

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 October 31, 2024
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number 001-38675

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 November 18, 2024, the registrant had 103,631,586 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, and other conditions discussed in this report, on information technology spending, sales cycles, and other factors affecting the demand for our offerings and our results of operations;
- our 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 the expansion and adoption of our cloud-based offerings;
- the impact of geopolitical turmoil, such as the evolving conflict in Israel and Gaza and Russia’s war with Ukraine, on our business and on the businesses of our customers and partners, including their spending priorities;
- impacts of the 2024 U.S. elections;
- 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 security breaches or incidents, including by threat actors;
- 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 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;
- 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 needs for at least the next 12 months;
- 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;
- 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; 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 “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended April 30, 2024 filed with the SEC on June 14, 2024. 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 October 31, 2024	As of April 30, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 658,508	\$ 540,397
Restricted cash	3,320	2,692
Marketable securities	539,062	544,002
Accounts receivable, net of allowance for credit losses of \$4,992 and \$4,979 as of October 31, 2024 and April 30, 2024, respectively	256,068	323,011
Deferred contract acquisition costs	77,129	78,030
Prepaid expenses and other current assets	41,667	42,765
Total current assets	1,575,754	1,530,897
Property and equipment, net	5,005	5,453
Goodwill	319,417	319,380
Operating lease right-of-use assets	16,433	20,506
Intangible assets, net	14,506	20,620
Deferred contract acquisition costs, non-current	106,120	114,509
Deferred tax assets	187,204	225,544
Other assets	7,061	5,657
Total assets	\$ 2,231,500	\$ 2,242,566
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 23,557	\$ 26,075
Accrued expenses and other liabilities	75,979	75,292
Accrued compensation and benefits	72,511	93,691
Operating lease liabilities	10,525	12,187
Deferred revenue	608,157	663,846
Total current liabilities	790,729	871,091
Deferred revenue, non-current	37,548	30,293
Long-term debt, net	569,165	568,612
Operating lease liabilities, non-current	9,621	12,898
Other liabilities, non-current	12,919	21,487
Total liabilities	1,419,982	1,504,381
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 October 31, 2024 and April 30, 2024	—	—
Ordinary shares, par value €0.01 per share; 165,000,000 shares authorized; 103,631,086 shares issued and outstanding as of October 31, 2024 and 101,705,935 shares issued and outstanding as of April 30, 2024	1,091	1,070
Treasury stock	(369)	(369)
Additional paid-in capital	1,895,307	1,750,729
Accumulated other comprehensive loss	(18,227)	(21,638)
Accumulated deficit	(1,066,284)	(991,607)
Total shareholders' equity	811,518	738,185
Total liabilities and shareholders' equity	\$ 2,231,500	\$ 2,242,566

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 October 31,		Six Months Ended October 31,	
	2024	2023	2024	2023
Revenue				
Subscription	\$ 340,807	\$ 287,743	\$ 664,581	\$ 557,990
Services	24,554	22,869	48,200	46,375
Total revenue	365,361	310,612	712,781	604,365
Cost of revenue				
Subscription	69,941	59,996	138,288	117,262
Services	23,238	20,093	46,648	40,304
Total cost of revenue	93,179	80,089	184,936	157,566
Gross profit	272,182	230,523	527,845	446,799
Operating expenses				
Research and development	88,163	80,108	177,495	160,798
Sales and marketing	144,274	133,230	301,631	266,399
General and administrative	44,085	38,695	86,758	76,634
Restructuring and other related charges	86	29	225	754
Total operating expenses	276,608	252,062	566,109	504,585
Operating loss	(4,426)	(21,539)	(38,264)	(57,786)
Other income, net				
Interest expense	(6,462)	(6,349)	(12,988)	(12,655)
Other income, net	9,106	8,239	20,314	15,539
Loss before income taxes	(1,782)	(19,649)	(30,938)	(54,902)
Provision for income taxes	23,668	5,147	43,739	18,402
Net loss	\$ (25,450)	\$ (24,796)	\$ (74,677)	\$ (73,304)
Net loss per share attributable to ordinary shareholders, basic and diluted	\$ (0.25)	\$ (0.25)	\$ (0.73)	\$ (0.74)
Weighted-average shares used to compute net loss per share attributable to ordinary shareholders, basic and diluted	103,238,740	99,073,401	102,761,588	98,507,725

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

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

	Three Months Ended October 31,		Six Months Ended October 31,	
	2024	2023	2024	2023
Net loss	\$ (25,450)	\$ (24,796)	\$ (74,677)	\$ (73,304)
Other comprehensive income (loss):				
Unrealized gain (loss) on available-for-sale securities, net of taxes	638	(196)	3,089	(1,607)
Foreign currency translation adjustments	601	(3,961)	322	(2,186)
Other comprehensive income (loss)	1,239	(4,157)	3,411	(3,793)
Total comprehensive loss	\$ (24,211)	\$ (28,953)	\$ (71,266)	\$ (77,097)

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 Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount					
Balances as of July 31, 2024	102,724,366	\$ 1,081	\$ (369)	\$ 1,819,006	\$ (19,466)	\$ (1,040,834)	\$ 759,418
Issuance of ordinary shares upon exercise of stock options	110,768	2	—	1,780	—	—	1,782
Issuance of ordinary shares upon release of restricted stock units	629,190	6	—	(6)	—	—	—
Issuance of ordinary shares under employee stock purchase plan	166,762	2	—	10,462	—	—	10,464
Stock-based compensation	—	—	—	64,065	—	—	64,065
Net loss	—	—	—	—	—	(25,450)	(25,450)
Other comprehensive income	—	—	—	—	1,239	—	1,239
Balances as of October 31, 2024	103,631,086	\$ 1,091	\$ (369)	\$ 1,895,307	\$ (18,227)	\$ (1,066,284)	\$ 811,518

	Ordinary Shares		Treasury Shares Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount					
Balances as of July 31, 2023	98,377,727	\$ 1,035	\$ (369)	\$ 1,532,543	\$ (19,651)	\$ (1,101,835)	\$ 411,723
Issuance of ordinary shares upon exercise of stock options	451,558	4	—	6,796	—	—	6,800
Issuance of ordinary shares upon release of restricted stock units	575,872	7	—	(7)	—	—	—
Issuance of ordinary shares under employee stock purchase plan	194,105	2	—	9,109	—	—	9,111
Stock-based compensation	—	—	—	56,455	—	—	56,455
Net loss	—	—	—	—	—	(24,796)	(24,796)
Other comprehensive loss	—	—	—	—	(4,157)	—	(4,157)
Balances as of October 31, 2023	99,599,262	\$ 1,048	\$ (369)	\$ 1,604,896	\$ (23,808)	\$ (1,126,631)	\$ 455,136

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 Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount					
Balances as of April 30, 2024	101,705,935	\$ 1,070	\$ (369)	\$ 1,750,729	\$ (21,638)	\$ (991,607)	\$ 738,185
Issuance of ordinary shares upon exercise of stock options	423,576	5	—	6,522	—	—	6,527
Issuance of ordinary shares upon release of restricted stock units	1,334,813	14	—	(14)	—	—	—
Issuance of ordinary shares under employee stock purchase plan	166,762	2	—	10,462	—	—	10,464
Stock-based compensation	—	—	—	127,608	—	—	127,608
Net loss	—	—	—	—	—	(74,677)	(74,677)
Other comprehensive income	—	—	—	—	3,411	—	3,411
Balances as of October 31, 2024	103,631,086	\$ 1,091	\$ (369)	\$ 1,895,307	\$ (18,227)	\$ (1,066,284)	\$ 811,518

	Ordinary Shares		Treasury Shares Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount					
Balances as of April 30, 2023	97,366,947	\$ 1,024	\$ (369)	\$ 1,471,584	\$ (20,015)	\$ (1,053,327)	\$ 398,897
Issuance of ordinary shares upon exercise of stock options	715,386	7	—	10,636	—	—	10,643
Issuance of ordinary shares upon release of restricted stock units	1,322,824	15	—	(15)	—	—	—
Issuance of ordinary shares under employee stock purchase plan	194,105	2	—	9,109	—	—	9,111
Stock-based compensation	—	—	—	113,582	—	—	113,582
Net loss	—	—	—	—	—	(73,304)	(73,304)
Other comprehensive loss	—	—	—	—	(3,793)	—	(3,793)
Balances as of October 31, 2023	99,599,262	\$ 1,048	\$ (369)	\$ 1,604,896	\$ (23,808)	\$ (1,126,631)	\$ 455,136

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)

	Six Months Ended October 31,	
	2024	2023
Cash flows from operating activities		
Net loss	\$ (74,677)	\$ (73,304)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation and amortization	7,738	9,781
Amortization of premium and accretion of discount on marketable securities, net	(4,126)	(3,646)
Amortization of deferred contract acquisition costs	47,175	35,952
Amortization of debt issuance costs	553	529
Non-cash operating lease cost	5,455	5,270
Stock-based compensation expense	127,608	113,582
Deferred income taxes	38,376	427
Unrealized foreign currency transaction loss	2,216	422
Other	(14)	(18)
Changes in operating assets and liabilities:		
Accounts receivable, net	68,081	26,972
Deferred contract acquisition costs	(37,178)	(43,421)
Prepaid expenses and other current assets	1,174	2,143
Other assets	(1,452)	1,556
Accounts payable	(2,335)	118
Accrued expenses and other liabilities	(8,136)	(1,393)
Accrued compensation and benefits	(21,480)	(10,773)
Operating lease liabilities	(6,407)	(6,194)
Deferred revenue	(51,440)	(22,578)
Net cash provided by operating activities	91,131	35,425
Cash flows from investing activities		
Purchases of property and equipment	(1,462)	(1,528)
Purchases of marketable securities	(166,253)	(178,301)
Sales, maturities, and redemptions of marketable securities	178,482	75,292
Net cash provided by (used in) investing activities	10,767	(104,537)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares under employee stock purchase plan	10,464	9,111
Proceeds from issuance of ordinary shares upon exercise of stock options	6,527	10,643
Net cash provided by financing activities	16,991	19,754
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(150)	(4,790)
Net increase (decrease) in cash, cash equivalents, and restricted cash	118,739	(54,148)
Cash, cash equivalents, and restricted cash, beginning of period	543,089	646,640
Cash, cash equivalents, and restricted cash, end of period	\$ 661,828	\$ 592,492
Supplemental disclosures of cash flow information		
Cash paid for interest	\$ 12,436	\$ 12,127
Cash paid for income taxes, net	\$ 12,587	\$ 14,990
Cash paid for operating lease liabilities	\$ 7,052	\$ 6,790
Supplemental disclosures of non-cash investing and financing information		
Property and equipment included in accounts payable	\$ 88	\$ 79
Operating lease right-of-use assets for new lease obligations	\$ 1,348	\$ 3,584

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