



Corporate Overview and Q2FY24 Financial Results

November 30, 2023



Forward Looking Statements; Use of Non-GAAP Measures

This presentation and the accompanying oral presentation contain forward-looking statements that involve substantial risks and uncertainties, which include, but are not limited to, statements regarding our expected financial results for the fiscal quarter ending January 31, 2024 and the fiscal year ending April 30, 2024, our strategic areas of focus, expectations and plans regarding our future growth, our go-to-market and growth strategies and the effectiveness of such strategies, assessments of our strategic partnerships, the expected performance or benefits of our offerings, our assessments of our competitive advantages, the strength of and demand for our solutions and products, and growth opportunities as well as our ability to address those opportunities. Actual outcomes and results may differ materially from those contemplated by these forward-looking statements due to uncertainties, risks, and changes in circumstances, including but not limited to those related to: 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 develop new offerings (including innovations around AI use cases); customer acceptance and purchase of our new and existing offerings; the expansion and adoption of our Elastic Cloud offerings; our ability to realize value from investments in the business; our ability to maintain and expand our user and customer base; the impact of the evolving macroeconomic and geopolitical environments on our business, operations, hiring and financial results, and on businesses and spending priorities of our customers and partners; the impact of our pricing model strategies on our business; the impact of foreign currency exchange rate fluctuations and the uncertain inflation and interest rate environment on our results; our international expansion strategy; our operating results and cash flows; the sufficiency of our capital resources; our ability to successfully execute our go-to-market strategy, our forecasts regarding our business; and general market, political, economic and business conditions.

Any additional or unforeseen effect from the evolving macroeconomic and geopolitical environments may exacerbate these risks. Additional risks and uncertainties that could cause actual outcomes and results to differ materially are included in our filings with the Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the fiscal year ended April 30, 2023 and subsequent reports filed with the SEC. SEC filings are available on the Investor Relations section of Elastic's website at ir.elastic.co and the SEC's website at www.sec.gov. Elastic assumes no obligation to, and does not currently intend to, update any such forward-looking statements, except as required by law.

In addition to GAAP financial information, this presentation and the accompanying oral presentation include certain non-GAAP financial measures. See the Appendix for a reconciliation of all historical non-GAAP financial measures to their nearest GAAP equivalent.

We live in a world **powered by data**



But the **Mountain of Data** is enormous
People can't find **what they're looking for**

480EB

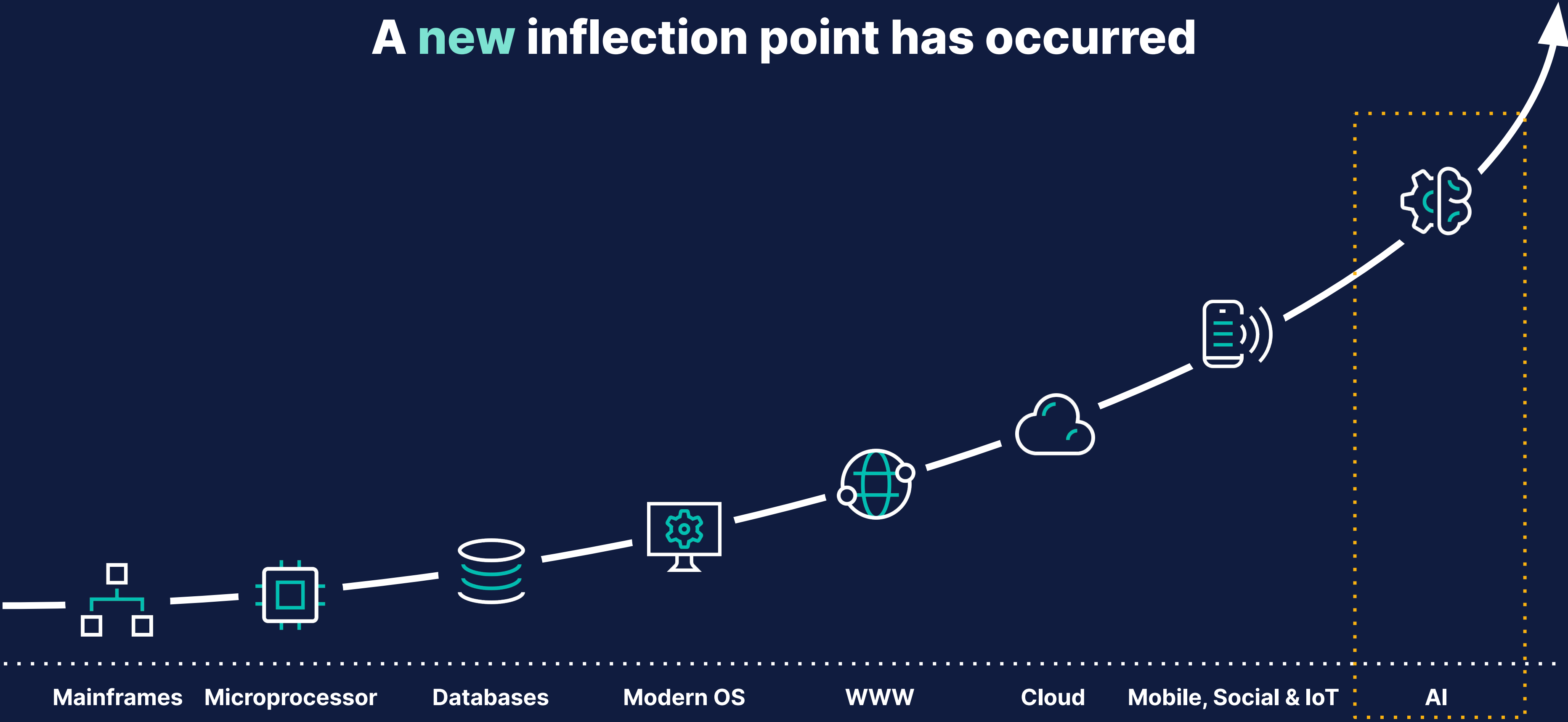
1 EB = 1000 PB = 1,000,000 TB

Data produced
daily by 2025



*Source: IDC Global DataSphere and StorageSphere Forecasts

A **new** inflection point has occurred



Mainframes

Microprocessor

Databases

Modern OS

WWW

Cloud

Mobile, Social & IoT

AI

Generative AI will **disrupt** every business

100M

Chat GPT growth

User adoption in less than 2 months

300M

Jobs automated

Forecasted impact of Generative AI*

10ⁿ

Technology shifts

Personalization, automation & productivity

Search is critical for Generative AI



Relevance & natural language understanding

Search is at the forefront of latest advancements



Optimized to scale large data volumes

Search delivers results with speed and at a lower cost



Foundational framework for AI apps

Search is an investment in harvesting data and building for the future

Generative AI is revolutionizing search



Excels at human-like, iterative content creation

Natural language processing of large data sets used for creating human-like conversations, writing content, and providing code examples

Limited by public training data, generic context

It's only as good and as up-to-date as the data it was trained on. It can hallucinate (confident-sounding but erroneous output) especially when asked domain-specific questions

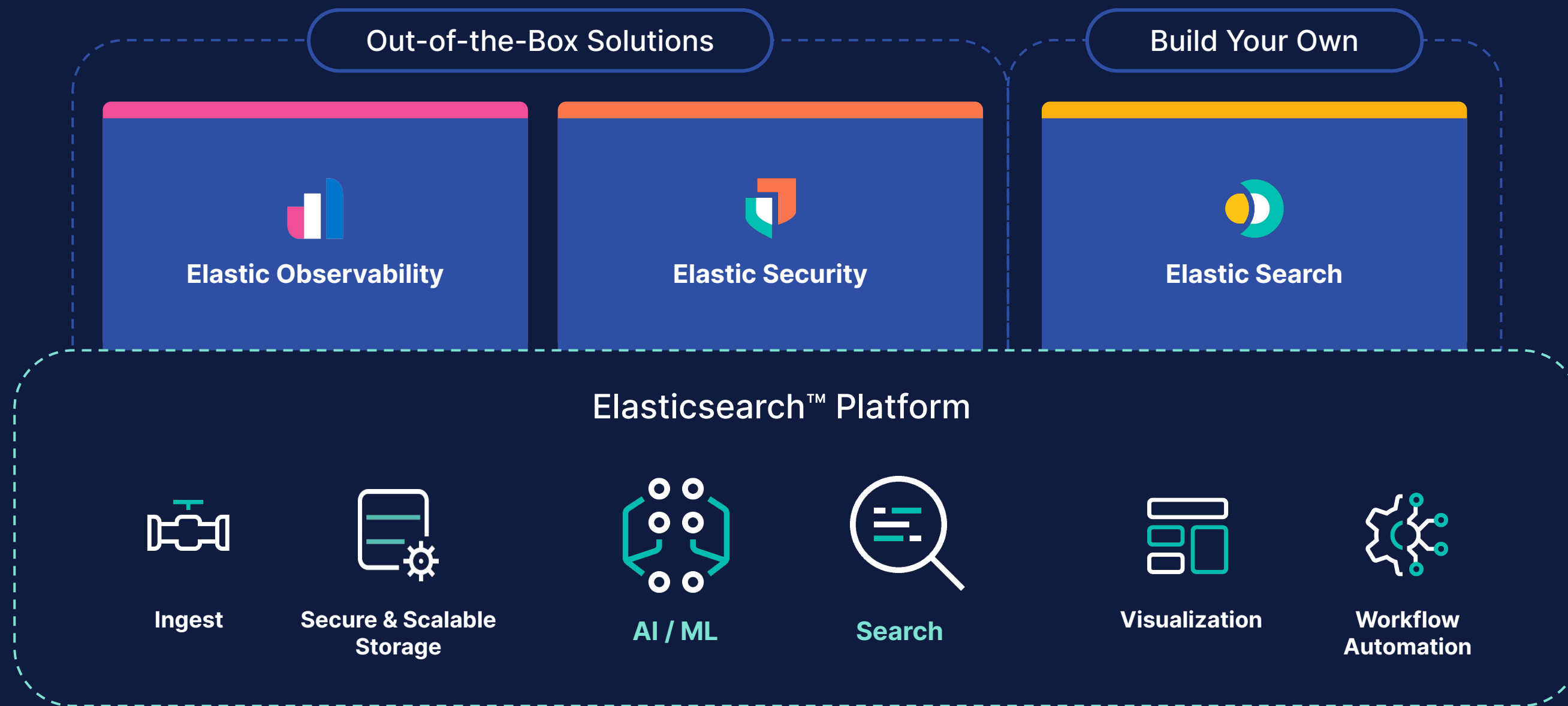
Elastic enables everyone to
find the answers that matter.

From all data.

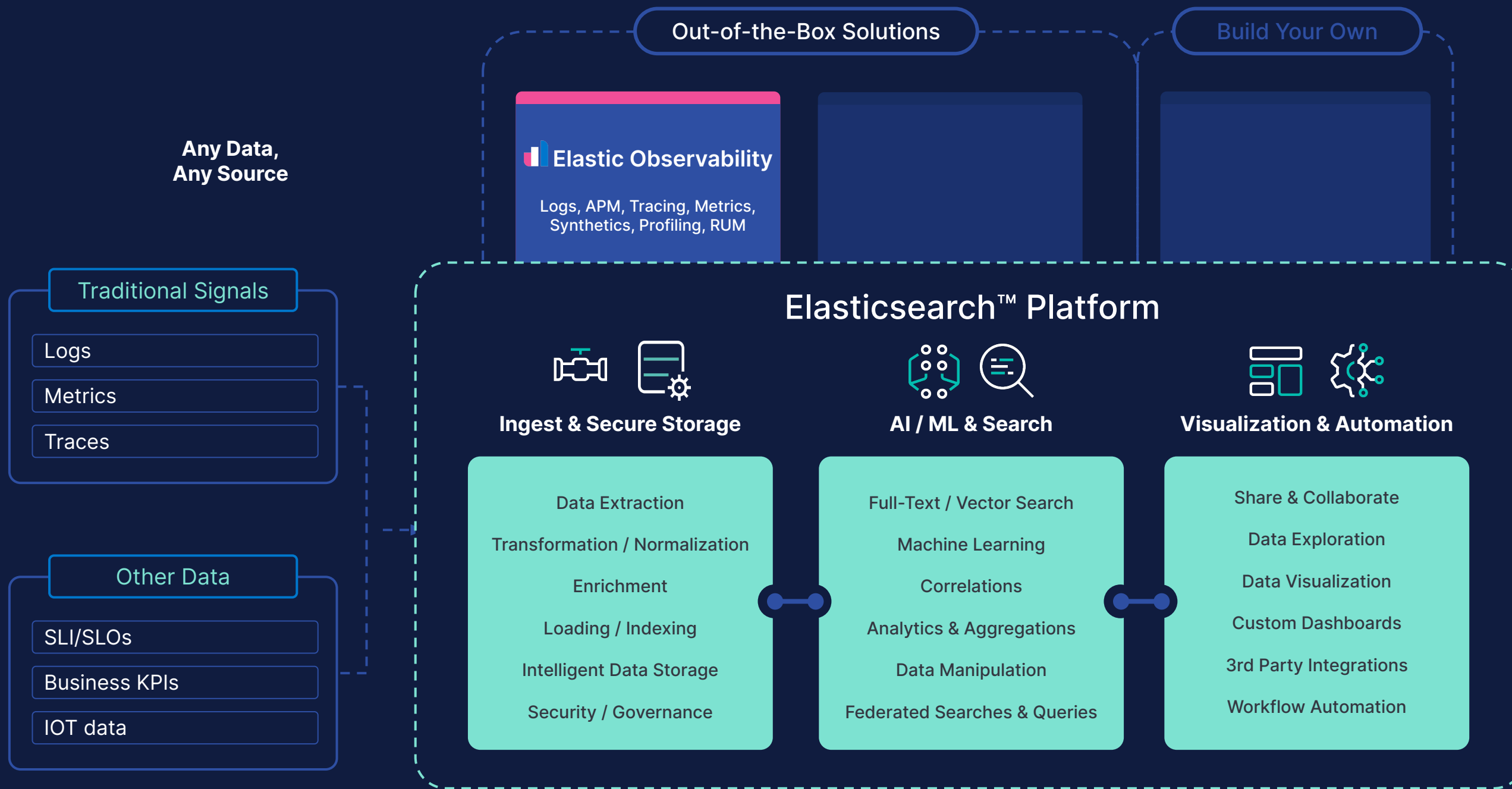
In real time.

At scale.

Meet Elastic - The Search Analytics Company



A Comprehensive Observability Solution

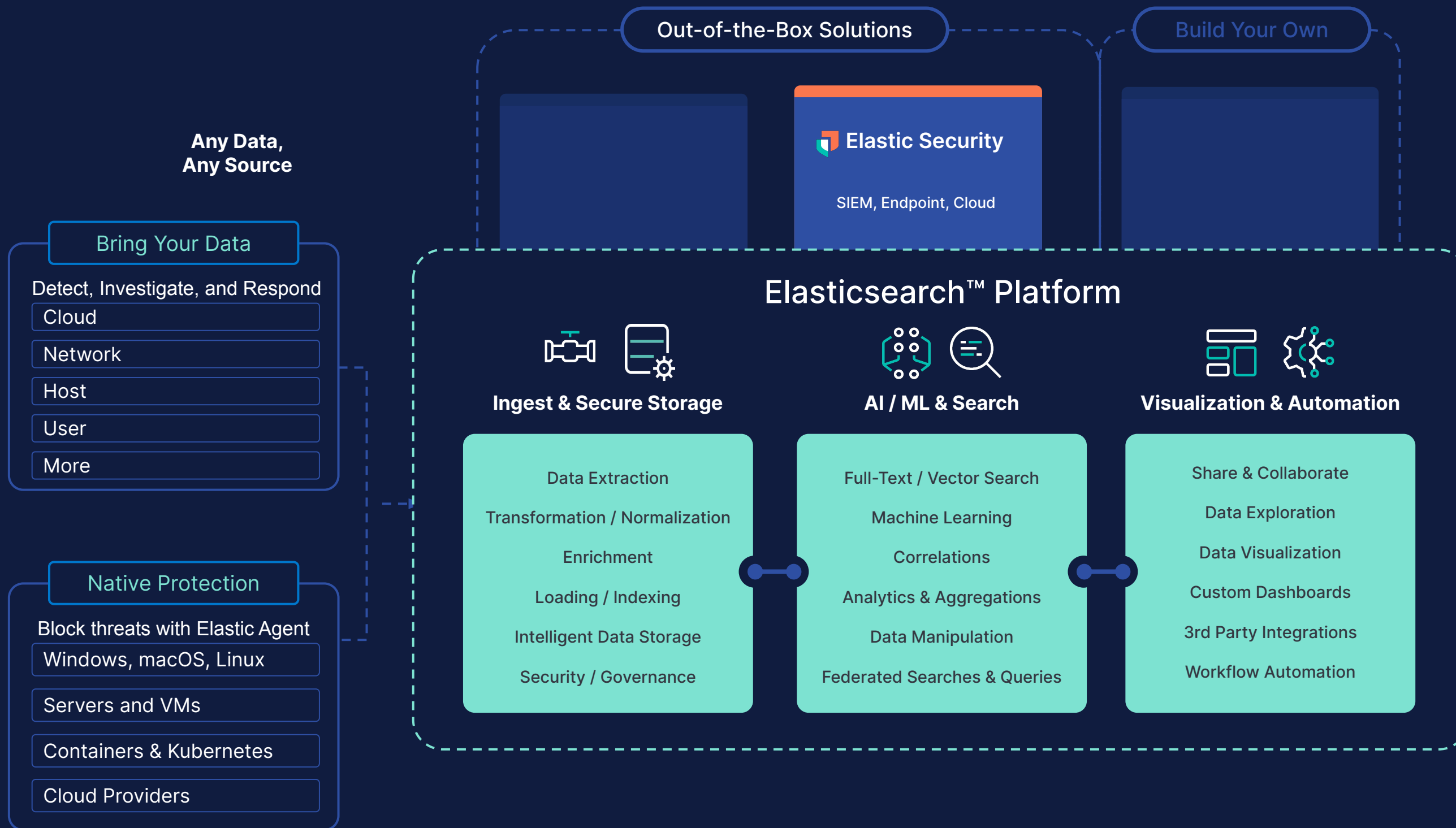


WHY CUSTOMERS CHOOSE ELASTIC OBSERVABILITY



- + Ingests 400 terabytes of telemetry data per day with Elastic Observability
- + Provides a single view across infrastructure, monitoring changes including more than 50,000 software builds a day
- + “Elastic provides us with the essential feedback that enables our engineers to iterate faster and increase the speed of innovation”

A Comprehensive Security Solution

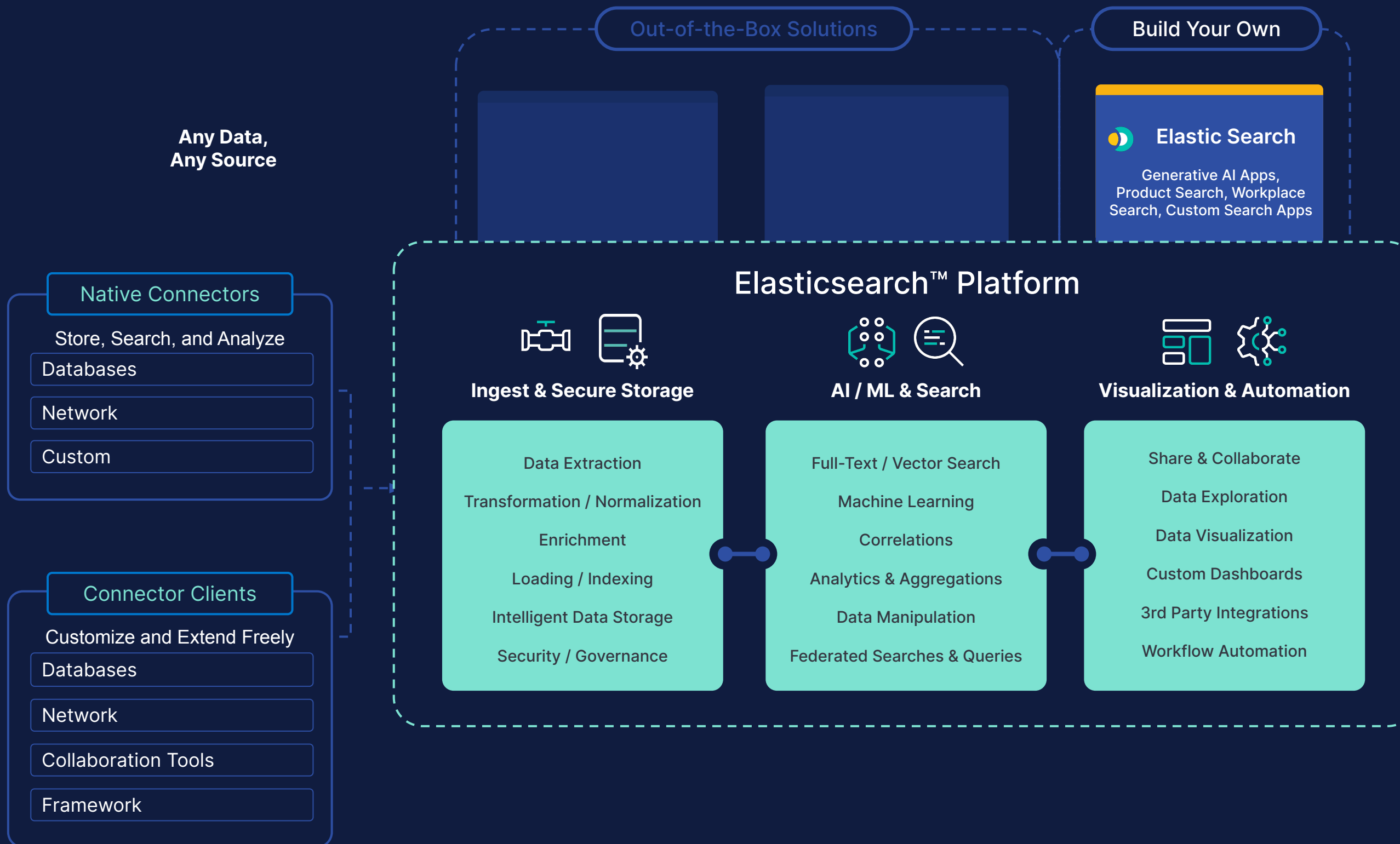


WHY CUSTOMERS CHOOSE ELASTIC SECURITY



- + Over 1,000 pieces of internal network equipment and multiple security data silos
- + Chose Elastic for the ability to ingest all their security data, standardize it, and automatically detect threats
- + Now they can concentrate all their security workflows into a single solution - reducing MTTX

The Flexibility to Build Your Own Solution



WHY CUSTOMERS CHOOSE ELASTICSEARCH



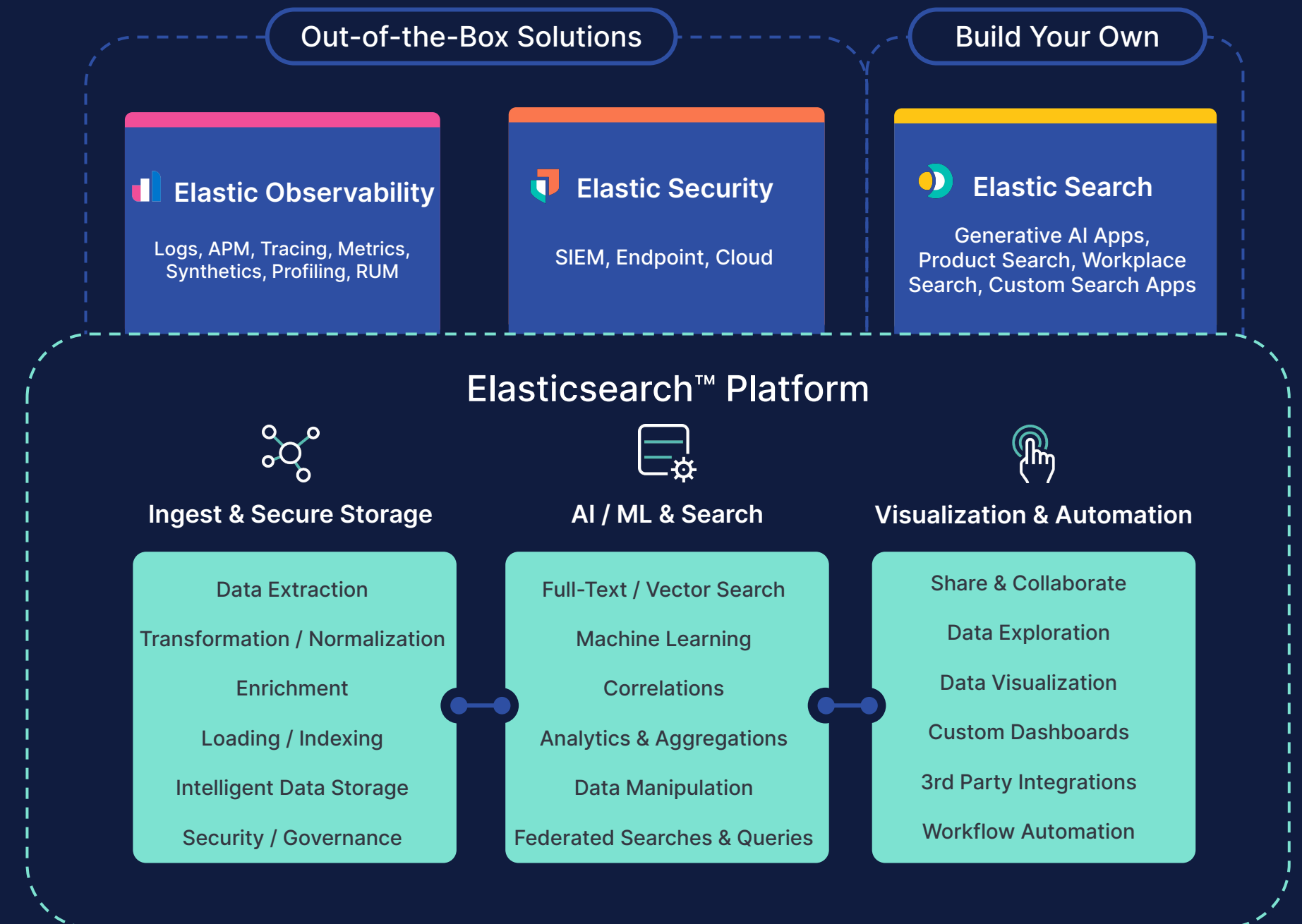
- + Customers worldwide searching across millions of unique permutations of car configurations
- + Chose Elastic for the ability to deliver a centralized, searchable repository, tailored to different sales channels, markets, and audiences
- + Now they can drive increased revenue across the globe

The Speed, Scale, and Flexibility of the Platform

WHY CUSTOMERS CHOOSE THE ELASTICSEARCH SEARCH ANALYTICS PLATFORM

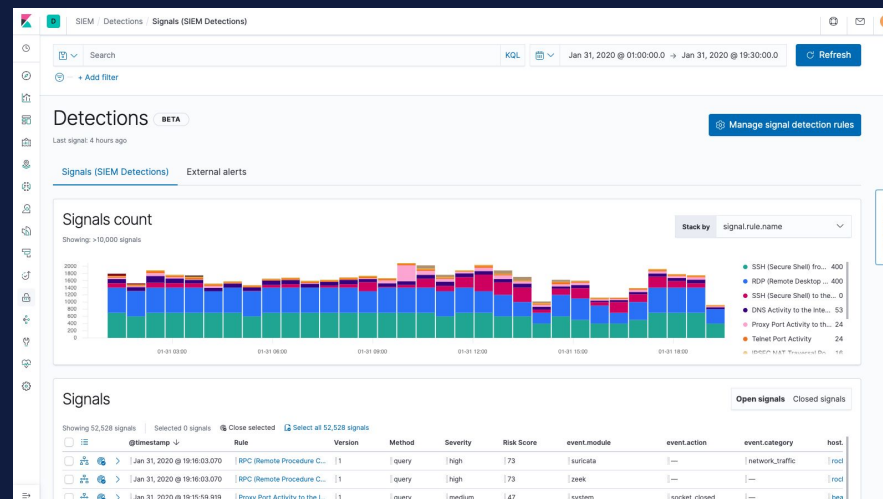
Booking.com

- + One of the world's leading digital travel companies, ingesting 100 terabytes of data per day to support customers
- + Chose Elastic to tackle the challenges of unparalleled growth, complexity, and scale with Elastic Security, Search, and Observability on Elastic Cloud
- + Now they can minimize risk and fraud while reducing the chance of damage to the reputation of the Booking.com brand



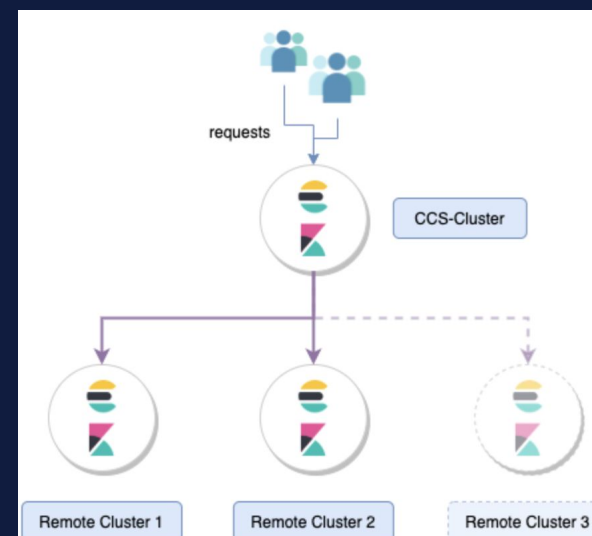
The Performance Today's Organizations Need to Win

Speed



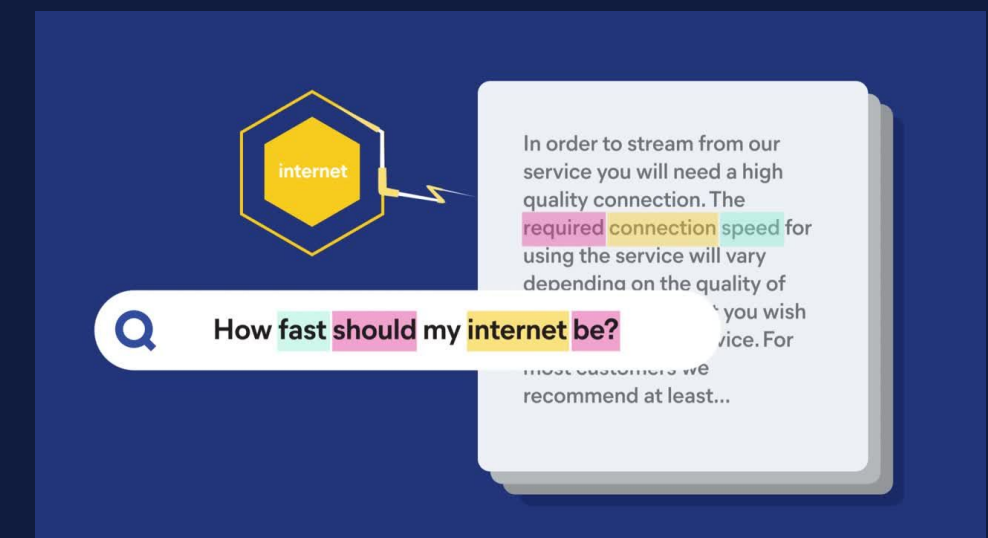
Millisecond Response Times across Solutions

Scale



Multi-Petabyte Scale Across Environments

Relevance



AI Powered Relevance Engine - ESRE

Elasticsearch Query Language (ES|QL)

Elastic's new piped query language and query engine



Improves SRE,
security analyst, and
developer productivity



Transforms, enriches
and simplifies data
investigation



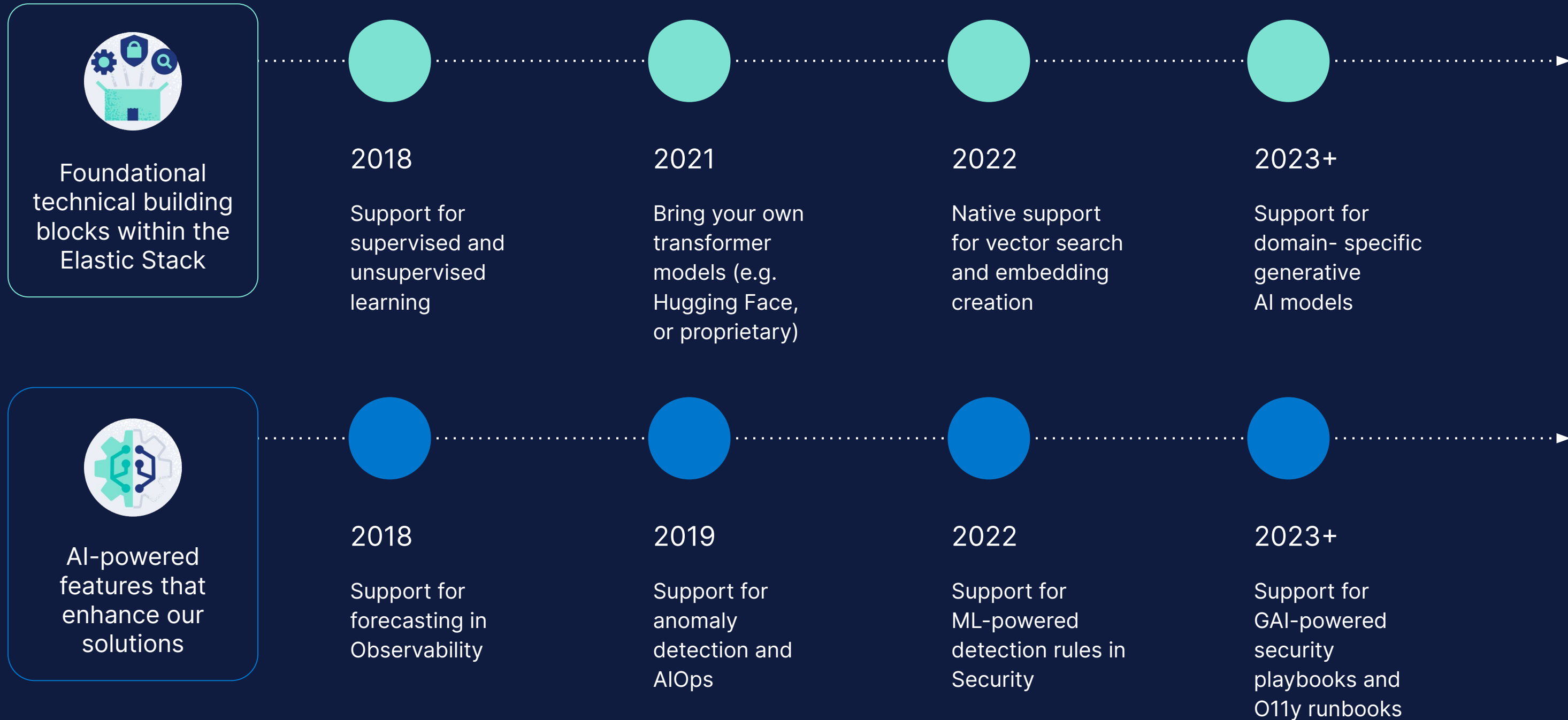
Unifies data exploration,
transformation and
visualization

Elastic and Opster Join Forces

Automatically detect and resolve issues with cluster health, improve search performance, and reduce hardware costs



Years of ML & AI Expertise



Foundational AI tools — why Elastic?

Advantages of Machine Learning with Elastic



Comprehensive

Vector Search

HNSW, Approximate Nearest Neighbors (ANN)

Transformer Models & NLP

Embedding, Sentiment, Named Entity Recognition, Zero Shot recall

Supervised & Unsupervised

Classification, Regression, Anomaly Detection, and Clustering



Enterprise Scale

Automate and Manage

ML APIs, Data Frames, Inference Pipeline, Model Management, Visualization

Scale Up

Cloud Infrastructure, Auto Scaling, Model Optimization, Cost Management & Optimization



Fast Time to Value

Custom

Code: Train, engineer and deploy model

Guided

Low Code: Start quickly and customize

Pre Built

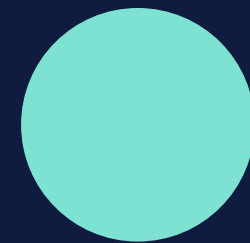
No Code: Get results instantly with ML

Elasticsearch Relevance Engine, Democratizing AI

Gives developers a powerful set of **machine learning tools** to **build AI-powered search applications** that **integrate with large language models**

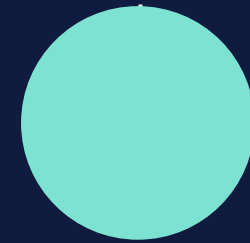


Four key investments that add up



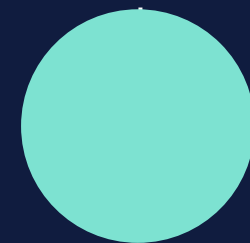
Vector Database

Native support for **fast similarity search** in vector space, alongside the existing retrieval models built into Elasticsearch



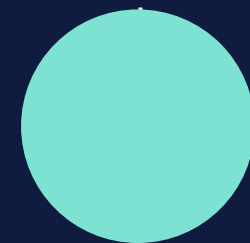
Bring-your-own Transformer Model

Create **vector embeddings** from natural language text directly in your Elasticsearch deployment



Native transformer model

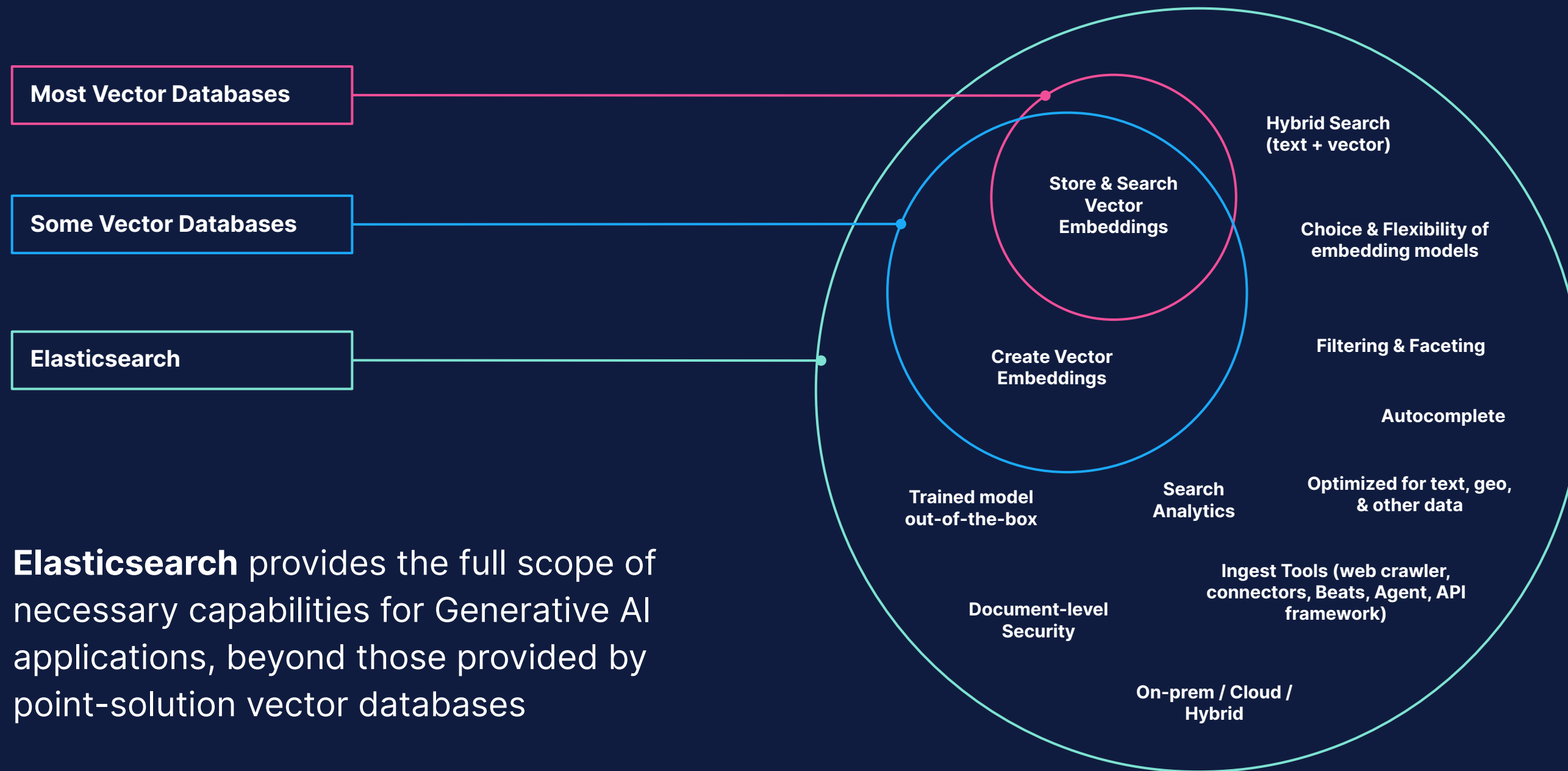
Elastic's proprietary model, **ELSER**, improves out-of-the-box ("zero-shot") relevance for any text-based retrieval application



Integrated Relevance Engine

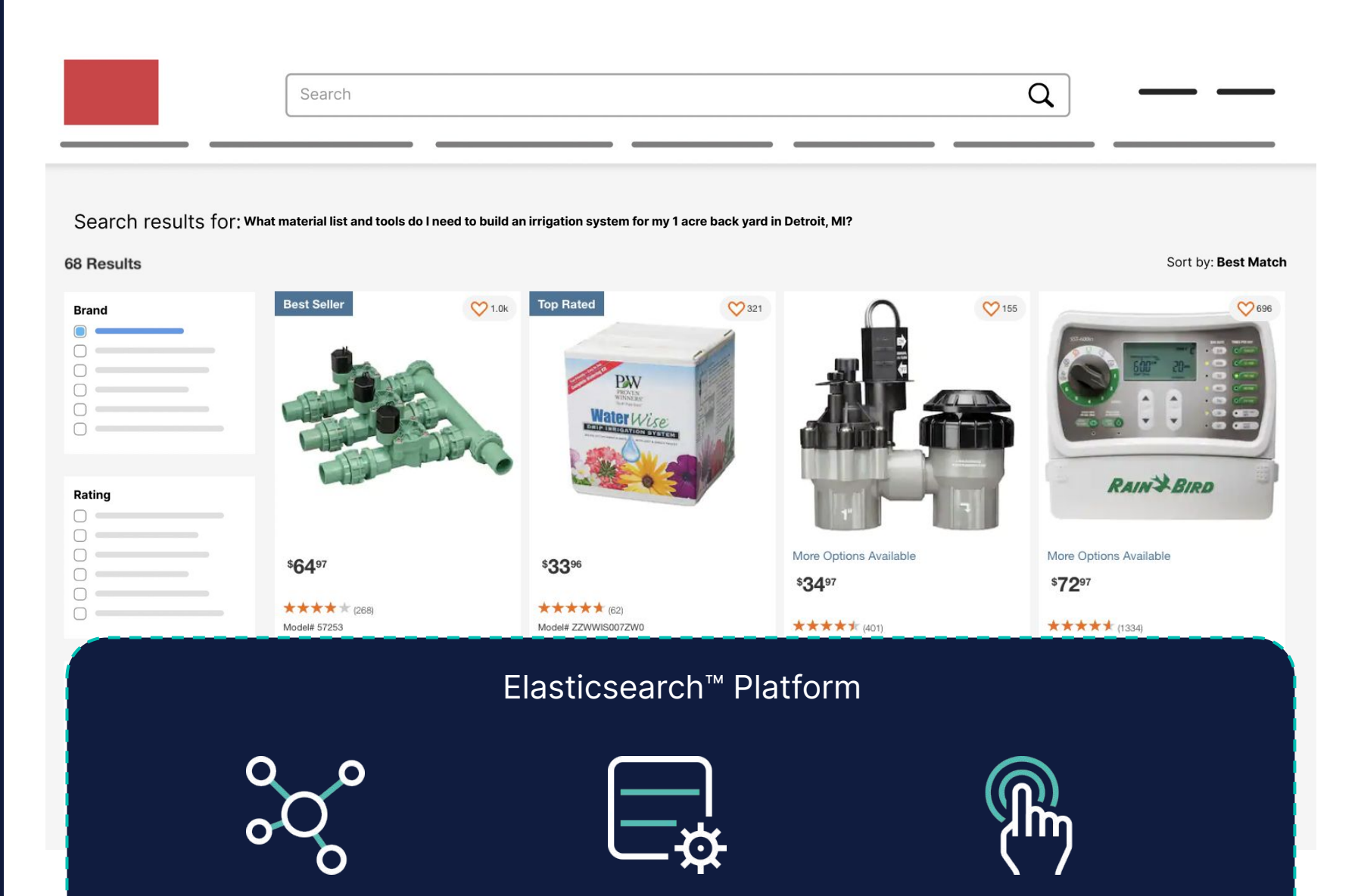
Intuitively **integrated into** `_search` API and **RRF** for best-in-class ranking, filtering, document-level permission enforcement

Broad scope of capabilities needed for Generative AI



Elasticsearch provides the full scope of necessary capabilities for Generative AI applications, beyond those provided by point-solution vector databases

Enabling the creation of new contextual Generative AI applications



TRADITIONAL

🔍 pvc plumbing t-joints pvc

AI-POWERED



🔍 What material list and tools do I need to build an irrigation system for my 1 acre back yard in Detroit, MI?



“The expertise of Elastic in enterprise search is evident in the way the company thinks about how to incorporate generative AI into it. We’re working closely together to help companies leverage the power of Azure OpenAI and ChatGPT over all of an organization's proprietary data in Elasticsearch to help our joint customers deliver a richer and more seamless experience.”

President of Microsoft’s Developer Division
Julia Liuson



“Ensuring our customers and partners have industry-leading search capabilities is vital to our mission to help them organize data, discover the truth and act on it. To that end, I’m thrilled about the benefits we can bring to customers through our investments to harness Elasticsearch within RelativityOne. We're experimenting with ESRE right now and are excited about its potential to deliver powerful, AI-augmented search results to our customers.”

Chief Product Officer at Relativity
Chris Brown



“Enterprises are excited about the potential for generative AI in their applications and workflows, but are all also swamped by the pace of innovation in the field. ESRE is designed to ease adoption of transformers, homemade and third-party LLM models, building on the original core strengths of Elastic in search.”

Co-founder of RedMonk
James Governor

AI Expertise Built into Each Elastic Solution

From Observability to Security to Search



Observability

Anomaly Detection

AIOps

Interactive Root Cause Analysis

Integrated Case Management



Security

Threat Intelligence

Automated Alerting

Security chatbot



Search

Semantic Search

Image Search

Sentiment Analysis

Recommendations

Named Entity Recognition

Generative AI in Action

Vetor Database webinar

How vector databases power AI search

Hosted by:



Priscilla Parodi
Principal, Community
Advocacy
Elastic



Josh Devins
Senior Principal
Engineer, Search and
ML
Elastic

Generative AI in Retail webinar

LIVE INTERACTIVE WEBINAR

Harnessing the power of Generative AI in Retail

September 21 2023 | 2:00PM - 3:00PM CEST

Register

Demystifying ChatGPT Blog

JULY 27, 2023 · SHERRY GER

Demystifying ChatGPT: Different methods for building AI search

In this blog, we look at how ChatGPT works, and consider three approaches to build generative AI like search experiences for specific domains.

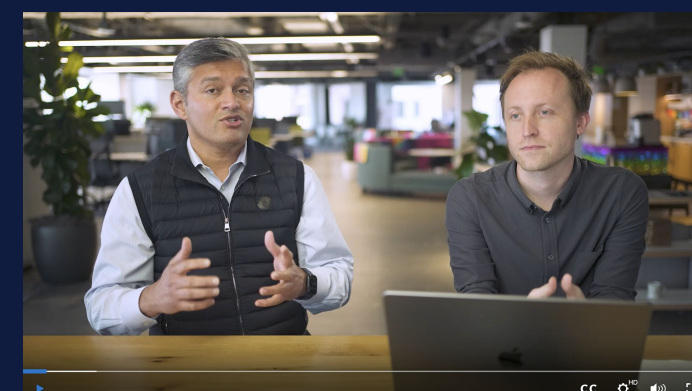
18 min read · Generative AI



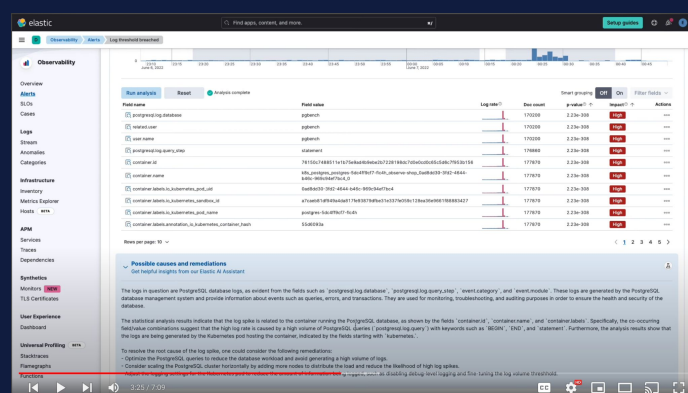
ESRE - Executive Intro



ESRE - Demo



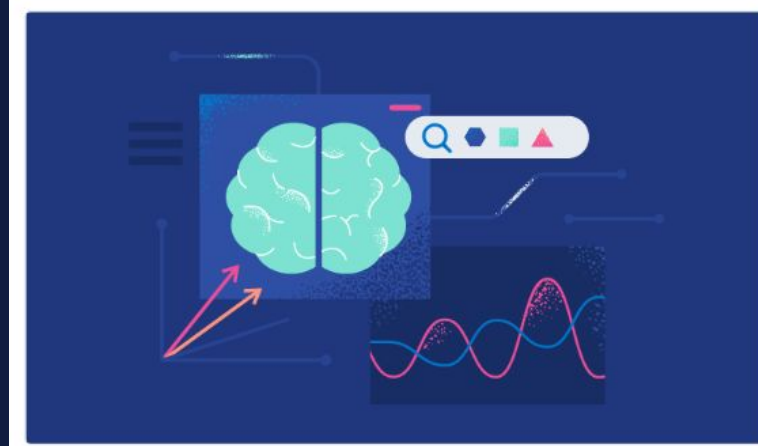
Elastic AI Assistant Demo - Observability



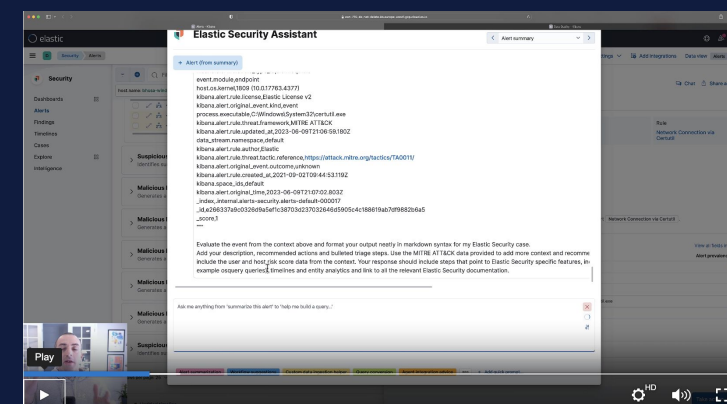
IDC Market Perspective - Elastic

IDC Market Perspective published on the Elastic AI Assistant

By Jennifer Ellard
07 August 2023



Elastic AI Assistant Demo - Security



Customer Story - Relativity

Relativity uses Elasticsearch and Azure OpenAI to build futuristic search experiences, today

Elasticsearch Relevance Engine is a set of tools for developers to build AI-powered search applications. Relativity, the eDiscovery and legal search tech company, is building next-generation search experience with Elastic and Microsoft Azure Open AI.

8 min read · Generative AI



AI-Powered Search with Elastic

JULY 2, 2023 · BERNHARD DORN

How to get the best of lexical and AI-powered search with Elastic's vector database

Elastic has all you should expect from a vector database — and much more! You get the best of both worlds: traditional lexical and AI-powered search, including semantic search out of the box with Elastic's novel Learned Sparse Encoder model.

18 min read · Vector Search



Generative AI Integrations



Strategic collaboration agreement to accelerate the integration of Amazon Bedrock with the Elastic AI Assistant



Integration of the Elasticsearch Relevance Engine with Google Cloud's Vertex AI platform

Leadership in Security Analytics, Log Analytics, and Search



Observability

Strong Performer in The Forrester Wave™: **AIOps**, Dec. 2022
Visionary in the Gartner® Magic Quadrant™ for **APM and Observability**, Dec. 2022



Security

Leader in The Forrester Wave™: **Security Analytics Platforms**, Dec. 2022
Visionary in Gartner® Magic Quadrant™ for **SIEM**, Oct. 2022
Major Player in the IDC MarketScape: Worldwide **SIEM** 2022 Vendor Assessment



Search

Leader in the Gartner® Magic Quadrant™ for **Insight Engines**, Dec. 2022
Leader in The Forrester Wave™: **Cognitive Search**, Jul. 2021

Gartner®

FORRESTER®

IDC

Trusted by **Organizations** Around the World

| TECHNOLOGY | FINANCE | TELCO | CONSUMER | HEALTHCARE | PUBLIC SECTOR | AUTOMOTIVE / TRANSPORTATION | RETAIL |
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Why Elastic Wins

Power of the Platform

- Solving problems from a search and AI lens: speed, scale, relevance
- Strong foundation in AI/ML, with support for AI across solutions
- Unstructured data from any source
- All solutions on a single stack
- Deploy anywhere - cloud, hybrid, on-prem

Power of the Commercial Model

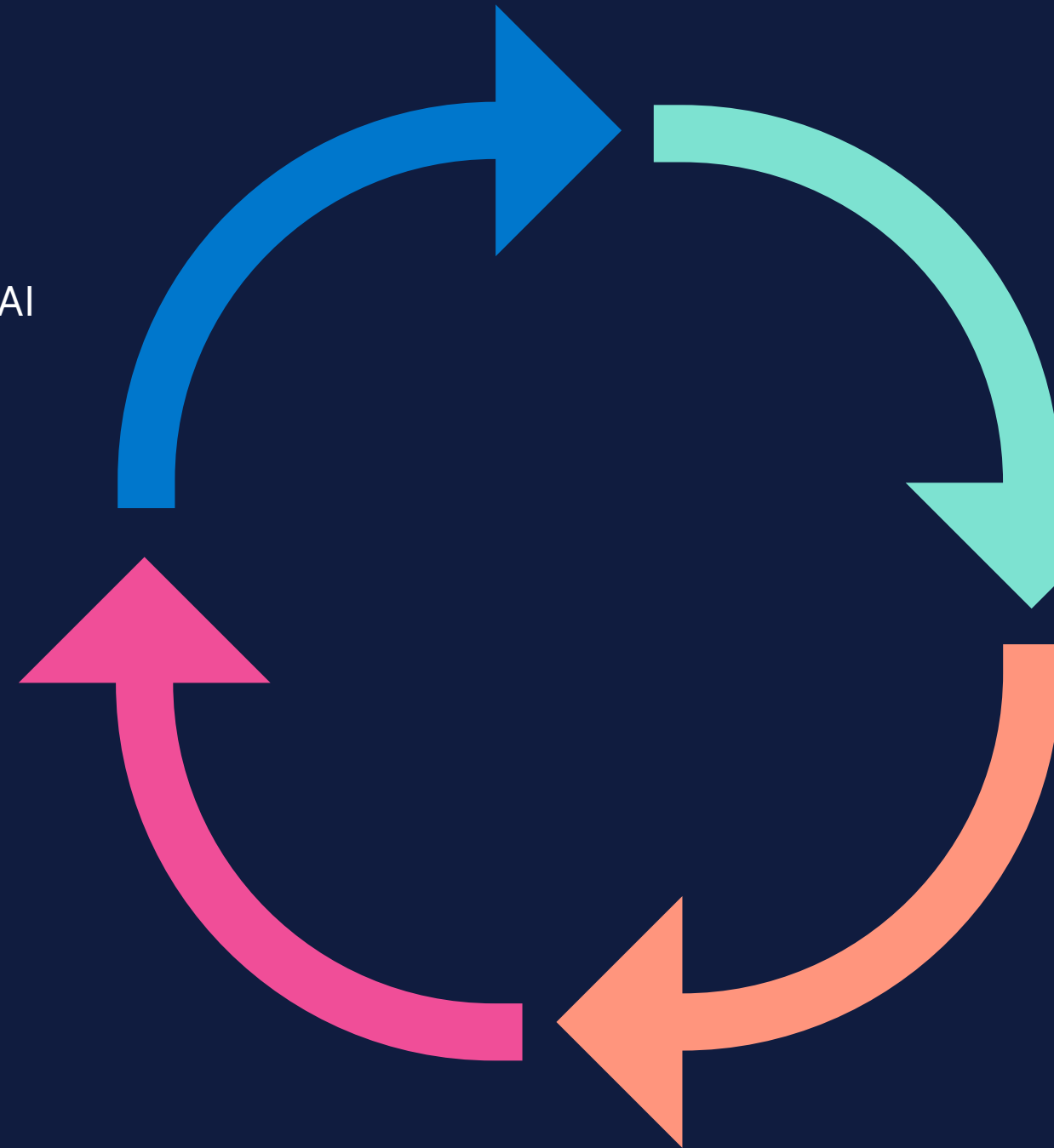
- Compelling TCO advantages and greater business value
- Uniform resource-based pricing model
- Consumption-based model for Cloud

Power of the Community

- Millions of developers with billions of downloads
- Facilitates bottom up adoption within enterprises
- Generates an entry point into new markets
- Engaging with open communities across solutions (Open Security, OpenTelemetry)

Power of Partnerships

- Strategic partnerships with hyperscalers, including co-investments
- Powerful technology integrations
- Preferential access and relationships
- Joint sales pursuits



Elastic's Growth Vectors



New customers
adopt Elastic



Customer data
volume grows



Customers adopt
more use cases



Customers adopt
more solutions



Customers adopt
the cloud

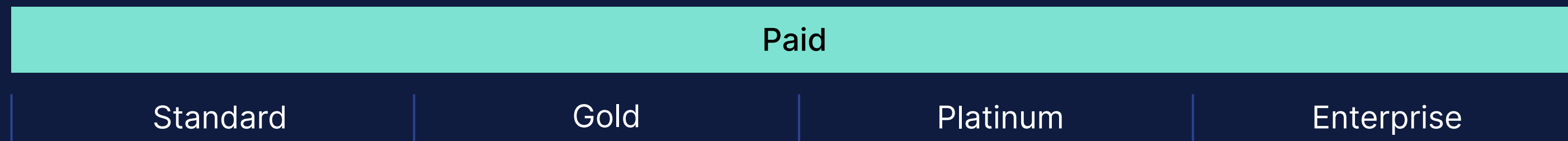


Customers adopt higher
subscription tiers

Distribution and Monetization Model



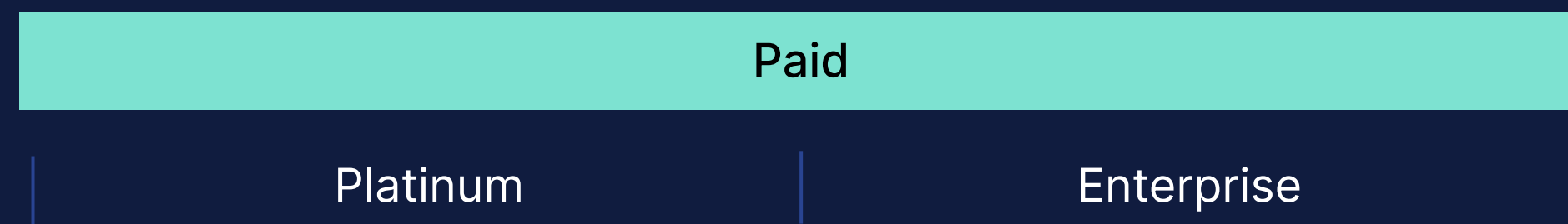
Elastic Cloud



Self-managed

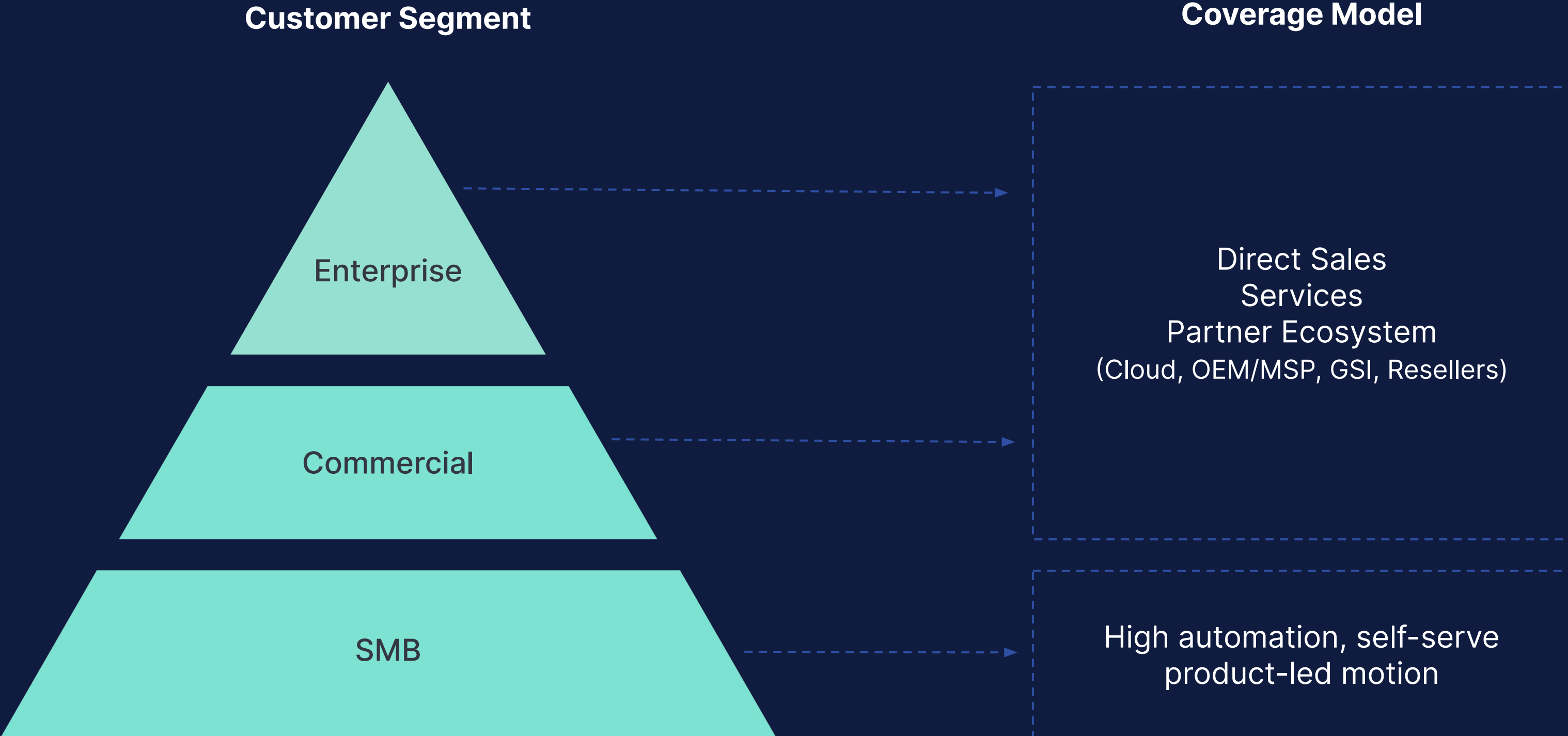
Free & Open

No Support



- Resource-based pricing model ↔ Consumption-based subscriptions on Elastic Cloud
- Subscriptions generally 1 to 3 years, invoiced annually in advance
- Elastic Cloud also has month-to-month web-based self-service option

Low-friction Go-to-Market Model



The flexibility to deploy wherever our customers are

 Public Cloud

 Hybrid

 On-Premises



 Amazon Web Services

 Google Cloud

 Microsoft Azure

Scaling with Hyperscaler Cloud Partners



- Multi-year strategic agreements with co-investments
- Powerful technology integrations to accelerate Elastic Cloud adoption
- Preferential access and relationships under ISV programs
- Joint sales pursuits with sales incentives for hyperscaler sales teams

Sustaining the Cloud Momentum



Track record of growth at scale



Organic Growth



Strong customer acquisition



Robust expansion



Strong Consumption Patterns



Sustained, Organic Mix Shift to Cloud



GTM Momentum



Thriving Hyperscaler Partnerships

Q2 FY24 Results

Q2 FY24 Results At a Glance



17%
Total Revenue
Growth
year-over-year



31%
Elastic Cloud
Revenue Growth
year-over-year

43% of Total
Revenue



13%
Non-GAAP
Operating
Margin



>1,220
Customers
with ACV >
\$100K

Revenue Highlights

| <i>\$ millions</i> | Q2 FY24 | Y/Y | Y/Y CC |
|---------------------------------|----------------|------------|---------------|
| Total Revenue | \$311 | 17% | 16% |
| Total Subscription Revenue | \$288 | 19% | 18% |
| Elastic Cloud Revenue | \$135 | 31% | 30% |
| Subscription % of Total Revenue | 93% | | |
| Professional Services Revenue | \$23 | (1)% | (3)% |

CC = Constant Currency

Strong track record of driving growth

Total Revenue

\$ millions



| Quarter | Q2-23 | Q3-23 | Q4-23 | Q1-24 | Q2-24 |
|--------------------------------|-------|-------|-------|-------|-------|
| As Reported Y/Y Growth % | 28% | 23% | 17% | 17% | 17% |
| Constant Currency Y/Y Growth % | 34% | 27% | 19% | 17% | 16% |

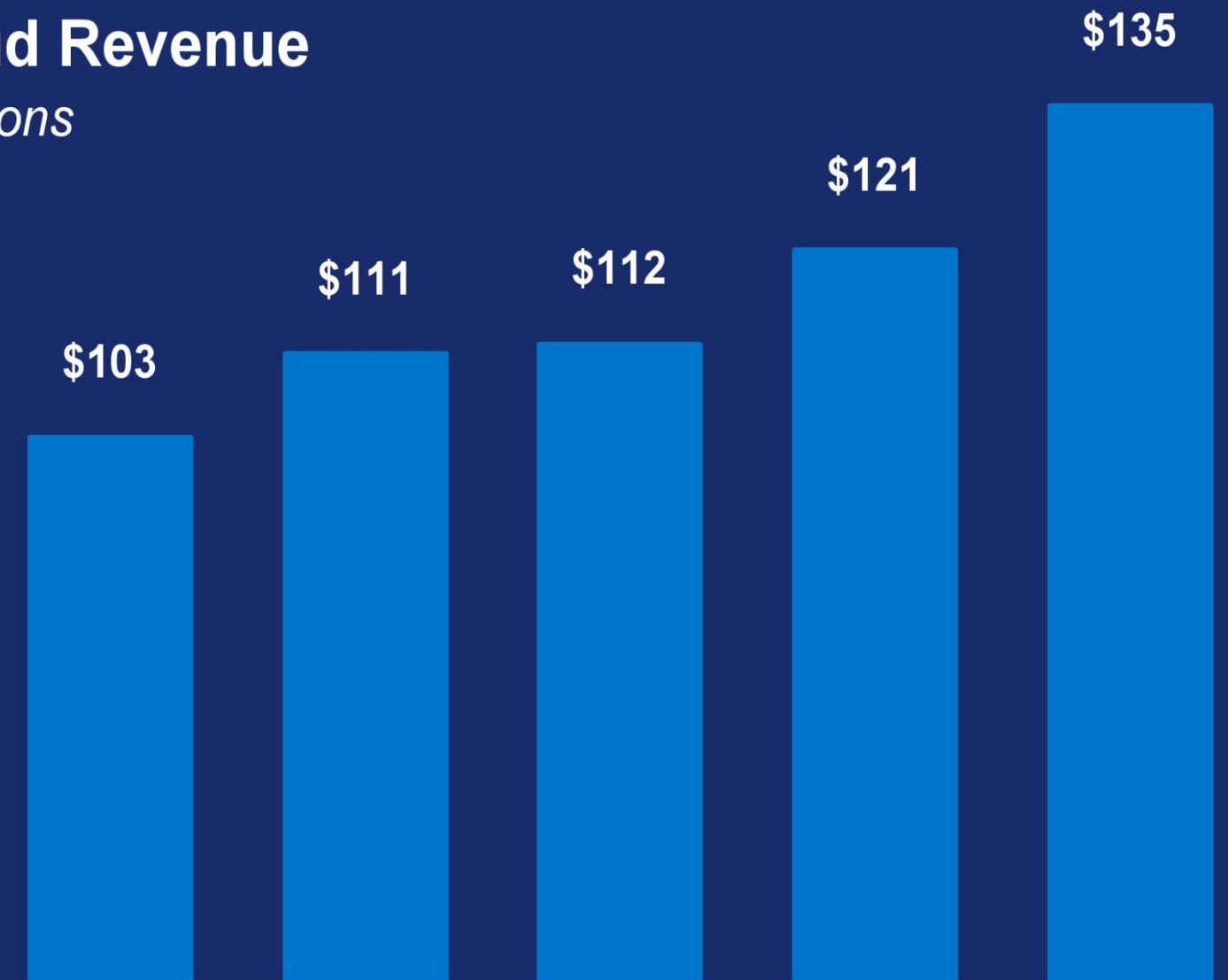
As Reported Y/Y Growth %

Constant Currency Y/Y Growth %

■ Professional Services ■ Subscription Revenue

Cloud Revenue

\$ millions



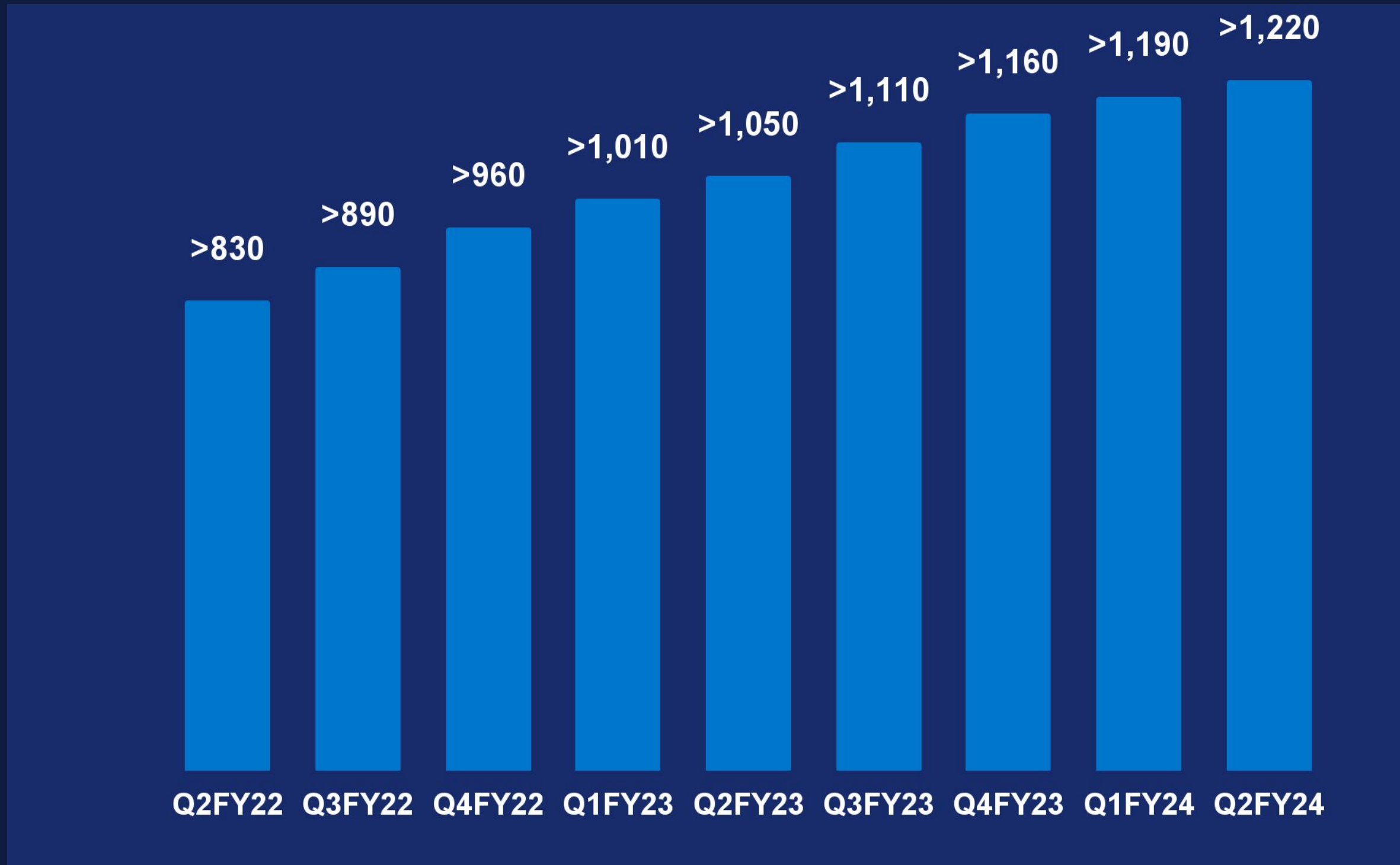
| Quarter | Q2-23 | Q3-23 | Q4-23 | Q1-24 | Q2-24 |
|---------------------------------------|-------|-------|-------|-------|-------|
| As Reported Y/Y Growth % | 50% | 38% | 28% | 24% | 31% |
| Constant Currency Y/Y Growth % | 52% | 40% | 30% | 24% | 30% |
| Cloud Revenue as a % of Total Revenue | 39% | 40% | 40% | 41% | 43% |

As Reported Y/Y Growth %

Constant Currency Y/Y Growth %

Cloud Revenue as a % of Total Revenue

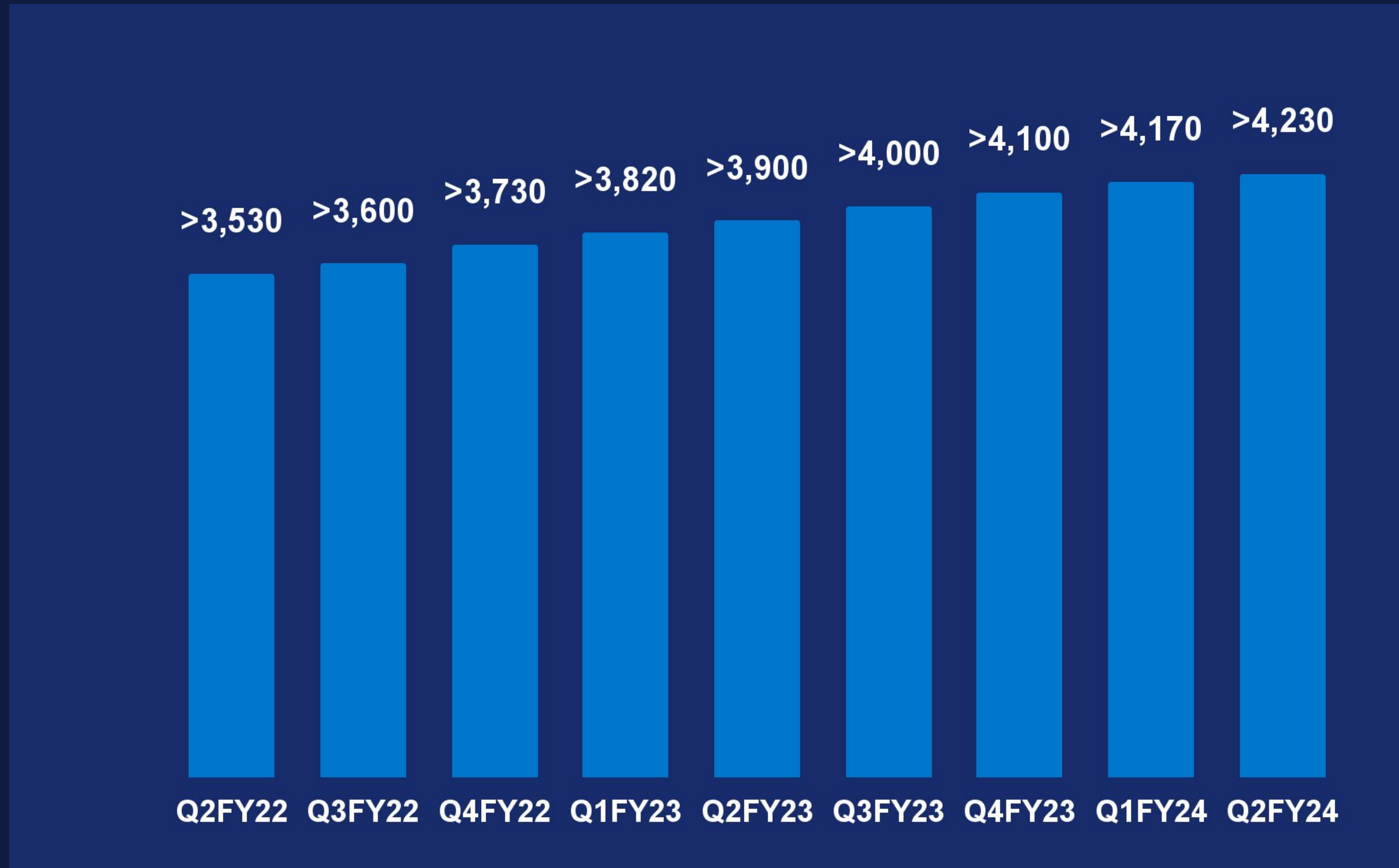
>\$100K ACV Customer Trend



Change from Prior Quarter



>\$10K ACV Customer Trend



Change from Prior Quarter



Healthy Net Expansion Rate

~110%

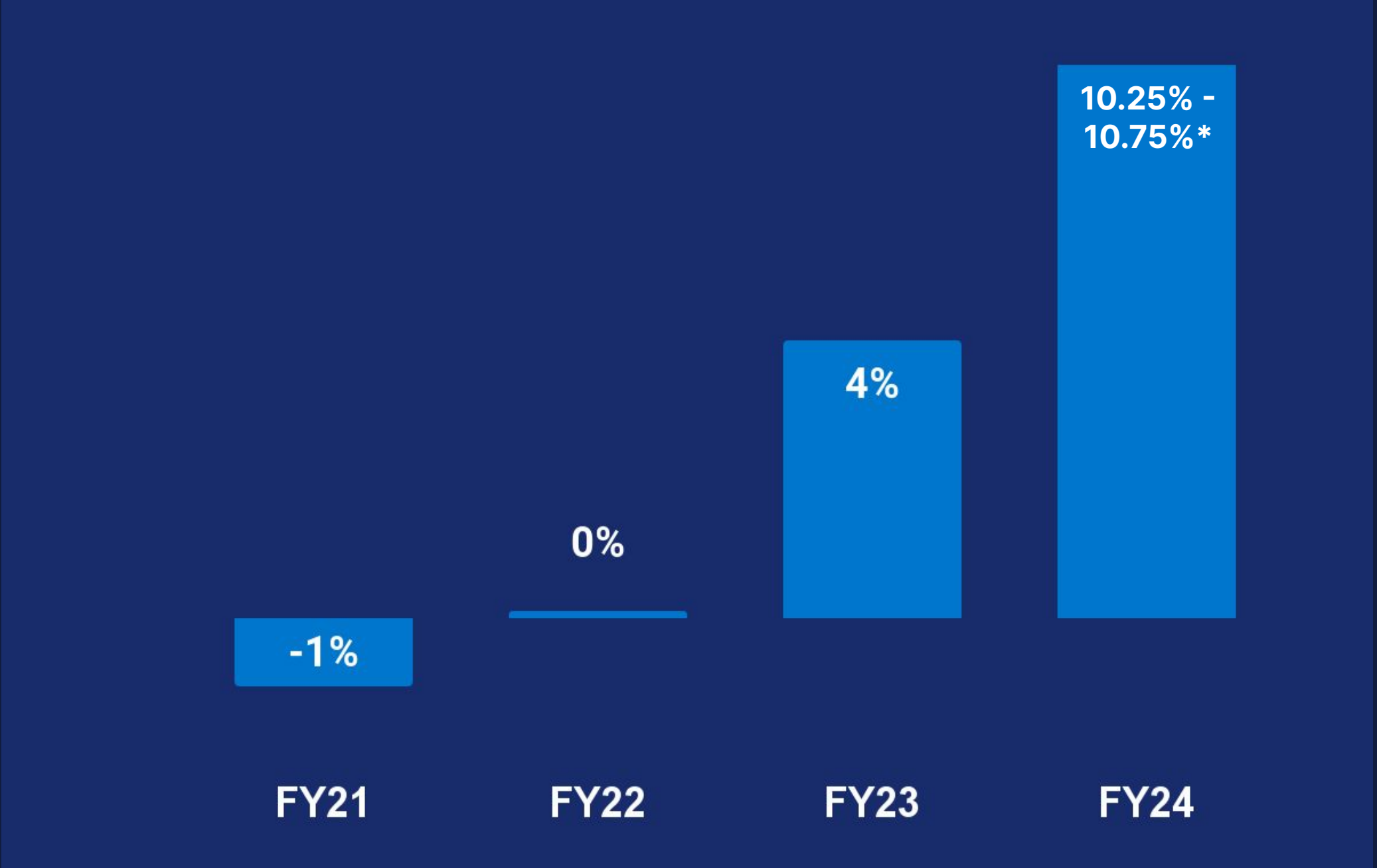
Q2 FY24

Trailing twelve month measure

Includes only consumption, not commitments,
for customers on Cloud consumption
contracts

Driving Profitable Growth

Non-GAAP Operating Margin



* Guidance provided on November 30, 2023.

See appendix for reconciliation. A reconciliation of non-GAAP guidance measures to corresponding GAAP measures for operating margin and net earnings/(loss) per share is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, many of the costs and expenses that may be incurred in the future. These items necessary to reconcile such non-GAAP measures could be material and have a significant impact on the Company's results computed in accordance with GAAP.



Non-GAAP Income Statement Highlights

| <i>\$ millions, except per share amounts</i> | Q2 FY24 | % OF REVENUE |
|--|----------------|---------------------|
| Total Revenue | \$311 | 100% |
| Gross Profit/Margin | \$239 | 77% |
| Research & Development Expense | \$57 | 18% |
| Sales & Marketing Expense | \$114 | 37% |
| General & Administrative Expense | \$27 | 9% |
| Operating Income/Margin | \$41 | 13% |
| Earnings per share - Diluted | \$0.37 | |

See appendix for reconciliation to GAAP

Select Financial Measures

| <i>\$ millions, except employees</i> | Q2FY24 |
|---|---------|
| Adjusted Free Cash Flow* | \$(3) |
| Cash, Cash Equivalents, and Marketable Securities | \$966 |
| Total Deferred Revenue | \$536 |
| Remaining Performance Obligations | \$1,117 |
| Employees | 3,055 |

*See appendix for reconciliation to GAAP

Q3 and Full Year FY2024 Guidance

| | Q3 FY24 | FY24 |
|--|-----------------|---------------------|
| Total Revenue | \$319M - \$321M | \$1.247B - \$1.253B |
| <i>Year-over-year growth %</i> | 17% | 17% |
| <i>Constant currency year-over-year growth %</i> | 16% | 16% |
| Non-GAAP Operating Margin | 11.5% to 12.0% | 10.25% to 10.75% |
| Non-GAAP Net Earnings Per Share | \$0.30 - \$0.32 | \$1.06 - \$1.15 |
| Diluted Weighted Average Shares Outstanding | 103M - 104M | 102M - 104M |

A reconciliation of non-GAAP guidance measures to corresponding GAAP measures for operating margin and net earnings/(loss) per share is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, many of the costs and expenses that may be incurred in the future. These items necessary to reconcile such non-GAAP measures could be material and have a significant impact on the Company's results computed in accordance with GAAP.

Appendix

GAAP to Non-GAAP Reconciliations

Operating Margin

| | FY21 | FY22 | FY23 |
|---|-------|-------|-------|
| GAAP operating margin % | (21)% | (20)% | (21)% |
| Stock-based compensation | 15 % | 16 % | 19 % |
| Amortization of acquired intangibles | 2 % | 2 % | 2 % |
| Acquisition-related expenses | — % | 1 % | 1 % |
| Employer payroll taxes on employee stock transactions | 2 % | 1 % | 1 % |
| Restructuring and other related charges | — % | — % | 3 % |
| Non-GAAP operating margin % | (1)% | — % | 4 % |

Sums may not add to totals due to rounding

GAAP to Non-GAAP Reconciliations

Gross Profit and Gross Margin

| <i>\$ in millions except percentages</i> | Q2 FY24 |
|---|----------------|
| GAAP gross profit | \$231 |
| Stock-based compensation expense and related employer taxes | 5 |
| Amortization of acquired intangibles | 3 |
| Non-GAAP gross profit | \$239 |
| GAAP subscription gross margin % | 79 % |
| Stock-based compensation expense and related employer taxes | 1 % |
| Amortization of acquired intangibles | 1 % |
| Non-GAAP subscription gross margin % | 81 % |
| GAAP professional services gross margin % | 12 % |
| Stock-based compensation expense and related employer taxes | 13 % |
| Non-GAAP professional services gross margin % | 25 % |
| GAAP gross margin % | 74 % |
| Stock-based compensation expense and related employer taxes | 2 % |
| Amortization of acquired intangibles | 1 % |
| Non-GAAP gross margin % | 77 % |

GAAP to Non-GAAP Reconciliations

Operating Expenses

| <i>\$ in millions except percentages</i> | Q2 FY24 |
|---|----------------|
| GAAP sales & marketing expenses | \$133 |
| Stock-based compensation expense and related employer taxes | (19) |
| Amortization of acquired intangibles | (1) |
| Non-GAAP sales & marketing expenses | \$114 |
| Y/Y | 3 % |
| GAAP research & development expenses | \$80 |
| Stock-based compensation expense and related employer taxes | (23) |
| Acquisition-related expenses | — |
| Non-GAAP research & development expenses | \$57 |
| Y/Y | 4 % |
| GAAP general & administrative expenses | \$39 |
| Stock-based compensation expense and related employer taxes | (12) |
| Acquisition-related expenses | — |
| Non-GAAP general & administrative expenses | \$27 |
| Y/Y | — % |

Sums may not add to totals due to rounding

GAAP to Non-GAAP Reconciliations

Operating Income (Loss), Operating Margin, and Earnings (Net Loss) per share

| <i>\$ in millions except percentages and per share amounts</i> | Q2 FY24 |
|--|----------------|
| GAAP operating loss | (\$22) |
| Stock-based compensation expense and related employer taxes | 58 |
| Amortization of acquired intangibles | 4 |
| Acquisition-related expenses | 1 |
| Restructuring and other related charges | — |
| Non-GAAP operating income | \$41 |
| GAAP operating margin % | (7)% |
| Stock-based compensation expense and related employer taxes | 19% |
| Amortization of acquired intangibles | 1% |
| Acquisition-related expenses | — % |
| Restructuring and other related charges | — % |
| Non-GAAP operating margin % | 13% |
| GAAP net loss per share | (\$0.25) |
| Stock-based compensation expense and related employer taxes | 0.59 |
| Amortization of acquired intangibles | 0.04 |
| Acquisition-related expenses | 0.01 |
| Restructuring and other related charges | — |
| Litigation Settlement | — |
| Tax adjustment | — |
| Non-GAAP earnings per share - Diluted | \$0.37 |

GAAP to Non-GAAP Reconciliations

Adjusted Free Cash Flow

| <i>\$ in millions</i> | Q2 FY24 |
|--|---------|
| Net cash provided by operating activities | \$(2.4) |
| Less: Purchase of property and equipment | (0.9) |
| Add: Interest paid on long-term debt | — |
| Adjusted free cash flow | \$(3.3) |
| | |
| Net cash used in operating activities (as a percentage of total revenue) | (1)% |
| Adjusted free cash flow margin* | (1)% |

Sums may not add to totals due to rounding.

Adjusted free cash flow is a non-GAAP financial measure that we define as net cash provided by (used in) operating activities adjusted for cash paid for interest less cash used for investing activities for purchases of property and equipment, and capitalized internal-use software costs. Adjusted free cash flow margin is calculated as adjusted free cash flow divided by total revenue. Adjusted free cash flow does not represent residual cash flow available for discretionary expenditures since, among other things, we have mandatory debt service requirements.