

**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 January 31, 2026
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 001-38675

Elastic N.V.

(Exact name of registrant as specified in its charter)

The Netherlands
(State or other jurisdiction of
incorporation or organization)

98-1756035
(I.R.S. Employer
Identification No.)

Not Applicable¹
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **Not Applicable¹**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary shares, Par Value €0.01 Per Share	ESTC	New York Stock Exchange

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

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

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

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

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

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

As of February 23, 2026, the registrant had 103,501,008 ordinary shares, par value €0.01 per share, outstanding.

¹ We are a distributed company. Accordingly, we do not have a principal executive office. For purposes of compliance with applicable requirements of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, any shareholder communication required to be sent to our principal executive offices may be directed to the email address ir@elastic.co or to Elastic N.V., 88 Kearny St., Floor 19, San Francisco, CA 94108.

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Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “might,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- our business strategy and our plan to build our business;
- the impact of macroeconomic conditions, including declining rates of economic growth, inflationary pressures, changing interest rates, changes in U.S. federal spending, evolving international trade policies and environments, and other conditions discussed in this report, on information technology (“IT”) spending, sales cycles, and other factors affecting the demand for our offerings and our results of operations;
- our product offerings, initiatives and investments involving artificial intelligence (“AI”);
- our future financial performance, including our expectations regarding our revenue, cost of revenue, gross profit or gross margin, operating expenses (which include changes in sales and marketing, research and development and general and administrative expenses), and our ability to achieve and maintain future profitability;
- our ability to continue to deliver and improve our offerings and successfully develop new offerings;
- customer acceptance and purchase of our existing offerings and new offerings, including expanding adoption of our cloud-based offerings;
- the impact of geopolitical conditions, including the evolving conflicts in the Middle East and Russia’s war with Ukraine, on our business and on the businesses of our customers and partners, including their spending priorities;
- the impact that increased adoption of consumption-based arrangements could have on our revenue or operating results;
- the impact of changes to our licensing of our products, particularly Elasticsearch and Kibana;
- our assessments of the strength of our solutions and products;
- our service performance and security, including the resources and costs required to prevent, detect and remediate potential cybersecurity incidents and other security breaches;
- our ability to maintain and expand our user and customer base;
- continued development of the market for our products;
- competition from other products and companies with more resources, recognition and presence in our industry;
- the impact of foreign currency exchange rate and interest rate fluctuations on our results;
- the pace of change and innovation in the markets in which we operate, including the rapid evolution of technology affecting our offerings and platform such as AI, and the competitive nature of those markets;
- our ability to effectively manage our growth, including any changes to our pace of hiring;
- our international expansion strategy;
- our strategy of acquiring complementary businesses and our ability to successfully integrate acquired businesses and technologies;
- the impact of acquisitions on our future product offerings;
- our objectives and expectations for future operations;
- our relationships with and reliance on third parties, including partners;
- our ability to protect our intellectual property rights;
- our ability to develop our brands;
- the impact on our results of operations of expensing stock options and other equity awards;
- the sufficiency of our capital resources;

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- our ability to successfully defend litigation brought against us;
- our ability to successfully execute our go-to-market strategy, including the positioning of our solutions and products, and to expand in our existing markets and into new markets;
- sufficiency of our liquidity sources to meet our cash requirements for at least the next 12 months and thereafter;
- our ability to comply with laws and regulations that currently apply or may become applicable to our business both in the United States and internationally;
- the impact that changes in tax laws could have on our estimated effective tax rates;
- our ability to attract and retain qualified employees and key personnel;
- the effect of the loss of key personnel;
- our expectations about the impact of natural disasters and public health epidemics and pandemics on our business, results of operations and financial condition;
- the seasonality of our business;
- the future trading prices of our ordinary shares;
- the expected timing, amount, and effect of our share repurchases; and
- our ability to service our debt obligations.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions. These statements are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe this information forms a reasonable basis for such statements, the information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and subject to the risks and other factors described in the section titled “Risk Factors” in Part I, Item 1A and elsewhere in this report. Among other limitations, our forward-looking statements may not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments that we may make. As a result, investors are cautioned not to place undue reliance on any forward-looking statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events or circumstances on the date as of which such statements are made. We undertake no obligation to update any forward-looking statements after the date as of which they are made or to conform such statements to actual results or revised expectations, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements.

PART I—FINANCIAL INFORMATION
Item 1. Financial Statements

Elastic N.V.
Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)
(unaudited)

	As of January 31, 2026	As of April 30, 2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 737,238	\$ 727,543
Restricted cash	3,691	3,671
Marketable securities	510,808	669,717
Accounts receivable, net of allowance for credit losses of \$6,331 and \$5,510 as of January 31, 2026 and April 30, 2025, respectively	357,399	375,613
Deferred contract acquisition costs	92,931	86,205
Prepaid expenses and other current assets	85,476	68,258
Total current assets	1,787,543	1,931,007
Property and equipment, net	6,363	6,589
Goodwill	358,506	319,417
Operating lease right-of-use assets	18,819	22,334
Intangible assets, net	15,572	11,404
Deferred contract acquisition costs, non-current	127,827	117,762
Deferred tax assets	107,344	168,045
Other assets	16,441	16,295
Total assets	\$ 2,438,415	\$ 2,592,853
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 29,262	\$ 17,150
Accrued expenses and other liabilities	86,122	86,347
Accrued compensation and benefits	96,894	93,714
Operating lease liabilities	7,092	8,928
Deferred revenue	763,874	802,117
Total current liabilities	983,244	1,008,256
Deferred revenue, non-current	44,856	50,340
Long-term debt, net	570,599	569,729
Operating lease liabilities, non-current	13,985	16,357
Other liabilities, non-current	34,740	20,937
Total liabilities	1,647,424	1,665,619
Commitments and contingencies (Notes 8 and 9)		
Shareholders' equity:		
Preference shares, €0.01 par value; 165,000,000 shares authorized, 0 shares issued and outstanding as of January 31, 2026 and April 30, 2025	—	—
Ordinary shares, par value €0.01 per share: 165,000,000 shares authorized; 107,952,032 shares issued and 104,148,188 shares outstanding as of January 31, 2026; 105,534,887 shares issued and outstanding as of April 30, 2025	1,139	1,112
Treasury stock, at cost; 3,803,844 shares held as of January 31, 2026 and 35,937 shares held as of April 30, 2025	(300,444)	(369)
Additional paid-in capital	2,283,341	2,049,416
Accumulated other comprehensive loss	(25,190)	(23,204)
Accumulated deficit	(1,167,855)	(1,099,721)
Total shareholders' equity	790,991	927,234
Total liabilities and shareholders' equity	\$ 2,438,415	\$ 2,592,853

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

Elastic N.V.
Condensed Consolidated Statements of Operations
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
Revenue				
Subscription	\$ 425,727	\$ 358,198	\$ 1,212,009	\$ 1,022,779
Services	24,154	23,885	76,641	72,085
Total revenue	<u>449,881</u>	<u>382,083</u>	<u>1,288,650</u>	<u>1,094,864</u>
Cost of revenue				
Subscription	81,352	72,205	227,292	210,493
Services	25,087	24,947	77,920	71,595
Total cost of revenue	<u>106,439</u>	<u>97,152</u>	<u>305,212</u>	<u>282,088</u>
Gross profit	<u>343,442</u>	<u>284,931</u>	<u>983,438</u>	<u>812,776</u>
Operating expenses				
Research and development	114,390	93,598	331,664	271,093
Sales and marketing	176,796	153,749	524,426	455,380
General and administrative	51,645	42,222	144,413	128,980
Restructuring and other related charges	—	—	—	225
Total operating expenses	<u>342,831</u>	<u>289,569</u>	<u>1,000,503</u>	<u>855,678</u>
Operating income (loss)	611	(4,638)	(17,065)	(42,902)
Other income, net				
Interest expense	(6,254)	(6,475)	(18,897)	(19,463)
Other income, net	11,808	15,184	43,426	35,498
Income (loss) before income taxes	6,165	4,071	7,464	(26,867)
(Benefit from) provision for income taxes	(1,588)	21,127	75,598	64,866
Net income (loss)	<u>\$ 7,753</u>	<u>\$ (17,056)</u>	<u>\$ (68,134)</u>	<u>\$ (91,733)</u>
Net earnings (loss) per share attributable to ordinary shareholders				
Basic	<u>\$ 0.07</u>	<u>\$ (0.16)</u>	<u>\$ (0.64)</u>	<u>\$ (0.89)</u>
Diluted	<u>\$ 0.07</u>	<u>\$ (0.16)</u>	<u>\$ (0.64)</u>	<u>\$ (0.89)</u>
Weighted-average shares used to compute net earnings (loss) per share attributable to ordinary shareholders				
Basic	104,501,837	104,085,183	105,683,461	103,202,786
Diluted	106,195,666	104,085,183	105,683,461	103,202,786

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

Elastic N.V.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(in thousands)
(unaudited)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
Net income (loss)	\$ 7,753	\$ (17,056)	\$ (68,134)	\$ (91,733)
Other comprehensive (loss) income:				
Unrealized gain (loss) on available-for-sale securities, net of taxes	—	(212)	(70)	2,877
Foreign currency translation adjustments	(635)	(1,264)	(1,916)	(942)
Other comprehensive (loss) income	(635)	(1,476)	(1,986)	1,935
Total comprehensive income (loss)	<u>\$ 7,118</u>	<u>\$ (18,532)</u>	<u>\$ (70,120)</u>	<u>\$ (89,798)</u>

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

Elastic N.V.
Condensed Consolidated Statements of Shareholders' Equity
(in thousands, except share data)
(unaudited)

	Ordinary Shares		Treasury Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
	Shares Outstanding	Amount	Shares	Amount				
Balances as of October 31, 2025	105,820,073	\$ 1,131	1,387,589	\$ (114,545)	\$ 2,204,689	\$ (24,555)	\$ (1,175,608)	\$ 891,112
Issuance of ordinary shares upon exercise of stock options	47,888	—	—	—	519	—	—	519
Issuance of ordinary shares upon release of restricted stock units	696,482	8	—	—	(8)	—	—	—
Repurchases of ordinary shares	(2,416,255)	—	2,416,255	(185,899)	—	—	—	(185,899)
Stock-based compensation	—	—	—	—	78,141	—	—	78,141
Net income	—	—	—	—	—	—	7,753	7,753
Other comprehensive loss	—	—	—	—	—	(635)	—	(635)
Balances as of January 31, 2026	104,148,188	\$ 1,139	3,803,844	\$ (300,444)	\$ 2,283,341	\$ (25,190)	\$ (1,167,855)	\$ 790,991

	Ordinary Shares		Treasury Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
	Shares Outstanding	Amount	Shares	Amount				
Balances as of October 31, 2024	103,631,086	\$ 1,091	35,937	\$ (369)	\$ 1,895,307	\$ (18,227)	\$ (1,066,284)	\$ 811,518
Issuance of ordinary shares upon exercise of stock options	115,340	1	—	—	1,485	—	—	1,486
Issuance of ordinary shares upon release of restricted stock units	666,291	8	—	—	(8)	—	—	—
Stock-based compensation	—	—	—	—	64,634	—	—	64,634
Net loss	—	—	—	—	—	—	(17,056)	(17,056)
Other comprehensive loss	—	—	—	—	—	(1,476)	—	(1,476)
Balances as of January 31, 2025	104,412,717	\$ 1,100	35,937	\$ (369)	\$ 1,961,418	\$ (19,703)	\$ (1,083,340)	\$ 859,106

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

Elastic N.V.
Condensed Consolidated Statements of Shareholders' Equity
(in thousands, except share data)
(unaudited)

	Ordinary Shares		Treasury Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
	Shares Outstanding	Amount	Shares	Amount				
Balances as of April 30, 2025	105,534,887	\$ 1,112	35,937	\$ (369)	\$ 2,049,416	\$ (23,204)	\$ (1,099,721)	\$ 927,234
Issuance of ordinary shares upon exercise of stock options	117,935	1	—	—	1,481	—	—	1,482
Issuance of ordinary shares upon release of restricted stock units	2,108,706	24	—	—	(24)	—	—	—
Issuance of ordinary shares under employee stock purchase plan	154,567	2	—	—	11,499	—	—	11,501
Repurchases of ordinary shares	(3,767,907)	—	3,767,907	(300,075)	—	—	—	(300,075)
Stock-based compensation	—	—	—	—	220,969	—	—	220,969
Net loss	—	—	—	—	—	—	(68,134)	(68,134)
Other comprehensive loss	—	—	—	—	—	(1,986)	—	(1,986)
Balances as of January 31, 2026	<u>104,148,188</u>	<u>\$ 1,139</u>	<u>3,803,844</u>	<u>\$ (300,444)</u>	<u>\$ 2,283,341</u>	<u>\$ (25,190)</u>	<u>\$ (1,167,855)</u>	<u>\$ 790,991</u>

	Ordinary Shares		Treasury Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
	Shares Outstanding	Amount	Shares	Amount				
Balances as of April 30, 2024	101,705,935	\$ 1,070	35,937	\$ (369)	\$ 1,750,729	\$ (21,638)	\$ (991,607)	\$ 738,185
Issuance of ordinary shares upon exercise of stock options	538,916	6	—	—	8,007	—	—	8,013
Issuance of ordinary shares upon release of restricted stock units	2,001,104	22	—	—	(22)	—	—	—
Issuance of ordinary shares under employee stock purchase plan	166,762	2	—	—	10,462	—	—	10,464
Stock-based compensation	—	—	—	—	192,242	—	—	192,242
Net loss	—	—	—	—	—	—	(91,733)	(91,733)
Other comprehensive income	—	—	—	—	—	1,935	—	1,935
Balances as of January 31, 2025	<u>104,412,717</u>	<u>\$ 1,100</u>	<u>35,937</u>	<u>\$ (369)</u>	<u>\$ 1,961,418</u>	<u>\$ (19,703)</u>	<u>\$ (1,083,340)</u>	<u>\$ 859,106</u>

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

Elastic N.V.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Nine Months Ended January 31,	
	2026	2025
Cash flows from operating activities		
Net loss	\$ (68,134)	\$ (91,733)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation and amortization	8,617	10,024
Amortization of premium and accretion of discount on marketable securities, net	(3,038)	(5,785)
Amortization of deferred contract acquisition costs	81,333	71,487
Amortization of debt issuance costs	870	833
Non-cash operating lease cost	7,323	7,760
Stock-based compensation expense	220,969	192,242
Deferred income taxes	61,072	56,175
Unrealized foreign currency transaction loss	841	1,302
Other	33	(14)
Changes in operating assets and liabilities, net of impact of business acquisitions:		
Accounts receivable, net	20,552	51,537
Deferred contract acquisition costs	(97,175)	(66,970)
Prepaid expenses and other current assets	(16,721)	(12,906)
Other assets	2,558	(2,719)
Accounts payable	12,072	(16,710)
Accrued expenses and other liabilities	(425)	(12,800)
Accrued compensation and benefits	2,738	(10,211)
Operating lease liabilities	(8,341)	(9,489)
Deferred revenue	(50,960)	17,166
Net cash provided by operating activities	174,184	179,189
Cash flows from investing activities		
Purchases of property and equipment	(2,197)	(2,228)
Business acquisitions, net of cash acquired	(36,828)	—
Purchases of marketable securities	(362,425)	(388,771)
Sales, maturities, and redemptions of marketable securities	523,712	242,988
Other	(521)	—
Net cash provided by (used in) investing activities	121,741	(148,011)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares under employee stock purchase plan	11,501	10,464
Proceeds from issuance of ordinary shares upon exercise of stock options	1,482	8,013
Repurchases of ordinary shares	(300,075)	—
Net cash (used in) provided by financing activities	(287,092)	18,477
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	882	(5,137)
Net increase in cash, cash equivalents, and restricted cash	9,715	44,518
Cash, cash equivalents, and restricted cash, beginning of period	731,214	543,089
Cash, cash equivalents, and restricted cash, end of period	\$ 740,929	\$ 587,607
Supplemental disclosures of cash flow information		
Cash paid for interest	\$ 23,957	\$ 24,560
Cash paid for income taxes, net	\$ 19,970	\$ 15,868
Cash paid for operating lease liabilities	\$ 8,606	\$ 10,266
Supplemental disclosures of non-cash investing and financing information		
Property and equipment included in accounts payable	\$ 170	\$ 167
Operating lease right-of-use assets for new lease obligations	\$ 3,701	\$ 2,916
Acquisition-related indemnity holdback	\$ 8,283	\$ —

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

Elastic N.V.
Notes to Condensed Consolidated Financial Statements
(unaudited)

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1. Organization and Description of Business

Elastic N.V. (individually and together with its consolidated subsidiaries, “Elastic” or the “Company”) was incorporated under the laws of the Netherlands in 2012. The Company created the Elastic Search AI Platform, a powerful set of software products that ingest and store data from any source and in any format, and perform search, analysis, and visualization on that data. Developers build on top of the Company’s platform to apply the power of search to their data and solve business problems. The Company offers three software solutions built into its platform: Elasticsearch, Elastic Observability, and Elastic Security. The Company’s platform and its solutions are designed to run across hybrid clouds, public or private clouds, and multi-cloud environments.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying interim condensed consolidated balance sheet as of January 31, 2026, interim condensed consolidated statements of operations, comprehensive income (loss), and shareholders’ equity for the three and nine months ended January 31, 2026 and 2025, and interim condensed consolidated statements of cash flows for the nine months ended January 31, 2026 and 2025 are unaudited. These interim condensed consolidated financial statements have been prepared on a basis consistent with the annual consolidated financial statements and, in the opinion of management, include all normal recurring adjustments necessary to fairly state the Company’s financial position as of January 31, 2026; results of the Company’s operations for the three and nine months ended January 31, 2026 and 2025; statements of shareholders’ equity for the three and nine months ended January 31, 2026 and 2025; and statements of cash flows for the nine months ended January 31, 2026 and 2025. The financial data and other financial information disclosed in the notes to these interim condensed consolidated financial statements related to the three- and nine-month periods are also unaudited. The results for the three and nine months ended January 31, 2026 are not necessarily indicative of the operating results expected for the fiscal year ending April 30, 2026, or any other future period.

The unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include the financial statements of the Company and its wholly-owned subsidiaries. All intercompany transactions and accounts have been eliminated in consolidation.

Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the applicable rules and regulations of the Securities and Exchange Commission (“SEC”). The condensed consolidated balance sheet data as of April 30, 2025 was derived from the Company’s audited financial statements, but does not include all disclosures required by U.S. GAAP. Therefore, these unaudited interim condensed consolidated financial statements and accompanying footnotes should be read in conjunction with the Company’s annual consolidated financial statements and related footnotes included in the Company’s Annual Report on Form 10-K for the fiscal year ended April 30, 2025 filed with the SEC on June 10, 2025 (the “Company’s Annual Report on Form 10-K”).

Fiscal Year

The Company’s fiscal year ends on April 30. References to fiscal 2026, for example, refer to the fiscal year ending April 30, 2026.

Use of Estimates and Judgments

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 and assumptions include, but are not limited to, the standalone selling price for each distinct performance obligation included in customer contracts with multiple performance obligations, the period of benefit for deferred contract acquisition costs, allowance for credit losses, valuation of stock-based compensation, fair value of acquired intangible assets and goodwill, useful lives of acquired intangible assets and property and equipment, whether an arrangement is or contains a lease, discount rate used for operating leases, and valuation allowance for deferred income taxes. The Company bases these estimates on historical and anticipated results, trends, and various other assumptions that it believes are reasonable under the circumstances, including assumptions as to future events.

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

Significant Accounting Policies

There have been no changes to the Company's significant accounting policies described in the Company's Annual Report on Form 10-K that have had a material impact on its condensed consolidated financial statements and related notes.

Recently Adopted Accounting Pronouncements

The Company did not adopt any accounting pronouncements during the nine months ended January 31, 2026.

New Accounting Pronouncements Not Yet Adopted

Income Taxes: In December 2023, the Financial Accounting Standards Board (the "FASB") issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires enhancements and further transparency for certain income tax disclosures. The new guidance mandates consistent categories and greater disaggregation of information in the tax rate reconciliation, as well as disaggregation of income taxes paid by jurisdiction. This guidance is effective for the Company for fiscal years beginning after April 30, 2025. The Company plans to adopt this standard in its fourth quarter of fiscal 2026 and is currently assessing the appropriate transition method.

Financial Instruments: In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides a practical expedient related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under ASC 606, including those assets acquired in a business combination. The practical expedient permits an entity to assume that current conditions as of the balance sheet date do not change for the remaining life of the current accounts receivable and current contract assets. The guidance becomes effective for the Company for fiscal years beginning after April 30, 2026, and interim periods within those fiscal years. Early adoption is permitted. An entity that elects the practical expedient should apply the guidance prospectively. The Company is currently evaluating the impact of adopting this standard on its condensed consolidated financial statements.

Codification Improvements: In December 2025, the FASB issued ASU No. 2025-12, *Codification Improvements*, as part of an ongoing project to make non-substantive technical corrections, clarifications, and improvements that are not expected to have a significant effect on accounting practices or create a significant administrative cost to most entities. The amendments are varied in nature and may affect the application of guidance for cases in which the original guidance may have been unclear. The guidance becomes effective for the Company for fiscal years beginning after April 30, 2027, and interim periods within those fiscal years. Early adoption is permitted. Upon adoption, the guidance may be applied prospectively or retrospectively on an issue-by-issue basis. The Company is currently evaluating the impact of adopting this standard on its condensed consolidated financial statements.

Comprehensive Income: In November 2024, the FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, requiring more detailed disclosures about specified categories of expenses included in certain expense captions presented on the face of the income statement. The guidance becomes effective for the Company for fiscal years beginning after April 30, 2027, and interim periods within fiscal years beginning after April 30, 2028. Early adoption is permitted. Upon adoption, the guidance may be applied prospectively or retrospectively. The Company is currently evaluating the impact of adopting this standard on its condensed consolidated financial statements.

Internal-Use Software: In September 2025, the FASB issued ASU No. 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, to modernize the accounting for software costs that are accounted for under Subtopic 350-40. The new guidance removes all references to software development stages and allows software development costs to be capitalized once management commits to funding the project and it is probable that the project will be completed and used as intended. The new guidance also introduces the concept of “significant development uncertainty” which, if present, precludes capitalization. The guidance becomes effective for the Company for fiscal years beginning after April 30, 2028, and interim periods within those fiscal years. Early adoption is permitted. Upon adoption, the guidance may be applied prospectively, retrospectively, or using a modified prospective transition method. The Company is currently evaluating the impact of adopting this standard on its condensed consolidated financial statements.

Interim Reporting: In December 2025, the FASB issued ASU No. 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*, to enhance the existing interim reporting guidance without changing the fundamental nature or volume of required interim disclosures. The new guidance improves the organization and accessibility of required interim disclosure requirements, clarifies when that guidance is applicable, and introduces a new principle requiring disclosure of events occurring after the end of the most recent annual reporting period that have a material impact on the entity. The guidance becomes effective for the Company for interim periods within fiscal years beginning after April 30, 2028. Early adoption is permitted. Upon adoption, the guidance may be applied prospectively or retrospectively. The Company is currently evaluating the impact of adopting this standard on its condensed consolidated financial statements.

3. Revenue

Disaggregation of Revenue

The following table presents revenue by category (in thousands):

	Three Months Ended January 31,				Nine Months Ended January 31,			
	2026		2025		2026		2025	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue
Annual Elastic Cloud	\$ 168,561	37 %	\$ 132,908	35 %	\$ 471,341	37 %	\$ 367,341	34 %
Monthly Elastic Cloud	49,924	12 %	47,088	12 %	148,569	11 %	138,771	12 %
Total Elastic Cloud	218,485	49 %	179,996	47 %	619,910	48 %	506,112	46 %
Other subscription	207,242	46 %	178,202	47 %	592,099	46 %	516,667	47 %
Total subscription	425,727	95 %	358,198	94 %	1,212,009	94 %	1,022,779	93 %
Services	24,154	5 %	23,885	6 %	76,641	6 %	72,085	7 %
Total revenue	\$ 449,881	100 %	\$ 382,083	100 %	\$ 1,288,650	100 %	\$ 1,094,864	100 %

Concentration of Credit Risk

One customer, a channel partner, accounted for 10% and 11% of total revenue during the three and nine months ended January 31, 2026, respectively, and 12% of total revenue during the three and nine months ended January 31, 2025. The same customer accounted for 13% of net accounts receivable as of January 31, 2026. No customer accounted for 10% or more of net accounts receivable as of April 30, 2025.

Deferred Revenue

The Company recognized revenue of \$720.4 million and \$596.1 million for the nine months ended January 31, 2026 and 2025, respectively, that was included in the deferred revenue balance at the beginning of each of the respective periods.

Unbilled Accounts Receivable

Unbilled accounts receivable is recorded as part of accounts receivable, net in the Company’s condensed consolidated balance sheets. As of January 31, 2026 and April 30, 2025, unbilled accounts receivable was \$3.2 million and \$2.5 million, respectively.

Remaining Performance Obligations

Remaining performance obligations (“RPO”) represent the amount of contracted future revenue that has not been recognized, including deferred revenue and non-cancelable contracted amounts that will be invoiced and recognized as revenue in future periods. The Company’s RPO excludes performance obligations from on-demand arrangements as there are no minimum purchase commitments associated with such arrangements.

As of January 31, 2026, the Company had \$1.651 billion of RPO, of which the Company expects to recognize approximately 64% as revenue over the next twelve months, approximately 89% over the next twenty-four months, and the remainder thereafter.

Deferred Contract Acquisition Costs

Amortization expense with respect to deferred contract acquisition costs was \$28.2 million and \$81.3 million for the three and nine months ended January 31, 2026, respectively, and \$24.3 million and \$71.5 million for the three and nine months ended January 31, 2025, respectively. The Company did not recognize any impairment of deferred contract acquisition costs for the three and nine months ended January 31, 2026 and 2025.

4. Fair Value Measurements

Financial Assets

The Company measures financial assets and liabilities that are measured at fair value on a recurring basis at each reporting period using a fair value hierarchy that prioritizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. A financial instrument’s classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company considers all highly liquid investments, including money market funds with an original maturity of three months or less at the date of purchase, to be cash equivalents. The Company’s marketable securities are classified as available for sale and considered to be available for use in current operations and, therefore, the Company classifies them within current assets on the condensed consolidated balance sheets.

The Company uses quoted prices in active markets for identical assets to determine the fair value of its Level 1 investments. For Level 2 investments, the Company uses inputs other than quoted prices that are directly or indirectly observable in the market, including readily available pricing sources for the identical underlying security which may not be actively traded.

The following table summarizes assets that are measured at fair value on a recurring basis as of January 31, 2026 (in thousands):

	Level 1	Level 2	Level 3	Total
Financial Assets:				
Cash equivalents:				
Money market funds	\$ 464,407	\$ —	\$ —	\$ 464,407
U.S. agency securities	—	7,981	—	7,981
Certificates of deposit	—	2,604	—	2,604
Total included in cash equivalents	464,407	10,585	—	474,992
Marketable securities:				
U.S. treasury securities	75,644	—	—	75,644
Corporate debt securities	—	312,956	—	312,956
International treasuries	—	37,925	—	37,925
Municipal securities	—	35,787	—	35,787
Certificates of deposit	—	34,121	—	34,121
U.S. agency securities	—	8,632	—	8,632
Commercial paper	—	5,743	—	5,743
Total marketable securities	75,644	435,164	—	510,808
Mutual fund investments ⁽¹⁾				
	4,611	—	—	4,611
Total financial assets	\$ 544,662	\$ 445,749	\$ —	\$ 990,411

(1) Mutual fund investments are held in an irrevocable rabbi trust for payment obligations to non-qualified deferred compensation plan participants. The investments are recorded as part of other assets in the Company's condensed consolidated balance sheets.

The following table summarizes assets that are measured at fair value on a recurring basis as of April 30, 2025 (in thousands):

	Level 1	Level 2	Level 3	Total
Financial Assets:				
Cash equivalents:				
Money market funds	\$ 197,710	\$ —	\$ —	\$ 197,710
U.S. treasury securities	90,642	—	—	90,642
U.S. agency securities	—	20,001	—	20,001
Commercial paper	—	9,462	—	9,462
Certificates of deposit	—	6,020	—	6,020
Corporate debt securities	—	3,128	—	3,128
Total included in cash equivalents	288,352	38,611	—	326,963
Marketable securities:				
U.S. treasury securities	113,440	—	—	113,440
Corporate debt securities	—	390,077	—	390,077
Certificates of deposit	—	63,377	—	63,377
International treasuries	—	40,135	—	40,135
Municipal securities	—	34,966	—	34,966
Commercial paper	—	17,739	—	17,739
U.S. agency securities	—	9,983	—	9,983
Total marketable securities	113,440	556,277	—	669,717
Mutual fund investments ⁽¹⁾	2,646	—	—	2,646
Total financial assets	\$ 404,438	\$ 594,888	\$ —	\$ 999,326

(1) Mutual fund investments are held in an irrevocable rabbi trust for payment obligations to non-qualified deferred compensation plan participants. The investments are recorded as part of other assets in the Company's condensed consolidated balance sheets.

Interest income from the Company's cash, cash equivalents, and marketable securities was \$11.4 million and \$40.7 million for the three and nine months ended January 31, 2026, respectively, and \$12.8 million and \$35.0 million for the three and nine months ended January 31, 2025, respectively, and is included in other income, net in the condensed consolidated statements of operations.

As of January 31, 2026 and April 30, 2025, gross unrealized gains and losses on the marketable securities were not significant. The fluctuations in market interest rates impacted the unrealized losses or gains on these securities.

The fair value of available-for-sale securities, by remaining contractual maturity, are as follows (in thousands):

	As of January 31, 2026	As of April 30, 2025
Due within 1 year	\$ 233,772	\$ 368,374
Due between 1 year and 3 years	277,036	299,522
Due between 3 years and 5 years	—	1,821
Total marketable securities	\$ 510,808	\$ 669,717

Financial Liabilities

In July 2021, the Company issued \$575.0 million aggregate principal amount of 4.125% Senior Notes due July 15, 2029 (the "Senior Notes") in a private placement. Based on the trading prices of the Senior Notes, the fair value of the Senior Notes as of January 31, 2026 was approximately \$553.0 million. While the Senior Notes are recorded at cost, the fair value of the Senior Notes was determined based on quoted prices in markets that are not active; accordingly, the Senior Notes are categorized as Level 2 for purposes of the fair value measurement hierarchy.

5. Acquisitions

Conic AI Technology Limited

On October 7, 2025, the Company, acquired 100% of the share capital of Conic AI Technology Limited and its subsidiaries (collectively, “Jina AI”), for a total purchase consideration of \$43.3 million. The purchase consideration includes \$6.9 million held back by the Company for indemnity obligations, which will be released upon the 24-month anniversary of the acquisition.

The acquisition was accounted for as a business combination in accordance with ASC 805, *Business Combinations*, and, accordingly, the total purchase consideration was allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values on the acquisition date. The total purchase price allocated to developed technology and goodwill was \$6.5 million and \$32.3 million, respectively. The fair value assigned to developed technology was determined using the cost to recreate approach. The developed technology asset is being amortized on a straight-line basis over the useful life of 2 years, which approximates the pattern in which the developed technology is utilized. Goodwill resulted primarily from the expectation of enhancing the Elastic Search AI-powered solutions and the value of the acquired workforce. The resulting goodwill is not deductible for income tax purposes.

The financial results of Jina AI have been included in the Company’s condensed consolidated results of operations since the acquisition date. Pro forma and historical results of operations for this acquisition have not been presented as they were not material to the Company’s condensed consolidated results of operations.

Paladin Data Inc.

On May 21, 2025, Elasticsearch, Inc., a wholly-owned subsidiary of the Company, acquired 100% of the share capital of Paladin Data Inc., including its wholly-owned subsidiary, Keep Alerting Ltd. (collectively, “Keep”), for a total purchase consideration of \$10.9 million. The purchase consideration includes \$1.4 million held back by the Company for indemnity obligations, which will be released upon the 18-month anniversary of the acquisition.

The acquisition was accounted for as a business combination in accordance with ASC 805, *Business Combinations*, and, accordingly, the total purchase consideration was allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values on the acquisition date. The total purchase price allocated to developed technology and goodwill was \$4.0 million and \$6.7 million, respectively. The fair value assigned to developed technology was determined using the cost to recreate approach. The developed technology asset is being amortized on a straight-line basis over the useful life of 5 years, which approximates the pattern in which the developed technology is utilized. Goodwill resulted primarily from the expectation of enhancing the Elastic Search AI-powered solutions and the value of the acquired workforce. The resulting goodwill is not deductible for income tax purposes.

The financial results of Keep have been included in the Company’s condensed consolidated results of operations since the acquisition date. Pro forma and historical results of operations for this acquisition have not been presented as they were not material to the Company’s condensed consolidated results of operations.

6. Balance Sheet Components

Property and Equipment, Net

The cost and accumulated depreciation of property and equipment were as follows (in thousands):

	Useful Life (in years)	As of January 31, 2026	As of April 30, 2025
Leasehold improvements	Lesser of estimated useful life or remaining lease term	\$ 10,918	\$ 14,780
Computer hardware and software	3	4,352	4,390
Furniture and fixtures	3-5	5,691	8,025
Assets under construction		741	33
Total property and equipment		21,702	27,228
Less: accumulated depreciation		(15,339)	(20,639)
Property and equipment, net		\$ 6,363	\$ 6,589

Depreciation expense related to property and equipment was \$0.8 million and \$2.3 million for the three and nine months ended January 31, 2026, respectively, and \$0.7 million and \$2.3 million for the three and nine months ended January 31, 2025, respectively.

Intangible Assets, Net

Intangible assets consisted of the following as of January 31, 2026 (in thousands):

	Gross Fair Value	Accumulated Amortization	Net Book Value	Weighted Average Remaining Useful Life (in years)
Developed technology	\$ 85,291	\$ 69,695	\$ 15,596	2.3
Foreign currency translation adjustment			(24)	
Total			\$ 15,572	

Intangible assets consisted of the following as of April 30, 2025 (in thousands):

	Gross Fair Value	Accumulated Amortization	Net Book Value	Weighted Average Remaining Useful Life (in years)
Developed technology	\$ 76,130	\$ 64,702	\$ 11,428	2.2
Foreign currency translation adjustment			(24)	
Total			\$ 11,404	

Amortization expense for the intangible assets for the three and nine months ended January 31, 2026 and 2025 was as follows (in thousands):

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
Cost of revenue – subscription	\$ 2,598	\$ 1,577	\$ 6,332	\$ 7,687
Total amortization of acquired intangible assets	\$ 2,598	\$ 1,577	\$ 6,332	\$ 7,687

The expected future amortization expense related to the intangible assets as of January 31, 2026 was as follows (in thousands, by fiscal year):

Remainder of 2026	\$ 2,513
2027	7,293
2028	3,419
2029	1,502
2030	799
Thereafter	46
Total	\$ 15,572

Goodwill

The following table represents the changes to goodwill (in thousands):

	Carrying Amount
Balance as of April 30, 2025	\$ 319,417
Additions from acquisitions	39,011
Foreign currency translation adjustment	78
Balance as of January 31, 2026	\$ 358,506

There was no impairment of goodwill during the nine months ended January 31, 2026 and 2025.

Accrued Expenses and Other Liabilities

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

	As of January 31, 2026	As of April 30, 2025
Accrued expenses	\$ 38,304	\$ 36,585
Income taxes payable	22,173	11,690
Value added taxes payable	4,210	9,872
Accrued interest	988	6,918
Other	20,447	21,282
Total accrued expenses and other liabilities	<u>\$ 86,122</u>	<u>\$ 86,347</u>

Accrued Compensation and Benefits

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

	As of January 31, 2026	As of April 30, 2025
Accrued vacation	\$ 41,988	\$ 42,136
Accrued commissions	22,753	28,051
Accrued payroll and withholding taxes	11,768	10,007
Other	20,385	13,520
Total accrued compensation and benefits	<u>\$ 96,894</u>	<u>\$ 93,714</u>

Allowance for Credit Losses

The following is a summary of the changes in the Company's allowance for credit losses (in thousands):

	Nine Months Ended January 31,	
	2026	2025
Beginning balance	\$ 5,510	\$ 4,979
Bad debt expense	2,843	2,831
Accounts written off	(2,022)	(2,488)
Ending balance	<u>\$ 6,331</u>	<u>\$ 5,322</u>

7. Senior Notes

In July 2021, the Company issued \$575.0 million aggregate principal amount of Senior Notes in a private placement.

Interest on the Senior Notes is payable semi-annually in arrears on January 15 and July 15 of each year. Total debt issuance costs of \$9.3 million are being amortized to interest expense using the effective interest method over the term of the Senior Notes. The Company may at its election redeem all or a part of the Senior Notes, on any one or more occasions, at the redemption prices set forth in the indenture governing the Senior Notes (the "Indenture"), plus, in each case, accrued and unpaid interest thereon, if any, to, but excluding, the applicable redemption date. The Company may also at its election redeem the Senior Notes in whole, but not in part, at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, if certain changes in tax law occur as set forth in the Indenture.

If the Company experiences a change of control triggering event (as defined in the Indenture), the Company must offer to repurchase the Senior Notes at a repurchase price equal to 101% of the principal amount of the Senior Notes to be repurchased, plus accrued and unpaid interest, if any, to the repurchase date.

The Indenture contains covenants limiting the Company's ability and the ability of certain subsidiaries to create liens on certain assets to secure debt; grant a subsidiary guarantee of certain debt without also providing a guarantee of the Senior Notes; and consolidate or merge with or into, or sell or otherwise dispose of all or substantially all of its assets to, another person. These covenants are subject to a number of limitations and exceptions. Certain of these covenants will not apply during any period in which the Senior Notes are rated investment grade by Moody's Investors Service, Inc. and Standard & Poor's Ratings Services.

The net carrying amount of the Senior Notes was as follows (in thousands):

	As of January 31, 2026	As of April 30, 2025
Principal	\$ 575,000	\$ 575,000
Unamortized debt issuance costs	(4,401)	(5,271)
Net carrying amount	<u>\$ 570,599</u>	<u>\$ 569,729</u>

The following table sets forth the interest expense recognized related to the Senior Notes (in thousands):

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
Contractual interest expense	\$ 5,930	\$ 5,930	\$ 17,789	\$ 17,789
Amortization of debt issuance costs	293	280	870	833
Total interest expense related to the Senior Notes	<u>\$ 6,223</u>	<u>\$ 6,210</u>	<u>\$ 18,659</u>	<u>\$ 18,622</u>

8. Commitments and Contingencies

Cloud Hosting Commitments

During the nine months ended January 31, 2026, there were no material changes, outside the ordinary course of business, to the Company's contractual obligations and commitments reported in the Company's Annual Report on Form 10-K.

Letters of Credit

The Company had a total of \$1.6 million in letters of credit outstanding in favor of certain landlords for office space as of January 31, 2026.

Legal Matters

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

On February 11, 2025, an alleged shareholder of the Company filed a complaint in the United States District Court for the Eastern District of New York against the Company and one of its executive officers, Ashutosh Kulkarni, as well as a former executive officer of the Company, Janesh Moorjani, on behalf of a putative class of shareholders of the Company who purchased or otherwise acquired the Company's ordinary shares during the period from May 31, 2024 to August 29, 2024. The complaint, captioned "In re Elastic N.V. Securities Litigation," alleges that the defendants made materially false and misleading statements and omitted material information about the Company's business and financial results during the foregoing period in violation of Sections 10(b) and 20(a) of the Exchange Act and Exchange Act Rule 10b-5, which allegedly resulted in artificially inflated prices of the Company's shares. The complaint states that plaintiffs seek damages and attorneys' fees and costs. In May 2025, the Court appointed Lucid Alternative Fund, LP and Jeff Milan as co-lead plaintiffs in this matter. On August 1, 2025, the plaintiffs filed an amended complaint, citing the same core theories and claims but extending the class period to cover the period June 2, 2023 to August 29, 2024. On October 1, 2025, the Company filed a motion to dismiss the complaint. The plaintiffs filed an opposition to the motion on November 17, 2025, and the Company filed a reply on December 17, 2025. The motion to dismiss is pending before the Court. The Company intends to defend this case vigorously. At this stage of the proceedings, the Company can neither predict the ultimate outcome of the litigation nor estimate any range of possible losses.

The Company accrues estimates for resolution of legal and other contingencies when losses are probable and reasonably estimable.

Indemnification

The Company enters into indemnification provisions under its agreements with other companies in the ordinary course of business, including business partners, landlords, contractors and parties performing its research and development. Pursuant to these arrangements, the Company agrees to indemnify, hold harmless, and reimburse the indemnified party for certain losses suffered or incurred by the indemnified party as a result of the Company's activities. The maximum potential amount of future payments the Company could be required to make under these agreements is not determinable. The Company to date has not incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the fair value of these agreements is not material. The Company maintains commercial general liability insurance and product liability insurance to offset certain of the Company's potential liabilities under these indemnification provisions.

In addition, the Company indemnifies its officers, directors and certain key employees against certain liabilities that may arise as a result of their service on behalf of the Company. To date, there have been no claims under any indemnification provisions.

9. Leases

The Company's leases provide for rental of corporate office space under non-cancelable operating lease agreements that expire at various dates through fiscal 2036. The Company does not have any finance leases.

Lease Costs

Components of lease costs included in the condensed consolidated statements of operations were as follows (in thousands):

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
Operating lease cost	\$ 2,116	\$ 2,541	\$ 7,233	\$ 8,558
Short-term lease cost	615	507	1,939	1,707
Variable lease cost	320	312	1,305	1,039
Total lease cost	\$ 3,051	\$ 3,360	\$ 10,477	\$ 11,304

Lease term and discount rate information are summarized as follows:

	As of January 31, 2026
Weighted average remaining lease term (in years)	5.5
Weighted average discount rate	5.3 %

Future minimum lease payments under non-cancelable operating leases on an undiscounted cash flow basis as of January 31, 2026 were as follows (in thousands, by fiscal year):

Remainder of 2026	\$ 2,006
2027	6,977
2028	4,642
2029	2,739
2030	1,438
Thereafter	7,006
Total minimum lease payments	24,808
Less imputed interest	(3,731)
Present value of future minimum lease payments	21,077
Less current lease liabilities	(7,092)
Operating lease liabilities, non-current	\$ 13,985

During the nine months ended January 31, 2026, the Company executed an operating lease agreement for an office space with an expected commencement date in the first quarter of fiscal 2027 and a lease term of approximately 8.5 years. The undiscounted future minimum lease payments as of January 31, 2026 are approximately \$7.9 million.

10. Ordinary Shares

The Company's authorized ordinary share capital pursuant to its articles of association amounts to 165 million ordinary shares at a par value per ordinary share of €0.01.

Each holder of ordinary shares has the right to one vote per ordinary share. The holders of ordinary shares are also entitled to receive dividends whenever funds are legally available and when proposed by the Company's board of directors and adopted by the general meeting of shareholders, subject to the prior rights of holders of all classes of shares outstanding having priority rights to dividends. No dividends have been declared from the Company's inception through January 31, 2026.

The board of directors has been authorized by the general meeting of shareholders, on the Company's behalf, to issue the Company's ordinary shares and grant rights to acquire the Company's ordinary shares in an amount up to 20% of the issued share capital of the Company as of August 21, 2025. This authorization is valid for a period of 18 months from September 30, 2025, the date of such general meeting of shareholders, until March 30, 2027.

Preference Shares

The Company's authorized preference share capital pursuant to its articles of association amounts to 165 million preference shares at a par value per preference share of €0.01. Each holder of preference shares has rights and preferences, including the right to one vote per preference share. As of January 31, 2026, there were no preference shares issued or outstanding.

Preference shares in the capital of the Company may currently only be issued pursuant to a resolution adopted by the general meeting of shareholders at the proposal of the board of directors.

Share Repurchase Program

In October 2025, the Company's board of directors authorized a program to repurchase up to \$500.0 million of the Company's ordinary shares (the "Share Repurchase Program"). Repurchases under the Share Repurchase Program may be effected through open market purchases, block trades, accelerated or other structured share repurchase programs, or otherwise in accordance with applicable federal securities laws, including trading arrangements conducted in accordance with Rule 10b5-1 under the Exchange Act. The timing and actual number of shares repurchased will depend on a variety of factors, including price, general business and market conditions, the Company's liquidity, and other factors. The current authorization may be modified, suspended, or terminated at any time and does not have a specified expiration date.

The following table summarizes the share repurchase activity under the Company's Share Repurchase Program (in thousands, except share and per share data):

	Three Months Ended January 31, 2026	Nine Months Ended January 31, 2026
Number of shares repurchased	2,416,255	3,767,907
Weighted-average price per share ⁽¹⁾	\$ 76.92	\$ 79.62
Aggregate purchase price ⁽¹⁾	\$ 185,851	\$ 300,000

(1) Excludes transaction costs associated with the repurchases.

All repurchases were made in open market transactions. As of January 31, 2026, \$200.0 million remained available for future share repurchases under the Share Repurchase Program.

11. Equity Incentive Plans

2022 Employee Stock Purchase Plan

The Company reserved 6.0 million of its ordinary shares for purchase and issuance under the 2022 Employee Stock Purchase Plan ("2022 ESPP"). The 2022 ESPP allows eligible employees to acquire ordinary shares of the Company at a discount at periodic intervals through accumulated payroll deductions. Eligible employees purchase ordinary shares of the Company during a purchase period at 85% of the market value of the ordinary shares at either the beginning or end of an offering period, whichever is lower. Offering periods under the 2022 ESPP are approximately six months long and begin on each of March 16 or September 16 or the next trading day thereafter.

No ordinary shares were issued under the 2022 ESPP during the three months ended January 31, 2026. During the nine months ended January 31, 2026, the Company issued 154,567 ordinary shares purchased under the 2022 ESPP. Stock-based compensation expense recognized related to the 2022 ESPP was \$2.6 million and \$6.8 million for the three and nine months ended January 31, 2026, respectively, and \$2.5 million and \$7.0 million for the three and nine months ended January 31, 2025, respectively.

2012 Stock Option Plan

Under the Company’s 2012 Stock Option Plan (as amended and restated, the “2012 Plan”), the board of directors, the compensation committee, as administrator of the 2012 Plan, and any other duly authorized committee may grant stock options and other equity-based awards, such as restricted stock units (“RSUs”) (including those with performance or market conditions) to eligible employees, directors, and consultants to attract and retain talented personnel for positions of substantial responsibility, to provide additional incentive to employees, directors, and consultants, and to promote the success of the Company’s business.

The Company’s board of directors, compensation committee, or other duly authorized committee determines the vesting schedule for all equity-based awards. Stock options and RSUs granted to employees generally vest over four years, subject to the employees’ continued service to the Company. The Company’s compensation committee may explicitly deviate from the general vesting schedules in its approval of an equity-based award as it may deem appropriate. Stock options expire ten years after the date of grant. Shares subject to stock options and RSUs that are canceled under certain conditions become available for future grant of awards under the 2012 Plan unless the 2012 Plan is terminated. As of January 31, 2026, there were 27,925,338 shares available for grant under the 2012 Plan.

Stock Options

The following table summarizes stock option activity:

	Stock Options Outstanding			
	Number of Stock Options Outstanding	Weighted-Average Exercise Price	Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Balance as of April 30, 2025	1,775,723	\$ 42.16	3.88	\$ 88,617
Stock options exercised	(117,935)	\$ 12.59		
Stock options canceled	(5,000)	\$ 19.87		
Stock options assumed in acquisition canceled	(416)	\$ 78.71		
Balance as of January 31, 2026	<u>1,652,372</u>	\$ 44.33	3.25	\$ 54,475
Exercisable as of January 31, 2026	<u>1,639,038</u>	\$ 44.01	3.23	\$ 54,475

Aggregate intrinsic value represents the difference between the exercise price of the stock options to purchase the Company’s ordinary shares and the fair value of the Company’s ordinary shares. No stock options were granted during the three and nine months ended January 31, 2026 and 2025.

As of January 31, 2026, the Company had unrecognized stock-based compensation expense of \$0.6 million related to unvested stock options that the Company expects to recognize over a weighted-average period of 0.53 years.

RSUs

The following table summarizes RSU activity under the 2012 Plan:

	Number of Awards	Weighted-Average Grant Date Fair Value
Outstanding and unvested at April 30, 2025	6,523,077	\$ 93.95
RSUs granted	5,143,381	\$ 78.29
RSUs released	(2,108,706)	\$ 90.09
RSUs canceled	(691,366)	\$ 91.80
Outstanding and unvested at January 31, 2026	<u>8,866,386</u>	<u>\$ 85.95</u>

As of January 31, 2026, the Company had unrecognized stock-based compensation expense of \$697.4 million related to RSUs that the Company expects to recognize over a weighted-average period of 2.82 years.

Stock-Based Compensation Expense

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

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
Cost of revenue				
Subscription	\$ 2,599	\$ 2,430	\$ 7,441	\$ 6,971
Services	4,084	3,894	11,714	10,783
Research and development	29,375	24,858	83,515	73,102
Sales and marketing	24,161	22,136	70,625	64,037
General and administrative	17,922	11,316	47,674	37,349
Total stock-based compensation expense	<u>\$ 78,141</u>	<u>\$ 64,634</u>	<u>\$ 220,969</u>	<u>\$ 192,242</u>

12. Net Earnings (Loss) Per Share Attributable to Ordinary Shareholders

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

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
Numerator:				
Net income (loss)	\$ 7,753	\$ (17,056)	\$ (68,134)	\$ (91,733)
Denominator:				
Weighted-average shares used to compute net earnings (loss) per share attributable to ordinary shareholders				
Basic	104,501,837	104,085,183	105,683,461	103,202,786
Diluted	106,195,666	104,085,183	105,683,461	103,202,786
Net earnings (loss) per share attributable to ordinary shareholders				
Basic	\$ 0.07	\$ (0.16)	\$ (0.64)	\$ (0.89)
Diluted	\$ 0.07	\$ (0.16)	\$ (0.64)	\$ (0.89)

The following outstanding potentially dilutive ordinary shares were excluded from the computation of diluted net earnings (loss) per share attributable to ordinary shareholders for the periods presented because the impact of including them would have been antidilutive:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
Stock options	328,258	2,075,253	1,652,372	2,075,253
RSUs	3,712,645	7,012,862	8,866,386	7,012,862
2022 ESPP	—	214,690	212,020	214,690
Total	4,040,903	9,302,805	10,730,778	9,302,805

13. Income Taxes

The Company recorded a benefit from income taxes of \$1.6 million and a provision for income taxes of \$75.6 million for the three and nine months ended January 31, 2026, respectively, and a provision for income taxes of \$21.1 million and \$64.9 million for the three and nine months ended January 31, 2025, respectively. The calculation of income taxes is based upon the estimated annual effective tax rates for the year applied to the current period income before tax plus the tax effect of any significant unusual items, discrete events, or changes in tax law. The Company's effective tax rate is affected by recurring items, such as tax rates in jurisdictions both within and outside the Netherlands and the relative amounts of income that is earned in those jurisdictions, non-deductible stock-based compensation, one-time tax benefits or charges, and Base Erosion and Anti-abuse Tax ("BEAT") legislation in the United States.

The Company assesses uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainties in Tax*. The Company anticipates that the amount of reasonably possible unrecognized tax benefits that could decrease over the next twelve months due to the expiration of certain statutes of limitations and settlement of tax audits is not material to the Company's condensed consolidated financial statements.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted into law, introducing significant changes to U.S. federal tax law. While certain provisions of OBBBA are effective in the current fiscal period and have been reflected in the Company's (benefit from) provision for income taxes for the three and nine months ended January 31, 2026, based on available guidance, other provisions are effective in future periods and may impact the Company's (benefit from) provision for income taxes prospectively. Some aspects of the legislation remain subject to further clarification and interpretive guidance. The Company continues to assess the impact of the law on the Company's condensed consolidated financial statements and will update the estimates as additional guidance becomes available.

In 2021, the Organization for Economic Cooperation and Development ("OECD") published Pillar Two Model Rules defining a global minimum tax, which calls for the taxation of large corporations at a minimum rate of 15%. The OECD has since issued administrative guidance providing transition and safe harbor rules concerning the implementation of the Pillar Two global minimum tax. Many countries in which the Company operates continue to announce changes in their tax laws and regulations based on the Pillar Two framework. The Company determined that Pillar Two did not have a material impact on the Company's (benefit from) provision for income taxes for the three and nine months ended January 31, 2026. The Company continues to monitor the impact of proposed and enacted global tax legislation. In January 2026, the OECD formally published a new package of administrative guidance including the side-by-side safe harbor, which codified the framework first outlined in the June 28, 2025 statement of the Group of Seven ("G7") nations, comprising Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States. Certain aspects of the framework remain subject to interpretation as the jurisdictions continue to refine administrative procedures.

14. Employee Benefit Plans

The Company has a defined-contribution plan in the United States intended to qualify under Section 401 of the Internal Revenue Code (the "401(k) Plan"). The Company has contracted with a third-party provider to act as the 401(k) Plan's custodian and trustee, and to process and maintain the records of participant data. Substantially all the expenses incurred for administering the 401(k) Plan are paid by the Company. The 401(k) Plan covers substantially all U.S. employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation. The Company makes contributions to the 401(k) Plan of up to 6% of the participating employee's 401(k) eligible wages. The Company recorded \$5.2 million and \$16.1 million for the three and nine months ended January 31, 2026, respectively, and \$4.5 million and \$14.3 million for the three and nine months ended January 31, 2025, respectively, related to the 401(k) Plan.

The Company also has defined-contribution and other employee benefit plans in certain other countries for which the Company recorded \$4.1 million and \$12.3 million for the three and nine months ended January 31, 2026, respectively, and \$3.6 million and \$11.0 million for the three and nine months ended January 31, 2025, respectively.

15. Segment Information

The Company's Chief Executive Officer is its chief operating decision maker ("CODM"). The Company's CODM reviews discrete financial information at the consolidated level to make operating decisions, allocate resources, and evaluate financial performance. The Company operates in one operating segment and, therefore, one reportable segment.

The CODM uses consolidated net income (loss) to measure segment profit or loss to evaluate the Company's overall performance and identify any underlying trends in the business to facilitate the allocation of resources to support strategic priorities and capital allocation needs (including personnel-related and other financial or capital resources).

Significant segment expenses that are reviewed and utilized by the CODM at the consolidated level to manage the Company's operations include cost of revenue, research and development, sales and marketing, and general and administrative expenses, which are presented in the Company's condensed consolidated statements of operations. Other segment items that impact net income (loss) include interest expense, other income, net, and the (benefit from) provision for income taxes, which are presented in the Company's condensed consolidated statements of operations.

The following table summarizes the Company's total revenue by geographic area based on the location of customers (in thousands):

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
United States	\$ 239,756	\$ 213,370	\$ 703,627	\$ 618,273
Rest of world	210,125	168,713	585,023	476,591
Total revenue	\$ 449,881	\$ 382,083	\$ 1,288,650	\$ 1,094,864

Other than the United States, no individual country accounted for 10% or more of total revenue during the periods presented.

The following table presents the Company's long-lived assets, including property and equipment, net, and operating lease right-of-use assets, by geographic region (in thousands):

	As of January 31, 2026	As of April 30, 2025
United States	\$ 12,272	\$ 16,514
United Kingdom	2,538	2,817
The Netherlands	2,334	2,824
Rest of world	8,038	6,768
Total long-lived assets	\$ 25,182	\$ 28,923

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 condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and with our Management’s Discussion and Analysis of Financial Condition and Results of Operations and audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended April 30, 2025 filed with the SEC on June 10, 2025 (the “Company’s Annual Report on Form 10-K”). As discussed in the section titled “Note Regarding Forward-Looking Statements,” the following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such difference include, but are not limited to, those identified below and those discussed in our risk factors disclosed in “Item 1A. Risk Factors” of our Annual Report on Form 10-K and in “Item 1A. Risk Factors” of this Quarterly Report on Form 10-Q.

Our fiscal year end is April 30, and our fiscal quarters end on July 31, October 31, January 31, and April 30. Our fiscal year ended April 30, 2025 is referred to as fiscal 2025, and our fiscal year ending April 30, 2026 is referred to as fiscal 2026.

Overview

Elastic, the Search AI Company, enables its customers to transform data into answers, actions, and outcomes with Search AI. Our platform combines the precision of search with the intelligence of AI to help our customers and community solve real-time business problems, unlock potential value, and achieve better outcomes. Our platform, available as either a cloud service or a self-managed software, allows our customers to find insights and drive AI and machine learning use cases from large amounts of data.

We offer three Search AI-powered solutions—Elasticsearch, Elastic Observability, and Elastic Security—that are built on our platform. We help organizations, their employees, and their customers find what they need faster, while keeping mission-critical applications and infrastructure running smoothly and protecting against cyber threats.

Our platform is able to ingest data from any source, in any format, and perform search, analysis, and visualization of that data. With Elasticsearch at its core, our platform is a highly scalable document store and search engine and is the unified data store for all of our solutions and use cases. Featuring a common, solution-agnostic user interface with powerful drag-and-drop visual analytics and centralized management capabilities, our platform gives developers a full suite of sophisticated retrieval algorithms and the ability to integrate with large language models. It delivers the comprehensive set of capabilities developers need to build, maintain, and secure next-generation applications and services. Our platform can be used by developers and IT decision makers to power a variety of use cases.

We make our platform available as a service across major cloud providers. Customers can also deploy our platform across hybrid clouds, public or private clouds, and multi-cloud environments. As digital transformation continues to drive mission-critical business functions to the cloud, we believe that every company must incorporate search AI capabilities across IT and line-of-business organizations to find the answers that matter from all of its data in real time and at scale.

Our business model is based primarily on a combination of paid service offerings (Elastic Cloud Hosted and Elastic Cloud Serverless) and free and paid proprietary self-managed software (Elastic Self-Managed). Our paid offerings for our platform are sold via subscription through resource-based pricing, and all customers and users have access to varying levels of features across all solutions. In Elastic Cloud, our family of cloud-based offerings, we offer various subscription tiers tied to different features. For users who download our software, we make some of the features of our software available free of charge, allowing us to engage with a broad community of developers and practitioners and introduce them to the value of our platform.

We believe in the importance of an open software development model, and we develop the majority of our software in public repositories under an open source GNU Affero General Public License v3 (“AGPL”) license, as well as under a proprietary license. Unlike some companies, we do not build an enterprise version that is separate from our free distribution. We maintain a single code base across both our self-managed software and Elastic-hosted services. All of these actions help us build a powerful commercial business model that we believe is optimized for product-driven growth. Elastic has always been committed to open source and an open development process with transparent and direct engagement with our community. The core of Elasticsearch and Kibana (a user interface) are open source under an AGPL license, and our open source code is housed in public repositories.

We generate revenue primarily from sales of subscriptions to our platform. We offer various paid subscription tiers that provide different levels of rights to use proprietary features and access to support. We do not sell support separately. Our subscription agreements typically range from one to three years and are usually billed annually in advance. Our subscription agreements are both term-based and consumption-based, with the vast majority of Elastic Cloud subscriptions being consumption-based. We sell subscriptions in various currencies, with the majority of our subscriptions contracted in U.S. dollars, and a smaller portion contracted in Euro, British Pound Sterling, and other currencies. Elastic Cloud customers may also purchase subscriptions on a month-to-month basis without a commitment, with usage billed at the end of each month. Subscriptions accounted for 94% and 93% of total revenue for the nine months ended January 31, 2026 and 2025, respectively. We also generate revenue from consulting and training services.

We make it easy for users to begin using our products in order to drive rapid adoption. Users can either sign up for a free trial on Elastic Cloud, or download our software directly from our website without any sales interaction and immediately begin using the full set of features. Users can also sign up for Elastic Cloud through public cloud marketplaces. We conduct low-touch campaigns to keep users and customers engaged once they have begun using Elastic Cloud or have downloaded our software. We define a customer as an entity that generated revenue in the quarter ending on the measurement date from an annual or month-to-month subscription. Affiliated entities are typically counted as a single customer.

Many of these customers start with limited initial spending on our products but can significantly increase their spending over time. We drive high-touch engagement with qualified prospects and customers to drive further awareness, adoption, and expansion of our products with paid subscriptions. Expansion includes increasing the number of developers and practitioners using our products, increasing the utilization of our products for a particular use case, and utilizing our products to address new use cases. The number of customers who represented greater than \$100,000 in annual contract value (“ACV”) was over 1,660 and over 1,460 as of January 31, 2026 and 2025, respectively. The ACV of a customer’s commitments is calculated based on the terms of that customer’s subscriptions, and represents the total committed annual subscription amount as of the measurement date. Month-to-month subscriptions are not included in the calculation of ACV.

Our sales teams are organized primarily by geography and secondarily by customer segments. They focus on both seeking to obtain new customers and on pursuing additional sales to existing customers. In addition to our direct sales efforts, we maintain partnerships to further extend our reach and awareness of our products around the world.

We continue to make substantial investments in developing our platform and expanding our global sales and marketing footprint. With a distributed team spanning over 40 countries, we are able to recruit, hire, and retain high-quality, experienced technical and sales personnel and operate at a rapid pace to drive product releases, fix bugs, and create and market new products. We had 3,921 employees as of January 31, 2026.

Current Economic Conditions

Macroeconomic events, including a possible resurgence in inflation, fluctuations in economic growth, changes in and uncertainty of international trade policies, and political unrest, continue to evolve and impact worldwide economic activity. Governmental and corporate responses to these factors, including changing interest rates and unpredictable and decreased spending, will continue to affect the macroeconomic conditions. We have experienced and, if economic conditions remain uncertain or deteriorate, may continue to experience longer and more unpredictable sales cycles, increased scrutiny of prospective sales, slowing consumption and overall customer expenditures, and the impacts of changing foreign exchange rates with a strengthening or weakening U.S. dollar. We continue to closely monitor the macroeconomic environment and its effects on our business and on global economic activity, including customer spending behavior. See “Item 1A. Risk Factors” of the Company's Annual Report on Form 10-K.

Recent Developments

On July 4, 2025, OBBBA was enacted into law, introducing significant changes to U.S. federal tax law. The legislation includes provisions that impacted us in the nine months ended January 31, 2026, and other provisions that will be effective in future periods. We will continue to assess the impact of the laws as further clarifications and interpretive guidance become available. See Note 13, “Income Taxes,” of our accompanying Notes to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for additional information.

Key Factors Affecting our Performance

We believe that the growth and future success of our business depend on many factors, including those described below. While each of these factors presents significant opportunities for our business, they also pose important challenges that we must successfully address in order to sustain our growth and improve our results of operations.

Developing new features for the Elastic Search AI Platform. Our platform is applied to various use cases by customers, including through the solutions we offer. Our revenue is derived primarily from subscriptions of Search, Observability and Security built into our platform. We believe that releasing additional features of our platform, including our solutions, drives usage of our products and ultimately drives our growth. To that end, we plan to continue to invest in building new features and solutions that expand the capabilities of our platform. These investments may adversely affect our operating results prior to generating benefits, to the extent that they ultimately generate benefits at all.

Growing the Elastic community. Our strategy consists of providing access to source available software, on both a paid and free-of-charge basis, and fostering a community of users and developers. Our strategy is designed to pursue what we believe to be significant untapped potential for the use of our technology. After developers begin to use our software and start to participate in our developer community, they become more likely to apply our technology to additional use cases and promote our technology within their organizations. This reduces the time required for our sales force to educate potential customers on our solutions. To capitalize on our opportunity, we intend to make further investments to keep our platform accessible and well known to software developers around the world. We intend to continue to invest in our products and support and engage our user base and developer community through content, events, and conferences in the United States and internationally. Our results of operations may fluctuate as we make these investments.

Growing our customer base by converting users of our software to paid subscribers. Our financial performance depends on growing our paid customer base by converting free users of our software into paid subscribers. Our distribution model has resulted in rapid adoption by developers around the world. We have invested, and expect to continue to invest, heavily in sales and marketing efforts to convert additional free users to paid subscribers. Our investment in sales and marketing is significant given our large and diverse user base. These investments are likely to occur before we realize the anticipated benefits of such investments, such that they may adversely affect our operating results in the near term.

On November 12, 2024, we added the AGPL as an option to license the free part of our Elasticsearch and Kibana source code that has been available under the Elastic License 2.0 and Server Side Public License Version 1.0. AGPL is an Open Source Initiative-approved open source license. We anticipate that the addition of this license will drive further engagement and adoption of our software in areas such as vector search within our large community, further increasing our appeal for driving AI and machine learning use cases from large amounts of data. Subject to compliance with the conditions of AGPL, anyone may also redistribute our software in modified or unmodified form or use it to provide a competitive product or service offering.

Expanding within our current customer base. Our future growth and profitability depend on our ability to drive additional sales to existing customers. Customers often expand the use of our software within their organizations by increasing the number of developers using our products, increasing the utilization of our products for a particular use case, and expanding use of our products to additional use cases. We focus some of our direct sales efforts on encouraging these types of expansion within our customer base.

We believe that a useful indication of how our customer relationships have expanded over time is through our Net Expansion Rate, which is based upon trends in the rate at which customers increase their spend with us. To calculate an expansion rate as of the end of a given month, we start with the annualized spend from all such customers as of twelve months prior to that month end, which we refer to as Prior Period Value. A customer's annualized spend is measured as its ACV, or in the case of customers charged on usage-based arrangements, by annualizing the usage for that month. We then calculate the annualized spend from these same customers as of the given month end, which we refer to as Current Period Value, which includes any growth in the value of their subscriptions or usage and is net of contraction or attrition over the prior twelve months. We then divide the Current Period Value by the Prior Period Value to arrive at an expansion rate. The Net Expansion Rate at the end of any period is the weighted average of the expansion rates as of the end of each of the trailing twelve months. The Net Expansion Rate includes the dollar-weighted value of our subscriptions or usage that expand, renew, contract, or experience attrition. For instance, if each customer had a one-year subscription and renewed its subscription for the same amount, the Net Expansion Rate would be 100%. Customers who reduced their annual subscription dollar value (contraction) or did not renew their annual subscription (attrition) would adversely affect the Net Expansion Rate. Our Net Expansion Rate was approximately 112% as of January 31, 2026.

As large organizations expand their use of our platform across multiple use cases, projects, divisions, and users, they often begin to require centralized provisioning, management and monitoring across multiple deployments. To satisfy these requirements, our Enterprise subscription tier provides access to key orchestration and deployment management capabilities. We will continue to focus some of our direct sales efforts on driving adoption of our paid offerings.

Increasing adoption of Elastic Cloud. Elastic Cloud, our family of cloud-based offerings, is an important growth opportunity for our business. Organizations are increasingly looking for hosted deployment alternatives with reduced administrative burdens. In some cases, users of our source available software that have been self-managing deployments of our platform subsequently become paying subscribers of Elastic Cloud. For the nine months ended January 31, 2026 and 2025, Elastic Cloud contributed 48% and 46% of our total revenue, respectively. We believe that offering Elastic Cloud is important for achieving our long-term growth potential, and we expect Elastic Cloud's contribution to our subscription revenue to continue to increase over time. However, we expect that an increase in the relative contribution of Elastic Cloud to our business will continue to have a modest adverse impact on our gross margin as a result of the associated third-party hosting costs.

Components of Results of Operations

Revenue

Subscription. Our revenue is primarily generated through the sale of subscriptions to software, which is either self-managed by the user or hosted and managed by us in the cloud. Subscriptions provide the right to use paid proprietary software features and access to support for our paid and unpaid software. Our subscription agreements are either term-based or consumption-based, with the vast majority of Elastic Cloud subscriptions being consumption-based.

A portion of the revenue from self-managed subscriptions is generally recognized up front at the point in time when the license is delivered and the remainder is recognized ratably over the subscription term. Revenue from subscriptions that require access to the cloud or that are hosted and managed by us is recognized ratably over the subscription term or on a usage basis for consumption-based arrangements. Both are presented within Subscription revenue in our condensed consolidated statements of operations.

Services. Services is composed of implementation and other consulting services as well as public and private training. Revenue for services is recognized as these services are delivered.

Cost of Revenue

Subscription. Cost of subscription consists primarily of personnel and related costs for employees associated with supporting our subscription arrangements, certain third-party expenses, and amortization of certain intangible and other assets. Personnel and related costs comprise cash compensation, benefits and stock-based compensation to employees, costs of third-party contractors, and allocated overhead costs. Third-party expenses consist of cloud hosting costs and other expenses directly associated with our customer support. We expect our cost of subscription to increase in absolute dollars as our subscription revenue increases.

Services. Cost of services revenue consists primarily of personnel costs directly associated with delivery of training, implementation and other services, costs of third-party contractors, facility rental charges and allocated overhead costs. We expect our cost of services to increase in absolute dollars as we invest in our business and as services revenue increases.

Gross profit and gross margin. Gross profit represents revenue less cost of revenue. Gross margin, or gross profit as a percentage of revenue, has been and will continue to be affected by a variety of factors, including the timing of our acquisition of new customers and our renewals with existing customers, the average sales price of our subscriptions and services, the amount of our revenue represented by hosted services, the mix of subscriptions sold, the mix of revenue between subscriptions and services, the mix of services between consulting and training, transaction volume growth and support case volume growth. We expect our gross margin to fluctuate over time depending on the factors described above. We expect our revenue from Elastic Cloud to continue to increase as a percentage of total revenue, which we expect will continue to have a modest unfavorable impact on our gross margin as a result of the associated third-party hosting costs.

Operating Expenses

Research and development. Research and development expense primarily consists of personnel and related costs and allocated overhead costs. We expect our research and development expense to increase in absolute dollars for the foreseeable future as we continue to develop new technology and invest further in our existing products.

Sales and marketing. Sales and marketing expense primarily consists of personnel and related costs, commissions, allocated overhead costs and costs related to marketing programs and user events. Marketing programs consist of advertising, events, brand-building and customer acquisition and retention activities. We expect our sales and marketing expense to increase in absolute dollars as we expand our sales force and increase our investments in marketing resources. We capitalize sales commissions and associated payroll taxes paid to internal sales personnel that are related to the acquisition of certain customer contracts. Deferred contract acquisition costs are amortized over the expected benefit period.

General and administrative. General and administrative expense primarily consists of personnel and related costs for our management, finance, legal, human resources, and other administrative employees. Our general and administrative expense also includes professional fees, accounting fees, audit fees, tax services and legal fees, as well as insurance, allocated overhead costs, and other corporate expenses. We expect our general and administrative expense to increase in absolute dollars as we increase the size of our general and administrative functions to support the growth of our business.

Restructuring and other related charges. Restructuring and other related charges primarily consist of employee-related severance and other termination benefits as well as lease impairment and other facilities-related charges.

Other Income, Net

Interest expense. Interest expense primarily consists of interest on our Senior Notes.

Other income, net. Other income, net primarily consists of interest income, gains and losses from transactions denominated in a currency other than the functional currency, and miscellaneous other non-operating gains and losses.

(Benefit from) Provision for Income Taxes

(Benefit from) provision for income taxes consists primarily of income taxes related to the Netherlands, U.S. federal and state, and foreign jurisdictions in which we conduct business. Our effective tax rate is affected by recurring items, such as tax rates in jurisdictions outside the Netherlands and the relative amounts of income we earn in those jurisdictions, non-deductible stock-based compensation, one-time tax benefits, and BEAT legislation in the United States.

Results of Operations

The following table sets forth our results of operations for the periods presented:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
	(in thousands)			
Revenue				
Subscription	\$ 425,727	\$ 358,198	\$ 1,212,009	\$ 1,022,779
Services	24,154	23,885	76,641	72,085
Total revenue	449,881	382,083	1,288,650	1,094,864
Cost of revenue ⁽¹⁾⁽²⁾				
Subscription	81,352	72,205	227,292	210,493
Services	25,087	24,947	77,920	71,595
Total cost of revenue	106,439	97,152	305,212	282,088
Gross profit	343,442	284,931	983,438	812,776
Operating expenses ⁽¹⁾⁽²⁾⁽³⁾				
Research and development	114,390	93,598	331,664	271,093
Sales and marketing	176,796	153,749	524,426	455,380
General and administrative	51,645	42,222	144,413	128,980
Restructuring and other related charges	—	—	—	225
Total operating expenses	342,831	289,569	1,000,503	855,678
Operating income (loss) ⁽¹⁾⁽²⁾⁽³⁾	611	(4,638)	(17,065)	(42,902)
Other income, net				
Interest expense	(6,254)	(6,475)	(18,897)	(19,463)
Other income, net	11,808	15,184	43,426	35,498
Income (loss) before income taxes	6,165	4,071	7,464	(26,867)
(Benefit from) provision for income taxes	(1,588)	21,127	75,598	64,866
Net income (loss)	\$ 7,753	\$ (17,056)	\$ (68,134)	\$ (91,733)

(1) Includes stock-based compensation expense and related employer taxes as follows:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
	(in thousands)			
Cost of revenue				
Subscription	\$ 2,730	\$ 2,597	\$ 7,946	\$ 7,478
Services	4,209	4,057	12,296	11,393
Research and development	30,050	25,900	86,257	76,399
Sales and marketing	24,724	22,946	72,979	66,829
General and administrative	18,138	11,554	48,479	38,203
Total stock-based compensation expense and related employer taxes	\$ 79,851	\$ 67,054	\$ 227,957	\$ 200,302

(2) Includes amortization of acquired intangible assets as follows:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
	(in thousands)			
Cost of revenue				
Subscription	\$ 2,598	\$ 1,577	\$ 6,332	\$ 7,687
Total amortization of acquired intangibles	\$ 2,598	\$ 1,577	\$ 6,332	\$ 7,687

(3) Includes acquisition-related expenses as follows:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
	(in thousands)			
Research and development	\$ 238	\$ 22	\$ 310	\$ 76
General and administrative	198	7	885	105
Total acquisition-related expenses	\$ 436	\$ 29	\$ 1,195	\$ 181

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The following table sets forth selected condensed consolidated statements of operations data for each of the periods indicated as a percentage of total revenue:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
Revenue				
Subscription	95 %	94 %	94 %	93 %
Services	5 %	6 %	6 %	7 %
Total revenue	100 %	100 %	100 %	100 %
Cost of revenue ⁽¹⁾⁽²⁾				
Subscription	18 %	19 %	18 %	19 %
Services	6 %	6 %	6 %	7 %
Total cost of revenue	24 %	25 %	24 %	26 %
Gross profit	76 %	75 %	76 %	74 %
Operating expenses ⁽¹⁾⁽²⁾⁽³⁾				
Research and development	25 %	25 %	26 %	25 %
Sales and marketing	39 %	40 %	40 %	41 %
General and administrative	12 %	11 %	11 %	12 %
Restructuring and other related charges	— %	— %	— %	— %
Total operating expenses	76 %	76 %	77 %	78 %
Operating income (loss) ⁽¹⁾⁽²⁾⁽³⁾	— %	(1)%	(1)%	(4)%
Other income, net				
Interest expense	(2)%	(2)%	(1)%	(2)%
Other income, net	3 %	4 %	3 %	4 %
Income (loss) before income taxes	1 %	1 %	1 %	(2)%
(Benefit from) provision for income taxes	(1)%	5 %	6 %	6 %
Net income (loss)	2 %	(4)%	(5)%	(8)%

(1) Includes stock-based compensation expense and related employer taxes as follows:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
Cost of revenue				
Subscription	1 %	1 %	— %	1 %
Services	1 %	1 %	1 %	1 %
Research and development	7 %	7 %	7 %	7 %
Sales and marketing	5 %	6 %	6 %	6 %
General and administrative	4 %	3 %	4 %	3 %
Total stock-based compensation expense and related employer taxes	18 %	18 %	18 %	18 %

(2) Includes amortization of acquired intangible assets as follows:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
Cost of revenue				
Subscription	1 %	— %	— %	1 %
Total amortization of acquired intangibles	1 %	— %	— %	1 %

(3) Includes acquisition-related expenses as follows:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2026	2025	2026	2025
Research and development	— %	— %	— %	— %
General and administrative	— %	— %	— %	— %
Total acquisition-related expenses	— %	— %	— %	— %

Comparison of Three Months Ended January 31, 2026 and 2025

Revenue

	Three Months Ended January 31,		Change	
	2026	2025	\$	%
(in thousands)				
Revenue				
Subscription	\$ 425,727	\$ 358,198	\$ 67,529	19 %
Services	24,154	23,885	269	1 %
Total revenue	\$ 449,881	\$ 382,083	\$ 67,798	18 %

Subscription revenue increased by \$67.5 million, or 19%, for the three months ended January 31, 2026 compared to the same period of the prior year. This increase was primarily driven by continued adoption of both Elastic Cloud and Other subscriptions, which grew 21% and 16%, respectively, over the same period of the prior year. The increase in Elastic Cloud revenue was primarily attributable to an increase in revenue from Annual Elastic Cloud by 27%.

Services revenue increased by \$0.3 million, or 1%, for the three months ended January 31, 2026 compared to the same period of the prior year. The increase in services revenue was attributable to increased adoption of our services offerings.

Cost of Revenue and Gross Margin

	Three Months Ended January 31,		Change	
	2026	2025	\$	%
	(in thousands)			
Cost of revenue				
Subscription	\$ 81,352	\$ 72,205	\$ 9,147	13 %
Services	25,087	24,947	140	1 %
Total cost of revenue	\$ 106,439	\$ 97,152	\$ 9,287	10 %
Gross profit	\$ 343,442	\$ 284,931	\$ 58,511	21 %
Gross margin:				
Subscription	81 %	80 %		
Services	(4)%	(4)%		
Total gross margin	76 %	75 %		

Cost of subscription revenue increased by \$9.1 million, or 13%, for the three months ended January 31, 2026 compared to the same period of the prior year. The increase was primarily due to an increase of \$6.6 million in cloud infrastructure costs, \$1.0 million in intangible assets amortization, \$1.0 million in personnel and related costs, and \$0.5 million in third-party costs. Subscription gross margin increased to 81% for the three months ended January 31, 2026 compared to 80% for the same period of the prior year primarily due to efficiencies realized in managing our cloud infrastructure costs relative to revenue growth.

Cost of services revenue and gross margin for services revenue remained relatively flat for the three months ended January 31, 2026 compared to the same period of the prior year. We continue to make investments in our services organization that we believe will be needed to support our continued growth. Our gross margin for services may fluctuate or decline in the near term as we seek to expand our services business.

Operating Expenses

Research and development

	Three Months Ended January 31,		Change	
	2026	2025	\$	%
	(in thousands)			
Research and development	\$ 114,390	\$ 93,598	\$ 20,792	22 %

Research and development expense increased by \$20.8 million, or 22%, for the three months ended January 31, 2026 compared to the same period of the prior year as we continued to invest in the development of new and existing offerings. The increase was primarily due to increases of \$17.1 million in personnel and related costs and \$2.7 million in cloud infrastructure costs related to our research and development activities. The increase in personnel and related costs included increases of \$11.0 million in salaries and related taxes, \$4.5 million in stock-based compensation, and \$1.6 million in employee benefits expense.

Sales and marketing

	Three Months Ended January 31,		Change	
	2026	2025	\$	%
	(in thousands)			
Sales and marketing	\$ 176,796	\$ 153,749	\$ 23,047	15 %

Sales and marketing expense increased by \$23.0 million, or 15%, for the three months ended January 31, 2026 compared to the same period of the prior year. The increase was primarily due to an increase of \$19.4 million in personnel and related costs, \$2.1 million in travel expenses, and \$1.1 million in marketing expenses. The increase in personnel and related costs included increases of \$10.6 million in salaries and related taxes, \$4.5 million in commission expense, \$2.1 million in employee benefits expense, and \$2.0 million in stock-based compensation.

General and administrative

	Three Months Ended January 31,		Change	
	2026	2025	\$	%
	(in thousands)			
General and administrative	\$ 51,645	\$ 42,222	\$ 9,423	22 %

General and administrative expense increased by \$9.4 million, or 22%, for the three months ended January 31, 2026 compared to the same period of the prior year. The increase was primarily due to increases of \$9.6 million in personnel and related costs, offset by a net decrease of \$0.2 million in miscellaneous business expenses. The increase in personnel and related costs included increases of \$6.6 million in stock-based compensation, \$2.0 million in salaries and related taxes, and \$0.7 million in employee benefits expense.

Other Income, Net

Interest expense

	Three Months Ended January 31,		Change	
	2026	2025	\$	%
	(in thousands)			
Interest expense	\$ (6,254)	\$ (6,475)	\$ 221	(3)%

Interest expense remained relatively flat for the three months ended January 31, 2026 compared to the same period of the prior year.

Other income, net

	Three Months Ended January 31,		Change	
	2026	2025	\$	%
	(in thousands)			
Other income, net	\$ 11,808	\$ 15,184	\$ (3,376)	(22)%

Other income, net decreased by \$3.4 million, or (22)%, for the three months ended January 31, 2026 compared to the same period of the prior year. The decrease was primarily due to an increase of \$2.0 million in net foreign currency exchange losses and a decrease of \$1.2 million in interest and other investment income primarily from our marketable securities.

(Benefit from) Provision for Income Taxes

	Three Months Ended January 31,		Change	
	2026	2025	\$	%
	(in thousands)			
(Benefit from) provision for income taxes	\$ (1,588)	\$ 21,127	\$ (22,715)	(108)%

The benefit from income taxes was \$1.6 million for the three months ended January 31, 2026 compared to a provision for income taxes of \$21.1 million for the same period of the prior year. Our effective tax rate was (26)% and 519% of our income before income taxes for the three months ended January 31, 2026 and 2025, respectively. Our interim tax provision excludes pre-tax losses in jurisdictions where a valuation allowance is maintained, which causes the provision to reflect only tax provisions in jurisdictions with profitable operations and results in a disproportionate effective tax rate. Our effective tax rate is affected by recurring items, such as tax rates in jurisdictions both within and outside the Netherlands and the relative amounts of income that is earned in those jurisdictions, non-deductible stock-based compensation, one-time tax benefits or charges, and BEAT legislation in the United States.

We maintain a full valuation allowance against our deferred tax assets in the Netherlands, the United Kingdom, and certain states in the United States. We have determined it is reasonably possible that within the next 12 months there may be sufficient positive evidence to release a portion or all of the valuation allowance in one or more future periods. A release of valuation allowance, if any, would result in the recognition of certain deferred tax assets and a material non-cash income tax benefit for the period in which such release is recorded, which could have a material impact on net income (loss). The timing and amount of a potential release of the valuation allowance are subject to significant management judgment regarding future earnings, future market conditions, and our ability to successfully execute our business plans and tax planning activities.

Comparison of Nine Months Ended January 31, 2026 and 2025

Revenue

	Nine Months Ended January 31,		Change	
	2026	2025	\$	%
(in thousands)				
Revenue				
Subscription	\$ 1,212,009	\$ 1,022,779	\$ 189,230	19 %
Services	76,641	72,085	4,556	6 %
Total revenue	\$ 1,288,650	\$ 1,094,864	\$ 193,786	18 %

Subscription revenue increased by \$189.2 million, or 19%, for the nine months ended January 31, 2026 compared to the same period of the prior year. This increase was primarily driven by continued adoption of both Elastic Cloud and Other subscriptions, which grew 22% and 15%, respectively, over the prior year. The increase in Elastic Cloud revenue was primarily attributable to an increase in revenue from Annual Elastic Cloud by 28% over the prior year.

Services revenue increased by \$4.6 million, or 6%, for the nine months ended January 31, 2026 compared to the same period of the prior year. The increase in services revenue was attributable to increased adoption of our services offerings.

Cost of Revenue and Gross Margin

	Nine Months Ended January 31,		Change	
	2026	2025	\$	%
(in thousands)				
Cost of revenue				
Subscription	\$ 227,292	\$ 210,493	\$ 16,799	8 %
Services	77,920	71,595	6,325	9 %
Total cost of revenue	\$ 305,212	\$ 282,088	\$ 23,124	8 %
Gross profit	\$ 983,438	\$ 812,776	\$ 170,662	21 %
Gross margin:				
Subscription	81 %	79 %		
Services	(2)%	1 %		
Total gross margin	76 %	74 %		

Cost of subscription revenue increased by \$16.8 million, or 8%, for the nine months ended January 31, 2026 compared to the same period of the prior year. This increase was primarily due to an increase of \$13.2 million in cloud infrastructure costs, \$2.8 million in personnel and related costs, and \$1.7 million in third-party costs. These increases were partially offset by a decrease of \$1.4 million in intangible assets amortization. Subscription gross margin increased to 81% for the nine months ended January 31, 2026 compared to 79% for the same period of the prior year primarily due to efficiencies realized in managing our cloud infrastructure costs relative to revenue growth.

Cost of services revenue increased by \$6.3 million, or 9%, for the nine months ended January 31, 2026 compared to the same period of the prior year. This increase was primarily due to increases of \$4.0 million in personnel and related costs, \$1.5 million in travel expenses, and \$0.8 million in miscellaneous other expenses. Gross margin for services revenue was (2)% for the nine months ended January 31, 2026 compared to 1% for the same period of the prior year. The decrease in gross margin was primarily attributable to increases in travel expenses and personnel and related costs. We continue to make investments in our services organization that we believe will be needed to support our continued growth. Our gross margin for services may fluctuate or decline in the near term as we seek to expand our services business.

Operating Expenses

Research and development

	Nine Months Ended January 31,		Change	
	2026	2025	\$	%
	(in thousands)			
Research and development	\$ 331,664	\$ 271,093	\$ 60,571	22 %

Research and development expense increased by \$60.6 million, or 22%, for the nine months ended January 31, 2026 compared to the same period of the prior year as we continued to invest in the development of new and existing offerings. The increase was primarily due to increases of \$45.2 million in personnel and related costs, \$5.7 million in cloud infrastructure costs, \$5.4 million in travel expenses, and \$3.1 million in software and equipment costs. The increase in personnel and related costs included increases of \$29.0 million in salaries and related taxes, \$10.4 million in stock-based compensation, and \$5.3 million in employee benefits expense.

Sales and marketing

	Nine Months Ended January 31,		Change	
	2026	2025	\$	%
	(in thousands)			
Sales and marketing	\$ 524,426	\$ 455,380	\$ 69,046	15 %

Sales and marketing expense increased by \$69.0 million, or 15%, for the nine months ended January 31, 2026 compared to the same period of the prior year. The increase was primarily due to increases of \$53.7 million in personnel and related costs, \$7.1 million in travel expenses, and \$5.1 million in marketing expenses. The increase in personnel and related costs included increases of \$24.8 million in salaries and related taxes, \$13.1 million in commission expense, \$6.9 million in employee benefits expense, and \$6.6 million in stock-based compensation.

General and administrative

	Nine Months Ended January 31,		Change	
	2026	2025	\$	%
	(in thousands)			
General and administrative	\$ 144,413	\$ 128,980	\$ 15,433	12 %

General and administrative expense increased by \$15.4 million, or 12%, for the nine months ended January 31, 2026 compared to the same period of the prior year. The increase was primarily due to increases of \$14.6 million in personnel and related costs and \$2.1 million in legal and professional fees. These increases were partially offset by a decrease of \$1.6 million in charitable donations. The increase in personnel and related costs included increases of \$10.3 million in stock-based compensation and \$3.5 million in salaries and related taxes.

Restructuring and other related charges

	Nine Months Ended January 31,		Change	
	2026	2025	\$	%
	(in thousands)			
Restructuring and other related charges	\$ —	\$ 225	\$ (225)	NM

NM = Not Meaningful

Restructuring and other related charges decreased by \$0.2 million for the nine months ended January 31, 2026 compared to the same period of the prior year, as there were no employee-related severance and termination benefit charges pursuant to any restructuring plan for the nine months ended January 31, 2026.

Other Income, Net

Interest expense

	Nine Months Ended January 31,		Change	
	2026	2025	\$	%
	(in thousands)			
Interest expense	\$ (18,897)	\$ (19,463)	\$ 566	(3)%

Interest expense remained relatively flat for the nine months ended January 31, 2026 compared to the same period of the prior year.

Other income, net

	Nine Months Ended January 31,		Change	
	2026	2025	\$	%
	(in thousands)			
Other income, net	\$ 43,426	\$ 35,498	\$ 7,928	22 %

Other income, net increased by \$7.9 million, or 22%, for the nine months ended January 31, 2026 compared to the same period of the prior year. The increase was due to increases of \$6.8 million in interest and other investment income primarily from our marketable securities and \$1.3 million in net foreign currency exchange gains.

Provision for Income Taxes

	Nine Months Ended January 31,		Change	
	2026	2025	\$	%
	(in thousands)			
Provision for income taxes	\$ 75,598	\$ 64,866	\$ 10,732	17 %

The provision for income taxes increased by \$10.7 million, or 17%, for the nine months ended January 31, 2026 compared to the same period of the prior year. Our effective tax rate for the nine months ended January 31, 2026 was not meaningful due to near break-even net income before income taxes. Our effective tax rate was (241)% of our net loss before income taxes for the nine months ended January 31, 2025. Our interim tax provision excludes pre-tax losses in jurisdictions where a valuation allowance is maintained, which causes the provision to reflect only tax provisions in jurisdictions with profitable operations and results in a disproportionate effective tax rate. Our effective tax rate is affected by recurring items, such as tax rates in jurisdictions both within and outside the Netherlands and the relative amounts of income that is earned in those jurisdictions, non-deductible stock-based compensation, one-time tax benefits or charges, and BEAT legislation in the United States.

We maintain a full valuation allowance against our deferred tax assets in the Netherlands, the United Kingdom, and certain states in the United States. We have determined it is reasonably possible that within the next 12 months there may be sufficient positive evidence to release a portion or all of the valuation allowance. A release of valuation allowance, if any, would result in the recognition of certain deferred tax assets and could result in a material non-cash income tax benefit for the period in which such release is recorded, which could have a material impact on net income (loss). The timing and amount of a potential release of the valuation allowance are subject to significant management judgment regarding future earnings, future market conditions, and our ability to successfully execute our business plans and tax planning activities.

Liquidity and Capital Resources

As of January 31, 2026, our principal sources of liquidity were cash, cash equivalents, and marketable securities totaling \$1.248 billion. Our cash, cash equivalents, and marketable securities consist of highly liquid investment-grade fixed-income securities. We believe that the credit quality of the securities portfolio is strong and diversified among industries and individual issuers.

We have generated significant operating losses from our operations as reflected in our accumulated deficit of \$1.168 billion as of January 31, 2026. We have historically incurred, and expect to continue to incur, operating losses and may generate negative cash flows from operations in the future due to the investments we intend to make. As a result, we may require additional capital resources to execute our strategic initiatives to grow our business.

We believe that our existing cash, cash equivalents, and marketable securities and cash from our future operations will be sufficient to fund our operating and capital needs for at least the next 12 months, despite the uncertainty in the changing market and macroeconomic conditions. Our assessment of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement and involves risks and uncertainties. Our actual results could vary as a result of, and our future capital requirements, both near-term and long-term, will depend on many factors, including our growth rate, the timing and extent of spending to support our research and development efforts, the expansion of sales and marketing activities, the timing of new introductions of solutions or product features, and the continuing market acceptance of our solutions and services.

We may in the future enter into arrangements to acquire or invest in complementary businesses, services and technologies, including intellectual property rights. We have based our estimate of the adequacy of our financial resources on assumptions that may prove to be wrong, and we could use our available resources sooner than we currently expect.

In July 2021, we issued long-term debt of \$575.0 million, represented by our Senior Notes, and we may be required to seek additional equity or debt financing. As market conditions warrant, we may from time to time seek to purchase our outstanding debt securities or loans, including the Senior Notes, in privately negotiated or open market transactions, by tender offer or otherwise.

In the event that additional financing is required from outside sources, 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 when desired, or if we cannot expand our operations or otherwise capitalize on our business opportunities because we lack sufficient capital, our business, operating results and financial condition would be adversely affected.

Share Repurchase Program

In October 2025, our board of directors authorized the Share Repurchase Program for up to \$500.0 million of our outstanding ordinary shares. Repurchases may be effected, from time to time, through open market purchases, block trades, accelerated or other structured share repurchase programs, or through other transactions in accordance with applicable securities laws. The timing and amount of any repurchases will be determined by management based on the share price, business and market conditions, and other factors. The Share Repurchase Program does not obligate us to acquire any particular amount of ordinary shares, and the Share Repurchase Program may be modified, suspended, or terminated at any time at our discretion.

During the nine months ended January 31, 2026, we repurchased 3.8 million of our outstanding ordinary shares for an aggregate purchase price of \$300.0 million, excluding transaction costs associated with the repurchases, at a weighted-average price of \$79.62 per share. All repurchases were made in open market transactions. As of January 31, 2026, \$200.0 million remained available for future repurchases under the Share Repurchase Program. See Note 10, "Ordinary Shares," to our accompanying Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for additional details.

Cash Flows

The following table summarizes our cash flows for the periods presented:

	Nine Months Ended January 31,	
	2026	2025
	(in thousands)	
Net cash provided by operating activities	\$ 174,184	\$ 179,189
Net cash provided by (used in) investing activities	\$ 121,741	\$ (148,011)
Net cash (used in) provided by financing activities	\$ (287,092)	\$ 18,477

Net Cash Provided By Operating Activities

Net cash provided by operating activities during the nine months ended January 31, 2026 was \$174.2 million, which resulted from adjustments for non-cash charges of \$378.0 million, partially offset by a net loss of \$68.1 million and a net cash outflow of \$135.7 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of \$221.0 million for stock-based compensation expense, \$81.3 million for amortization of deferred contract acquisition costs, and \$61.1 million for deferred income taxes. The net cash outflow from changes in operating assets and liabilities resulted from a \$97.2 million increase in deferred contract acquisition costs, a \$51.0 million decrease in deferred revenue, a \$14.2 million net increase in prepaid expenses and other assets, and a \$8.3 million decrease in operating lease liabilities. These outflows were partially offset by inflows from a \$20.6 million decrease in accounts receivable, net and a \$14.4 million net increase in accounts payable, accrued expenses, and accrued compensation and benefits.

Net cash provided by operating activities during the nine months ended January 31, 2025 was \$179.2 million, which resulted from adjustments for non-cash charges of \$334.0 million, partially offset by a net loss of \$91.7 million and a net cash outflow of \$63.1 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of \$192.2 million for stock-based compensation expense, \$71.5 million for amortization of deferred contract acquisition costs, \$56.2 million in deferred income taxes, and \$10.0 million of depreciation and intangible asset amortization expense. The net cash outflow from changes in operating assets and liabilities resulted from a \$67.0 million increase in deferred contract acquisition costs as our sales commissions increased due to increased business volume, a \$39.7 million decrease in accounts payable, accrued expenses, and accrued compensation and benefits, a \$15.6 million increase in prepaid expenses and other assets, and a \$9.5 million decrease in operating lease liabilities. These outflows were partially offset by inflows from a \$51.5 million decrease in accounts receivable, net and a \$17.2 million increase in deferred revenue.

Net Cash Provided By (Used In) Investing Activities

Net cash provided by investing activities of \$121.7 million during the nine months ended January 31, 2026 was primarily due to sales, maturities, and redemptions of marketable securities of \$523.7 million, partially offset by purchases of marketable securities of \$362.4 million and cash paid for business acquisitions, net of cash acquired, of \$36.8 million.

Net cash used in investing activities of \$148.0 million during the nine months ended January 31, 2025 was primarily due to purchases of marketable securities of \$388.8 million, partially offset by sales, maturities, and redemptions of marketable securities of \$243.0 million.

Net Cash (Used In) Provided By Financing Activities

Net cash used in financing activities of \$287.1 million during the nine months ended January 31, 2026 was due to repurchases of ordinary shares of \$300.1 million, partially offset by proceeds from stock option exercises and ESPP purchases of \$13.0 million.

Net cash provided by financing activities of \$18.5 million during the nine months ended January 31, 2025 was due to the proceeds from stock option exercises and ESPP purchases.

Contractual Obligations and Commitments

Our principal commitments consist of obligations under our operating leases, which are primarily for office space, and purchase commitments to our cloud hosting providers. There have been no material changes to our contractual obligations and commitments discussed in the Company's Annual Report on Form 10-K.

Recently Issued Accounting Pronouncements

See Note 2, "Summary of Significant Accounting Policies" of our accompanying Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for recently adopted accounting pronouncements and new accounting pronouncements not yet adopted as of the date of this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have operations both within the United States and internationally, and we are exposed to interest rate risk and foreign currency risk in the ordinary course of our business.

Interest Rate Risk

We had cash, cash equivalents, restricted cash, and marketable securities totaling \$1.252 billion as of January 31, 2026. Our cash, cash equivalents, and restricted cash are held in cash deposits and money market funds, and our marketable securities are held in time deposits and corporate and government debt securities. The primary objectives of our investment activities are the preservation of capital, the fulfillment of liquidity needs, the fiduciary control of cash and investments, and the repurchases of our ordinary shares under the Share Repurchase Program. We do not enter into investments for trading or speculative purposes. Due to the short-term nature of these instruments, we do not believe that an immediate 10% increase or decrease in interest rates would have a material effect on the fair value of our investment portfolio. Declines in interest rates, however, would reduce our future interest income.

In July 2021, we issued \$575.0 million aggregate principal amount of Senior Notes in a private placement. The fair value of the Senior Notes is subject to market risk. In addition, the fair market value of the Senior Notes is exposed to interest rate risk. Generally, the fair market value of our fixed interest rate Senior Notes will increase as interest rates fall and decrease as interest rates rise. Although the interest rate and market value changes affect the fair value of the Senior Notes, they do not impact our financial position, cash flows, or results of operations due to the fixed nature of the debt obligation. Additionally, we carry the Senior Notes at face value less unamortized debt issuance cost on our balance sheet, and we present the fair value for required disclosure purposes only.

Foreign Currency Risk

Our revenue and expenses are primarily denominated in U.S. dollars, and to a lesser extent the Euro, British Pound Sterling, and other currencies. To date, we have not had a formal hedging program with respect to foreign currency, but we may adopt such a program in the future if our exposure to foreign currency were to become more significant. For business conducted outside of the United States, we may have both revenue and costs incurred in the local currency of the subsidiary, creating a partial natural hedge. Although changes to exchange rates have not had a material impact on our net operating results to date, we will continue to reassess our foreign exchange exposure as we continue to grow our business globally.

We have experienced and will continue to experience fluctuations in our operating results as a result of transaction gains or losses related to remeasurement of certain asset and liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. An immediate 10% increase or decrease in the relative value of the U.S. dollar to other currencies could have a material effect on our revenue, operating expenses, and net loss. As a component of other income, net, we recognized foreign currency transaction losses of \$2.3 million and \$1.5 million for the nine months ended January 31, 2026 and 2025, respectively.

As of January 31, 2026, our cash, cash equivalents, restricted cash, and marketable securities were primarily denominated in U.S. dollars, Euros, and British Pound Sterling. A 10% increase or decrease in exchange rates as of such date would have had an impact of approximately \$9.2 million on our cash, cash equivalents, restricted cash, and marketable securities balances.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of January 31, 2026, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in the reports we file or submit under the Exchange Act (a) is recorded, processed, summarized and reported within the time periods specified by the SEC rules and forms and (b) is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) under the Exchange Act that occurred during the quarter ended January 31, 2026 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and our Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

The information required by this Item is incorporated herein by reference to Part I, Item 1. “Financial Statements,” Note 8, “Commitments and Contingencies—Legal Matters” included in this Quarterly Report on Form 10-Q.

From time to time, we may be subject to legal proceedings and claims that arise in the ordinary course of business, including patent, commercial, product liability, employment, class action, whistleblower and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. In addition, third parties from time to time may assert claims against us in the form of letters and other communications. We are not currently a party to any legal proceedings that, if determined adversely to us, would individually or taken together, in our opinion, have a material adverse effect on our business, results of operations, financial condition or cash flows. Future litigation may be necessary to defend ourselves, our partners and our customers by determining the scope, enforceability and validity of third-party proprietary rights, or to establish our proprietary rights. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, such litigation could have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in “Item 1A. Risk Factors” of the Company’s Annual Report on Form 10-K, as amended by the risk factor disclosed in our Quarterly Report on Form 10-Q for the quarterly period ended October 31, 2025. The risks described in the Company’s Annual Report on Form 10-K, such Quarterly Report on Form 10-Q, and our subsequent SEC reports are not the only risks facing us. There are additional risks and uncertainties not currently known to us or that we currently deem to be immaterial that also may materially adversely affect our business, operating results, financial condition, or prospects.

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

Issuer Purchases of Equity Securities

The following table presents our share repurchase activity under our authorized share repurchase program for the three months ended January 31, 2026:

	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program (2) (in thousands)
November 1, 2025 to November 30, 2025	1,323,219	\$ 79.02	1,323,219	
December 1, 2025 to December 31, 2025	1,093,036	74.38	1,093,036	
January 1, 2026 to January 31, 2026	—	—	—	
Total	2,416,255	\$ 76.92	2,416,255	\$ 200,000

(1) Weighted-average price paid per share excludes transaction costs associated with the repurchases.

(2) In October 2025, our board of directors authorized a share repurchase program of up to \$500.0 million of our outstanding ordinary shares. The program has no expiration date. All repurchases during the three months ended January 31, 2026 were made in open market transactions.

Item 5. Other Information

Insider Trading Arrangements

During our last fiscal quarter, no director or officer, as defined in Rule 16a-1(f) under the Exchange Act, adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” each as defined for purposes of Regulation S-K Item 408.

Item 6. Exhibits

The documents listed below are incorporated by reference or are filed with this Quarterly Report on Form 10-Q, in each case as indicated therein (numbered in accordance with Item 601 of Regulation S-K).

Exhibit No.	Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Articles of Association of Elastic N.V. (English translation)	10-Q	001-38675	3.1	12/12/2018	
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 Chief 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 Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 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 will not be deemed "filed" for purposes of Section 18 of the Exchange Act, except to the extent that we specifically incorporate them by reference.

SIGNATURES

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

Elastic N.V.

Date: February 27, 2026

By: _____
/s/ Ashutosh Kulkarni
Ashutosh Kulkarni
Chief Executive Officer and Director
(Principal Executive Officer)

Date: February 27, 2026

By: _____
/s/ Navam Welihinda
Navam Welihinda
Chief Financial Officer
(Principal Financial Officer)

