

Company's software applications relating to upgrades and enhancements are capitalized to the extent it is probable that they will result in added functionality, while costs incurred for maintenance of, and minor upgrades and enhancements to, internal-use software are expensed as incurred. During the years ended March 31, 2019, 2018 and 2017, the Company believes the substantial majority of its development efforts were either in the preliminary project stage of development or in the operation stage (post-implementation), and accordingly, no costs have been capitalized during these periods. These costs are included in the accompanying consolidated statements of operations as research and development expense.

#### **Capitalized software and Cloud-computing Arrangements (CCA)**

The Company accounts for acquired internal-use software licenses and certain costs related to video content production related to its awareness training offering within the scope of ASC 350-40 as intangible assets (Capitalized Software). Acquired internal-use software licenses are amortized over the term of the arrangement to the line item within the consolidated statements of operations that reflects the nature of the license. Video production costs are amortized to cost of revenue over their expected useful life of five years when the content is ready for use. See Note 6 for further details.

Additionally, the Company evaluates its accounting for fees paid in a CCA to determine whether the CCA includes a license to internal-use software. If the CCA includes a software license, the Company accounts for the software license as an intangible asset. Acquired software licenses are recognized and measured at cost, which includes the present value of the license obligation if the license is to be paid for over time. If the CCA does not include a software license, the Company accounts for the arrangement as a service contract (hosting arrangement) and hosting costs are generally expensed as incurred.

Upon adoption of ASU 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-24): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract* (ASU 2018-15), the Company evaluates upfront costs including implementation, set-up or other costs (collectively, implementation costs) for hosting arrangements under the internal-use software framework. Costs related to preliminary project activities and post implementation activities are expensed as incurred, whereas costs incurred in the development stage are generally capitalized. Capitalized implementation costs are amortized on a straight-line basis over the expected term of the hosting arrangement, which includes consideration of the non-cancellable contractual term and reasonably certain renewals. During the year ended March 31, 2019, the Company capitalized \$1.7 million of implementation costs related to hosting arrangements that were incurred during the application development stage. These capitalized implementation costs will be amortized over the expected term of the arrangement and are amortized in the same line item in the consolidated statements of operations as the expense for fees for the associated hosting arrangement.

#### **Foreign Currency Translation**

The reporting currency of the Company is the U.S. dollar. The Company determines the functional currency for its non-U.S. subsidiaries by reviewing the currencies in which its respective operating activities occur. The functional currency of the Company's non-U.S. subsidiaries is generally the local currency of each subsidiary. All assets and liabilities in the balance sheets of entities whose functional currency is a currency other than the U.S. dollar are translated into U.S. dollar equivalents at exchange rates as follows: (i) asset and liability accounts at period-end rates, (ii) income statement accounts at weighted-average exchange rates for the period, and (iii) shareholders' equity accounts at historical exchange rates. Foreign exchange transaction gains and losses are included in foreign exchange (expense) income and other, net in the accompanying consolidated statements of operations. The effects of foreign currency translation adjustments are included as a component of accumulated other comprehensive loss in the accompanying consolidated balance sheets.

#### **Net Loss Per Ordinary Share**

The Company calculates basic and diluted net loss per ordinary share by dividing net loss by the weighted-average number of ordinary shares outstanding during the period. The Company has excluded other potentially dilutive shares, which include outstanding options to purchase ordinary shares and unvested restricted share units (RSUs), from the weighted-average number of ordinary shares outstanding as their inclusion in the computation for all periods would be anti-dilutive due to net losses incurred.

The following potentially dilutive ordinary share equivalents have been excluded from the calculation of diluted weighted-average shares outstanding for the years ended March 31, 2019, 2018 and 2017 as their effect would have been anti-dilutive for the periods presented (in thousands):

	Year Ended March 31,		
	2019	2018	2017
Share options outstanding	6,209	6,230	8,681
Unvested RSUs	550	33	28