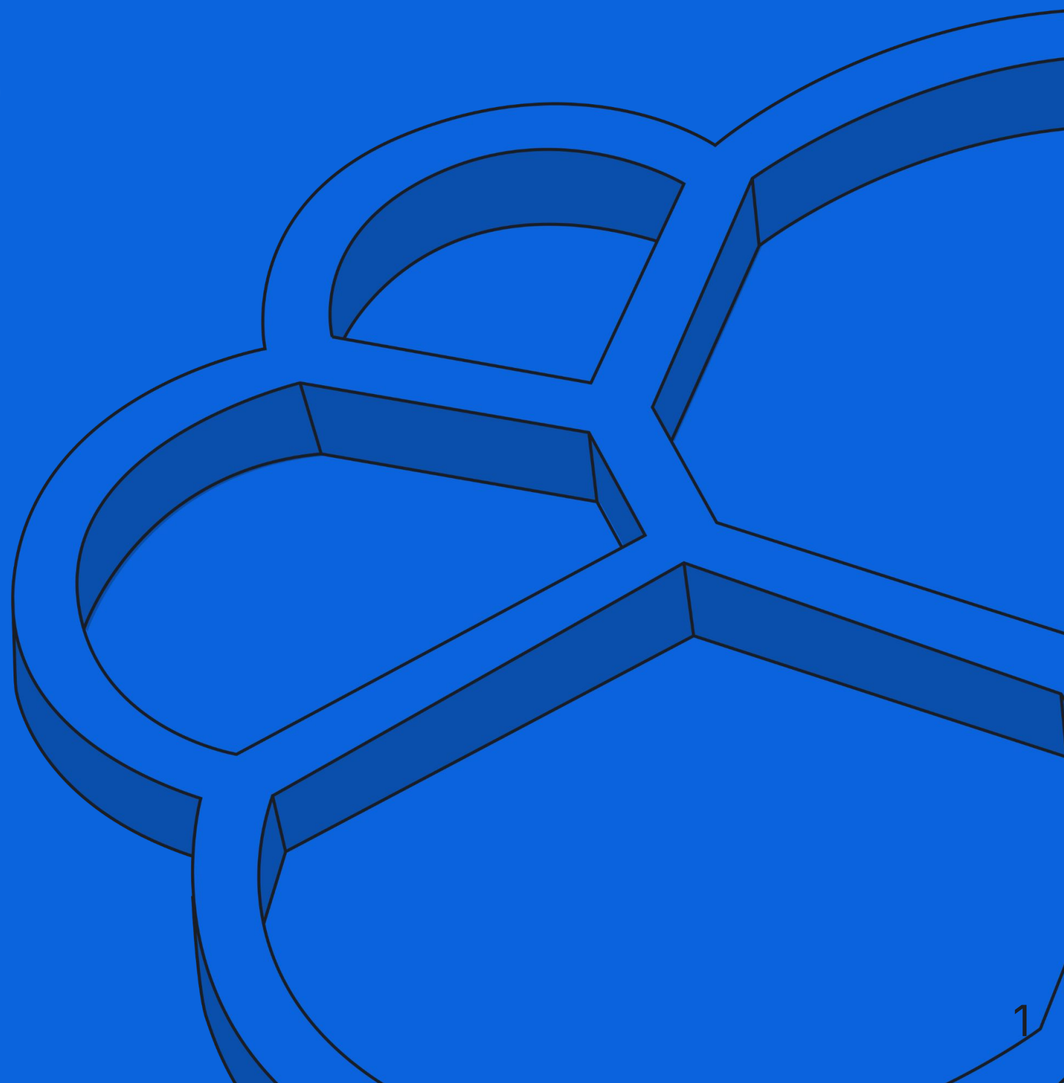
Corporate Overview and Q2FY27 Financial Results

November 19, 2026

elastic | The Search AI Company



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, 2027 and fiscal year ending April 30, 2027, 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, estimates of the impact of AI, 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, the success of our announced acquisitions, and our expectations regarding the markets in which we operate 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 profitability; the success of our AI initiatives; competition we face in the AI landscape; market understanding and valuation of AI technologies; the use of AI by our workforce; 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, the uncertain inflation and interest rate environment, and tariffs and other international trade policies on our results; our ability to continue to deliver and improve our offerings and develop new offerings; customer acceptance and purchase of our new and existing offerings; the expansion and adoption of our offerings; our ability to realize value from investments in the business; our ability to maintain and expand our user and customer base; 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 ability to generate accurate forecasts regarding our business; our ability to repurchase our ordinary shares at favorable prices, or at all; our plan to align our investments more closely with our strategic priorities that we announced earlier this year; 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, 2026 and subsequent quarterly and current 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 the most directly comparable GAAP financial measures.

elastic

Q2FY27

Results

TOTAL REVENUE

$496M

+17.1% Y/Y +17.2% Y/Y in CC

KEY METRICS

Sales-led Subscription Revenue*

$415M

+18.9% Y/Y +19.1% Y/Y in CC

Current Remaining Performance Obligations (cRPO)

$1.157B

+19.0 Y/Y +19.6% Y/Y in CC

Non-GAAP Operating Margin*

22.2%

Customers with ACV >$100K

1,830+

ACV = annual contract value, CC = constant currency
Sales-led subscription revenue is a non-GAAP financial measure that is calculated as total subscription revenue excluding Monthly Elastic Cloud.
*See appendix for reconciliation to the most directly comparable GAAP financial measures.

elastic

Elasticsearch | Search built for the AI era

Elastic Observability

AI Needs Full Stack Visibility

Elastic Security: Built on Elasticsearch with agentic detection, investigation and remediation at AI speed.

Elastic Security

Detect, Protect, Respond at Machine Speed

Elastic Security: AI-powered, next-GEN SIEM, XDR and AI-SOC with AlertZero.

Elasticsearch

Give AI The Context It Needs

Elasticsearch: An unparalleled-scale vector database and semantic index for petabyte-scale search.

24,000+
customers^

1.9+ EB
data under storage

40B+
queries per day

^as of April 30, 2026

elastic

Elastic | Growth drivers FY2027+

Security benefiting from escalating AI enabled attacks

Fastest growing Solution at Elastic, well ahead of corporate growth rates. Elastic AlertZero (AI-SOC) as new foundational capability.

Observability updated with an enhanced portfolio

Metrics with Columnar support and Elastic Nightshift AI SRE enables enhanced market positioning.

Search as a clear leader in Enterprise AI[1]

Strong growth in Search as customers unlock value in their data for AI context. Jina, Context Engine adds to Elastic's product advantages.

Public Sector as multi-year growth driver

New growth opportunities in the US driven by CISA as well as expanding GPS coverage in EMEA and APJ.

AI adoption drives stronger Net Retention among customers

Sales Led customers adopting Elastic's AI products expand at a stronger NER of approximately 6% points vs other customers.[2]

1 - Elastic recognized a leader in Enterprise AI search by IDC
2 - As presented at the 2025 Financial Analyst Day. Sales led net expansion is calculated based on sales-led ARR, which includes subscription ARR, but excludes ARR from monthly Elastic Cloud. GenAI Customer is defined as Cloud customers with confirmed usage of GenAI features based on telemetry; Other Customer includes Cloud customers with no confirmed usage of GAI features based on telemetry and self-managed customers.

Elasticsearch | Search database built for the AI era

One datastore for all your AI data

Documents, logs, metrics, traces, and security data together

1 Datastore, one query language

Built for massive scale

Distributed search over live and historical data

8x Higher through -put than Opensearch[1]

The best Context for AI questions

Hybrid retrieval and reranking find the right context

40% More relevant data served[2]

Keep more data for less

Efficient storage and data tiers keep retention affordable

2.5x More efficient storage than competitors[3]

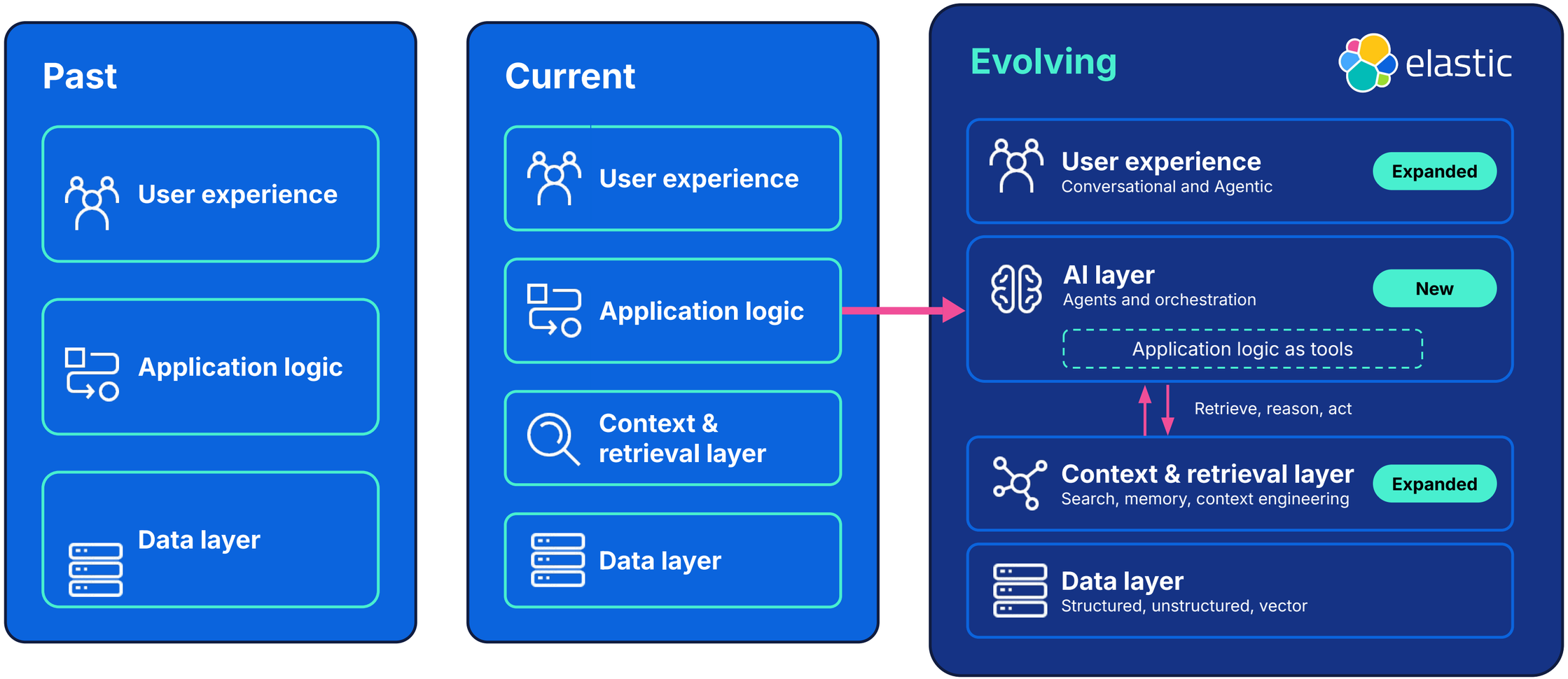
One data foundation on Elasticsearch

Hybrid retrieval and reranking | ES|QL over live and historical data | Open to any model, tool, or agent | Cloud, hybrid, on-prem, air-gapped

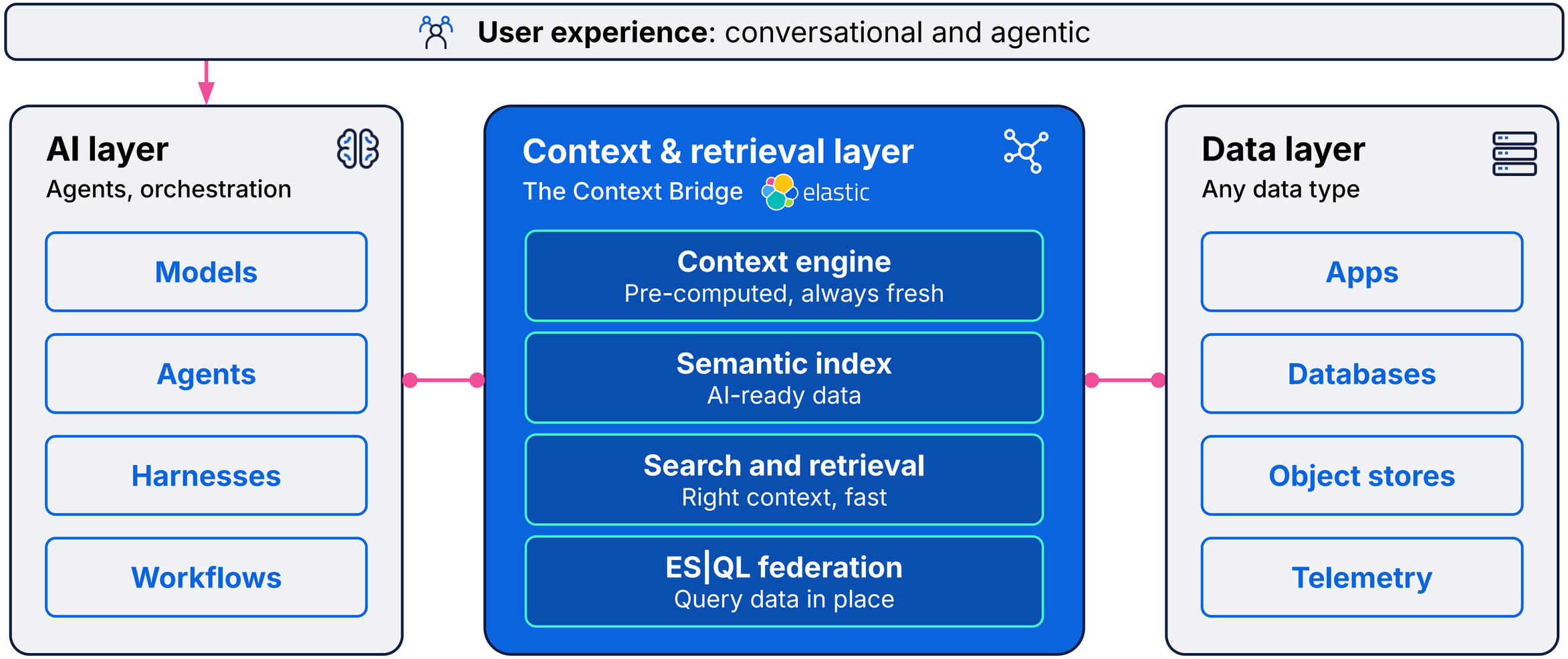
1 - Elasticsearch delivers up to 8x higher throughput than OpenSearch for filtered vector search,
2 - Average ranking-quality uplift
3 - Better storage efficiency, compared to Prometheus, Mimir and ClickHouse

elastic

Market Evolution | AI is rewiring the Enterprise Stack



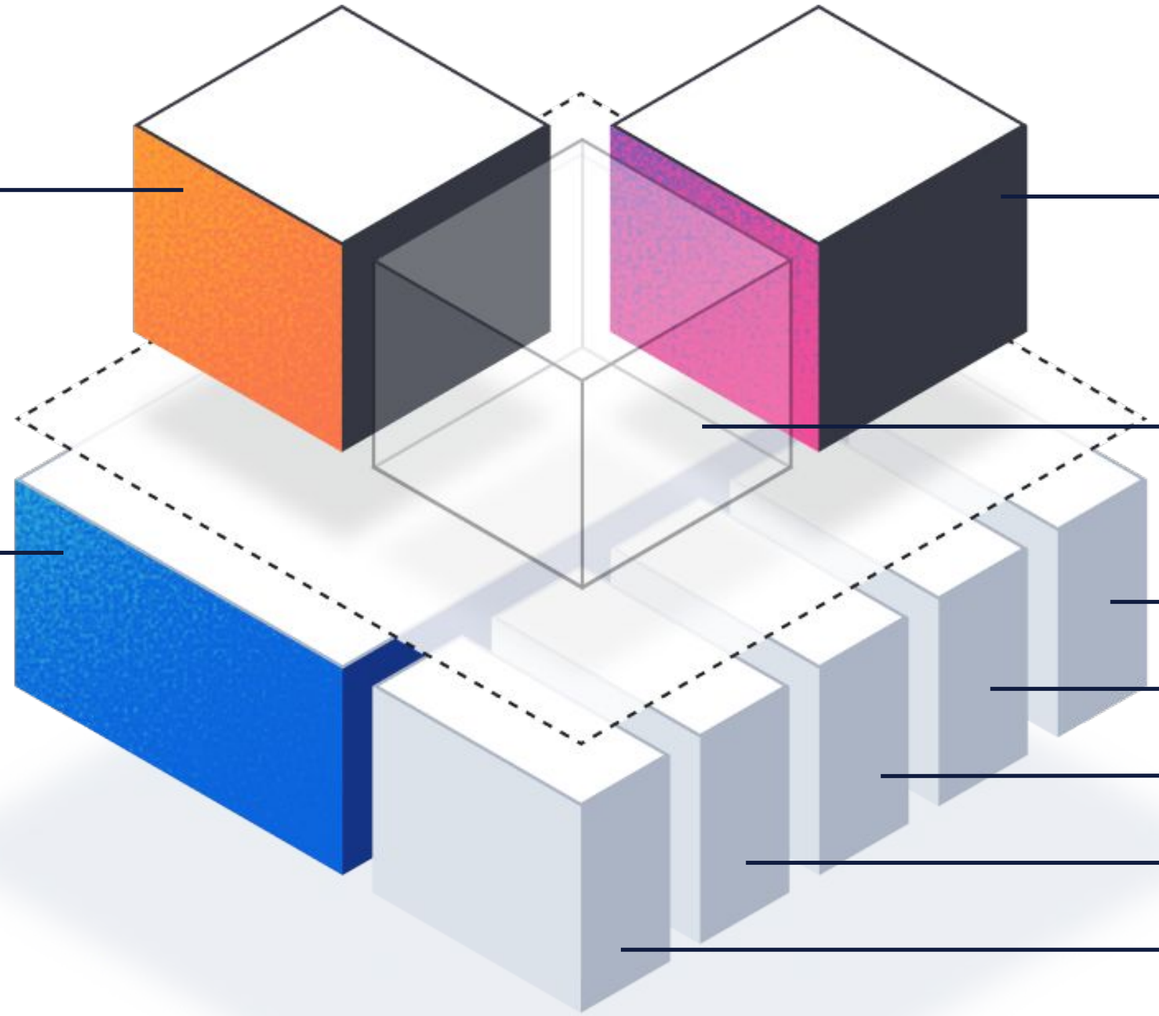
Our Opportunity | The context bridge for Enterprise AI



Model-agnostic • Accurate • Efficient • Secure

elastic

Elastic's Advantage | Single foundation, scalable & integrated



Elastic Security
Solution

Elasticsearch
The Search Database

Elastic Observability
Solution

Build Your Own

Workflows - Automation

Kibana - Visualize

Context Engine

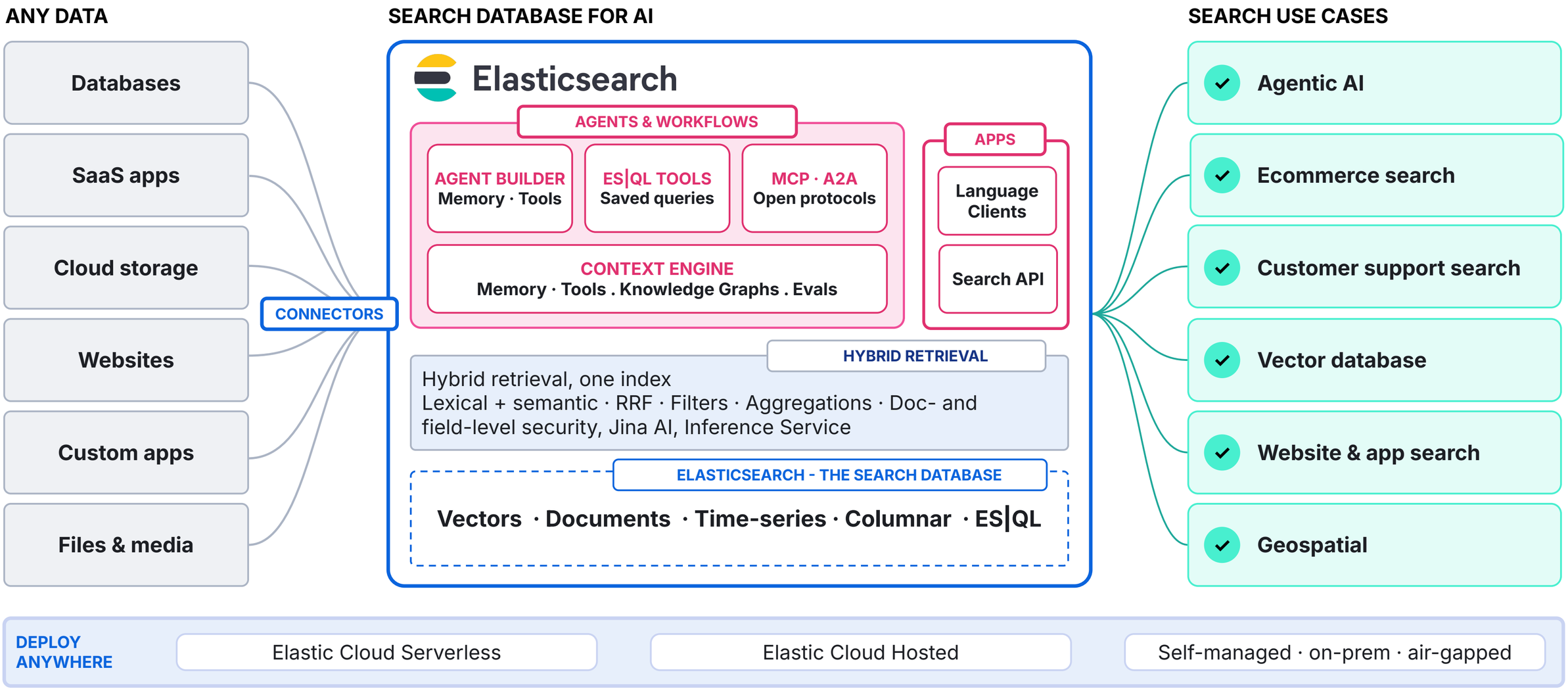
Jina AI - Models

Streams - Ingest

elastic

Elastic Search

One search database behind every app and agent



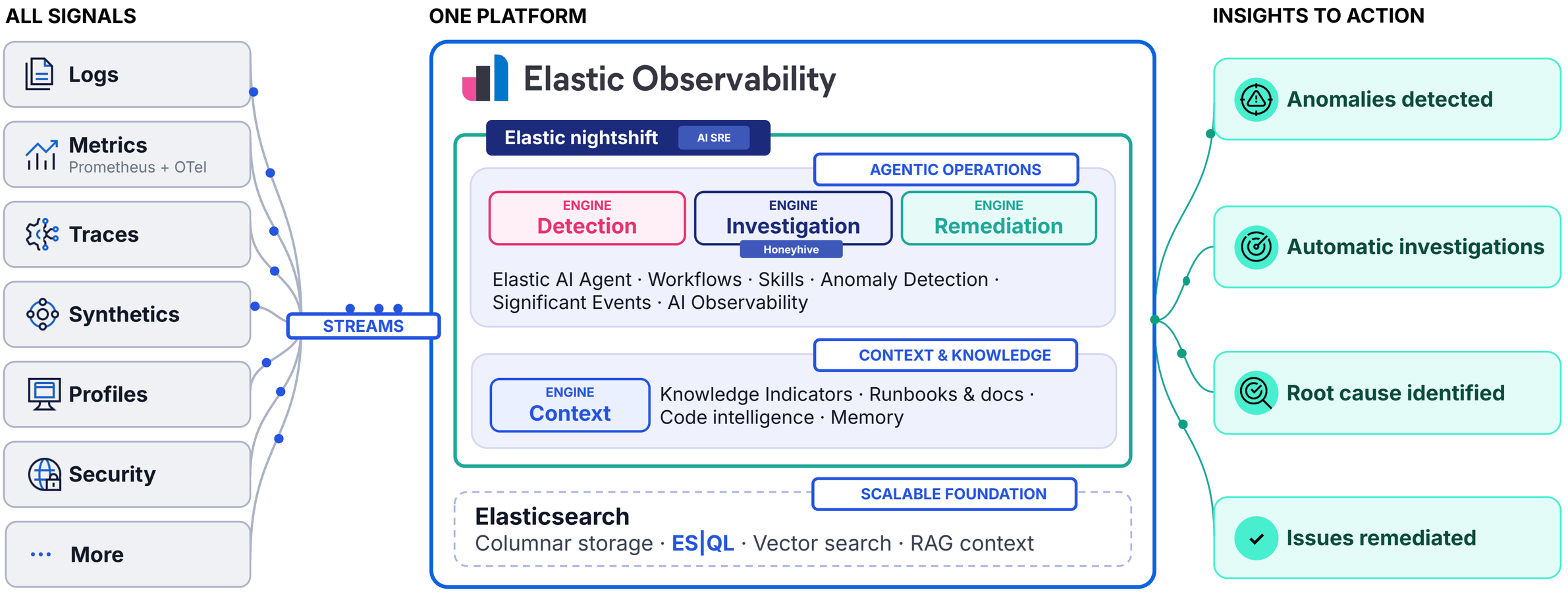
DEPLOY ANYWHERE

Elastic Cloud Serverless | Elastic Cloud Hosted | Self-managed · on-prem · air-gapped

elastic

Elastic Observability

Full-signal observability with answers



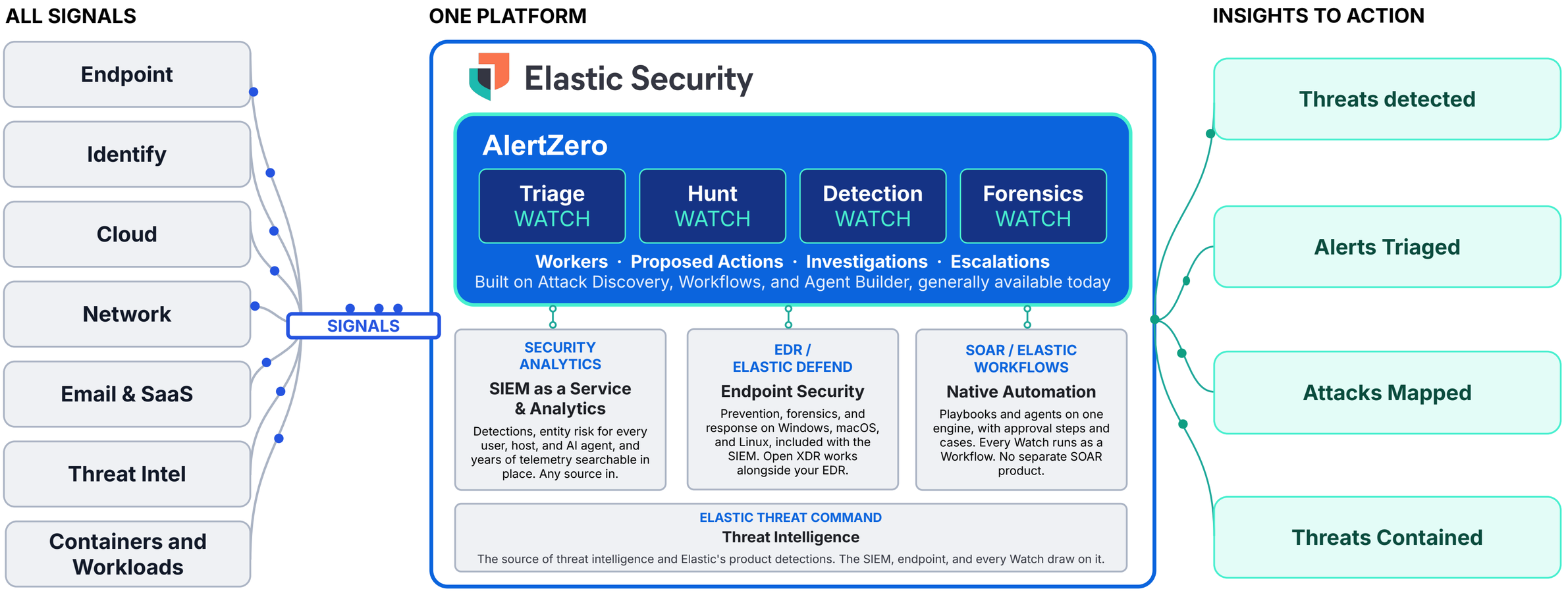
CONSUMPTION SURFACES

Kibana · Chat · Elastic CLI · API · MCP server · Claude · CURSOR · OpenAI

elastic

Elastic Security

Open, agentic security operations platform



DEPLOY ANYWHERE

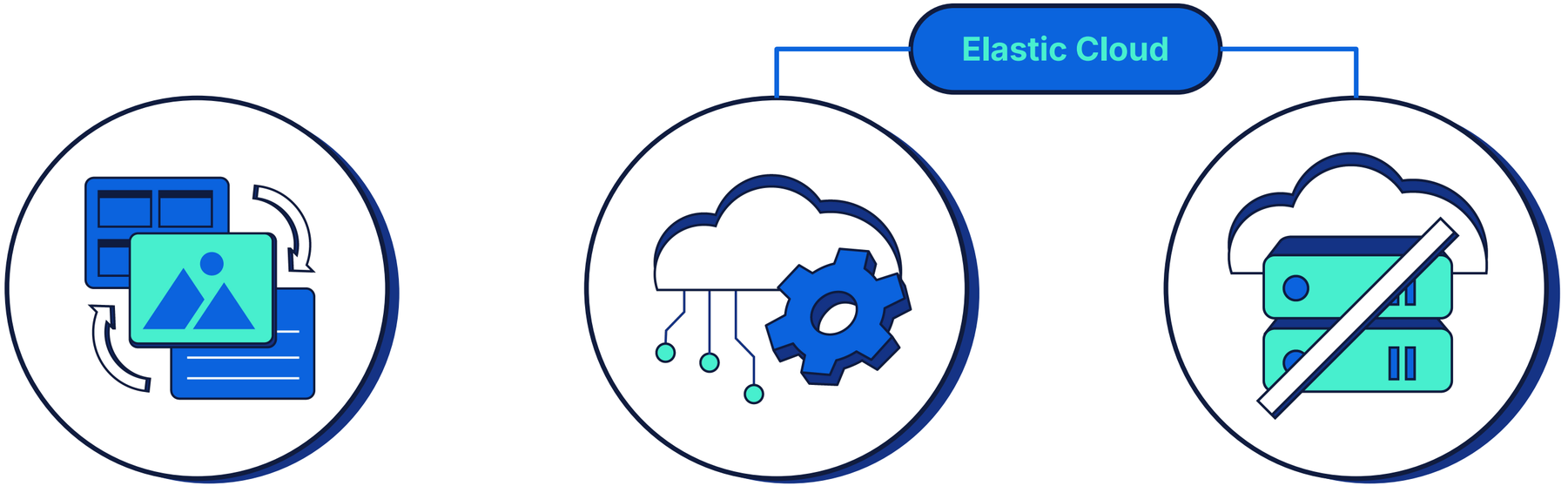
Self-managed · on-prem · air-gapped

Your choice of model

Every decision logged and auditable

elastic

Elastic's Advantage | Flexible deployment model



Self-Managed

Download, host, and manage yourself

Elastic Cloud Hosted

Elastic hosts your clusters in the cloud

Elastic Cloud Serverless

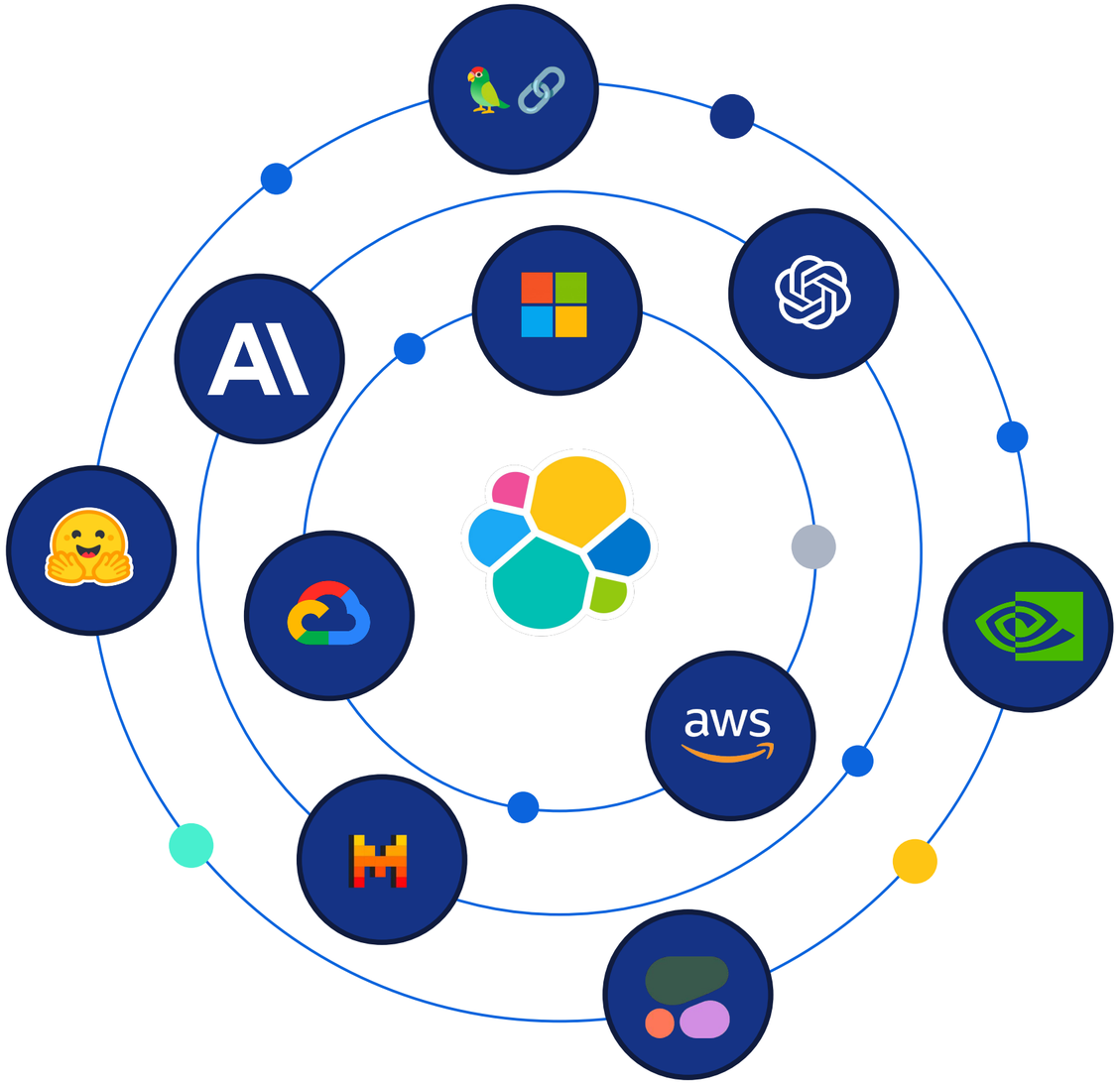
Elastic hosts and manages everything as a service

elastic

Elastic's Advantage | Open by design

Access innovation from Google, Azure OpenAI, Amazon Bedrock

- Elastic's open source developer reach
- Open standards, interoperability, transparency
- Open Partner Ecosystem
- Open Deployment Options and Integrations
- Accolades from Cloud Providers

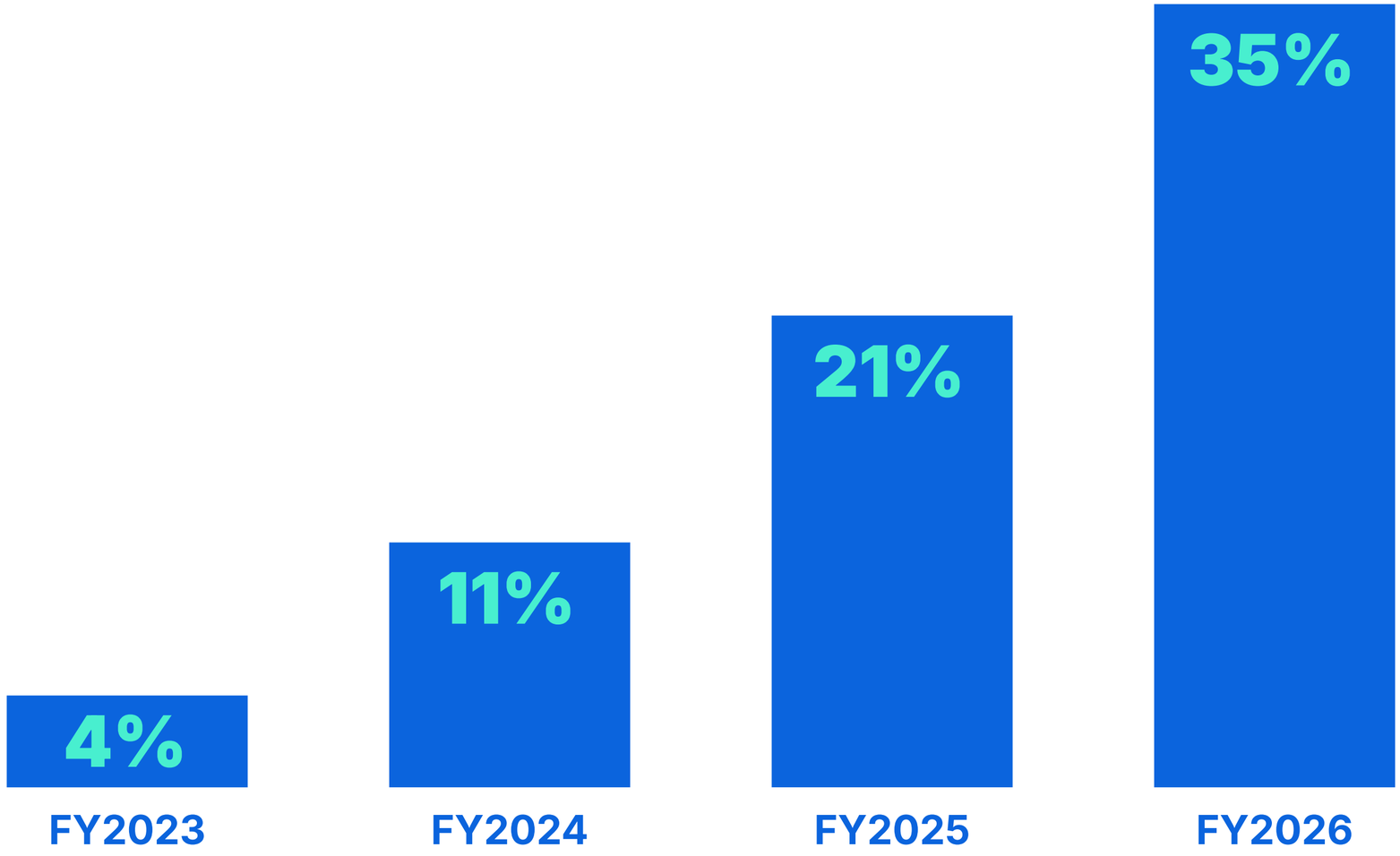


elastic.co/search-labs/integrations

elastic

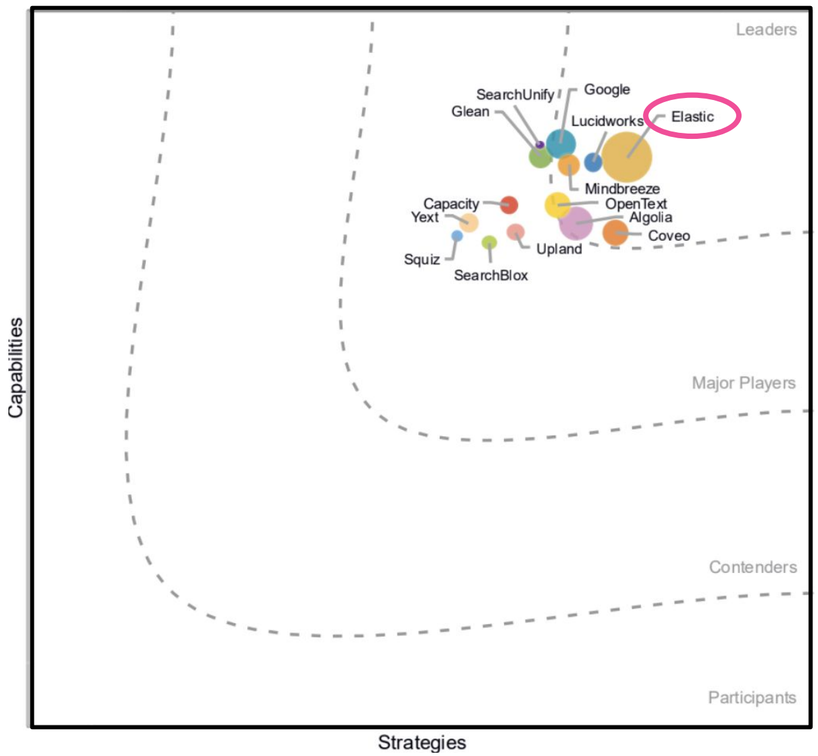
Enterprise AI adoption is building at Elastic

Customers > $100K ACV adopting AI



elastic

Recognized leadership in search, log analytics, and security analytics



Elastic recognized as a leader in the **IDC MarketScape**: Worldwide SIEM 2026 Vendor Assessment.



Elastic recognized as a leader in the 2026 **Gartner® Magic Quadrant™** for Observability Platforms.



Elastic recognized as a leader in the 2026 **Gartner® Magic Quadrant™** for Enterprise AI Search.

IDC MarketScape: Worldwide SIEM 2026 Vendor Assessment, Michelle Abraham, June, 15, 2026. IDC reserves the right in its sole discretion to terminate or modify permission to use, display, or distribute IDC content and may request that third parties modify or delete any use of content that, in IDC's sole judgment, does not comply with these guidelines, or might otherwise impair IDC's rights. IDC further reserves the right to object to unfair uses or misuses of its trademarks or copyright.

Gartner, Magic Quadrant for Observability Platforms, Padraig Byrne, Martin Caren, D.B. Cummings, Neil Young, 15th July 2026. Gartner, Magic Quadrant for Enterprise AI Search, Tim Nelms, Sr Director Analyst, Stephen Emmott, Sr Director Analyst, Darin Stewart, VP Analyst, Jed Cawthorne, Director Analyst, 5, October, 2026.

GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally, and MAGIC QUADRANT is a registered trademark of Gartner, Inc. and/or its affiliates and are used herein with permission. All rights reserved.Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose. These graphics were published by Gartner, Inc. as part of a larger research document and should be evaluated in the context of the entire document. The Gartner document is available upon request from Elastic.

elastic

Trusted by organizations around the world

FINANCE	TECHNOLOGY	TELCO / MEDIA	CONSUMER	HEALTHCARE	PUBLIC SECTOR	AUTOMOTIVE / TRANSPORTATION	RETAIL
DISCOVER	Adobe	COMCAST	ebay	Nebraska Medicine	GSA	Audi	Auchan
Swift	docusign	orange	Miles & More Lufthansa	NHS King's College Hospital NHS Foundation Trust	Lawrence Livermore National Laboratory	BMW	The Home Depot
USAA	GitHub	Telefónica	Lyft	opala	THE TEXAS A&M UNIVERSITY SYSTEM	Ford	HSE
VISA	IBM	T-Mobile	PEPSICO	Pfizer	U.S. AIR FORCE	JAGUAR LAND ROVER	Waitrose
WELLS FARGO	stackoverflow	verizon	Uber	UCLA Health	USDA	PORSCHE INFORMATIK	Walgreens

elastic

Customer Stories

READ THE STORY

Software & Technology | United States

395M+ Repositories and billions of documents searchable with semantic search

GitHub brings semantic search to billions of documents with Elastic

> The fact that we can run a search platform used by hundreds of millions of users with a team of about five or six engineers is mind-blowing.



David Tippett

Senior Search Engineer

GitHub

Overview

GitHub is the world's largest software development platform, supporting more than 180M developers and 4M organizations with over 395M repositories and billions of searchable documents. GitHub uses Elasticsearch and semantic search to help developers and AI systems quickly discover code, APIs, discussions, and documentation at massive scale.

Challenges

- Traditional keyword search struggled with natural-language and AI-driven queries.
- Billions of documents required fast, scalable semantic retrieval.
- Zero-result searches and poor discoverability impacted user experience.

Solution

- Elasticsearch
- Elastic Cloud
- Kibana
- Semantic Search
- Vector Search
- BBQ (Better Binary Quantization)

Outcomes

- Supports semantic search across 395M+ repositories and billions of documents.
- Reduced zero-hit searches and improved click-through rates for natural-language queries.
- Operates a global-scale search platform with a lean team of 5–6 engineers.

elastic

CATHAY PACIFIC

Aviation and transport | Singapore

30% Reduction in operational noise, with 98% apps migrated off legacy system

Cutting operational noise by 30%: How Cathay Pacific unified observability on Elastic Cloud



Rajeev Nair
General Manager,
IT Infrastructure & Security,
Cathay Pacific Group

> **When an incident happens, there is no longer a debate about whether it is a security incident or a platform issue. Both teams are looking at the same data points and the same triggers. Security can focus on threat hunting, and the platform team can focus on availability.**

WATCH VIDEO | READ THE STORY

Overview

Cathay Pacific, the premium airline of the 80-year-old Cathay group, runs 300+ mission-critical applications across 100+ stations worldwide. As part of a decade-long modernization, it consolidated observability and security telemetry onto Elastic Cloud, giving teams one shared platform and cutting operational IT noise by ~30%.

Challenges

- Disconnected monitoring tools made it **impossible to see a customer journey** end to end.
- Every incident began with a debate: **infrastructure or security?**
- Monitoring tracked i**nfrastructure symptoms**, *not* business outcomes.

Solution

Cathay unified observability and security telemetry into a single Elastic Cloud deployment built on Elasticsearch, with one schema and one query language for every team. On this shared layer, it now monitors business functions like booking, payment, and inventory as complete end-to-end transactions rather than isolated infrastructure metrics.

Outcomes

- Eliminated the **ownership debate**, giving both teams **one source of truth and faster resolution**
- Cut **operational IT noise ~30%** by shedding patching and hardware work
- Shifted from **reactive firefighting to proactively fixing issues** before they reach customers

elastic

VISA

Financial Services | United States

READ THE STORY

Min → sec

How Visa used Elastic Workflows to cut alert triage from 10–20 minutes to seconds with a controlled, human-on-the-loop AI step

> **What used to require 10 to 20 minutes of analyst effort per fire now completes in seconds. The IR team is no longer receiving a raw signal that requires investigation to begin. They are receiving a fully contextualized alert that is ready for decision-making.**
>
> Visa cybersecurity engineering team



Overview

Visa is a world leader in digital payments, facilitating transactions between consumers, merchants, financial institutions and government entities across more than 200 countries and territories.



Challenges

- Manual follow-up searches added 10–20 minutes to every alert investigation.
- Mainframe logs and legacy query languages created inconsistent analyst experiences.
- Analysts had to switch between multiple tools before beginning incident response.



Solution

- Elastic Security
- Elastic Workflows
- ES|QL (Elasticsearch Query Language)
- AI-powered validation workflows
- Webhook integrations
- IR ticketing systems



Outcomes

- **10–20 minutes → seconds** for per-fire triage on the mainframe default-account detection.
- **4 automated pipeline stages:** detection, enrichment, AI validation, and webhook delivery.
- **5-minute execution cadence** with a **10-minute lookback window** for continuous monitoring.

elastic

Medium-term Financial Framework



elastic

Medium-term financial framework

Sales-led Subscription Revenue Growth

Base Growth	+	GenAI Tailwinds	=	Target Growth
15%+ Continued execution via core solution set		**5%+** Growing penetration of GenAI use cases		**20%+** Base growth + GenAI tailwinds

Adj. FCF Margin

Opex flexibility to invest in profitable growth and enable Rule of 40%+

Total Revenue + Adj. FCF Margin

Rule of 40

Non-GAAP Operating Margin

~25% (up from >20% at 2025 Financial Analyst Day)

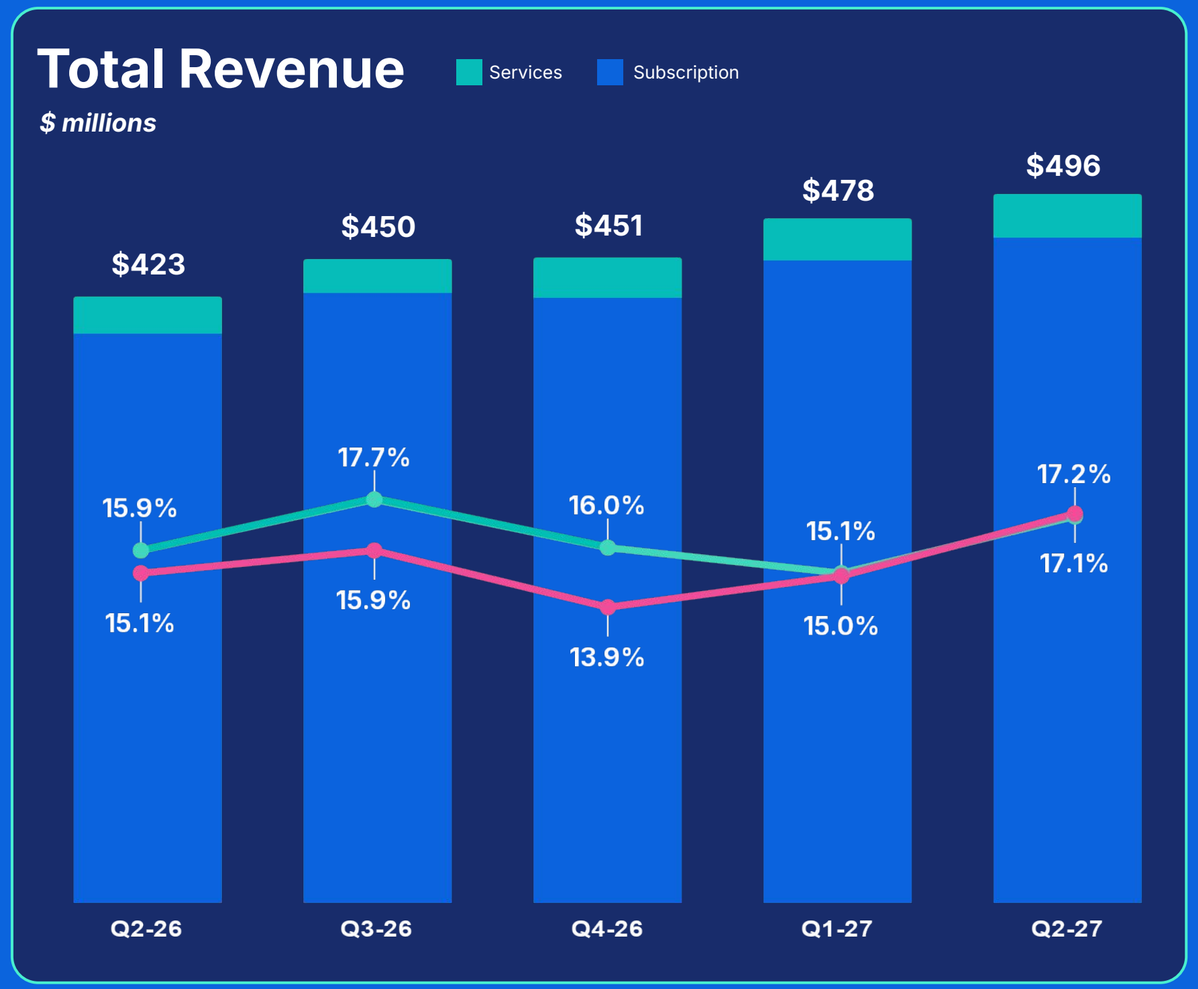
Rule of 40 is calculated at total revenue growth plus adjusted free cash flow margin.

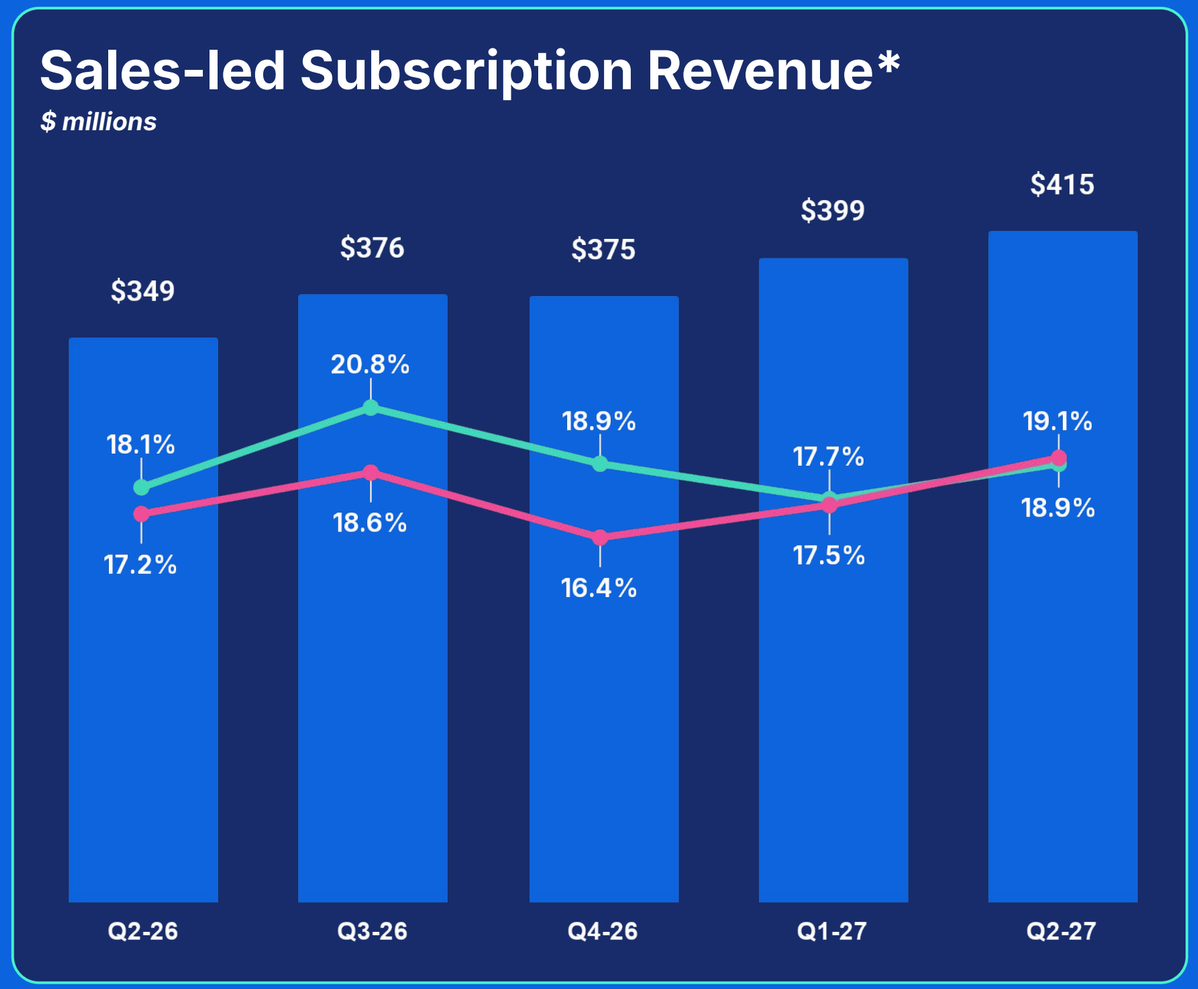
elastic

Q2FY27 Results

elastic

Sales-led subscription growth drives our model





As Reported Y/Y Growth

Constant Currency Y/Y Growth

* See appendix for reconciliation to the most directly comparable GAAP financial measure.

elastic

Top-line results powered by our >$100K ACV customers

>$100K ACV Customers



>$1M ACV Customers

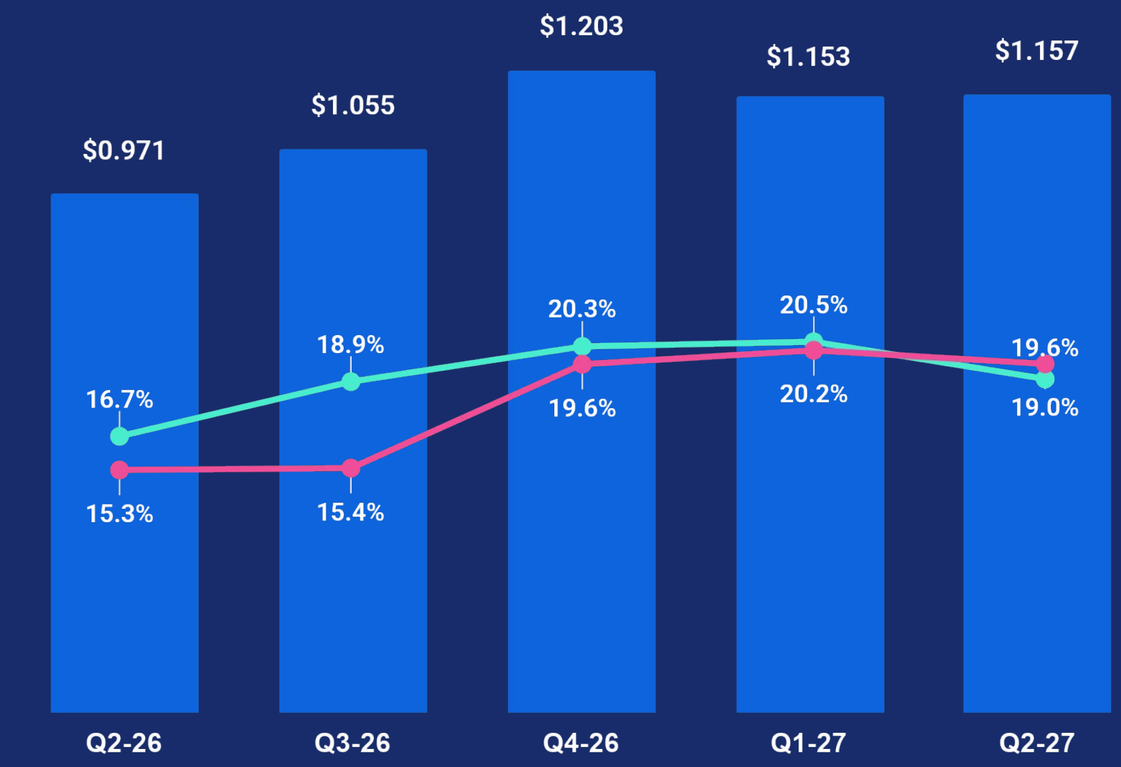


elastic

Customer commitments remain strong

Current Remaining Performance Obligations (cRPO)

$ billions



Remaining Performance Obligations (RPO)

$ billions



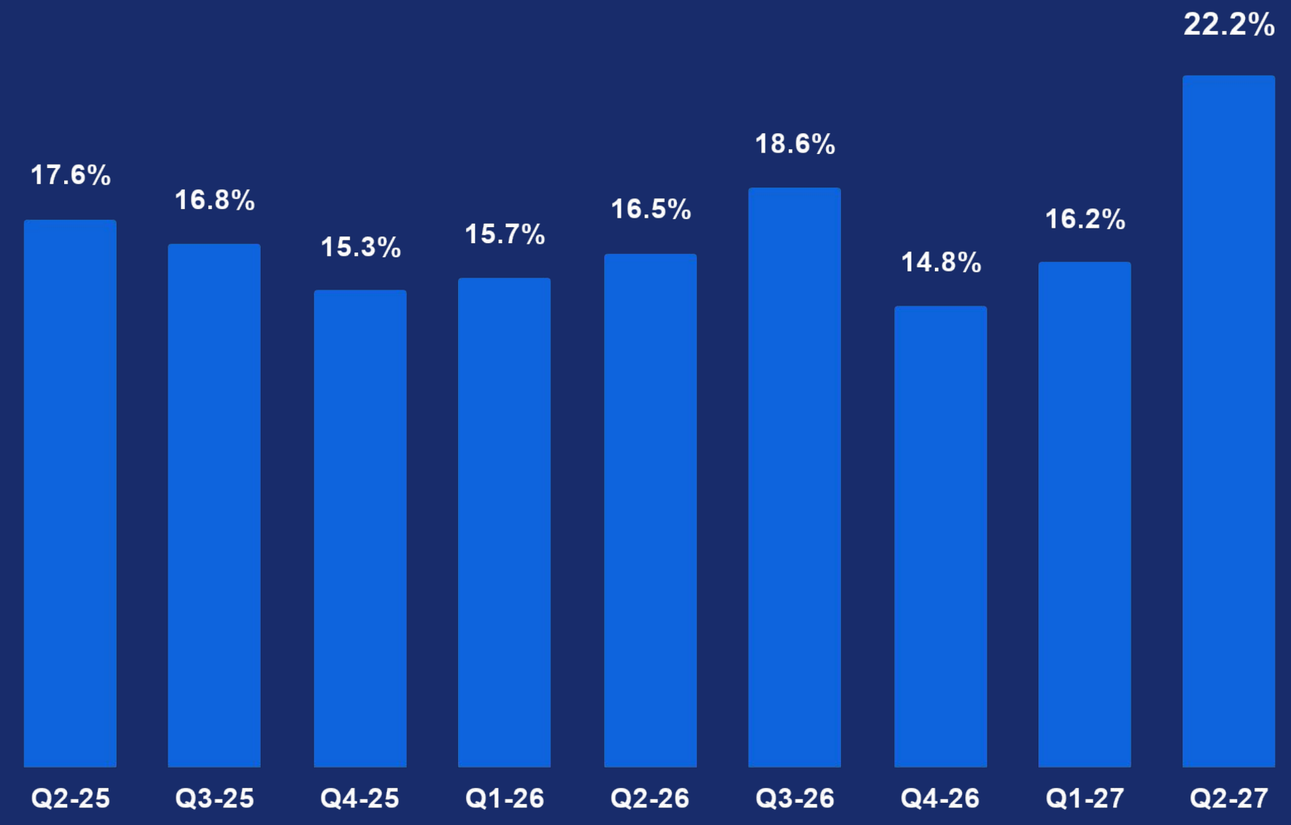
As Reported Y/Y Growth

Constant Currency Y/Y Growth

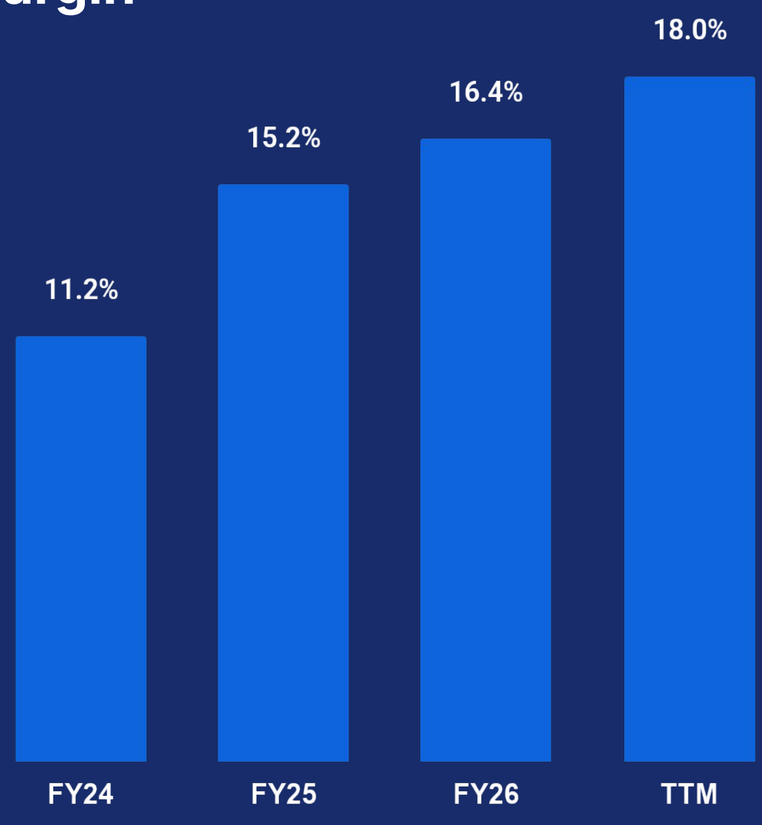
elastic

Driving ongoing leverage in our model

Quarterly Non-GAAP Operating Margin*



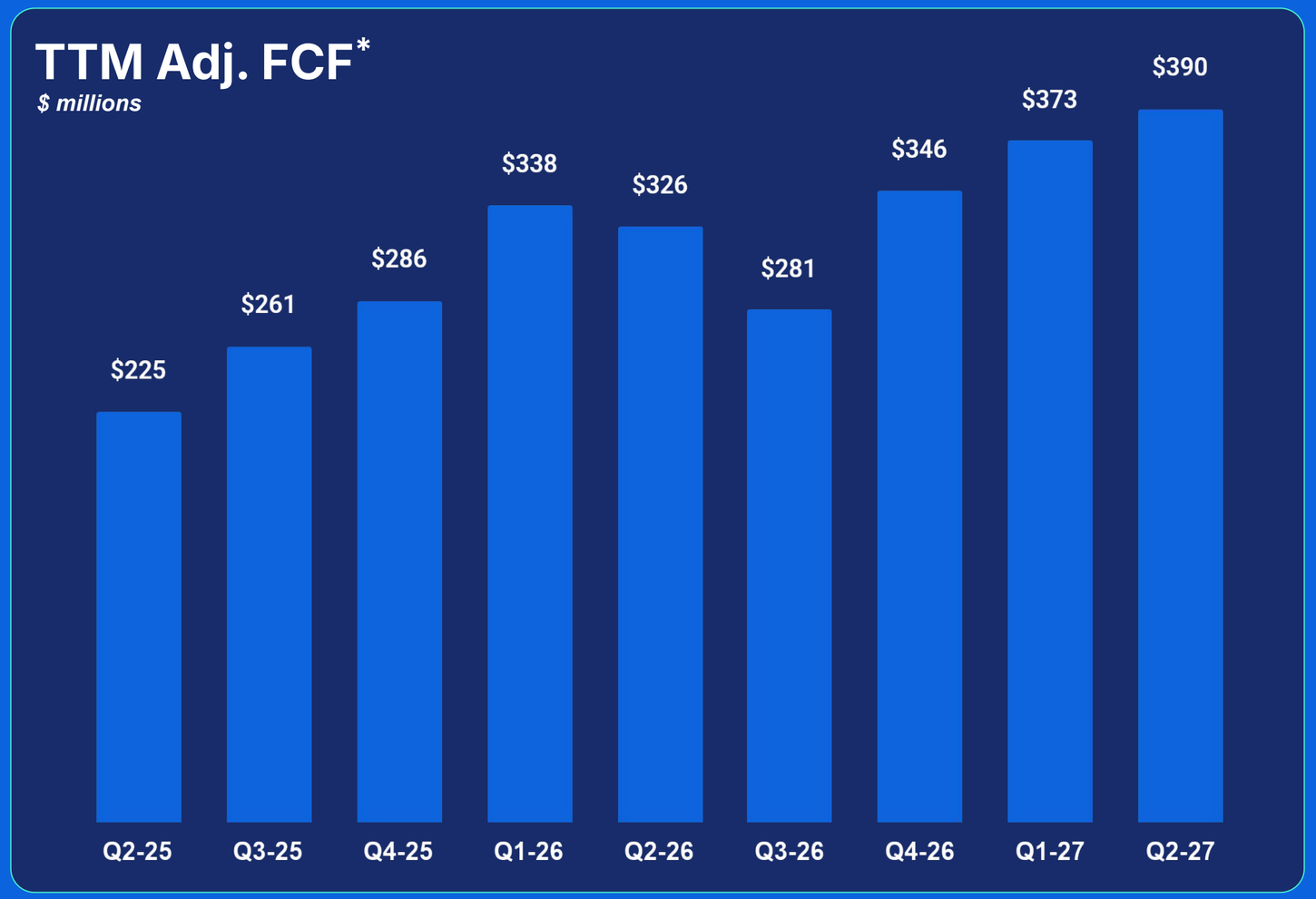
Annual Non-GAAP Operating Margin*

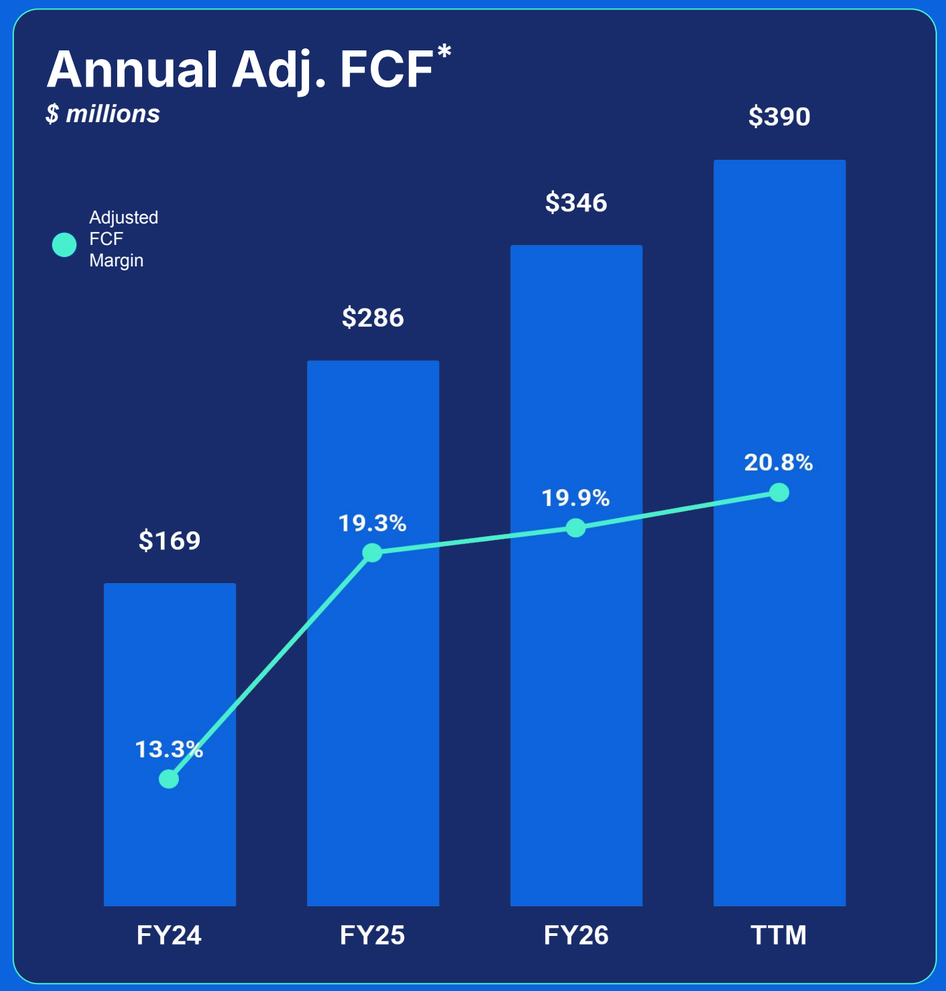


*See appendix for reconciliation to the most directly comparable GAAP financial measure.

elastic

Solid history of adjusted free cash flow growth





*See appendix for reconciliation to the most directly comparable GAAP financial measure.

elastic

Revenue Highlights

$ millions	Q2 FY27	Y/Y	Y/Y CC
Total Revenue	$496	17%	17%
Total Subscription Revenue	$465	17%	17%
Total Sales-led Subscription Revenue*	$415	19%	19%
Monthly Elastic Cloud	$50	3%	3%
Subscription % of Total Revenue	94%		
Sales-led Subscription Revenue % of Total Revenue*	84%		
Professional Services Revenue	$31	19%	19%

*Sales-led subscription revenue is a non-GAAP financial measure we calculate as total subscription revenue excluding Monthly Elastic Cloud. See appendix for reconciliation to the most directly comparable GAAP financial measure.

CC = Constant Currency

GAAP Statement Highlights

$ millions, except per share amounts	Q2 FY27	% of Revenue
GAAP Revenue	$496	100%
Gross Profit/Margin	$377	76%
Research & Development Expense	$107	22%
Sales & Marketing Expense	$195	40%
General & Administrative Expense	$50	10%
Restructuring and other related charges	$2	-%
Operating Profit/Margin	$22	4%
Earnings per share - basic and diluted	$0.00	
Diluted share count	108M	

Sums may not add to totals due to rounding.

elastic

Non-GAAP Statement Highlights*

$ millions, except per share amounts	Q2 FY27	% of Revenue
Total Revenue	$496	100%
Gross Profit/Margin	$387	78%
Research & Development Expense	$77	16%
Sales & Marketing Expense	$168	34%
General & Administrative Expense	$32	6%
Operating Income/Margin	$110	22%
Earnings per share - Diluted	$0.94	
Diluted share count	108M	

*See appendix for reconciliation to the most directly comparable GAAP financial measures.

Select Financial Measures

$ millions, except NER, and employees	Q2 FY27
Adjusted Free Cash Flow*	$44
Total Deferred Revenue	$862
Remaining Performance Obligations	$1,858
Current Remaining Performance Obligations	$1,157
Cash, Cash Equivalents, and Marketable Securities	$1,423
Total Debt	$571
Employees	3,887
Net Expansion Rate**	111%

*See appendix for reconciliation to the most directly comparable GAAP financial measure.
**NER is a trailing twelve month measure and includes only consumption, not commitments, for customers on Cloud consumption contracts.

elastic

Guidance



elastic

Guidance Bridge

Total Revenue

$M, As Reported



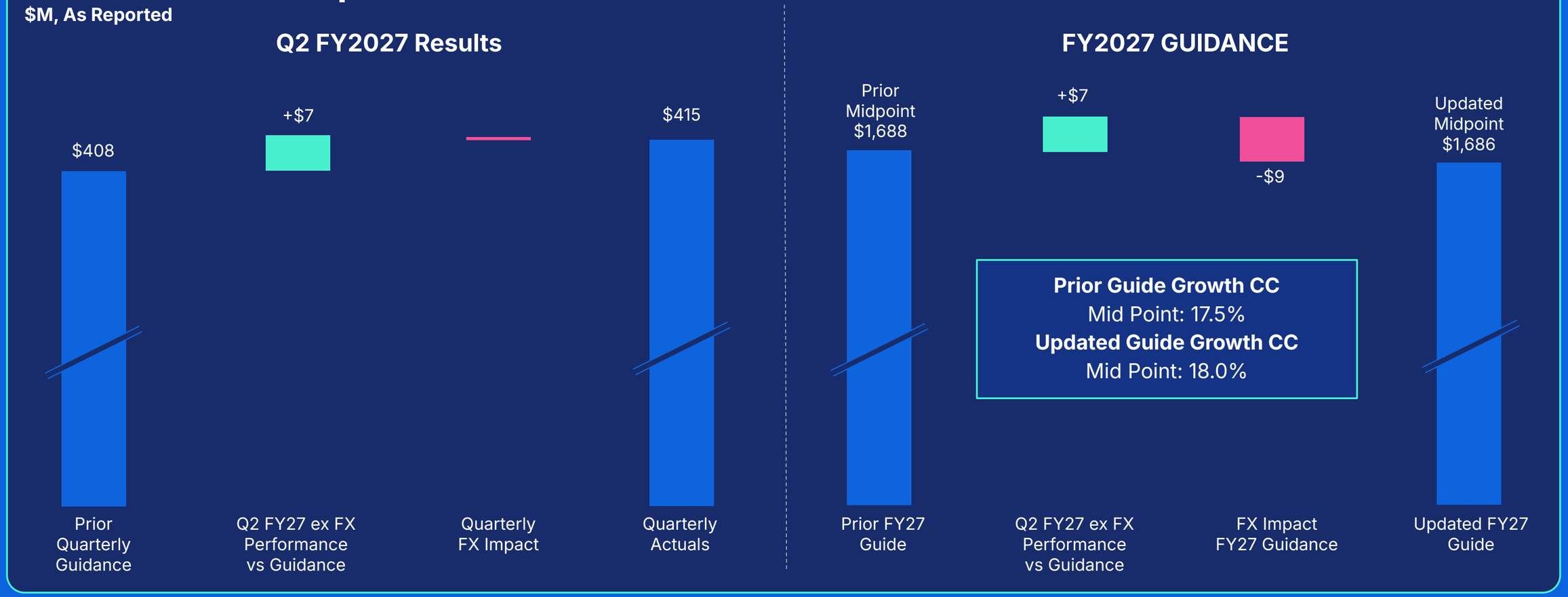
Charts are an approximation of the displayed values on this slide
^Constant Currency Change: Updated Guidance - (Previous Guidance + Quarterly performance + FX Impact)

elastic

Guidance Bridge

Sales-led Subscription Revenue

$M, As Reported



Charts are an approximation of the displayed values on this slide
^Constant Currency Change: Updated Guidance - (Previous Guidance + Quarterly performance + FX Impact)

elastic

Updated FY27 Guidance

Metric	Prior Guidance	Guidance Change	Updated Guidance
Total Revenue Constant currency Y/Y growth midpoint	**$1.998B - $2.010B** 15.3%	**+$0M (at midpoint)** +60bps raise to CC midpoint	**$2.000B - $2.008B** 15.9%
Sales-Led Subscription Constant currency Y/Y growth midpoint	**$1.682B - $1.694B** 17.5%	**-$2M (at midpoint)** +50bps raise to CC midpoint	**$1.682B - $1.690B** 18.0%
Non-GAAP Operating Margin	**~19.4%**	**+0.1%**	**~19.5%**
Non-GAAP Diluted EPS	**$3.29 - $3.37**	**+$0.05 (at midpoint)**	**$3.35 - $3.41**

Prior guidance represents forecasts issued on August 27, 2026.

A reconciliation of non-GAAP guidance measures to corresponding GAAP measures for sales-led subscription revenue, non-GAAP operating margin, and non-GAAP diluted earnings 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.

elastic

Guidance

At Midpoint of Guidance Range	Q3 FY27	FY27
Total Revenue	$508.0	$2,004.0
Year-over-year growth %	*12.9%*	*15.2%*
Constant currency year-over-year growth %	*13.9%*	*15.9%*
Sales-led Subscription Revenue	$432.5	$1,686.0
Year-over-year growth %	*15.1%*	*17.2%*
Constant currency year-over-year growth %	*16.2%*	*18.0%*
Non-GAAP Operating Margin	~21.0%	~19.5%
Non-GAAP Diluted Earnings Per Share	$0.91	$3.38
Diluted Weighted Average Shares Outstanding	109.0	108.5
Adjusted Free Cash Flow Margin		~21.5%

Guidance Notes

- FX is contributing to $9.5M of 2H FY27 total revenue headwinds and $9.0M of 2HFY27 Sales-led revenue headwinds.
- The 2H FY27 self-managed renewal base is more pronounced in Q4 vs Q3 this year (+20%) when compared to last year when the renewal base was about equal between the two quarters.
- Q4 FY27 has three less business days than Q3 FY27, which impacts quarter over quarter revenue trends.

A reconciliation of non-GAAP guidance measures to corresponding GAAP measures for sales-led subscription revenue, non-GAAP operating margin, non-GAAP diluted earnings per share, and adjusted free cash flow margin 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.

elastic

Appendix



elastic

GAAP to Non-GAAP Reconciliations
Gross Profit and Gross Margin

$ in millions except percentages	Q2 FY27
GAAP gross profit	$377
Stock-based compensation expense and related employer taxes	8
Amortization of acquired intangible assets	3
Non-GAAP gross profit	$387
GAAP gross margin %	76%
Stock-based compensation expense and related employer taxes	2%
Amortization of acquired intangible assets	1%
Non-GAAP gross margin %	78%

Sums may not add to totals due to rounding.

elastic

GAAP to Non-GAAP Reconciliations
Operating Expenses

$ in millions except percentages	Q2 FY27
GAAP sales & marketing expenses	$195
Stock-based compensation expense and related employer taxes	(27)
Non-GAAP sales & marketing expenses	$168
Y/Y	*13%*
GAAP research & development expenses	$107
Stock-based compensation expense and related employer taxes	(28)
Acquisition-related expenses	(2)
Non-GAAP research & development expenses	$77
Y/Y	*(3)%*
GAAP general & administrative expenses	$50
Stock-based compensation expense and related employer taxes	(19)
Acquisition-related expenses	-
Non-GAAP general & administrative expenses	$32
Y/Y	*1%*

Sums may not add to totals due to rounding.

elastic

GAAP to Non-GAAP Reconciliations
Earnings per Share

	Q2 FY27
GAAP income per share - basic	$0.00
Stock-based compensation expense and related employer taxes	0.77
Amortization of acquired intangible assets	0.02
Acquisition-related expenses	0.01
Restructuring and other related charges	0.02
Tax adjustment	0.13
Non-GAAP earnings per share - basic	$0.97
GAAP income per share - diluted	$0.00
Stock-based compensation expense and related employer taxes	0.75
Amortization of acquired intangible assets	0.02
Acquisition-related expenses	0.01
Restructuring and other related charges	0.02
Tax adjustment	0.13
Non-GAAP earnings per share - diluted	$0.94

Sums may not add to totals due to rounding.

elastic

GAAP to Non-GAAP Reconciliations
Sales-led Subscription Revenue

$ in millions	Q2 FY26	Q3 FY26	Q4 FY26	Q1 FY27	Q2 FY27
Annual Elastic Cloud	$157	$169	$170	$185	$203
Monthly Elastic Cloud	49	50	48	50	50
Total Elastic Cloud	206	218	217	235	254
Other subscription	192	207	205	214	212
Total subscription	$398	$426	$422	$449	$465
Total revenue	$423	$450	$451	$478	$496
Total sales-led subscription revenue	$349	$376	$375	$399	$415

Sales-led subscription revenue is calculated as total subscription revenue excluding Monthly Elastic Cloud.

elastic

GAAP to Non-GAAP Reconciliations
Operating (Loss) / Income, Operating Margin

$ in millions except percentages	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26	Q1 FY27	Q2 FY27	FY24	FY25	FY26	Q2 FY27 TTM
GAAP operating (loss) / income	($4)	($5)	($12)	($9)	($8)	$1	($16)	($24)	$22	($130)	($55)	($33)	($17)
Stock-based compensation expense and related employer taxes	66	67	70	73	75	80	80	78	82	250	270	308	319
Amortization of acquired intangible assets	3	2	2	2	2	3	2	3	3	14	9	9	10
Acquisition-related expenses	-	-	1	-	1	-	1	1	2	2	1	2	3
Restructuring and other related charges	-	-	-	-	-	-	-	20	2	5	-	-	22
Non-GAAP operating income	$64	$64	$60	$65	$70	$83	$67	$77	$110	$142	$225	$285	$338
GAAP operating margin %	(1.2)%	(1.2)%	(3.1)%	(2.3)%	(1.9)%	0.1%	(3.6)%	(4.9)%	4.4%	(10.3)%	(3.7)%	(1.9)%	(0.9)%
Stock-based compensation expense and related employer taxes	18.0%	17.5%	17.9%	17.5%	17.8%	17.7%	17.8%	16.2%	16.4%	19.8%	18.2%	17.7%	17.0%
Amortization of acquired intangible assets	0.8%	0.4%	0.4%	0.4%	0.5%	0.6%	0.5%	0.5%	0.5%	1.1%	0.6%	0.5%	0.5%
Acquisition-related expenses	-%	-%	0.1%	-%	0.1%	0.1%	0.1%	0.2%	0.3%	0.2%	-%	0.1%	0.2%
Restructuring and other related charges	-%	-%	-%	-%	-%	-%	-%	4.2%	0.5%	0.4%	-%	-%	1.2%
Non-GAAP operating margin %	17.6%	16.8%	15.3%	15.7%	16.5%	18.6%	14.8%	16.2%	22.2%	11.2%	15.2%	16.4%	18.0%

elastic

GAAP to Non-GAAP Reconciliations
Adjusted Free Cash Flow*

	Trailing Twelve Months (TTM)												
$ in millions except percentages	**Q2 FY25**	**Q3 FY25**	**Q4 FY25**	**Q1 FY26**	**Q2 FY26**	**Q3 FY26**	**Q4 FY26**	**Q1 FY27**	**Q2 FY27**		**FY24**	**FY25**	**FY26**	**Q2 FY27**
Net cash provided by operating activities	$204	$240	$266	$318	$306	$261	$327	$354	$371		$149	$266	$327	$44
Less: Purchases of property and equipment	(3)	(3)	(4)	(4)	(4)	(4)	(5)	(5)	(5)		(3)	(4)	(5)	(0)
Add: Interest paid on long-term debt	24	24	24	24	24	24	24	24	24		24	24	24	-
Adjusted free cash flow*	$225	$261	$286	$338	$326	$281	$346	$373	$390		$169	$286	$346	$44
Net cash provided by operating activities (as a percentage of total revenue)	14.9%	16.8%	17.9%	20.5%	19.0%	15.6%	18.8%	19.6%	19.8%		11.7%	17.9%	18.8%	9.0%
Less: Purchases of property and equipment (as a percentage of total revenue)	(0.2)%	(0.2)%	(0.3)%	(0.3)%	(0.3)%	(0.3)%	(0.3)%	(0.3)%	(0.2)%		(0.3)%	(0.3)%	(0.3)%	-%
Add: Interest paid on long-term debt (as a percentage of total revenue)	1.7%	1.7%	1.6%	1.5%	1.5%	1.4%	1.4%	1.3%	1.3%		1.9%	1.6%	1.4%	-%
Adjusted free cash flow margin	16.3%	18.2%	19.3%	21.8%	20.3%	16.7%	19.9%	20.7%	20.8%		13.3%	19.3%	19.9%	9.0%

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 operating activities adjusted for cash paid for long-term debt interest less cash used for investing activities for purchases of property and equipment. 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.

elastic