounting firm is required to annually audit the effectiveness of our internal control over financial reporting, which has, and will continue to, require increased costs, expenses, and management

resources. Undetected material weaknesses in our internal control over financial reporting could lead to financial statement restatements and require us to incur the expense of remediation. We are also required to disclose changes made in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting on a quarterly basis. To comply with the requirements of being a public company, we have undertaken, and may need to further undertake in the future, various actions, such as implementing new internal controls and procedures and hiring additional accounting staff.

As a public company, significant resources and management oversight are required. As a result, management's attention may be diverted from other business concerns, which could harm our business, financial condition and operating results.

We incur significant costs and devote management resources as a result of operating as a public company.

As a public company, we incur significant legal, accounting, compliance and other expenses that we did not incur as a private company. Our management and other personnel devote a substantial amount of time and incur significant expense in connection with compliance initiatives. As a public company, we bear all of the internal and external costs of preparing and distributing periodic public reports in compliance with our obligations under the securities laws.

In addition, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act, and the related rules and regulations implemented by the SEC, have increased legal and financial compliance costs and will make some compliance activities more time consuming. We intend to continue to invest resources to comply with evolving laws, regulations and standards, and this investment will result in increased general and administrative expenses and may divert management's time and attention from our other business 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 practice, regulatory authorities may initiate legal proceedings against us, and our business may be harmed. In connection with our initial public offering, we also increased our directors' and officers' insurance coverage, which increased our insurance cost. In the future, it may be more expensive or more difficult for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors would also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation and leadership development committee, and qualified executive officers.

We may in the future need to raise additional capital to grow our business, and we may not be able to raise capital on terms acceptable to us or at all. In addition, any inability to generate or obtain such capital may adversely affect our operating results and financial condition.

In order to support our growth and respond to business challenges, such as developing new features or enhancements to our services to stay competitive, acquiring new technologies, and improving our infrastructure, we have made significant financial investments in our business and we intend to continue to make such investments. As a result, we may need to engage in additional equity or debt financings to provide the funds required for these investments and other business endeavors. If we need to engage in such additional equity or debt financings, we may not be able to raise needed cash on terms acceptable to us or at all. Financing may be on terms that are dilutive or potentially dilutive to our stockholders, and the prices at which new investors would be willing to purchase our securities may be significantly lower than the current price per share of our Class A common stock. The holders of new debt or equity securities may also have rights, preferences, or privileges that are senior to those of existing holders of our common stock. If new sources of financing are required, but are insufficient or unavailable, we will be required to modify our growth and operating plans based on available funding, if any, which would harm our ability to grow our business.

If we raise additional funds through equity or convertible debt issuances, our existing stockholders may suffer significant dilution and these securities could have rights, preferences, and privileges that are superior to those of holders of our common stock. If we obtain additional funds through debt financing, we may not be able to obtain such financing on terms favorable to us. Such terms may involve restrictive covenants making it difficult to engage in capital raising activities and pursue business opportunities, including potential acquisitions. The trading prices of technology companies have been highly volatile as a result of recent global events, including increasing interest rates and inflation and the ongoing armed conflicts in different regions of the world, which may reduce our ability to access capital on favorable terms or at all. In addition, a sustained adverse market event resulting from such global events could adversely affect our business and the value of our Class A common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired and our business may be adversely affected, requiring us to delay, reduce, or eliminate some or all of our operations.

Changes in tax laws or other tax guidance could adversely affect our effective tax rates, financial condition, and results of operations.

We are a U.S.-based multinational company subject to taxes in multiple U.S. and foreign tax jurisdictions. In the United States and other countries where we conduct business and in jurisdictions in which we are subject to taxes, including those covered by governing bodies that enact tax laws applicable to us, we are subject to potential changes in relevant tax, accounting and other laws, regulations, guidance, and interpretations, including changes to tax laws applicable to corporate multinationals such as GitLab. These countries, governmental bodies, and intergovernmental economic organizations such as the Organization for Economic Cooperation and Development, have or could make unprecedented assertions about how taxation is determined in their jurisdictions that are contrary to the way in which we have interpreted and historically applied the rules and regulations described above in such jurisdictions. In the current global tax policy environment, any changes in laws, regulations, guidance and/or interpretations related to these assertions could adversely affect our effective tax rates, cause us to respond by making changes to our business structure, or result in other costs to us which could adversely affect our operations and financial results.

In December 2017, the U.S. federal government enacted the tax reform legislation known as the Tax Cuts and Jobs Act, or the 2017 Tax Act. The 2017 Tax Act significantly changed the existing U.S. corporate income tax laws by, among other things, lowering the U.S. corporate tax rate, implementing a partially territorial tax system, and imposing a one-time deemed repatriation tax on certain post-1986 foreign earnings. Recently the U.S. Treasury Department issued regulations for the purpose of interpreting the 2017 Tax Act, including regulations disallowing foreign tax credits for taxes which are dissimilar to income taxes, limiting the deductibility of interest, and requiring the capitalization of research and development expenses. Due to the reconciliation process used to pass the 2017 Tax Act, many provisions are in the process of being phased out, and it is uncertain whether many of the provisions in the 2017 Tax Act will be restored. The Inflation Reduction Act of 2022, enacted on August 16, 2022, further amended the U.S. federal tax code, imposing a 15% minimum tax on “adjusted financial statement income” of certain corporations as well as an excise tax on the repurchase or redemption of stock by certain corporations, beginning in the 2023 tax year.

Over the last several years, the Organization for Economic Cooperation and Development, or the OECD, has been working on a Base Erosion and Profit Shifting project that, if implemented, would change various aspects of the existing framework under which our tax obligations are determined in many of the countries in which we do business. The OECD has a framework to implement a global minimum corporate tax of 15% for companies with global revenues and profits above certain thresholds (referred to as Pillar 2), with certain aspects of Pillar 2 effective January 1, 2024 and other aspects effective January 1, 2025. While it is uncertain whether the United States will enact legislation to adopt Pillar 2, certain countries in which we operate have adopted legislation. On December 15, 2022, the European Union member states agreed to implement the OECD’s global minimum tax rate of 15%. Similarly, the European

Union and several countries have issued proposals that would apply to various aspects of the current tax framework under which we are taxed. These proposals include changes to the existing framework to calculate income tax, as well as proposals to change or impose new types of non-income taxes, including taxes based on a percentage of revenue. For example, several jurisdictions have proposed or enacted taxes applicable to digital services, which include business activities on digital advertising and online marketplaces, and which apply to our business.

Due to the large and expanding scale of our international business activities, many of these types of changes to the taxation of our activities described above could increase our worldwide effective tax rate, increase the amount of non-income taxes imposed on our business, and harm our financial position, results of operations, and cash flows. Such changes may also apply retroactively to our historical operations and result in taxes greater than the amounts estimated and recorded in our financial statements. There can be no assurance that future tax law changes will not increase the rate of the corporate income tax, impose new limitations on deductions, credits or other tax benefits, or make other changes that may adversely affect our business, cash flows or financial performance. Among other considerations, the applicability and impact of these tax provisions, and of other U.S. or international tax law changes could adversely affect our effective income tax rate and cash flows in future years.

We may have exposure to greater than anticipated tax liabilities.

The tax laws applicable to our business, including the laws of the United States and other jurisdictions, are subject to interpretation and certain jurisdictions are aggressively interpreting their laws to expand the tax bases. Our existing corporate structure has been implemented in a manner we believe is in compliance with current tax laws. However, the taxing authorities of the jurisdictions in which we operate may challenge our methodologies, including for valuing developed technology or intercompany arrangements, which could impact our worldwide effective tax rate and adversely affect our financial condition and results of operations, possibly with retroactive effect. Moreover, changes to our corporate structure could impact our worldwide effective tax rate and adversely affect our financial condition and results of operations.

Furthermore, U.S. and OECD Transfer Pricing Guidelines require us to analyze the functions performed by our entities, the risks incurred, and the assets owned. This functional analysis is a control to sustain the operating margins of our entities and confirm arm's length pricing for intercompany transactions. Competent authorities could interpret, change, modify or apply adversely, existing tax laws, statutes, rules, regulations or ordinances to us (possibly with retroactive effect); which could require us to make transfer pricing corrections or to pay fines, penalties or interest for past amounts. If we are unable to make corresponding adjustments with our related entities, we would effectively be liable for additional tax, thereby adversely impacting our operating results and cash flows.

Significant judgment is required in evaluating our tax positions and our worldwide provision for taxes. During the ordinary course of business, there are many activities and transactions for which the ultimate tax determination is uncertain. Our tax obligations and effective tax rates could be adversely affected by changes in the relevant tax, accounting and other laws, regulations, principles and interpretations, including those relating to income tax nexus. The relevant taxing authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our business, with some changes possibly affecting our tax obligations in future or past years. We regularly assess the likelihood of outcomes resulting from possible examinations to determine the adequacy of our provision for income taxes and have reserved for potential adjustments that may result from these examinations. We cannot provide assurance that the final determination of any of these examinations will not have an adverse effect on our financial position and results of operations.

Our cash and cash equivalents could be adversely affected if the financial institutions in which we hold our cash and cash equivalents fail.

We regularly maintain cash balances at third-party financial institutions in excess of the FDIC insurance limit and similar regulatory insurance limits outside the United States. If a depository institution where we maintain deposits fails or is subject to adverse conditions in the financial or credit markets, we may not be able to recover all, if any, of our deposits, which could adversely impact our operating liquidity and financial performance.

Risks Related to Ownership of Our Class A Common Stock

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

Technology stocks historically have experienced high levels of volatility. The market price of our Class A common stock depends on a number of factors, including those described in this “Risk Factors” section, many of which are beyond our control and may not be related to our operating performance. In addition, the limited public float of our Class A common stock may increase the volatility of the trading price of our Class A common stock. These fluctuations could cause you to lose all or part of your investment in our Class A common stock, since you might not be able to sell your shares at or above the price initially paid for the stock. Factors that could cause fluctuations in the market price of our Class A common stock include the following:

- actual or anticipated changes or fluctuations in our operating results;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- announcements by us or our competitors of new products or new or terminated significant contracts, commercial relationships or capital commitments;
- industry or financial analyst or investor reaction to our press releases, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- price and volume fluctuations in the overall stock market from time to time;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- failure of industry or financial analysts to maintain coverage of us, changes in financial estimates by any analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- actual or anticipated developments in our business or our competitors’ businesses or the competitive landscape generally;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property rights or our solutions, or third-party proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;

- the impact of interest rate increases on the overall stock market and the market for technology company stocks;
- any major changes in our management or our board of directors;
- effects of public health crises, pandemics, and epidemics;
- general economic conditions, changes in the capital markets generally, inflation, slow or negative growth of our markets and instability in the global banking sector; and
- other events or factors, including those resulting from political instability, war, incidents of terrorism or responses to these events, including those related to the ongoing armed conflicts in different regions of the world.

In addition, the stock market in general, and the market for technology companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price of our Class A common stock, regardless of our actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market prices of a particular company's securities, companies have been subject to increased stockholder activism or securities class action litigation. Any stockholder activism or securities litigation, if instituted against us, 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, operating results and financial condition.

Sales of substantial amounts of our Class A common stock in the public markets, or the perception that they might occur, could cause the market price of our Class A common stock to decline.

Sales of a substantial number of shares of our Class A common stock into the public market, particularly sales by our directors, executive officers, and greater than 5% stockholders, or the perception that these sales might occur, could cause the market price of our Class A common stock to decline or make it more difficult for you to sell your Class A common stock at a time and price that you deem appropriate.

Moreover, the holders of a significant portion of shares of our capital stock also have rights, subject to some conditions, to require us to file registration statements for the public resale of such capital stock or to include such shares in registration statements that we may file for us or other stockholders.

We may also issue our shares of our capital stock or securities convertible into shares of our capital stock from time to time in connection with a financing, acquisition, investment, or otherwise.

The dual class structure of our common stock will have the effect of concentrating voting control with those stockholders who hold our Class B capital stock, including our directors, executive officers, and beneficial owners of 5% or greater of our outstanding capital stock who hold in the aggregate a majority of the voting power of our capital stock, which will limit or preclude your ability to influence corporate matters, including the election of directors and the approval of any change of control transaction.

Our Class B common stock has ten votes per share, and our Class A common stock has one vote per share. As of July 31, 2024, the holders of our outstanding Class B common stock hold a substantial majority of the voting power of our outstanding capital stock, with our directors, executive officers, and holders of more than 5% of our common stock, and their respective affiliates, holding a majority of the voting power of our capital stock. Because of the ten-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our common stock and therefore will be able to control all matters submitted to our stockholders for approval until the earlier of (i) October 14, 2031, (ii) the death or disability, as defined in our restated certificate of incorporation, of Sytse Sijbrandij, (iii) the date specified

by a vote of the holders of two-thirds of the then outstanding shares of Class B common stock and (iv) the first date on which the number of shares of outstanding Class B common stock (including shares of Class B common stock subject to outstanding stock options) is less than 5% of the aggregate number of shares of outstanding common stock. This concentrated control will limit or preclude your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders.

Future transfers by holders of our Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning purposes. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of our Class B common stock who retain their shares in the long term.

The dual class structure of our common stock may adversely affect the trading market for our Class A common stock.

Several stockholder advisory firms and large institutional investors oppose the use of multiple class structures. As a result, the dual class structure of our common stock may cause stockholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure, and may result in large institutional investors not purchasing shares of our Class A common stock. Any actions or publications by stockholder advisory firms or institutional investors critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A common stock.

If industry or financial analysts do not continue to publish research or reports about our business, or if they issue inaccurate or unfavorable research regarding our Class A common stock, our stock price and trading volume could decline.

The trading market for our Class A common stock will depend in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts or the content and opinions included in their reports. If any of the analysts who cover us issues an inaccurate or unfavorable opinion regarding our stock price, our stock price may decline. In addition, if our financial results fail to meet, or exceed, our announced guidance or the expectations of analysts or public investors, analysts could downgrade our Class A common stock or publish unfavorable research about us.

We do not intend to pay dividends in the foreseeable future. As a result, your ability to achieve a return on your investment will depend on appreciation in the price of our Class A common stock.

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must for the foreseeable future rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Provisions in our organizational documents and under Delaware law could make an acquisition of us, which could be beneficial to our stockholders, more difficult and may limit attempts by our stockholders to replace or remove our current management.

Provisions in our restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a merger, acquisition or other change of control of our company that our stockholders may consider favorable. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Among other things, our restated certificate of incorporation and amended and restated bylaws include provisions that:

- provide that our board of directors is classified into three classes of directors with staggered three-year terms;
- permit our board of directors to establish the number of directors and fill any vacancies and newly created directorships;
- require supermajority voting to amend some provisions in our restated certificate of incorporation and amended and restated bylaws;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- provide that only our chief executive officer or a majority of our board of directors will be authorized to call a special meeting of stockholders;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- do not provide for cumulative voting;
- provide that directors may only be removed “for cause” and only with the approval of two-thirds of our stockholders;
- provide for a dual class common stock structure in which holders of our Class B common stock may have the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the outstanding shares of our common stock, including the election of directors and other significant corporate transactions, such as a merger or other sale of our company or its assets;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that our board of directors is expressly authorized to make, alter, or repeal our amended and restated bylaws; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

Moreover, Section 203 of the Delaware General Corporation Law, or DGCL, may discourage, delay, or prevent a change in control of our company. Section 203 imposes certain restrictions on mergers, business combinations, and other transactions between us and holders of 15% or more of our common stock.

Our restated certificate of incorporation and amended and restated bylaws contain exclusive forum provisions for certain claims, which may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or team members.

Our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware, to the fullest extent permitted by law, will be the exclusive forum for 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 pursuant to the DGCL, our restated certificate of incorporation, or our amended and restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine.

Moreover, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all claims brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Our restated certificate of incorporation and amended and restated bylaws provide that the federal district courts of the United States will, to the fullest extent permitted by law, be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, such provision, the Federal Forum Provision. Our decision to adopt a Federal Forum Provision followed a decision by the Supreme Court of the State of Delaware holding that such provisions are facially valid under Delaware law. While there can be no assurance that federal or state courts will follow the holding of the Delaware Supreme Court or determine that the Federal Forum Provision should be enforced in a particular case, application of the Federal Forum Provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court.

Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. In addition, the Federal Forum Provision applies to suits brought to enforce any duty or liability created by the Exchange Act. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal court.

Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder.

Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to our exclusive forum provisions, including the Federal Forum Provision. These provisions may limit a stockholders' ability to bring a claim in a judicial forum of their choosing for disputes with us or our directors, officers, or team members, which may discourage lawsuits against us and our directors, officers, and team members. Alternatively, if a court were to find the choice of forum provisions contained in our restated certificate of incorporation or amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, financial condition, and operating results.

General Risk Factors

We may be adversely affected by natural disasters, pandemics and other catastrophic events, and by man-made problems such as acts of war, terrorism, that could disrupt our business operations and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

Natural disasters, pandemics, and epidemics, or other catastrophic events such as fire or power shortages, along with man-made problems such as acts of war and terrorism, and other events beyond our control may cause damage or disruption to our operations, international commerce, and the global economy, and could have an adverse effect on our business, operating results, and financial condition. While we do not have a corporate headquarters, we have team members around the world, and any such catastrophic event could occur in areas where significant portions of our team members are located. Moreover, these conditions can affect the rate of software development operations solutions spending and could adversely affect our customers' ability or willingness to attend our events or to purchase our services, delay prospective customers' purchasing decisions or project implementation timing, reduce the value or duration of their subscription contracts, affect attrition rates, or result in requests from customers for payment or pricing concessions, all of which could adversely affect our future sales and operating results. As a result, we may experience extended sales cycles; our ability to close transactions with new and existing customers and partners may be negatively impacted; our ability to recognize revenue from software transactions we do close may be negatively impacted due to implementation delays or other factors; our demand generation activities, and the efficiency and effect of those activities, may be negatively affected. Recent macroeconomic conditions, including inflation and volatile interest rates, have, and may continue to, put pressure on overall spending for our products and services, and may cause our customers to modify spending priorities or delay or abandon purchasing decisions, thereby lengthening sales cycles, and may make it difficult for us to forecast our sales and operating results and to make decisions about future investments. These and other potential effects on our business may be significant and could materially harm our business, operating results and financial condition.

In the event of a natural disaster, including a major earthquake, blizzard, or hurricane, or a catastrophic event such as a fire, power loss, or telecommunications failure, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in development of our solutions, lengthy interruptions in service, breaches of data security, and loss of critical data, all of which could have an adverse effect on our future operating results. Additionally, all of the aforementioned risks may be further increased if we do not implement a disaster recovery plan or the disaster recovery plans put in place by us or our partners prove to be inadequate.

We could be subject to securities class action litigation.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the market price of a company's securities. Such suits may seek, as applicable, direct, indirect, consequential, punitive or other penalties or monetary damages, injunctive relief, and/or attorneys' fees. This type of litigation, if instituted, could result in substantial costs, adverse publicity, and a diversion of management's attention and resources, which could adversely affect our business operating results, or financial condition. Additionally, the cost of directors' and officers' liability insurance may increase, which may cause us to opt for lower overall policy limits or to forgo insurance that we may otherwise rely on to cover significant defense costs, settlements, and damages awarded to plaintiffs.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

(a) Recent Sales of Unregistered Equity Securities

There have been no sales of unregistered securities by the company in the quarter ended July 31, 2024.

(b) Use of Proceeds

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
3.1	Restated Certificate of Incorporation 2024 of GitLab Inc, as amended.					X
10.1	GitLab Inc. Amended and Restated Separation Benefits Plan.	8-K	001-40895	10.1	6/25/2024	
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	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.					X
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.					X
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101).					X

* The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and are not deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act, irrespective of any general incorporation language contained in such filing.

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.

Date: September 3, 2024

GITLAB INC.

By: /s/ Sytse Sijbrandij
Name: Sytse Sijbrandij
Title: Chief Executive Officer

Date: September 3, 2024

By: /s/ Brian Robins
Name: Brian Robins
Title: Chief Financial Officer

Date: September 3, 2024

By: /s/ Erin Mannix
Name: Erin Mannix
Title: Chief Accounting Officer

**CERTIFICATE OF AMENDMENT OF
RESTATED CERTIFICATE OF INCORPORATION OF
GITLAB INC.**

GitLab Inc. (hereinafter called the “**Corporation**”), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the “**General Corporation Law**”), does hereby certify as follows:

- 1 That the name of this Corporation is GitLab Inc., and that this Corporation was originally incorporated pursuant to the General Corporation Law on September 10, 2014 under the name GitLab Inc. The Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on October 18, 2021, as amended (the “**Restated Charter**”).

1. Amendment to Article VIII.

(a) Article VIII of the Restated Charter is hereby amended and restated in its entirety as follows:

“ARTICLE VIII: LIMITATION OF LIABILITY”

- 1 **Limitation of Liability.** To the fullest extent permitted by law, neither a director of the Corporation nor an officer of the corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer, as applicable. Without limiting the effect of the preceding sentence, if the General Corporation Law is hereafter amended to authorize the further elimination or limitation of the liability of a director or officer, then the liability of a director or officer of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law, as so amended.
1. **Change in Rights.** Neither any amendment nor repeal of this Article VIII, nor the adoption of any provision of this Restated Certificate inconsistent with this Article VIII, shall eliminate, reduce or otherwise adversely affect any limitation on the personal liability of a director or officer of the Corporation existing at the time of such amendment, repeal or adoption of such an inconsistent provision.”
1. That the foregoing amendment was duly adopted by the Board of Directors of the Corporation in accordance with Sections 141 and 242 of the General Corporation Law and was approved by the holders of the requisite number of shares of capital stock of the Corporation acting by written consent in accordance with Sections 228 and 242 of the General Corporation Law.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Amendment on this 11th day of June, 2024.

By: /s/ Sytse Sijbrandij
Name: Sytse Sijbrandij
Title: Chief Executive Officer

GITLAB INC.
RESTATED CERTIFICATE OF INCORPORATION

GitLab Inc., a Delaware corporation, hereby certifies as follows:

1. The name of this corporation is GitLab Inc. The date of the filing of its original Certificate of Incorporation with the Secretary of State was September 10, 2014 under the name GitLab Inc.

2. The Restated Certificate of Incorporation of this corporation attached hereto as Exhibit A, which is incorporated herein by this reference, and which restates, integrates and further amends the provisions of the Certificate of Incorporation of this corporation, as previously amended and/or restated, has been duly adopted by this corporation's Board of Directors and by the stockholders in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, with the approval of this corporation's stockholders having been given by written consent without a meeting in accordance with Section 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, this corporation has caused this Restated Certificate of Incorporation to be signed by its duly authorized officer and the foregoing facts stated herein are true and correct.

Dated: October 18, 2021

By: /s/ Sytse Sijbrandij
Sytse Sijbrandij
Chief Executive Officer

EXHIBIT A
GITLAB INC.
RESTATED CERTIFICATE OF INCORPORATION
ARTICLE I: NAME

The name of this corporation is GitLab Inc. (the “*Corporation*”).

ARTICLE II: AGENT FOR SERVICE OF PROCESS

The address of the registered office of the Corporation in the State of Delaware is 251 Little Falls Drive, City of Wilmington, County of New Castle, Delaware 19808. The name of its registered agent at such address is Corporation Service Company.

ARTICLE III: PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the “*General Corporation Law*”).

ARTICLE IV: AUTHORIZED STOCK

1. Total Authorized.

1.1 The Corporation shall be authorized to issue three classes of capital stock. The total number of shares of all classes of stock which the Corporation shall have authority to issue is 1,800,000,000, consisting of (a) 1,500,000,000 shares of Class A Common Stock, \$0.0000025 par value per share (“*Class A Common Stock*”), (b) 250,000,000 shares of Class B Common Stock, \$0.0000025 par value per share (“*Class B Common Stock*” and together with the Class A Common Stock, “*Common Stock*”), and (c) 50,000,000 shares of Preferred Stock, \$0.0000025 par value per share (“*Preferred Stock*”).

1.2 The number of authorized shares of Class A Common Stock or Class B Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote thereon, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law, and no vote of the holders of the Class A Common Stock or Class B Common Stock voting separately as a class shall be required therefor.

2. Preferred Stock.

2.1 The Corporation’s Board of Directors (“*Board of Directors*”) is authorized, subject to any limitations prescribed by the law of the State of Delaware, by resolution or resolutions adopted from time to time, to provide for the issuance of shares of Preferred Stock in one or more series, and, by filing a certificate of designation pursuant to the applicable law of the State of Delaware (“*Certificate of Designation*”), to establish from time to time the number of shares to be included in each such series, to fix the designation, powers (including voting powers), preferences and relative, participating, optional or other special rights (and the qualifications, limitations or restrictions thereof) of the shares of each such series and, except where otherwise provided in the applicable Certificate of Designation, to increase (but not above the total number of authorized shares of the Preferred Stock) or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all the then-outstanding shares of capital stock of the Corporation entitled to vote thereon, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law, unless a separate vote of the holders of one or more series is required pursuant to the terms of any Certificate of Designation.

2.2 Except as otherwise expressly provided in this Restated Certificate (including any Certificate of Designation designating any series of Preferred Stock pursuant to the foregoing

provisions of this Article IV), (i) any new series of Preferred Stock may be designated, fixed and determined as provided herein by the Board of Directors without approval of the holders of the Class A Common Stock or the Class B Common Stock or the holders of the Preferred Stock, or any series thereof, and (ii) any such new series may have powers, preferences and rights, including, without limitation, voting powers, dividend rights, liquidation rights, redemption rights and conversion rights, senior to, junior to or pari passu with the rights of the Class A Common Stock or Class B Common Stock, any series of the Preferred Stock, or any future class or series of capital stock of the Corporation.

3. Rights of Class A Common Stock and Class B Common Stock.

3.1 **Equal Status.** Except as otherwise provided in this Restated Certificate of Incorporation or required by applicable law, shares of Class A Common Stock and Class B Common Stock shall have the same rights and powers, rank equally (including as to dividends and distributions, and upon any liquidation, dissolution or winding up of the Corporation, but excluding voting and other matters as described in Article IV Section 3.2 below), share ratably and be identical in all respects and as to all matters.

3.2 **Voting Rights.** Except as otherwise expressly provided by this Restated Certificate of Incorporation or as required by law, the holders of shares of Class A Common Stock and Class B Common Stock shall (i) at all times vote together as a single class and not as separate series or classes on all matters (including the election of directors) submitted to a vote of the stockholders of the Corporation, (ii) be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation (as the same may be amended and/or restated from time to time, the "***Bylaws***") and (iii) be entitled to vote upon such matters and in such manner as may be provided by applicable law; *provided, however*, that, except as otherwise required by law or this Restated Certificate of Incorporation, holders of shares of Class A Common Stock and Class B Common Stock shall not be entitled to vote on any amendment to this Restated Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Restated Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock). Except as otherwise expressly provided herein or required by applicable law, each holder of Class A Common Stock shall have the right to one (1) vote per share of Class A Common Stock held of record by such holder and each holder of Class B Common Stock shall have the right to ten (10) votes per share of Class B Common Stock held of record by such holder.

3.3 **Dividends and Distribution Rights.** Shares of Class A Common Stock and Class B Common Stock shall be treated equally, identically and ratably, on a per share basis, with respect to any dividends or distributions as may be declared and paid from time to time by the Board of Directors out of any assets of the Corporation legally available therefor; *provided, however*, that in the event a dividend is paid in the form of shares of Class A Common Stock or Class B Common Stock (or rights to acquire such shares), then holders of Class A Common Stock shall receive shares of Class A Common Stock (or rights to acquire such shares, as the case may be) and holders of Class B Common Stock shall receive shares of Class B Common Stock (or rights to acquire such shares, as the case may be), with holders of shares of Class A Common Stock and Class B Common Stock receiving, on a per share basis, an identical number of shares of Class A Common Stock or Class B Common Stock, as applicable. Notwithstanding the foregoing, the Board of Directors may pay or make a disparate dividend or distribution per share of Class A Common Stock or Class B Common Stock (whether in

the amount of such dividend or distribution payable per share, the form in which such dividend or distribution is payable, the timing of the payment, or otherwise) if (i) such disparate dividend or distribution is approved in advance by the affirmative vote of the holders of a majority of the then-outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class or (ii) such disparate dividend or distribution is paid in the form of securities (or the right to receive securities) of another entity, and (A) the holders of Class A Common Stock receive securities entitling the holder thereof to cast one vote per security (or the right to receive such securities, as applicable) and (B) the holders of Class B Common Stock receive securities entitling the holder thereof to cast ten (10) votes per security (or the right to receive such securities, as applicable). The terms of any securities distributed to stockholders pursuant to the preceding clause (ii) shall be substantially identical, other than with respect to voting rights.

3.4 Subdivisions, Combinations or Reclassifications. Shares of Class A Common Stock or Class B Common Stock may not be subdivided, combined or reclassified unless the shares of the other class are concurrently therewith proportionately subdivided, combined or reclassified in a manner that maintains the same proportionate equity ownership between the holders of the outstanding Class A Common Stock and Class B Common Stock on the record date for such subdivision, combination or reclassification; *provided, however*, that shares of one such class may be subdivided, combined or reclassified in a different or disproportionate manner if such subdivision, combination or reclassification is approved in advance by the affirmative vote of the holders of a majority of the then-outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

3.5 Liquidation, Dissolution or Winding Up. Subject to the preferential or other rights of any holders of Preferred Stock then outstanding, upon the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, holders of Class A Common Stock and Class B Common Stock will be entitled to receive ratably, on a per share basis, all assets of the Corporation available for distribution to its stockholders unless disparate or different treatment of the shares of each such class with respect to distributions upon any such liquidation, dissolution or winding up is approved in advance by the affirmative vote of the holders of a majority of the then-outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class; provided, that for the avoidance of doubt, consideration to be paid or received by a holder of Common Stock pursuant to any employment, consulting, severance or similar services arrangement shall not be deemed to be assets of the Corporation available for distribution to its stockholders for the purpose of this Section 3.5.

3.6 Merger or Consolidation. In the case of any distribution or payment made or other consideration paid in respect, or upon conversion or exchange, of the shares of Class A Common Stock or Class B Common Stock upon the merger or consolidation of the Corporation with or into any other entity, or in the case of any other transaction having an effect on stockholders substantially similar to that resulting from a merger or consolidation, such distribution or payment shall be made, or other consideration shall be paid, ratably on a per share basis among the holders of the Class A Common Stock and Class B Common Stock as a single class: *provided, however*, that shares of one such class may receive different or disproportionate distributions, payments, or other consideration in connection with such merger, consolidation or other transaction if (i) the only difference in the per share distribution, payment, or other consideration to the holders of the Class A Common Stock and Class B Common Stock is that any securities that a holder of a share of Class B Common Stock receives as part of such merger, consolidation or other transaction upon conversion or in exchange for such holder's Class B Common Stock shall have ten (10) times the voting power of any securities that

a holder of a share of Class A Common Stock receives as part of such merger, consolidation or other transaction upon conversion or in exchange for such holder's Class A Common Stock, or (ii) such merger, consolidation or other transaction is approved by the affirmative vote of the holders of a majority of the then-outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class; provided, further, that for the avoidance of doubt, consideration to be paid or received by a holder of Common Stock in connection with any such merger, consolidation or other transaction pursuant to any employment, consulting, severance or similar services arrangement shall not be deemed to be consideration paid in respect, or upon conversion or exchange, of shares of Common Stock for the purpose of this Section 3.6.

3.7 Determinations by the Board of Directors. In case of an ambiguity in the application of any provision set forth in this Section 3 or in the meaning of any term or definition set forth in this Section 3, the Board of Directors, but not a committee thereof, shall have the power to determine, in its sole discretion, the application of any such provision or any such term or definition with respect to any situation based on the facts believed in good faith by it. A determination of the Board of Directors in accordance with the preceding sentence shall be conclusive and binding on the stockholders of the Corporation. Such determination shall be evidenced in a writing adopted by the Board of Directors, and such writing shall be made available for inspection by any holder of capital stock of the Corporation upon a request in writing to the Corporation via electronic transmission to an email address designated by the Corporation on the investor relations page of its website.

ARTICLE V: CLASS B COMMON STOCK CONVERSION

1. Optional Conversion. Each share of Class B Common Stock shall be convertible into one (1) fully paid and nonassessable share of Class A Common Stock at the option of the holder thereof at any time upon written notice to the Corporation. Before any holder of Class B Common Stock shall be entitled to convert any of such holder's shares of such Class B Common Stock into shares of Class A Common Stock, such holder shall deliver an instruction, duly signed and authenticated in accordance with any procedures set forth in the Bylaws or any policies of the Corporation then in effect (which will be available upon request therefor made to the Secretary), via electronic transmission to an email address designated by the Corporation on the investor relations page of its website or of any transfer agent for the Class B Common Stock, and shall give written notice to the Corporation via electronic transmission to an email address designated by the Corporation on the investor relations page of its website of such holder's election to convert the same and shall state therein the name or names in which the shares of Class A Common Stock issuable on conversion thereof are to be registered on the books of the Corporation. The Corporation shall, as soon as practicable thereafter, register on the Corporation's books ownership of the number of shares of Class A Common Stock to which such record holder of Class B Common Stock, or to which the nominee or nominees of such record holder, shall be entitled as aforesaid. Such conversion shall be deemed to have occurred immediately prior to the close of business on the date such notice of the election to convert is received by the Corporation, and the person or persons entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Class A Common Stock as of such date. The Corporation shall not be required to register a conversion of a share of Class B Common Stock pursuant to this Section 1 of Article V unless it is permitted to do so by law.

2. Automatic Conversion. Each share of Class B Common Stock shall automatically, without further action by the Corporation or the holder thereof, be converted into one (1) fully paid and nonassessable share of Class A Common Stock immediately prior to the close of business on the earlier of (i) ten (10) years from the IPO Date (as defined below); (ii) the date fixed by the Board of Directors that is no less than 61 days and no more than 180 days following the date that the aggregate number of shares of Class B Common Stock (including shares of Class B Common Stock subject to outstanding stock options and restricted stock units) outstanding represents less than five percent (5%) of the aggregate number of shares of Common Stock then outstanding (including shares of Class B Common Stock subject to outstanding stock options and restricted stock units); (iii) the date fixed by the Board of Directors that is no less than 61 days and no more than 180 days following the date of the death or Permanent Disability of the Founder; or (iv) the date specified by the affirmative vote of the holders of Class B Common Stock representing not less than two-thirds (2/3) of the voting power of the outstanding shares of Class B Common Stock, voting separately as a single class (each of the events referred to in (i) through (iv) are referred to herein as an "***Automatic Conversion***"). The Corporation shall provide notice of an Automatic Conversion of shares of Class B Common Stock pursuant to this Section 2 of Article V to record holders of such shares of Class B Common Stock as soon as practicable following the Automatic Conversion. Such notice shall be provided by any means then permitted by the General Corporation Law; *provided, however*, that no failure to give such notice nor any defect therein shall affect the validity of an Automatic Conversion. Upon and after an Automatic Conversion, the person registered on the Corporation's books as the record holder of the shares of Class B Common Stock so converted immediately prior to an Automatic Conversion shall be

registered on the Corporation's books as the record holder of the shares of Class A Common Stock issued upon Automatic Conversion of such shares of Class B Common Stock, without further action on the part of the record holder thereof. Immediately upon the effectiveness of an Automatic Conversion, the rights of the holders of the shares of Class B Common Stock, converted pursuant to an Automatic Conversion shall cease, and the holders shall be treated for all purposes as having become the record holder or holders of such shares of Class A Common Stock into which such shares of Class B Common Stock were converted.

3. Conversion on Transfer. Each share of Class B Common Stock shall automatically, without further action by the Corporation or the holder thereof, be converted into one (1) fully paid and nonassessable share of Class A Common Stock, upon the occurrence of a Transfer (as defined below), other than a Permitted Transfer (as defined below), of such share of Class B Common Stock.

4. Policies and Procedures. The Corporation may, from time to time, establish such policies and procedures, not in violation of applicable law or this Restated Certificate of Incorporation or the Bylaws, relating to the conversion of shares of the Class B Common Stock into shares of Class A Common Stock as it may deem necessary or advisable. If the Corporation has reason to believe that a Transfer that is not a Permitted Transfer has occurred, the Corporation may request that the purported transferor furnish affidavits or other evidence to the Corporation as it reasonably deems necessary to determine whether a Transfer that is not a Permitted Transfer has occurred, and if such transferor does not within ten (10) days after the date of such request furnish sufficient (as determined by the Board of Directors (but not a committee thereof)) evidence to the Corporation (in the manner provided in the request) to enable the Corporation to determine that no such Transfer has occurred, any such shares of Class B Common Stock, to the extent not previously converted, shall be automatically converted into shares of Class A Common Stock on a one to one basis, and such conversion shall thereupon be registered on the books and records of the Corporation. In connection with any action of stockholders taken at a meeting, the stock ledger of the Corporation shall be presumptive evidence as to who are the stockholders entitled to vote in person or by proxy at any meeting of stockholders and the classes of shares held by each such stockholder and the number of shares of each class held by such stockholder.

5. Definitions.

(a) “**Convertible Security**” shall mean any evidences of indebtedness, shares of Preferred Stock or other securities (other than shares of Class B Common Stock) convertible into or exchangeable for Class B Common Stock, either directly or indirectly.

(b) “**Family Member**” shall mean with respect to any natural person who is a Qualified Stockholder, the spouse, domestic partner, parents, grandparents, lineal descendants, siblings and lineal descendants of siblings of such Qualified Stockholder. Lineal descendants shall include adopted persons, but only so long as they are adopted while a minor.

(c) “**Founder**” shall mean Sytse Sijbrandij.

(d) “**IPO Date**” shall mean [the pricing date].

(e) “**Independent Directors**” shall mean the members of the Board of Directors designated as independent directors in accordance with (i) the requirements of any national stock exchange under which the Corporation's equity securities are listed for trading that are generally

applicable to companies with common equity securities listed thereon or (ii) if the Corporation's equity securities are not listed for trading on a national stock exchange, the requirements of the Nasdaq Global Select Market generally applicable to companies with equity securities listed thereon.

(f) **"Option"** shall mean rights, options, restricted stock units or warrants to subscribe for, purchase or otherwise acquire Class B Common Stock or Convertible Securities (as defined above).

(g) **"Parent"** of an entity shall mean any entity that directly or indirectly owns or controls a majority of the voting power of the voting securities of such entity or is otherwise entitled to elect a majority of the members of the Board of Directors, or entitled to appoint or act as the governing body, of such entity.

(h) **"Permanent Disability"** shall mean an event that results in the Founder's inability to perform the material duties of his employment by reason of any medically determinable physical or mental impairment that can be expected to result in death within 12 months or can be expected to last for a continuous period of not less than 12 months, as determined by a licensed physician jointly selected by a majority of the Independent Directors and the Founder. If the Founder is incapable of selecting a licensed physician, then the Founder's spouse shall make the selection on behalf of the Founder, or in the absence or incapacity of the Founder's spouse, the Founder's parents shall make the selection on behalf of the Founder, or in the absence of parents of the Founder, a natural person then acting as the successor trustee of a revocable living trust which was created by the Founder and which holds more shares of all classes of capital stock of the Corporation than any other revocable living trust created by the Founder, shall make the selection on behalf of the Founder, or in absence of any such successor trustee, the legal guardian or conservator of the estate of the Founder shall make the selection on behalf of the Founder. In the event that the parties are unable to mutually agree upon any such licensed physician, each shall select a licensed physician, both of whom shall mutually select a third licensed physician to make the determination. Unless an objection is made by a party within 30 days of the licensed physician's determination, the Founder will be deemed to have suffered a Permanent Disability as of the date of the determination. In the event a timely objection is made to the determination that Founder has suffered a Permanent Disability, no Permanent Disability will be deemed to have occurred unless and until an affirmative ruling regarding such Permanent Disability has been made by a court of competent jurisdiction, and such ruling has become final and non-appealable.

(i) **"Permitted Entity"** shall mean with respect to a Qualified Stockholder: (i) a Permitted Trust solely for the benefit of (A) such Qualified Stockholder, (B) one or more Family Members of such Qualified Stockholder, or (C) any other Permitted Entity of such Qualified Stockholder; or (ii) any general partnership, limited partnership, limited liability company, corporation or other entity exclusively owned by (A) such Qualified Stockholder, (B) one or more Family Members of such Qualified Stockholder, or (C) any other Permitted Entity of such Qualified Stockholder.

(j) **"Permitted Foundation"** shall mean with respect to a Qualified Stockholder: a trust or private non-operating foundation that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the **"Code"**), so long as such Qualified Stockholder has dispositive power and Voting Control with respect to the shares of Class B Common Stock held by such trust or organization and the Transfer to such trust does not involve any payment of cash, securities, property or other consideration (other than an interest in such trust or organization) to such Qualified Stockholder.

(k) “**Permitted IRA**” shall mean an Individual Retirement Account, as defined in Section 408(a) of the Code, or a pension, profit sharing, stock bonus or other type of plan or trust of which a Qualified Stockholder is a participant or beneficiary and which satisfies the requirements for qualification under Section 401 of the Code; provided that in each case such Qualified Stockholder has sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held in such account, plan or trust.

(l) “**Permitted Transfer**” shall mean, and be restricted to, any Transfer of a share of Class B Common Stock:

(i) by a Qualified Stockholder to (A) one or more Family Members of such Qualified Stockholder, (B) any Permitted Entity of such Qualified Stockholder, (C) any Permitted Foundation of such Qualified Stockholder, or (D) any Permitted IRA of such Qualified Stockholder; or

(ii) by a Permitted Entity, Permitted Foundation or Permitted IRA of a Qualified Stockholder to (A) such Qualified Stockholder or one or more Family Members of such Qualified Stockholder, or (B) any other Permitted Entity, Permitted Foundation or Permitted IRA of such Qualified Stockholder.

(m) “**Permitted Transferee**” shall mean a transferee of shares of Class B Common Stock received in a Permitted Transfer.

(n) “**Permitted Trust**” shall mean a bona fide trust where each trustee is (i) a Qualified Stockholder, (ii) a Family Member of such Qualified Stockholder, (iii) a professional in the business of providing trustee services, including private professional fiduciaries, trust companies and bank trust departments, or (iv) an individual who may be removed and replaced at the sole discretion of a Qualified Stockholder or a Family Member of such Qualified Stockholder.

(o) “**Qualified Stockholder**” shall mean: (i) the record holder of a share of Class B Common Stock as of the IPO Date; (ii) the initial record holder of any shares of Class B Common Stock that are originally issued by the Corporation after the IPO Date pursuant to the exercise or exchange or conversion of any Option or Convertible Security that, in each case, was outstanding as of the IPO Date; (iii) each natural person who, prior to the IPO Date, transferred shares of capital stock of the Corporation to a Permitted Entity, Permitted Foundation or Permitted IRA that is or becomes a Qualified Stockholder; (iv) each natural person who transferred shares of, or equity awards for, Class B Common Stock (including any Option exercisable or Convertible Security exchangeable for or convertible into shares of Class B Common Stock) to a Permitted Entity, Permitted Foundation or Permitted IRA that is or becomes a Qualified Stockholder; and (v) a Permitted Transferee.

(p) “**Transfer**” of a share of Class B Common Stock shall mean any direct or indirect sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value and whether voluntary or involuntary or by operation of law, including, without limitation, a transfer of a share of Class B Common Stock to a broker or other nominee (regardless of whether there is a corresponding change in beneficial ownership), in each case after 11:59 p.m. Eastern Time on the IPO Date, or the transfer of, or entering into a binding agreement with respect to, Voting Control over such share by proxy or otherwise; provided, however, that the following shall not be considered a “Transfer”:

(i) the granting of a proxy to officers or directors of the Corporation at the request of the Board of Directors in connection with actions to be taken at an annual or special meeting of stockholders;

(ii) entering into a voting trust, agreement or arrangement (with or without granting a proxy) solely with stockholders who are holders of Class B Common Stock that (A) is disclosed either in a Schedule 13D filed with the Securities and Exchange Commission or in writing to the Secretary of the Corporation, (B) either has a term not exceeding one (1) year or is terminable by the holder of the shares subject thereto at any time and (C) does not involve any payment of cash, securities, property or other consideration to the holder of the shares subject thereto other than the mutual promise to vote shares in a designated manner;

(iii) entering into a voting trust, agreement or arrangement (with or without granting a proxy) pursuant to a written agreement to which the Corporation is a party;

(iv) the pledge of shares of Class B Common Stock by a stockholder that creates a mere security interest in such shares pursuant to a bona fide loan or indebtedness transaction for so long as such stockholder continues to exercise Voting Control over such pledged shares; provided, however, that a foreclosure on such shares or other similar action by the pledgee (including the exercise of any proxy authority granted to such pledgee pursuant to such pledge) shall constitute a Transfer unless such foreclosure or similar action qualifies as a Permitted Transfer;

(v) the fact that, as of the IPO Date or at any time after the IPO Date, the spouse of any holder of Class B Common Stock possesses or obtains an interest in such holder's shares of Class B Common Stock arising solely by reason of the application of the community property laws of any jurisdiction, so long as no other event or circumstance shall exist or have occurred that constitutes a Transfer of such shares of Class B Common Stock: provided that any transfer of shares by any holder of shares of Class B Common Stock to such holder's spouse, shall constitute a "Transfer" of such shares of Class B Common Stock unless otherwise exempt from the definition of Transfer;

(vi) entering into a trading plan pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), with a broker or other nominee; provided, however, that a sale of such shares of Class B Common Stock pursuant to such plan shall constitute a "Transfer" at the time of such sale;

(vii) any redemption, purchase or acquisition by the Corporation of a share of Class B Common Stock or any issuance or reissuance by the Corporation of a share of Class B Common Stock; or

(viii) entering into a support, voting, tender or similar agreement or arrangement (in each case, with or without the grant of a proxy) in connection with a liquidation, dissolution or winding upon of the Corporation (whether voluntary or involuntary), a merger or consolidation of the Corporation with or into any other entity or any other transaction having an effect on stockholders substantially similar to that resulting from a merger or consolidation, a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Corporation, or a transaction or series of related transactions to which the Corporation is a party in which shares of the

Corporation are transferred such that in excess of fifty percent (50%) of the Corporation's voting power is transferred, or in connection with consummating the actions or transactions contemplated thereby (including, without limitation, tendering or voting shares of Class B Common Stock in connection with such a transaction, the consummation of such a transaction or the sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of shares of Class B Common Stock or any legal or beneficial interest in shares of Class B Common Stock in connection with such a transaction); provided that any sale, tender, assignment, transfer, conveyance, hypothecation or other transfer or disposition of Class B Common Stock or any legal or economic interest therein pursuant to such a transaction, or any grant of a proxy over Class B Common Stock with respect to such a transaction without specific instructions as to how to vote such Class B Common Stock, in each case, will constitute a "Transfer" of such Class B Common Stock unless such transaction was approved by the Board of Directors prior to the taking of such action.

A Transfer shall also be deemed to have occurred with respect to a share of Class B Common Stock beneficially held by (A) an entity that is a Permitted Entity, Permitted Foundation or Permitted IRA, if there occurs any act or circumstance that causes such entity to no longer be a Permitted Entity, Permitted Foundation or Permitted IRA or (B) an entity that is a Qualified Stockholder, if, in either case, there occurs a transfer on a cumulative basis, from and after the IPO Date, of a majority of the voting power of the voting securities, or securities that otherwise entitle a party to elect a majority of the members of the board of directors or governing body, of such entity or any direct or indirect Parent of such entity, other than a transfer to parties that are, as of the IPO Date, holders of voting securities of any such entity or Parent of such entity.

(q) "***Voting Control***" shall mean, with respect to a share of Class B Common Stock, the power (whether exclusive or shared) to vote or direct the voting of such share by proxy, voting agreement or otherwise.

6. Status of Converted Stock. In the event any shares of Class B Common Stock are converted into shares of Class A Common Stock pursuant to this Article V, the shares of Class B Common Stock so converted shall be cancelled, retired and eliminated and shall not be reissued by the Corporation.

7. Effect of Conversion on Payment of Dividends. Notwithstanding anything to the contrary in Sections 1, 2 or 3 of this Article V, if the date on which any share of Class B Common Stock is converted into Class A Common Stock pursuant to the provisions of Sections 1, 2 or 3 of this Article V occurs after the record date for the determination of the holders of Class B Common Stock entitled to receive any dividend or distribution to be paid on the shares of Class B Common Stock, the holder of such shares of Class B Common Stock as of such record date will be entitled to receive such dividend or distribution on such payment date; provided, that, notwithstanding any other provision of this Restated Certificate of Incorporation, to the extent that any such dividend or distribution is payable in shares of Class B Common Stock, such shares of Class B Common Stock shall automatically be converted to Class A Common Stock on a one-to-one basis.

8. Reservation. The Corporation shall at all times reserve and keep available, out of its authorized and unissued shares of Class A Common Stock, solely for the purpose of effecting conversions of shares of Class B Common Stock into Class A Common Stock, such number of duly authorized shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all then-outstanding shares of Class B Common Stock. If at any time the number of

authorized and unissued shares of Class A Common Stock shall not be sufficient to effect the conversion of all then-outstanding shares of Class B Common Stock, the Corporation shall promptly take such corporate action as may be necessary to increase its authorized but unissued shares of Class A Common Stock to such number of shares as shall be sufficient for such purpose, including, without limitation, obtaining the requisite stockholder approval of any necessary amendment to this Restated Certificate of Incorporation. All shares of Class A Common Stock which are so issuable shall, when issued, be duly and validly issued, fully paid and non-assessable shares. The Corporation shall take all such action as may be necessary to ensure that all such shares of Class A Common Stock may be so issued without violation of any applicable law or regulation.

9. Determinations by the Board of Directors. In case of an ambiguity in the application of any provision set forth in this Article V or in the meaning of any term or definition set forth in this Article V, the Board of Directors (but not a committee thereof), shall have the power to determine, in its sole discretion, the application of any such provision or any such term or definition with respect to any situation based on the facts believed in good faith by it. A determination of the Board of Directors in accordance with the preceding sentence shall be conclusive and binding on the stockholders of the Corporation. Such determination shall be evidenced in a writing adopted by the Board of Directors, and such writing shall be made available for inspection by any holder of capital stock of the Corporation upon a request in writing to the Corporation via electronic transmission to an email address designated by the Corporation on the investor relations page of its website.

ARTICLE VI: AMENDMENT OF BYLAWS

The Board of Directors shall have the power to adopt, amend or repeal the Bylaws. Any adoption, amendment or repeal of the Bylaws by the Board of Directors shall require the approval of a majority of the Whole Board. For purposes of this Restated Certificate of Incorporation, the term “**Whole Board**” shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships. The stockholders shall also have power to adopt, amend or repeal the Bylaws; *provided, however*, that, notwithstanding any other provision of this Restated Certificate of Incorporation or any provision of law that might otherwise permit a lesser or no vote, but in addition to any vote of the holders of any class or series of stock of the Corporation required by applicable law or by this Restated Certificate of Incorporation, the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required for the stockholders to adopt, amend or repeal any provision of the Bylaws, *provided, further*, that, in the case of any proposed adoption, amendment or repeal of any provisions of the Bylaws that is approved by at least two-thirds (2/3) of the Whole Board and submitted to the stockholders for adoption thereby, then only the affirmative vote of the holders of a majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required to adopt, amend or repeal any such provision of the Bylaws.

ARTICLE VII: MATTERS RELATING TO THE BOARD OF DIRECTORS

1. Director Powers. Except as otherwise provided by the General Corporation Law or this Restated Certificate of Incorporation, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

2. Terms; Removal; Number of Directors; Vacancies and Newly Created Directorships.

2.1 The directors shall be divided, with respect to the time for which they severally hold office, into three classes as nearly equal in size as is practicable, designated as Class I, Class II and Class III, respectively (the “**Classified Board**”). The Board of Directors is authorized to assign members of the Board of Directors already in office to such classes of the Classified Board. The initial term of office of the Class I directors shall expire at the Corporation’s first annual meeting of stockholders following the closing of the Corporation’s initial public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the “**Securities Act**”), covering the offer and sale of Class A Common Stock to the public (the “**Initial Public Offering Closing**”), the initial term of office of the Class II directors shall expire at the Corporation’s second annual meeting of stockholders following the Initial Public Offering Closing, and the initial term of office of the Class III directors shall expire at the Corporation’s third annual meeting of stockholders following the Initial Public Offering Closing. At each annual meeting of stockholders following the Initial Public Offering Closing, directors elected to succeed those directors of the class whose terms then expire shall be elected for a term of office expiring at the third succeeding annual meeting of stockholders after their election.

2.2 Each director shall hold office until the annual meeting at which such director’s term expires and until such director’s successor is duly elected and qualified, or until such director’s earlier death, resignation, disqualification or removal. Any director may resign at any time upon notice to the Corporation given in writing or by any electronic transmission.

2.3 No director may be removed from the Board of Directors except for cause and only by the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

2.4 The total number of directors constituting the Whole Board shall be fixed from time to time exclusively by resolution adopted by a majority of the Whole Board. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any director.

2.5 Any vacancy occurring in the Board of Directors for any cause, and any newly created directorship resulting from any increase in the authorized number of directors, shall be filled only by the affirmative vote of a majority of the directors then in office, even if less than a quorum, or by a sole remaining director, and shall not be filled by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class to which the director has been assigned expires and until such director’s successor shall have been duly elected and qualified, or until such director’s earlier death, resignation, disqualification or removal.

2.6 The foregoing provisions of this Section 2 of Article VII shall not apply to any directorship elected separately by one or more classes or series of Preferred Stock hereinafter designated pursuant to Article IV, Section 2.1 unless the terms of such designation so provide.

2.7 In case of an ambiguity in the application of any provision set forth in this Section 2 of Article VII or in the meaning of any term or definition set forth in this Section 2 of Article VII (including any such term used in any other provision of this Restated Certificate of Incorporation), the Board of Directors, or a committee thereof, shall have the power to determine, in its sole discretion, the application of any such provision or any such term or definition with respect to any situation based on the facts believed in good faith by it. A determination of the Board of Directors (or a committee

thereof, as applicable) in accordance with the preceding sentence shall be conclusive and binding on the stockholders of the Corporation. Such determination shall be evidenced in a writing adopted by the Board of Directors (or a committee thereof, as applicable), and such writing shall be made available for inspection by any holder of capital stock of the Corporation upon a request in writing to the Corporation via electronic transmission to an email address designated by the Corporation on the investor relations page of its website.

3. Vote by Ballot. Election of directors need not be by written ballot unless the Bylaws shall so provide.

ARTICLE VIII: DIRECTOR LIABILITY

1. Limitation of Liability. To the fullest extent permitted by law, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. Without limiting the effect of the preceding sentence, if the General Corporation Law is hereafter amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law, as so amended.

2. Change in Rights. Neither any amendment nor repeal of this Article VIII, nor the adoption of any provision of this Restated Certificate of Incorporation inconsistent with this Article VIII, shall eliminate, reduce or otherwise adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such amendment, repeal or adoption of such an inconsistent provision.

ARTICLE IX: MATTERS RELATING TO STOCKHOLDERS

1. No Action by Written Consent of Stockholders. Subject to the rights of any series of Preferred Stock then outstanding, no action shall be taken by the stockholders of the Corporation except at a duly called annual or special meeting of stockholders and no action shall be taken by the stockholders of the Corporation by written consent in lieu of a meeting.

2. Special Meeting of Stockholders. Special meetings of the stockholders of the Corporation may be called only by the Chairperson of the Board of Directors, the Chief Executive Officer, the Lead Independent Director (as defined in the Bylaws) or the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board, and may not be called by the stockholders or any other person or persons.

3. Advance Notice of Stockholder Nominations and Business Transacted at Special Meetings. Advance notice of stockholder nominations for the election of directors of the Corporation and of business to be brought by stockholders before any meeting of stockholders of the Corporation shall be given in the manner provided in the Bylaws. Business transacted at special meetings of stockholders shall be limited to the purpose or purposes stated in the notice of meeting.

ARTICLE X: SEVERABILITY

If any provision of this Restated Certificate of Incorporation shall be held to be invalid, illegal, or unenforceable, then such provision shall nonetheless be enforced to the maximum extent possible

consistent with such holding and the remaining provisions of this Restated Certificate of Incorporation (including without limitation, all portions of any section of this Restated Certificate of Incorporation containing any such provision held to be invalid, illegal, or unenforceable, which is not invalid, illegal, or unenforceable) shall remain in full force and effect.

ARTICLE XI: AMENDMENT OF RESTATED CERTIFICATE OF INCORPORATION

1. General. The Corporation reserves the right to amend or repeal any provision contained in this Restated Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; *provided, however*, that, notwithstanding any provision of this Restated Certificate of Incorporation (including any Certificate of Designation) or any provision of law that might otherwise permit a lesser vote or no vote (but subject to Section 2 of Article IV hereof), but in addition to any vote of the holders of any class or series of the stock of the Corporation required by law or by this Restated Certificate of Incorporation (including any Certificate of Designation), and subject to Sections 1 and 2.1 of Article IV, the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required to amend or repeal, or adopt any provision inconsistent with, this Section 1 of this Article XI, Sections 1.2 and 2 of Article IV, or Article V, Article VI, Article VII, Article VIII, Article IX, Article X or Article XII (the “**Specified Provisions**”); *provided, further*, that, if two-thirds (2/3) of the Whole Board has approved such amendment or repeal of, or any provision inconsistent with, the Specified Provisions, then only the affirmative vote of the holders of a majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote thereon, voting together as a single class (in addition to any other vote of the holders of any class or series of stock of the Corporation required by law or by this Restated Certificate of Incorporation, including any Certificate of Designation), shall be required to amend or repeal, or adopt any provision inconsistent with, the Specified Provisions. Notwithstanding anything to the contrary herein, prior to an Automatic Conversion, and in addition to any other vote required pursuant to this Article XI, the Corporation shall not, without the prior affirmative vote of the holders of at least two-thirds (2/3) of the then-outstanding shares of Class B Common Stock, voting separately as a single class:

1.1 directly or indirectly, whether by amendment, or through merger, recapitalization, consolidation or otherwise, amend or repeal, or adopt any provision of this Restated Certificate of Incorporation inconsistent with, or otherwise alter, any provision of this Restated Certificate of Incorporation relating to the voting, conversion or other rights, powers, preferences, privileges or restrictions of the Class B Common Stock;

1.2 reclassify any outstanding shares of Class A Common Stock into shares having rights as to dividends or liquidation that are senior to the Class B Common Stock or the right to have more than one (1) vote for each share thereof; or

1.3 authorize, or issue any shares of, any class or series of capital stock of the Corporation (other than Class B Common Stock) having the right to more than one (1) vote for each share thereof.

2. Changes to or Inconsistent with Section 3 of Article IV. Notwithstanding any other provision of this Restated Certificate of Incorporation (including any Certificate of Designation) or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any vote of

the holders of any class or series of the stock of the Corporation required by law or by this Restated Certificate of Incorporation (including any Certificate of Designation), the affirmative vote of the holders of Class A Common Stock representing at least seventy-five percent (75%) of the voting power of all of the then-outstanding shares of Class A Common Stock, voting separately as a single class, and the affirmative vote of the holders of Class B Common Stock representing at least seventy-five percent (75%) of the voting power of all of the then-outstanding shares of Class B Common Stock, voting separately as a single class, shall be required to amend or repeal, or to adopt any provision inconsistent with, Section 3 of Article IV or this Section 2 of this Article XI.

ARTICLE XII: CHOICE OF FORUM; EXCLUSIVE FORUM

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of the Corporation; (ii) any action asserting a claim that is based upon a breach of a fiduciary duty owed by, or other wrongdoing by, any current or former director, officer, stockholder, employee or agent of the Corporation to the Corporation or the Corporation's stockholders; (iii) any action asserting a claim against the Corporation or any current or former director, officer, stockholder, employee or agent of the Corporation arising pursuant to any provision of the General Corporation Law, this Restated Certificate of Incorporation or the Bylaws or as to which the General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware; (iv) any action to interpret, apply, enforce or determine the validity of this Restated Certificate of Incorporation or the Bylaws; (v) any action asserting a claim against the Corporation governed by the internal affairs doctrine; or (vi) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the General Corporation Law. Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, or any successor thereto or, to the fullest extent permitted by law, under the Exchange Act, or any successor thereto. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article XII. Failure to enforce the foregoing provisions of this Article XII would cause the Corporation irreparable harm, and the Corporation shall be entitled to equitable relief, including injunctive relief and specific performance, to enforce the foregoing provisions.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sytse Sijbrandij, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of GitLab Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 3, 2024

By: /s/ Sytse Sijbrandij
Sytse Sijbrandij
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Brian Robins, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of GitLab Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 1. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 2. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 3. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 4. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 3, 2024

By: /s/ Brian Robins
Brian Robins
Chief Financial Officer
(Principal Financial Officer)

**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**

I, Sytse Sijbrandij, Chief Executive Officer of GitLab Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended July 31, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition, and results of operations of the Company.

Date: September 3, 2024

By: /s/ Sytse Sijbrandij
Sytse Sijbrandij
Chief Executive Officer
(Principal Executive Officer)

**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**

I, Brian Robins, Chief Financial Officer of GitLab Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended July 31, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition, and results of operations of the Company.

Date: September 3, 2024

By: /s/ Brian Robins
Brian Robins
Chief Financial Officer
(Principal Financial Officer)