



ELASTIC N.V. (ESTC)
Q1 FY2022
Earnings Conference Call

August 25, 2021



Forward Looking Statements and Non-GAAP Disclaimer

This presentation and the accompanying oral presentation contain forward-looking statements that involve substantial risk and uncertainties, which include, but are not limited to, statements regarding our expected financial results for the fiscal quarter ending October 31, 2021 and the fiscal year ending April 30, 2022, the expected performance or benefits of our offerings, and our assessments of the strength of our solutions and products. These forward-looking statements are subject to the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. Our expectations and beliefs in light of currently available information regarding these matters may not materialize. 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 security-related product and Elastic Cloud offerings; customer acceptance and purchase of our existing offerings and new offerings, including the expansion and adoption of our Elastic Cloud offerings; our inability to realize value from investments in the business, including R&D investments; our ability to maintain and expand our user and customer base; the impact of the COVID-19 pandemic on the macroeconomic environment, on our business, operations, hiring and financial results, and on businesses of our customers and partners, including their spending priorities, the effect of lockdowns, restrictions and new regulations; the impact of our licensing model on the use and adoption of our software; the impact of foreign currency exchange rate and interest rate fluctuations on our results; our international expansion strategy; our operating results and cash flows; our beliefs and objectives for future operations; the sufficiency of our capital resources; our ability to successfully execute our go-to-market strategy and expand in our existing markets and into new markets, and our ability to forecast customer retention and expansion; and general market, political, economic and business conditions.

Any additional or unforeseen effect from the COVID-19 pandemic 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, 2021 and any 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.

Shay Banon

Founder and CEO



Q1 FY2022 Summary – Strong Results



50%

Total revenue growth
year-over-year



89%

Elastic Cloud revenue
growth year-over-year



16,000+

subscription
customers

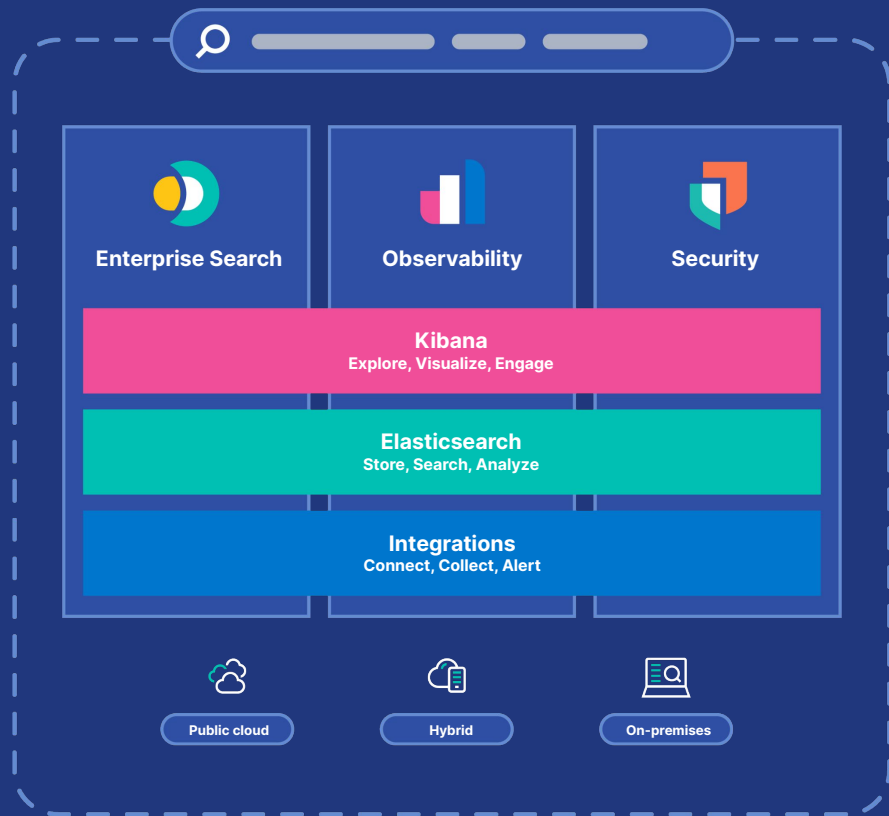


780+

customers with ACV
greater than \$100K

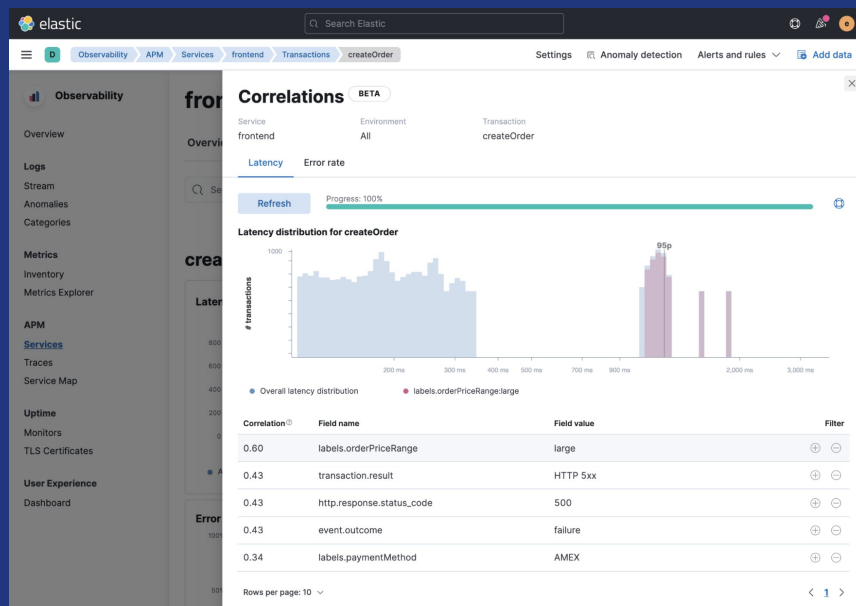


Elastic Search Platform

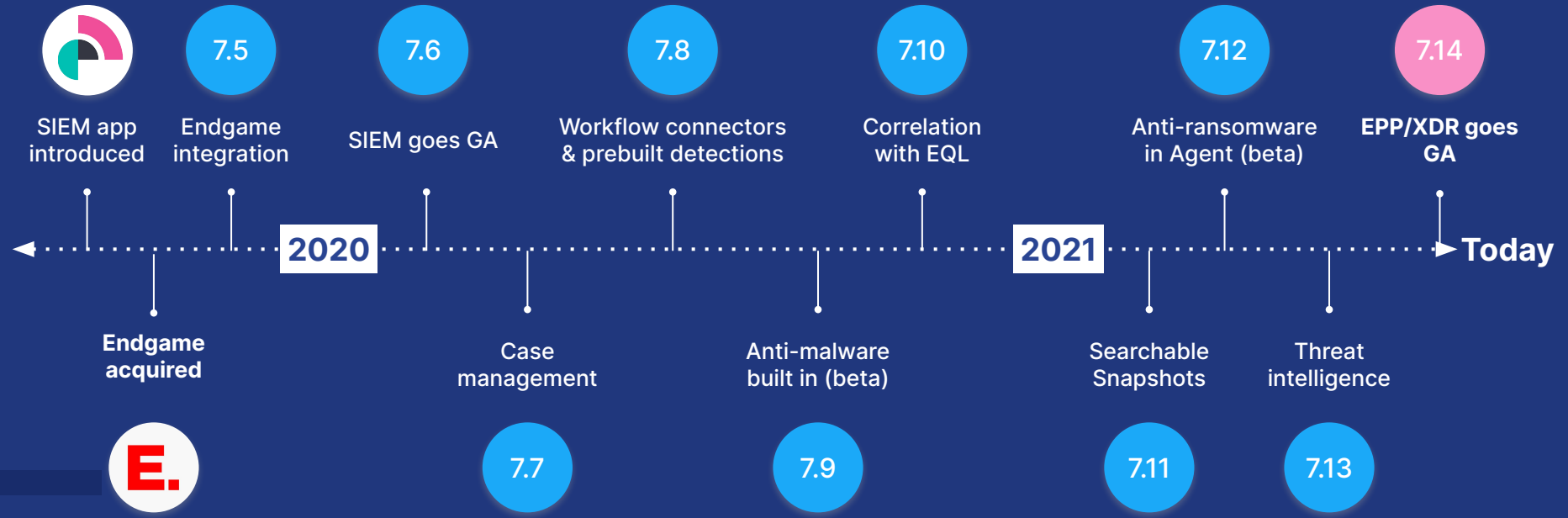


Elastic Observability

Reduce MTTR by accelerating root cause analysis of application issues with correlations



Elastic Security



Limitless XDR

XDR modernizes security operations, enabling analytics across all data, automating key processes, and bringing native endpoint security to every host.

SIEM

**Endpoint
Security**

**Cloud
Security**

What is “Limitless”?

Limitless visibility



Eliminate blind spots, with hundreds of one-click integrations, a community of extensions, and custom extensibility.

Limitless data



Explore years of historical operational and threat data in minutes without breaking your budget with the frozen data tier.

Limitless analysis



Arm every analyst, leveraging machine learning, threat intelligence, aggregations, and multi-cloud visibility.

Limitless value



Adapt to the evolving needs of your business. Elastic licensing is simple, predictable, and flexible. Deploy anywhere.

Elastic joins forces with build.security and Cmd



Cloud Security

Continuous cloud-native security

Ensuring the environment is secured to defined standards

Workload runtime security

Protecting against attacks to circumvent standards

Build-time

Deployment-time

Run-time

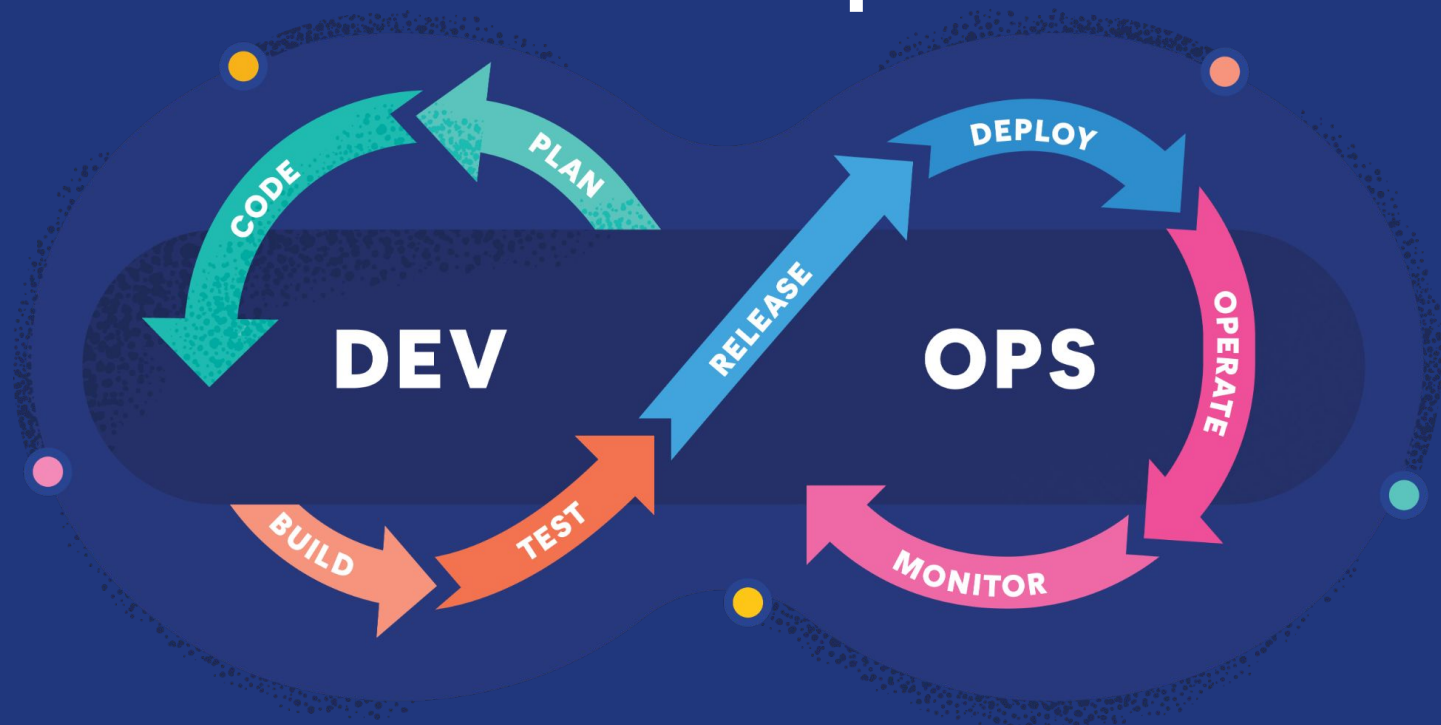
Unified Agent

Radically simplify ingest

Enabling one-click data onboarding for logs, metrics, uptime, and security data



DevSecOps



Security is shifting left,
into the build phase

Observability is shifting right,
into the production phase



Security + Observability

One of the World's Largest Casual Dining
Restaurant Chains



Enterprise Search

Large Mutual Insurance Company

Enterprise Search

Fortune 50 Multinational Investment Bank
and Financial Services Company



Elastic Enterprise Search

7.14 Release Highlights

Integration

Enterprise Search in Kibana (Beta)

Manage App and Workplace
Search directly from Kibana
with consistent
cross-platform navigation

Flexibility

Adjustable search precision / recall (Beta)

Narrow or broaden search
results in App Search with
easy-to-use precision tuning
slider

Configurability

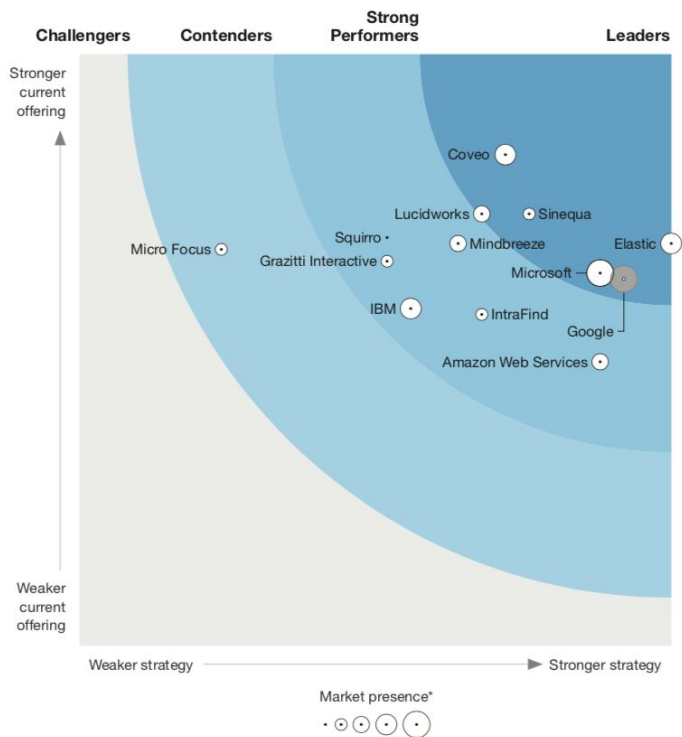
Granular indexing for OOTB connectors

Specify which objects to
synchronize or exclude when
ingesting content sources in
Workplace Search

THE FORRESTER WAVE™

Cognitive Search

Q3 2021



*A gray bubble indicates a nonparticipating vendor.

Elastic recognized as a **Leader** by Forrester in the **2021 Forrester Wave™** for Cognitive Search

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Observability

Fortune 50 Multinational Investment Bank
and Financial Services Company



Elastic Cloud Highlights



Improved Security

GA: Private Link Support


Azure Private Link provides a private connection between your Azure network and Elastic Cloud deployment



Microsoft US Partner Award

Commercial Marketplace

On the heels of our native Azure portal integration, Elastic was the award winner in Business Excellence, Commercial Marketplace



Google Cloud Partner Award

Technology Partner: Data Management

Recognized, second year in a row, for excellence in innovation, customer service, and top-tier use of Google Cloud



SOLVE.

LET THE SEARCH BEGIN.

October 5-7, 2021



Janesh Moorjani

Chief Financial Officer



Revenue Highlights

<i>\$ millions</i>	Q1 FY22	Q1 FY22 Y/Y	Y/Y CC
Total Revenue	\$193.1	50%	45%
Total Subscription Revenue	\$177.2	46%	41%
Elastic Cloud Revenue	\$61.5	89%	85%
Subscription % of Total Revenue	92%		
Professional Services Revenue	\$15.9	111%	102%

CC = Constant Currency

Strong Billings and Customer Metrics

<i>\$ millions</i>	Q1 FY22	Y/Y	Y/Y CC	TTM Y/Y
Calculated Billings ⁽¹⁾	\$165.0	27%	23%	37%

Q1 FY22 CUSTOMER METRICS

Total Subscription Customers	>16,000
Subscription Customers with ACV > \$100,000	>780
Net Expansion Rate	Slightly below 130%

⁽¹⁾ Calculated Billings represents total revenue plus the sequential increase in deferred revenue as presented on the statement of cash flows, less the increase in unbilled accounts receivable. See appendix for reconciliation to GAAP.

Non-GAAP Income Statement Highlights

<i>\$ millions, except per share amounts</i>	Q1 FY22	% OF REVENUE
Total Revenue	\$193.1	100%
Gross Profit/Margin	\$149.8	78%
Research & Development Expense	\$45.7	24%
Sales & Marketing Expense	\$75.1	39%
General & Administrative Expense	\$21.8	11%
Operating Income/Margin	\$7.2	4%
Earnings Per Share	\$0.04	

Select Financial Measures

<i>\$ millions, except employees</i>	Q1 FY22
Free Cash Flow	\$12.4
Cash & Cash Equivalents	\$991.3
Total Deferred Revenue	\$364.4
Remaining Performance Obligations	\$776.0
Employees	2,285

Q2 and Full Year FY2022 Guidance

	Q2 FY22	FY22
Total Revenue	\$193M - \$195M	\$808M - \$814M
Non-GAAP Operating Margin	-4.0% to -3.0%	-4.0% to -3.0%
Non-GAAP Net Loss Per Share	\$0.19 to \$0.15	\$0.67 to \$0.57
Weighted Average Shares Outstanding (Basic & Diluted)	92M - 93M	92M - 94M

A reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, many of these costs and expenses that may be incurred in the future.

Appendix

Releases: Continued rapid pace of innovation

Powerful foundational features in the Elastic Stack included: Limitless XDR (GA), Elastic Agent (GA), Enterprise Search in Kibana (Beta)

Elastic Enterprise Search

- Announced centralized management of Elastic Enterprise Search in Kibana, delivering optimized search experiences insights
- Introduced precision tuning in App Search for customized search results
- Provided customers with synonym support in Workplace Search and data ingestion flexibility with out-of-the-box content sources

Elastic Observability

- Announced the general availability of Elastic Agent data onboarding and telemetry collection with secure centralized agent management
- Added native support for Microsoft Azure monitoring use cases
- Enhanced APM correlations, accelerating application root cause analysis and reducing MTTR

Elastic Security

- Introduced the industry's first free and open Limitless Extended Detection and Response (XDR)
- Extended visibility to bring native endpoint security to every host with a unified agent
- Automated prevention to stop fast-evolving ransomware and malware with an extra layer of ransomware protection for Windows systems and data




Elastic Cloud

- Announced general availability of support for Microsoft Azure Private link providing secure connectivity between Elastic Cloud and Azure environments
- Launched new Google cloud region: Asia Pacific Northeast 3 (Seoul) region

Resource-based pricing






Elastic Enterprise Search

-  **Site Search**
No query-based pricing
-  **App Search**
No docs-based pricing
-  **Workplace Search**
No user-based pricing



Elastic Observability

-  **APM**
No agent-based pricing
-  **Logs**
No ingest-based pricing
-  **Metrics**
No host-based pricing



Elastic Security

-  **SIEM**
No seat/ingest-based pricing
-  **Endpoint Security**
No endpoint-based pricing

GAAP to Non-GAAP Reconciliations

Gross Profit and Gross Margin

\$ in millions	Q1 FY22
GAAP gross profit	\$143.4
(+) Stock based compensation	3.7
(+) Amortization of acquired intangibles	2.0
(+) Employer payroll taxes on employee stock transactions	0.6
Non-GAAP gross profit	\$149.8
GAAP subscription gross margin %	78.8%
(+) Stock based compensation	1.2%
(+) Amortization of acquired intangibles	1.1%
(+) Employer payroll taxes on employee stock transactions	0.1%
Non-GAAP subscription gross margin %	81.3%
GAAP professional services gross margin %	23.7%
(+) Stock based compensation	9.9%
(+) Employer payroll taxes on employee stock transactions	2.3%
Non-GAAP professional services gross margin %	35.9%
GAAP gross margin %	74.3%
(+) Stock based compensation	1.9%
(+) Amortization of acquired intangibles	1.0%
(+) Employer payroll taxes on employee stock transactions	0.3%
Non-GAAP gross margin %	77.6%

GAAP to Non-GAAP Reconciliations

Operating Expenses

\$ in millions except percentages	Q1 FY21	Q1 FY22	Q1 FY22 % Revenue
GAAP sales & marketing expenses	\$56.2	\$88.0	46%
(-) Stock based compensation	(6.2)	(9.9)	(5.1%)
(-) Acquisition and related expenses	(1.4)	(1.4)	(0.7%)
(-) Employer payroll taxes on employee stock transactions	(1.2)	(1.7)	(0.9%)
Non-GAAP sales & marketing expenses	\$47.4	\$75.1	39%
Y/Y		58%	
GAAP research & development expenses	\$45.7	\$59.4	31%
(-) Stock based compensation	(7.1)	(12.1)	(6.3%)
(-) Employer payroll taxes on employee stock transactions	(1.0)	(1.6)	(0.8%)
Non-GAAP research & development expenses	\$37.6	\$45.7	24%
Y/Y		22%	
GAAP general & administrative expenses	\$21.7	\$27.1	14%
(-) Stock based compensation	(3.0)	(4.5)	(2.3%)
(-) Acquisition and related expenses	0.0	(0.2)	(0.1%)
(-) Employer payroll taxes on employee stock transactions	(0.7)	(0.5)	(0.3%)
Non-GAAP general & administrative expenses	\$18.0	\$21.8	11%
Y/Y		21%	

GAAP to Non-GAAP Reconciliations

Operating Loss, Operating Margin and Net Loss per share

\$ in millions except percentages and per share amounts	Q1 FY21	Q1 FY22
GAAP operating loss	(\$29.5)	(\$31.0)
(+) Stock based compensation	18.6	30.2
(+) Amortization of acquired intangibles	3.6	3.4
(+) Acquisition and related expenses	0.0	0.2
(+) Employer payroll taxes on employee stock transactions	3.1	4.4
Non-GAAP operating (loss) income	(\$4.3)	\$7.2
GAAP operating margin %	(22.9%)	(16.1%)
(+) Stock based compensation	14.4%	15.6%
(+) Amortization of acquired intangibles	2.8%	1.8%
(+) Acquisition and related expenses	0.0%	0.1%
(+) Employer payroll taxes on employee stock transactions	2.4%	2.3%
Non-GAAP operating margin %	(3.3%)	3.7%
GAAP net loss per share	(\$0.23)	(\$0.38)
(+) Stock based compensation	0.22	0.33
(+) Amortization of acquired intangibles	0.04	0.04
(+) Acquisition and related expenses	0.00	0.00
(+) Employer payroll taxes on employee stock transactions	0.04	0.05
(-) Tax adjustment	(0.00)	(0.00)
Non-GAAP earnings per share - Basic	\$0.07	\$0.04
Non-GAAP earnings per share - Diluted	\$0.06	\$0.04

GAAP to Non-GAAP Reconciliations

Calculated Billings

\$ in millions	Q1 FY21	Q1 FY22
Revenue	\$128.9	\$193.1
Add: Increase in total deferred revenue	1.7	(30.6)
Less: (Increase) decrease in unbilled accounts receivable	(0.6)	2.6
Calculated billings	\$130.0	\$165.0
Y/Y		27%

Free Cash Flow

\$ in millions	Q1 FY21	Q1 FY22
Net cash used in operating activities	\$22.0	\$14.1
Less: Purchase of property and equipment	(0.4)	(0.7)
Less: Capitalization of internal-use software	0.0	(1.0)
Free cash flow	\$21.6	\$12.4
Free cash flow margin*	17%	6%

*Free cash flow margin represents free cash flow divided by total revenue
Sums may not add to totals due to rounding

Remaining Performance Obligations (RPO)

Historical Trend

<i>\$ millions</i>	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22
Remaining Performance Obligations (RPO)	\$576.4	\$643.5	\$705.7	\$796.4	\$776.0



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