

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-K

(Mark One)

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

For the fiscal year ended April 30, 2023  
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)

Not Applicable

(I.R.S. Employer  
Identification No.)

Not Applicable<sup>1</sup>

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: Not Applicable<sup>1</sup>

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

<sup>1</sup> 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, or the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, any shareholder communication required to be sent to our principal executive offices may be directed to the email address [ir@elastic.co](mailto:ir@elastic.co).

[Table of Contents](#)

The aggregate market value of the ordinary shares held by non-affiliates of the registrant, based on the closing price of the shares of ordinary shares on the New York Stock Exchange on October 31, 2022 (the last business day of the registrant's second fiscal quarter), was approximately \$6.1 billion.

As of May 31, 2023, the registrant had 97,390,886 ordinary shares, par value €0.01 per share, outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive proxy statement relating to the registrant's 2023 annual general meeting of shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Such definitive proxy statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended April 30, 2023.

## Table of Contents

	<u>Page</u>
<b><u>PART I</u></b>	
Item 1. <a href="#">Business</a>	3
Item 1A. <a href="#">Risk Factors</a>	15
Item 1B. <a href="#">Unresolved Staff Comments</a>	48
Item 2. <a href="#">Properties</a>	48
Item 3. <a href="#">Legal Proceedings</a>	48
Item 4. <a href="#">Mine Safety Disclosures</a>	48
<b><u>PART II</u></b>	
Item 5. <a href="#">Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a>	49
Item 6. <a href="#">[Reserved]</a>	49
Item 7. <a href="#">Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	50
Item 7A. <a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	64
Item 8. <a href="#">Financial Statements and Supplementary Data</a>	66
Item 9. <a href="#">Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</a>	100
Item 9A. <a href="#">Controls and Procedures</a>	100
Item 9B. <a href="#">Other Information</a>	101
Item 9C. <a href="#">Disclosure Regarding Foreign Jurisdictions That Prevent Inspections</a>	101
<b><u>PART III</u></b>	
Item 10. <a href="#">Directors, Executive Officers and Corporate Governance</a>	102
Item 11. <a href="#">Executive Compensation</a>	102
Item 12. <a href="#">Security Ownership of Certain Beneficial Owners and Management, and Related Stockholder Matters</a>	102
Item 13. <a href="#">Certain Relationships and Related Transactions, and Director Independence</a>	102
Item 14. <a href="#">Principal Accountant Fees and Services</a>	102
<b><u>PART IV</u></b>	
Item 15. <a href="#">Exhibits and Financial Statement Schedules</a>	103
Item 16. <a href="#">Form 10-K Summary</a>	105
<a href="#">Signatures</a>	106



## General

Unless the context otherwise indicates, references in this report to the terms “Elastic,” “the Company,” “we,” “our” and “us” refer to Elastic N.V. and its subsidiaries. All information presented herein is based on our fiscal calendar. Unless otherwise stated, references to particular years, quarters, months or periods refer to the Company’s fiscal years ended April 30 and the associated quarters, months and periods of those fiscal years.

## Trademarks

The Elastic design logo “Elastic” and our other registered or common law trademarks, service marks or trade names appearing in this Annual Report on Form 10-K are the property of Elastic N.V. and its subsidiaries. Other trademarks and trade names referred to in this Annual Report on Form 10-K are the property of their respective owners. Solely for convenience, trademarks and trade names referred to in this Annual Report on Form 10-K may appear without the ® or ™ symbols.

## Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which statements 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 Annual Report on Form 10-K 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, supply chain disruptions, inflationary pressures, increased 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 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 actions that we are taking to reduce our costs and rebalance investments;
- the impact of Russia’s invasion of Ukraine on our business and on the businesses of our customers and partners, including their spending priorities;
- the effects of the coronavirus disease 2019 (“COVID-19”), on our business and financial results;
- 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;

## [Table of Contents](#)

- 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 beliefs and objectives 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 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 cash 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;
- our ability to service our debt obligations; and

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 Annual Report on Form 10-K, 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 investors are cautioned not to unduly rely upon these statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments we may make.

You should not rely upon forward-looking statements expressed or implied by us as predictions of future events. We have based the forward-looking statements contained in this Annual Report on Form 10-K primarily on our current expectations regarding future events and trends that we believe may affect our business, financial condition, results of operations, and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in the section titled “Risk Factors” in Part I, Item 1A and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this report. Actual results, events, or circumstances could differ materially from those described or implied in the forward-looking statements.

The forward-looking statements made in this Annual Report on Form 10-K relate only to events as of the date on which such statements are made. We undertake no obligation to update any forward-looking statements after the date of this Annual Report on Form 10-K 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, and you should not place undue reliance on our forward-looking statements.

## PART I

### Item 1. Business

Elastic is a data analytics company built on the power of search. Our platform, which is available as both a hosted, managed service across public clouds as well as self-managed software, allows our customers to find insights and drive artificial intelligence (“AI”) and machine learning use cases from large amounts of data. We offer three search-powered solutions – Search, Observability, and Security – that are built into the platform. We help organizations, their employees, and their customers find what they need faster, while keeping mission-critical applications running smoothly, and protecting against cyber threats.

As digital transformation drives mission critical business functions to the cloud, we believe that every company will need to build around a search-based relevance engine to find the answers that matter, from all of their data, in real-time, and at scale.

Our platform is built on the Elastic Stack, a powerful set of software products that ingest data from any source, in any format, and perform search, analysis, and visualization of that data. At the core of the Elastic Stack is Elasticsearch - a highly scalable document store and search engine, and the unified data store for all of our solutions and use cases. Another component of the Elastic Stack is Kibana, which delivers a common user interface across all of our solutions, with powerful drag-and-drop visual analytics, and centralized management of the platform. Our platform also includes the Elasticsearch Relevance Engine™ (“ESRE”), which combines advanced AI with Elastic’s text search to give developers a full suite of sophisticated retrieval algorithms and the ability to integrate with large language models. Our out-of-the-box solutions deliver fast time to value for common use cases and, paired with our developer-centric platform which is extensible and customizable, allow us to innovate fast and differentiate our offerings at every level.

We make our platform available as a hosted, managed service across major cloud providers (Amazon Web Services (“AWS”), Google Cloud Platform (“GCP”), and Microsoft Azure) in more than 50 public cloud regions globally. Customers can also deploy our platform across hybrid clouds, public or private clouds, and multi-cloud environments.

Our business model is based primarily on a combination of a paid Elastic-managed hosted service offering and paid and free proprietary self-managed software. Our paid offerings for our platform are sold via subscription through resource-based pricing, and all customers and users have access to all solutions. In Elastic Cloud, our family of cloud-based offerings under which we offer our software as a hosted, managed service, we offer various subscription tiers tied to different features. For users who download our software, we make some of the features of our software available for free, allowing us to engage with a broad community of developers and practitioners and introduce them to the value of the Elastic Stack. We believe in the importance of an open software development model, and we develop the majority of our software in public repositories as open code under a proprietary license. Unlike some companies, we do not build an enterprise version that is separate from our free distribution. We maintain a single code base across both our self-managed software and Elastic-hosted services. All of these actions help us build a powerful commercial business model that we believe is optimized for product-led growth.

Our customers often significantly expand their usage of our products and services over time. Expansion includes increasing the number of developers and practitioners using our products, increasing the utilization of our products for a particular use case, and utilizing our products to address new use cases. We focus some of our direct sales efforts on encouraging this type of expansion within our customer base, both within as well as across solutions. Because our business model provides access to all solutions with resource-based pricing, we make it easy for customers to expand across use cases.

Our business has experienced rapid growth around the world. As of April 30, 2023, we had approximately 20,200 customers compared to over 18,600 customers and over 15,000 customers as of April 30, 2022 and 2021, respectively. Our total revenue was \$1.1 billion, \$862.4 million, and \$608.5 million for the years ended April 30, 2023, 2022 and 2021, respectively, representing year-over-year growth of 24% for the year ended April 30, 2023 and 42% for the year ended April 30, 2022. Subscriptions accounted for 92%, 93% and 93% of our total revenue for the years ended April 30, 2023, 2022 and 2021, respectively. Revenue from outside the United States accounted for 41%, 44% and 45% of our total revenue for the years ended April 30, 2023, 2022 and 2021, respectively.

For the years ended April 30, 2023, 2022 and 2021, we incurred net losses of \$236.2 million, \$203.8 million and \$129.4 million, respectively. We expect we will continue to incur net losses for the foreseeable future. Our net cash provided by operating activities was \$35.7 million, \$5.7 million, and \$22.5 million for the years ended April 30, 2023, 2022, and 2021 respectively.

### Our Products

Our products enable our customers and users to nearly instantly find relevant information and insights in large amounts of data across a broad range of business and consumer use cases.

We offer the Elastic Stack, a powerful set of software products that ingest and store data from any source, in any format, and perform search, analysis, and visualization, usually in milliseconds. The Elastic Stack can be used by developers to power a variety of use cases. We also offer software solutions built in the Elastic Stack that address a wide variety of use cases. The Elastic Stack and our solutions are designed to run in public or private clouds, in hybrid environments, or in multi-cloud environments.

## The Elastic Stack

The Elastic Stack is primarily composed of the following products:

- **Elasticsearch.** Elasticsearch is the heart of the Elastic Stack. It is a distributed, real-time search and analytics engine and data store for all types of data, including textual, numerical, geospatial, structured, and unstructured.
- **Kibana.** Kibana is the user interface for the Elastic Stack. It is the visualization layer for data stored in Elasticsearch. It is also the management and configuration interface for all parts of the Elastic Stack.

Elastic has spent years infusing both Elasticsearch and Kibana with a foundation of AI and machine learning built on ESRE, from support for external machine learning models to native vector search capabilities, supervised and unsupervised machine learning, and solution capabilities that improve search relevance and identify anomalies. Elastic enables organizations to integrate generative AI and large language models by building key capabilities into its products.

The Elastic Stack also supports data ingest with a number of products:

- **Elastic Agent.** Elastic Agent is a single, unified way to add monitoring for logs, metrics, and other types of data to each host. Elastic Agent includes integrated host protection and central management.
- **Beats.** Beats is the family of lightweight, single-purpose data shippers for sending data from edge machines to Elasticsearch or Logstash.
- **Logstash.** Logstash is the dynamic data processing pipeline for ingesting data into Elasticsearch or other storage systems from a multitude of sources simultaneously.

Paid proprietary features in the Elastic Stack enable capabilities such as automating anomaly detection on time series data at scale through machine learning, facilitating compliance with data security and privacy regulations, supporting search across low cost cold and frozen data tiers, and allowing real-time notifications and alerts. The source code of features in the Elastic Stack is generally visible to the public in the form of “open code.”

## Our Solutions

We have built a number of solutions into the Elastic Stack to make it easier for organizations to use our software for common use cases. Our solutions include:

- **Search.** Our Search solution provides powerful search for documents and results living in applications, websites, and workplaces. Key use cases for Search include: search applications, a foundation for building search experiences to support websites and portals, e-commerce, mobile app search, and customer support; and workplace search, an out-of-the-box search solution for the workplace that seamlessly connects to the most widely used enterprise systems and tools.
- **Observability.** Our Observability solution enables unified analysis across the IT ecosystem of applications, networks, and infrastructure. Observability includes: Logs, to search and analyze petabytes of structured and unstructured logs; Metrics, to search and analyze numeric and time series data; Application Performance Monitoring (“APM”), to deliver insight into application performance and health metrics and provide developers with confidence in their code; and Synthetic Monitoring, to proactively monitor the availability and functionality of user journeys.
- **Security.** Our Security solution provides unified protection to prevent, detect, and respond to threats. Security includes: Security Information and Event Management (“SIEM”), with integrations to network, host, user, and cloud data sources, as well as workflow and operations, shareable analytics, incident management, and investigations; Endpoint Security, for prevention, detection and response with a single, stack-integrated agent; Extended Detection and Response (“XDR”), providing protection across infrastructure from SIEM to Endpoint; and Cloud Security, providing cloud posture assessment, vulnerability management, and cloud workload protection with one integrated solution.



## Our Deployment Options

The Elastic Stack and our solutions can be deployed in public or private clouds, in hybrid environments, or in multi-cloud environments, to satisfy various user and customer needs. Elastic Cloud, our family of cloud-based offerings, is hosted on major public cloud providers. We also partner with other cloud providers who offer our software to users on their cloud platform as a hosted offering.

Users can also download and manage their own deployments of the Elastic Stack and our solutions. To help with more complex deployment scenarios, we offer paid proprietary products to deliver centralized provisioning, management, and monitoring across multiple deployments.

## Strengths of our Products

The strengths of our products include the following:

- **Speed.** The Elastic Stack can find matches for search criteria in milliseconds within even the largest structured and unstructured datasets. Its schemaless structure and inverted indices enable real-time search of high volumes of structured, unstructured, and time series data.
- **Scale.** The Elastic Stack is a distributed system and can scale massively. It has the ability to subdivide search indices into multiple pieces called shards, which enables data volume to be scaled horizontally and operations to be distributed across hundreds of systems or more. A developer running hundreds of nodes has the same user experience as a developer running a single node on a laptop.
- **Relevance.** Elasticsearch uses multiple analytical techniques, including both traditional and AI-powered relevance techniques, to determine the similarity between stored data and queries, generating highly relevant results reflecting a deep understanding of text and context. Its sophisticated yet developer-friendly query language permits advanced search and analytics. Additionally, the speed of the Elastic Stack permits query iteration, further enhancing the relevance of search results.
- **Ease of Use.** The Elastic Stack is engineered to take a user from data to dashboard or inquiry to insight in minutes. It offers an easy getting-started experience, featuring streamlined download and deployment, sensible defaults, a simple and intuitive query language that just works, and no need to define a schema up front. Administrative tasks such as securing the Elastic Stack are intuitive and integrated into the user experience, as are investigative tasks such as data visualization.
- **Flexibility.** The Elastic Stack is able to ingest, filter, store, search, and analyze data in any form, whether structured or unstructured. These capabilities enable the Elastic Stack to generate insights from a wide variety of data sources for a broad range of use cases. The flexibility of the Elastic Stack also enables users to begin using our products along with their existing systems, which lowers barriers to adoption.
- **Extensibility.** Developers can use the Elastic Stack as a foundation for addressing a wide variety of use cases. Our open approach to building the Elastic Stack empowers developers to innovate and utilize it to fit their specific needs. Additionally, our developer community actively engages with us to improve and expand the Elastic Stack.

## Our Growth Strategies

We pursue the following growth strategies:

- **Increase usage of Elastic Cloud.** As users and customers increasingly want to consume highly-scalable cloud solutions, we believe that Elastic Cloud represents a significant growth opportunity. We plan to continue to invest resources in driving further innovation and increasing the adoption of Elastic Cloud.
- **Increase product adoption by improving ease of use and growing our user community.** With our engineering efforts focused on the user experience, we will continue to develop software that makes our products easier to use and adopt for both developers and non-developers. We will continue to engage with developers globally through a wide range of touch points such as community meetups, global community groups, hackathons, our global events, our user conferences, which we call ElasticON, and engagement on our website, user forums, and code repositories, to grow our user community.

- **Expand our customer base by acquiring new customers.** Through Elastic Cloud, we provide the fastest and easiest way to get started with a free trial. However, there is no free subscription tier in Elastic Cloud. Self-managed users can easily download our software directly from our website and access many features free of charge, which also facilitates adoption. Our sales and marketing team conducts campaigns to drive further awareness and adoption within the user community. As a result, many of our sales prospects are already familiar with our technology prior to entering into a commercial relationship with us. Additionally, we leverage our network of partners to drive awareness and expand our sales and marketing reach to target new customers. We will continue to engage our community and our partners to drive awareness and to invest in our sales and marketing team to grow our customer base.
- **Expand within our existing customer base through new use cases and larger deployments.** We view initial success with our products as a path to drive expansion to new use cases and projects and larger deployments within organizations. We often enter an organization through a single developer or a small team for an initial project or use case with an objective to quickly solve a technical challenge or business problem. Because of the rapid success with our products, knowledge of Elastic often spreads within an organization to new teams of developers, architects, IT operations personnel, security personnel, and senior executives. We will continue to invest in helping users and customers be successful with our products.
- **Extend our product leadership through continued investment in our technology.** We will continue to invest in our products and services to extend into new use cases, industries, geographies, and customers. We regularly deliver new and enhanced capabilities to our customers through regular releases, to which everyone has access based on our subscription model. Our technology investments within the Elastic Stack include foundational capabilities as well as solution enhancements for our target use cases.
- **Expand our strategic and regional partnerships.** Our partners assist us in driving awareness of Elastic and our products, using the Elastic Stack to solve customer pain points, and extending our reach in geographic areas and verticals where we do not have a formal sales presence. We have a diverse range of partners and we will continue to pursue partnerships to further the development of the Elastic Stack and our customer reach.
- **Selectively pursue strategic acquisitions.** Since inception, we have selectively pursued strategic acquisitions to drive product and market expansion. The focus of our most recent acquisitions has been to enhance the technology underlying our Security and Observability offerings. We intend to continue to pursue acquisitions selectively.

### Customers

Organizations of all sizes, across many industries, including enterprises, educational institutions and government entities, purchase our products for a variety of use cases. As of April 30, 2023, we had approximately 20,200 customers compared to over 18,600 customers and over 15,000 customers as of April 30, 2022 and 2021, respectively. No customer accounted for more than 10% of our total revenue for the years ended April 30, 2023, 2022, and 2021.

### Seasonality

We have experienced quarterly fluctuations and seasonality in our sales and results of operations based on our entry into agreements with new and existing customers and the mix between annual and monthly contracts entered into in each reporting period. Seasonality in our sales cycle generally reflects a trend toward greater sales in our second and fourth fiscal quarters and lower sales in our first and third fiscal quarters. We believe this seasonality might become more pronounced as we continue to target large enterprise customers.

### Engineering

Our engineering organization focuses on enhancing existing products and developing new features that are easy to use and can be run in any environment including in public or private clouds, in hybrid environments, or in multi-cloud environments. With a distributed engineering team spanning over 30 countries, we are able to recruit, hire, and retain high-quality, experienced developers, tech leads, and product managers, and operate at a rapid pace to drive product releases, fix bugs, and create new product offerings.

Our software development process is based on iterative releases of the Elastic Stack. We are organized in small functional teams with a high degree of autonomy and accountability. Our distributed and highly modular team structure and well-defined software development processes also allow us to successfully incorporate technologies that we have acquired.

We intend to continue to invest in our research and development capabilities to extend our products. Research and development expense totaled \$313.5 million and \$273.8 million for the years ended April 30, 2023 and 2022, respectively. We plan to continue to devote significant resources to research and development.

### Sales and Marketing

We make it easy for users to begin using our products in order to drive rapid adoption. Users can either sign up for a free trial on Elastic Cloud or download our software directly from our website without any sales interaction, and immediately begin using the full set of features. Users can also sign up for Elastic Cloud through public cloud marketplaces.

With our business model, where users can download and use many of our features for free, our sales prospects are often already familiar with or using our platform. We conduct low-touch campaigns to keep users and customers engaged once they have begun using Elastic Cloud or have downloaded our software. This process includes providing high-quality content, documentation, webinars, videos, and blogs through our website. We also drive high-touch engagement with qualified prospects and customers to drive further awareness, adoption, and expansion of our products with paid subscriptions. The majority of our new customers use Elastic Cloud. Many of these customers start with limited initial spending, but can significantly grow their spending.

Our sales teams are organized primarily by geography and secondarily by customer segments. We rely on inside sales development representatives to qualify leads based on the likelihood they will result in a purchase. We pursue sales opportunities both through our direct sales force and as assisted by our partners, including through cloud marketplaces. Our relationships within customer organizations often extend beyond the initial users of the technology and include technology and business decision-makers at various levels. We also engage with our customers on an ongoing basis through a customer success team, to ensure customer satisfaction and expand their usage of our technology.

### Partners

We maintain partner relationships that help us market and deliver our products to our customers and complement our community. Our partner relationships include the following:

- **Cloud providers.** We work with many of the major cloud providers to increase awareness of our products and make it easy to access our software. We partner with Amazon, Google, and Microsoft to offer Elastic Cloud on AWS, GCP, and Microsoft Azure, through direct purchase from us or their respective marketplaces. We also partner with other cloud providers to offer our free and paid proprietary features to users on their cloud platforms.
- **Systems integrators, channel partners, and referral partners.** We have a global network of systems integrators, channel partners, and referral partner relationships that help deliver our products to various business and government customers around the world.
- **OEM and MSP partners.** Our original equipment manufacturing (“OEM”) and managed service provider (“MSP”) partners embed an Elastic subscription into the products or services they offer to their customers. OEM or MSP partners are able to include Elastic’s proprietary features in their product, receive ongoing support from Elastic for product development, and receive support for end customer issues related to Elastic.
- **Technology partners.** Our technology partners collaborate with Elastic to create a standardized solution for end users that includes technology from both Elastic and the partner. Technology partners represent a deeper collaboration than community contributions and are distinct from distribution-oriented relationships like OEMs and MSP partners.

### Services

We offer consulting and training as part of our offerings to assist customers in accelerating their success with our software. Our consulting team consists of engineers and architects who bring hands-on experience and deep technical knowledge to a project. Our training offerings enable our users to gain the necessary skills to develop, deploy, and manage our software.

### Customer Support

We endeavor to make it easy for users to download, install, deploy and use the Elastic Stack and our solutions. To this end, our user community functions as a source of support and enables users to engage in self-help and collaboration.

However, in many situations, such as those involving complex enterprise IT environments, large deployments and novel use cases, our users require our support. Accordingly, we include support as part of the subscriptions we sell for our products. Our global support organization consists of engineers who provide technical support services including troubleshooting, technical audits, cluster tuning, and upgrade assistance. Our support team is distributed across over 20 countries and provides coverage 24 hours per day, 365 days per year, across multiple languages.

We believe that software companies should not have incentives to build low-quality software. In that connection, we do not sell support separately from our software subscriptions.

## Our Technology

Our platform consists of the Elastic Stack, our solutions, and software that supports our various deployment alternatives. Because our solutions are built into the Elastic Stack, innovations and new capabilities in the Elastic Stack may benefit many of our solutions. Our customers can customize and extend our solutions to fit their needs by leveraging the power of the Elastic Stack and our developer capabilities.

### Technology Features of the Elastic Stack

Elasticsearch is the heart of the Elastic Stack, where users store, search, and analyze data. Key features of Elasticsearch include the following:

- **Store any type of data.** Elasticsearch combines powerful parts of traditional search engines, such as an inverted index to power fast full text search and a column store for analytics, with native support for a wide range of data types, including text, dates, numbers, geospatial data, date/numeric ranges, and IP addresses. With sensible defaults, and no upfront schema definition necessary, Elasticsearch makes it easy to start simple and fine-tune as datasets grow.
- **Vector search.** Elastic natively supports vector search as part of ESRE, which enables a wide range of advanced search use cases that improve relevance, including sophisticated search ranking, image search, question answering, and more. Vector search relies on a next generation of machine learning models that can represent many types of content as vectors, including text, images, events, and more. ESRE also supports integration with large language models. As data volumes and formats explode, this sophisticated approach to search and relevance is becoming important for use cases where delivering maximum relevance is critical.
- **Machine learning, AI, and alerting.** Machine learning capabilities such as anomaly detection, forecasting, and categorization are tightly integrated with the Elastic Stack to automatically model the behavior of data, such as trends and periodicity, in real time in order to identify issues faster, streamline root cause analysis, and reduce false positives. Without these capabilities, it can be very difficult to identify issues such as infrastructure problems or intruders in real time across complex, high-volume, fast-moving datasets. In the last few years, we have also added native support for vector search and model management for advanced machine learning models.
- **Powerful query languages.** The Elasticsearch query domain specific language is a flexible, expressive search language that exposes a rich set of query capabilities across any kind of data. From simple Boolean operators to custom relevance functions, users can articulate exactly what they are looking for and bring their own definition of relevance. The query language also includes a composable aggregation framework that enables users to summarize, slice, and analyze structured or semi-structured datasets across multiple dimensions. Examples of these capabilities include tracking the top ten users by expenditure level, looking at data week over week, analyzing data across geographies, and drilling down into details with specific filters all with a single search.
- **Developer friendliness.** Elasticsearch has consistent, well-documented APIs that work the same way on one node during initial development as on a hundred nodes in production. Elasticsearch also ships with a number of language clients that provide a natural way to integrate with a variety of popular programming frameworks, reducing the learning curve, and leading to a shorter time to realizing value.
- **High speed.** Everything stored in Elasticsearch is indexed by default, so that users do not need to decide in advance what queries they will want to run. Our architecture optimizes throughput, time-to-data availability and query latency. Elasticsearch can easily index millions of events per second, and newly added data can be available for search nearly instantly.

- **High scale and availability.** Elasticsearch is designed to scale horizontally and be resilient to node or hardware failures. As nodes join a cluster, data is automatically re-balanced and queries and indexing are spread across the new nodes seamlessly. This makes it easy to add hardware to increase indexing throughput or improve query throughput. Elasticsearch also detects node failures and hardware or network issues and automatically protects user data by ejecting the failing or inaccessible nodes and creating new replicas of the data.
- **Security.** Security features give administrators the rights to grant specific levels of access to their various types of users, such as IT, operations, and application teams. Elasticsearch serves as the central authentication hub for the entire Elastic Stack. Security features include encrypted communications and encryption-at-rest; role-based access control; single sign-on and authentication; field-level, attribute-level, and document-level security; and audit logging.

Kibana is the user interface for the Elastic Stack. It allows users to manage the Elastic Stack and visualize data. Additionally, the interfaces for many of our solutions are built into Kibana. Key features of Kibana include the following:

- **Explore and visualize data stored in Elasticsearch.** Kibana provides interactive data views, visualizations, and dashboards powered by structured filtering and unstructured search to enable users to get to answers more quickly. A variety of data visualization types, such as simple line and bar charts, purpose-built geospatial and time series visualizations, tree diagrams, network diagrams, heatmaps, scatter plots, and histograms, support diverse user needs.
- **Incorporate advanced analytics and machine learning from Elasticsearch.** Kibana's query, filtering, and data summarization capabilities reflect Elasticsearch's powerful query domain specific language and aggregation framework while making it interactive.
- **Manage the Elastic Stack.** Kibana presents a broad user interface showing the health of Elastic Stack components and provides cluster alerts to notify administrators of problems. Its central management user interfaces ("UI") make it easier to operate the Elastic Stack at scale.
- **Home for Solutions.** Kibana is where our users and customers access the user interfaces for our Search, Observability, and Security solutions. Kibana provides core services, like security, alerting, and data visualization components. This makes it easy for users to discover all of the capabilities our solutions provide, and enables solution users to benefit from Kibana's core capabilities.
- **Application framework.** Kibana is designed to be extensible. Users interested in a highly specialized visualization type not distributed with Kibana by default can customize experiences through a Kibana plugin and make the plugin available to the community. Dozens of Kibana plugins have been shared by the community via Elastic documentation and code sharing platforms such as GitHub.

Elastic Agent, Beats, and Logstash are data ingestion tools that enable users to collect and enrich any kind of data from any source for storage in Elasticsearch. Beats and Logstash have an extensible modular architecture. Elastic Agent is a single, unified way to add monitoring for logs, metrics, and other types of data to each host, and also includes integrated host protection and central management. Beats are lightweight agents purpose-built for collecting data on devices, servers, and inside containers. Key features include the following:

- **Data shippers.** Elastic Agent introduces a new single agent architecture across hosts that simplifies management and deployment. Elastic Agent is based on the architecture of Beats, lightweight agents built for the purposes of efficient data collection at the edge for specific types of data, such as Filebeat for the collection of logging data, Metricbeat for the collection of system or service metric data, Auditbeat for the collection of security data, Packetbeat for the collection of network data, and Heartbeat for the collection of availability data. Dozens of community Beats enable the collection of data from specialized sources.
- **Extensibility and community Beats.** The Beats platform enables rapid creation of custom Beats that can be run on a variety of edge technologies for data collection. Over 90 Beats have been shared by the community via Elastic documentation and many more are available through code sharing platforms such as GitHub.
- **Host protection.** Specifically with Elastic Agent, we extend protection to hosts in addition to data transfer. Elastic Agent stops malware and ransomware and enables environment-wide visibility and advanced threat detection.

Logstash enables centralized collection and extract, transformation, and load capabilities. Key features of Logstash include the following:

- **Data transformation engine.** Logstash is a centralized data transformation engine that can receive and pull data from multiple sources, transform and filter that data, and send it to multiple outputs. Logstash has a powerful and flexible configuration language that allows users to create data stream acquisition and transformation logic without having to write code. This greatly extends and accelerates the ability to create data management pipelines to a wide variety of organizations and individuals.
- **Plugins.** Logstash collects data from a variety of sources, such as network devices, queues, endpoints, and public cloud services. Logstash enriches the data via lookups against local data sources, such as a geolocation database, and remote data sources, such as relational databases. Logstash can output events to Elasticsearch or downstream queues and other data stores. We develop and support more than 80 plugins for many common integrations.
- **Logstash extensibility and community plugins.** A vibrant community of users extends our reach through hundreds of community Logstash plugins that enable integration with a wide variety of data sources across many use cases.

### Technology Features of our Solutions

Our solutions are designed to minimize time-to-value and deployment costs of using the Elastic Stack for common use cases. The functionality of our solutions often includes specialized data collection, through standardized APIs or custom agents, and custom user interfaces for specific data analytics, visualizations, workflows, and actions.

**Search** gives users the tools to bring search experiences to customers, partners and teams quickly and scale them seamlessly.

- **Search applications.** Customers can bring the focused power of Elasticsearch to their company website, ecommerce site, or applications with a refined set of APIs and intuitive dashboards. Elastic delivers seamless scalability, tunable relevance controls, thorough documentation, well-maintained clients, and robust analytics to build a leading search experience. Customers can build rich applications directly on top of Elasticsearch, or they can use our Application Search framework to rapidly build and customize search applications.
- **Workplace search.** Customers can deploy internal workplace search to bring modern search to collaborative decisions and experiences. Elastic seamlessly connects to some of the world's most widely adopted productivity tools, customer relationship management platforms, cloud storage platforms, collaboration tools, operation management platforms, and content management systems. Custom sources provide an elegant set of APIs that let customers and users ingest any type of content from even more sources while preserving access control information.

**Observability** combines analysis across the IT ecosystem of IT applications, networks, and infrastructure to deliver actionable insights into performance, availability, usability, adoption, and anomalous behavior.

- **Logs.** Logs indexes, searches, and analyzes structured and unstructured logs at large scale to monitor the health and performance of an organization's services, infrastructure, and applications. Users can analyze and visualize information extracted from logs to understand system behavior and trends to optimize performance and preemptively address potential issues. By querying logs in ad hoc ways, users can triage, troubleshoot, and resolve performance issues.
- **Metrics.** Metrics ingests, searches, visualizes, and analyzes numeric and time series data from IT systems, including applications, data stores, hosts, containers, cloud infrastructure, and more. Users can review performance and utilization trends to optimize and plan for future needs. Metrics helps users deliver on infrastructure service level objectives ("SLO"), and resolve downtime or performance issues by understanding how the state of individual components fits into the bigger picture.
- **APM.** APM delivers insight into application performance at the code level. Developers can instrument apps and see the lifecycle of a transaction across services from front end to back end. This can give developers confidence in the code they ship, and can give operational teams visibility into code-level errors and performance bottlenecks to accelerate root cause analysis and resolution during an investigation.
- **Synthetic Monitoring.** Customers and users leverage Synthetic Monitoring to track and monitor the availability of the hosts, websites, services, and application endpoints that support business operations. Through proactive monitoring, customers can detect troublesome components before they are reported by end users.

**Security** delivers unified protection to prevent, detect, and respond to a variety of threats across the IT ecosystem.

- **SIEM.** Elastic SIEM automates threat detection and remediation, reducing mean time to detect (“MTTD”) and mean time to respond (“MTTR”). With prebuilt Elastic Agent and Beats integrations, SIEM can ingest data from cloud, network, endpoints, applications, and other systems. With Elastic Common Schema (“ECS”), users can centrally analyze information like logs, flows, and contextual data from disparate data sources. SIEM provides an interactive workspace for security teams to detect and respond to threats. Teams can triage events and perform investigations, gathering evidence on an interactive timeline. SIEM also streamlines opening and updating cases, forwarding potential incidents to security operations workflows and IT ticketing systems.
- **Endpoint Security.** Endpoint Security combines prevention, detection, and response into a single, autonomous agent that can even run in isolated environments. It is designed for ease of use and for speed, and can help stop threats in early stages of an attack. Endpoint Security includes protection against ransomware, malware, phishing, exploits, fileless attacks, and other threats.
- **XDR.** XDR extends detection and response across the entire attack surface. When deployed together, SIEM and Endpoint Security provide a strong security posture with broad visibility on potential threats. XDR delivers a unified security stack, protecting across endpoints, cloud, and the broader environment, letting customers minimize vendor sprawl, harness actionable data, and provide defense in depth to minimize time to resolution.
- **Cloud Security.** Cloud Security protects cloud deployments with rich visibility into cloud posture paired with runtime protection for cloud workloads with prevention, detection, and response capabilities, all in one integrated solution.

### Community

Our team extends beyond our employee base. It includes all the users who download our software. Our users interact with us on our website forums and on Twitter, GitHub, Stack Overflow, Quora, Facebook, Weibo, WeChat, and other platforms.

In order to build products that best meet our users’ needs, we focus on, and invest in, building a strong community. Each download of the Elastic Stack is a new opportunity to educate our next contributor, hear about a new use case, explore the need for a new feature, or meet a future member of the team. Community is core to our identity, binding our products closely together with our users. Community gives us an ability to get their candid feedback, creating a direct line of communication between our users and the builders of our products across all of our features — including both free and paid capabilities — and enabling us to make our products simpler and better.

The Elastic community has a code of conduct that covers the behaviors of the Elastic community in any forum, mailing list, wiki, website, code repository, Slack channel, private correspondence, or public meeting. It is designed to ensure that the Elastic community is a space where members and users can freely and openly communicate, collaborate, and contribute both ideas and code. This Elastic Community code of conduct also covers our community ground rules: be considerate, be patient, be respectful, be nice, communicate effectively, and ask for help when unsure.

### Competition

Our market is highly competitive, quickly evolving, fragmented, and subject to rapid changes in technology, shifting customer needs, and frequent introductions of new offerings. Our principal competitors include:

- For Search and other platform use cases: offerings such as Solr (open source offering) and Lucidworks Fusion, search tools including Google, Coveo, and Algolia.
- For Observability: software vendors with specific observability solutions to analyze logging data, metrics, APM data, or infrastructure uptime, such as Splunk, New Relic, Dynatrace, AppDynamics (owned by Cisco Systems), and Datadog.
- For Security: security vendors such as Splunk, Azure Sentinel (by Microsoft), CrowdStrike, Carbon Black (owned by VMware), McAfee, and Symantec (owned by Broadcom).
- Certain cloud hosting providers and managed service providers, including AWS, that offer products or services based on a forked version of the Elastic Stack. These offerings are not supported by Elastic and come without any of Elastic’s proprietary features, whether free or paid.

The principal competitive factors for companies in our industry are:

- product capabilities, including speed, scale, and relevance, with which to power search experiences;



- an extensible product “stack” that enables developers to build a wide variety of solutions;
- powerful and flexible technology that can manage a broad variety and large volume of data;
- ease of deployment and ease of use;
- ability to address a variety of evolving customer needs and use cases;
- strength and execution of sales and marketing strategies;
- flexible deployment model across public or private clouds, hybrid environments, or multi-cloud environments;
- productized solutions engineered to be rapidly adopted to address specific applications;
- mindshare with developers and IT and security executives;
- adoption of products by many types of users and decision makers (developers, architects, DevOps personnel, IT professionals, security analysts, and departmental and organizational leaders);
- enterprise-grade technology that is secure and reliable;
- size of customer base and level of user adoption;
- quality of training, consulting, and customer support;
- brand awareness and reputation; and
- low total cost of ownership.

We believe that we compare favorably on the basis of the factors listed above. However, many of our competitors have substantially greater financial, technical and other resources, greater brand recognition, larger sales forces and marketing budgets, broader distribution networks and presence, more established relationships with current or potential customers and partners, more diverse product and services offerings, and larger and more mature intellectual property portfolios. They may be able to leverage these resources to gain business in a manner that discourages customers from purchasing our offerings.

We expect that our industry will continue to attract new companies, including smaller emerging companies, which could introduce new offerings. We may also expand into new markets and encounter additional competitors in such markets.

While our products and solutions have various competitors across different use cases, such as search applications and workplace search, logging, metrics, APM, business analytics and security analytics, we believe that few competitors currently have the capabilities to address our entire range of use cases. We believe our industry requires constant change and innovation, and we plan to continue to evolve search as a foundational technology to solve the problems of today and new emerging problems in the future.

### **Intellectual Property**

We rely on a combination of patents, patent applications, registered and unregistered trademarks, copyrights, trade secrets, license agreements, confidentiality procedures, non-disclosure agreements with third parties, and other contractual measures to safeguard our core technology and other intellectual property assets. In addition, we maintain a policy requiring our employees, contractors, and consultants to enter into confidentiality and invention assignment agreements. As of April 30, 2023, we had a number of active patents, issued in both the United States and outside of the United States, with expirations ranging from 2031 to 2041. In addition, as of April 30, 2023, we had numerous U.S. and international trademark registrations.

The laws, procedures and restrictions on which we rely may provide only limited protection, and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. In addition, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States or other jurisdictions, and we therefore may be unable to protect our proprietary technology in certain jurisdictions.

In addition, our technology incorporates software components licensed to the general public under open source software licenses such as the Apache Software License Version 2.0 (“Apache 2.0”). We obtain many components from software developed and released by contributors to independent open source components of our technology. Open source licenses grant licensees broad permissions to use, copy, modify and redistribute our platform. As a result, open source development and licensing practices can limit the value of our software copyright assets.

For additional information about risks relating to our intellectual property, see the section titled “Risk Factors—Risks Related to our Business and Industry.”



## Human Capital Management

Our employees (whom we call “Elasticians”) and our culture are vital to Elastic’s long-term success. Our human capital management efforts are focused on:

- Attracting, engaging and retaining talent
- Maintaining our strong company culture
- Enhancing our diversity, equity and inclusion (“DEI”)
- Continuing strong employee engagement
- Facilitating continuous employee learning and development
- Offering effective total rewards, including employee well-being

Our management regularly updates our board of directors and its committees on human capital trends and employee-focused activities and initiatives.

As of April 30, 2023, we had a total of 2,886 employees in over 40 countries globally. Over 30% of our workforce consists of women and employees who self-identify as non-binary. None of our employees are represented by a labor union. In certain countries in which we operate, such as France and Spain, we are subject to local labor law requirements that may automatically make our employees subject to industry-wide collective bargaining agreements. We have not experienced any work stoppages.

### Distributed Workforce

Elastic originated as a distributed company and continues to be distributed by design. We have designed our processes, systems, and teams so that employees can generally perform their jobs without needing to be physically present in the same room or even in the same time zone. Just as distributed systems are more resilient, we believe that being distributed helps build a strong company that can scale and adapt as new challenges arise. Having a distributed workforce gives us a global candidate pool, which provides us the opportunity to cast a wider recruiting net, a critical aspect of helping open our pipelines to a broader set of diverse talent.

### Diversity, Equity and Inclusion

Our focus on DEI is critical to how we develop, strengthen and sustain a sense of belonging and inclusion among all Elasticians.

*Balanced Teams.* We strive to be an employer of choice for a diverse and inclusive workforce through our talent brand, talent attraction, development, and retention efforts. Our recruiting approach is underpinned by the desire to create balanced teams at Elastic, which includes considering broad aspects of diversity from race and gender mix as well as diversity of thought, experience and tenure when recruiting new team members. The created-by-women-for-women workplace review site, Fairygodboss, recognized Elastic as one of the best workplaces for women in three categories: Best Technology Company for Women, Best Company for Women, and Best Company Where CEOs Support Gender Diversity.

*Elastician Resource Groups.* We strive to embed DEI deep within our culture through various initiatives, projects and programs, the centerpiece of which is the Elastician Resource Groups (“ERG”), which are organizationally sponsored, self-organized, Elastician-run groups. Aligned to specific shared identities, interests, affinity or allyship, such as Latinx, parent(s), disability or accessibility, Black, LGBTQ+ and others; each group identifies goals and objectives with executive sponsorship to ensure that they provide tangible benefits and result in all Elasticians feeling a sense of belonging.

*Fair Pay.* We pursue fair and consistent compensation practices through our use of local third-party market data specific to each country, where available, so that we understand local compensation and cost of labor levels. We retain external experts to review our compensation outcomes on an ongoing basis in seeking to ensure they are bias-free and fairly reward employee performance and contributions. We take great pride in our focus on fair pay and the positive results we’ve established.

*Code of Conduct.* All of our employees must adhere to a Code of Business Conduct and Ethics (the “Code of Conduct”) that sets standards for appropriate behavior and are required to complete annual training on the Code of Conduct and training to help prevent, identify and report any type of discrimination and harassment.

### Employee Engagement

We are committed to ensuring that Elasticians have a voice in how we can collectively make Elastic a better place to work.

*New Employee Onboarding.* Our new employee onboarding experience is centered around attending “X-School”, our extensive new-hire orientation program, which enables new Elasticians to meet and collaborate with other new Elasticians from around the globe and to learn about our products and solutions.

*Engagement Surveys.* We monitor employee morale and attitudes through two primary feedback mechanisms – an annual employee engagement survey and a mid-year pulse survey check-in. The results of these surveys are reviewed at the company, functional, team and manager level, and are used to develop action plans put in place annually. Elasticians were highly engaged in providing feedback in fiscal years 2023, 2022 and 2021, with high participation rates for the mid-year and annual surveys as well as high engagement scores across a spectrum of questions.

### **Learning and Development**

Our Learning & Organizational Development team’s mission is to enable Elasticians to pursue their purpose, in work and life. To that end, we have a variety of ways in which we support the continuous learning and development of all Elasticians, including access to on-demand video based learning.

We also conduct specific programs to develop managers and leaders at Elastic, including our flagship leadership development program - *Leading Strategically*, an externally-led program focused on high-performing leaders who possess the potential to have a significant strategic impact on the achievement of our long-term objectives.

### **Total Rewards**

*Compensation, Benefits and Well-being.* We provide market competitive compensation which typically includes cash compensation as well as equity awards. Reflecting our interest in the whole person, we provide programs designed to enable Elasticians to meet their well-being goals, from starting a family to being at their physical and emotional best. These programs include market competitive medical and dental programs, in addition to a focus on mental health and holistic well-being. We provide market competitive paid time off programs, which feature 16 weeks of paid leave to all new parents, life-planning benefits and other travel reimbursements for certain healthcare services. In addition, we also provide retirement and income protection plans, which include a 401k plan with a dollar-for-dollar match by Elastic up to 6% of eligible earnings up to a plan-limit maximum for U.S.-based Elasticians as well as similar competitive plans outside of the United States.

*Flexible Work Environment.* Since inception, we have provided most Elasticians with the ability to work from anywhere, as often as they would like. We also know that being face-to-face is important too, and we have physical offices around the world to provide a space for employees to work from if they wish to do so.

*Community Involvement.* Through our Elastic Cares program, employees can support the charitable organizations that matter the most to them on a local and global level. This program encompasses donation matching, our nonprofit organization program which provides our technology for free to certain nonprofit organizations, and our volunteer time off initiative. Employees are encouraged to volunteer for these organizations throughout the year using our volunteer time off program which provides our employees with 40 hours of volunteer time each year.

### **Government Regulations**

Our worldwide business activities are subject to various laws, rules, and regulations of the United States as well as of foreign governments. Our compliance with existing or future governmental regulations, including, but not limited to, those pertaining to global trade, business acquisitions, consumer and data protection, and taxes, could have material impacts on our business. See Item 1A, “Risk Factors” of this Annual Report on Form 10-K for a discussion of these potential impacts.

### **Corporate Information**

We were incorporated in the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) on February 9, 2012 as SearchWorkings Global B.V. On June 19, 2012, we changed our name to elasticsearch global B.V., on December 11, 2013, we changed our name to Elasticsearch Global B.V., and on May 29, 2018, we changed our name to Elastic B.V. Immediately prior to the completion of our initial public offering (“IPO”) on October 10, 2018, we converted into a public company with limited liability (*naamloze vennootschap*) under Dutch law and changed our name to Elastic N.V.

We are a distributed company, which means our workforce is distributed globally. Accordingly, we do not have a principal executive office. We are registered with the trade register of the Dutch Chamber of Commerce under number 54655870. Our registered office is at Keizersgracht 281, 1016 ED Amsterdam, the Netherlands.

Our ordinary shares are listed on the New York Stock Exchange (“NYSE”) under the symbol “ESTC”.

Our website address is [www.elastic.co](http://www.elastic.co). Information contained on, or that can be accessed through, our website does not constitute part of this Annual Report on Form 10-K and references to our website address in this Annual Report on Form 10-K are inactive textual references only.

We announce material information to the public about us, our products and services and other matters through a variety of means, including filings with the U.S. Securities and Exchange Commission (“SEC”), press releases, public conference calls, our website ([www.elastic.co](http://www.elastic.co)), the investor relations section of our website (<https://ir.elastic.co>), our blog ([www.elastic.co/blog](http://www.elastic.co/blog)), and/or social media, including our Twitter account (<https://twitter.com/elastic>), Facebook page ([www.facebook.com/elastic.co](http://www.facebook.com/elastic.co)), and/or LinkedIn account ([www.linkedin.com/company/elastic-co](http://www.linkedin.com/company/elastic-co)), in order to achieve broad, non-exclusionary distribution of information to the public. We encourage investors and others to review the information it makes public in these locations, as such information could be deemed to be material information. Please note that this list may be updated from time to time.

### Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Exchange Act are filed with the SEC. We are subject to the informational requirements of the Exchange Act and file or furnish reports, proxy statements and other information with the SEC. Such reports and other information filed by us with the SEC are available free of charge on our website at [www.elastic.co/ir](http://www.elastic.co/ir) when such reports are available on the SEC’s website. The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at [www.sec.gov](http://www.sec.gov).

### Item 1A. Risk Factors

*A description of the risks and uncertainties associated with our business, industry and ownership of our ordinary shares is set forth below. You should carefully consider the following risks, together with all of the other information in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes thereto, before deciding whether to invest in our ordinary shares. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that could affect us. If any of the following risks occur, our business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the price of our ordinary shares could decline, and you could lose part or all of your investment. In addition, major geopolitical events, including any worsening of the macroeconomic environment, may exacerbate the risks described below, any of which could have a material impact on us and additional impacts that are currently not known to us may arise.*

The following is a summary of the key risks and uncertainties associated with our business, industry, and ownership of our ordinary shares. The summary below does not contain all of the information that may be important to you, and you should read this summary together with the more detailed description of each risk factor in the following discussion.

- If we do not appropriately manage our future growth or are unable to improve our systems and processes, our business and results of operations will be adversely affected.
- We have a history of losses and may not be able to achieve profitability on a consistent basis or at all or positive operating cash flow on a consistent basis.
- Our ability to grow our business will suffer if we do not expand and increase adoption of our Elastic Cloud offerings.
- Information technology spending, sales cycles, and other factors affecting the demand for our offerings and our results of operations have been, and may continue to be, negatively impacted by current macroeconomic conditions, including declining rates of economic growth, supply chain disruptions, inflationary pressures, increased interest rates, and other conditions discussed in this report, and by Russia’s invasion of Ukraine and the resulting international political crisis and associated impacts.
- Our future growth, business and results of operations will be harmed if we are not able to keep pace with technological and competitive developments, increase sales of our subscriptions to new and existing customers, renew existing customers’ subscriptions, increase adoption of our cloud-based offerings, respond effectively to evolving markets or offer high quality support services.
- Any actual or perceived failure by us to comply with regulations or any other obligations relating to privacy, data protection or information security could adversely affect our business.
- We and our third-party vendors and service providers are vulnerable to a risk of cybersecurity attacks, phishing attacks, viruses, malware, ransomware, hacking or similar breaches from nation-state and affiliated actors.
- Our operating results may fluctuate from quarter to quarter.

## [Table of Contents](#)

- Actions that we are taking to reduce costs and rebalance investments under a plan we announced in November 2022 may not result in anticipated savings or operational efficiencies, could result in total costs and expenses that are greater than expected and could disrupt our business.
- Our decision to no longer offer Elasticsearch and Kibana under an open source license may harm the adoption of those products.
- We could be negatively impacted if the Elastic License or the Server Side Public License under which some of our software is licensed is not enforceable.
- Limited technological barriers to entry into the markets in which we compete may facilitate entry by other enterprises into our markets to compete with us.
- We may not be able to effectively develop and expand our sales, marketing and customer support capabilities.
- Because we recognize the vast majority of our revenue from subscriptions, either based on actual consumption, monthly, or ratably, over the term of the relevant subscription period, downturns or upturns in sales are not immediately reflected in full in our results of operations.
- Our limited history with consumption-based arrangements for our Elastic Cloud offerings is not adequate to enable us to predict accurately the long-term rate of customer adoption or renewal, or the impact those arrangements will have on our near-term or long-term revenue or operating results.
- A real or perceived defect, security vulnerability, error, or performance failure in our software could cause us to lose revenue, damage our reputation, and expose us to liability.
- Incorrect implementation or use of our software could negatively affect our business, operations, financial results, and growth prospects.
- Our reputation could be harmed if third parties offer inadequate or defective implementations of software that we have previously made available under an open source license.
- Interruptions or performance problems, and our reliance on technologies from third parties, may adversely affect our business operations and financial results.
- If our partners, including cloud providers, systems integrators, channel partners, referral partners, OEM and MSP partners, and technology partners, fail to perform or we are unable to maintain successful relationships with them, our ability to market, sell and distribute our solution will be more limited.
- Failure to protect our proprietary technology and intellectual property rights could substantially harm our business and results of operations.
- We could incur substantial costs as a result of any claim of infringement, misappropriation or violation of another party's intellectual property rights, including as a result of the indemnity provisions in various agreements.
- Our use of third-party open source software within our products could negatively affect our ability to sell our products and subject us to possible litigation.
- We may not be able to realize the benefits of our marketing strategies to offer some of our product features for free and to provide free trials to some of our paid features.
- Our international business exposes us to a variety of risks, and if we are not successful in sustaining and expanding our international business, we may incur additional losses and our revenue growth could be harmed.
- We are subject to risks associated with our receipt of revenue from sales to government entities.
- Our business is subject to a variety of government and industry regulations, as well as other obligations, including compliance with export control, trade sanctions, anti-bribery, anti-corruption, and anti-money laundering laws.
- An investment in our company is subject to tax risks based on our status as a non-U.S. corporation.
- The market price for our ordinary shares has been and is likely to continue to be volatile.
- The concentration of our share ownership with insiders will likely limit your ability to influence corporate matters.
- Dutch law and our articles of association include anti-takeover provisions, which may impact the value of our ordinary shares.
- Claims of U.S. civil liabilities may not be enforceable against us.

- We have a substantial amount of indebtedness and may not be able to generate sufficient cash to service all of our indebtedness.
- If industry or financial analysts do not publish research or reports about our business, or if they issue inaccurate or unfavorable research regarding our ordinary shares, our share price and trading volume could decline.
- We may fail to maintain an effective system of disclosure controls and internal control over financial reporting.

### **Risks Related to our Business and Industry**

***Our business and operations have experienced rapid growth, and if we do not appropriately manage future growth, if any, or are unable to improve our systems and processes, our business, financial condition, results of operations, and prospects will be adversely affected.***

We have experienced rapid growth and increased demand for our offerings. Our employee headcount and number of customers have increased significantly. For example, our total number of customers has grown from over 2,800 as of April 30, 2017 to approximately 20,200 as of April 30, 2023. Further, although we implemented a workforce reduction in November 2022 and may modify our hiring to align with our evolving growth plans, our employee headcount generally has increased as we have expanded our business. The growth and expansion of our business and offerings place a continuous and significant strain on our management, operational, and financial resources. In addition, as customers adopt our technology for an increasing number of use cases, we have had to support more complex commercial relationships. We may not be able to leverage, develop and retain qualified employees effectively enough to maintain our growth plans. We must continue to improve our information technology and financial infrastructure, our operating and administrative systems, our relationships with various partners and other third parties, and our ability to manage headcount and processes in an efficient manner to manage our growth effectively. Our failure to do so could result in increased costs, negatively affect our customers' satisfaction with our offerings, and harm our results of operations.

We may not be able to sustain the diversity and pace of improvements to our offerings successfully, or implement systems, processes, and controls in an efficient or timely manner or in a manner that does not negatively affect our results of operations. Our failure to improve our systems, processes, and controls, or their failure to operate in the intended manner, may result in our inability to manage the growth of our business and to forecast our revenue, expenses, and earnings accurately, or to prevent losses.

We may find it difficult to maintain our corporate culture while managing our headcount. Any failure to manage our anticipated growth and related organizational changes in a manner that preserves our culture could negatively impact our future growth and achievement of our business objectives. Additionally, our productivity and the quality of our offerings may be adversely affected if we do not develop our employee talent effectively.

***We have a history of losses and may not be able to achieve profitability on a consistent basis or at all, and may not be able to achieve positive operating cash flow on a consistent basis. As a result, our business, financial condition, and results of operations may suffer.***

We have incurred losses in all years since our inception. We incurred a net loss of \$236.2 million, \$203.8 million, and \$129.4 million for the years ended April 30, 2023, 2022 and 2021, respectively. As a result, we had an accumulated deficit of \$1.1 billion as of April 30, 2023. We anticipate that our operating expenses will continue to increase substantially in the foreseeable future as we continue to enhance our offerings, broaden our customer base and pursue larger transactions, expand our sales and marketing activities, expand our operations, hire additional employees, and continue to develop our technology. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently, or at all, to offset these higher expenses. Revenue growth may slow or revenue may decline for a number of reasons, including slowing demand for our offerings, increasing competition, or economic downturns, including as a result of rising rates of inflation and other macroeconomic events. You should not consider our revenue growth in prior periods as indicative of our future performance. Any failure to increase our revenue or grow our business could prevent us from achieving profitability at all or on a consistent basis, which would cause our business, financial condition, and results of operations to suffer. Additionally, although we generated positive operating cash flow in fiscal 2023, any failure to grow our business could prevent us from achieving positive operating cash flow on a consistent basis, which would cause our business, financial condition, and results of operations to suffer.

***Our ability to grow our business will depend significantly on the expansion and adoption of our Elastic Cloud offerings.***

We believe our future success will depend significantly on the growth in the adoption of Elastic Cloud, our family of cloud-based offerings. We have incurred and will continue to incur substantial costs to develop, sell and support our Elastic Cloud offerings. We have also entered into non-cancelable multi-year cloud hosting capacity commitments with certain third-party cloud providers, which require us to pay for such capacity irrespective of actual usage. We believe that we must offer a family of cloud-based products to address the market segment that prefers a cloud-based solution to a self-managed solution and that there will be increasing demand for cloud-based offerings of our products. For the years ended April 30, 2023, 2022, and 2021, Elastic Cloud contributed 40%, 35%, and 27% of our total revenue, respectively. However, as the use of cloud-based computing solutions is rapidly evolving, it is difficult to predict the potential growth, if any, of general market adoption, customer adoption, and retention rates of our cloud-based offerings. There could be decreased demand for our cloud-based offerings due to reasons within or outside of our control, including, among other things, lack of customer acceptance, technological challenges with bringing cloud offerings to market and maintaining those offerings, information security, data protection, or privacy concerns, our inability to properly manage and support our cloud-based offerings, competing technologies and products, weakening economic conditions, and decreases in corporate spending. If we are not able to develop, market, or deliver cloud-based offerings that satisfy customer requirements technically or commercially, if our investments in cloud-based offerings do not yield the expected return, or if we are unable to decrease the cost of providing our cloud-based offerings, our business, competitive position, financial condition and results of operations may be harmed.

***Unfavorable or uncertain conditions in our industry or the global economy or reductions in information technology spending, including as a result of adverse macroeconomic conditions, or Russia’s invasion of Ukraine, could limit our ability to grow our business and negatively affect our results of operations.***

Our results of operations may vary based on the impact of changes in our industry or the global economy on us or our customers. Current, future, or sustained economic uncertainties or downturns, whether actual or perceived, could adversely affect our business and results of operations. Negative conditions in the general economy both in the United States and in international markets, including conditions resulting from changes in gross domestic product growth, financial and credit market fluctuations, international trade relations, changes in inflation, foreign exchange and interest rate environments, recessionary fears, supply chain constraints, energy costs, political instability, natural catastrophes, warfare, infectious diseases and terrorist attacks, could cause a decrease in business investments by our customers and potential customers, including spending on information technology, and negatively affect the growth of our business. For example, inflation rates have recently reached levels not seen in decades and may continue to create economic volatility as governments adjust interest rates in an attempt to manage the inflationary environment, which may further lead to our customers tightening their technology spend and investment. Further, the ongoing international political crisis resulting from Russia’s invasion of Ukraine could continue to have significant negative macroeconomic consequences, including on the businesses of our customers, which could negatively impact their spending on our offerings. Moreover, instability in the global banking system recently has resulted in failures of major banks. Any further disruptions or other adverse developments, or concerns or rumors about any such events or similar risks, in the financial services industry, both in the U.S. and in international markets, may lead to market-wide liquidity problems and may impact our or our customers’ liquidity and, as a result, negatively affect the level of customer spending on our offerings.

As a result of the foregoing conditions, our revenue may be disproportionately affected by longer and more unpredictable sales cycles, delays or reductions in customer consumption or in general information technology spending, and further impacts of changing foreign exchange rates. Further, current and prospective customers may choose to develop in-house software as an alternative to using our paid products. These factors could increase the amount of customer churn we have experienced recently and further slow consumption and overall customer expenditure. Moreover, competitors may respond to market conditions by lowering prices. Such impacts of the current macroeconomic environment have negatively affected our results of operations since the first quarter of fiscal 2023. We cannot predict the timing, strength or duration of the current economic slowdown and instability or any recovery, generally or within our industry. If the economic conditions of the general economy or markets in which we operate do not improve, or worsen from present levels, our business, results of operations and financial condition could be adversely affected.

***We may not be able to compete successfully against current and future competitors.***

The market for our products is highly competitive, quickly evolving, fragmented, and subject to rapid changes in technology, shifting customer needs, and frequent introductions of new offerings. We believe that our ability to compete depends upon many factors both within and beyond our control, including the following:

- our product capabilities, including speed, scale, and relevance, with which to power search experiences;
- our offerings of an extensible product “stack” that enables developers to build a wide variety of solutions;

## [Table of Contents](#)

- powerful and flexible technology that can manage a broad variety and large volume of data;
- ease of deployment and ease of use;
- ability to address a variety of evolving customer needs and use cases;
- strength and execution of our sales and marketing strategies;
- flexible deployment model across public or private clouds, hybrid environments, or multi-cloud environments;
- development of solutions engineered to be rapidly adopted to address specific applications;
- mindshare for our products with developers and IT and security executives;
- adoption of our products by many types of users and decision makers (including developers, architects, DevOps personnel, IT professionals, security analysts, and departmental and organizational leaders);
- enterprise-grade technology that is secure and reliable;
- size of our customer base and level of user adoption;
- quality of our training, consulting, and customer support;
- brand awareness and reputation; and
- low total cost of ownership.

We face competition from both established and emerging competitors. Our current primary competitors generally fall into the following categories:

- For Search and other platform use cases: offerings such as Solr (open source offering) and Lucidworks Fusion, search tools including Google, Coveo, and Algolia.
- For Observability: software vendors with specific observability solutions to analyze logging data, metrics, APM data, or infrastructure uptime, such as Splunk, New Relic, Dynatrace, AppDynamics (owned by Cisco Systems), and Datadog.
- For Security: security vendors such as Splunk, Azure Sentinel (by Microsoft), CrowdStrike, Carbon Black (owned by VMware), McAfee, and Symantec (owned by Broadcom).
- Certain cloud hosting providers and managed service providers, including AWS, that offer products or services based on a forked version of the Elastic Stack. These offerings are not supported by Elastic and come without any of Elastic's proprietary features, whether free or paid.

Some of our current and potential competitors have longer operating histories, significantly greater financial, technical, marketing and other resources, stronger brand recognition, broader global distribution and presence, more established relationships with current or potential customers and partners, and larger customer bases than we do. These factors may allow our competitors to respond more quickly than we can to new or emerging technologies and changes in customer preferences. These competitors may engage in more extensive research and development efforts, undertake more far-reaching and successful sales and marketing campaigns, have more experienced sales professionals, execute more successfully on their go-to-market strategy and have greater access to more markets and decision makers, and adopt more aggressive pricing policies which may allow them to build larger customer bases than we have. New start-up companies that innovate and large competitors that are making significant investments in research and development may develop similar offerings that compete with our offerings or that achieve greater market acceptance than our offerings. This could attract customers away from our offerings and reduce our market share. If we are unable to anticipate or react effectively to these competitive challenges, our competitive position would weaken, which would adversely affect our business and results of operations.



***If we are not able to keep pace with technological and competitive developments, our business will be harmed.***

The market for search technologies, including search, observability and security, is subject to rapid technological change, innovation (such as the use of AI), evolving industry standards, and changing regulations, as well as changing customer needs, requirements and preferences. Our success depends upon our ability to continue to innovate, enhance existing products, expand the use cases of our products, anticipate and respond to changing customer needs, requirements, and preferences, and develop and introduce in a timely manner new offerings that keep pace with technological and competitive developments.

We have experienced delays in releasing new products, deployment options, and product enhancements and may experience similar delays in the future. As a result, in the past, some of our customers deferred purchasing our products until the next upgrade was released. Future delays or problems in the installation or implementation of our new releases may cause customers to forgo purchases of our products and purchase those of our competitors instead.

The success of new product introductions depends on a number of factors including, but not limited to, timely and successful product development, market acceptance, our ability to manage the risks associated with new product releases, the availability of software components for new products, the effective management of development and other spending in connection with anticipated demand for new products, the availability of newly developed products, and the risk that new products may have bugs, errors, or other defects or deficiencies in the early stages of introduction. We have experienced bugs, errors, or other defects or deficiencies in new products and product updates and may have similar experiences in the future. Furthermore, our ability to increase the usage of our products depends, in part, on the development of new use cases for our products, which is typically driven by our developer community and may be outside of our control. We also have invested, and may continue to invest, in the acquisition of complementary businesses, technologies, services, products and other assets that expand the products that we can offer our customers. We may make these investments without being certain that they will result in products or enhancements that will be accepted by existing or prospective customers. If we are unable to successfully enhance our existing products to meet evolving customer requirements, increase adoption and usage of our products, develop new products, or if our efforts to increase the usage of our products are more expensive than we expect, then our business, results of operations, and financial condition would be adversely affected.

***Sales of our products could suffer if the markets for those products do not grow or if we fail to adapt and respond effectively to evolving markets.***

The markets for certain of our products, such as our Search, Observability and Security solutions, are evolving and our products are relatively new in these markets. Accordingly, it is difficult to predict continued customer adoption and renewals for these products, customers' demand for these products, the size, growth rate, expansion, and longevity of these markets, the entry of competitive products, or the success of existing competitive products. Our ability to penetrate these evolving markets depends on a number of factors, including the cost, performance, and perceived value associated with our products. If these markets do not continue to grow as expected or if we are unable to anticipate or react to changes in these markets, our competitive position would weaken, which would adversely affect our business and results of operations.

***Any actual or perceived failure by us to comply with government or other obligations related to privacy, data protection and information security could adversely affect our business.***

We are subject to compliance risks and uncertainties under a variety of federal, state, local and foreign laws and regulations governing privacy, data protection, information security, and the collection, storage, transfer, use, retention, sharing, disclosure, protection, and processing of personal data. Privacy, data protection, and information security laws may be interpreted and applied differently depending on the jurisdiction and continue to evolve, making it difficult to predict how they may develop and apply to us.

The regulatory frameworks for these issues worldwide are rapidly evolving and are likely to remain uncertain for the foreseeable future. Federal, state, or non-U.S. government bodies or agencies have in the past adopted, and may in the future adopt, new laws and regulations or may make amendments to existing laws and regulations affecting data protection, data privacy and/or information security and/or regulating the use of the Internet as a commercial medium.



In the United States, the following states have enacted such legislation: California (California Consumer Privacy Act and the California Privacy Rights Act), Colorado (Colorado Privacy Act), Connecticut (An Act Concerning Personal Data Privacy and Online Monitoring), Utah (Utah Consumer Privacy Act) and Virginia (Virginia Consumer Data Protection Act). These laws and regulations may include a private right of action for certain data breaches or noncompliance with privacy obligations, may provide for penalties and other remedies, and may require us to incur substantial costs and expenses and liabilities in connection with our compliance. Other U.S. states and the U.S. federal government are considering or have enacted similar privacy legislation. Many obligations under these laws and legislative proposals remain uncertain, and we cannot fully predict their impact on our business. Failure to comply with these varying laws and standards may subject us to investigations, enforcement actions, civil litigation, fines and other penalties, all of which may generate negative publicity and have a negative impact on our business.

Internationally, most jurisdictions in which we operate have established their own privacy, data protection and information security legal frameworks with which we or our customers must comply. Within the European Union, the General Data Protection Regulation (“GDPR”) applies to the processing of personal data. The GDPR imposes significant obligations upon our business and compliance with these obligations can vary depending on how different regulators may interpret them. Failure to comply, or perceived failure to comply, can result in administrative fines of up to 20 million Euros or four percent of the group’s annual global turnover, whichever is higher. Similarly, the United Kingdom has implemented legislation that is substantially similar to the EU GDPR where penalties for violations, actual or perceived, can be up to 17.5 million British Pound Sterling or four percent of the group’s annual global turnover, whichever is higher, all of which may be subject to change with the introduction of the Data Protection and Digital Information (DPDI) Bill in 2022. The potential impact to our business remains unclear.

On June 4, 2021, the European Commission issued new Standard Contractual Clauses (“SCC”) applicable to cross-border data transfers of personal data for people located in the EEA. On February 2, 2022, the United Kingdom’s Information Commissioner’s Office issued new standard contractual clauses to support personal data transfers out of the United Kingdom (“UK SCC”), which went into effect on March 21, 2022. In light of these and other ongoing developments relating to cross-border data transfer, we may experience additional costs associated with increased compliance burdens, and this regulation may impact our ability to transfer personal data across our organization, to customers, or to third parties.

In addition to government regulation, industry groups have established or may establish new and different self-regulatory standards that may legally or contractually apply to us or our customers. One example of such a self-regulatory standard is the Payment Card Industry Data Security Standard (“PCI DSS”), which relates to the processing of payment card information. Further, our customers increasingly expect us to comply with more stringent privacy, data protection, and information security requirements than those imposed by laws, regulations, or self-regulatory requirements, and we may be obligated contractually to comply with additional or different standards relating to our handling or protection of data on or by our offerings. Any failure to meet our customers’ requirements may adversely affect our revenues and prospects for growth.

We also expect that there will continue to be changes in interpretations of existing or new laws and regulations, proposed laws, and other obligations, which could impair our or our customers’ ability to process personal data, decrease demand for our offerings, impact our marketing efforts, increase our costs, and impair our ability to maintain and grow our customer base and increase our revenue. It is possible that these laws and regulations or other actual or asserted obligations relating to privacy, data protection, or information security may be interpreted and applied in manners that are, or are alleged to be, inconsistent with our data management practices or the features of our products. In such an event, we could face fines, lawsuits, regulatory investigations, and other claims and penalties, and we could be required to fundamentally change our products or our business practices, any of which could have an adverse effect on our business.

Data protection authorities and other regulatory bodies are increasingly focused on the use of online tracking tools and have issued or plan to issue rulings which may impact our marketing practices. Any restrictions on using online analytics and tracking tools could lead to substantial costs, require significant changes to our policies and practices, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, and subject us to additional liabilities.

We publicly post privacy statements and other documentation regarding our practices concerning the processing, use and disclosure of personal data. Any failure, or perceived failure, by us to comply with such statements could result in potential actions by regulatory bodies or governmental entities if they are found to be unfair or misrepresentative of our actual practices resulting in increased costs, changes in our business practices, or reputational harm.

We are unable to predict how emerging standards may be applied to us given the lack of substantial enforcement history, and thus, a regulator may subject us to certain actions, fines or public censure. Any actual or perceived inability to adequately address, or failure to comply with, data protection requirements, even if unfounded, could result in additional cost and liability to us, damage our reputation, inhibit sales, and adversely affect our business.

***If our security measures are breached, we experience a security incident, or unauthorized access to or other processing of confidential information, including personal data, otherwise occurs, our software may be perceived as not being secure, customers may reduce the use of or stop using our products, and we may incur significant liabilities.***

Any security breach or incident, including those resulting from a cybersecurity attack, phishing attack, unauthorized access, unauthorized usage, virus, malware, ransomware, denial of service, credential stuffing attack, supply chain attack, hacking, or similar breach involving our networks and systems, or those of third parties upon which we rely, could result in the loss of confidential information, including personal data, disruption to our operations, significant remediation costs, lost revenue, increased insurance premiums, damage to our reputation, litigation, regulatory investigations or other liabilities. These attacks may come from individual hackers, criminal groups, and state-sponsored organizations, and security breaches and incidents may arise from other sources, such as employee or contractor error or malfeasance.

Cyber threats are constantly evolving and becoming increasingly sophisticated and complex, increasing the difficulty of detecting and successfully defending against them. The use of AI by threat actors may increase the velocity of such threats, magnifying the risks associated with these types of attacks. As a provider of security solutions, we have been and may continue to be specifically targeted by threat actors for attacks intended to circumvent our security capabilities as an entry point into customers' endpoints, networks, or systems. Our industry is experiencing an increase in phishing attacks and unauthorized scans of systems searching for vulnerabilities or misconfigurations to exploit. If our security measures are breached or otherwise compromised as a result of third-party action, employee or contractor error, defect, vulnerability, or bug in our products or products of third parties upon which we rely, malfeasance or otherwise, including any such breach or compromise resulting in someone obtaining unauthorized access to our confidential information, including personal data or the confidential information or personal data of our customers or others, or if any of these are perceived or reported to occur, we may suffer the loss, compromise, corruption, unavailability, or destruction of our or others' confidential information and personal data, we may face a loss in intellectual property protection, our reputation may be damaged, our business may suffer and we could be subject to claims, demands, regulatory investigations and other proceedings, indemnity obligations, and otherwise incur significant liability. Even the perception of inadequate security or an inability to maintain security certifications or to comply with our customer or user agreements, contracts with third-party vendors or service providers or other contracts may damage our reputation, cause a loss of confidence in our security solutions and negatively impact our ability to win new customers and retain existing customers. Further, we could be required to expend significant capital and other resources to address any security breach or incident, and we may face difficulties or delays in identifying and responding to any security breach or incident.

In addition, many of our customers may use our software for processing their confidential information, including business strategies, financial and operational data, personal data and other related data. As a result, unauthorized access to or use of our software or such data could result in the loss, compromise, corruption, or destruction of our customers' confidential information and lead to claims, demands, litigation, regulatory investigations, indemnity obligations, and other liabilities. Such access or use could also hinder our ability to obtain and maintain information security certifications that support customers' adoption of our products and our retention of those customers. We expect to continue incurring significant costs in connection with our implementation of administrative, technical and physical measures designed to protect the integrity of our customers' data and prevent data loss, misappropriation and other security breaches and incidents.

We engage third-party vendors and service providers to store and otherwise process some of our and our customers' data, including sensitive and personal data. There have been and may continue to be significant supply chain attacks generally, and our third-party vendors and service providers may be targeted or impacted by such attacks, and face other risks of security breaches and incidents. Our third-party vendors and service providers have been subject to phishing attacks and other security incidents, and we cannot guarantee that our or our third-party vendors and service providers' systems and networks have not been breached or otherwise compromised or that they do not contain exploitable vulnerabilities, defects or bugs that could result in a breach of or disruption to our systems and networks or the systems and networks of third parties that support us and our services. Our ability to monitor our third-party vendors and service providers' data security is limited, and, in any event, third parties may be able to circumvent those security measures, resulting in the unauthorized access to, or misuse, disclosure, loss, destruction, or other unauthorized processing of our and our customers' data, including sensitive and personal data. Additionally, some of our products leverage open source code libraries, and threat actors may attempt to deploy malicious code to users of these libraries, which could impact us and our users.

Techniques used to sabotage or obtain unauthorized access to systems or networks are constantly evolving and, in some instances, are not identified until launched against a target. We and our third-party vendors and service providers may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventative measures. Security risks have also heightened as a result of the COVID-19 pandemic as more individuals are working remotely and utilizing home networks for transmitting information, and reported ransomware incidents with significant operational impacts also appear to be escalating in frequency and degree. Also, due to political uncertainty and military actions associated with Russia's invasion of Ukraine, we and our third-party vendors and service providers are vulnerable to a heightened risk of cybersecurity attacks, phishing attacks, viruses, malware, ransomware, hacking or similar breaches from nation-state and affiliated actors, including attacks that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our products and services as well as retaliatory cybersecurity attacks from Russian and Russian-affiliated actors against companies with a U.S. presence. We may be at a heightened risk of such retaliatory attacks due to our decision to no longer sell our products to companies in Russia or Belarus until further notice, and to support Ukraine by, among other things, providing free access to Elastic Cloud solutions, including our platinum security capabilities, to organizations in Ukraine.

Laws, regulations, government guidance, and industry standards and practices in the United States and elsewhere are rapidly evolving to combat cyber threats. We may face increased compliance burdens regarding such requirements with regulators and customers regarding our products and services and also incur additional costs for oversight and monitoring of our own supply chain. We and our customers may also experience increased costs associated with security measures and increased risk of suffering cybersecurity attacks, including ransomware attacks. Should we or the third-party vendors and service providers upon which we rely experience such attacks, including from ransomware or other security breaches or incidents, our operations may also be hindered or interrupted due to system disruptions or otherwise, with foreseeable secondary contractual, regulatory, financial, and reputational harms that may arise from such an incident.

Limitations of liability provisions in our customer and user agreements, contracts with third-party vendors and service providers or other contracts may not be enforceable or adequate to protect us from any liabilities or damages with respect to any particular claim relating to a security breach or other security incident. We also cannot be sure that our existing insurance coverage will continue to be available on acceptable terms or will be available in sufficient amounts to cover claims related to a security breach or incident, or that the insurer will not deny coverage as to any future claim. The successful assertion of claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, operating results, and reputation.

***Our operating results are likely to fluctuate from quarter to quarter, and our financial results in any one quarter should not be relied upon as indicative of future performance.***

Our results of operations, including our revenue, cost of revenue, gross margin, operating expenses, cash flow and deferred revenue, have fluctuated from quarter-to-quarter in the past and may continue to vary significantly in the future so that period-to-period comparisons of our results of operations may not be meaningful. These variations may be further impacted as more of our Elastic Cloud customers adopt consumption-based arrangements or as Elastic Cloud customers already on consumption-based arrangements optimize their usage in response to the current macroeconomic environment. Accordingly, our financial results in any one quarter should not be relied upon as indicative of future performance. Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control, may be difficult to predict, and may or may not fully reflect the underlying performance of our business. Factors that may cause fluctuations in our quarterly financial results include:

- our ability to attract new customers and retain existing customers;
- the loss of existing customers;
- customer renewal rates;
- our ability to successfully expand our business in the U.S. and internationally;
- general political, geopolitical, economic, industry and market conditions (including recessionary pressures or uncertainties in the global economy);
- our ability to foster an ecosystem of developers and users to expand the use cases of our products;
- our ability to gain new partners and retain existing partners;
- fluctuations in the growth rate of the overall market that our products address;
- fluctuations in the mix of our revenue, which may impact our gross margins and operating income;

## [Table of Contents](#)

- the amount and timing of operating expenses related to the maintenance and expansion of our business and operations, including investments in sales and marketing, research and development and general and administrative resources;
- network outages or performance degradation of Elastic Cloud;
- actual or perceived breaches of, or failures or incidents relating to, privacy, data protection or information security;
- our recent plan to reduce costs and rebalance investments;
- additions or departures of key personnel;
- the impact of catastrophic events, man-made problems such as terrorism, natural disasters and public health epidemics and pandemics;
- Russia's invasion of Ukraine and the related impact on macroeconomic conditions;
- increases or decreases in the number of elements of our subscriptions or pricing changes upon any renewals of customer agreements;
- changes in our pricing policies or those of our competitors;
- the budgeting cycles and purchasing practices of customers;
- decisions by potential customers to purchase alternative solutions;
- decisions by potential customers to develop in-house solutions as alternatives to our products;
- insolvency or credit difficulties confronting our customers, which could adversely affect their ability to purchase or pay for our offerings;
- our ability to collect invoices or receivables in a timely manner;
- delays in our ability to fulfill our customers' orders;
- the cost and potential outcomes of future litigation or other disputes;
- future accounting pronouncements or changes in our accounting policies;
- our overall effective tax rate, including impacts caused by any reorganization in our corporate tax structure and any new legislation or regulatory developments;
- fluctuations in stock-based compensation expense;
- fluctuations in foreign currency exchange rates;
- the impact of changing inflation and interest rate environments;
- the timing and success of new offerings introduced by us or our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors, customers, or partners;
- the timing of expenses related to the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired companies; and
- other risk factors described in this Annual Report on Form 10-K.

The impact of one or more of the foregoing or other factors may cause our operating results to vary significantly. Such fluctuations in our results could cause us to fail to meet the expectations of investors or securities analysts, which could cause the trading price of our ordinary shares to fall substantially, and we could face costly lawsuits, including securities class action suits, which could have an adverse effect on our business.

***We are exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and results of operations.***

A portion of our subscription revenue is generated, and a portion of our operating expenses is incurred, outside the United States in foreign currencies. Fluctuations in the value of the U.S. dollar versus foreign currencies, particularly with respect to the Euro and the British Pound Sterling, may impact our operating results when translated into U.S. dollars. Exchange rates have been volatile as a result of the Russian invasion of Ukraine and related events and uncertain macroeconomic conditions, and this volatility may continue. A strengthening of the U.S. dollar could adversely affect year-over-year growth and increase the real cost of our offerings to our non-U.S. dollar customers, leading to delays in the purchase of our offerings and the lengthening of our sales cycle. If, as has occurred in prior periods, the strength of the U.S. dollar increases, our financial condition and results of operations could be negatively affected. In addition, increased international sales in the future, including through our channel partners, may result in greater foreign currency denominated sales, increasing our foreign currency risk. Moreover, operating expenses incurred outside the United States in foreign currencies are increasing and are subject to fluctuations due to changes in foreign currency exchange rates. If we are not able to successfully hedge against the risks associated with currency fluctuations, our financial condition and results of operations could be adversely affected.

***Actions that we have taken to reduce costs and rebalance investments may not result in anticipated savings or operational efficiencies, could result in total costs and expenses that are greater than expected, and could disrupt our business.***

In November 2022, we announced and began implementing a plan to reduce our workforce by approximately 13% and optimize facilities-related costs. We adopted this plan to improve operational efficiencies and align our investments more closely with our strategic priorities. We may incur additional expenses associated with the reduction in our workforce not contemplated by our plan such as employment litigation costs, which may have an impact on other areas of our liabilities and obligations and contribute to losses in future periods. We may not realize, in full or in part, the anticipated benefits and savings from our plan due to unforeseen difficulties, delays or unexpected costs. If we are unable to realize the expected operational efficiencies and cost savings, our operating results and financial condition would be adversely affected.

Furthermore, ongoing implementation of our plan may be disruptive to our operations. For example, our workforce reduction could result in attrition beyond planned staff reductions, increased difficulties in our day-to-day operations, and reduced employee morale. If employees who were not affected by the reduction in force seek alternative employment, we could incur unplanned additional expense to ensure adequate resourcing and fail to attract and retain qualified management, sales and marketing personnel who are critical to our business. Our failure to do so could harm our business and our future performance.

***If we are unable to increase sales of our subscriptions to new customers, sell additional subscriptions to our existing customers, or expand the value of our existing customers' subscriptions, our future revenue and results of operations will be harmed.***

We offer certain features of our products with no payment required. Customers purchase subscriptions in order to gain access to additional functionality and support. Our future success depends on our ability to sell our subscriptions to new customers, including to large enterprises, and to expand the deployment of our offerings with existing customers by selling paid subscriptions to our existing users and expanding the value and number of existing customers' subscriptions. Our ability to sell new subscriptions depends on a number of factors, including the prices of our offerings, the prices of products offered by our competitors, and the budgets of our customers. We also face difficulty in displacing the products of incumbent competitors. In addition, a significant aspect of our sales and marketing focus is to expand deployments within existing customers. The rate at which our existing customers purchase additional subscriptions and expand the value of existing subscriptions depends on a number of factors, including customers' level of satisfaction with our offerings, the nature and size of the deployments, the desire to address additional use cases, the perceived need for additional features, and general economic conditions. If our existing customers do not purchase additional subscriptions or expand the value of their subscriptions, our Net Expansion Rate may decline. We rely in large part on our customers to identify new use cases for our products in order to expand such deployments and grow our business. If our customers do not recognize the potential of our offerings, our business would be materially and adversely affected. If our efforts to sell subscriptions to new customers and to expand deployments at existing customers are not successful, our total revenue and revenue growth rate may decline, and our business will suffer.

***If our existing customers do not renew their subscriptions, our business and results of operations may be adversely affected.***

We derive a significant portion of our revenue from renewals of existing subscriptions. Our customers have no contractual obligation to renew their subscriptions after the completion of their subscription term. Our subscriptions for self-managed deployments typically range from one to three years, while many of our Elastic Cloud customers purchase subscriptions either on a month-to-month basis or on a committed contract of at least one year in duration.

Our customers' renewal rates may decline or fluctuate as a result of a number of factors, including their satisfaction with our products and our customer support, our products' ability to integrate with new and changing technologies, the frequency and severity of product outages, our product uptime or latency, and the pricing of our, or competing, products. If our customers renew their subscriptions, they may renew for shorter subscription terms or on other terms that are less economically beneficial to us. If our existing customers do not renew their subscriptions, or renew on less favorable terms, our revenue may grow more slowly than expected or decline.

***The length of our sales cycle can be unpredictable, particularly with respect to sales through our channel partners or sales to large customers, and our sales efforts may require considerable time and expense.***

Our results of operations may fluctuate, in part, because of the length and variability of the sales cycle of our subscriptions and the difficulty in making short-term adjustments to our operating expenses. Our results of operations depend in part on sales to new customers, including large customers, and increasing sales to existing customers. The length of our sales cycle, from initial contact with our sales team to contractually committing to our subscriptions, can vary substantially from customer to customer based on deal complexity as well as whether a sale is made directly by us or through a channel partner. Our sales cycle can extend to more than a year for some customers, and the length of sales cycles may be further impacted due to worsening economic conditions. In addition, some customers have been scrutinizing their spending more carefully and reducing their consumption spending given the current uncertain economic environment, and we generally expect this to continue. We have also experienced and, if adverse economic conditions persist, may continue to experience longer and more unpredictable sales cycles. As we target more of our sales efforts at larger enterprise customers, we may face greater costs, longer sales cycles, greater competition and less predictability in completing some of our sales. A customer's decision to use our solutions may be an enterprise-wide decision, which may require greater levels of education regarding the use cases of our products or protracted negotiations. In addition, larger customers may demand more configuration, integration services and features. It is difficult to predict exactly when, or even if, we will make a sale to a potential customer or if we can increase sales to our existing customers. As a result, large individual sales, in some cases, have occurred in quarters subsequent to those we expected, or have not occurred at all. Lengthened or unpredictable sales cycles that cause a loss or delay of one or more large transactions in a quarter could affect our cash flows and results of operations for that quarter and for future quarters. These impacts are amplified in the short term when customers slow their consumption in response to the uncertain macroeconomic environment. Because a substantial proportion of our expenses are relatively fixed in the short term, our cash flows and results of operations will suffer if revenue falls below our expectations in a particular quarter.

***Our decision to no longer offer Elasticsearch and Kibana under an open source license may harm the adoption of Elasticsearch and Kibana.***

In February 2021, with the release of version 7.11 of the Elastic Stack, we changed the source code of Elasticsearch and Kibana which had historically been licensed under Apache 2.0, to be dual licensed under Elastic License 2.0 and the Server Side Public License Version 1.0 ("SSPL"), at the user's election. Neither the Elastic License nor the SSPL has been approved by the Open Source Initiative or is included in the Free Software Foundation's list of free software licenses. Further, neither has been interpreted by any court. While the vast majority of downloads of Elasticsearch and Kibana from mid-2018 through early 2021 were licensed under the Elastic License, the removal of the Apache 2.0 alternative could negatively impact certain developers for whom the availability of an open source license was important. In addition, some developers and the companies for whom they work may be hesitant to download or upgrade to new versions of Elasticsearch or Kibana under the Elastic License or SSPL because of uncertainty regarding how these licenses may be interpreted and enforced. Other developers, including competitors of Elastic such as Amazon, have announced that they have "forked" Elasticsearch and Kibana, which means they have developed their own product or service that is based on features of Elasticsearch and Kibana that we had previously made available under an open source license. For example, Amazon has launched an open source project called OpenSearch based on a forked version of the Elastic Stack, which is licensed under Apache 2.0, and rebranded their existing Elasticsearch Service as OpenSearch Service. The combination of uncertainty around our dual license model and the potential competition from the forked versions of our software may negatively impact adoption of Elasticsearch and Kibana, which in turn could lead to reduced brand and product awareness and to a decline in paying customers, which could harm our ability to grow our business or achieve profitability.



***We could be negatively impacted if the Elastic License or SSPL, under which some of our software is licensed, is not enforceable.***

We make the source code of our products available under Apache 2.0, the Elastic License, or as dual licensed under the Elastic License and SSPL, depending on the product and version. Apache 2.0 is a permissive open source license that allows licensees to freely copy, modify and distribute Apache 2.0-licensed software if they meet certain conditions. The Elastic License is our proprietary source available license. The Elastic License permits licensees to use, copy, modify and distribute the licensed software so long as they do not offer access to the software as a cloud service, interfere with the license key or remove proprietary notices. SSPL is a source available license that is based on the GNU Affero General Public License (“AGPL”) open source license and permits licensees to copy, modify and distribute SSPL-licensed software, but expressly requires licensees that offer the SSPL-licensed software as a third-party service to open source all of the software that they use to offer such service. We rely upon the enforceability of the restrictions set forth in the Elastic License and SSPL to protect our proprietary interests. If a court were to hold that the Elastic License or SSPL or certain aspects of these licenses are unenforceable, others may be able to use our software to compete with us in the marketplace in a manner not subject to the restrictions set forth in the Elastic License or SSPL.

***Limited technological barriers to entry into the markets in which we compete may facilitate entry by other enterprises into our markets to compete with us.***

Anyone may obtain access to source code for the features of our software that we have licensed under open source or source available licenses. Depending on the product and version of the Elastic software, this source code is available under Apache 2.0, SSPL, or the Elastic License. Each of these licenses allows anyone, subject to compliance with the conditions of the applicable license, to redistribute our software in modified or unmodified form and use it to compete in our markets. Such competition can develop without the degree of overhead and lead time required by traditional proprietary software companies, due to the rights granted to licensees of open source and source available software. It is possible for competitors to develop their own software, including software based on our products, potentially reducing the demand for our products and putting pricing pressure on our subscriptions. For example, Amazon offers some of the features that we had previously made available under an open source license as part of its AWS offering. As such, Amazon competes with us for potential customers, and while Amazon cannot provide our proprietary software, Amazon’s offerings may reduce the demand for our offerings and the pricing of Amazon’s offerings may limit our ability to adjust the prices of our products. Competitive pressure in our markets generally may result in price reductions, reduced operating margins and loss of market share.

***If we do not effectively develop and expand our sales and marketing capabilities, including expanding, training, and compensating our sales force, we may be unable to add new customers, increase sales to existing customers or expand the value of our existing customers’ subscriptions and our business will be adversely affected.***

We dedicate significant resources to sales and marketing initiatives, which require us to invest significant financial and other resources, including in markets in which we have limited or no experience. Our business and results of operations will be harmed if our sales and marketing efforts do not generate significant revenue increases or increases that are smaller than anticipated.

We may not achieve revenue growth from expanding our sales force if we are unable to hire, train, and retain talented and effective sales personnel. We depend on our sales force to obtain new customers and to drive additional sales to existing customers. We believe that there is significant competition for sales personnel, including sales representatives, sales managers, and sales engineers, with the requisite skills and technical knowledge. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training and retaining sufficient sales personnel to support our growth, and as we introduce new products, solutions, and marketing strategies, we may need to re-train existing sales personnel. For example, we may need to provide additional training and development to our sales personnel in relation to understanding and selling consumption-based arrangements and expanding customer usage of our offerings over time. New hires also require extensive training which may take significant time before they achieve full productivity. Our recent hires and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. As we continue to grow rapidly, a large percentage of our sales force will have relatively little experience working with us, our subscriptions, and our business model. Additionally, we may need to evolve our sales compensation plans to drive the growth of our Elastic Cloud offerings with consumption-based arrangements. Such changes may have adverse consequences if not designed effectively. If we are unable to hire and train sufficient numbers of effective sales personnel, our new and existing sales personnel are unable to achieve desired productivity levels in a reasonable period of time, our sales personnel are not successful in obtaining new customers or increasing sales to our existing customer base, or our sales and marketing programs, including our sales compensation plans, are not effective, our growth and results of operations could be negatively impacted, and our business could be harmed.

***Our failure to offer high-quality customer support could have an adverse effect on our business, reputation and results of operations.***

After our products are deployed within our customers' IT environments, our customers depend on our technical support services to resolve issues relating to our products. If we do not succeed in helping our customers quickly resolve post-deployment issues or provide effective ongoing support and education on our products, our ability to renew or sell additional subscriptions to existing customers or expand the value of existing customers' subscriptions would be adversely affected and our reputation with potential customers could be damaged. Many larger enterprise and government entity customers have more complex IT environments and require higher levels of support than smaller customers. If we fail to meet the requirements of these enterprise customers, it may be more difficult to grow sales with them.

Additionally, it can take several months to recruit, hire, and train qualified technical support employees. We may not be able to hire such employees fast enough to keep up with demand, particularly if the sales of our offerings exceed our internal forecasts. Due to the uncertainty related to macroeconomic conditions, there may also be more competition for qualified employees and delays in hiring, onboarding, and training new employees. To the extent that we are unsuccessful in hiring, training, and retaining adequate support resources, our ability to provide adequate and timely support to our customers, and our customers' satisfaction with our offerings, will be adversely affected. Our failure to provide and maintain, or a market perception that we do not provide or maintain, high-quality support services would have an adverse effect on our business, financial condition, and results of operations.

***Because we recognize the vast majority of the revenue from subscriptions, either based on actual consumption, monthly, or ratably, over the term of the relevant subscription period, downturns or upturns in sales are not immediately reflected in full in our results of operations.***

Subscription revenue accounts for the substantial majority of our revenue, comprising 92%, 93%, and 93% of total revenue for the years ended April 30, 2023, 2022 and 2021, respectively. The effect of significant downturns in new or renewed sales of our subscriptions is not reflected in full in our results of operations until future periods. We recognize the vast majority of our subscription revenue, either based on actual consumption, monthly, or ratably, over the term of the relevant time period. As a result, much of the subscription revenue we report each fiscal quarter represents the recognition of deferred revenue from subscription contracts entered into during previous fiscal quarters. Consequently, a decline in new or renewed subscriptions in any one fiscal quarter will not be fully or immediately reflected in revenue in that fiscal quarter and will negatively affect our revenue in future fiscal quarters.

***We do not have an adequate history with our consumption-based arrangements for our Elastic Cloud offerings to predict accurately the long-term rate of customer adoption or renewal, or the impact those arrangements will have on our near-term or long-term revenue or operating results.***

We expect that our consumption-based arrangements for our Elastic Cloud offerings will continue to increase, both in amount and as a percentage of our total revenue. Because we recognize revenue under a consumption-based arrangement based on actual customer consumption, we do not have the same visibility into the timing of revenue recognition as we do under subscription arrangements where revenue is recognized on a predetermined schedule over the subscription term. Additionally, customers may consume our products at a different pace than we expect. For example, we have experienced and, if adverse economic conditions persist, may continue to experience slowing consumption as customers look to optimize their usage. Additionally, we have seen and may continue to see newer customers increase their consumption of our solutions at a slower pace than our more tenured customers. For these reasons, our revenue may be less predictable or more variable than our historical revenue, and our actual results may differ materially from our forecasts.

***We depend on our senior management and other key employees, and the loss of one or more of these employees or an inability to attract and retain highly skilled employees could harm our business.***

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel. The loss of the services of any of our key personnel, the inability to attract or retain qualified personnel, or delays in hiring required personnel, particularly in engineering and sales, may seriously harm our business, financial condition, and results of operations. Further, our ability to attract additional qualified personnel may be impacted by the economic uncertainty and insecurity caused by macroeconomic factors and geopolitical events. The loss of services of any of our key personnel also increases our dependency on other key personnel who remain with us. Although we have entered into employment offer letters with our key personnel, their employment is for no specific duration and constitutes at-will employment. We are also substantially dependent on the continued service of our existing engineering personnel because of the complexity of our products.



Our future performance also depends on the continued services and continuing contributions of our senior management, particularly our Chief Executive Officer, Ashutosh Kulkarni, and Chief Technology Officer, co-founder and former Chief Executive Officer, Shay Banon, to execute on our business plan and to identify and pursue new opportunities and product innovations. We do not maintain key person life insurance policies on any of our employees. The loss of services of senior management could significantly delay or prevent the achievement of our development and strategic objectives, which could adversely affect our business, financial condition, and results of operations. Any search for senior management in the future or any search to replace the loss of any senior management may be protracted, and we may not be able to attract a qualified candidate or replacement, as applicable, in a timely manner or at all, particularly as potential candidates may be less willing to change jobs during the unstable economic conditions caused by macroeconomic and geopolitical events.

The industry in which we operate is generally characterized by significant competition for skilled personnel as well as high employee attrition. The increased availability of hybrid or remote working arrangements within our industry has further expanded the pool of companies that can compete for our employees and employment candidates. We may not be successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. We may need to invest significant amounts of cash and equity to attract and retain new employees, and we may never realize returns on these investments. Also, to the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited, that they have divulged proprietary or other confidential information, or that their former employers own their inventions or other work product.

***A real or perceived defect, security vulnerability, error, or performance failure in our software could cause us to lose revenue, damage our reputation, and expose us to liability.***

Our products are inherently complex and, despite extensive testing and quality control, have in the past and may in the future contain defects or errors, especially when first introduced, or otherwise not perform as contemplated. These defects, security vulnerabilities, errors or performance failures could cause damage to our reputation, loss of customers or revenue, product returns, order cancellations, service terminations, or lack of market acceptance of our software. As the use of our products, including products that were recently acquired or developed, expands to more sensitive, secure, or mission-critical uses by our customers, we may be subject to increased scrutiny, potential reputational risk, or potential liability if our software should fail to perform as contemplated in such deployments. We have issued in the past, and may need to issue in the future, corrective releases of our software to fix these defects, errors or performance failures, which could require us to allocate significant research and development and customer support resources to address these problems.

Any limitation of liability provisions that may be contained in our customer and partner agreements may not be effective as a result of existing or future applicable law or unfavorable judicial decisions. The sale and support of our products entail the risk of liability claims, which could be substantial in light of the use of our products in enterprise-wide environments. In addition, our insurance against this liability may not be adequate to cover a potential claim.

***Interruptions or performance problems associated with our technology and infrastructure, and our reliance on technologies from third parties, may adversely affect our business operations and financial results.***

We rely on third-party cloud platforms to host our cloud offerings. If we experience an interruption in service for any reason, our cloud offerings would similarly be interrupted. The ongoing effects Russia's invasion of Ukraine, adverse economic conditions, and increased energy prices could also disrupt the supply chain of hardware needed to maintain our third-party data center operations. An interruption in our services to our customers could cause our customers' internal and consumer-facing applications to cease functioning, which could have a material adverse effect on our business, results of operations, customer relationships and reputation.

In addition, our website and internal technology infrastructure may experience performance issues due to a variety of factors, including infrastructure changes, human or software errors, website or third-party hosting disruptions, capacity constraints, technical failures, natural disasters or fraud or security attacks. Our use of third-party open source software may increase this risk. If our website is unavailable or our users are unable to download our products or order subscriptions or services within a reasonable amount of time or at all, our business could be harmed. We expect to continue to make significant investments to maintain and improve website performance and to enable rapid releases of new features and applications for our products. To the extent that we do not effectively upgrade our systems as needed and continually develop our technology to accommodate actual and anticipated changes in technology, our business and results of operations may be harmed.

***Incorrect implementation or use of our software, or our customers' failure to update our software, could result in customer dissatisfaction and negatively affect our business, operations, financial results, and growth prospects.***

Our products are often operated in large scale, complex IT environments. Our customers and some partners require training and experience in the proper use of, and the benefits that can be derived from, our products to maximize their potential value. If our products are not implemented, configured, updated, or used correctly or as intended, or in a timely manner, inadequate performance, errors, loss of data, corruptions, and/or security vulnerabilities may result. For example, there have been, and may in the future continue to be, reports that some of our customers have not properly secured implementations of our products, which can result in unprotected data. Because our customers rely on our software to manage a wide range of operations, the incorrect implementation or use of our software, our customers' failure to update our software, or our failure to train customers on how to use our software productively, may result in customer dissatisfaction or negative publicity and may adversely affect our reputation and brand. Failure by us to provide adequate training and implementation services to our customers could result in lost opportunities for follow-on sales to these customers and decrease subscriptions by new customers, and adversely affect our business and growth prospects.

***If third parties offer inadequate or defective implementations of software that we have previously made available under an open source license, our reputation could be harmed.***

Certain cloud hosting providers and managed service providers, including AWS, offer hosted products or services based on a forked version of the Elastic Stack, which means they offer a service that includes some of the features that we had previously made available under an Open Source license. These offerings are not supported by us and come without any of our proprietary features, whether free or paid. We do not control how these third parties may use or offer our open source technology. These third parties could inadequately or incorrectly implement our open source technology or fail to update such technology in light of changing technological or security requirements, which could result in real or perceived defects, security vulnerabilities, errors, or performance failures with respect to their offerings. Users, customers, and potential customers could confuse these third-party products with our products, and attribute such defects, security vulnerabilities, errors, or performance failures to our products. Any damage to our reputation and brand from defective implementations of our open source software could result in lost sales and lack of market acceptance of our products and could adversely affect our business and growth prospects.

***If our website fails to rank prominently in unpaid search results, traffic to our website could decline and our business would be adversely affected.***

Our success depends in part on our ability to attract users through unpaid Internet search results on traditional web search engines, such as Google. The number of users we attract to our website from search engines is due in large part to how and where our website ranks in unpaid search results. These rankings can be affected by a number of factors, many of which are not in our direct control, and they may change frequently. For example, a search engine may change its ranking algorithms, methodologies or design layouts. As a result, links to our website may not be prominent enough to drive traffic to our website, and we may not know how or otherwise be in a position to influence the results. Any reduction in the number of users directed to our website could reduce our revenue or require us to increase our customer acquisition expenditures.

***Our business could suffer if we fail to maintain satisfactory relationships with third-party service providers on which we rely for many aspects of our business.***

Our success depends upon our relationships with third-party service providers, including providers of cloud hosting infrastructure, customer relationship management systems, financial reporting systems, human resource management systems, credit card processing platforms, marketing automation systems, and payroll processing systems, among others. If any of these third parties experience difficulty meeting our requirements or standards, become unavailable due to extended outages or interruptions, temporarily or permanently cease operations, face financial distress or other business disruptions such as a security incident, increase their fees, if our relationships with any of these providers deteriorate, or if any of the agreements we have entered into with such third parties are terminated or not renewed without adequate transition arrangements, we could suffer liabilities, penalties, fines, increased costs and delays in our ability to provide customers with our products and services, our ability to manage our finances could be interrupted, receipt of payments from customers may be delayed, our processes for managing sales of our offerings could be impaired, our ability to generate and manage sales leads could be weakened, or our business operations could be disrupted. Further, our business operations may be disrupted by negative impacts of Russia's invasion of Ukraine on supply chains of our third-party service providers. Any such disruptions may adversely affect our financial condition, results of operations or cash flows until we replace such providers or develop replacement technology or operations. In addition, our business may suffer if we are unsuccessful in identifying high-quality service providers, negotiating cost-effective relationships with them or effectively managing these relationships.

***If we are not able to maintain and enhance our brand, especially among developers, our ability to expand our customer base will be impaired and our business and operating results may be adversely affected.***

We believe that developing and maintaining widespread awareness of our brand, especially with developers, is critical to achieving widespread acceptance of our software and attracting new users and customers. We also believe that the importance of brand recognition will increase as competition in our market increases. Successfully maintaining and enhancing our brand will depend largely on the effectiveness of our marketing efforts, our ability to maintain our customers' trust, our ability to continue to develop new functionality and use cases, and our ability to successfully differentiate our products and platform capability from competitive products. Brand promotion activities may not generate user or customer awareness or increase revenue. Even if they do, any increase in revenue may not offset the expenses we incur in building our brand. For instance, our continued focus and investment in our ElasticON user conferences and similar investments in our brand, user engagement, and customer engagement may not generate the desired customer awareness or a sufficient financial return. If we fail to successfully promote and maintain our brand, we may fail to attract or retain users and customers necessary to realize a sufficient return on our brand-building efforts, or to achieve the widespread brand awareness that is critical for broad customer adoption of our products, which would adversely affect our business and results of operations.

***Our corporate culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the innovation, creativity and entrepreneurial spirit we have worked to foster, which could harm our business.***

We believe that our culture has been and will continue to be a key contributor to our success. We expect to continue to hire as we expand. If we do not continue to maintain our corporate culture as we grow, we may be unable to foster the innovation, creativity, and entrepreneurial spirit we believe we need to support our growth. Moreover, many of our existing employees may be able to receive significant proceeds from sales of our ordinary shares in the public markets, which could lead to employee attrition and disparities of wealth among our employees that might adversely affect relations among employees and our culture in general. Additional headcount growth and employee turnover may result in a change to our corporate culture, which could harm our business.

***If our channel partners fail to perform or we are unable to maintain successful relationships with them, our ability to market, sell and distribute our solutions will be more limited, and our results of operations and reputation could be harmed.***

A portion of our revenue is generated by sales through our channel partners, especially to U.S. federal government customers and in certain international markets, and these sales may grow and represent a larger portion of our revenues in the future. We provide certain of our channel partners with specific training and programs to assist them in selling our offerings, but this assistance may not always be effective. In addition, our channel partners may be unsuccessful in marketing and selling our offerings. If we are unable to develop and maintain effective sales incentive programs for our channel partners, we may not be able to incentivize these partners to sell our offerings to customers.

Some of these partners may also market, sell, and support offerings that compete with ours, may devote more resources to the marketing, sales, and support of such competitive offerings, may have incentives to promote our competitors' offerings to the detriment of our own or may cease selling our offerings altogether. The loss of one or more of our significant channel partners or a decline in the number or size of orders from any of them could harm our results of operations. In addition, many of our new channel partners require extensive training and may take several months or more to become effective in marketing our offerings. Our channel partner sales structure could subject us to lawsuits, potential liability, misstatement of revenue, and reputational harm if, for example, any of our channel partners misrepresents the functionality of our offerings to customers or violates laws or our or their corporate policies, including our terms of business, which in turn could impact reported revenue, deferred revenue and remaining performance obligations. If our channel partners are unsuccessful in fulfilling the orders for our offerings, or if we are unable to enter into arrangements with and retain high-quality channel partners, our ability to sell our offerings and results of operations could be harmed.

***If we are unable to maintain successful relationships with our partners, our business operations, financial results and growth prospects could be adversely affected.***

We maintain partnership relationships with a variety of partners, including cloud providers such as Amazon, Google, and Microsoft, systems integrators, channel partners, referral partners, OEM and MSP partners, and technology partners, to deliver offerings to our end customers and complement our broad community of users. In particular, we partner with various cloud providers to jointly market, sell and deliver our Elastic Cloud offerings, which in some instances also involves technical integration with such cloud providers.

Our agreements with our partners are generally non-exclusive, meaning our partners may offer customers the offerings of several different companies, including offerings that compete with ours, or may themselves be or become competitors. If our partners do not effectively market and sell our offerings, choose to use greater efforts to market and sell their own offerings or those of our competitors, fail to provide adequate technical integration with their own offerings, fail to meet the needs of our customers, or fail to deliver services to our customers, our ability to grow our business and sell our offerings may be harmed. Our partners may cease marketing our offerings with limited or no notice and with little or no penalty. The loss of a substantial number of our partners, our possible inability to replace them, or the failure to recruit additional partners could harm our results of operations.

Our ability to achieve revenue growth in the future will depend in part on our success in maintaining successful relationships with our partners and in helping our partners enhance their ability to market and sell our subscriptions. If we are unable to maintain our relationships with these partners, our business, results of operations, financial condition or cash flows could be harmed.

***The sales prices of our offerings may decrease, which may reduce our gross profits and adversely affect our financial results.***

The sales prices for our offerings may decline or we may introduce new pricing models for a variety of reasons, including competitive pricing pressures, discounts, in anticipation of or in conjunction with the introduction of new offerings, or promotional programs.

Competition continues to increase in the market segments in which we operate, and we expect competition to continue to increase, thereby leading to increased pricing pressures. Larger competitors with more diverse offerings may reduce the price of offerings that compete with ours or may bundle them with other offerings. Additionally, currency fluctuations in certain countries and regions and pressures from uncertain inflation and interest rate environments may negatively impact actual prices that customers and channel partners are willing to pay in those countries and regions. Any decrease in the sales prices for our offerings, without a corresponding decrease in costs or increase in volume, would adversely impact our gross profit. Gross profit could also be adversely impacted by a shift in the mix of our subscriptions from self-managed to our cloud offering, for which we incur hosting costs, as well as any increase in our mix of services relative to subscriptions. We may not be able to maintain our prices and gross profits at levels that will allow us to achieve and maintain profitability.

***We expect our revenue mix to vary over time, which could harm our gross margin and operating results.***

We expect our revenue mix to vary over time as a result of a number of factors, any one of which or the cumulative effect of which may result in significant fluctuations in our gross margin and operating results. We expect that revenue from Elastic Cloud will continue to become a larger part of our revenue mix. Due to the differing revenue recognition policies applicable to our subscriptions and services, shifts in our business mix from quarter to quarter could produce substantial variation in revenue recognized. The growth of consumption-based arrangements for our Elastic Cloud offerings, where the revenue we recognize is tied to our customers' actual usage of our products, and further reduction in usage by customers already using a consumption-based arrangement due to the uncertain macroeconomic environment, may further contribute to the variation in our revenue. Further, our gross margins and operating results could be harmed by changes in revenue mix and costs, together with numerous other factors, including entry into new markets or growth in lower margin markets; entry into markets with different pricing and cost structures; pricing discounts; and increased price competition. This variability and unpredictability could result in our failure to meet internal expectations or those of securities analysts or investors for a particular period.

***Failure to protect our proprietary technology and intellectual property rights could substantially harm our business and results of operations.***

Our success depends to a significant degree on our ability to protect our proprietary technology, methodologies, know-how and brand. We rely on a combination of trademarks, copyrights, patents, contractual restrictions, and other intellectual property laws and confidentiality procedures to establish and protect our proprietary rights. The steps we take to protect our intellectual property rights may be inadequate. We will not be able to protect our intellectual property rights if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property rights. The source code of the proprietary features for the Elastic Stack is publicly available, which may enable others to replicate our proprietary technology and compete more effectively. If we fail to protect our intellectual property rights adequately, our competitors may gain access to our proprietary technology and our business may be harmed. In addition, defending our intellectual property rights might entail significant expense. Any patents, trademarks, or other intellectual property rights that we have or may obtain may be challenged by others or invalidated through administrative process or litigation. Patent applications we file may not result in issued patents. Even if we continue to seek patent protection in the future, we may be unable to obtain further patent protection for our technology. In addition, any patents issued in the future may not provide us with competitive advantages, or may be successfully challenged by third parties. Furthermore, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain. Despite our precautions, it may be possible for unauthorized third parties to copy our products and use information that we regard as proprietary to create offerings that compete with ours. Effective patent, trademark, copyright, and trade secret protection may not be available to us in every country in which our products are available. We may be unable to prevent third parties from acquiring domain names or trademarks that are similar to, infringe upon, or diminish the value of our trademarks and other proprietary rights. The laws of some countries are not as protective of intellectual property rights as those in the United States, and mechanisms for enforcement of intellectual property rights may be inadequate. As we expand our international activities, our exposure to unauthorized copying and use of our products and proprietary information will likely increase.

We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with other parties. These agreements may not be effective in controlling access to and distribution of our proprietary information. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our products. Our ability to enforce such agreements may be adversely affected if the Federal Trade Commission adopts a rule it proposed in January 2023 that would prohibit non-compete provisions in employment agreements. Although the proposed rule generally would not apply to other types of employment restrictions, such as confidentiality agreements, such employment restrictions could be subject to the rule if they are so broad in scope that they function as non-competes.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect our intellectual property rights. Litigation has previously been, and may in the future be, necessary to enforce our intellectual property rights and to protect our trade secrets. Even if we prevail in such disputes, we may not be able to recover all or a portion of any judgments, and litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming, and distracting to management. If unsuccessful, litigation could result in the impairment or loss of portions of our intellectual property. Further, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our products, impair the functionality of our products, delay introductions of new products, result in our substituting inferior or more costly technologies into our products, or injure our reputation.

***We could incur substantial costs as a result of any claim of infringement, misappropriation or violation of another party's intellectual property rights.***

In recent years, there has been significant litigation involving patents and other intellectual property rights in the software industry. Companies providing software are increasingly bringing and becoming subject to suits alleging infringement, misappropriation or violation of proprietary rights, particularly patent rights, and to the extent we gain greater market visibility, we face a higher risk of being the subject of intellectual property infringement, misappropriation or violation claims. The risk of patent litigation has been amplified by the increase in the number of a type of patent holder, which we refer to as a non-practicing entity, whose sole or principal business is to assert such claims and against whom our own intellectual property portfolio may provide little deterrent value. We could incur substantial costs in prosecuting or defending any intellectual property litigation. If we sue to enforce our rights or are sued by a third party that claims that our products infringe, misappropriate or violate their rights, the litigation could be expensive and could divert our management resources from operations.

Any intellectual property litigation to which we might become a party, or for which we are required to provide indemnification, may require us to do one or more of the following:

- cease selling or using products that incorporate the intellectual property rights that we allegedly infringe, misappropriate or violate;
- make substantial payments for legal fees, settlement payments or other costs or damages;
- obtain a license, which may not be available on reasonable terms or at all, to sell or use the relevant technology; or
- redesign the allegedly infringing products to avoid infringement, misappropriation or violation, which could be costly, time-consuming or impossible.

If we are required to make substantial payments or undertake any of the other actions noted above as a result of any intellectual property infringement, misappropriation or violation claims against us or any obligation to indemnify our customers for such claims, such payments or actions could harm our business.

***Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement, misappropriation, violation and other losses.***

Our agreements with customers and other third parties may include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement, misappropriation or violation, damages caused by us to property or persons, or other liabilities relating to or arising from our software, services or other contractual obligations. Large indemnity payments could harm our business, results of operations and financial condition. Although we normally contractually limit our liability with respect to such indemnity obligations, we may still incur substantial liability related to them. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other existing customers and new customers and harm our business and results of operations.

***Our use of third-party open source software within our products could negatively affect our ability to sell our products and subject us to possible litigation.***

Our technologies incorporate open source software from other developers, and we expect to continue to incorporate such open source software in our products in the future. Few of the licenses applicable to open source software have been interpreted by courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products. Moreover, we may not have incorporated third-party open source software in our software in a manner that is inconsistent with the terms of the applicable license or our current policies and procedures. If we fail to comply with these licenses, we may be subject to certain requirements, including requirements that we offer our solutions that incorporate the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software, and that we license such modifications or derivative works under the terms of applicable open source licenses.

If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our products that contained the open source software and required to comply with onerous conditions or restrictions on these products, which could disrupt the distribution and sale of these products. In addition, there have been claims challenging the ownership rights in open source software against companies that incorporate open source software into their products, and the licensors of such open source software provide no warranties or indemnities with respect to such claims. In any of these events, we and our customers could be required to seek licenses from third parties in order to continue offering our products, and to re-engineer our products or discontinue the sale of our products in the event re-engineering cannot be accomplished on a timely basis. We and our customers may also be subject to suits by parties claiming infringement, misappropriation or violation due to the reliance by our solutions on certain open source software, and such litigation could be costly for us to defend or subject us to an injunction. Some open source projects have known vulnerabilities and architectural instabilities and are provided on an “as-is” basis which, if not properly addressed, could negatively affect the performance of our product. Any of the foregoing could require us to devote additional research and development resources to re-engineer our solutions, could result in customer dissatisfaction, and may adversely affect our business, results of operations and financial condition.



***We may not be able to realize the benefits of our marketing strategies to offer some of our product features for free and to provide free trials of some of our paid features.***

We are dependent upon lead generation strategies, including offering free use of some of our product features and free trials of some of our paid features. These strategies may not be successful in continuing to generate sufficient sales opportunities necessary to increase our revenue. Many users never convert from the free use model or from free trials to the paid versions of our products. To the extent that users do not become, or we are unable to successfully attract, paying customers, we will not realize the intended benefits of these marketing strategies and our ability to grow our revenue will be adversely affected.

***Our international operations and expansion expose us to a variety of risks.***

As of April 30, 2023, we had customers located in over 125 countries, and our strategy is to continue to expand internationally. In addition, as a result of our strategy of leveraging a distributed workforce, as of April 30, 2023, we had employees located in over 40 countries. Our current international operations involve and future initiatives may involve a variety of risks, including:

- political and economic instability related to international disputes, such as Russia’s invasion of Ukraine and the related impact on macroeconomic conditions as a result of such conflict, which may negatively impact our customers, partners, and vendors;
- unexpected changes in regulatory requirements, taxes, trade laws, tariffs, export quotas, custom duties or other trade restrictions;
- different labor regulations, especially in the European Union, where labor laws are generally more advantageous to employees as compared to the United States, including deemed hourly wage and overtime regulations in these locations;
- exposure to many stringent, particularly in the European Union, and potentially inconsistent laws and regulations relating to privacy, data protection and information security;
- changes in a specific country’s or region’s political or economic conditions;
- the evolving relations between the United States and China;
- changes in relations between the Netherlands and the United States;
- risks resulting from changes in currency exchange rates and inflationary pressures;
- risks resulting from the migration of invoicing from local billing entities to centralized regional billing entities;
- the impact of public health epidemics or pandemics on our employees, partners, and customers;
- challenges inherent to efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits and compliance programs;
- risks relating to enforcement of U.S. export control laws and regulations including the Export Administration Regulations, and trade and economic sanctions, including restrictions promulgated by the Office of Foreign Assets Control (“OFAC”), and other similar trade protection regulations and measures in the United States or in other jurisdictions;
- risks relating to our third-party vendors and service providers’ storage and processing of some of our and our customers’ data, including any supply chain cybersecurity attacks;
- reduced ability to timely collect amounts owed to us by our customers in countries where our recourse may be more limited;
- limitations on our ability to reinvest earnings from operations derived from one country to fund the capital needs of our operations in other countries;
- political, economic and trade uncertainties or instability related to the United Kingdom’s withdrawal from the European Union (Brexit);
- limited or unfavorable intellectual property protection; and
- exposure to liabilities under anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended (“FCPA”), and similar applicable laws and regulations in other jurisdictions.

If we are unable to address these difficulties and challenges or other problems encountered in connection with our international operations and expansion, we might incur unanticipated liabilities or we might otherwise suffer harm to our business generally.

***If we are not successful in sustaining and expanding our international business, we may incur additional losses and our revenue growth could be harmed.***

Our future results depend, in part, on our ability to sustain and expand our penetration of the international markets in which we currently operate and to expand into additional international markets. We depend on direct sales and our channel partner relationships to sell our offerings in international markets. Our ability to expand internationally will depend upon our ability to deliver functionality and foreign language translations that reflect the needs of the international clients that we target. Our ability to expand internationally involves various risks, including the need to invest significant resources in such expansion, and the possibility that returns on such investments will not be achieved in the near future or at all in these less familiar competitive environments. We may also choose to conduct our international business through other partnerships. If we are unable to identify partners or negotiate favorable terms, our international growth may be limited. In addition, we have incurred and may continue to incur significant expenses in advance of generating material revenue as we attempt to establish our presence in particular international markets.

***Any need by us to raise additional capital or generate the significant capital necessary to expand our operations and invest in new offerings could reduce our ability to compete and could harm our business.***

We may need to raise additional funds in the future, and we may not be able to obtain additional debt or equity financing on favorable terms, if at all, particularly during times of market volatility, changes in the interest rate environment, and general economic instability. If we raise additional equity financing, our shareholders may experience significant dilution of their ownership interests and the per share value of our ordinary shares could decline. Furthermore, if we engage in debt financing, the holders of debt would have priority over the holders of our ordinary shares, and we may be required to accept terms that restrict our ability to incur additional indebtedness. We may also be required to take other actions that would otherwise be in the interests of the debt holders and force us to maintain specified liquidity or other ratios, any of which could harm our business, results of operations, and financial condition. If we need additional capital and cannot raise it on acceptable terms, we may not be able, among other actions, to:

- develop or enhance our products;
- continue to expand our sales and marketing and research and development organizations;
- acquire complementary technologies, products or businesses;
- expand operations in the United States or internationally;
- hire, train, and retain employees; or
- respond to competitive pressures or unanticipated working capital requirements.

Our failure to have sufficient capital to do any of these things could harm our business, financial condition, and results of operations.

***Our generation of a portion of our revenue by sales to government entities subjects us to a number of risks.***

Sales to government entities are subject to a number of risks. Selling to government entities can be highly competitive, expensive, and time-consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. Government certification and security requirements for products like ours may change, thereby restricting our ability to sell into the U.S. federal government sector, U.S. state government sector, or government sectors of countries other than the United States until we have obtained the revised certification or met the changed security requirements. If we are unable to timely meet such requirements, our ability to compete for and retain federal government contracts may be diminished, which could adversely affect our business, results of operations and financial condition.



Government entities may have statutory, contractual, or other legal rights to terminate contracts with us or our channel partners for convenience or due to a default, and any such termination may adversely affect our future results of operations. Government demand and payment for our offerings may be affected by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our offerings or exercise of options under multi-year contracts. Contracts with government agencies, including classified contracts, are subject to extensive, evolving and sometimes complex regulations, as well as audits and reviews of contractors' administrative processes and other contract related compliance obligations. Breaches of government contracts, failure to comply with applicable regulations or unfavorable findings from government audits or reviews could result in contract terminations, reputational harm or other adverse consequences, including but not limited to ineligibility to sell to government agencies in the future, the government refusing to continue buying our subscriptions, a reduction of revenue, or fines or civil or criminal liability, which could adversely affect our results of operations in a material way.

*Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could expose us to greater than anticipated tax liabilities.*

Our income tax obligations are based in part on our corporate structure and intercompany arrangements, including the manner in which we develop, value, and use our intellectual property and the valuations of our intercompany transactions. The tax laws applicable to our business, including the laws of the Netherlands, the United States and other jurisdictions, are subject to change and interpretation. Any new legislation or interpretations of existing legislation could impact our tax obligations in countries where we do business or cause us to change the way we operate our business and result in increased taxation of our international earnings.

For example, the Organisation for Economic Co-operation and Development (“OECD”)/G20 Inclusive Framework has been working on addressing the tax challenges arising from the digitalization of the economy, including by releasing the OECD’s Pillar One and Pillar Two blueprints on October 12, 2020. Pillar One refers to the re-allocation of taxing rights to jurisdictions where sustained and significant business is conducted, regardless of a physical presence, while Pillar Two establishes a minimum tax to be paid by multinational enterprises. On December 15, 2022, the Council of the EU formally adopted Directive (EU) 2022/2523 (the “Pillar Two Directive”) to achieve a coordinated implementation of Pillar Two in EU Member States consistent with EU law. On May 31, 2023, the Dutch State Secretary of Finance submitted a proposal of law for the Minimum Tax Rate Act 2024 (Wet minimumbelasting 2024) to Dutch parliament, which would effectively implement the Pillar Two initiative in Dutch law, with an effective date of December 31, 2023. This measure will ensure that multinational enterprises that are within the scope of the Pillar Two rules will always be subject to a corporation tax rate of at least 15%. The proposal of law is subject to amendment during the course of the legislative process and needs to be approved by both chambers of the Dutch parliament before it can enter into force. We do not currently believe that, if enacted, the Minimum Tax Rate Act 2024 will have a material adverse effect on our financial results.

In 2022, the United States enacted legislation implementing several changes to U.S. tax laws, including a 15% corporate alternative minimum tax on applicable corporations with an average adjusted financial statement income (AFSI) in excess of \$1 billion for any three consecutive years preceding the tax year at issue. In addition, on January 1, 2022, a provision of the Tax Cuts and Jobs Act of 2017 went into effect that eliminates the option to deduct domestic research and development costs in the year incurred and instead requires taxpayers to amortize such costs over five years. Once we have taxable profits in the United States, these provisions are not expected to materially affect our cash flows or deferred tax assets.

The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology or intercompany arrangements, which could increase our worldwide effective tax rate and harm our financial position and results of operations. Tax authorities examine and may audit our income tax returns and other non-income tax returns, such as payroll, sales, value-added, net worth or franchise, property, goods and services, and excise taxes, in both the United States and foreign jurisdictions. It is possible that tax authorities may disagree with certain positions we have taken, and any adverse outcome of such a review or audit could have a negative effect on our financial position and results of operations. Further, the determination of our worldwide provision for, or benefit from, income taxes and other tax liabilities requires significant judgment by management, and there are transactions where the ultimate tax determination is uncertain. Although we believe that our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our consolidated financial statements and may materially affect our financial results in the period or periods for which such determination is made.

***Our corporate structure and intercompany arrangements are subject to the tax laws of various jurisdictions under which we could be obligated to pay additional taxes, which would harm our results of operations.***

Based on our current corporate structure, we may be subject to taxation in several jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain. The amount of taxes we pay in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents. In addition, the authorities in the jurisdictions in which we operate could review our tax returns or require us to file tax returns in jurisdictions in which we do not otherwise file such returns, and could impose additional tax, interest and penalties. These authorities could also claim that various withholding requirements apply to us or our subsidiaries, assert that benefits of tax treaties are not available to us or our subsidiaries, or challenge our methodologies for valuing developed technology or intercompany arrangements, including our transfer pricing. The relevant taxing authorities may determine that the manner in which we operate our business does not achieve the intended tax consequences. If such a disagreement were to occur, and our position were not sustained, we could be required to pay additional taxes, and interest and penalties. Additionally, the distributed nature of our workforce on employee locations may increase the probability of payroll tax audits. Any increase in the amount of taxes we pay or that are imposed on us could increase our worldwide effective tax rate and harm our business and results of operations.

***Our ability to use our net operating loss carryforwards to offset future taxable income may be subject to certain limitations.***

As of April 30, 2023, we had net operating loss carryforwards (“NOL”) for Netherlands, United States (federal and state, respectively) and United Kingdom income tax purposes of \$1.0 billion, \$973.4 million, \$665.0 million and \$74.5 million, respectively, which may be utilized against future income taxes. Limitations imposed by the applicable jurisdictions on our ability to utilize NOLs could cause income taxes to be paid earlier than would be paid if such limitations were not in effect and could cause such NOLs to expire unused, in each case reducing or eliminating the benefit of such NOLs. Furthermore, we may not be able to generate sufficient taxable income to utilize our NOLs before they expire. If any of these events occur, we may not derive some or all of the expected benefits from our NOLs.

***Seasonality may cause fluctuations in our sales and results of operations.***

Historically, we have experienced quarterly fluctuations and seasonality in our sales and results of operations based on the timing of our entry into agreements with new and existing customers and the mix between annual and monthly contracts entered in each reporting period. Trends in our business, financial condition, results of operations and cash flows are impacted by seasonality in our sales cycle, which generally reflects a trend toward greater sales in our second and fourth quarters and lower sales in our first and third quarters, though we believe this trend has been somewhat masked by our overall growth. We expect that this seasonality will continue to affect our results of operations in the future, and might become more pronounced as we continue to target larger enterprise customers.

### **Risks Related to Regulatory Matters**

***We are subject to governmental export and import controls and economic sanctions programs that could impair our ability to compete in international markets or subject us to liability if we violate these controls.***

Our software and services, in some cases, are subject to U.S. export control laws and regulations including the Export Administration Regulations (“EAR”), and trade and economic sanctions maintained by OFAC as well as similar laws and regulations in the countries in which we do business. As such, an export license may be required to export or re-export our software and services to, or import our software and services into, certain countries and to certain end-users or for certain end-uses. If we were to fail to comply with such U.S. and foreign export control laws and regulations, trade and economic sanctions, or other similar laws, we could be subject to both civil and criminal penalties, including substantial fines, possible incarceration for employees and managers for willful violations, and the possible loss of our export or import privileges. Obtaining the necessary export license for a particular sale or offering may not be possible and may be time-consuming and may result in the delay or loss of sales opportunities. Furthermore, export control laws and economic sanctions in many cases prohibit the export of software and services to certain embargoed or sanctioned countries, governments and persons, as well as for prohibited end-uses. Monitoring and ensuring compliance with these complex U.S. export control laws involves uncertainties because our offerings are widely distributed throughout the world, and information available on the users of these offerings is, in some cases, limited. Even though we take precautions to ensure that we and our partners comply with all relevant export control laws and regulations, any failure by us or our partners to comply with such laws and regulations could have negative consequences for us, including reputational harm, government investigations and penalties.

Various countries have enacted laws that could limit our ability to distribute our products and services or could limit our end customers' ability to implement our products in those countries based on encryption in our offerings. Changes in our products or changes in export and import regulations in such countries may create delays in the introduction of our products and services into international markets, prevent our end customers with international operations from deploying our products globally or, in some cases, prevent or delay the export or import of our products and services to certain countries, governments or persons altogether. Reduced use of our products and services by, or decreased ability by us to export or sell our products to, existing or potential end customers with international operations could result from changes in export or import laws or regulations, economic sanctions or related legislation; shifts in the enforcement or scope of existing export, import or sanctions laws or regulations; or changes in the countries, governments, persons, or technologies targeted by such export, import or sanctions laws or regulations.

***Failure to comply with anti-bribery, anti-corruption, and anti-money laundering laws could subject us to penalties and other adverse consequences.***

We are required to comply with the FCPA, the U.K. Bribery Act and other anti-bribery, anti-corruption, and anti-money laundering laws in various U.S. and non-U.S. jurisdictions. We are subject to compliance risks as a result of our use of channel partners to sell our offerings abroad and our use of other third parties, including recruiting firms, professional employer organizations, legal, accounting and other professional advisors, and local vendors to meet our needs in international markets. We and these third parties may have direct or indirect interactions with officials and employees of government agencies, or state-owned or affiliated entities, and we may be held liable for the corrupt or other illegal activities of our channel partners and third-party representatives, as well as our employees, representatives, contractors, partners, and agents, even if we do not authorize such activities. While we have policies and procedures to address compliance with such laws, our channel partners, third-party representatives, employees, contractors or agents may take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. Any violation of the FCPA, U.K. Bribery Act or other applicable anti-bribery, anti-corruption laws, and anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, or suspension or debarment from U.S. government contracts, all of which may have an adverse effect on our reputation, business, operating results and prospects.

### **Risks Related to Ownership of our Ordinary Shares**

***The market price for our ordinary shares has been and is likely to continue to be volatile or may decline regardless of our operating performance.***

The stock markets, and securities of technology companies in particular, have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In particular, stock prices of companies with significant operating losses have recently declined significantly, and in many instances more significantly than stock prices of companies with operating profits. The economic impact and uncertainty of changes in the inflation, interest and macroeconomic environments, and Russia's invasion of Ukraine have exacerbated this volatility in both the overall stock markets and the market price of our ordinary shares. A significant decline in the price of our shares could have an adverse impact on investor confidence and employee retention. In the past, shareholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, our involvement could subject us to substantial costs, divert resources and the attention of management from our operations and adversely affect our business. The market price of our ordinary shares may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated changes or fluctuations in our operating results;
- the financial forecasts we may provide to the public, any changes in these projections or our failure to meet these projections;
- announcements by us or our competitors of new offerings or new or terminated significant contracts, commercial relationships or capital commitments;
- industry or financial analyst or investor reaction to our press releases, other public announcements, and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- a gain or loss of investor confidence in the market for technology stocks or the stock market in general;

- future sales or expected future sales of our ordinary shares;
- investor perceptions of us, the benefits of our offerings and the industries in which we operate;
- price and volume fluctuations in the overall stock market from time to time;
- changes in operating performance and/or stock market valuations of other technology companies generally, or those in our industry in particular;
- failure of industry or financial analysts to maintain coverage of us, changes in financial estimates by any analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property rights or our solutions, or third-party proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- breaches of, or failures relating to, privacy, data protection or information security;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- any major changes in our management or our board of directors;
- general economic conditions and slow or negative growth of our markets, including as a result of Russia's invasion of Ukraine, and the general inflation and interest rate environments; and
- other events or factors, including those resulting from war, incidents of terrorism or responses to these events.

***We may fail to meet our publicly announced guidance or other expectations about our business and future operating results, which would cause our stock price to decline.***

We have provided and may continue to provide guidance and other expectations regarding our future performance in our quarterly and annual earnings conference calls, quarterly and annual earnings releases, or other public disclosures. Guidance, as well as other expectations, are forward-looking and represent our management's estimates as of the date of release and are based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies on our business, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. Furthermore, analysts and investors may develop and publish their own forecasts concerning our financial results, which may form a consensus about our future performance. Our actual business results may vary significantly from such guidance or other expectations or that consensus due to a number of factors, many of which are outside of our control, including due to the global economic uncertainty and financial market conditions caused by the current macroeconomic environment, and which could adversely affect our business and future operating results. Furthermore, if we make downward revisions of our previously announced guidance or other expectations, if we withdraw our previously announced guidance or other expectations, or if our publicly announced guidance or other expectations of future operating results fail to meet expectations of securities analysts, investors or other interested parties, the price of our ordinary shares could decline. In light of the foregoing, investors should not rely upon our guidance or other expectations in making an investment decision regarding our ordinary shares.

Any failure to successfully implement our operating strategy or the occurrence of any of the events or circumstances set forth in this "Risk Factors" section in this report could result in the actual operating results being different from our guidance or other expectations, and the differences may be adverse and material.

***The concentration of our share ownership with insiders will likely limit your ability to influence corporate matters, including the ability to influence the outcome of director elections and other matters requiring shareholder approval.***

Our executive officers and directors together beneficially own a significant amount of our outstanding ordinary shares. As a result, these shareholders, acting together, will have significant influence over matters that require approval by our shareholders, including matters such as adoption of the financial statements, declarations of dividends, the appointment and dismissal of directors, capital increases, amendment to our articles of association and approval of significant corporate transactions. Corporate action might be taken even if other shareholders oppose them. This concentration of ownership might also have the effect of delaying or preventing a change of control of us that other shareholders may view as beneficial.

***The issuance of additional shares in connection with financings, acquisitions, investments, our equity incentive plans or otherwise will dilute all other shareholders.***

Our articles of association authorize us to issue up to 165 million ordinary shares and up to 165 million preference shares with such rights and preferences as included in our articles of association. On September 28, 2018, our extraordinary general meeting of shareholders (the “2018 Extraordinary Meeting”) empowered our board of directors to issue ordinary shares and preference shares up to our authorized share capital for a period of five years from October 10, 2018. Subject to compliance with applicable rules and regulations, we may issue ordinary shares or securities convertible into ordinary shares from time to time in connection with a financing, acquisition, investment, our equity incentive plans or otherwise. Any such issuance could result in substantial dilution to our existing shareholders unless pre-emptive rights exist and cause the market price of our ordinary shares to decline.

***Certain holders of our ordinary shares may not be able to exercise pre-emptive rights and as a result may experience substantial dilution upon future issuances of ordinary shares.***

Holders of our ordinary shares in principle have a pro rata pre-emptive right with respect to any issue of ordinary shares or the granting of rights to subscribe for ordinary shares, unless Dutch law or our articles of association state otherwise or unless explicitly provided otherwise in a resolution by our general meeting of shareholders (the “General Meeting”), or—if authorized by the annual General Meeting or an extraordinary General Meeting—by a resolution of our board of directors. Our 2018 Extraordinary Meeting has empowered our board of directors to limit or exclude pre-emptive rights on ordinary shares for a period of five years from October 10, 2018, which could cause existing shareholders to experience substantial dilution of their interest in us.

Pre-emptive rights do not exist with respect to the issue of preference shares and holders of preference shares, if any, have no pre-emptive right to acquire newly issued ordinary shares. Also, pre-emptive rights do not exist with respect to the issue of shares or grant of rights to subscribe for shares to our employees or contributions in kind.

***Sales of substantial amounts of our ordinary shares in the public markets, or the perception that they might occur, could reduce the price that our ordinary shares might otherwise attain.***

Sales of a substantial number of shares of our ordinary shares in the public market, particularly sales by our directors, executive officers and significant shareholders, or the perception that these sales could occur, could adversely affect the market price of our ordinary shares and may make it more difficult for you to sell your ordinary shares at a time and price that you deem appropriate.

Holders of an aggregate of 17,356,912 ordinary shares, based on shares outstanding as of April 30, 2023, are entitled to rights with respect to registration of these shares under the Securities Act pursuant to our amended and restated investors’ rights agreement, dated July 19, 2016. If these holders of our ordinary shares, by exercising their registration rights, sell a large number of shares, such sales could adversely affect the market price for our ordinary shares. We have also filed, and may file in the future, registration statements on Form S-8 under the Securities Act registering all ordinary shares that we may issue under our equity compensation plans, which may in turn be sold and may adversely affect the market price for our ordinary shares.

***Certain anti-takeover provisions in our articles of association and under Dutch law may prevent or could make an acquisition of our company more difficult, limit attempts by our shareholders to replace or remove members of our board of directors and may adversely affect the market price of our ordinary shares.***

Our articles of association contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for shareholders to appoint directors that are not nominated by the current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions include:

- the staggered three-year terms of the members of our board of directors, as a result of which only approximately one-third of the members of our board of directors may be subject to election in any one year;
- a provision that the members of our board of directors may only be removed by a General Meeting by a two-thirds majority of votes cast representing at least 50% of our issued share capital if such removal is not proposed by our board of directors;
- a provision that the members of our board of directors may only be appointed upon binding nomination of the board of directors, which can only be overruled with a two-thirds majority of votes cast representing at least 50% of our issued share capital;

- the inclusion of a class of preference shares in our authorized share capital that may be issued by our board of directors, in such a manner as to dilute the interest of shareholders, including any potential acquirer or activist shareholder, in order to delay or discourage any potential unsolicited offer or shareholder activism;
- requirements that certain matters, including an amendment of our articles of association, may only be brought to our shareholders for a vote upon a proposal by our board of directors; and
- minimum shareholding thresholds, based on nominal value, for shareholders to call General Meetings of our shareholders or to add items to the agenda for those meetings.

***We are subject to the Dutch Corporate Governance Code but do not comply with all the suggested governance provisions of the Dutch Corporate Governance Code, which may affect your rights as a shareholder.***

As a Dutch company, we are subject to the Dutch Corporate Governance Code (“DCGC”). The DCGC contains both principles and suggested governance provisions for management boards, supervisory boards, shareholders and general meetings, financial reporting, auditors, disclosure, compliance and enforcement standards. The DCGC is based on a “comply or explain” principle. Accordingly, public companies are required to disclose in their annual reports, filed in the Netherlands, whether they comply with the suggested governance provisions of the DCGC. If they do not comply with those provisions (e.g., because of a conflicting requirement), companies are required to give the reasons for such noncompliance. The DCGC applies to all Dutch companies listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere, including the New York Stock Exchange (“NYSE”). The principles and suggested governance provisions apply to our board of directors (in relation to role and composition, conflicts of interest and independency requirements, board committees and remuneration), shareholders and the General Meeting (for example, regarding anti-takeover protection and our obligations to provide information to our shareholders) and financial reporting (such as external auditor and internal audit requirements). We comply with all applicable provisions of the DCGC except where such provisions conflict with U.S. exchange listing requirements or with market practices in the United States or the Netherlands. This may affect your rights as a shareholder, and you may not have the same level of protection as a shareholder in a Dutch company that fully complies with the suggested governance provisions of the DCGC.

***We do not intend to pay dividends in the foreseeable future, so your ability to achieve a return on your investment will depend on appreciation in the price of our ordinary shares.***

We have never declared or paid any cash dividends on our shares. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our ordinary shares in the foreseeable future. Were this position to change, payment of future dividends may be made only if our equity exceeds the amount of the paid-in and called-up part of the issued share capital, increased by the reserves required to be maintained by Dutch law or by our articles of association. Accordingly, investors must rely on sales of their ordinary shares after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

***Claims of U.S. civil liabilities may not be enforceable against us.***

We are incorporated under the laws of the Netherlands and substantial portions of our assets are located outside of the United States. In addition, two members of our board of directors and certain experts named in our filings with the SEC reside outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or such other persons residing outside the United States, or to enforce outside the United States judgments obtained against such persons in U.S. courts in any action, including actions predicated upon the civil liability provisions of the U.S. federal securities laws. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States, rights predicated upon the U.S. federal securities laws.

There is no treaty between the United States and the Netherlands for the mutual recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the U.S. federal securities laws, would not be enforceable in the Netherlands unless the underlying claim is re-litigated before a Dutch court of competent jurisdiction. In such proceedings, however, a Dutch court may be expected to recognize the binding effect of a judgment of a federal or state court in the United States without re-examination of the substantive matters adjudicated thereby, if (i) the jurisdiction of the U.S. federal or state court has been based on internationally accepted principles of private international law, (ii) that judgment resulted from legal proceedings compatible with Dutch notions of due process, (iii) that judgment does not contravene public policy of the Netherlands and (iv) that judgment is not incompatible with (x) an earlier judgment of a Dutch court between the same parties, or (y) an earlier judgment of a foreign court between the same parties in a dispute regarding the same subject and based on the same cause, if that earlier foreign judgment is recognizable in the Netherlands.



Based on the foregoing, there can be no assurance that U.S. investors will be able to enforce against us or members of our board of directors, officers or certain experts named in our filings with the SEC, who are residents of the Netherlands or countries other than the United States, any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws.

In addition, there can be no assurance that a Dutch court would impose civil liability on us, the members of our board of directors, our officers or certain experts named in our filings with the SEC in an original action predicated solely upon the U.S. federal securities laws brought in a court of competent jurisdiction in the Netherlands against us or such members, officers or experts.

***U.S. persons who hold our ordinary shares may suffer adverse tax consequences if we are characterized as a passive foreign investment company.***

A non-U.S. corporation will generally be considered a passive foreign investment company (“PFIC”), for U.S. federal income tax purposes, in any taxable year if either (i) at least 75% of its gross income for such year is passive income or (ii) at least 50% of the value of its assets (based on an average of the quarterly values of the assets during such year) is attributable to assets that produce or are held for the production of passive income (“the PFIC asset test”). For purposes of the PFIC asset test, the value of our assets will generally be determined by reference to our market capitalization. Based on our past and current projections of our income and assets, we do not expect to be a PFIC for the current taxable year or for the foreseeable future. Nevertheless, a separate factual determination as to whether we are or have become a PFIC must be made each year (after the close of such year). Since our projections may differ from our actual business results and our market capitalization and value of our assets may fluctuate, we cannot assure you that we will not be or become a PFIC in the current taxable year or any future taxable year. If we are a PFIC for any taxable year during which a U.S. person (as defined in Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended) holds our ordinary shares, such U.S. person may be subject to adverse tax consequences. Each U.S. person who holds our ordinary shares is strongly urged to consult his, her or its tax advisor regarding the application of these rules and the availability of any potential elections.

***If a U.S. person is treated as owning at least 10% of our ordinary shares, such U.S. person may be subject to adverse U.S. federal income tax consequences.***

If a U.S. person is treated as owning (directly, indirectly, or constructively) at least 10% of the total combined voting power of our shares, or of the total value of our shares, such shareholder may be treated as a “United States shareholder” with respect to each “controlled foreign corporation” in our group (if any). Because our group includes one or more U.S. subsidiaries, certain of our non-U.S. subsidiaries could be treated as controlled foreign corporations (regardless of whether we are treated as a controlled foreign corporation). A United States shareholder of a controlled foreign corporation may be required to report annually and include in its U.S. taxable income its pro rata share of “Subpart F income,” “global intangible low-taxed income,” and investments in U.S. property by controlled foreign corporations, regardless of whether we make any distributions. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. We cannot provide any assurances that we will assist investors in determining whether we or any of our non-U.S. subsidiaries is treated as a controlled foreign corporation or whether any investor is treated as a United States shareholder with respect to any such controlled foreign corporation or furnish to any investor who may be a United States shareholder information that may be necessary to comply with the aforementioned reporting and tax paying obligations. Failure to comply with these reporting obligations may subject a shareholder who is a United States shareholder to significant monetary penalties and may prevent from starting the statute of limitations with respect to such shareholder’s U.S. federal income tax return for the year for which reporting was due. A U.S. person should consult its advisors regarding the potential application of these rules to an investment in our ordinary shares.

***We may not be able to make distributions or repurchase shares without subjecting our shareholders to Dutch withholding tax, and dividends distributed on our ordinary shares to certain related parties in low-tax jurisdictions might in the future become subject to an additional Dutch withholding tax.***

We have not paid a dividend on our ordinary shares in the past and we do not intend to pay any dividends to holders of our ordinary shares in the foreseeable future. See “We do not intend to pay dividends in the foreseeable future, so your ability to achieve a return on your investment will depend on appreciation in the price of our ordinary shares.” However, if we ever do pay dividends or repurchase shares, then under current Dutch tax law, the dividend paid or repurchase price paid may be subject to Dutch dividend withholding tax at a rate of 15% under the Dutch Dividend Withholding Tax Act (*Wet op de dividendbelasting 1965*, “Regular Dividend Withholding Tax”), unless a domestic or treaty exemption applies.



The Dutch parliament has adopted a proposal of law pursuant to which an alternative withholding tax (“Alternative Withholding Tax”) will be imposed on dividends paid to related entities in designated low-tax jurisdictions, effective January 1, 2024. An entity is considered related if (i) it has a “Qualifying Interest” in our company, (ii) our company has a “Qualifying Interest” in the entity holding the ordinary shares, or (iii) a third party has a “Qualifying Interest” in both our company and the entity holding the ordinary shares. The term “Qualifying Interest” means a direct or indirectly held interest either by an entity individually or jointly if an entity is part of a collaborating group (*samenwerkende groep*) that enables such entity or such collaborating group to exercise a definite influence over another entity’s decisions, such as our company or an entity holding ordinary shares, as the case may be, and allows it to determine the other entity’s activities. The Alternative Withholding Tax will be imposed at the highest Dutch corporate income tax rate in effect at the time of the distribution (currently 25.8%). The Alternative Withholding Tax will be reduced, but not below zero, with any Regular Dividend Withholding Tax imposed on distributions. Based on currently applicable rates, the overall effective rate of withholding of Regular Dividend Withholding Tax and Alternative Withholding Tax will not exceed the highest corporate income tax rate in effect at the time of the distribution (currently 25.8%).

***If we cease to be a Dutch tax resident for the purposes of a tax treaty concluded by the Netherlands and in certain other events, we could potentially be subject to a proposed Dutch dividend withholding tax in respect of a deemed distribution of our entire market value less paid-up capital.***

Under a proposal of law currently pending before the Dutch parliament, the Emergency act conditional exit dividend withholding tax (*Spoedwet conditionele eindafrekening dividendbelasting*, “DWT Exit Tax”), we will be deemed to have distributed an amount equal to our entire market capitalization less recognized paid-up capital immediately before the occurrence of certain events, including if we cease to be a Dutch tax resident for purposes of a tax treaty concluded by the Netherlands with another jurisdiction and become, for purposes of such tax treaty, exclusively a tax resident of that other jurisdiction which is a qualifying jurisdiction. A qualifying jurisdiction is a jurisdiction other than a member state of the EU/EEA which does not impose a withholding tax on distributions, or that does impose such tax but that grants a step-up for earnings attributable to the period before we become exclusively a resident in such jurisdiction. This deemed distribution will be subject to a 15% tax insofar it exceeds a franchise of EUR 50 million. The tax is payable by us as a withholding agent. A full exemption applies to entities and individuals that are resident in an EU/EEA member state or a state that has concluded a tax treaty with the Netherlands that contains a dividend article, provided we submit a declaration confirming the satisfaction of applicable conditions by qualifying shareholders within one month following the taxable event. We will be deemed to have withheld the tax on the deemed distribution and have a statutory right to recover this from our shareholders. Dutch resident shareholders qualifying for the exemption are entitled to a credit or refund, and non-Dutch resident shareholders qualifying for the exemption are entitled to a refund, subject to applicable statutory limitations, provided the tax has been actually recovered from them.

The DWT Exit Tax has been amended several times since the initial proposal of law and is under ongoing discussion. In addition, a critical reaction from authorities to the latest proposal of law have been published. It is therefore not certain whether the DWT Exit Tax will be enacted and if so, in what form. If enacted in its present form, the DWT Exit Tax will have retroactive effect as from December 8, 2021.

### **Risks Related to our Outstanding Senior Notes**

***We have a substantial amount of indebtedness, which could adversely affect our financial condition.***

We have a substantial amount of indebtedness and we may incur additional indebtedness in the future. As of April 30, 2023, we had \$575.0 million aggregate principal amount of Senior Notes outstanding. Our indebtedness could have important consequences, including:

- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- increasing our vulnerability to adverse changes in general economic, industry and competitive conditions; and
- increasing our cost of borrowing.

In addition, the indenture that governs the Senior Notes contains restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of substantially all of our indebtedness.

***We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.***

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and results of operations, which in turn are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, which could have a material adverse effect on our business, results of operations and financial condition.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. Our ability to restructure or refinance our debt will depend on, among other factors, the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the indenture that governs the Senior Notes may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. In the absence of such cash flows and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Any of these circumstances could have a material adverse effect on our business, results of operations and financial condition.

Further, any future credit facility or other debt instrument may contain provisions that will restrict our ability to dispose of assets and use the proceeds from any such disposition. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations and any such failure to meet our scheduled debt service obligations could have a material adverse effect on our business, results of operations and financial condition.

***The indenture that governs the Senior Notes contains, and any of our future debt instruments may contain, terms which restrict our current and future operations, particularly our ability to respond to changes or to take certain actions.***

The indenture that governs the Senior Notes contains a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including, among other things, restrictions on our ability to:

- create liens on certain assets to secure debt;
- grant a subsidiary guarantee of certain debt without also providing a guarantee of the Senior Notes; and
- consolidate or merge with or into, or sell or otherwise dispose of all or substantially all of our assets to, another person.

The covenants in the indenture that governs the Senior Notes are subject to important exceptions and qualifications described in such indenture.

As a result of these restrictions, we are limited as to how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants and may require us to maintain specified financial ratios and satisfy other financial condition tests. We may not be able to maintain compliance with these covenants in the future and, if we fail to do so, we may not be able to obtain waivers from the relevant lenders and/or amend the covenants.

Our failure to comply with the restrictive covenants described above and/or the terms of any future indebtedness from time to time could result in an event of default, which, if not cured or waived, could result in our being required to repay these borrowings before their due date. If we are forced to refinance these borrowings on less favorable terms or cannot refinance these borrowings, our results of operations and financial condition could be adversely affected. As a result, our failure to comply with such restrictive covenants could have a material adverse effect on our business, results of operations and financial condition.

***We may be required to repurchase some of the Senior Notes upon a change of control triggering event.***

Holders of the Senior Notes can require us to repurchase the Senior Notes upon a change of control (as defined in the indenture governing the Senior Notes) at a repurchase price equal to 101% of the principal amount of the Senior Notes, plus accrued and unpaid interest to, but excluding, the applicable repurchase date. Our ability to repurchase the Senior Notes may be limited by law or the terms of other agreements relating to our indebtedness. In addition, we may not have sufficient funds to repurchase the Senior Notes or have the ability to arrange necessary financing on acceptable terms, if at all. A change of control may also constitute a default under, or result in the acceleration of the maturity of, our other then-existing indebtedness. Our failure to repurchase the Senior Notes would result in a default under the Senior Notes, which may result in the acceleration of the Senior Notes and other then-existing indebtedness. We may not have sufficient funds to make any payments triggered by such acceleration, which could result in foreclosure proceedings and our seeking protection under the U.S. bankruptcy code.

**General Risk Factors**

***We may not benefit from our acquisition strategy.***

As part of our business strategy, we may acquire or make investments in complementary companies, products, or technologies to augment our existing business. We may not be able to identify suitable acquisition candidates or complete such acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals and business strategy, we may be subject to claims or liabilities assumed from an acquired company, product, or technology, and any acquisitions we complete could be viewed negatively by our customers, investors, and securities analysts. In addition, if we are unsuccessful at integrating future acquisitions, or the technologies associated with such acquisitions, into our company, the revenue and results of operations of the combined company could be adversely affected. Any integration process may require significant time and resources, which may disrupt our ongoing business and divert management's attention from operations, and we may not be able to manage the integration process successfully. We may not successfully evaluate or utilize acquired technology or personnel, realize anticipated synergies from acquisitions, or accurately forecast the financial impact of an acquisition transaction and integration of such acquisition, including accounting charges. We may have to pay cash, incur debt, or issue equity or equity-linked securities to pay for any future acquisitions, each of which could adversely affect our financial condition or the market price of our ordinary shares. The sale of equity or issuance of equity-linked debt to finance any future acquisitions could result in dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations. We may acquire development stage companies that are not yet profitable, and that require continued investment, thereby reducing our cash available for other corporate purposes. The occurrence of any of these risks could harm our business, results of operations, and financial condition.

***Catastrophic events, or man-made events such as terrorism, may disrupt our business.***

A significant natural disaster, such as an earthquake, fire, flood, or significant power outage, could have an adverse impact on our business, results of operations, and financial condition. The impact of climate change may increase these risks due to changes in weather patterns, such as increases in storm intensity, sea-level rise, melting of permafrost and temperature extremes in areas where we or our suppliers and customers conduct business. We have a number of our employees and executive officers located in the San Francisco Bay Area, a region that has recently been affected by wildfires and other extreme weather events. If our or our partners' abilities are hindered by any of the foregoing events, we could experience sales delays, supply chain disruptions, and other negative impacts on our business. In addition, acts of terrorism, acts of war, including Russia's invasion of Ukraine, other geo-political unrest or health issues, such as an outbreak of pandemic or epidemic diseases, such as the COVID-19 pandemic, or fear of such events, could cause disruptions in our business or the business of our partners, customers or the economy as a whole. Any disruption in the business of our partners or customers that affects sales in a fiscal quarter could have a significant adverse impact on our quarterly results for that and future quarters. All of the aforementioned risks may be further increased if our disaster recovery plans prove to be inadequate.

***If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our results of operations could fall below expectations of securities analysts and investors, resulting in a decline in the trading price of our ordinary shares.***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Part II, Item 7 of this Annual Report on Form 10-K, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue, and expenses that are not readily apparent from other sources. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of our ordinary shares. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition and accounting of intangible assets.

***If industry or financial analysts do not publish research or reports about our business, or if they issue inaccurate or unfavorable research regarding our ordinary shares, our share price and trading volume could decline, which could adversely affect our business.***

The trading market for our ordinary shares is influenced by the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts, or the content and opinions included in their reports. If any of the analysts who cover us issues an inaccurate or unfavorable opinion regarding our company, our stock price would likely decline. Further, investors and analysts may not understand how our consumption-based arrangements differ from a typical subscription-based pricing model. In addition, the stock prices of many companies in the technology industry have declined significantly after those companies have failed to meet, or significantly exceed, the financial guidance publicly announced by the companies or the expectations of analysts or public investors. If our financial results fail to meet, or significantly exceed, our announced guidance or the expectations of analysts or public investors, our stock price may decline. Further, analysts could downgrade our ordinary shares or publish unfavorable research about us. If one or more of the analysts who cover our company ceases to cover us, or fails to publish reports on us regularly, our profile in the financial markets could decrease, which in turn could cause our stock price or trading volume to decline and could adversely affect our business.

***Our reputation and/or business could be negatively impacted by ESG matters and/or our reporting of such matters.***

There is an increasing focus from regulators, certain investors, and other stakeholders concerning environmental, social, and governance (“ESG”) matters, both in the United States and internationally. In addition, changing laws, regulations and standards relating to ESG matters are evolving, creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. We communicate certain ESG-related initiatives and goals regarding ESG in our annual ESG Report, on our website, in our filings with the SEC, and elsewhere. These initiatives and goals, coupled with the uncertainty regarding compliance with evolving ESG laws, regulations and expectations, could be difficult to achieve and costly to implement. We could fail to achieve, or be perceived to fail to achieve, our ESG-related initiatives and goals. In addition, we could be criticized for the timing, scope or nature of these initiatives and goals, or for any revisions to them. We could be criticized for the accuracy, adequacy, presentation, or completeness of our required and voluntary ESG disclosures, which could impact our brand and reputation. If our ESG practices and disclosures do not meet evolving investor or other stakeholder expectations and societal and regulatory standards, or if we experience an actual or perceived failure to achieve our ESG-related initiatives and goals our ability to attract or retain sales, marketing and other employees, and our attractiveness as an investment or as a business partner could be negatively impacted, which could adversely affect our business.

***If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud, and investor confidence and the market price of our ordinary shares may decline, which could adversely affect our business.***

As a public company in the United States, we are subject to the Sarbanes-Oxley Act, which requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended and anticipate that we will continue to expend significant resources, including accounting-related costs and significant management oversight. We have incurred and expect to continue to incur significant expenses and devote substantial management effort toward compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. To assist us in complying with these requirements, we may need to hire more employees in the future, or engage outside consultants, which will increase our operating expenses.

Despite significant investment, our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to implement or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that are required to be included in our periodic reports that we file with the SEC.

Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, subject us to sanctions or investigations by the NYSE, the SEC, or other regulatory authorities, and would likely cause the trading price of our ordinary shares to decline, which could adversely affect our business.

**Item 1B. Unresolved Staff Comments.**

None.

**Item 2. Properties.**

As a distributed company, we employ a distributed workforce with offices and employee hubs around the world. All offices are leased and we do not own any real property. We believe that our current facilities are adequate to meet our current needs and that, if needed in the future, suitable additional space will be available either to expand existing offices or hubs or open offices or hubs in new locations.

**Item 3. Legal Proceedings**

The information required by this Item is incorporated herein by reference to Part II, Item 8. “Financial Statements and Supplementary Data,” Note 8, “Commitments and Contingencies — Legal Matters” included in this Annual Report on Form 10-K.

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

**Item 4. Mine Safety Disclosures.**

Not applicable.

## PART II

### Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

#### Market Information for Ordinary Shares

Our ordinary shares began trading on the NYSE under the symbol “ESTC” on October 5, 2018. Prior to that date, there was no public trading market for our ordinary shares.

#### Holders of Record

As of May 31, 2023 there were 66 shareholders of record of our ordinary shares. The number of such holders does not include beneficial owners of our ordinary shares that are held of record by brokers and other institutions on behalf of such beneficial owners.

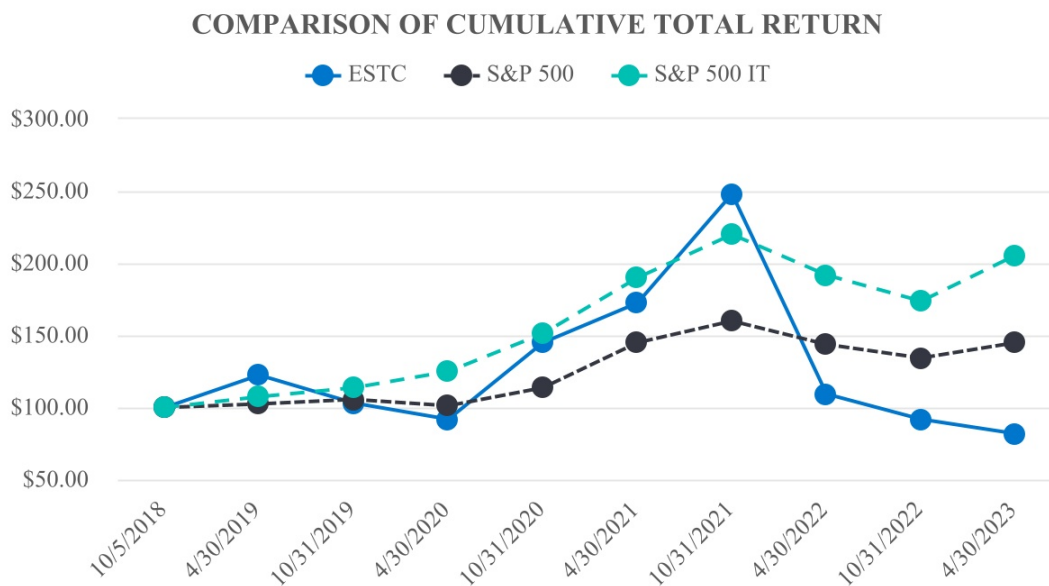
#### Dividend Policy

We have never declared or paid any dividends on our ordinary shares, and we do not anticipate declaring or paying dividends in the foreseeable future.

#### Stock Performance Graph

The graph below compares the cumulative total shareholder return on our ordinary shares with the cumulative total return on the S&P 500 Index and the S&P 500 Information Technology Index. The graph assumes \$100 was invested at the market close on October 5, 2018, which was our initial trading day, in our ordinary shares. Data for the S&P 500 Index and the S&P 500 Information Technology Index assume reinvestment of dividends. The offering price of our ordinary shares in our initial public offering, which had a closing stock price of \$70.00 on October 5, 2018, was \$36.00 per share.

The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our ordinary shares.



This performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing by Elastic N.V. under the Securities Act or the Exchange Act.

#### Item 6. [Reserved]

## **Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included in Part II, Item 8 of this Annual Report on Form 10-K. As discussed in the section titled “Note Regarding Forward-Looking Statements,” the following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such difference include, but are not limited to, those identified below and those discussed in the section titled “Risk Factors” included in Part I, Item 1A of this Annual Report on Form 10-K. Our fiscal year end is April 30.*

*This section of our Annual Report on Form 10-K discusses our financial condition and results of operations for the years ended April 30, 2023 and 2022 and year-to-year comparisons between the years ended April 30, 2023 and 2022. A discussion of our financial condition and results of operations for the year ended April 30, 2021 and year-to-year comparisons between the years ended April 30, 2022 and 2021 that are not included in this Annual Report on Form 10-K can be found in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report on Form 10-K for the year ended April 30, 2022, filed with the SEC on June 21, 2022.*

### **Overview**

Elastic is a data analytics company built on the power of search. Our platform, which is available as both a hosted, managed service across public clouds as well as self-managed software, allows our customers to find insights and drive AI and machine learning use cases from large amounts of data. We offer three search-powered solutions – Search, Observability, and Security – that are built into the platform. We help organizations, their employees, and their customers find what they need faster, while keeping mission-critical applications running smoothly, and protecting against cyber threats.

Our platform is built on the Elastic Stack, a powerful set of software products that ingest data from any source, in any format, and perform search, analysis, and visualization of that data. At the core of the Elastic Stack is Elasticsearch - a highly scalable document store and search engine, and the unified data store for all of our solutions and use cases. Our platform also includes the ESRE, which combines advanced AI with Elastic’s text search to give developers a full suite of sophisticated retrieval algorithms and the ability to integrate with large language models. The Elastic Stack can be used by developers to power a variety of use cases. It is a distributed, real-time search and analytics engine and data store for all types of data, including textual, numerical, geospatial, structured, and unstructured.

We make our platform available as a hosted, managed service across major cloud providers. Customers can also deploy our platform across hybrid clouds, public or private clouds, and multi-cloud environments. As digital transformation drives mission critical business functions to the cloud, we believe that every company will need to build around a search-based relevance engine to find the answers that matter, from all of their data, in real-time, and at scale.

Our business model is based primarily on a combination of a paid Elastic-managed hosted service offering and paid and free proprietary self-managed software. Our paid offerings for our platform are sold via subscription through resource-based pricing, and all customers and users have access to all solutions. In Elastic Cloud, our family of cloud-based offerings under which we offer our software as a hosted, managed service, we offer various subscription tiers tied to different features. For users who download our software, we make some of the features of our software available for free, allowing us to engage with a broad community of developers and practitioners and introduce them to the value of the Elastic Stack. We believe in the importance of an open software development model, and we develop the majority of our software in public repositories as open code under a proprietary license. Unlike some companies, we do not build an enterprise version that is separate from our free distribution. We maintain a single code base across both our self-managed software and Elastic-hosted services. All of these actions help us build a powerful commercial business model that we believe is optimized for product-led growth.

We generate revenue primarily from sales of subscriptions to our platform. We offer various paid subscription tiers that provide different levels of rights to use proprietary features and access to support. We do not sell support separately. Our subscription agreements typically range from one to three years and are usually billed annually in advance. Our subscription agreements are both term-based and consumption-based, with the vast majority of Elastic Cloud subscriptions being consumption-based. We sell subscriptions in various currencies, with the majority of our subscriptions contracted in US dollars, and a smaller portion contracted in Euro, British Pound Sterling, and other currencies. Elastic Cloud customers may also purchase subscriptions on a month-to-month basis without a commitment, with usage billed at the end of each month. Subscriptions accounted for 92%, 93%, and 93% of total revenue for the years ended April 30, 2023, 2022, and 2021, respectively. We also generate revenue from consulting and training services.



We make it easy for users to begin using our products in order to drive rapid adoption. Users can either sign up for a free trial on Elastic Cloud or download our software directly from our website without any sales interaction, and immediately begin using the full set of features. Users can also sign up for Elastic Cloud through public cloud marketplaces. We conduct low-touch campaigns to keep users and customers engaged once they have begun using Elastic Cloud or have downloaded our software. As of April 30, 2023, we had approximately 20,200 customers compared to over 18,600 customers and over 15,000 customers as of April 30, 2022 and 2021, respectively. The majority of our new customers use Elastic Cloud. We define a customer as an entity that generated revenue in the quarter ending on the measurement date from an annual or month-to-month subscription. Affiliated entities are typically counted as a single customer.

Many of these customers start with limited initial spending, but can significantly grow their spending. We drive high-touch engagement with qualified prospects and customers to drive further awareness, adoption, and expansion of our products with paid subscriptions. Expansion includes increasing the number of developers and practitioners using our products, increasing the utilization of our products for a particular use case, and utilizing our products to address new use cases. The number of customers who represented greater than \$100,000 in annual contract value (“ACV”) was over 1,160, over 960, and over 730 as of April 30, 2023, 2022, and 2021 respectively. The ACV of a customer’s commitments is calculated based on the terms of that customer’s subscriptions, and represents the total committed annual subscription amount as of the measurement date. Month-to-month subscriptions are not included in the calculation of ACV.

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

We have experienced significant growth, with revenue increasing to \$1.1 billion for the year ended April 30, 2023 from \$862.4 million for the year ended April 30, 2022 and \$608.5 million for the year ended April 30, 2021, representing year-over-year growth of 24% for the year ended April 30, 2023 and 42% for the year ended April 30, 2022. For the year ended April 30, 2023, revenue from outside the United States accounted for 41% of our total revenue. For our non-U.S. operations, the majority of our revenue and expenses are denominated in currencies such as the Euro and British Pound Sterling. No customer accounted for more than 10% of our total revenue for the years ended April 30, 2023, 2022, and 2021. We have not been profitable to date. For the years ended April 30, 2023, 2022 and 2021, we incurred net losses of \$236.2 million, \$203.8 million and \$129.4 million, respectively. Our net cash provided by operating activities was \$35.7 million, \$5.7 million, and \$22.5 million for the years ended April 30, 2023, 2022 and 2021, respectively. We have experienced losses in each year since our incorporation and as of April 30, 2023, had an accumulated deficit of \$1.1 billion. We expect we will continue to incur net losses for the foreseeable future. There can be no assurance whether, or when, we may become profitable.

We continue to make substantial investments in developing the Elastic Stack and expanding our global sales and marketing footprint. With a distributed team spanning over 40 countries, we are able to recruit, hire, and retain high-quality, experienced technical and sales personnel and operate at a rapid pace to drive product releases, fix bugs, and create and market new products. We had 2,886 employees as of April 30, 2023.

### **Current Economic Conditions**

Recent and current macroeconomic events, including inflation, slower economic growth, political unrest, and concerns about the stability of banks, continue to evolve and negatively impact worldwide economic activity. Governmental and corporate responses to these factors including rising interest rates, unpredictable and decreased spending, and layoffs, have added to the highly volatile macroeconomic landscape. We have experienced and, if economic conditions continue to decline, we may continue to experience longer and more unpredictable sales cycles, increased scrutiny of deals, slowing consumption and overall customer expenditures, and the impacts of changing foreign exchange rates with a strengthening or weakening U.S. dollar. We continue to closely monitor the macroeconomic environment and its effects on our business and on global economic activity, including customer spending behavior. Notwithstanding the potential and actual adverse impacts described above, as the pandemic has caused more of our customers to shift to a virtual workforce or accelerate their digital transformation efforts, we believe the value of our solutions has become even more evident.

### *Restructuring*

To navigate the current economic environment, we have realigned our resources internally to drive greater efficiencies and rebalance investments across all functions of the organization and reinvest some savings in key priority areas to drive growth. On November 30, 2022, we announced and began implementing a plan to align our investments more closely with our strategic priorities by reducing our workforce by approximately 13% and implementing certain facilities-related cost optimization actions. We incurred \$31.3 million in restructuring and other related charges during the year ended April 30, 2023. We expect that the implementation of the workforce reductions and facilities cost optimization will be substantially completed by the end of the first quarter of fiscal 2024.

See Note 16 “Restructuring and other related charges” in our accompanying Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for additional information about this plan. We will continue to adjust, monitor, and curtail spending when and where needed to adapt to the current macroeconomic landscape and will reinvest some of the savings selectively in areas that we believe best position us to drive profitable growth. See “Risk Factors” included in Part I, Item 1A of this Annual Report on Form 10-K for a discussion of additional risks.

### **Key Factors Affecting our Performance**

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

**Increasing adoption of Elastic Cloud.** Elastic Cloud, our family of cloud-based offerings, is an important growth opportunity for our business. Organizations are increasingly looking for hosted deployment alternatives with reduced administrative burdens. In some cases, users of our source available software that have been self-managing deployments of the Elastic Stack subsequently become paying subscribers of Elastic Cloud. For the years ended April 30, 2023, 2022, and 2021, Elastic Cloud contributed 40%, 35%, and 27% of our total revenue, respectively. We believe that offering Elastic Cloud is important for achieving our long-term growth potential, and we expect Elastic Cloud’s contribution to our subscription revenue to continue to increase over time. However, we expect that an increase in the relative contribution of Elastic Cloud to our business will have a modest adverse impact on our gross margin as a result of the associated third-party hosting costs.

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

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

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

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

We believe that a useful indication of how our customer relationships have expanded over time is through our Net Expansion Rate, which is based upon trends in the rate at which customers increase their spend with us. To calculate an expansion rate as of the end of a given month, we start with the annualized spend from all such customers as of twelve months prior to that month end, or Prior Period Value. A customer's annualized spend is measured as its ACV, or in the case of customers charged on usage-based arrangements, by annualizing the usage for that month. We then calculate the annualized spend from these same customers as of the given month end, or Current Period Value, which includes any growth in the value of their subscriptions or usage and is net of contraction or attrition over the prior twelve months. We then divide the Current Period Value by the Prior Period Value to arrive at an expansion rate. The Net Expansion Rate at the end of any period is the weighted average of the expansion rates as of the end of each of the trailing twelve months. The Net Expansion Rate includes the dollar-weighted value of our subscriptions or usage that expand, renew, contract, or attrit. For instance, if each customer had a one-year subscription and renewed its subscription for the exact same amount, then the Net Expansion Rate would be 100%. Customers who reduced their annual subscription dollar value (contraction) or did not renew their annual subscription (attrition) would adversely affect the Net Expansion Rate. Our Net Expansion Rate was approximately 117% as of April 30, 2023.

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

## Components of Results of Operations

### Revenue

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

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

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

### Cost of Revenue

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

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

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

## Operating Expenses

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

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

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

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

## Other Income (Expense), Net

**Interest expense.** Primarily consists of interest on our 4.125% Senior Notes due 2029.

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

## Provision for Income Taxes

Provision for income taxes consists primarily of income taxes related to the Netherlands, U.S. federal and state, and foreign jurisdictions in which we conduct business. Our effective tax rate is affected by recurring items, such as tax rates in jurisdictions outside the Netherlands and the relative amounts of income we earn in those jurisdictions, non-deductible stock-based compensation, as well as one-time tax benefits or charges.

## Results of Operations

The following tables set forth our results of operations for the periods presented in dollars and as a percentage of our total revenue. The period-to-period comparison of results is not necessarily indicative of results for future periods.

	Year Ended April 30,		
	2023	2022	2021
	(in thousands)		
Revenue			
Subscription	\$ 984,762	\$ 798,770	\$ 567,339
Services	84,227	63,604	41,150
Total revenue	1,068,989	862,374	608,489
Cost of revenue <sup>(1)(2)(3)</sup>			
Subscription	219,306	178,204	122,513
Services	77,320	53,990	38,541
Total cost of revenue	296,626	232,194	161,054
Gross profit	772,363	630,180	447,435
Operating expenses <sup>(1)(2)(3)(4)</sup>			
Research and development	313,454	273,761	199,203
Sales and marketing	503,537	406,658	273,877
General and administrative	143,247	123,441	103,833
Restructuring and other related charges	31,297	—	—
Total operating expenses	991,535	803,860	576,913
Operating loss <sup>(1)(2)(3)(4)</sup>	(219,172)	(173,680)	(129,478)
Other income (expense), net			
Interest expense	(25,159)	(20,716)	(185)
Other income (expense), net	27,454	(3,393)	7,949
Loss before income taxes	(216,877)	(197,789)	(121,714)
Provision for income taxes	19,284	6,059	7,720
Net loss	\$ (236,161)	\$ (203,848)	\$ (129,434)

<sup>(1)</sup> Includes stock-based compensation expense as follows:

	Year Ended April 30,		
	2023	2022	2021
	(in thousands)		
Cost of revenue			
Subscription	\$ 8,308	\$ 8,368	\$ 7,105
Services	9,435	6,463	4,824
Research and development	80,170	59,911	35,267
Sales and marketing	68,943	45,798	31,581
General and administrative	37,183	20,654	14,903
Total stock-based compensation expense	\$ 204,039	\$ 141,194	\$ 93,680

<sup>(2)</sup> Includes employer payroll taxes on employee stock transactions as follows:

	Year Ended April 30,		
	2023	2022	2021
	(in thousands)		
Cost of revenue			
Subscription	\$ 422	\$ 681	\$ 674
Services	423	712	661
Research and development	2,458	3,316	3,670
Sales and marketing	2,420	4,287	5,399
General and administrative	1,410	965	3,972
Total employer payroll tax on stock transactions	<u>\$ 7,133</u>	<u>\$ 9,961</u>	<u>\$ 14,376</u>

<sup>(3)</sup> Includes amortization of acquired intangible assets as follows:

	Year Ended April 30,		
	2023	2022	2021
	(in thousands)		
Cost of revenue			
Subscription	\$ 11,781	\$ 10,503	\$ 8,437
Sales and marketing	4,887	5,280	5,730
Total amortization of acquired intangibles	<u>\$ 16,668</u>	<u>\$ 15,783</u>	<u>\$ 14,167</u>

<sup>(4)</sup> Includes acquisition-related expenses as follows:

	Year Ended April 30,		
	2023	2022	2021
	(in thousands)		
Research and development	\$ 5,875	\$ 6,104	\$ —
General and administrative	103	1,528	—
Total acquisition-related expenses	<u>\$ 5,978</u>	<u>\$ 7,632</u>	<u>\$ —</u>

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

	Year Ended April 30,		
	2023	2022	2021
Revenue			
Subscription	92 %	93 %	93 %
Services	8 %	7 %	7 %
Total revenue	100 %	100 %	100 %
Cost of revenue <sup>(1)(2)(3)</sup>			
Subscription	21 %	21 %	20 %
Services	7 %	6 %	6 %
Total cost of revenue	28 %	27 %	26 %
Gross profit	72 %	73 %	74 %
Operating expenses <sup>(1)(2)(3)(4)</sup>			
Research and development	29 %	32 %	33 %
Sales and marketing	47 %	47 %	45 %
General and administrative	14 %	14 %	17 %
Restructuring and other related charges	3 %	— %	— %
Total operating expenses	93 %	93 %	95 %
Operating loss <sup>(1)(2)(3)(4)</sup>	(21)%	(20)%	(21)%
Other income (expense), net			
Interest expense	(2)%	(3)%	— %
Other income (expense), net	2 %	— %	1 %
Loss before income taxes	(21)%	(23)%	(20)%
Provision for income taxes	1 %	1 %	1 %
Net loss	(22)%	(24)%	(21)%

<sup>(1)</sup> Includes stock-based compensation expense as follows:

	Year Ended April 30,		
	2023	2022	2021
Cost of revenue			
Subscription	1 %	1 %	1 %
Services	1 %	1 %	1 %
Research and development	8 %	7 %	6 %
Sales and marketing	6 %	5 %	5 %
General and administrative	3 %	2 %	2 %
Total stock-based compensation expense	19 %	16 %	15 %



<sup>(2)</sup> Includes employer payroll taxes on employee stock transactions as follows:

	Year Ended April 30,		
	2023	2022	2021
Cost of revenue			
Subscription	— %	— %	— %
Services	— %	— %	— %
Research and development	1 %	— %	— %
Sales and marketing	— %	1 %	1 %
General and administrative	— %	— %	1 %
Total employer payroll tax on stock transactions	1 %	1 %	2 %

<sup>(3)</sup> Includes amortization of acquired intangible assets as follows:

	Year Ended April 30,		
	2023	2022	2021
Cost of revenue			
Subscription	1 %	1 %	1 %
Sales and marketing	1 %	1 %	1 %
Total amortization of acquired intangibles	2 %	2 %	2 %

<sup>(4)</sup> Includes acquisition-related expenses as follows:

	Year Ended April 30,		
	2023	2022	2021
Research and development	1 %	1 %	— %
Total acquisition-related expenses	1 %	1 %	— %

## Comparison of Fiscal Years Ended April 30, 2023 and 2022

### Revenue

	Year Ended April 30,		Change	
	2023	2022	\$	%
(in thousands)				
Revenue				
Subscription	\$ 984,762	\$ 798,770	\$ 185,992	23 %
Services	84,227	63,604	20,623	32 %
Total revenue	\$ 1,068,989	\$ 862,374	\$ 206,615	24 %

Subscription revenue increased by \$186.0 million, or 23%, for the year ended April 30, 2023 compared to the prior year. This increase was primarily driven by continued adoption of Elastic Cloud which grew 42% over the same period and increased to 40% of total revenue for the year ended April 30, 2023 from 35% for the year ended April 30, 2022.

Services revenue increased by \$20.6 million, or 32%, for the year ended April 30, 2023 compared to the prior year. The increase in services revenue was attributable to increased adoption of our services offerings.

### Cost of Revenue and Gross Margin

	Year Ended April 30,		Change	
	2023	2022	\$	%
	(in thousands)			
Cost of revenue				
Subscription	\$ 219,306	\$ 178,204	\$ 41,102	23 %
Services	77,320	53,990	23,330	43 %
Total cost of revenue	\$ 296,626	\$ 232,194	\$ 64,432	28 %
Gross profit	\$ 772,363	\$ 630,180	\$ 142,183	23 %
Gross margin:				
Subscription	78 %	78 %		
Services	8 %	15 %		
Total gross margin	72 %	73 %		

Cost of subscription revenue increased by \$41.1 million, or 23%, for the year ended April 30, 2023 compared to the prior year. This increase was primarily due to an increase of \$38.3 million in cloud infrastructure costs due to increased Elastic Cloud subscription revenue. Additionally, intangible asset amortization increased by \$1.3 million due to a full year of amortization on the intangibles acquired during the year ended April 30, 2022.

Cost of services revenue increased by \$23.3 million, or 43%, for the year ended April 30, 2023 compared to the prior year. This increase was primarily due to an increase of \$15.5 million in personnel and related costs, including increases of \$10.5 million in salaries and related taxes, \$3.0 million in stock-based compensation, and \$1.7 million in employee benefits expense driven by an increase in headcount in our services organization. In addition, subcontractor costs increased by \$6.2 million and travel costs increased by \$0.8 million.

Gross margin for services revenue was 8% for the year ended April 30, 2023 compared to 15% for the prior year. The decrease in margin was primarily due to the cost of services, including personnel and related costs and subcontractor costs, growing at a higher rate than services revenue. We continue to make investments in our services organization that we believe will be needed as we continue to grow. Our gross margin for services may fluctuate or decline in the near-term as we seek to expand our services business.

### Operating Expenses

#### Research and development

	Year Ended April 30,		Change	
	2023	2022	\$	%
	(in thousands)			
Research and development	\$ 313,454	\$ 273,761	\$ 39,693	14 %

Research and development expense increased by \$39.7 million, or 14%, for the year ended April 30, 2023 compared to the prior year as we continued to invest in the development of new and existing offerings. Personnel and related costs increased by \$29.7 million as a result of growth in headcount. In addition, travel costs increased by \$4.6 million, cloud infrastructure costs related to our research and development activities increased by \$3.0 million, and consulting costs increased by \$1.5 million. The increase in personnel and related costs includes an increase of \$20.3 million in stock-based compensation, an increase of \$6.9 million in salaries and related taxes, and an increase of \$2.8 million in employee benefits expense.

#### Sales and marketing

	Year Ended April 30,		Change	
	2023	2022	\$	%
	(in thousands)			
Sales and marketing	\$ 503,537	\$ 406,658	\$ 96,879	24 %

[Table of Contents](#)

Sales and marketing expense increased by \$96.9 million, or 24%, for the year ended April 30, 2023 compared to the prior year. This increase was primarily due to an increase of \$83.6 million in personnel and related costs and a \$2.8 million increase in software and equipment charges due to growth in headcount. In addition, travel expenses increased by \$6.2 million and marketing expense increased by \$4.8 million. The increase in personnel and related costs included an increase of \$37.9 million in salaries and related taxes, an increase of \$23.1 million in stock-based compensation, an increase of \$10.7 million in commission expense, and an increase of \$8.2 million in employee benefits expense.

*General and administrative*

	Year Ended April 30,		Change	
	2023	2022	\$	%
	(in thousands)			
General and administrative	\$ 143,247	\$ 123,441	\$ 19,806	16 %

General and administrative expense increased by \$19.8 million, or 16%, for the year ended April 30, 2023 compared to the prior year. This increase was primarily due to an increase of \$27.7 million in personnel and related costs and a \$0.8 million increase in software and equipment charges due to headcount growth. In addition, travel costs increased by \$0.7 million. These increases were partially offset by a \$9.2 million decrease in legal and professional fees and a \$0.8 million decrease in consulting expense. The increase in personnel and related costs includes an increase of \$16.5 million in stock-based compensation expense, an increase of \$9.1 million in salaries and related taxes, and an increase of \$2.1 million in employee benefits expense.

*Restructuring and other related charges*

	Year Ended April 30,		Change	
	2023	2022	\$	%
	(in thousands)			
Restructuring and other related charges	\$ 31,297	\$ —	\$ 31,297	100 %

For the year ended April 30, 2023, we recorded restructuring and other related charges comprising employee-related severance and other termination benefits of approximately \$23.3 million, facilities-related charges of approximately \$6.2 million, and \$1.8 million of other restructuring-related charges while we had no such charges in the prior year.

***Other Income (Expense), Net***

*Interest expense*

	Year Ended April 30,		Change	
	2023	2022	\$	%
	(in thousands)			
Interest expense	\$ (25,159)	\$ (20,716)	\$ (4,443)	21 %

Interest expense increased by \$4.4 million, or 21%, for the year ended April 30, 2023 compared to the prior year. This increase was primarily due to interest expense associated with the 4.125% Senior Notes due 2029, which we issued in July 2021 in a private placement, as well as a full year of amortization of the related debt discount and issuance costs.

*Other income (expense), net*

	Year Ended April 30,		Change	
	2023	2022	\$	%
	(in thousands)			
Other income (expense), net	\$ 27,454	\$ (3,393)	\$ 30,847	(909)%

Other income, net was \$27.5 million for the year ended April 30, 2023 compared to Other expense, net of \$3.4 million for the prior year. This change of \$30.8 million was primarily due to an increase in interest income of \$17.4 million as a result of higher interest earned on our investments and income from a favorable settlement of a legal claim in the amount of \$10.4 million during the year ended April 30, 2023. In addition, we recognized a foreign currency transaction loss of \$0.4 million in the current fiscal year compared to a foreign currency transaction loss of \$3.6 million in the prior year.

**Provision for Income Taxes**

	Year Ended April 30,		Change	
	2023	2022	\$	%
	(in thousands)			
Provision for income taxes	\$ 19,284	\$ 6,059	\$ 13,225	218 %

The provision for income taxes increased \$13.2 million, or 218%, for the year ended April 30, 2023 compared to the prior year. Our effective tax rate was (8.9)% and (3.1%) of our net loss before taxes for the years ended April 30, 2023 and 2022, respectively. Our effective tax rate is affected by recurring items, such as tax rates in jurisdictions outside the Netherlands and the relative amounts of income we earn in those jurisdictions and non-deductible stock-based compensation as well as one-time tax benefits or charges. The increase in tax expense is driven primarily by growth in business operations in jurisdictions where we generate taxable income and do not have any available tax credits or net operating losses to offset that income, and a one-time charge of \$2.8 million related to the completion of acquisition-related integration, reduced by a one-time benefit of \$1.2 million related to our restructuring plan.

**Liquidity and Capital Resources**

As of April 30, 2023, our principal sources of liquidity were cash, cash equivalents, and marketable securities totaling \$915.2 million. Our cash and cash equivalents and marketable securities consist of highly liquid investment-grade fixed-income securities. We believe that the credit quality of the securities portfolio is strong and diversified among industries and individual issuers.

We have generated significant operating losses from our operations as reflected in our accumulated deficit of \$1.1 billion as of April 30, 2023. We have historically incurred, and expect to continue to incur, operating losses and may generate negative cash flows from operations on an annual basis for the foreseeable future due to the investments we intend to make as described above, and as a result, we may require additional capital resources to execute on our strategic initiatives to grow our business.

We believe that our existing cash, cash equivalents, and marketable securities will be sufficient to fund our operating and capital needs for at least the next 12 months, despite the uncertainty in the changing market and macroeconomic conditions. Our assessment of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement and involves risks and uncertainties. Our actual results could vary as a result of, and our future capital requirements, both near-term and long-term, will depend on, many factors, including our growth rate, the timing and extent of spending to support our research and development efforts, the expansion of sales and marketing activities, the timing of new introductions of solutions or features, and the continuing market acceptance of our solutions and services. We may in the future enter into arrangements to acquire or invest in complementary businesses, services and technologies, including intellectual property rights. We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. In July 2021, we issued long-term debt of \$575.0 million, and we may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, or if we cannot expand our operations or otherwise capitalize on our business opportunities because we lack sufficient capital, our business, operating results and financial condition would be adversely affected.

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

	Year Ended April 30,		
	2023	2022	2021
	(in thousands)		
Net cash provided by operating activities	\$ 35,662	\$ 5,672	\$ 22,545
Net cash used in investing activities	\$ (272,952)	\$ (127,271)	\$ (1,518)
Net cash provided by financing activities	\$ 17,471	\$ 602,127	\$ 77,258

### **Net Cash Provided By Operating Activities**

Net cash provided by operating activities during the year ended April 30, 2023 was \$35.7 million, which resulted from adjustments for non-cash charges of \$307.2 million, mostly offset by a net loss of \$236.2 million and net cash outflow of \$35.4 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of \$204.0 million for stock-based compensation expense, \$68.9 million for amortization of deferred contract acquisition costs, \$20.2 million of depreciation and intangible asset amortization expense, \$10.9 million in non-cash operating lease costs, and \$6.2 million of asset impairment charges. The net cash outflow from changes in operating assets and liabilities was the result of an increase in deferred contract acquisition costs of \$102.0 million as our sales commissions increased due to increased business volume, an increase of \$46.4 million in accounts receivable, and a decrease of \$11.4 million in operating lease liabilities. These outflows were partially offset by a \$95.6 million increase in deferred revenue, a net increase of \$18.9 million in accounts payable, accrued expenses and accrued compensation and benefits, and a decrease of \$9.8 million in prepaid expenses and other assets.

Net cash provided by operating activities during the year ended April 30, 2022 was \$5.7 million, which resulted from a net loss of \$203.8 million adjusted for non-cash charges of \$230.2 million and net cash outflow of \$20.6 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of \$140.6 million for stock-based compensation expense, \$60.7 million for amortization of deferred contract acquisition costs, \$19.7 million of depreciation and intangible asset amortization expense, \$8.6 million in non-cash operating lease costs, net foreign currency transaction loss of \$2.0 million, amortization of debt issuance costs of \$0.8 million, and \$0.1 million of other expenses which were partially offset by an increase of \$2.4 million in deferred tax assets. The net cash outflow from changes in operating assets and liabilities was the result of an increase of \$62.2 million in accounts receivable due to higher billings and timing of collections from our customers, an increase in deferred contract acquisition costs of \$96.8 million as our sales commissions increased due to increased business volume, a decrease of \$8.9 million in operating lease liabilities, and an increase of \$2.6 million in prepaid expenses and other assets. These outflows were partially offset by an \$83.8 million increase in deferred revenue due to higher billings and a net increase of \$66.0 million in accounts payable, accrued expenses, and accrued compensation and benefits due to growth in our business and higher headcount.

### **Net Cash Used in Investing Activities**

Net cash used in investing activities of \$273.0 million during the year ended April 30, 2023 was primarily due to the purchase of marketable securities of \$270.3 million. In addition, we incurred \$2.7 million of capital expenditures during the year.

Net cash used in investing activities of \$127.3 million during the year ended April 30, 2022 was primarily due to cash used in acquisitions of \$119.9 million, capitalization of \$4.9 million in internal-use software costs, and \$2.5 million of capital expenditures during the year.

### **Net Cash Provided by Financing Activities**

Net cash provided by financing activities of \$17.5 million during the year ended April 30, 2023 was due to the proceeds from stock option exercises.

Net cash provided by financing activities of \$602.1 million during the year ended April 30, 2022 was due to the proceeds of \$575.0 million from the issuance of long-term debt and \$36.4 million of proceeds from stock option exercises, partially offset by \$9.3 million payments of debt issuance costs.

### **Contractual Obligations and Commitments**

Our principal commitments consist of our purchase obligations under non-cancelable agreements for cloud hosting, subscription software, and sales and marketing, future non-cancelable minimum rental payments under operating leases for our offices, and interest payments due on our Senior Notes. As of April 30, 2023, we had purchase commitments of \$542.8 million related to cloud hosting services, future minimum lease payment commitments of \$28.4 million, and purchase commitments of \$43.8 million related to other contracts. During the year ended April 30, 2023, we entered into an amendment to a non-cancelable cloud hosting capacity agreement, effective December 31, 2022, for a total purchase commitment of \$270.0 million payable over the four years following the date of the agreement. See Note 8, "Commitments and contingencies," and Note 9, "Leases," of our accompanying Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for additional discussion of our cloud hosting obligations and future non-cancelable minimum rental payments, respectively.

In July 2021, we issued \$575.0 million aggregate principal amount of 4.125% Senior Notes due July 15, 2029 in a private placement. Interest on the Senior Notes is payable semi-annually in arrears on January 15 and July 15 of each year. See Note 7, "Senior Notes," of our accompanying Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for additional information about the Senior Notes.

As of April 30, 2023, we had \$2.3 million in letters of credit outstanding in favor of certain landlords for office space. These letters of credit renew annually and expire on various dates through 2025.

Our contractual commitment amounts are associated with agreements that are enforceable and legally binding and do not include obligations under contracts that we can cancel without a significant penalty. Purchase orders issued in the ordinary course of business are also excluded, as our purchase orders represent authorizations to purchase rather than binding agreements.

We have also excluded unrecognized tax benefits from the contractual obligations. A variety of factors could affect the timing of payments for the liabilities related to unrecognized tax benefits. Therefore, we cannot reasonably estimate the timing of such payments. We believe that these matters will likely not be resolved in the next 12 months and accordingly we have classified the estimated liability as non-current in the consolidated balance sheet. For further information see Note 13, "Income taxes," of our accompanying Notes to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

### **Critical Accounting Policies and Estimates**

In preparing our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"), we are required to make estimates, assumptions and judgments that affect the amounts reported on our financial statements and the accompanying disclosures. Estimates and assumptions about future events and their effects cannot be determined with certainty and therefore require the exercise of judgment. We base our estimates, assumptions and judgments on historical experience and various other factors that we believe to be reasonable under the circumstances. These estimates may change in future periods and will be recognized in the consolidated financial statements as new events occur and additional information becomes known. Actual results could differ from those estimates and any such differences may be material to our financial statements. We believe that the critical accounting policies and estimates set forth below involve a higher degree of judgment and complexity in their application than our other significant accounting policies.

Accounting policies that have a significant impact on our results are described in Note 2 "Summary of Significant Accounting Policies" to our accompanying Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K. The accounting policies discussed in this section are those that we consider to involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Due to current macroeconomic developments and conditions, estimates and assumptions about future events and their effects cannot be determined with certainty and therefore require increased judgment. These estimates and assumptions may change in future periods and will be recognized in the consolidated financial statements as new events occur and additional information becomes known. To the extent our actual results differ materially from those estimates and assumptions, our future financial statements could be affected.

### **Revenue Recognition**

Our contracts with customers include varying terms and conditions, and identifying and evaluating the impact of these terms and conditions on revenue recognition requires significant judgment. We apply judgment in determining the customer's ability and intent to pay, which is based on a variety of factors, including the customer's historical payment experience or, in the case of a new customer, credit, reputation, and financial or other information pertaining to the customer. At contract inception we evaluate whether two or more contracts should be combined and accounted for as a single contract and whether the combined or single contract includes more than one performance obligation. We have concluded that our contracts with customers generally do not contain warranties that give rise to a separate performance obligation.

Our contracts often contain multiple performance obligations. For these contracts, we account for individual performance obligations separately if they are distinct. We apply significant judgment in identifying and accounting for each performance obligation, as a result of evaluating the terms and conditions in contracts. The transaction price is allocated to the separate performance obligations on a relative standalone selling price ("SSP") basis. We determine the SSP based on the prices at which we separately sell these products assuming the majority of these fall within a pricing range. In instances where SSP is not directly observable, such as when we do not sell the software license separately, we derive the SSP using information that may include market conditions and other observable and unobservable inputs which can require significant judgment. There is typically more than one SSP for individual products and services due to the stratification of those products and services by quantity, term of the subscription, sales channel and other circumstances. If one of the performance obligations is outside of the SSP range, we allocate the transaction price considering the midpoint of the SSP range. We also consider if there are any additional material rights inherent in a contract, and if so, we allocate a portion of the transaction price to such rights based on a relative SSP.

## **Deferred Contract Acquisition Costs**

Deferred contract acquisition costs represent costs that are incremental to the acquisition of customer contracts, which consist mainly of sales commissions and associated payroll taxes. We determine whether costs should be deferred based on sales compensation plans if the commissions are in fact incremental and would not have occurred absent the customer contract.

Our sales commissions plan incorporates different commission rates for contracts with new customers and incremental sales to existing customers, and for subsequent subscription renewals. Sales commissions for renewal of a subscription contract are not considered commensurate with the commissions paid for contracts with new customers and incremental sales to existing customers given the substantive difference in commission rates in proportion to their respective contract values. Commissions paid for contracts with new customers and incremental sales to existing customers are amortized over an estimated period of benefit of five years while commissions paid for renewal contracts are amortized based on the pattern of the associated revenue recognition over the related contractual renewal period for the pool of renewal contracts. We determine the period of benefit for commissions paid for contracts with new customers and incremental sales to existing customers by taking into consideration its initial estimated customer life and the technological life of its software and related significant features. Commissions paid on services are typically amortized in accordance with the associated revenue as the commissions paid on new and renewal services are commensurate with each other. Amortization of deferred contract acquisition costs is recognized in sales and marketing expense in the consolidated statements of operations.

## **Acquired Intangible Assets**

We apply significant judgment in determining the fair value of the intangible assets acquired, which involves the use of significant estimates and assumptions. These estimates can include, but are not limited to, future expected cash flows from acquired customers and acquired technology from a market participant perspective, costs to rebuild developed technology, useful lives and discount rates. While we use our best estimates and judgments, our estimates are inherently uncertain.

## **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

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

### **Interest Rate Risk**

We had cash, cash equivalents, restricted cash, and marketable securities totaling \$917.7 million as of April 30, 2023. Our cash, cash equivalents, and restricted cash are held in cash deposits and money market funds. The primary objectives of our investment activities are the preservation of capital, the fulfillment of liquidity needs and the fiduciary control of cash and investments. We do not enter into investments for trading or speculative purposes. Due to the short-term nature of these instruments, we do not believe that an immediate 10% increase or decrease in interest rates would have a material effect on the fair value of our investment portfolio. Declines in interest rates, however, would reduce our future interest income.

In July 2021, we issued \$575.0 million aggregate principal amount of 4.125% Senior Notes due 2029 in a private placement. The fair value of the Senior Notes is subject to market risk. In addition, the fair market value of the Senior Notes is exposed to interest rate risk. Generally, the fair market value of our fixed interest rate Senior Notes will increase as interest rates fall and decrease as interest rates rise. The interest rate and market value changes affect the fair value of the Senior Notes, but do not impact our financial position, cash flows or results of operations due to the fixed nature of the debt obligation. Additionally, we carry the Senior Notes at face value less unamortized debt issuance cost on our balance sheet, and we present the fair value for required disclosure purposes only.

### **Foreign Currency Risk**

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



We have experienced and will continue to experience fluctuations in net loss as a result of transaction gains or losses related to remeasurement of certain asset and liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. An immediate 10% increase or decrease in the relative value of the U.S. dollar to other currencies could have a material effect on our revenue, operating expenses, and net loss. As a component of other income, net, we recognized a foreign currency transaction loss of \$0.4 million and \$3.6 million for the years ended April 30, 2023 and 2022, respectively, and a foreign currency transaction gain of \$7.7 million for the year ended April 30, 2021.

As of April 30, 2023, our cash, cash equivalents, restricted cash, and marketable securities were primarily denominated in U.S. dollars, Euros, and British Pound Sterling. A 10% increase or decrease in exchange rates as of such date would have had an impact of approximately \$19.3 million on our cash, cash equivalents, restricted cash, and marketable securities balances.

**Item 8. Financial Statements and Supplementary Data**

The following financial statements are filed as part of this Annual Report on Form 10-K:

<a href="#">Report of Independent Registered Public Accounting Firm</a> (PCAOB ID 238)	67
Financial Statements:	
<a href="#">Consolidated Balance Sheets</a>	69
<a href="#">Consolidated Statements of Operations</a>	70
<a href="#">Consolidated Statements of Comprehensive Loss</a>	71
<a href="#">Consolidated Statements of Shareholders' Equity</a>	72
<a href="#">Consolidated Statements of Cash Flows</a>	73
<a href="#">Notes to Consolidated Financial Statements</a>	74

## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Elastic N.V.

### ***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Elastic N.V. and its subsidiaries (the “Company”) as of April 30, 2023 and 2022, and the related consolidated statements of operations, of comprehensive loss, of shareholders' equity and of cash flows for each of the three years in the period ended April 30, 2023, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of April 30, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of April 30, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended April 30, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of April 30, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

### ***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### ***Definition and Limitations of Internal Control over Financial Reporting***

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Critical Audit Matters**

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Revenue Recognition – Identification and Evaluation of Terms and Conditions in Contracts*

As described in Note 2 to the consolidated financial statements, management applies the following steps in their determination of revenue to be recognized: (i) identification of the contract with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when the Company satisfies each performance obligation. The Company's contracts include varying terms and conditions, and identifying and evaluating the impact of these terms and conditions on revenue recognition requires significant judgment. For the fiscal year ended April 30, 2023, the Company's revenue was \$1,069.0 million.

The principal considerations for our determination that performing procedures relating to revenue recognition, specifically the identification and evaluation of terms and conditions in contracts, is a critical audit matter are the significant judgment by management in identifying and evaluating terms and conditions in contracts that impact revenue recognition. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and in evaluating the audit evidence to determine whether terms and conditions in contracts were appropriately identified and evaluated by management.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls related to the identification and evaluation of terms and conditions in contracts that impact revenue recognition. These procedures also included (i) testing the completeness and accuracy of management's identification and evaluation of the specific terms with customers by examining revenue contracts on a sample basis and (ii) assessing the terms and conditions of the contract including their impact on revenue recognition.

/s/ PricewaterhouseCoopers LLP

San Jose, California

June 16, 2023

We have served as the Company's auditor since 2018.

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

	As of April 30,	
	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 644,167	\$ 860,949
Restricted cash	2,473	2,688
Marketable securities	271,041	—
Accounts receivable, net of allowance for credit losses of \$3,409 and \$2,700 as of April 30, 2023 and April 30, 2022, respectively	260,919	215,228
Deferred contract acquisition costs	55,813	43,628
Prepaid expenses and other current assets	39,867	41,215
Total current assets	1,274,280	1,163,708
Property and equipment, net	5,092	7,207
Goodwill	303,642	303,906
Operating lease right-of-use assets	19,997	25,437
Intangible assets, net	29,104	45,800
Deferred contract acquisition costs, non-current	95,879	74,419
Deferred tax assets	7,412	5,811
Other assets	8,076	16,643
Total assets	\$ 1,743,482	\$ 1,642,931
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 35,151	\$ 28,403
Accrued expenses and other liabilities	63,532	53,930
Accrued compensation and benefits	76,483	68,002
Operating lease liabilities	12,749	11,219
Deferred revenue	528,704	431,776
Total current liabilities	716,619	593,330
Deferred revenue, non-current	34,248	33,518
Long-term debt, net	567,543	566,520
Operating lease liabilities, non-current	13,942	16,482
Other liabilities, non-current	12,233	17,648
Total liabilities	1,344,585	1,227,498
Commitments and contingencies (Notes 8 and 9)		
Shareholders' equity:		
Convertible preference shares, €0.01 par value; 165,000,000 shares authorized, 0 shares issued and outstanding as of April 30, 2023 and April 30, 2022	—	—
Ordinary shares, par value €0.01 per share: 165,000,000 shares authorized; 97,366,947 shares issued and outstanding as of April 30, 2023 and 94,174,914 shares issued and outstanding as of April 30, 2022	1,024	990
Treasury stock	(369)	(369)
Additional paid-in capital	1,471,584	1,250,108
Accumulated other comprehensive loss	(20,015)	(18,130)
Accumulated deficit	(1,053,327)	(817,166)
Total shareholders' equity	398,897	415,433
Total liabilities and shareholders' equity	\$ 1,743,482	\$ 1,642,931

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

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

	Year Ended April 30,		
	2023	2022	2021
Revenue			
Subscription	\$ 984,762	\$ 798,770	\$ 567,339
Services	84,227	63,604	41,150
Total revenue	<u>1,068,989</u>	<u>862,374</u>	<u>608,489</u>
Cost of revenue			
Subscription	219,306	178,204	122,513
Services	77,320	53,990	38,541
Total cost of revenue	<u>296,626</u>	<u>232,194</u>	<u>161,054</u>
Gross profit	<u>772,363</u>	<u>630,180</u>	<u>447,435</u>
Operating expenses			
Research and development	313,454	273,761	199,203
Sales and marketing	503,537	406,658	273,877
General and administrative	143,247	123,441	103,833
Restructuring and other related charges	31,297	—	—
Total operating expenses	<u>991,535</u>	<u>803,860</u>	<u>576,913</u>
Operating loss	<u>(219,172)</u>	<u>(173,680)</u>	<u>(129,478)</u>
Other income (expense), net			
Interest expense	(25,159)	(20,716)	(185)
Other income (expense), net	27,454	(3,393)	7,949
Loss before income taxes	<u>(216,877)</u>	<u>(197,789)</u>	<u>(121,714)</u>
Provision for income taxes	19,284	6,059	7,720
Net loss	<u>\$ (236,161)</u>	<u>\$ (203,848)</u>	<u>\$ (129,434)</u>
Net loss per share attributable to ordinary shareholders, basic and diluted	<u>\$ (2.47)</u>	<u>\$ (2.20)</u>	<u>\$ (1.48)</u>
Weighted-average shares used to compute net loss per share attributable to ordinary shareholders, basic and diluted	<u>95,729,844</u>	<u>92,547,145</u>	<u>87,207,094</u>

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

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

	Year Ended April 30,		
	2023	2022	2021
Net loss	\$ (236,161)	\$ (203,848)	\$ (129,434)
Other comprehensive loss:			
Unrealized loss on available-for-sale securities	(71)	—	—
Foreign currency translation adjustments	(1,814)	(10,025)	(6,728)
Other comprehensive loss	(1,885)	(10,025)	(6,728)
Total comprehensive loss	<u>\$ (238,046)</u>	<u>\$ (213,873)</u>	<u>\$ (136,162)</u>

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



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

	Ordinary Shares		Treasury Shares Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount					
<b>Balances as of April 30, 2020</b>	82,856,978	\$ 856	\$ (369)	\$ 898,788	\$ (1,377)	\$ (484,251)	\$ 413,647
Cumulative-effect adjustment from adoption of ASU 2016-13	—	—	—	—	—	367	367
Issuance of ordinary shares upon exercise of stock options	6,989,222	83	—	77,175	—	—	77,258
Issuance of ordinary shares upon release of restricted stock units	687,785	9	—	(9)	—	—	—
Reclassification of liability-classified awards	—	—	—	2,703	—	—	2,703
Stock-based compensation	—	—	—	93,018	—	—	93,018
Net loss	—	—	—	—	—	(129,434)	(129,434)
Other comprehensive loss	—	—	—	—	(6,728)	—	(6,728)
<b>Balances as of April 30, 2021</b>	90,533,985	948	(369)	1,071,675	(8,105)	(613,318)	450,831
Fair value of replacement equity awards attributable to pre-acquisition service	—	—	—	1,266	—	—	1,266
Issuance of ordinary shares upon exercise of stock options	2,563,287	29	—	36,381	—	—	36,410
Issuance of ordinary shares upon release of restricted stock units	1,077,642	13	—	(13)	—	—	—
Stock-based compensation	—	—	—	140,799	—	—	140,799
Net loss	—	—	—	—	—	(203,848)	(203,848)
Other comprehensive loss	—	—	—	—	(10,025)	—	(10,025)
<b>Balances as of April 30, 2022</b>	94,174,914	990	(369)	1,250,108	(18,130)	(817,166)	415,433
Issuance of ordinary shares upon exercise of stock options	1,127,036	12	—	17,459	—	—	17,471
Issuance of ordinary shares upon release of restricted stock units	2,064,997	22	—	(22)	—	—	—
Stock-based compensation	—	—	—	204,039	—	—	204,039
Net loss	—	—	—	—	—	(236,161)	(236,161)
Other comprehensive loss	—	—	—	—	(1,885)	—	(1,885)
<b>Balances as of April 30, 2023</b>	97,366,947	\$ 1,024	\$ (369)	\$ 1,471,584	\$ (20,015)	\$ (1,053,327)	\$ 398,897

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

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

	Year Ended April 30,		
	2023	2022	2021
<b>Cash flows from operating activities</b>			
Net loss	\$ (236,161)	\$ (203,848)	\$ (129,434)
Adjustments to reconcile net loss to cash provided by operating activities:			
Depreciation and amortization	20,233	19,728	17,237
Amortization of premium and accretion of discount on marketable securities, net	(772)	—	—
Amortization of deferred contract acquisition costs	68,900	60,738	40,991
Amortization of debt issuance costs	1,023	803	—
Non-cash operating lease cost	10,880	8,636	7,927
Asset impairment charges	6,242	—	—
Stock-based compensation expense, net of amounts capitalized	204,039	140,612	93,680
Deferred income taxes	(2,007)	(2,430)	33
Foreign currency transaction (gain) loss	(1,386)	1,984	(9,507)
Other	44	98	(142)
Changes in operating assets and liabilities:			
Accounts receivable, net	(46,353)	(62,187)	(24,037)
Deferred contract acquisition costs	(102,017)	(96,755)	(81,137)
Prepaid expenses and other current assets	1,323	(3,427)	(4,192)
Other assets	8,525	825	(4,107)
Accounts payable	6,304	21,036	(4,775)
Accrued expenses and other liabilities	4,310	27,192	8,118
Accrued compensation and benefits	8,324	17,775	3,867
Operating lease liabilities	(11,405)	(8,888)	(7,914)
Deferred revenue	95,616	83,780	115,937
Net cash provided by operating activities	35,662	5,672	22,545
<b>Cash flows from investing activities</b>			
Purchases of property and equipment	(2,684)	(2,485)	(3,912)
Business acquisitions, net of cash acquired	—	(119,854)	—
Purchases of marketable securities	(270,268)	—	—
Capitalization of internal-use software	—	(4,932)	(317)
Other	—	—	2,711
Net cash used in investing activities	(272,952)	(127,271)	(1,518)
<b>Cash flows from financing activities</b>			
Proceeds from the issuance of debt	—	575,000	—
Proceeds from issuance of ordinary shares upon exercise of stock options	17,471	36,410	77,258
Payments of debt issuance costs	—	(9,283)	—
Net cash provided by financing activities	17,471	602,127	77,258
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	2,822	(20,599)	6,034
Net increase (decrease) in cash, cash equivalents, and restricted cash	(216,997)	459,929	104,319
Cash, cash equivalents, and restricted cash, beginning of period	863,637	403,708	299,389
Cash, cash equivalents, and restricted cash, end of period	\$ 646,640	\$ 863,637	\$ 403,708
<b>Supplemental disclosures of cash flow information</b>			
Cash paid for interest	\$ 24,136	\$ 12,995	\$ —
Cash paid (refunds) for income taxes, net	\$ 11,581	\$ 3,979	\$ (423)
Cash paid for operating lease liabilities	\$ 13,136	\$ 10,101	\$ 8,957
<b>Supplemental disclosures of non-cash investing and financing information</b>			
Property and equipment included in accounts payable	\$ 121	\$ 150	\$ 10
Operating lease right-of-use assets for new lease obligations	\$ 10,902	\$ 8,992	\$ 1,120
Acquisition-related indemnity holdback	\$ —	\$ 6,000	\$ —

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

**Elastic N.V.**  
**Notes to Consolidated Financial Statements**

<b>Note</b>	<b>Page</b>
1. <a href="#">Organization and Description of Business</a>	<a href="#">75</a>
2. <a href="#">Summary of Significant Accounting Policies</a>	<a href="#">75</a>
3. <a href="#">Revenue and Remaining Performance Obligations</a>	<a href="#">83</a>
4. <a href="#">Fair Value Measurements</a>	<a href="#">84</a>
5. <a href="#">Acquisitions</a>	<a href="#">85</a>
6. <a href="#">Balance Sheet Components</a>	<a href="#">86</a>
7. <a href="#">Senior Notes</a>	<a href="#">89</a>
8. <a href="#">Commitments and Contingencies</a>	<a href="#">90</a>
9. <a href="#">Leases</a>	<a href="#">91</a>
10. <a href="#">Ordinary Shares</a>	<a href="#">91</a>
11. <a href="#">Equity Incentive Plans</a>	<a href="#">92</a>
12. <a href="#">Net Loss Per Share Attributable to Ordinary Shareholders</a>	<a href="#">95</a>
13. <a href="#">Income Taxes</a>	<a href="#">96</a>
14. <a href="#">Employee Benefit Plans</a>	<a href="#">98</a>
15. <a href="#">Segment Information</a>	<a href="#">99</a>
16. <a href="#">Restructuring and Other Related Charges</a>	<a href="#">99</a>

## 1. Organization and Description of Business

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

## 2. Summary of Significant Accounting Policies

### *Basis of Presentation*

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

### *Fiscal Year*

The Company’s fiscal year ends on April 30. References to fiscal 2023, for example, refer to the fiscal year ended April 30, 2023.

### *Use of Estimates and Judgments*

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Such estimates include, but are not limited to, allocation of revenue between recognized and deferred amounts, deferred contract acquisition costs, allowance for credit losses, valuation of stock-based compensation, fair value of ordinary shares in periods prior to the Company’s initial public offering, fair value of acquired intangible assets and goodwill, useful lives of acquired intangible assets and property and equipment, whether an arrangement is or contains a lease, discount rate used for operating leases, and valuation allowance for deferred income taxes. The Company bases these estimates on historical and anticipated results, trends and various other assumptions that it believes are reasonable under the circumstances, including assumptions as to future events.

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

### *Foreign Currency*

The reporting currency of the Company is the U.S. dollar. The Company determines the functional currency of each subsidiary in accordance with ASC 830, *Foreign Currency Matters*, based on the currency of the primary economic environment in which each subsidiary operates. Items included in the financial statements of such subsidiaries are measured using that functional currency. The Company periodically re-assesses its operations to determine if previous conclusions are still valid. Changes in functional currencies are applied prospectively if the operations encounter a significant and permanent change.

For the subsidiaries where the U.S. dollar is the functional currency, foreign currency denominated monetary assets and liabilities are re-measured into U.S. dollars at current exchange rates and foreign currency denominated nonmonetary assets and liabilities are re-measured into U.S. dollars at historical exchange rates. Gains or losses from foreign currency re-measurement and settlements are included in other income (expense), net in the consolidated statement of operations. For the years ended April 30, 2023, 2022 and 2021, the Company recognized a re-measurement loss of \$0.4 million, a loss of \$3.6 million, and a gain of \$7.7 million, respectively.

For subsidiaries where the functional currency is other than the U.S. dollar, the Company uses the period-end exchange rates to translate assets and liabilities, the average monthly exchange rates to translate revenue and expenses, and historical exchange rates to translate shareholders’ equity into U.S. dollars. The Company records translation gains and losses in accumulated other comprehensive loss as a component of shareholders’ equity in the consolidated balance sheet.

### **Comprehensive Loss**

The Company's comprehensive loss includes net loss, unrealized gains and losses on available-for-sale debt securities, and foreign currency translation adjustments.

### **Cash, Cash Equivalents and Restricted Cash**

The Company considers all highly liquid investments, including money market funds with an original maturity of three months or less at the date of purchase, to be cash equivalents. The carrying amount of the Company's cash equivalents approximates fair value, due to the short maturities of these instruments. The Company's restricted cash consists primarily of cash deposits with financial institutions in support of letters of credit in favor of landlords for non-cancelable lease agreements.

Cash, cash equivalents, and restricted cash as reported in the Company's consolidated statements of cash flows includes the aggregate amounts of cash and cash equivalents and the restricted cash as shown on the consolidated balance sheet. Cash, cash equivalents, and restricted cash as reported in the Company's consolidated statements of cash flows consists of the following (in thousands):

	As of April 30,	
	2023	2022
Cash and cash equivalents	\$ 644,167	\$ 860,949
Restricted cash	2,473	2,688
Cash, cash equivalents and restricted cash	\$ 646,640	\$ 863,637

### **Marketable Securities**

The Company's marketable securities consist of highly liquid investment-grade fixed-income securities. The Company determines the appropriate classification of its investments at the time of purchase and reevaluates such designation at each balance sheet date. The Company has classified and accounted for its marketable securities as available-for-sale securities as the Company may sell these securities at any time for use in its current operations or for other purposes, including prior to maturity. As a result, the Company has classified its marketable securities within current assets on the consolidated balance sheets.

Available-for-sale securities are recorded at fair value each reporting period. Premiums and discounts are amortized or accreted over the life of the related available-for-sale security as an adjustment to yield using the effective interest method. Interest income is recognized when earned. Unrealized gains and losses on these marketable securities are reported as a separate component of accumulated other comprehensive loss until realized. Realized gains and losses are determined based on the specific identification method and are reported in other income (expense), net in the consolidated statements of operations.

The Company periodically evaluates its marketable securities to assess whether an investment's fair value is less than its amortized cost basis and if the decline in the fair value is attributable to a credit loss. Declines in fair value judged to be related to credit loss are reported in other income (expense), net in the consolidated statements of operations.

### **Fair Value of Financial Instruments**

The Company follows ASC 820, *Fair Value Measurements and Disclosures*, with respect to assets and liabilities that are measured at fair value. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting guidance establishes a three-tiered hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value as follows:

- Level 1: Observable inputs, such as unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2: Observable inputs, other than Level 1 prices, such as quoted prices in active markets for similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's financial instruments consist of cash equivalents, marketable securities, accounts receivable, accounts payable, and accrued liabilities. Cash equivalents are stated at amortized cost, which approximates fair value at the balance sheet dates, due to the short period of time to maturity. Marketable securities are recorded at fair value. Accounts receivable, accounts payable and accrued liabilities are stated at their carrying value, which approximates fair value due to the short time to the expected receipt or payment date.

### ***Concentration of Credit Risk***

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash, cash equivalents, restricted cash, marketable securities, and accounts receivable. The primary focus of the Company's investment strategy is to preserve capital and meet liquidity requirements. The Company maintains its cash accounts with financial institutions where, at times, deposits exceed federal insurance limits. The Company invests its excess cash in highly-rated money market funds and in short-term investments. The Company extends credit to customers in the normal course of business. The Company performs credit analyses and monitors the financial health of its customers to reduce credit risk. Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Management performs ongoing credit evaluations of customers and maintains allowances for potential credit losses on customers' accounts when deemed necessary.

One customer, a channel partner, accounted for 12% of net accounts receivable as of April 30, 2023. No customer represented 10% or more of net accounts receivable as of April 30, 2022. No customer accounted for more than 10% of the Company's total revenue for the years ended April 30, 2023, 2022 and 2021.

### ***Accounts Receivable, Unbilled Accounts Receivable and Allowance for Credit Losses***

Accounts receivable primarily consists of amounts billed currently due from customers. The Company's accounts receivable are subject to collection risk. Gross accounts receivable are reduced for this risk by an allowance for credit losses. This allowance is for estimated losses resulting from the inability of the Company's customers to make required payments. The Company determines the need for an allowance for credit losses based upon various factors, including past collection experience, credit quality of the customer, age of the receivable balance, and current economic conditions, as well as specific circumstances arising with individual customers. Accounts receivables are written off against the allowance when management determines a balance is uncollectible and the Company no longer actively pursues collection of the receivable.

The Company does not typically offer right of refund in its contracts. The allowance for credit losses reflects the Company's best estimate of probable losses inherent in the Company's receivables portfolio. As of April 30, 2023 and 2022, the allowance for credit losses was \$3.4 million and \$2.7 million, respectively. Activity related to the Company's allowance for credit losses for the years ended April 30, 2023, 2022 and 2021 was as follows (in thousands):

	Year Ended April 30,		
	2023	2022	2021
Beginning balance	\$ 2,700	\$ 2,344	\$ 1,247
Cumulative-effect adjustment from adoption of ASU 2016-13	—	—	(367)
Bad debt expense	2,722	2,980	5,095
Accounts written off	(2,013)	(2,624)	(3,631)
Ending balance	\$ 3,409	\$ 2,700	\$ 2,344

Unbilled accounts receivable represents amounts for which the Company has recognized revenue, pursuant to the Company's revenue recognition policy, for fulfilled obligations, but not yet billed. The unbilled accounts receivable balance was \$2.2 million and \$9.2 million as of April 30, 2023 and 2022, respectively.

### ***Capitalized Software Development and Implementation Costs***

Software development costs for software to be sold, leased, or otherwise marketed are expensed as incurred until the establishment of technological feasibility, at which time those costs are capitalized until the product is available for general release to customers and amortized over the estimated life of the product. Technological feasibility is established upon the completion of a working prototype that has been certified as having no critical bugs and is a release candidate. To date, costs to develop software that is marketed externally have not been capitalized as the current software development process is essentially completed concurrently with the establishment of technological feasibility. As such, all related software development costs are expensed as incurred and included in research and development expense in the consolidated statement of operations.

Costs related to software acquired, developed, or modified solely to meet the Company's internal requirements, with no substantive plans to market such software at the time of development, and costs related to the development of web-based product are capitalized during the application development stage. Costs incurred during the preliminary planning and evaluation stage of the project and during the post-implementation operational stage are expensed as incurred. Costs incurred during the application development stage of the project are capitalized.

The Company also capitalizes qualifying implementation costs incurred in a hosting arrangement that is a service contract. These costs are amortized on a straight-line basis over the expected life of the service contract, including consideration of the reasonably certain renewal periods, and are presented in the same income statement line items as the service for the related hosting arrangement. The Company did not capitalize any costs during the year ended April 30, 2023 and capitalized \$5.1 million of such costs in the year ended April 30, 2022, and these costs are recorded in other assets, non-current on the consolidated balance sheets. Amortization expense for the fiscal years ended April 30, 2023 and 2022 was \$1.2 million and \$0.2 million, respectively. No amortization expense related to capitalized implementation costs was recorded during the fiscal year ended April 30, 2021 as the underlying implementation activities were not complete.

### ***Property and Equipment***

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation are removed from the financial statements and any resulting gain or loss is reflected within the consolidated statement of operations. There was no material gain or loss incurred as a result of retirement or sale in the periods presented. Repair and maintenance costs are expensed as incurred.

### ***Leases***

Leases arise from contractual obligations that convey the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. The Company determines whether an arrangement is or contains a lease at inception, based on whether there is an identified asset and whether the Company controls the use of the identified asset throughout the period of use. At the lease commencement date, the Company determines the lease classification between finance and operating and recognizes a right-of-use asset and corresponding lease liability for each lease component. A right-of-use asset represents the Company's right to use an underlying asset and a lease liability represents the Company's obligation to make payments during the lease term. The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The Company accounts for lease components and non-lease components as a single lease component. Leases with an initial term of twelve months or less are classified as short-term leases and therefore are not recognized on the consolidated balance sheets and are expensed on a straight-line basis within the consolidated statement of operations.

The lease liability is initially measured as the present value of the remaining lease payments over the lease term. The discount rate used to determine the present value is the Company's incremental borrowing rate unless the interest rate implicit in the lease is readily determinable. The Company estimates its incremental borrowing rate based on the information available at lease commencement date for borrowings with a similar term. The right-of-use asset is initially measured as the present value of the lease payments, adjusted for initial direct costs, prepaid lease payments to lessors and lease incentives.

### ***Acquisitions***

When the Company acquires a business, the Company allocates the purchase price, which is the sum of the consideration provided and may consist of cash, equity or a combination of the two, in a business combination to the identifiable assets and liabilities of the acquired business at their estimated respective fair values. The excess of the purchase price over the amount allocated to the identifiable assets and liabilities, if any, is recorded as goodwill. Determining the fair value of assets acquired and liabilities assumed requires management to use significant judgment and estimates, including, but not limited to, the selection of valuation methodologies, estimates of future revenue and cash flows, costs to rebuild developed technology, discount rates and selection of comparable companies. The Company's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, the Company may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to other income, net in the consolidated statement of operations.



When the Company issues stock-based or cash awards to an acquired company's shareholders, the Company evaluates whether the awards are consideration or compensation for post-acquisition services. The evaluation includes, among other things, whether the vesting of the awards is contingent on the continued employment of the acquired company's shareholders beyond the acquisition date. If continued employment is required for vesting, the awards are treated as compensation for post-acquisition services and recognized as expense over the requisite service period.

Acquisition-related transaction costs incurred by the Company are not included as a component of consideration transferred, but are accounted for as an operating expense in the period in which the costs are incurred.

The results of businesses acquired in a business combination are included in the Company's consolidated financial statements from the date of acquisition.

### ***Goodwill***

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business combinations accounted for using the acquisition method for accounting and is not amortized. The Company tests goodwill for impairment at least annually, in the fourth quarter of each year, or more frequently if events or changes in circumstances indicate that this asset may be impaired. For the purposes of impairment testing, the Company has determined that it has one operating segment and one reporting unit. The Company's test of goodwill impairment starts with a qualitative assessment to determine whether it is necessary to perform a quantitative goodwill impairment test. If qualitative factors indicate that the fair value of the reporting unit is more likely than not less than its carrying amount, then a quantitative goodwill impairment test is performed. For the quantitative analysis, the Company compares the fair value of its reporting unit to its carrying value. If the estimated fair value exceeds book value, goodwill is considered not to be impaired and no additional steps are necessary. However, if the fair value of the reporting unit is less than book value, then goodwill will be impaired by the amount that the carrying amount exceeds the implied fair value. There was no impairment of goodwill recorded for the years ended April 30, 2023, 2022 and 2021.

### ***Acquired Intangible Assets***

Acquired amortizable intangible assets are amortized on a straight-line basis over the estimated useful lives of the assets.

	<b>Useful life (in years)</b>
Developed technology	4-5
Customer relationships	4
Trade names	4

### ***Impairment of Long-Lived Assets***

The Company evaluates the recoverability of long-lived assets, including property and equipment and amortizable acquired intangible assets, for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be fully recoverable. Such events and changes may include: significant changes in performance relative to expected operating results, significant changes in asset use, significant negative industry or economic trends, and changes in the Company's business strategy. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If such review indicates that the carrying amount of long-lived assets is not recoverable, the carrying amount of such assets is reduced to fair value. During the year ended April 30, 2023, the Company recorded asset impairment charges comprising impairment of operating lease right-of-use assets and the associated furniture, equipment, and leasehold improvements of \$5.1 million and \$1.1 million, respectively, for exited leased office spaces associated with the Company's restructuring plan. See Note 16 for further details. The Company determined that there were no events or changes in circumstances that indicated that its long-lived assets were impaired during the years ended April 30, 2022 and 2021.

In addition to the recoverability assessment, the Company periodically reviews the remaining estimated useful lives of property and equipment and amortizable intangible assets. If the estimated useful life assumption for any asset is changed, the remaining unamortized balance would be depreciated or amortized over the revised estimated useful life, on a prospective basis.

### ***Revenue Recognition***

The Company generates revenue primarily from the sale of self-managed subscriptions (which include licenses for proprietary features, support, and maintenance) and from the sale of software-as-a service ("SaaS") subscriptions. The Company also generates revenue from services, which consist of consulting and training.

Under ASC 606, *Revenue from Contracts with Customers*, the Company recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company's contracts include varying terms and conditions, and identifying and evaluating the impact of these terms and conditions on revenue recognition requires significant judgment. In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements, the Company performs the following steps:

*(i) identification of the contract with a customer;*

The Company contracts with its customers through order forms, which in some cases are governed by master sales agreements. The Company determines that it has a contract with a customer when the order form has been approved, each party's rights regarding the products or services to be transferred can be identified, the payment terms for the services can be identified, the Company has determined the customer has the ability and intent to pay and the contract has commercial substance. The Company applies judgment in determining the customer's ability and intent to pay, which is based on a variety of factors, including the customer's historical payment experience or, in the case of a new customer, credit, reputation and financial or other information pertaining to the customer. At contract inception the Company evaluates whether two or more contracts should be combined and accounted for as a single contract and whether the combined or single contract includes more than one performance obligation. The Company has concluded that its contracts with customers generally do not contain warranties that give rise to a separate performance obligation.

*(ii) identification of the performance obligations in the contract;*

Performance obligations promised in a contract are identified based on the products and services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the products or services either on their own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the products and services is separately identifiable from other promises in the contract.

The Company's self-managed subscriptions include both a license providing the right to use proprietary features in its software, as well as an obligation to provide support (on both open source and proprietary features) and maintenance. The Company's SaaS products provide access to hosted software as well as support, which the Company considers to be a single performance obligation.

Services-related performance obligations relate to the provision of consulting and training services. These services are distinct from subscriptions and do not result in significant customization of the software.

*(iii) determination of the transaction price;*

The transaction price is the total amount of consideration the Company expects to be entitled to in exchange for the subscriptions and services in a contract. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. None of the Company's contracts contain a significant financing component.

*(iv) allocation of the transaction price to the performance obligations; and*

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. For contracts that contain multiple performance obligations, the Company allocates the transaction price to each performance obligation based on a relative standalone selling price ("SSP"). The SSP is determined based on the prices at which the Company separately sells these products assuming the majority of these prices fall within a pricing range. In instances where SSP is not directly observable, such as when the Company does not sell the software license separately, the Company derives the SSP using information that may include market conditions and other observable and unobservable inputs which can require significant judgment. There is typically more than one SSP for individual products and services due to the stratification of those products and services by quantity, term of the subscription, sales channel and other circumstances. If one of the performance obligations is outside of the SSP range, the Company allocates the transaction price considering the midpoint of the SSP range. The Company also considers if there are any additional material rights inherent in a contract and, if so, the Company allocates a portion of the transaction price to such rights based on a relative SSP.

*(v) recognition of revenue when the Company satisfies each performance obligation;*

Revenue is recognized at the time the related performance obligation is satisfied by transferring the promised product or service to the customer. Revenue for SaaS offerings that relate to a specified amount of services is recognized on a consumption basis as the customers utilize the services. Revenue from SaaS offerings that are stand-ready arrangements is recognized ratably over the contract period as the Company satisfies the performance obligation. The Company's self-managed subscriptions include both upfront revenue recognition when the license is delivered as well as revenue recognized ratably over the contract period for support and maintenance based on the stand-ready nature of these subscription elements.

Services comprise consulting services as well as public and private training. Revenue from services is recognized as these services are delivered.

The Company generates sales directly through its sales team and through its channel partners. Sales to channel partners are made at a discount and revenues are recorded at this discounted price once all the revenue recognition criteria above are met. To the extent that the Company offers rebates, incentives or joint marketing funds to such channel partners, recorded revenues are reduced by this amount. Channel partners generally receive an order from an end customer prior to placing an order with the Company. Payment from channel partners is not contingent on the partner's collection from end customers.

#### *Contract Balances*

The timing of revenue recognition may differ from the timing of invoicing to customers. For annual contracts, the Company typically invoices customers at the time of entering into the contract. For multi-year agreements, the Company generally invoices customers on an annual basis prior to each anniversary of the contract start date. The Company records unbilled accounts receivable related to revenue recognized in excess of amounts invoiced as the Company has an unconditional right to invoice and receive payment in the future related to those fulfilled obligations. Contract liabilities consist of deferred revenue which is recognized over the contractual period.

#### *Deferred Contract Acquisition Costs*

Deferred contract acquisition costs represent costs that are incremental to the acquisition of customer contracts, which consist mainly of sales commissions and associated payroll taxes. The Company determines whether costs should be deferred based on sales compensation plans, if the commissions are in fact incremental and would not have occurred absent the customer contract.

Sales commissions for renewal of a subscription contract are not considered commensurate with the commissions paid for contracts with new customers and incremental sales to existing customers given the substantive difference in commission rates in proportion to their respective contract values. Commissions paid for contracts with new customers and incremental sales to existing customers are amortized over an estimated period of benefit of five years, while commissions paid for renewal contracts are amortized based on the pattern of the associated revenue recognition over the related contractual renewal period for the pool of renewal contracts. The Company determines the period of benefit for commissions paid for contracts with new customers and incremental sales to existing customers by taking into consideration its initial estimated customer life and the technological life of its software and related significant features. Commissions paid on services are typically amortized in accordance with the associated revenue as the commissions paid on new and renewal services are commensurate with each other. Amortization of deferred contract acquisition costs is recognized in sales and marketing expense in the consolidated statement of operations.

The Company periodically reviews the carrying amount of deferred contract acquisition costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit of these deferred costs.

#### *Cost of Revenue*

Cost of revenue consists primarily of costs related to providing subscriptions and services to the Company's customers, including personnel costs (salaries, bonuses and benefits, and stock-based compensation) and related expenses for customer support and services personnel, as well as cloud infrastructure costs, third-party expenses, depreciation of fixed assets, amortization associated with acquired intangible assets, and allocated overhead.

#### *Research and Development*

Research and development costs are expensed as incurred and consist primarily of personnel costs, including salaries, bonuses and benefits, and stock-based compensation. Research and development costs also include depreciation and allocated overhead.

#### *Advertising*

Advertising costs are charged to operations as incurred and recorded in sales and marketing expense in the consolidated statement of operations. Advertising costs were \$22.4 million, \$19.7 million and \$16.7 million for the years ended April 30, 2023, 2022 and 2021 respectively.

### ***Stock-Based Compensation***

Compensation expense related to stock awards issued to employees, including stock options and restricted stock units (“RSU”), is measured at the fair value on the date of the grant and recognized over the requisite service period. The fair value of stock options and purchase rights issued to employees under the 2022 Employee Stock Purchase Plan (“2022 ESPP”) is estimated on the date of the grant using the Black-Scholes option-pricing model. The fair value of RSUs is estimated on the date of the grant based on the fair value of the Company’s underlying ordinary shares. Compensation expense for stock options and RSUs is recognized on a straight-line basis over the requisite service period. The Company recognizes forfeitures as they occur.

### ***Debt Issuance Costs***

Costs incurred in connection with the issuance of debt are deferred and amortized as interest expense over the term of the related debt using the effective interest method. To the extent that the debt is outstanding, these amounts are reflected in the consolidated balance sheets as direct deductions from the carrying amount of the outstanding borrowings.

### ***Net Loss per Share Attributable to Ordinary Shareholders***

The Company calculates basic net loss per share by dividing the net loss by the weighted-average number of ordinary shares outstanding during the period, less shares subject to repurchase. Diluted net loss per share is computed by giving effect to all potentially dilutive ordinary share equivalents outstanding for the period, including stock options, restricted stock units, and ESPP shares.

### ***Treasury Shares***

Ordinary shares of the Company that are repurchased are recorded as treasury shares at cost and are included as a component of shareholders’ equity. As of April 30, 2023 and 2022, the Company had 35,937 treasury shares that were repurchased at an average price of \$10.30 per share.

### ***Segments***

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker (“CODM”). The Company’s Chief Executive Officer is its CODM. The Company’s CODM reviews financial information presented on a consolidated basis for the purposes of making operating decisions, allocating resources and evaluating financial performance. As such, the Company has determined that it operates in one operating and one reportable segment. The Company presents financial information about its operating segment and geographical areas in Note 15.

### ***Income Taxes***

The Company is subject to income taxes in the Netherlands and numerous foreign jurisdictions. These foreign jurisdictions may have different statutory rates than the Netherlands. The Company records a provision for (benefit from) income taxes for the anticipated tax consequences of the reported results of operations using the asset and liability method. Under this method, the Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and the tax basis of assets and liabilities, as well as for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled. The Company records a valuation allowance to reduce its deferred tax assets to the net amount that it believes is more likely than not to be realized.

The calculation of the Company’s tax obligations involves dealing with uncertainties in the application of complex tax laws and regulations. ASC 740, *Income Taxes*, provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits. The Company has assessed its income tax positions and recorded tax benefits for all years subject to examination, based upon the Company’s evaluation of the facts, circumstances and information available at each period end. For those tax positions where the Company has determined there is a greater than 50% likelihood that a tax benefit will be sustained, the Company has recorded the largest amount of tax benefit that may potentially be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is determined there is less than 50% likelihood that a tax benefit will be sustained, no tax benefit has been recognized.

Although the Company believes that it has adequately reserved for its uncertain tax positions, the Company can provide no assurance that the final tax outcome of these matters will not be materially different. As the Company expands internationally, it will face increased complexity, and the Company’s unrecognized tax benefits may increase in the future. The Company makes adjustments to its reserves when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for (benefit from) income taxes in the period in which such determination is made.

**Recently Adopted Accounting Pronouncements**

*Equity Awards:* In May 2021, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2021-04, *Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options (“ASU No. 2021-04”)*, which clarifies the accounting for modifications or exchanges of a freestanding equity-classified written call option that is not within the scope of another topic. This guidance addresses how an entity should treat, measure the effect of, and recognize the effect of a modification of the terms or conditions or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange. The Company adopted ASU No. 2021-04 on May 1, 2022. The Company’s adoption of this ASU did not have a material impact on its consolidated financial statements.

**New Accounting Pronouncements Not Yet Adopted**

*Acquisitions:* In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, improving consistency in accounting for acquired revenue contracts with customers in a business combination by requiring that acquirers apply ASC 606 to recognize contract assets and contract liabilities as if they had originated the contracts. If the acquiree prepared its financial statements in accordance with U.S. GAAP, the resulting acquired contract assets and liabilities should generally be consistent with the acquiree’s financial statements. The new guidance becomes effective for the Company for the fiscal year ending April 30, 2024. Early adoption is permitted. The Company does not expect the adoption of the new accounting standard to have a material impact on its consolidated financial statements.

**3. Revenue and Remaining Performance Obligations**

**Disaggregation of Revenue**

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

	Year Ended April 30,					
	2023		2022		2021	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue
Elastic Cloud	\$ 424,053	40 %	\$ 298,615	35 %	\$ 166,319	27 %
Other subscription	560,709	52 %	500,155	58 %	401,020	66 %
Total subscription	984,762	92 %	798,770	93 %	567,339	93 %
Services	84,227	8 %	63,604	7 %	41,150	7 %
Total revenue	\$ 1,068,989	100 %	\$ 862,374	100 %	\$ 608,489	100 %

For the years ended April 30, 2023 and 2022, license revenue from the Company’s other subscription revenue was less than 10% of total revenue. For the year ended April 30, 2021, license revenue from the Company’s other subscription revenue was 11% of total revenue.

**Remaining Performance Obligations**

As of April 30, 2023, the Company had \$1.103 billion of remaining performance obligations. As of April 30, 2023, the Company expects to recognize approximately 88% of its remaining performance obligations as revenue over the next 24 months and the remainder thereafter.

#### 4. Fair Value Measurements

##### Financial Assets

The following table summarizes assets that are measured at fair value on a recurring basis as of April 30, 2023 (in thousands):

	Level 1	Level 2	Level 3	Total
<b>Financial Assets:</b>				
Cash and cash equivalents:				
Money market funds	\$ 194,261	\$ —	\$ —	\$ 194,261
U.S. agency securities	—	27,406	—	27,406
Certificates of deposit	—	21,750	—	21,750
Commercial paper	—	60,750	—	60,750
Total included in cash and cash equivalents	194,261	109,906	—	304,167
Marketable Securities:				
Certificates of deposit	—	31,645	—	31,645
Commercial paper	—	33,735	—	33,735
U.S. treasury securities	47,627	—	—	47,627
Corporate debt securities	—	118,228	—	118,228
U.S. agency bonds	—	39,806	—	39,806
Total marketable securities	47,627	223,414	—	271,041
Total financial assets	\$ 241,888	\$ 333,320	\$ —	\$ 575,208

The following table summarizes assets that are measured at fair value on a recurring basis as of April 30, 2022 (in thousands):

	Level 1	Level 2	Level 3	Total
<b>Financial Assets:</b>				
Cash and cash equivalents:				
Money market funds	\$ 559,462	\$ —	\$ —	\$ 559,462

For the years ended April 30, 2023, 2022, and 2021, interest income from the Company's cash and cash equivalents and marketable securities was \$17.7 million, \$0.2 million, and \$0.3 million, respectively, and is included in other income (expense), net in the consolidated statement of operations.

As of April 30, 2023, net unrealized losses on the marketable securities were immaterial. The fluctuations in market interest rates impact the unrealized losses or gains on these securities.

As of April 30, 2023, the contractual maturities of the Company's available-for-sale debt securities, excluding those securities classified within cash and cash equivalents on the consolidated balance sheet, did not exceed 36 months. The fair values of available-for-sale securities, by remaining contractual maturity, are as follows (in thousands):

	As of April 30, 2023
Due within 1 year	\$ 168,264
Due between 1 year and 3 years	102,777
Total marketable securities	\$ 271,041

##### Financial Liabilities

In July 2021, the Company issued \$575.0 million aggregate principal amount of 4.125% Senior Notes due July 15, 2029 (the "Senior Notes") in a private placement. Based on the trading prices of the Senior Notes, the fair value of the Senior Notes as of April 30, 2023 was approximately \$498.1 million. While the Senior Notes are recorded at cost, the fair value of the Senior Notes was determined based on quoted prices in markets that are not active; accordingly, the Senior Notes are categorized as Level 2 for purposes of the fair value measurement hierarchy.

## 5. Acquisitions

### *Fiscal 2022 Acquisitions*

#### *cmdWatch Security Inc.*

On September 17, 2021, the Company acquired 100% of the share capital of cmdWatch Security Inc. (“Cmd”) for a total purchase consideration of \$77.8 million. The purchase consideration includes an amount of \$13.4 million held in an indemnity escrow fund, which was released on the 18-month anniversary of the acquisition close date. Pursuant to the merger agreement, Cmd’s vested stock options were paid in cash and unvested stock options held by Cmd employees were assumed by the Company. The fair value of the replacement equity awards associated with pre-acquisition service period of \$4.3 million, consisting of \$3.0 million paid in cash to vested option holders and \$1.3 million of non-cash consideration, was included in the total purchase consideration. Approximately \$6.6 million of the fair value of replacement equity awards was allocated to post-acquisition services that is being recognized as stock-based compensation expense over the remaining service period and was excluded from the total purchase consideration. Additionally, an amount of \$6.5 million for post-combination services, which is payable upon completion of the underlying required service period, has been excluded from the purchase consideration. This amount is being recorded as a post-combination expense over the requisite service period.

The acquisition was accounted for as a business combination in accordance with ASC 805, *Business Combinations*, and accordingly, the total purchase consideration was allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values on the acquisition date. The total purchase price allocated to developed technology and goodwill was \$15.5 million and \$58.7 million, respectively. The fair value assigned to developed technology was determined using the cost to recreate approach. The developed technology asset is being amortized on a straight-line basis over the useful life of 5 years, which approximates the pattern in which the developed technology is utilized. Goodwill resulted primarily from the expectation of enhancing the Company's current security solutions and is not deductible for income tax purposes.

Cmd has been included in the Company’s consolidated results of operations since the acquisition date. Pro forma and historical results of operations for this acquisition have not been presented because they were not material to the consolidated results of operations.

#### *Other Acquisitions*

On September 2, 2021 and November 1, 2021, the Company acquired 100% of the share capital of Build Security Ltd. (“build.security”) and Optimize.cloud Inc. (“Optimize”), respectively, for a combined total purchase consideration of \$57.2 million. The purchase consideration includes an amount of \$5.4 million held in an indemnity escrow for the build.security acquisition, which was released on the 12-month anniversary of the closing of such acquisition, and \$6.0 million held back by the Company for indemnity for the Optimize acquisition, which will be released upon the 18-month anniversary of such acquisition. These acquisitions were accounted for as business combinations. The total purchase price allocated to developed technology and goodwill was \$9.8 million and \$46.7 million, respectively. The developed technology intangible assets from these acquisitions are being amortized on a straight-line basis over a useful life of 5 years, which approximates the pattern in which the respective developed technologies are utilized. Goodwill resulted primarily from the expectation of enhancing the Company's current security solutions and the value of the acquired workforce. This goodwill is not deductible for income tax purposes. Build.security and Optimize have been included in the Company’s consolidated results of operations since their respective acquisition dates. Pro forma and historical results of operations for these acquisitions have not been presented because they were not material to the consolidated results of operations.

Excluded from the combined purchase consideration from these two acquisitions is an amount of \$6.3 million, payable in equal installments at the first and the second anniversary of each of the acquisitions, to certain employees of build.security and Optimize. These amounts are for post-combination services and will be recorded as a post-combination expense over the requisite service periods.



## 6. Balance Sheet Components

### Property and Equipment, Net

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

	Useful Life (in years)	As of April 30, 2023	As of April 30, 2022
Leasehold improvements	Lesser of estimated useful life or remaining lease term	\$ 10,081	\$ 10,863
Computer hardware and software	3	2,220	1,473
Furniture and fixtures	3-5	6,093	5,753
Assets under construction		1,734	1,119
Total property and equipment		20,128	19,208
Less: accumulated depreciation		(15,036)	(12,001)
Property and equipment, net		\$ 5,092	\$ 7,207

Depreciation expense related to property and equipment was \$3.6 million, \$3.9 million, and \$3.1 million for the years ended April 30, 2023, 2022 and 2021, respectively. During the year ended April 30, 2023, the Company recorded asset impairment charges related to the exit from leased office space which included \$1.1 million of furniture, equipment, and leasehold improvements. See Note 16 for further details.

### Intangible Assets, Net

Intangible assets consisted of the following as of April 30, 2023 (in thousands):

	Gross Fair Value	Accumulated Amortization	Net Book Value	Weighted Average Remaining Useful Life (in years)
Developed technology	\$ 70,130	\$ 43,136	\$ 26,994	2.7
Customer relationships	19,598	17,641	1,957	0.4
Trade names	2,872	2,686	186	0.4
Total	\$ 92,600	\$ 63,463	\$ 29,137	2.5
Foreign currency translation adjustment			(33)	
Total			\$ 29,104	

Intangible assets consisted of the following as of April 30, 2022 (in thousands):

	Gross Fair Value	Accumulated Amortization	Net Book Value	Weighted Average Remaining Useful Life (in years)
Developed technology	\$ 70,130	\$ 31,355	\$ 38,775	3.6
Customer relationships	19,598	13,177	6,421	1.4
Trade names	2,872	2,263	609	1.4
Total	\$ 92,600	\$ 46,795	\$ 45,805	3.2
Foreign currency translation adjustment			(5)	
Total			\$ 45,800	

Amortization expense for the intangible assets for the years ended April 30, 2023, 2022, and 2021 was as follows (in thousands):

	Year Ended April 30,		
	2023	2022	2021
Cost of revenue – subscription	\$ 11,781	\$ 10,503	\$ 8,437
Sales and marketing	4,887	5,280	5,730
Total amortization of acquired intangible assets	\$ 16,668	\$ 15,783	\$ 14,167

The expected future amortization expense related to the intangible assets as of April 30, 2023 was as follows (in thousands, by fiscal year):

2024	\$ 13,983
2025	8,018
2026	5,057
2027	2,046
2028	—
Thereafter	—
Total	\$ 29,104

**Goodwill**

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

	Carrying Amount
Balance as of April 30, 2021	\$ 198,851
Addition from acquisitions	105,428
Foreign currency translation adjustment	(373)
Balance as of April 30, 2022	303,906
Foreign currency translation adjustment	(264)
Balance as of April 30, 2023	\$ 303,642

There was no impairment of goodwill during the years ended April 30, 2023, 2022, and 2021.

**Accrued Expenses and Other Liabilities**

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

	As of April 30, 2023	As of April 30, 2022
Accrued expenses	\$ 24,163	\$ 24,066
Income taxes payable	9,738	4,286
Value added taxes payable	9,403	8,926
Accrued interest	6,918	6,918
Other	13,310	9,734
Total accrued expenses and other liabilities	\$ 63,532	\$ 53,930

**Accrued Compensation and Benefits**

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

	As of April 30, 2023	As of April 30, 2022
Accrued vacation	\$ 30,026	\$ 27,280
Accrued commissions	26,175	23,806
Accrued payroll and withholding taxes	6,586	9,030
Other	13,696	7,886
Total accrued compensation and benefits	<u>\$ 76,483</u>	<u>\$ 68,002</u>

**Contract Balances**

The following table provides information about unbilled accounts receivable, deferred contract acquisition costs, and deferred revenue from contracts with customers (in thousands):

	As of April 30, 2023	As of April 30, 2022
Unbilled accounts receivable, included in accounts receivable, net	\$ 2,159	\$ 9,244
Deferred contract acquisition costs	\$ 151,692	\$ 118,047
Deferred revenue	\$ 562,952	\$ 465,294

**Deferred Contract Acquisition Costs**

The following table summarizes the activity of the deferred contract acquisition costs (in thousands):

	Year Ended April 30,		
	2023	2022	2021
Beginning balance	\$ 118,047	\$ 86,352	\$ 43,549
Capitalization of contract acquisition costs	102,545	92,433	83,794
Amortization of deferred contract acquisition costs	(68,900)	(60,738)	(40,991)
Ending balance	<u>\$ 151,692</u>	<u>\$ 118,047</u>	<u>\$ 86,352</u>
Deferred contract acquisition costs, current	\$ 55,813	\$ 43,628	\$ 36,089
Deferred contract acquisition costs, non- current	95,879	74,419	50,263
Total deferred contract acquisition costs	<u>\$ 151,692</u>	<u>\$ 118,047</u>	<u>\$ 86,352</u>

The Company did not recognize any impairment of deferred contract acquisition costs during the years ended April 30, 2023, 2022, and 2021.

**Deferred Revenue**

The following table summarizes the deferred revenue activity (in thousands):

	Year Ended April 30,		
	2023	2022	2021
Beginning balance	\$ 465,294	\$ 397,700	\$ 259,702
Increases due to invoices issued, excluding amounts recognized as revenue during the period	527,620	421,552	364,093
Amounts transferred to deferred revenue from accrued expenses and other liabilities upon entering into contracts with customers, net of revenue recognized during the period	707	—	5,424
Increase from acquisitions, net of revenue recognized	—	439	—
Revenue recognized that was included in deferred revenue balance at beginning of period	(430,669)	(354,397)	(231,519)
Ending balance	<u>\$ 562,952</u>	<u>\$ 465,294</u>	<u>\$ 397,700</u>

## 7. Senior Notes

In July 2021, the Company issued \$575.0 million aggregate principal amount of 4.125% Senior Notes due July 15, 2029 in a private placement.

Interest on the Senior Notes is payable semi-annually in arrears on January 15 and July 15 of each year, commencing on January 15, 2022. The Company received net proceeds from the offering of the Senior Notes of \$565.7 million after deducting underwriting commissions of \$7.2 million and incurred additional issuance costs of \$2.1 million. Total debt issuance costs of \$9.3 million are being amortized to interest expense using the effective interest method over the term of the Senior Notes. The Company may redeem the Senior Notes, in whole or in part, at any time prior to July 15, 2024 at a price equal to 100% of the principal amount thereof plus a “make-whole” premium and accrued and unpaid interest, if any. The Company may at its election redeem all or a part of the Senior Notes on or after July 15, 2024, on any one or more occasions, at the redemption prices set forth in the indenture governing the Senior Notes (the “Indenture”), plus, in each case, accrued and unpaid interest thereon, if any, to, but excluding, the applicable redemption date. In addition, at any time prior to July 15, 2024, the Company may on any one or more occasions redeem up to 40% of the aggregate principal amount of the Senior Notes outstanding under the Indenture with the net cash proceeds of one or more equity offerings at a redemption price equal to 104.125% of the principal amount of the Senior Notes then outstanding, plus accrued and unpaid interest thereon, if any, to, but excluding, the applicable redemption date. The Company may also at its election redeem the Senior Notes in whole, but not in part, at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, if certain changes in tax law occur as set forth in the Indenture.

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

The Indenture contains covenants limiting the Company’s ability and the ability of certain subsidiaries to create liens on certain assets to secure debt; grant a subsidiary guarantee of certain debt without also providing a guarantee of the Senior Notes; and consolidate or merge with or into, or sell or otherwise dispose of all or substantially all of its assets to, another person. These covenants are subject to a number of limitations and exceptions. Certain of these covenants will not apply during any period in which the Senior Notes are rated investment grade by Moody’s Investors Service, Inc. and Standard & Poor’s Ratings Services. As of April 30, 2023, the Company was in compliance with all of its covenants under the Indenture.

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

	As of April 30, 2023	As of April 30, 2022
Principal	\$ 575,000	\$ 575,000
Unamortized debt issuance costs	(7,457)	(8,480)
Net carrying amount	\$ 567,543	\$ 566,520

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

	Year Ended April 30,	
	2023	2022
Contractual interest expense	\$ 23,719	\$ 19,370
Amortization of debt issuance costs	1,023	803
Total interest expense related to the Senior Notes	\$ 24,742	\$ 20,173

## 8. Commitments and Contingencies

### *Cloud Hosting Commitments*

The table below reflects the Company's future minimum purchase obligations relating to non-cancelable agreements for cloud hosting as of April 30, 2023 (in thousands):

<b>Years Ending April 30,</b>	<b>Purchase Obligations</b>
2024	\$ 147,701
2025	153,361
2026	155,545
2027	86,163
2028	—
Total	<u>\$ 542,770</u>

Actual timing may vary depending on services used and total payments under these capacity commitments may be higher than the total minimum depending on services used.

### *Other Purchase Commitments*

The Company has future purchase obligations related to subscription software and sales and marketing contracts. As of April 30, 2023, the Company had purchase commitments of \$43.8 million related to these contracts, primarily due within the next twelve months.

### *Letters of Credit*

The Company had a total of \$2.3 million in letters of credit outstanding in favor of certain landlords for office space as of April 30, 2023.

### *Legal Matters*

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

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

### *Indemnification*

The Company enters into indemnification provisions under its agreements with other companies in the ordinary course of business, including business partners, landlords, contractors and parties performing its research and development. Pursuant to these arrangements, the Company agrees to indemnify, hold harmless, and reimburse the indemnified party for certain losses suffered or incurred by the indemnified party as a result of the Company's activities. The maximum potential amount of future payments the Company could be required to make under these agreements is not determinable. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the fair value of these agreements is not material. The Company maintains commercial general liability insurance and product liability insurance to offset certain of the Company's potential liabilities under these indemnification provisions.

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

### *Gain Contingencies*

From time to time the Company may realize a gain contingency, although recognition will not occur until cash is received or the gain is deemed as realizable. During the year ended April 30, 2023, the Company received a favorable settlement from a legal claim and recognized a gain of \$10.4 million included in other income (expense), net in the accompanying consolidated statements of operations.

## 9. Leases

The Company's leases are composed of corporate office spaces under non-cancelable operating lease agreements that expire at various dates through fiscal 2029. The Company does not have any finance leases.

### Lease Costs

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

	Year Ended April 30,	
	2023	2022
Operating lease cost	\$ 12,411	\$ 9,894
Short-term lease cost	2,217	2,448
Variable lease cost	726	857
Total lease cost	\$ 15,354	\$ 13,199

Lease term and discount rate information are summarized as follows:

	As of April 30, 2023
Weighted average remaining lease term (in years)	2.62
Weighted average discount rate	4.92 %

Future minimum lease payments under non-cancelable operating leases on an undiscounted cash flow basis as of April 30, 2023 were as follows (in thousands):

Years Ending April 30,	
2024	\$ 13,103
2025	8,419
2026	4,471
2027	1,024
2028	1,106
Thereafter	280
Total minimum lease payments	28,403
Less imputed interest	(1,712)
Present value of future minimum lease payments	26,691
Less current lease liabilities	(12,749)
Operating lease liabilities, non-current	\$ 13,942

Future minimum lease payments as of April 30, 2023 include future cash payments on leases with corresponding right-of-use assets which were written down for impairment due to facilities-related cost optimization actions during the year ended April 30, 2023. During the year ended April 30, 2023, the Company recorded an impairment charge of \$5.1 million related to the exit from leased office spaces. See Note 16 for further details.

## 10. Ordinary Shares

The Company's articles of association designated and authorized the Company to issue 165 million ordinary shares at a par value per ordinary share of €0.01 per share.

Each holder of ordinary shares has the right to one vote per ordinary share. The holders of ordinary shares are also entitled to receive dividends whenever funds are legally available and when declared by the Company's board of directors, subject to the prior rights of holders of all classes of shares outstanding having priority rights to dividends. No dividends have been declared by the board of directors from inception through April 30, 2023.

**Ordinary Shares Reserved for Issuance**

The Company had reserved ordinary shares for issuance as follows:

	As of April 30,	
	2023	2022
Stock options issued and outstanding	4,038,238	5,219,124
RSUs issued and outstanding	7,494,399	4,717,548
Available for future grants	17,564,133	17,647,684
Available for employee stock purchases	6,000,000	—
<b>Total ordinary shares reserved</b>	<b>35,096,770</b>	<b>27,584,356</b>

**Convertible Preference Shares**

The Company’s board of directors has the authority, for a period of five years from October 10, 2018, without further action by the Company’s shareholders, to issue up to 165 million shares of undesignated convertible preference shares with rights and preferences, including voting rights, designated from time to time by the board of directors. As of April 30, 2023, there were no convertible preference shares issued or outstanding.

**11. Equity Incentive Plans**

**2022 Employee Stock Purchase Plan**

In August 2022, the Company’s board of directors adopted and, in October 2022, the Company’s shareholders approved the 2022 Employee Stock Purchase Plan (“2022 ESPP”). During the year ended April 30, 2023, the Company reserved 6.0 million of the Company’s ordinary shares for future purchase and issuance under the 2022 ESPP. The 2022 ESPP allows eligible employees to acquire ordinary shares of the Company at a discount at periodic intervals through accumulated payroll deductions. Eligible employees purchase ordinary shares of the Company during a purchase period at 85% of the market value of the Company’s ordinary shares at either the beginning or end of an offering period, whichever is lower. Offering periods under the 2022 ESPP are approximately six months long and begin on each of March 16 or September 16 or the next trading day thereafter. The first offering period under the 2022 ESPP began on March 16, 2023 and will end on September 15, 2023.

The fair value of 2022 ESPP offering which began during the year ended April 30, 2023 was estimated on the offering date using the Black-Scholes option pricing model with the following assumptions:

	Year Ended April 30, 2023
Expected term (in years)	0.5
Expected stock price volatility	64.0%
Risk-free interest rate	4.9%
Dividend yield	—%

**2012 Stock Option Plan**

In September 2012, the Company’s board of directors adopted and the Company’s shareholders approved the 2012 Stock Option Plan, which was amended and restated in September 2018 and further amended in December 2021 (as amended and restated, the “2012 Plan”). Under the 2012 Plan, the board of directors, the compensation committee, as administrator of the 2012 Plan, and any other duly authorized committee may grant stock options and other equity-based awards, such as Restricted Stock Awards (“RSA”) or Restricted Stock Units (“RSU”), to eligible employees, directors, and consultants to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to employees, directors and consultants, and to promote the success of the Company’s business.

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



The equity awards available for grant were as follows:

	Year Ended April 30,	
	2023	2022
Available at beginning of fiscal year	17,647,684	15,737,819
Awards authorized	4,708,746	4,526,699
Options granted	(94,105)	(495,460)
Options canceled	143,656	386,656
RSUs granted	(6,105,614)	(3,224,256)
RSUs canceled	1,263,099	715,870
Shares withheld for taxes	667	356
Available at end of period	17,564,133	17,647,684

#### *Stock Incentive Plans Assumed in Acquisitions*

In connection with acquisitions completed in prior years, the Company assumed certain unvested stock options that were outstanding on the date of the respective acquisitions.

The assumed stock options will continue to be outstanding and will be governed by the provisions of their respective plans and are included in the stock option activity table below.

#### *Stock Options*

The following table summarizes stock option activity:

	Stock Options Outstanding			
	Number of Stock Options Outstanding	Weighted- Average Exercise Price	Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Balance as of April 30, 2021	7,611,016	\$ 20.34	6.66	\$ 768,517
Stock options granted	495,460	\$ 94.46		
Stock options assumed in acquisitions	63,846	\$ 10.20		
Stock options exercised	(2,563,287)	\$ 14.18		
Stock options canceled	(386,656)	\$ 32.04		
Stock options assumed in acquisition canceled	(1,255)	\$ 40.35		
Balance as of April 30, 2022	5,219,124	\$ 29.41	6.22	\$ 266,021
Stock options granted	94,105	\$ 82.24		
Stock options exercised	(1,127,036)	\$ 15.55		
Stock options canceled	(143,656)	\$ 78.69		
Stock options assumed in acquisition canceled	(4,299)	\$ 47.63		
Balance as of April 30, 2023	4,038,238	\$ 32.74	5.35	\$ 134,778
Exercisable as of April 30, 2023	3,425,478	\$ 24.70	4.93	\$ 128,503

Aggregate intrinsic value represents the difference between the exercise price of the stock options to purchase the Company's ordinary shares and the fair value of the Company's ordinary shares. The weighted-average grant-date fair value per share of stock options granted was \$48.56 and \$52.43 for the years ended April 30, 2023 and 2022, respectively. The weighted-average grant-date fair value per share of stock options assumed related to the Cmd and build.security acquisitions was \$122.13 for the year ended April 30, 2022.

As of April 30, 2023, the Company had unrecognized stock-based compensation expense of \$28.1 million related to unvested stock options that the Company expects to recognize over a weighted-average period of 1.99 years.

RSUs

The following table summarizes RSU activity under the 2012 Plan:

	Number of Awards	Weighted-Average Grant Date Fair Value
Outstanding and unvested at April 30, 2021	3,301,283	\$ 98.74
RSUs granted	3,224,256	\$ 113.91
RSUs released	(1,092,121)	\$ 96.65
RSUs canceled	(715,870)	\$ 106.34
Outstanding and unvested at April 30, 2022	4,717,548	\$ 108.44
RSUs granted	6,105,614	\$ 60.08
RSUs released	(2,065,664)	\$ 94.01
RSUs canceled	(1,263,099)	\$ 99.51
Outstanding and unvested at April 30, 2023	7,494,399	\$ 74.52

As of April 30, 2023, the Company had unrecognized stock-based compensation expense of \$514.9 million related to RSUs that the Company expects to recognize over a weighted-average period of 3.09 years.

**Determination of Fair Value**

The determination of the fair value of stock-based options on the date of grant using an option pricing model is affected by the fair value of the Company's ordinary shares, as well as assumptions regarding a number of complex and subjective variables. The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options, which requires the use of assumptions including actual and projected employee stock option exercise behaviors, expected price volatility of the Company's ordinary shares, the risk-free interest rate and expected dividends.

*Fair Value of Ordinary Shares:* Subsequent to the IPO on October 8, 2018, the fair value of the underlying ordinary shares is determined by the closing price, on the date of the grant, of the Company's ordinary shares, which are traded publicly on the New York Stock Exchange. Prior to the IPO, the fair value of ordinary shares underlying the stock awards had historically been determined by the board of directors, with input from the Company's management. The board of directors previously determined the fair value of the ordinary shares at the time of grant of the awards by considering a number of objective and subjective factors, including valuations of comparable companies, sales of redeemable convertible preference shares, sales of ordinary shares to unrelated third parties, operating and financial performance, the lack of liquidity of the Company's ordinary shares, and general and industry-specific economic outlook.

*Expected Term:* The expected term represents the period that options are expected to be outstanding. For option grants that are considered to be "plain vanilla," the Company determines the expected term using the simplified method. The simplified method deems the term to be the average of the time-to-vesting and the contractual life of the options.

*Expected Volatility:* Since the Company has limited trading history of its ordinary shares, the expected volatility is derived from the average historical stock volatilities of several unrelated public companies within the Company's industry that the Company considers to be comparable to its own business over a period equivalent to the option's expected term.

*Risk-Free Interest Rate:* The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero-coupon U.S. Treasury notes with maturities approximately equal to the option's expected term.

*Dividend Rate:* The expected dividend is assumed to be zero as the Company has never paid dividends and has no current plans to do so.

The Company's expected volatility and expected term involve management's best estimates, both of which impact the fair value of the option calculated under the Black-Scholes option pricing model and, ultimately, the expense that will be recognized over the life of the option.

[Table of Contents](#)

The fair value of stock options granted and assumed was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Year Ended April 30,		
	2023	2022	2021
Expected term (in years)	6.02	5.52 - 6.08	6.02 - 6.08
Expected stock price volatility	60.7% - 62.0%	59.6% - 60.2%	62.6% - 63.9%
Risk-free interest rate	3.1% - 3.4%	1.4% - 1.8%	0.4% - 1.1%
Dividend yield	—%	—%	—%

**Stock-Based Compensation Expense**

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

	Year Ended April 30,		
	2023	2022	2021
Cost of revenue			
Subscription	\$ 8,308	\$ 8,368	\$ 7,105
Services	9,435	6,463	4,824
Research and development	80,170	59,911	35,267
Sales and marketing	68,943	45,798	31,581
General and administrative	37,183	20,654	14,903
Stock-based compensation expense, net of amounts capitalized	204,039	141,194	93,680
Capitalized stock-based compensation expense	—	188	10
Total stock-based compensation expense	\$ 204,039	\$ 141,382	\$ 93,690

**12. Net Loss Per Share Attributable to Ordinary Shareholders**

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

	Year Ended April 30,		
	2023	2022	2021
Numerator:			
Net loss	\$ (236,161)	\$ (203,848)	\$ (129,434)
Denominator:			
Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted	95,729,844	92,547,145	87,207,094
Net loss per share attributable to ordinary shareholders, basic and diluted	\$ (2.47)	\$ (2.20)	\$ (1.48)

Since the Company is in a net loss position for all periods presented, basic net loss per share is the same as diluted net loss per share for all periods. The following outstanding potentially dilutive ordinary shares were excluded from the computation of diluted net loss per share attributable to ordinary shareholders for the periods presented because the impact of including them would have been antidilutive:

	Year Ended April 30,		
	2023	2022	2021
Stock options	4,038,238	5,219,124	7,611,016
RSUs	7,494,399	4,717,548	3,301,283
Employee stock purchase plan	197,077	—	—
Total	11,729,714	9,936,672	10,912,299

### 13. Income Taxes

The Company is incorporated in the Netherlands but operates in various countries with differing tax laws and rates. The geographical breakdown of income (loss) before provision for income taxes is summarized as follows (in thousands):

	Year Ended April 30,		
	2023	2022	2021
Dutch	\$ (283,010)	\$ (261,097)	\$ (163,770)
Foreign	66,133	63,308	42,056
Loss before income taxes	\$ (216,877)	\$ (197,789)	\$ (121,714)

The components of the provision for income taxes were as follows (in thousands):

	Year Ended April 30,		
	2023	2022	2021
<b>Current:</b>			
Dutch	\$ 2,910	\$ 2,187	\$ 1,125
Foreign	17,042	6,892	3,896
Total current tax expense	19,952	9,079	5,021
<b>Deferred:</b>			
Dutch	(71)	(105)	—
Foreign	(597)	(2,915)	2,699
Total deferred tax expense (income)	(668)	(3,020)	2,699
Total provision for income taxes	\$ 19,284	\$ 6,059	\$ 7,720

The Company's effective tax rate substantially differed from the Dutch statutory tax rate of 25.8% primarily due to the valuation allowance for the Netherlands, United States and United Kingdom deferred tax assets. A reconciliation of income taxes at the statutory income tax rate to the provision for income taxes included in the consolidated statement of operations is as follows (in thousands, except for rates):

	Year Ended April 30,					
	2023		2022		2021	
	Tax	Rate	Tax	Rate	Tax	Rate
Dutch statutory income tax	\$ (55,954)	25.8 %	\$ (49,448)	25.0 %	\$ (30,428)	25.0 %
Foreign income taxed at different rates	(1,305)	0.6 %	(2,197)	1.1 %	(486)	0.4 %
Stock-based compensation	5,018	(2.3)%	(31,372)	15.9 %	(100,931)	82.9 %
Tax credits	(7,349)	3.4 %	(10,834)	5.5 %	(11,020)	9.0 %
Change in valuation allowance	69,271	(31.9)%	91,841	(46.4)%	146,571	(120.4)%
Deferred tax asset revaluation	6	— %	(302)	0.2 %	(256)	0.2 %
Foreign withholding taxes	3,201	(1.5)%	1,773	(0.9)%	1,307	(1.1)%
Other	6,396	(3.0)%	6,598	(3.5)%	2,963	(2.3)%
Provision for income taxes	\$ 19,284	(8.9)%	\$ 6,059	(3.1)%	\$ 7,720	(6.3)%

#### Deferred Income Taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. Management assesses whether it is more likely than not that some portion or all of the deferred tax assets will be realized. Deferred tax assets are reduced by a valuation allowance where management has concluded it is more likely than not that the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. Management makes estimates and judgments about future taxable income based on assumptions that are consistent with the Company's plans and estimates.

Significant components of the Company's deferred tax assets and liabilities are summarized as follows (in thousands):

	As of April 30,	
	2023	2022
<b>Deferred tax assets:</b>		
Accrued compensation	\$ 3,799	\$ 2,883
Net operating loss carryforward	533,051	458,733
Deferred revenue	7,690	8,780
Stock-based compensation	13,950	12,063
Tax credits	28,048	28,467
Disallowed interest expense	10,546	4,723
Lease liabilities	4,320	5,139
Other	5,045	4,516
Gross deferred tax assets	<u>606,449</u>	<u>525,304</u>
Less valuation allowance	<u>(575,557)</u>	<u>(498,996)</u>
Total deferred tax assets	<u>30,892</u>	<u>26,308</u>
<b>Deferred tax liabilities:</b>		
Deferred contract acquisition costs	(27,988)	(17,244)
Intangible assets	(1,740)	(6,752)
Right of use assets	(2,862)	(4,673)
Gross deferred tax liabilities	<u>(32,590)</u>	<u>(28,669)</u>
Net deferred tax liabilities	<u>\$ (1,698)</u>	<u>\$ (2,361)</u>

The valuation allowance for deferred tax assets as of April 30, 2023 and 2022 was \$575.6 million and \$499.0 million, respectively. As the Company has generated losses since inception in the Netherlands, management maintains a full valuation allowance against the net deferred tax assets in this jurisdiction. In addition, the United States and the United Kingdom jurisdictions are anticipated to have cumulative losses for the foreseeable future and, as such, a valuation allowance has been established for these regions. The valuation allowance in the Netherlands and United Kingdom increased by \$80.1 million and less than \$0.1 million, respectively, for the year ended April 30, 2023 and \$53.8 million and \$5.1 million, respectively, for the year ended April 30, 2022. The valuation allowance in the United States decreased by \$3.6 million for the year ended April 30, 2023 and increased by \$30.3 million for the year ended April 30, 2022. The valuation allowance for the Netherlands deferred tax assets as of April 30, 2023 and 2022 was \$283.3 million and \$203.2 million, respectively, the valuation allowance for the United States deferred tax assets as of April 30, 2023 and 2022 was \$272.7 million and \$276.3 million, respectively, and the valuation allowance for the United Kingdom deferred tax assets as of both April 30, 2023 and April 30, 2022 was \$19.5 million. To the extent sufficient positive evidence becomes available, the Company may release all or a portion of the valuation allowance in one or more future periods. A release of the valuation allowance, if any, would result in the recognition of certain deferred tax assets and a material income tax benefit for the period in which such release is recorded.

As of April 30, 2023, the Company had net operating loss ("NOL") carryforwards for Netherlands, United States (federal and state, respectively) and United Kingdom income tax purposes of \$1.0 billion, \$973.4 million, \$665.0 million and \$74.5 million, respectively, which begin to expire in the years ending April 30, 2033 and April 30, 2024 in the United States (federal and state, respectively), with Netherlands and United Kingdom losses being carried forward indefinitely. The Company also has research and development tax credit carryforwards for United States (federal and state, respectively) and Canada income tax purposes of \$20.4 million, \$5.8 million and \$0.6 million, respectively, which begin to expire April 30, 2033, April 30, 2024, and April 30, 2040, respectively. The deferred tax assets associated with the NOL carryforwards and other tax attributes in the Netherlands, the United States, and the United Kingdom are subject to a full valuation allowance.

### **Uncertain Tax Positions**

The calculation of the Company's tax obligations involves dealing with uncertainties in the application of complex tax laws and regulations. ASC 740, *Income Taxes*, provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits. The Company has assessed its income tax positions and recorded tax benefits for all years subject to examination, based upon the Company's evaluation of the facts, circumstances and information available at each period end.

Although the Company believes that it has adequately reserved for its uncertain tax positions, the Company can provide no assurance that the final tax outcome of these matters will not be materially different. As the Company continues to grow in size, it will face increased complexity, and the Company's unrecognized tax benefits may increase in the future. The Company adjusts its reserves when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made.

The Company had unrecognized tax benefits of \$18.2 million as of April 30, 2023, of which none would impact the effective tax rate before consideration of any valuation allowance. The activity within the Company's unrecognized tax benefits is summarized as follows (in thousands):

	As of April 30,		
	2023	2022	2021
Balance as of beginning of year	\$ 16,622	\$ 13,656	\$ 9,706
Increase (decrease) related to tax positions taken in prior periods	(1,050)	(1,029)	432
Increase related to tax positions taken in the current period	2,585	3,995	3,518
Balance as of end of year	<u>\$ 18,157</u>	<u>\$ 16,622</u>	<u>\$ 13,656</u>

Approximately \$0.5 million of the decrease for the year ended April 30, 2023 for tax positions taken in prior periods is due to the filing of tax returns during such fiscal year and lapse of statute of limitations. The other approximately \$0.5 million of the decrease is due to the audit settlement noted below. Approximately \$2.0 million of the increase in tax positions related to the current period is primarily from the research and development tax credits generated for the year ended April 30, 2023 and \$0.6 million is associated with acquisition-related tax structuring.

The Company's policy is to recognize penalties and interest accrued on any unrecognized tax benefits as a component of income tax expense. For the years ended April 30, 2023, 2022 and 2021 the Company recognized interest and penalties of \$0.2 million, \$0.3 million and less than \$0.1 million, respectively. The amount of accrued interest and penalties recorded on the consolidated balance sheet as of April 30, 2023 and 2022 was \$0.2 million and \$0.3 million, respectively.

The Company is subject to periodic examination of income tax returns by various domestic and international tax authorities. During the year ended April 30, 2023, the Company was not subject to any new audits. The Company settled an examination with the Internal Revenue Service for foreign withholding taxes and related interest for the calendar year 2017.

The Company does not anticipate any significant increases or decreases in its uncertain tax positions within the next twelve months. The Company files tax returns in multiple jurisdictions, including the Netherlands and United States. The Company's tax filings for fiscal years starting with the year ended April 30, 2018 remain open in various tax jurisdictions.

Dutch income taxes and non-Dutch withholding taxes associated with the repatriation of earnings or for temporary differences related to investments in non-Dutch subsidiaries, excluding the U.S subsidiaries, have not been provided for, as the Company intends to reinvest the earnings of such subsidiaries indefinitely or the Company has concluded that an immaterial additional tax liability would arise on the distribution of such earnings. Earnings from the Company's U.S. subsidiaries are treated as being currently repatriated back to the Netherlands, even though no Dutch income taxes nor U.S. withholding taxes regarding to such repatriations are recorded due to the Netherlands participation exemption provisions and exemption from withholding taxes under the income tax treaty between the Netherlands and the United States. As of April 30, 2023, there were cumulative earnings of \$146.3 million from the non-U.S. subsidiaries. If such earnings were to be repatriated, they would be exempt from taxation in the Netherlands and the amount of dividend withholding taxes from such foreign jurisdictions would be \$3.1 million, due to the various income tax treaties between the Netherlands and the respective foreign jurisdictions.

#### 14. Employee Benefit Plans

The Company has a defined-contribution plan in the United States intended to qualify under Section 401 of the Internal Revenue Code (the "401(k) Plan"). The Company has contracted with a third-party provider to act as a custodian and trustee, and to process and maintain the records of participant data. Substantially all the expenses incurred for administering the 401(k) Plan are paid by the Company. The 401(k) Plan covers substantially all U.S. employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. The Company makes contributions to the 401(k) Plan up to 6% of the participating employee's W-2 earnings and wages. The Company recorded \$17.9 million, \$15.2 million, and \$11.4 million of expense related to the 401(k) Plan during the years ended April 30, 2023, 2022, and 2021, respectively.

The Company also has defined-contribution plans in certain other countries for which the Company recorded \$9.4 million, \$7.2 million, and \$5.1 million of expense during the years ended April 30, 2023, 2022, and 2021, respectively.

## 15. Segment Information

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

	Year Ended April 30,		
	2023	2022	2021
United States	\$ 626,688	\$ 481,589	\$ 331,769
Rest of world	442,301	380,785	276,720
Total revenue	\$ 1,068,989	\$ 862,374	\$ 608,489

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

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

	As of April 30,	
	2023	2022
United States	\$ 13,476	\$ 22,112
The Netherlands	4,597	1,728
United Kingdom	2,797	4,478
India	1,803	3,407
Rest of world	2,416	919
Total long-lived assets	\$ 25,089	\$ 32,644

## 16. Restructuring and Other Related Charges

On November 30, 2022, the Company announced and began implementing a plan to align its investments more closely with its strategic priorities by reducing the Company's workforce by approximately 13% and implementing certain facilities-related cost optimization actions. For the year ended April 30, 2023, the Company recorded employee-related severance and other termination benefits of approximately \$23.3 million and facilities-related charges of approximately \$6.2 million. Asset impairment charges include impairment of operating lease right-of-use assets, and the associated furniture, equipment, and leasehold improvements of \$5.1 million and \$1.1 million, respectively, for the exited leased office spaces. The restructuring plan is expected to be substantially completed by the end of the first quarter of fiscal 2024.

The following table presents the total amount incurred and the liability, which is recorded in accrued compensation and employee benefits in the consolidated balance sheet, for restructuring-related employee termination benefits as of April 30, 2023 (in thousands):

	Year Ended April 30, 2023
Beginning balance	\$ —
Incurred during the period	23,264
Paid during the period	(22,789)
Foreign currency translation adjustment	263
Ending balance	\$ 738



## **Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure**

None.

### **Item 9A. Controls and Procedures**

#### *Evaluation of Disclosure Controls and Procedures*

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

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of April 30, 2023, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in the reports we file or submit under the Exchange Act (a) is recorded, processed, summarized and reported within the time periods specified by the SEC rules and forms and (b) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

#### *Management's Report on Internal Control Over Financial Reporting*

Our management is responsible for establishing and maintaining adequate “internal control over financial reporting,” as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act. Our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of April 30, 2023 based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on the results of its evaluation, management concluded that our internal control over financial reporting was effective as of April 30, 2023. The effectiveness of our internal control over financial reporting as of April 30, 2023 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in its report which is included in Part II, Item 8 of this Annual Report on Form 10-K.

#### *Changes in Internal Control Over Financial Reporting*

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended April 30, 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### *Inherent Limitations on Effectiveness of Controls*

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

**Item 9B. Other Information**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections**

None.

## PART III

### **Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this Item 10 (other than the information set forth in the next paragraph) is incorporated herein by reference to our definitive proxy statement for our 2023 annual general meeting of shareholders (the “2023 Proxy Statement”), which will be filed with the SEC within 120 days after the end of our year ended April 30, 2023.

We have adopted our Code of Conduct, applicable to all of our employees, officers and directors, including our chief executive officer, chief financial officer and other senior financial officers. The full text of the Code of Conduct is available on our website at [elastic.co](http://elastic.co). The audit committee of our board of directors is responsible for overseeing the Code of Conduct. The board of directors, or its designated committee, must approve any waivers of the Code of Conduct for members of the board of directors or executive officers, including our chief executive officer, chief financial officer and other senior financial officers. We expect that any amendments to the Code of Conduct, or any waivers of its requirements, that apply to our chief executive officer, chief financial officer and other senior financial officers will be disclosed on our website.

### **Item 11. Executive Compensation**

The information required by this item will be set forth in the 2023 Proxy Statement and is incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management, and Related Stockholder Matters**

The information required by this item will be set forth in the 2023 Proxy Statement and is incorporated herein by reference.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this item will be set forth in the 2023 Proxy Statement and is incorporated herein by reference.

### **Item 14. Principal Accountant Fees and Services**

The information required by this item will be set forth in the 2023 Proxy Statement and is incorporated herein by reference.

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

**(a)(1) Financial Statements**

See Index to Financial Statements in Part I, Item 8 of this Annual Report on Form 10-K.

**(a)(2) Financial Statement Schedules**

All financial statement schedules have been omitted as the information is not required under the related instructions or is not applicable or because the information required is already included in the financial statements or the notes to those financial statements.

**(a)(3) Exhibits**

We have filed or incorporated by reference the exhibits listed on the accompanying Exhibit Index.

**Exhibit Index**

Exhibit No.	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	<a href="#">Articles of Association of Elastic N.V. (English translation).</a>	10-Q	001-38675	3.1	12/12/2018	
3.2	<a href="#">Deed of Amendment of the Articles of Association of Elastic N.V. (English translation).</a>	10-Q	001-38675	3.2	12/12/2018	
3.3	<a href="#">Deed of Conversion and Amendment of the Articles of Association of Elastic N.V. Articles of Association (English translation).</a>	10-Q	001-38675	3.3	12/12/2018	
4.1	<a href="#">Amended and Restated Investors' Rights Agreement among the Company and certain holders of its ordinary shares, dated as of July 19, 2016.</a>	S-1	333-227191	4.1	9/5/2018	
4.2	<a href="#">Description of share capital.</a>	10-K	001-38675	4.2	6/28/2019	
4.3	<a href="#">Indenture, dated as of July 6, 2021, by and between Elastic N.V. and U.S. Bank National Association, as trustee.</a>	8-K	001-38675	4.1	7/6/2021	
4.4	<a href="#">Form of 4.125% Senior Note due 2029 (included in Exhibit 4.3).</a>	8-K	001-38675	4.1	7/6/2021	
10.1+	<a href="#">Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.</a>	S-1/A	333-227191	10.1	9/24/2018	
10.2+	<a href="#">Amended and Restated 2012 Stock Option Plan.</a>					X
10.3+	<a href="#">Form of Change in Control and Severance Agreement.</a>	10-Q	001-38675	10.3	12/2/2022	
10.4+	<a href="#">Amended and Restated Employment Agreement between the Company and Shay Banon, dated September 9, 2022.</a>	10-Q	001-38675	10.2	12/2/2022	
10.5+	<a href="#">Employment Letter between the Company and Janesh Moorjani, dated as of August 1, 2018.</a>	S-1	333-227191	10.6	9/5/2018	
10.6+	<a href="#">Offer Letter between the Company and Jonathan Chadwick, dated as of July 27, 2018.</a>	S-1	333-227191	10.10	9/5/2018	
10.7+	<a href="#">Amended and Restated Offer Letter between the Company and Ashutosh Kulkarni, dated as of January 11, 2022.</a>	10-Q	001-38675	10.1	3/10/2022	
10.8+	<a href="#">Offer Letter between the Company and Carolyn Herzog, dated</a>	10-K	001-38675	10.12	6/21/2022	



## Table of Contents

10.9+	<a href="#">Offer Letter between the Company and Ken Exner, dated as of July 19, 2022.</a>	10-Q	001-38675	10.1	8/29/2022	
10.10+	<a href="#">Endgame, Inc. Amended and Restated 2010 Stock Incentive Plan, as amended, and related form agreements.</a>	10-Q	001-38675	10.1	12/9/2021	
10.11+	<a href="#">Build Security Ltd. 2020 Share Incentive Plan, as amended, and related form agreements.</a>	S-8	333-261544	4.2	12/8/2021	
10.12+	<a href="#">cmdWatch Security Inc. Stock Option Plan, as amended, and related form agreements.</a>	S-8	333-261544	4.3	12/8/2021	
10.13+	<a href="#">Elastic N.V. 2022 Employee Stock Purchase Plan.</a>	8-K	001-38675	10.1	10/6/2022	
10.14+	<a href="#">Form of Stock Option Agreement under the Amended and Restated 2012 Stock Option Plan.</a>					X
10.15+	<a href="#">Form of Restricted Stock Unit Agreement under the Amended and Restated 2012 Stock Option Plan.</a>					X
21.1	<a href="#">List of subsidiaries of the Registrant.</a>					X
23.1	<a href="#">Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.</a>					X
24.1	Power of Attorney (contained in the signature page of this report).					X
31.1	<a href="#">Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					X
31.2	<a href="#">Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					X
32.1*	<a href="#">Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>					X
32.2*	<a href="#">Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	The cover page from Elastic N.V.'s Annual Report on Form 10-K for the fiscal year ended April 30, 2023 formatted in Inline XBRL (included as Exhibit 101).					X

+ Indicates a management contract or compensatory plan or arrangement.



- \* The certifications attached as Exhibits 32.1 and 32.2 hereto accompany this Annual Report on Form 10-K pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed “filed” by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and are not to be incorporated by reference into any of the Registrant’s filings under the Securities Act, irrespective of any general incorporation language contained in any such filing.

**Item 16. Form 10-K Summary**

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Elastic N.V.

Date: June 16, 2023

By:

/s/ Ashutosh Kulkarni

**Ashutosh Kulkarni**  
**Chief Executive Officer and Director**  
*(Principal Executive Officer)*

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Ashutosh Kulkarni and Janesh Moorjani, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution and resubstitution, for such individual in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or the individual's substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

<b>Name</b>	<b>Title</b>	<b>Date</b>
<u>/s/ Ashutosh Kulkarni</u> <b>Ashutosh Kulkarni</b>	Chief Executive Officer and Director (Principal Executive Officer)	June 16, 2023
<u>/s/ Janesh Moorjani</u> <b>Janesh Moorjani</b>	Chief Financial Officer and Chief Operating Officer (Principal Financial and Accounting Officer)	June 16, 2023
<u>/s/ Shay Banon</u> <b>Shay Banon</b>	Chief Technology Officer and Director	June 16, 2023
<u>/s/ Chetan Puttagunta</u> <b>Chetan Puttagunta</b>	Chairman and Director	June 16, 2023
<u>/s/ Sohaib Abbasi</u> <b>Sohaib Abbasi</b>	Director	June 16, 2023
<u>/s/ Jonathan Chadwick</u> <b>Jonathan Chadwick</b>	Director	June 16, 2023
<u>/s/ Alison Gleeson</u> <b>Alison Gleeson</b>	Director	June 16, 2023
<u>/s/ Shelley Leibowitz</u> <b>Shelley Leibowitz</b>	Director	June 16, 2023
<u>/s/ Caryn Marooney</u> <b>Caryn Marooney</b>	Director	June 16, 2023
<u>/s/ Steven Schuurman</u> <b>Steven Schuurman</b>	Director	June 16, 2023

## ELASTIC N.V.

**Amended and Restated 2012 Stock Option Plan**

(as amended December 9, 2021)

1. **Purposes of the Plan.** The purposes of this Amended and Restated 2012 Stock Option Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees and Consultants, and to promote the success of the Company's business. Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant of an Option and subject to the applicable provisions of Section 422 of the Code and the regulations promulgated thereunder. Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Units and Performance Shares may also be granted under the Plan.
  2. **Definitions.** As used herein, the following definitions shall apply:
    - (a) **“Administrator”** means the Board or any of its Committees if authorized to administer the Plan, in accordance with Section 4 of the Plan.
    - (b) **“Affiliate”** means (i) an entity other than a Subsidiary which, together with the Company, is under common control of a third person or entity and (ii) an entity other than a Subsidiary in which the Company and /or one or more Subsidiaries own a controlling interest.
    - (c) **“Applicable Laws”** means all applicable laws, rules, regulations and requirements, including, but not limited to, all applicable U.S. federal and state corporate laws, U.S. federal and state securities laws, the Code, any Stock Exchange rules or regulations, and the applicable laws, rules or regulations of any other country or jurisdiction where Awards are granted under the Plan or Participants reside or provide services, as such laws, rules, and regulations shall be in effect from time to time.
    - (d) **“Award”** means any award of an Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Units, Performance Units and Performance Shares under the Plan.
    - (e) **“Award Agreement”** means an Option Agreement, Stock Appreciation Right Agreement, Restricted Stock Purchase Agreement, Restricted Stock Unit Agreement, Performance Share Agreement, or Performance Unit Agreement.
    - (f) **“Board”** means the Board of Directors of the Company.
    - (g) **“Board Rules”** means the regulations adopted by the Board governing its internal organization, the manner in which decisions are taken, the composition, the duties and organization of committees and any other matters concerning the Board.
    - (h) **“Cashless Exercise”** means a program approved by the Administrator in which payment of the Option exercise price or tax withholding obligations or other required deductions may be satisfied, in whole or in part, with Shares subject to the Option, including by delivery of an irrevocable direction to a securities broker (on a form prescribed by the Company) to sell Shares and to deliver all or part of the sale proceeds to the Company in payment of such amount, provided that, unless specifically permitted by the Company, any such Cashless Exercise must be an approved broker-assisted Cashless Exercise or the Shares withheld in the Cashless Exercise must be limited to avoid financial accounting charges under applicable accounting guidance and any such surrendered Shares must have been previously held for any
-

minimum duration required to avoid financial accounting charges under applicable accounting guidance.

(i) **“Cause”** for termination of a Participant’s Continuous Service Status will exist (unless another definition is provided in an applicable Award Agreement, employment agreement or other applicable written agreement) if the Participant’s Continuous Service Status is terminated for any of the following reasons: (i) any material breach by Participant of any material written agreement between Participant and the Company and Participant’s failure to cure such breach within 30 days after receiving written notice thereof; (ii) any failure by Participant to comply with the Company’s material written policies or rules as they may be in effect from time to time; (iii) neglect or persistent unsatisfactory performance of Participant’s duties and Participant’s failure to cure such condition within 30 days after receiving written notice thereof; (iv) Participant’s repeated failure to follow reasonable and lawful instructions from the Board or Chief Executive Officer and Participant’s failure to cure such condition within 30 days after receiving written notice thereof; (v) Participant’s conviction of, or plea of guilty or nolo contendere to, any felony or crime that results in, or is reasonably expected to result in, a material adverse effect on the business or reputation of the Company; (vi) Participant’s commission of or participation in an act of fraud against the Company; (vii) Participant’s intentional material damage to the Company’s business, property or reputation; or (viii) Participant’s unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom the Participant owes an obligation of nondisclosure as a result of his or her relationship with the Company. For purposes of clarity, a termination without “Cause” does not include any termination that occurs as a result of Participant’s death or Disability. The determination as to whether a Participant’s Continuous Service Status has been terminated for Cause shall be made in good faith by the Company and shall be final and binding on the Participant. The foregoing definition does not in any way limit the Company’s ability to terminate a Participant’s employment or consulting relationship at any time, and the term “Company” will be interpreted to include any Subsidiary, Parent, Affiliate, or any successor thereto, if appropriate.

(j) **“Change of Control”** means:

- i. A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group (“Person”), acquires ownership of the Shares in the capital of the Company that, together with the Shares in the capital of the Company held by such Person, constitutes more than 50% of the total voting power of the Shares in the capital of the Company; provided, however, that for purposes of this subsection, (A) the acquisition of additional Shares in the capital of the Company by any one Person, who is considered to own more than 50% of the total voting power of the Shares in the capital of the Company will not be considered a Change in Control, and (B) if the holders of Shares in the capital of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of Shares in the capital of the Company immediately prior to the change in ownership, the direct or indirect beneficial ownership of 50% or more of the total voting power of the Shares in the capital of the Company or the total voting power of shares in the capital of the ultimate Parent of the Company, such event will not be considered a Change in Control under this subsection (i). For this purpose, indirect beneficial ownership will include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through one or more subsidiary corporations or other business entities; or

- ii. A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any 12-month period by members of the Board whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this subsection (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or
- iii. A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the holders of the shares in the capital of the Company immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a holder of shares in the capital of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's shares in the capital, (2) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding shares in the capital of the Company, or (4) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of shares in the capital of the Company, or similar capital reorganization or business combination transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Section 409A of the Code.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (x) its sole purpose is to change the state of the Company's incorporation, (y) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction, or (z) its sole purpose is to effect a private financing of the Company through a change in the ownership of the shares in the capital of the Company that is approved by the Board.

- (k) **"Code"** means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder will include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

- (l) “**Committee**” means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board, or a duly authorized committee of the Board, in accordance with Section 4 below.
- (m) “**Company**” means Elastic N.V., a Dutch public limited company (*naamloze vennootschap*).
- (n) “**Consultant**” means any natural person, including an advisor or Director, engaged by the Company or a Parent, Affiliate, or Subsidiary to render bona fide services to such entity, provided the services (i) are not in connection with the offer or sale of securities in a capital raising transaction, and (ii) do not directly promote or maintain a market for the Company’s securities, in each case, within the meaning of Form S-8 promulgated under the Securities Act, and provided, further, that a Consultant will include only those persons to whom the issuance of Shares may be registered under Form S-8 promulgated under the Securities Act.
- (o) “**Continuous Service Status**” means the absence of any interruption or termination of service as an Employee or Consultant. Continuous Service Status as an Employee or Consultant shall not be considered interrupted or terminated in the case of: (i) Company approved sick leave; (ii) military leave; (iii) any other bona fide leave of absence approved by the Company, provided that, if an Employee is holding an Incentive Stock Option and such leave exceeds 3 months, such Employee’s service as an Employee shall be deemed terminated on the 1st day following such 3-month period and the Incentive Stock Option shall thereafter automatically become a Nonstatutory Stock Option in accordance with Applicable Laws, unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to a written Company policy. Also, Continuous Service Status as an Employee or Consultant shall not be considered interrupted or terminated in the case of a transfer between locations of the Company or between the Company, its Parents, Subsidiaries or Affiliates, or their respective successors, or a change in status from an Employee to a Consultant or from a Consultant to an Employee.
- (p) “**Director**” means a member of the Board.
- (q) “**Disability**” means total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.
- (r) “**Employee**” means any person employed by the Company, or any Parent, Subsidiary or Affiliate, with the status of employment determined pursuant to such factors as are deemed appropriate by the Company in its sole discretion, subject to any requirements of Applicable Laws, including the Code. Neither service as a Director or the payment by the Company of a Director’s fee shall be sufficient to constitute “employment” of such Director by the Company or any Parent, Subsidiary or Affiliate.
- (s) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.
- (t) “**Exchange Program**” means a program under which (i) outstanding Awards are surrendered or reacquired in exchange for awards of the same type (which may have higher or lower exercise prices and different terms), awards of a different type, and/or cash, (ii) Participants would have the opportunity to transfer any outstanding Awards to a financial institution or other person or entity selected by the Administrator, and/or (iii) the exercise price of an

outstanding Award is increased or reduced. The Administrator will determine the terms and conditions of any Exchange Program in its sole discretion.

- (u) **“Fair Market Value”** means, as of any date, the value of Ordinary Shares determined as follows:
- i. For purposes of any Awards granted on the Registration Date, the Fair Market Value will be the initial price to the public as set forth in the final prospectus included within the registration statement in Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Company’s Ordinary Shares.
  - ii. For purposes of any Awards granted on any other date, the Fair Market Value will be the closing sales price for Ordinary Shares as quoted on any established Stock Exchange or national market system (including without limitation the New York Stock Exchange, NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market of The NASDAQ Stock Market) on which the Ordinary Shares are listed on the date of determination (or the closing bid, if no sales were reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable. If the determination date for the Fair Market Value occurs on a non-trading day (i.e., a weekend or holiday), the Fair Market Value will be such price on the immediately preceding trading day, unless otherwise determined by the Administrator. In the absence of an established market for the Ordinary Shares, the Fair Market Value thereof will be determined in good faith by the Administrator.

The determination of Fair Market Value for purposes of tax withholding may be made in the Administrator’s discretion subject to Applicable Laws and is not required to be consistent with the determination of Fair Market Value for other purposes.

- (v) **“Family Members”** means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships) of the Participant, any person sharing the Participant’s household (other than a tenant or employee), a trust in which these persons (or the Participant) have more than 50% of the beneficial interest, a foundation in which these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than 50% of the voting interests.
- (w) **“Fiscal Year”** means the fiscal year of the Company, as included in the articles of association of the Company.
- (x) **“Incentive Stock Option”** means an Option intended to, and which does, in fact, qualify as an incentive stock option within the meaning of Section 422 of the Code.
- (y) **“Involuntary Termination”** means (unless another definition is provided in the applicable Award Agreement, employment agreement or other applicable written agreement) the termination of a Participant’s Continuous Service Status other than for (i) death, (ii) Disability or (iii) for Cause by the Company or a Parent, Subsidiary, Affiliate or successor thereto, as appropriate.
- (z) **“Listed Security”** means any security of the Company that is listed or approved for listing on a national securities exchange or designated or approved for designation as a national market



system security on an interdealer quotation system by the Financial Industry Regulatory Authority (or any successor thereto).

- (aa) **“Non-Executive Director”** means a Director appointed as non-executive director who is not an Employee.
- (bb) **“Nonstatutory Stock Option”** means an Option that is not intended to, or does not, in fact, qualify as an Incentive Stock Option.
- (cc) **“Option”** means an option to acquire Shares granted pursuant to the Plan.
- (dd) **“Option Agreement”** means a written document, the form(s) of which shall be approved from time to time by the Administrator, reflecting the terms of an Option granted under the Plan and includes any documents attached to or incorporated into such Option Agreement, including, but not limited to, a notice of stock option grant and a form of exercise notice.
- (ee) **“Ordinary Shares”** means the Company’s ordinary shares, par value €0.01 per share, as adjusted in accordance with Section 15 below.
- (ff) **“Parent”** means any corporation (other than the Company), whether now or hereafter existing, in an unbroken chain of corporations ending with the Company if, at the time of grant of the Award, each of the corporations other than the Company owns shares in the capital of the Company possessing 50% or more of the total combined voting power of all classes of shares in the capital of the Company in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date.
- (gg) **“Participant”** means any holder of one or more Awards or Shares issued pursuant to an Award.
- (hh) **“Performance Share”** means an Award denominated in Shares which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine pursuant to Section 11.
- (ii) **“Performance Share Agreement”** means a written document, the form(s) of which shall be approved from time to time by the Administrator, reflecting the terms of Performance Shares granted under the Plan and includes any documents attached to such agreement.
- (jj) **“Performance Unit”** means an Award which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine and which may be settled for cash, Shares or other securities or a combination of the foregoing pursuant to Section 11.
- (kk) **“Performance Unit Agreement”** means a written document, the form(s) of which shall be approved from time to time by the Administrator, reflecting the terms of Performance Units granted under the Plan and includes any documents attached to such agreement.
- (ll) **“Plan”** means this Amended and Restated 2012 Stock Option Plan.

- (mm) “**Registration Date**” means the effective date of the first registration statement that is filed by the Company and declared effective pursuant to Section 12(b) of the Exchange Act, with respect to any class of the Company’s securities.
- (nn) “**Remuneration Policy**” means the Remuneration Policy for Directors approved by the general meeting of the Company on September 28, 2018.
- (oo) “**Restricted Stock**” means Shares acquired pursuant to a right to purchase or receive Ordinary Shares granted pursuant to Section 9 below.
- (pp) “**Restricted Stock Purchase Agreement**” means a written document, the form(s) of which shall be approved from time to time by the Administrator, reflecting the terms of Restricted Stock granted under the Plan and includes any documents attached to such agreement.
- (qq) “**Restricted Stock Unit**” means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 10. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.
- (rr) “**Restricted Stock Unit Agreement**” means a written document, the form(s) of which shall be approved from time to time by the Administrator, reflecting the terms of Restricted Stock Units granted under the Plan and includes any documents attached to such agreement.
- (ss) “**Rule 16b-3**” means Rule 16b-3 promulgated under the Exchange Act, as amended from time to time, or any successor provision.
- (tt) “**Section 16(b)**” means Section 16(b) of the Exchange Act.
- (uu) “**Section 409A**” means Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.
- (vv) “**Securities Act**” means the Securities Act of 1933, as amended.
- (ww) “**Share**” means a share of the Ordinary Shares, as adjusted in accordance with Section 15 below.
- (xx) “**Stock Appreciation Right**” means an Award, granted alone or in connection with an Option, that pursuant to Section 8 is designated as a Stock Appreciation Right.
- (yy) “**Stock Appreciation Right Agreement**” means a written document, the form(s) of which shall be approved from time to time by the Administrator, reflecting the terms of Stock Appreciation Rights granted under the Plan and includes any documents attached to such agreement.
- (zz) “**Stock Exchange**” means any stock exchange or consolidated stock price reporting system on which prices for the Ordinary Shares are quoted at any given time.
- (aaa) “**Subsidiary**” means any corporation (other than the Company), whether now or hereafter existing, in an unbroken chain of corporations beginning with the Company if, at the time of grant of the Award, each of the corporations other than the last corporation in the

unbroken chain owns shares in the capital of the Company possessing 50% or more of the total combined voting power of all classes of shares in the capital of the Company in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

(bbb) “**Ten Percent Holder**” means a person who owns shares in the capital of the Company representing more than 10% of the voting power of Shares in the capital of the Company or of all classes of shares in the capital of any Parent or Subsidiary measured as of an Award’s date of grant.

### 3. **Ordinary Shares Subject to the Plan.**

(a) **Ordinary Shares Subject to the Plan.** Subject to the provisions of Section 15 below, the maximum aggregate number of Shares that may be issued under the Plan is 39,685,602 Shares, all of which Shares may be issued under the Plan pursuant to Incentive Stock Options and under the condition that the Company's authorized capital provides for such issue of Shares. The Shares issued under the Plan may be authorized, but unissued, or reacquired Shares.

(b) **Automatic Share Reserve Increase.** Subject to the provisions of Section 15 of the Plan, the number of Shares available for issuance under the Plan will be increased on the first day of each Fiscal Year beginning with the 2020 Fiscal Year, in an amount equal to the lesser of (i) 9 million Shares, (ii) 5% of the outstanding Shares on the last day of the immediately preceding Fiscal Year or (iii) such number of Shares determined by the Board.

(c) **Lapsed Awards.** If an Award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an Exchange Program, or, with respect to Restricted Stock, Restricted Stock Units, Performance Units or Performance Shares, is reacquired or repurchased by the Company due to failure to vest, the unpurchased Shares (or for Awards other than Options or Stock Appreciation Rights the reacquired or repurchased Shares), which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to Stock Appreciation Rights, only Shares actually issued (i.e., the net Shares issued) pursuant to a Stock Appreciation Right will cease to be available under the Plan; all remaining Shares under Stock Appreciation Rights will remain available for future grant or sale under the Plan (unless the Plan has terminated). Shares that have actually been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if Shares issued pursuant to Awards of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units are repurchased by the Company or are forfeited to or canceled by the Company, such Shares will become available for future grant under the Plan. Shares used to pay the exercise price of an Award or to satisfy the tax withholding obligations related to an Award will become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Notwithstanding the foregoing and, subject to adjustment as provided in Section 15, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3(a), plus, to the extent allowable under Section 422 of the Code and the Treasury Regulations promulgated thereunder, any Shares that become available for issuance under the Plan pursuant to Sections 3(b) and 3(c).

(d) **Share Reserve.** The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

4. **Administration of the Plan.**

(a) **Procedure.**

- i. **General.** The Plan shall be administered by the Board. The Plan may be administered by different Committees with respect to different classes of Participants, and, if permitted by Applicable Laws, the Board may authorize a Committee comprised of one or more officers of the Company to make Awards under the Plan to Employees and Consultants (who are not subject to Section 16 of the Exchange Act) within parameters specified by the Board.
- ii. **Committee Composition.** If a Committee has been appointed pursuant to this Section 4, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board. From time to time the Board may increase the size of any Committee and appoint additional members thereof, remove members (with or without cause) and appoint new members in substitution therefor, fill vacancies (however caused) and dissolve a Committee and thereafter directly administer the Plan, all to the extent permitted by Applicable Laws and, in the case of a Committee administering the Plan in accordance with the requirements of Rule 16b3 of the Code, to the extent permitted or required by such provisions.
- iii. Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder will be structured to satisfy the requirements for exemption under Rule 16b-3.

(b) **Powers of the Administrator.** Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its sole discretion:

- i. to determine the Fair Market Value in accordance with Section 2(u) above, provided that such determination shall be applied consistently with respect to Participants under the Plan;
- ii. to select the Employees and Consultants to whom Awards may from time to time be granted, in the case of granting Awards to Directors with due observance of the Board Rules and Applicable Laws on conflict of interest and the Remuneration Policy;
- iii. to determine the number of Shares to be covered by each Award;
- iv. to approve the form(s) of agreement(s) and other related documents used under the Plan;
- v. to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder, which terms and conditions include but are not limited to the exercise or purchase price, the time or times when Awards may vest and/or be exercised (which may be based on performance criteria), the circumstances (if any) when vesting will be accelerated or cancellation restrictions will be waived, and any restriction or limitation regarding any Award or Shares that are covered by an Award;
- vi. to amend any outstanding Award or agreement related to any Shares covered by an Award, including any amendment adjusting vesting (e.g., in connection with a change in the terms or conditions under which such person is providing services to the

Company), provided that no amendment shall be made that would materially and adversely affect the rights of any Participant without his or her consent;

- vii. to determine whether and under what circumstances an Award may be settled in cash instead of Ordinary Shares, subject to Applicable Laws;
- viii. subject to Applicable Laws, to implement an Exchange Program and establish the terms and conditions of such Exchange Program without consent of the holders of shares in the capital of the Company, provided that no amendment or adjustment to an Option that would materially and adversely affect the rights of any Participant shall be made without his or her consent;
- ix. to approve addenda pursuant to Section 21 below or to grant Awards to, or to modify the terms of, any outstanding Award Agreement or any agreement related to any Shares covered by an Award held by Participants who are foreign nationals or employed outside of the United States with such terms and conditions as the Administrator deems necessary or appropriate to accommodate differences in local law, tax policy or custom which deviate from the terms and conditions set forth in this Plan to the extent necessary or appropriate to accommodate such differences;
- x. to construe and interpret the terms of the Plan, any Award Agreement and any agreement related to any Shares covered by an Award, which constructions, interpretations and decisions shall be final and binding on all Participants;
- xi. to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;
- xii. to allow Participants to satisfy tax withholding obligations in such manner as prescribed in Section 13; and
- xiii. to make all other determinations deemed necessary or advisable for administering the Plan.

(c) **Effect of Administrator's Decision.** The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders.

(d) **Indemnification.** To the maximum extent permitted by Applicable Laws, each member of the Board, as applicable, shall be indemnified and held harmless by the Company against and from (i) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or pursuant to the terms and conditions of any Award except for actions taken in bad faith or failures to act in bad faith, and (ii) any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided that such member shall give the Company an opportunity, at its own expense, to handle and defend any such claim, action, suit or proceeding before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Association, Board Rules, by contract, as a matter of law, or otherwise, or under any other power that the Company may have to indemnify or hold harmless each such person.

5. **Eligibility.**

- (a) **Recipients of Grants.** Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units may be granted to Employees and Consultants. Incentive Stock Options may be granted only to Employees, provided that Employees of Affiliates shall not be eligible to receive Incentive Stock Options.
- (b) **No Employment Rights.** Neither the Plan nor any Award shall confer upon any Employee or Consultant any right with respect to continuation of an employment or consulting relationship with the Company (any Parent, Subsidiary or Affiliate), nor shall it interfere in any way with such Employee's or Consultant's right or the Company's (Parent's, Subsidiary's or Affiliate's) right to terminate his or her employment or consulting relationship at any time, with or without cause.

6. **Term of Plan.** Subject to Section 23 of the Plan, the Plan will become effective upon the later to occur of (i) its adoption by the Board or (ii) the business day immediately prior to the Registration Date. It will continue in effect for a term of ten (10) years from the date it becomes effective, unless terminated earlier under Section 17 of the Plan.

7. **Options.**

- (a) **Term of Option.** The term of each Option shall be the term stated in the Option Agreement; provided that the term shall be no more than 10 years from the date of grant thereof or such shorter term as may be provided in the Option Agreement and provided further that, in the case of an Incentive Stock Option granted to a person who at the time of such grant is a Ten Percent Holder, the term of the Option shall be 5 years from the date of grant thereof or such shorter term as may be provided in the Option Agreement.
- (b) **Type of Option.**
  - i. Each Option shall be designated in the Option Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option.
  - ii. Notwithstanding any designation under Section 7(b)(i) above, to the extent that the aggregate Fair Market Value of Shares with respect to which Options designated as Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under all plans of the Company or any Parent or Subsidiary) exceeds \$100,000, such excess Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 7(b), Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares subject to an Incentive Stock Option shall be determined as of the date of the grant of such Option.
- (c) **Option Exercise Price and Consideration.**
  - i. **Exercise Price.** The per Share exercise price for the Shares to be issued pursuant to the exercise of an Option shall be such price as is determined by the Administrator and set forth in the Option Agreement, but shall be subject to the following:

- (1) In the case of an Incentive Stock Option

- a. granted to an Employee who at the time of grant is a Ten Percent Holder, the per Share exercise price shall be no less than 110% of the Fair Market Value on the date of grant;
  - b. granted to any other Employee, the per Share exercise price shall be no less than 100% of the Fair Market Value on the date of grant;
- (2) Except as provided in subsection (3) below, in the case of a Nonstatutory Stock Option the per Share exercise price shall be such price as is determined by the Administrator, provided that, if the per Share exercise price is less than 100% of the Fair Market Value on the date of grant, it shall otherwise comply with all Applicable Laws, including Section 409A; and
- (3) Notwithstanding the foregoing, Options may be granted with a per Share exercise price other than as required above pursuant to a merger or other corporate transaction.
- ii. **Permissible Consideration.** The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option and to the extent required by Applicable Laws, shall be determined at the time of grant) and may consist entirely of (1) cash; (2) check; (3) to the extent permitted under, and in accordance with, Applicable Laws, delivery of a promissory note with such recourse, interest, security and redemption provisions as the Administrator determines to be appropriate (subject to the provisions of Section 152 of the General Corporation Law); (4) cancellation of indebtedness; (5) other previously owned Shares that have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which the Option is exercised; (6) a Cashless Exercise; (7) such other consideration and method of payment permitted under Applicable Laws; or (8) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to accept, the Administrator shall consider if acceptance of such consideration may be reasonably expected to benefit the Company and the Administrator may, in its sole discretion, refuse to accept a particular form of consideration at the time of any Option exercise.

(d) **Exercise of Option.**

i. **General.**

- (1) **Exercisability.** Any Option granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator, consistent with the terms of the Plan and reflected in the Option Agreement, including vesting requirements and/or performance criteria with respect to the Company, and Parent, Subsidiary or Affiliate, and/or the Participant.
- (2) **Leave of Absence.** The Administrator shall have the discretion to determine whether and to what extent the vesting of Options shall be tolled during any leave of absence; provided, however, that in the absence of such determination, vesting of Options shall be tolled during any leave (unless otherwise required by Applicable Laws). Notwithstanding the foregoing, in the event of military leave, vesting shall toll during any unpaid portion of such leave, provided that, upon a Participant's returning from military leave

(under conditions that would entitle him or her to protection upon such return under the Uniform Services Employment and Reemployment Rights Act), he or she shall be given vesting credit with respect to Options to the same extent as would have applied had the Participant continued to provide services to the Company (or any Parent, Subsidiary or Affiliate, if applicable) throughout the leave on the same terms as he or she was providing services immediately prior to such leave.

- (3) **Minimum Exercise Requirements.** An Option may not be exercised for a fraction of a Share. The Administrator may require that an Option be exercised as to a minimum number of Shares, provided that such requirement shall not prevent a Participant from exercising the full number of Shares as to which the Option is then exercisable.
  - (4) **Procedures for and Results of Exercise.** An Option shall be deemed exercised when written notice of such exercise has been received by the Company in accordance with the terms of the Option Agreement by the person entitled to exercise the Option and the Company has received full payment for the Shares with respect to which the Option is exercised and has paid, or made arrangements to satisfy, any applicable taxes, withholding, required deductions or other required payments in accordance with Section 13 below. The exercise of an Option shall result in a decrease in the number of Shares that thereafter may be available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.
  - (5) **Rights as Holder of Shares in the Capital of the Company.** Until the effective issuance of the Shares (including by way of a transfer of treasury shares), no right to vote or receive dividends or any other rights as a holder of shares in the capital of the Company shall exist with respect to the Shares subject to an Option, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date ownership is recorded in the Company's shareholder register, except as provided in Section 15 below.
- ii. **Termination of Continuous Service Status.** The Administrator shall establish and set forth in the applicable Option Agreement the terms and conditions upon which an Option shall remain exercisable, if at all, following termination of a Participant's Continuous Service Status, which provisions may be waived or modified by the Administrator at any time. To the extent that an Option Agreement does not specify the terms and conditions upon which an Option shall terminate upon termination of a Participant's Continuous Service Status, the following provisions shall apply:
- (1) **General Provisions.** If the Participant (or other person entitled to exercise the Option) does not exercise the Option to the extent so entitled within the time specified below, the Option shall terminate and the Shares subject to the Option underlying the unexercised portion of the Option shall revert to the Plan. In no event may any Option be exercised after the expiration of the Option term as set forth in the Option Agreement (and subject to this Section 7).
  - (2) **Termination other than Upon Disability or Death or for Cause.** In the event of termination of a Participant's Continuous Service Status other than



under the circumstances set forth in the subsections (3) through (5) below, such Participant may exercise any outstanding Option at any time within 3 month(s) following such termination to the extent the Participant is vested in the Shares subject to the Option.

- (3) **Disability of Participant.** In the event of termination of a Participant's Continuous Service Status as a result of his or her Disability, such Participant may exercise any outstanding Option at any time within 12 month(s) following such termination to the extent the Participant is vested in the Shares subject to the Option.
- (4) **Death of Participant.** In the event of the death of a Participant during the period of Continuous Service Status since the date of grant of any outstanding Option, or within 3 month(s) following termination of the Participant's Continuous Service Status, the Option may be exercised by any beneficiaries designated in accordance with Section 19 below, or if there are no such beneficiaries, by the Participant's estate, or by a person who acquired the right to exercise the Option by bequest or inheritance, at any time within 12 month(s) following the date the Participant's Continuous Service Status terminated, but only to the extent the Participant is vested in the Shares subject to the Option.
- (5) **Termination for Cause.** In the event of termination of a Participant's Continuous Service Status for Cause, any outstanding Option (including any vested portion thereof) held by such Participant shall immediately terminate in its entirety upon first notification to the Participant of termination of the Participant's Continuous Service Status for Cause. If a Participant's Continuous Service Status is suspended pending an investigation of whether the Participant's Continuous Service Status will be terminated for Cause, all the Participant's rights under any Option, including the right to exercise the Option, shall be suspended during the investigation period. Nothing in this Section 7(d)(ii)(5) shall in any way limit the Company's right to purchase unvested Shares issued upon exercise of an Option as set forth in the applicable Option Agreement.
- (6) **Tolling Expiration.** A Participant's Option Agreement may also provide that:
  - a. if the exercise of the Option following the termination of Participant's Continuous Service Status (other than upon the Participant's death or Disability) would result in liability under Section 16(b), then the Option will terminate on the earlier of (A) the expiration of the term of the Option set forth in the Option Agreement, or (B) the tenth (10th) day after the last date on which such exercise would result in liability under Section 16(b); or
  - b. if the exercise of the Option following the termination of the Participant's Continuous Service Status (other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of Shares would violate the registration requirements under the Securities Act, then the Option will terminate on the earlier of (A) the expiration of the term of the Option or (B)

the expiration of a period of thirty (30)-day period after the termination of the Participant's Continuous Service Status during which the exercise of the Option would not be in violation of such registration requirements.

#### 8. **Stock Appreciation Rights**

- (a) **Grant of Stock Appreciation Rights**. Subject to the terms and conditions of the Plan, a Stock Appreciation Right may be granted at any time and from time to time as will be determined by the Administrator, in its sole discretion.
- (b) **Number of Shares**. The Administrator will have complete discretion to determine the number of Shares subject to any Stock Appreciation Right.
- (c) **Exercise Price and Other Terms**. The per Share exercise price for the Shares that will determine the amount of the payment to be received upon exercise of a Stock Appreciation Right as set forth in Section 8(f) will be determined by the Administrator and will be no less than 100% of the Fair Market Value per Share on the date of grant. Otherwise, the Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Stock Appreciation Rights granted under the Plan.
- (d) **Stock Appreciation Right Agreement**. Each Stock Appreciation Right will be evidenced by a Stock Appreciation Right Agreement that will specify the exercise price, the term of the Stock Appreciation Right, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, will determine.
- (e) **Expiration of Stock Appreciation Rights**. A Stock Appreciation Right granted under the Plan will expire upon the date determined by the Administrator, in its sole discretion, and set forth in the Stock Appreciation Right Agreement. Notwithstanding the foregoing, the rules of Section 7(a) relating to the maximum term and Section 7(d) relating to exercise also will apply to Stock Appreciation Rights.
- (f) **Payment of Stock Appreciation Right Amount**. Upon exercise of a Stock Appreciation Right, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying:
  - i. The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times
  - ii. The number of Shares with respect to which the Stock Appreciation Right is exercised.

At the discretion of the Administrator, the payment upon Stock Appreciation Right exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

#### 9. **Restricted Stock**

- (a) **Rights to Purchase**. When a right to purchase or receive Restricted Stock is granted under the Plan, the Company shall advise the recipient in writing of the terms, conditions and restrictions related to the offer, including the number of Shares that such person shall be entitled to purchase, the price to be paid, if any (which shall be as determined by the Administrator, subject to Applicable Laws, including any applicable securities laws), and the time within

which such person must accept such offer. The permissible consideration for Restricted Stock shall be determined by the Administrator and shall be the same as is set forth in Section 7(c)(ii) above with respect to exercise of Options. The offer to purchase Shares shall be accepted by execution of a Restricted Stock Purchase Agreement in the form determined by the Administrator.

(b) **Repurchase Option.**

- i. **General.** Unless the Administrator determines otherwise, the Restricted Stock Purchase Agreement shall grant the Company a repurchase option exercisable upon the voluntary or involuntary termination of the Participant's Continuous Service Status for any reason (including death or Disability) at a purchase price for Shares equal to the original purchase price paid by the purchaser to the Company for such Shares and may be paid by cancellation of any indebtedness of the purchaser to the Company. The repurchase option shall lapse at such rate or pursuant to such vesting criteria as the Administrator may determine.
- ii. **Leave of Absence.** The Administrator shall have the discretion to determine whether and to what extent the lapsing of Company repurchase rights shall be tolled during any leave of absence; provided, however, that in the absence of such determination, such lapsing shall be tolled during any leave (unless otherwise required by Applicable Laws). Notwithstanding the foregoing, in the event of military leave, the lapsing of Company repurchase rights shall toll during any unpaid portion of such leave, provided that, upon a Participant's returning from military leave (under conditions that would entitle him or her to protection upon such return under the Uniform Services Employment and Reemployment Rights Act), he or she shall be given vesting credit with respect to Shares purchased pursuant to the Restricted Stock Purchase Agreement to the same extent as would have applied had the Participant continued to provide services to the Company (or any Parent, Subsidiary or Affiliate, if applicable) throughout the leave on the same terms as he or she was providing services immediately prior to such leave.

(c) **Other Provisions.** The Restricted Stock Purchase Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion. In addition, the provisions of Restricted Stock Purchase Agreements need not be the same with respect to each Participant.

(d) **Rights as a Holder of Shares in the Capital of the Company.** Once the Restricted Stock is purchased, the Participant shall have the rights equivalent to those of a holder of shares in the capital of the Company, and shall be a record holder when his or her purchase and the issuance of the Shares is entered upon the records of the duly authorized transfer agent of the Company. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Restricted Stock is purchased, except as provided in Section 15 below.

10. **Restricted Stock Units**

(a) **Grant.** Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. After the Administrator determines that it will grant Restricted Stock Units, it will advise the Participant in a Restricted Stock Unit Agreement of the terms, conditions, and restrictions related to the grant, including the number of Restricted Stock Units.

- (b) **Vesting Criteria and Other Terms.** The Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. The Administrator may set vesting criteria based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment or service), or any other basis determined by the Administrator in its discretion.
- (c) **Earning Restricted Stock Units.** Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as determined by the Administrator. Notwithstanding the foregoing, at any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.
- (d) **Form and Timing of Payment.** Payment of earned Restricted Stock Units will be made as soon as practicable after the date(s) determined by the Administrator and set forth in the Restricted Stock Unit Agreement. The Administrator, in its sole discretion, may settle earned Restricted Stock Units in cash, Shares, or a combination of both.
- (e) **Cancellation.** On the date set forth in the Restricted Stock Unit Agreement, all unearned Restricted Stock Units will be reacquired by the Company.
- (f) **Leave of Absence.** The Administrator shall have the discretion to determine whether and to what extent the vesting of Restricted Stock Units shall be tolled during any leave of absence; provided, however, that in the absence of such determination, such vesting shall be tolled during any leave (unless otherwise required by Applicable Laws). Notwithstanding the foregoing, in the event of military leave, the vesting of Restricted Stock Units shall toll during any unpaid portion of such leave, provided that, upon a Participant's returning from military leave (under conditions that would entitle him or her to protection upon such return under the Uniform Services Employment and Reemployment Rights Act), he or she shall be given vesting credit with respect to Restricted Stock Units to the same extent as would have applied had the Participant continued to provide services to the Company (or any Parent, Subsidiary or Affiliate, if applicable) throughout the leave on the same terms as he or she was providing services immediately prior to such leave.

11. **Performance Units and Performance Shares.**

- (a) **Grant of Performance Units/Shares.** Performance Units and Performance Shares may be granted to Employees or Consultants at any time and from time to time, as will be determined by the Administrator, in its sole discretion. The Administrator will have complete discretion in determining the number of Performance Units and Performance Shares granted to each Participant.
- (b) **Value of Performance Units/Shares.** Each Performance Unit will have an initial value that is established by the Administrator on or before the date of grant. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant.
- (c) **Performance Objectives and Other Terms.** The Administrator will set performance objectives or other vesting provisions (including, without limitation, Continuing Service Status) in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units/Shares that will be paid out to the Participant. The time period during which the performance objectives or other vesting provisions must be met will be called the "Performance Period." Each Award of Performance Units/Shares will be evidenced by a Performance Unit Agreement or Performance Share Agreement, as applicable,

that will specify the Performance Period, and such other terms and conditions as the Administrator, in its sole discretion, will determine. The Administrator may set performance objectives based upon the achievement of Company-wide, divisional, business unit or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws, or any other basis determined by the Administrator in its discretion.

- (d) **Earning of Performance Units/Shares.** After the applicable Performance Period has ended, the holder of Performance Units/Shares will be entitled to receive a payout of the number of Performance Units/Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved. After the grant of a Performance Unit/Share, the Administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such Performance Unit/Share.
- (e) **Form and Timing of Payment of Performance Units/Shares.** Payment of earned Performance Units/Shares will be made as soon as practicable after the expiration of the applicable Performance Period. The Administrator, in its sole discretion, may pay earned Performance Units/Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period) or in a combination thereof.
- (f) **Cancellation of Performance Units/Shares.** On the date set forth in the Performance Unit Agreement or Performance Share Agreement, all unearned or unvested Performance Units/Shares will be reacquired by the Company, and again will be available for grant under the Plan.

12. **Non-Executive Director Limitations.** All Awards under the Plan granted to Non-Executive Directors will be subject to the limitations of the Remuneration Policy.

13. **Taxes.**

- (a) As a condition of the grant, vesting and exercise of an Award, and prior to the delivery of Shares or cash pursuant to an Award, the Company will have the power and right to deduct or withhold, or require Participant (or in the case of the Participant's death or a permitted transferee, the person holding or exercising the Award) to remit to the Company, an amount sufficient to satisfy U.S. federal, state or local taxes, non-U.S. taxes, or other taxes (including social security contributions and social security premiums and Participant's FICA obligation) required to be withheld with respect to such Award (or exercise thereof). The Company shall not be required to issue any Shares or other consideration under the Plan until such obligations are satisfied.
- (b) The Administrator may, to the extent permitted under Applicable Laws, permit a Participant (or in the case of the Participant's death or a permitted transferee, the person holding or exercising the Award) to satisfy all or part of his or her tax and social security contributions and social security premiums, withholding, or any other required deductions or payments by (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable cash or Shares having a fair market value not in excess of the maximum statutory amount required to be withheld (including through a Cashless Exercise), or (iii) delivering to the Company already-owned Shares having a Fair Market Value not in excess of the maximum statutory amount required to be withheld. Any payment of taxes, social security contributions and social security premiums by surrendering Shares to the Company may be subject to restrictions,

including, but not limited to, any restrictions required by rules of the Securities and Exchange Commission.

- (c) Awards will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A, except as otherwise determined in the sole discretion of the Administrator. The Plan and each Award Agreement under the Plan is intended to meet the requirements of Section 409A and will be construed and interpreted in accordance with such intent, except as otherwise determined in the sole discretion of the Administrator. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Section 409A the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A. In no event will the Company (or any Parent, Subsidiary, or Affiliate of the Company, as applicable) reimburse a Participant for any taxes imposed or other costs incurred as a result of Section 409A.

14. **Non-Transferability of Awards.**

- (a) **General.** Unless determined otherwise by the Administrator, Awards may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution. The designation of a beneficiary by a Participant will not constitute a transfer. An Option may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate.

15. **Adjustments Upon Changes in Capitalization, Merger or Certain Other Transactions.**

- (a) **Changes in Capitalization.** Subject to any action required under Applicable Laws by the holders of shares in the capital of the Company, (i) the numbers and class of Shares or other shares in the capital of the Company or securities: (x) available for future Awards under Section 3 above and (y) covered by each outstanding Award, (ii) the exercise price per Share of each such outstanding Option or Stock Appreciation Right, and (iii) any repurchase price per Share applicable to Shares issued pursuant to any Award, shall, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, be adjusted by the Administrator in the event of a stock split, reverse stock split, dividend or other distribution (whether in the form of cash, Shares, securities, or other property), recapitalization, reorganization, merger, split-up, spin-off, combination, consolidation, reclassification of the Shares or subdivision of the Shares or other securities of the Company, repurchase or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares. Any such adjustment by the Administrator shall be made in the Administrator's sole and absolute discretion and shall be final, binding on the shares of capital of the Company of any class, or securities convertible into shares of in the capital of the Company of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Award. If, by reason of a transaction described in this Section 15(a) or an adjustment pursuant to this Section 15(a), a Participant's Award Agreement or agreement related to any Shares covered by an Award covers additional or different shares in the capital of the Company or securities, then such additional or different shares, and the Award Agreement or agreement related to the Shares covered by an Award in respect thereof, shall be subject to all of the terms, conditions and restrictions which were applicable to the Award or Shares covered by the Award prior to such adjustment.

- (b) **Dissolution or Liquidation.** In the event of the dissolution or liquidation of the Company, each Award, to the extent it has not been previously exercised, will terminate immediately prior to the consummation of such action, unless otherwise determined by the Administrator. The Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction.
- (c) **Corporate Transactions.** In the event of a merger of the Company with or into another corporation or other entity or a Change in Control, each outstanding Award (vested or unvested) will be treated as the Administrator determines (subject to the restriction in the following paragraph), which determination may be made without the consent of any Participant and need not treat all outstanding Awards (or portion thereof) in an identical manner, including, without limitation, that each Award be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation.

If any Award, or any agreement applicable to any Award, provides for accelerated vesting in connection with any termination of Continuous Service Status that occurs on or after a Change in Control, and the successor does not agree to assume the Award, or to substitute an equivalent award or right for the Award, then any acceleration of vesting that would otherwise occur upon such termination of Continuous Service Status shall occur immediately prior to, and contingent upon, the consummation of such Change in Control.

In the event that the successor corporation does not assume or substitute for the Award (or portion thereof), the Participant will fully vest in and have the right to exercise all of his or her outstanding Options and Stock Appreciation Rights, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock, Restricted Stock Units, Performance Units and Performance Shares will lapse, and, with respect to Awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met, in all cases, unless specifically provided otherwise under the applicable Award Agreement or other written agreement between the Participant and the Company or any of its Subsidiaries or Parents, as applicable. In addition, if an Option or Stock Appreciation Right is not assumed or substituted in the event of a merger or Change in Control, the Administrator will notify the Participant in writing or electronically that the Option or Stock Appreciation Right will be exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or Stock Appreciation Right will terminate upon the expiration of such period.

For the purposes of this subsection (c), an Award will be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether shares in the capital of the Company, cash, or other securities or property) received in the Change in Control by holders of Ordinary Shares for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control is not solely ordinary shares of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Restricted Stock Unit, Performance Unit or Performance Share, for each Share subject to such Award, to be solely ordinary shares of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Ordinary Shares in the Change in Control.

Notwithstanding anything in this Section 15(c) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or its successor modifies any of such performance goals without the Participant's consent; provided, however, a modification to such performance goals only to reflect the successor corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

(d) **Non-Executive Director Awards.** With respect to Awards granted to an Non-Executive Director, in the event of a Change in Control, then the Participant will fully vest in and have the right to exercise Options and/or Stock Appreciation Rights as to all of the Shares underlying such Award, including those Shares which would not otherwise be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Awards with performance-based vesting, unless specifically provided otherwise under the applicable Award Agreement, a Company policy applicable to the Participant, or other written agreement between the Participant and the Company, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met.

16. **Time of Granting Awards.** The date of grant of an Award shall, for all purposes, be the date on which the Board makes the determination granting such Award, or such other date as is determined by the Administrator.
17. **Amendment and Termination of the Plan.** The Board may at any time amend or terminate the Plan, but no amendment or termination shall be made that would materially and adversely affect the rights of any Participant under any outstanding Award, without his or her consent. In addition, to the extent necessary and desirable to comply with Applicable Laws, the Company shall obtain the approval of holders of shares in the capital of the Company with respect to any Plan amendment in such a manner and to such a degree as required.
18. **Conditions Upon Issuance of Shares.** Notwithstanding any other provision of the Plan or any agreement entered into by the Company pursuant to the Plan, the Company shall not be obligated, and shall have no liability for failure, to issue or deliver any Shares under the Plan unless such issuance or delivery would comply with Applicable Laws, with such compliance determined by the Company in consultation with its legal counsel. As a condition to the exercise of any Option or Stock Appreciation Right or purchase or receipt of any Restricted Stock or Restricted Stock Units, the Company may require the person exercising, purchasing or receiving the applicable Award to represent and warrant at the time of any such exercise, purchase or receipt that the Shares subject to the Award are being exercised, purchased or received only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is advisable or required by Applicable Laws. Shares issued in connection with an Award prior to the date, if ever, on which the Ordinary Shares becomes a Listed Security shall be subject to a right of first refusal in favor of the Company pursuant to which the Participant will be required to offer Shares to the Company before selling or transferring them to any third party on such terms and subject to such conditions as is reflected in the applicable Award Agreement.
19. **Beneficiaries.** Participant may designate one or more beneficiaries with respect to an Award by timely filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Participant's death. Except as otherwise provided in an Award Agreement, if no beneficiary was designated or if no designated beneficiary survives the Participant, then after a Participant's death any vested Award(s) shall be transferred or distributed to the Participant's estate or to any person who has the right to acquire the Award by bequest or inheritance.



20. **Approval of Holders of Shares in the Capital of the Company.** If required by Applicable Laws, continuance of the Plan shall be subject to approval by the holders of shares in the capital of the Company at the general meeting of the Company within 12 months before or after the date the Plan is adopted or, to the extent required by Applicable Laws, any date the Plan is amended. Such approval shall be obtained in the manner and to the degree required under Applicable Laws.
21. **Addenda.** The Administrator may approve such addenda to the Plan as it may consider necessary or appropriate for the purpose of granting Awards to Employees or Consultants, which Awards may contain such terms and conditions as the Administrator deems necessary or appropriate to accommodate differences in local law, tax policy or custom, which may deviate from the terms and conditions set forth in this Plan. The terms of any such addenda shall supersede the terms of the Plan to the extent necessary to accommodate such differences but shall not otherwise affect the terms of the Plan as in effect for any other purpose.
22. **Approval of the Holders of Shares in the Capital of the Company.** The Plan will be subject to approval by the holders of the shares in the capital of the Company at the general meeting of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such approval of the holders of shares in the capital of the Company will be obtained in the manner and to the degree required under Applicable Laws.
23. **Clawback.** The Administrator may specify in an Award Agreement that the Participant's rights, payments, and/or benefits with respect to an Award will be subject to reduction, cancellation, reacquisition, and/or recoupment upon the occurrence of certain specified events, in addition to any applicable vesting, performance or other conditions and restrictions of an Award. Notwithstanding any provisions to the contrary under this Plan, an Award granted under the Plan shall be subject to the Company's clawback policy (if any) as may be established and/or amended from time to time. The Board may require a Participant to cancel or return to and/or reimburse the Company all or a portion of the Award and/or Shares issued under the Award, any amounts paid under the Award, and any payments or proceeds paid or provided upon disposition of the Shares issued under the Award, pursuant to the terms of such Company policy or as necessary or appropriate to comply with Applicable Laws.
24. **Death Acceleration.** Upon a Participant's death, Participant's outstanding and unvested Awards will accelerate and fully vest; provided that the aggregate Fair Market Value of the Shares covered by Awards that may accelerate and fully vest pursuant to this Section 24 and the shares and other securities covered by Company equity awards issued under other equity plans and arrangements (collectively, the "Eligible Awards") that may accelerate and vest pursuant to comparable provisions in such other equity plans and arrangements may not exceed \$1,000,000 in the aggregate, as measured on the date of Participant's death (the "Death Acceleration Limit"). The order in which Eligible Awards will accelerate and vest up to the Death Acceleration Limit will be determined as follows: (a) Eligible Awards will accelerate and apply toward the Death Acceleration Limit based on their class in the following order: (1) Restricted Stock, (2) Restricted Stock Units, and (3) Options and Stock Appreciation Rights, and (b) with respect to Eligible Awards of the same class, awards with an earlier date of grant will accelerate and apply toward the Death Acceleration Limit prior to Eligible Awards with a later date of grant. If two or more Eligible Awards of the same class are granted on the same date, each Eligible Award will accelerate and vest on a pro-rata basis. For the avoidance of doubt, the acceleration described in this Section 24 does not apply to any Eligible Awards with performance-based vesting. Notwithstanding anything in this Section 24 to the contrary, in the event a Participant's death results from a suicide, the acceleration and vesting described in this Section 24 will be solely at the Company's discretion and will not occur automatically.

**ADDENDUM A**  
**AMENDED AND RESTATED 2012 STOCK OPTION PLAN**  
**UK COMPANY SHARE OPTION PLAN (CSOP) (THE “PLAN”)**  
**ADOPTED BY THE BOARD OF ELASTIC N.V ON SEPTEMBER 18, 2018**

- (A) This Plan forms part of the Elastic N.V. Amended and Restated 2012 Stock Option Plan including, without limitation Section 3 (Stock Subject to the Plan).
- (B) The purpose of this scheme is to provide benefits to employees and directors in the form of share options, in accordance with Schedule 4 of the Income Tax (Earnings and Pensions) Act 2003.
- (C) In this Plan the words and expressions defined herein shall have the same meaning when used in the Plan and the provisions of the Elastic N.V. Amended and Restated 2012 Stock Option Plan shall apply to the provisions of the Plan except where expressly varied herein.
- (D) Notwithstanding anything in the Plan or any Option Agreement, no variation may be made to the terms of an outstanding Option other than as follows:
- (i) any variation to the Exercise Price must be carried out in accordance with paragraph 22 of Schedule 4;
  - (ii) any variation to the number or description of shares subject to the Option must be carried out in accordance with paragraph 22 of Schedule 4 or with the prior written consent of the relevant UK Participant;
  - (iii) any variation to the restrictions applicable to shares subject to Option must be carried out in accordance with paragraph 22 of Schedule 4 or as a result of amendments to such restrictions generally approved by the Company’s shareholders;
  - (iv) any variation to the times at which the Option may be exercised, in whole or in part, must be carried out in accordance with paragraph 22 of Schedule 4 or with the prior written consent of the relevant UK Participant;
  - (v) any variation to the circumstances under which the Option will lapse must be carried out in accordance with paragraph 22 of Schedule 4 or with the prior written consent of the relevant UK Participant;
- (E) The mechanisms described in paragraph (D) above in connection with certain changes to the terms of outstanding Options must be applied in a way that is fair and reasonable.
- (F) Notwithstanding anything in the Plan or any Option Agreement, no variations whatsoever may be made to any outstanding Options where this would result in the requirements of the paragraphs of Schedule 4 to the Act no longer being met.
- (G) Restricted Stock may not be provided under the Plan. All provisions relating to Restricted Stock in the Elastic N.V. Amended and Restated 2012 Stock Option Plan shall not apply to the Plan.

- (H) For the purposes of the Plan, the following terms shall have the following meanings:

"Act"	the Income Tax (Earnings and Pensions) Act 2003;
"Appropriate Period"	the relevant period as specified in paragraph 26(3) of Schedule 4;
"Associated Company"	an associated company of the Company within the meaning that expression bears in paragraph 35 of Schedule 4;

---

“Control”	the meaning given by section 719 of the Act;
“Date of Grant”	the date on which an Option is, was or is to be granted under the Plan;
“Eligible Employee”	any individual who at the Date of Grant is a director (who is required to work at least 25 hours a week exclusive of meal breaks) or an employee of a Participating Company;
"Exercise Price"	<p>the price per Share, as determined by the Administrator, at which an Eligible Employee may acquire Shares upon the exercise of an Option being not less than the Market Value of a Share:</p> <p>(1) subject to (2) below, on the day the Date of Grant; or</p> <p>(2) if the Administrator so determines, at such earlier time or times as the Administrator may determine (with previous agreement in writing of HMRC);</p> <p>but subject to any adjustment pursuant to Section 12(a) as applied in this Plan;</p>
“HMRC”	HM Revenue & Customs;
"Individual Approved Limit"	the limit specified from time to time in paragraph 6 of Schedule 4;
"London Stock Exchange"	the London Stock Exchange plc or any successor company or body carrying on the business of the London Stock Exchange plc;
"Market Value"	<p>in relation to a Share on any day:</p> <p>(1) if so long as the Shares are traded on NASDAQ, its last reported sale price and agreed for the purposes of this Plan with the Shares &amp; Assets Valuation of HMRC on or before that day; or</p> <p>(2) if and so long as the Shares are listed on the London Stock Exchange or the New York Stock Exchange, its middle market quotation; or</p> <p>(3) subject to (1) and (2) above, its market value, determined in accordance with Part 8 of the Taxation and Chargeable Gains Act 1992 and agreed for the purposes of this Plan with the Shares &amp; Assets Valuation of HMRC on or before that day;</p>
"Option"	the right to acquire Shares granted in accordance with and subject to the rules of the Plan;

"Ordinary Share Capital"	the meaning given in section 989 Income Tax Act 2007;
"Original Market Value"	in relation to any Share to be taken into account for the purposes of the limit in Section 4(c)(iii) as applied in this Plan, its Market Value as determined for the purposes of the relevant grant of options;
"Participating Company"	(1) the Company; and (2) any other company which is under the Control of the Company or is a Subsidiary of the Company;
"Plan"	this UK Company Share Option Plan (CSOP);
"Schedule 4"	Schedule 4 to the Act;
"Share"	a share of the Company's Ordinary Share Capital which complies with the conditions set forth in Part 4 of Schedule 4;
"Subsidiary"	the meaning given by Section 1159 of the Companies Act 2006;
"UK Participant"	a director or employee, or former director or employee, to whom an Option under this Plan has been granted or (where the context so admits or requires) the personal representatives of any such person.

(I) Options under this Plan may only be granted to Eligible Employees.

(J) For the purposes of this Plan the following Sections of the Plan shall be amended, modified or deleted as follows:

1. Section 4(b)(i) shall not apply to this Plan.
2. Section 4(b)(iii) shall not apply to this Plan and shall be replaced by the following:  
"to determine the number of Shares to be covered by each Option provided that any Option granted to an Eligible Employee shall be limited to take effect so that immediately following such grant the aggregate Original Market Value of all Shares over which he or she has been granted option rights under the Plan or any other share option plan approved under Schedule 4 adopted by the Company or an Associated Company, shall not exceed or further exceed the Individual Approved Option Limit;"
3. Section 4(b)(v) shall not apply to this Plan and shall be replaced by the following:  
"to determine the terms and conditions, not inconsistent with the terms of the Plan, if any Option granted hereunder, which terms and conditions include but are not limited to the time or times when Options vest and/or be exercised (which may be based on performance criteria) provided any such terms and conditions are objective and are stated in writing at the Date of Grant."
4. Section 4(b)(vii) shall not apply to this Plan.

5. Section 4(b)(viii) shall not apply to this Plan.
6. Section 4(b)(ix) shall not apply to this Plan.
7. Section 5(a) shall not apply to this Plan and shall be replaced by the following:  
“Options may only be granted to Eligible Employees.”
8. Section 5(b) shall not apply to this Plan.
9. Section 7(b) shall not apply to this Plan.
10. Section 7(c)(i) shall not apply to this Plan and shall be replaced by the following:  
  
“The per Share exercise price for the Shares to be issued pursuant to the exercise of an Option shall be determined by the Administrator and set forth in the Option Agreement, but shall not be less than the Market Value of a Share on the Date of Grant or, if the Administrator so determines, at such earlier time or times as the Administrator may determine (with the prior agreement in writing of HMRC).”
11. Section 7(c)(ii) shall not apply to this Plan and shall be replaced by the following:  
  
“The consideration to be paid for the Shares to be issued upon the exercise of an Option, including the method of payment, shall be determined by the Administrator and may consist entirely of (1) cash; (2) check or (3) such other consideration and method of payment that does not affect the approved status under Schedule 4 of the Option.”
12. Section 7(d)(i)(2) shall not apply to this Plan.
13. Section 7(d)(i)(3) shall not apply to this Plan and shall be replaced by the following:  
  
“**Minimum Exercise Requirements.** An Option may not be exercised for a fraction of a Share. The Administrator may require that an Option be exercised as to a minimum number of Shares, provided that such requirement is set forth in the applicable Option Agreement and does not prevent a UK Participant from exercising the full number of Shares as to which the Option is exercisable from time to time”.
14. Section 7(d)(i)(4) shall apply to this Plan but with the addition of the following:  
“Shares delivered to a UK Participant pursuant to the Plan will rank *pari passu* in all respects with Shares then in issue.”
15. Section 7(d)(ii) shall apply to this Plan but shall not enable the Administrator to waive or modify provisions regarding termination of Continuous Service Status in relation to an Option which has been granted.
16. Section 7(d)(ii)(3) shall apply to this Plan but modified such that the reference to “12 month(s)” shall be replaced with “6 months”.
17. Section 7(d)(ii)(4) shall apply to this Plan but modified such that Options may only be exercised by the UK Participant’s personal representatives.
18. Section 7(d)(iii)(6) shall not apply to this Plan.

19. Section 8 to 11 shall not apply to this Plan.

20. Section 14(a) shall not apply to this Plan and shall be replaced by the following:

**“General.** Options may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner. This Section shall not prevent the personal representatives of a deceased UK Participant from exercising the Option in accordance with the Plan and applicable Option Agreement(s)”.

21. Section 15(a) shall apply to this Plan provided that any variation or variations made in accordance with that Section must secure:

- (A) that the total market value of the Shares which may be acquired by the exercise of an Option is immediately after the variation or variations substantially the same as what it was immediately before the variation or variations; and
- (B) that the total price at which Shares may be acquired on the Exercise of an Option is immediately after the variation or variations substantially the same as what it was immediately before the variation or variations.

22. Section 15(b) shall apply to this Plan but with the words “unless otherwise determined by the Administrator” replaced with the following: “unless otherwise determined by the Administrator acting fairly and reasonably”.

23. Section 15(c) shall not apply to this Plan and shall be replaced by the following:

**“Certain Corporate Transactions.**

- (i) If as a result of a Corporate Transaction that falls with paragraph 25A of Schedule 4 and the Option is exercisable, then it may, if the Administrator so determines, be exercisable by virtue of this provision during such period as the Administrator may determine provided such period does not exceed any of the periods (as relevant) permitted under paragraph 25A of Schedule 4. In exercising its discretion, the Administrator shall act fairly and reasonably.

**“Approved rollover of Options.**

- (ii) If as a result of a Corporation Transaction that falls within paragraph 26(2) of Schedule 4, a company (the “Acquiring Company”) obtains Control of the Company any UK Participant may at any time within the Appropriate Period, by agreement with the Acquiring Company, release any Option which has not lapsed (the “Old Option”) in consideration for the grant to him of an option (the “New Option”) which (for the purposes of paragraph 27 of Schedule 4) is equivalent to the Old Option but relates to Shares in a different company (whether the Acquiring Company itself or some other company falling within paragraph 16(b) or 16(c) of Schedule 4).
- (iii) The New Option shall not be regarded for the purposes of Section 13(d)(i) (as applied to this Plan) unless the conditions set out in paragraph 27(4) of Schedule 4 are satisfied, but so that the provisions of the Plan shall for this purpose be construed as if (A) the New Option were an Option granted under the Plan at the same time as the Old Option; and (B) except for the definitions of “Participating Company” and “Subsidiary”, the reference to “Elastic N.V.” in the definition of

the Company in Section 2 of the Plan were a reference to the different company mentioned in Section 13(d)(i) of the Plan (as applied to this Plan).”

24. Section 15(d) shall not apply to this Plan.
25. Section 19 shall not apply to this Plan.
26. Section 24 shall not apply to options granted prior to 9 December 2021 pursuant to this Plan.

**ADDENDUM B**

**Israeli Addendum**

**Adopted by the Compensation Committee of the Board of Directors of Elastic N.V. on April 28, 2020  
to**

**ELASTIC N.V.**

**Amended and Restated 2012 Stock Option Plan**

This Israeli Addendum (the “**Addendum**”) to the Amended and Restated 2012 Stock Option Plan (as amended from time to time, the “**Plan**”) of Elastic N.V. (the “**Company**”) shall apply only to persons who are, or are deemed to be, residents of the State of Israel for Israeli tax purposes (“**Israeli Tax Residents**”).

**1. GENERAL**

1.1. Unless otherwise defined in this Addendum, capitalized terms contained herein shall have the same meanings given to them in the Plan.

1.2. The Administrator in its discretion, may grant Awards to eligible Participants and shall determine whether Awards granted under the Plan to Israeli Tax Residents are intended to be 102 Awards or 3(i) Awards. Each Award granted to an Israeli Tax Resident shall be evidenced by an Award Agreement, which shall expressly identify the Award type, and be in such form and contain such provisions, as the Administrator shall from time to time deem appropriate.

1.3. The Plan shall apply to any Awards granted pursuant to this Addendum, provided, that the provisions of this Addendum shall supersede and govern in the case of any inconsistency or conflict, either explicit or implied, arising between the provisions of this Addendum and the Plan.

**2. DEFINITIONS.**

2.1. “**3(i) Award**” means any Award granted to any Participant who is not an Employee pursuant to Section 3(i) of the Ordinance.

2.2. “**102 Award**” means any Award intended to qualify (as set forth in the applicable Award Agreement) and which qualifies under Section 102, provided it is settled only in Shares.

2.3. “**102 Capital Gain Track Award**” means any 102 Award granted to an Employee pursuant to Section 102(b)(2) or (3) (as applicable) of the Ordinance under the capital gain track.

2.4. “**102 Non-Trustee Award**” means any Award granted to an Employee pursuant to Section 102(c) of the Ordinance without a Trustee.

2.5. “**102 Ordinary Income Track Award**” means any 102 Award granted to an Employee pursuant to Section 102(b)(1) of the Ordinance under the ordinary income track.

2.6. “**102 Trustee Awards**” means, collectively, 102 Capital Gain Track Awards and 102 Ordinary Income Track Awards.

2.7. “**Award**” means any award of an Option or Restricted Stock Units under the Plan.

---



2.8. “**Controlling Shareholder**” has the meaning set forth in Section 32(9) of the Ordinance.

2.9. “**Election**” has the meaning set forth in Section 3.2 of this Addendum.

2.10. “**Employee**” means an “employee” within the meaning of Section 102(a) of the Ordinance (which as of the date of the adoption of this Addendum means (i) an individual employed by an Employer, and (ii) an individual who is serving and is engaged personally (and not through an entity) as an “office holder” by an Employer, excluding any Controlling Shareholder), provided such Employee also satisfies the eligibility requirements under the Plan.

2.11. “**Employer**” means, for purpose of a 102 Trustee Award, an Affiliate, Subsidiary or Parent which is an “employing company” within the meaning and subject to the conditions of Section 102(a) of the Ordinance.

2.12. “**ITA**” means the Israel Tax Authority.

2.13. “**Ordinance**” means the Israeli Income Tax Ordinance (New Version), 1961, including the Rules and any other regulations, rules, orders or procedures promulgated thereunder, as may be amended or replaced from time to time.

2.14. “**Required Holding Period**” has the meaning set forth in Section 3.5.1 of this Addendum.

2.15. “**Rules**” means the Income Tax Rules (Tax Benefits in Stock Issuance to Employees) 5763-2003.

2.16. “**Section 102**” means Section 102 of the Ordinance.

2.17. “**Trust Agreement**” means the agreement to be signed between the Company, an Employer and the Trustee for the purposes of Section 102.

2.18. “**Trustee**” means the trustee appointed by the Administrator and approved by the ITA to hold certain Awards granted to Israeli Tax Residents and the Shares issued pursuant to such Awards.

2.19. “**Withholding Obligations**” as defined in Section 5.5 below.

### 3. 102 AWARDS

3.1. Tracks. Awards granted pursuant to this Section 3 are intended to be granted as either 102 Capital Gain Track Awards or 102 Ordinary Income Track Awards. 102 Trustee Awards shall be granted subject to the special terms and conditions contained in this Section 3 and the general terms and conditions of the Plan and applicable Award Agreement, except to the extent such provisions of the Plan and applicable Award Agreement conflict with the tax laws or regulations applicable to the Israeli Tax Residents.

3.2. Election of Track. Subject to Applicable Laws, the Company may grant only one type of 102 Trustee Award at any given time to all Employees who are to be granted 102 Trustee Awards pursuant to this Addendum, and shall file an election with the ITA regarding the type of 102 Trustee Award it elects to grant before the date of grant of any 102 Trustee Award (the “**Election**”). Such Election shall also apply to any other securities received by any Employee as a result of holding the 102 Trustee Awards. The Company may change the type of 102 Trustee Award that it elects to grant only after the expiration of at least 12 months from the end of the year in which the first grant was made in accordance with the Election that was in effect at the time of such grant, or as otherwise provided by Applicable Laws. The Election shall not prevent the Company from granting 102 Non-Trustee Awards.

3.3. Eligibility for Awards. Subject to Applicable Laws, 102 Awards may be granted only to Employees. 102 Awards may be granted either with a Trustee or without a Trustee.

3.4. 102 Award Grant Date.

3.4.1. Each 102 Award will be deemed granted on the date determined by the Administrator, subject to the provisions of the Plan, provided that (i) the Employee signs all documents required by the Company or pursuant to Applicable Laws, and (ii) with respect to any 102 Trustee Award, the Company provides all applicable documents to the Trustee in accordance with the guidelines published by the ITA.

3.4.2. Unless otherwise permitted by the Ordinance, any grants of 102 Trustee Awards that are made on or after the date of the adoption of the Plan and this Addendum or an amendment to the Plan or this Addendum, as the case may be, that may become effective only at the expiration of thirty (30) days after the filing of the Plan and this Addendum or any amendment thereof (as the case may be) with the ITA in accordance with the Ordinance shall be conditional upon the expiration of such 30-day period, and such condition shall be read and is incorporated by reference into any corporate resolutions approving such grants and into any Award Agreement evidencing such grants (whether or not explicitly referring to such condition), and the date of grant shall be at the expiration of such 30-day period, whether or not the date of grant indicated therein corresponds with this Section. In the case of any contradiction, this provision and the date of grant determined pursuant hereto shall supersede and be deemed to amend any date of grant indicated in any corporate resolution or Award Agreement.

### 3.5. 102 Trustee Awards.

3.5.1. Each 102 Trustee Award, each Ordinary Share issued pursuant to any 102 Trustee Award and any rights granted thereunder, shall be allocated or issued to and registered in the name of the Trustee and shall be held in trust or controlled by the Trustee for the benefit of the Participant for the requisite period prescribed by the Ordinance (the “**Required Holding Period**”). In the event that the requirements under Section 102 to qualify an Award as a 102 Trustee Award are not met, then the Award may be treated as a 102 Non-Trustee Award or 3(i) Award (as determined by the Company in its discretion), all in accordance with the provisions of the Ordinance. After the expiration of the Required Holding Period, the Trustee may release such 102 Trustee Awards and any Shares issued pursuant to such 102 Trustee Awards, provided that (i) the Trustee has received an acknowledgment from the ITA that the Participant has paid any applicable taxes due pursuant to the Ordinance, or (ii) the Trustee and/or the Company and/or the Employer withhold(s) all applicable taxes and compulsory payments due pursuant to the Ordinance arising from the 102 Trustee Awards and/or any Shares issued upon exercise or (if applicable) vesting of such 102 Trustee Awards. The Trustee shall not release any 102 Trustee Awards or Shares issued upon exercise or (if applicable) vesting thereof prior to the payment in full of the Participant’s tax and compulsory payments arising from such 102 Trustee Awards and/or Shares or the withholding referred to in (ii) above.

3.5.2. Each 102 Trustee Award shall be subject to the relevant terms of the Ordinance, the Rules and any determinations, rulings or approvals issued by the ITA, which shall be deemed an integral part of the 102 Trustee Awards and shall prevail over any term contained in the Plan, this Addendum or the applicable Award Agreement that is not consistent therewith. Any provision of the Ordinance, the Rules and any determinations, rulings or approvals by the ITA not expressly specified in the Plan, this Addendum or the applicable Award Agreement that are necessary to receive or maintain any tax benefit pursuant to Section 102 shall be binding on the Participant. Any Participant granted a 102 Trustee Award shall comply with the Ordinance and the terms and conditions of the Trust Agreement entered into between the Company and the Trustee. The Participant shall execute any and all documents that the Company, the Employer and/or the Trustee determine from time to time to be necessary in order to comply with the Ordinance and the Rules.

3.5.3. During the Required Holding Period, the Participant shall not release from trust or sell, assign, transfer or give as collateral, the Shares issuable upon the exercise or (if applicable) vesting of a 102 Trustee Award and/or any securities issued or distributed with respect thereto, until the expiration of the Required Holding Period. Notwithstanding the above, if any such sale, release or other action occurs during the Required Holding Period it may result in adverse tax consequences to the Participant under Section 102 and the Rules, which shall apply to and shall be borne solely by such Participant. Subject to the foregoing, the Trustee may, pursuant to a written request from the Participant, but subject to the terms of the Plan and this Addendum, release and transfer such Shares to a designated third party, provided that both of the following conditions have been fulfilled prior to such release or transfer: (i) payment has been made to the ITA of all taxes and compulsory payments required to be paid upon the release and transfer of the Shares, and confirmation of such payment has been received by the Trustee and the

Company, and (ii) the Trustee has received written confirmation from the Company that all requirements for such release and transfer have been fulfilled according to the terms of the Company's corporate documents, any agreement governing the Shares, the Plan, this Addendum, the applicable Award Agreement and any Applicable Laws.

3.5.4. If a 102 Trustee Award is exercised or (if applicable) vests, the Shares issued upon such exercise or (if applicable) vesting shall be issued in the name of the Trustee for the benefit of the Participant.

3.5.5. Upon or after receipt of a 102 Trustee Award, if required, the Participant may be required to sign an undertaking to release the Trustee from any liability with respect to any action or decision duly taken and executed in good faith by the Trustee in relation to the Plan, this Addendum, or any 102 Trustee Awards granted to such Participant hereunder.

3.6. 102 Non-Trustee Awards. The foregoing provisions of this Section 3 relating to 102 Trustee Awards shall not apply with respect to 102 Non-Trustee Awards, which shall, however, be subject to the relevant provisions of Section 102 and the applicable Rules. The Administrator may determine, at its discretion, that 102 Non-Trustee Awards, the Shares issuable upon the exercise or (if applicable) vesting of a 102 Non-Trustee Award and/or any securities issued or distributed with respect thereto, shall be allocated or issued to the Trustee, who shall hold such 102 Non-Trustee Award and all accrued rights thereon (if any) in trust for the benefit of the Participant and/or the Company, as the case may be, until the full payment of tax arising from the 102 Non-Trustee Awards, the Shares issuable upon the exercise or (if applicable) vesting of a 102 Non-Trustee Award and/or any securities issued or distributed with respect thereto. The Company, without limitation, may require the Participant to provide the Company with a guarantee or other security, to the satisfaction of each of the Trustee and the Company, with respect to the Participant's tax obligations.

3.7. Written Participant Undertaking. With respect to any 102 Trustee Award, as required by Section 102 and the Rules, by virtue of the receipt of such Award, the Participant is deemed to have provided, undertaken and confirmed the following written undertaking (and such undertaking is deemed incorporated into any documents signed by the Participant in connection with the grant of such 102 Trustee Award), and which undertaking shall be deemed to apply and relate to all 102 Trustee Awards granted to the Participant, whether under the Plan and this Addendum or other plans maintained by the Company, and whether prior to or after the date hereof:

3.7.1. The Participant shall comply with all terms and conditions set forth in Section 102 with regard to the "Capital Gain Track" or the "Ordinary Income Track", as applicable, and the applicable rules and regulations promulgated thereunder, as amended from time to time;

3.7.2. The Participant is familiar with, and understands the provisions of, Section 102 in general, and the tax arrangement under the "Capital Gain Track" or the "Ordinary Income Track" in particular, and its tax consequences; the Participant agrees that the 102 Trustee Awards and Shares that may be issued upon exercise or (if applicable) vesting of the 102 Trustee Awards (or otherwise in relation to the Awards), will be held by a Trustee appointed pursuant to Section 102 for at least the duration of the "Holding Period" (as such term is defined in Section 102) under the "Capital Gain Track" or the "Ordinary Income Track", as applicable. The Participant understands that any release of such 102 Trustee Awards or Shares from trust, or any sale of the Shares prior to the termination of the Holding Period, as defined above, will result in taxation at the marginal tax rate, in addition to deductions of appropriate social security, health tax contributions or other compulsory payments; and

3.7.3. The Participant agrees to the Trust Agreement signed between the Company, the Employer and the Trustee appointed pursuant to Section 102.

#### **4. 3(i) AWARDS**

4.1. Awards granted pursuant to this Section 4 are intended to constitute 3(i) Awards and shall be granted subject to the general terms and conditions of the Plan, and applicable Award Agreement, except to the extent such provisions of the Plan and applicable Award Agreement conflict with the tax laws or regulations

applicable to Israeli Tax Residents. In the event of any inconsistency or contradictions between the provisions of this Section 4 and the other terms of the Plan, this Section 4 shall prevail.

4.2. To the extent required by the Ordinance or the ITA or otherwise deemed by the Administrator to be advisable, the 3(i) Awards and/or any shares or other securities issued or distributed with respect thereto granted pursuant to this Plan shall be issued to a Trustee nominated by the Administrator in accordance with the provisions of the Ordinance or the terms of a trustee agreement, as applicable. In such event, the Trustee shall hold such Awards and/or other securities issued or distributed with respect thereto in trust, until exercised or (if applicable) vested by the Participant and the full payment of tax arising therefrom, pursuant to the Company's instructions from time to time as set forth in a trust agreement, which will have been entered into between the Company and the Trustee. If determined by the Administrator in its discretion, and subject to such trustee agreement, the Trustee will also hold the shares issuable upon exercise or (if applicable) vesting of the 3(i) Awards, as long as they are held by the Participant. If determined by the Board or the Committee, and subject to such trust agreement, the Trustee shall be responsible for withholding any taxes to which a Participant may become liable upon issuance of Shares, whether due to the exercise or (if applicable) vesting of Awards.

## **5. AGREEMENT REGARDING TAXES; DISCLAIMER**

5.1. If the Company shall so require, as a condition of exercise or (if applicable) vesting of an Award or the release of Shares by the Trustee, a Participant shall agree that, no later than the date of such occurrence, the Participant will pay to the Company (or the Trustee, as applicable) or make arrangements satisfactory to the Company and the Trustee (if applicable) regarding payment of any applicable taxes and compulsory payments of any kind required by Applicable Laws to be withheld or paid.

5.2. TAX LIABILITY. ALL TAX CONSEQUENCES UNDER ANY APPLICABLE LAW WHICH MAY ARISE FROM THE GRANT OF ANY AWARDS OR THE EXERCISE OR (IF APPLICABLE) VESTING THEREOF, THE SALE OR DISPOSITION OF ANY SHARES GRANTED HEREUNDER OR ISSUED UPON EXERCISE OR (IF APPLICABLE) VESTING OF ANY AWARD, THE ASSUMPTION, SUBSTITUTION, CANCELLATION OR PAYMENT IN LIEU OF AWARDS OR FROM ANY OTHER ACTION IN CONNECTION WITH THE FOREGOING (INCLUDING WITHOUT LIMITATION ANY TAXES AND COMPULSORY PAYMENTS, SUCH AS SOCIAL SECURITY OR HEALTH TAX PAYABLE BY THE PARTICIPANT OR THE COMPANY IN CONNECTION THEREWITH) SHALL BE BORNE AND PAID SOLELY BY THE PARTICIPANT, AND THE PARTICIPANT SHALL INDEMNIFY THE COMPANY, ITS PARENT, SUBSIDIARIES AND AFFILIATES (INCLUDING THE EMPLOYER) AND THE TRUSTEE, AND SHALL HOLD THEM HARMLESS AGAINST AND FROM ANY LIABILITY FOR ANY SUCH TAX OR PAYMENT OR ANY PENALTY, INTEREST OR INDEXATION THEREON. EACH PARTICIPANT AGREES TO, AND UNDERTAKES TO COMPLY WITH, ANY RULING, SETTLEMENT, CLOSING AGREEMENT OR OTHER SIMILAR AGREEMENT OR ARRANGEMENT WITH ANY TAX AUTHORITY IN CONNECTION WITH THE FOREGOING WHICH IS APPROVED BY THE COMPANY.

5.3. NO TAX ADVICE. THE PARTICIPANT IS ADVISED TO CONSULT WITH A TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES OF RECEIVING, EXERCISING, VESTING OR DISPOSING OF AWARDS HEREUNDER. THE COMPANY DOES NOT ASSUME ANY RESPONSIBILITY TO ADVISE THE PARTICIPANT ON SUCH MATTERS, WHICH SHALL REMAIN SOLELY THE RESPONSIBILITY OF THE PARTICIPANT.

5.4. TAX TREATMENT. THE COMPANY AND ITS PARENT, SUBSIDIARIES AND AFFILIATES (INCLUDING THE EMPLOYER) DOES NOT UNDERTAKE OR ASSUME ANY LIABILITY OR RESPONSIBILITY TO THE EFFECT THAT ANY AWARD SHALL QUALIFY WITH ANY PARTICULAR TAX REGIME OR RULES APPLYING TO PARTICULAR TAX TREATMENT, OR BENEFIT FROM ANY PARTICULAR TAX TREATMENT OR TAX ADVANTAGE OF ANY TYPE AND THE COMPANY AND ITS PARENT, SUBSIDIARIES AND AFFILIATES (INCLUDING THE EMPLOYER) SHALL BEAR NO LIABILITY IN CONNECTION WITH THE MANNER IN WHICH ANY AWARD IS EVENTUALLY TREATED FOR TAX PURPOSES, REGARDLESS OF WHETHER THE AWARD WAS GRANTED OR WAS INTENDED

TO QUALIFY UNDER ANY PARTICULAR TAX REGIME OR TREATMENT. THIS PROVISION SHALL SUPERSEDE ANY DESIGNATION OF AWARDS OR TAX QUALIFICATION INDICATED IN ANY CORPORATE RESOLUTION OR AWARD AGREEMENT, WHICH SHALL AT ALL TIMES BE SUBJECT TO THE REQUIREMENTS OF APPLICABLE LAWS. THE COMPANY AND ITS PARENT, SUBSIDIARIES AND AFFILIATES (INCLUDING THE EMPLOYER) DO NOT UNDERTAKE AND SHALL NOT BE REQUIRED TO TAKE ANY ACTION IN ORDER TO QUALIFY ANY AWARD WITH THE REQUIREMENTS OF ANY PARTICULAR TAX TREATMENT AND NO INDICATION IN ANY DOCUMENT TO THE EFFECT THAT ANY AWARD IS INTENDED TO QUALIFY FOR ANY TAX TREATMENT SHALL IMPLY SUCH AN UNDERTAKING. NO ASSURANCE IS MADE BY THE COMPANY, ANY OF ITS PARENT, SUBSIDIARIES OR AFFILIATES (INCLUDING THE EMPLOYER) THAT ANY PARTICULAR TAX TREATMENT ON THE DATE OF GRANT WILL CONTINUE TO EXIST OR THAT THE AWARD WILL QUALIFY AT THE TIME OF VESTING, EXERCISE OR DISPOSITION THEREOF WITH ANY PARTICULAR TAX TREATMENT. THE COMPANY AND ITS PARENT, SUBSIDIARIES AND AFFILIATES (INCLUDING THE EMPLOYER) SHALL NOT HAVE ANY LIABILITY OR OBLIGATION OF ANY NATURE IN THE EVENT THAT AN AWARD DOES NOT QUALIFY FOR ANY PARTICULAR TAX TREATMENT, REGARDLESS WHETHER THE COMPANY OR ITS PARENT, SUBSIDIARIES OR AFFILIATES (INCLUDING THE EMPLOYER) COULD HAVE TAKEN ANY ACTION TO CAUSE SUCH QUALIFICATION TO BE MET AND SUCH QUALIFICATION REMAINS AT ALL TIMES AND UNDER ALL CIRCUMSTANCES AT THE RISK OF THE PARTICIPANT. THE COMPANY AND ITS PARENT, SUBSIDIARIES AND AFFILIATES (INCLUDING THE EMPLOYER) DO NOT UNDERTAKE OR ASSUME ANY LIABILITY TO CONTEST A DETERMINATION OR INTERPRETATION (WHETHER WRITTEN OR UNWRITTEN) OF ANY TAX AUTHORITY, INCLUDING IN RESPECT OF THE QUALIFICATION UNDER ANY PARTICULAR TAX REGIME OR RULES APPLYING TO PARTICULAR TAX TREATMENT. IF THE AWARDS DO NOT QUALIFY UNDER ANY PARTICULAR TAX TREATMENT IT COULD RESULT IN ADVERSE TAX CONSEQUENCES TO THE PARTICIPANT.

5.5. The Company or its Parents, Subsidiaries and Affiliates (including the Employer) may take such action as they may deem necessary or appropriate, in their discretion, for the purpose of or in connection with withholding of any taxes and compulsory payments which the Trustee, the Company or any Parent, Subsidiary or Affiliate (including the Employer) is required by any Applicable Laws to withhold in connection with any Awards, including, without limitations, any income tax, social benefits, social insurance, health tax, pension, payroll tax, fringe benefits, excise tax, payment on account or other tax-related items related to the Participant's participation in the Plan and applicable by law to the Participant (collectively, "**Withholding Obligations**"). Such actions may include, without limitation, (i) requiring Participants to remit to the Company or the Employer in cash an amount sufficient to satisfy such Withholding Obligations and any other taxes and compulsory payments, payable by the Company or the Employer in connection with the Award or the exercise or (if applicable) vesting thereof; (ii) subject to Applicable Laws, allowing the Participants to surrender Shares, in an amount that at such time, reflects a value that the Administrator determines to be sufficient to satisfy such Withholding Obligations; (iii) withholding Shares otherwise issuable upon the exercise of an Award at a value which is determined by the Company to be sufficient to satisfy such Withholding Obligations; or (iv) any combination of the foregoing. The Company shall not be obligated to allow the exercise or vesting of any Award by or on behalf of a Participant until all tax consequences arising therefrom are resolved in a manner acceptable to the Company.

5.6. Each Participant shall notify the Company in writing promptly and in any event within ten (10) days after the date on which such Participant first obtains knowledge of any tax bureau inquiry, audit, assertion, determination, investigation, or question relating in any manner to the Awards granted or received hereunder or Shares issued thereunder and shall continuously inform the Company of any developments, proceedings, discussions and negotiations relating to such matter, and shall allow the Company and its representatives to participate in any proceedings and discussions concerning such matters. Upon request, a Participant shall provide to the Company any information or document relating to any matter described in the preceding sentence, which the Company, in its discretion, requires.

5.7. With respect to 102 Non-Trustee Awards, if the Participant ceases to be employed by the Company or any Parent, Subsidiary or Affiliate (including the Employer), the Participant shall extend to the

Company and/or the Employer a security or guarantee for the payment of taxes due at the time of sale of Shares, all in accordance with the provisions of Section 102 and the Rules.

## **6. RIGHTS AND OBLIGATIONS AS A SHAREHOLDER**

6.1. In the case of 102 Awards or 3(i) Awards (if such Awards are being held by a Trustee), the Trustee shall have no rights as a shareholder of the Company with respect to the Shares covered by such Award until the Trustee becomes the record holder for such Shares for the Participant's benefit, and the Participant shall not be deemed to be a shareholder and shall have no rights as a shareholder of the Company with respect to the Shares covered by the Award until the date of the release of such Shares from the Trustee to the Participant and the transfer of record ownership of such Shares to the Participant (provided however that the Participant shall be entitled to receive from the Trustee any cash dividend or distribution made on account of the Shares held by the Trustee for such Participant's benefit, subject to any tax withholding and compulsory payment). No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distribution of other rights for which the record date is prior to the date on which the Participant or Trustee (as applicable) becomes the record holder of the Shares covered by an Award, except as provided in the Plan.

## **7. GOVERNING LAW**

7.1. This Addendum shall be governed by the internal substantive laws, but not the choice of law rules, of Delaware; provided, however, that the corporate law aspects of issuance shall be governed by the laws of the Netherlands, and that any mandatory tax matters arising hereunder shall be governed by applicable Israeli laws, rules and regulations (as amended).

\*\*\*\*

## ADDENDUM C

### FRENCH ADDENDUM

#### ADOPTED BY THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OF ELASTIC N.V. ON JUNE 1, 2020

to the

ELASTIC N.V.

#### Amended and Restated 2012 Stock Option Plan

#### 1. Introduction

Elastic N.V. (the “**Company**”) has established the Amended and Restated 2012 Stock Option Plan (the “**Plan**”), as approved by shareholders of the Company on September 28, 2018 and as may be subsequently amended from time to time, for the benefit of certain employees and other service providers of the Company or a Parent, Subsidiary or Affiliate, including employees of a Subsidiary or Affiliate of which the Company holds directly or indirectly at least 10% of the share capital (a “**French Entity**”).

The Plan authorizes the Administrator to grant Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Units and Performance Shares. Sections 4(b)(ix) (“Powers of the Administrator”) and 21 (“Addenda”) of the Plan authorize the Administrator to approve addenda or to grant Awards to, or to modify the terms of, any outstanding Award Agreement or any agreement related to any Shares covered by an Award held by Participants who are foreign nationals or employed outside of the United States with such terms and conditions as the Administrator deems necessary or appropriate to accommodate differences in local law, tax policy or custom which deviate from the terms and conditions set forth in the Plan to the extent necessary or appropriate to accommodate such differences. Pursuant to the foregoing authority, the Administrator, therefore, intends to establish an addendum to the Plan for the purpose of granting Options that qualify for the specific tax and social security treatment under Sections L. 225-177 to L. 225-186-1 of the French Commercial Code, as amended (“**French-qualified Options**”), and Restricted Stock Units (including Performance Units) that qualify for the specific tax and social security treatment under Sections L. 225-197-1 to L. 225-197-6 of the French Commercial Code, as amended (“**French-qualified RSUs**”), to qualifying Participants who are resident in France for French tax purposes and/or subject to the French social security regime (“**French Participants**”).

The terms of the Plan (to which this addendum is attached) shall, subject to the limitations set forth herein, constitute the rules of the Plan for French Participants (the “**French Addendum**”). Options and Restricted Stock Units granted to French Participants pursuant to the French Addendum shall be French-qualified Options and French-qualified RSUs. However, Options and Restricted Stock Units may be granted to French Participants under the Plan and not under the French Addendum, at the Administrator’s discretion.

#### 2. Definitions

Capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Plan. The terms set forth below shall have the following meanings:

(a) The term “**Closed Period**” means:

(i) For French-qualified Options, “Closed Periods” shall mean the specific periods set forth in Section L. 225-177 of the French Commercial Code, as amended, during which French-qualified Options cannot be granted, as described in Section 9(a) below, including: (A) the ten (10)

quotation day period preceding the date on which the annual and interim consolidated financial statements or the annual and half-yearly accounts of the Company are made public, and the day of publication; and (B) any period during which the corporate management of the Company possesses confidential information within the meaning of Article 7 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and cancelling the Directive 2003/6/UE and Directives 2003/124/CE Parliament and 2004/72/CE of the Commission, until the date on which this information is disclosed to the public, and (C) the twenty (20) quotation day period following a distribution of a dividend (*i.e.*, the ex-dividend date) that offers the right to a dividend or capital increase.

(ii) For French-qualified RSUs, “Closed Periods” shall mean the specific periods set forth by Section L. 225-197-1 of the French Commercial Code as amended from time to time, during which the sale or transfer of Shares acquired at vesting of French-qualified RSUs cannot be sold or transferred, as described in Section 10(c) below, including: (A) the thirty (30) calendar day period before the announcement of an interim financial report or end-of-year report that the Company is required to make public; and (B) with respect to such persons, any period during which the chief executive officer (*directeur général*), any deputy chief executive officer (*directeur général délégué*), or any member of the board of directors (*conseil d’administration*), the supervisory board (*conseil de surveillance*) or the executive board (*directoire*) of the Company, or any Employee possesses knowledge of inside information (within the meaning of Article 7 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (Market Abuse Regulation) and cancelling the Directive 2003/6/UE and Directives 2003/124/CE Parliament and 2004/72/CE of the Commission) which has not been disclosed to the public.

If, after adoption of the French Addendum, French law or regulations are amended to modify the definition and/or applicability of Closed Periods to French-qualified Options and/or French-qualified RSUs, such amendments shall apply to any French-qualified Options and French-qualified RSUs granted under this French Addendum, to the extent permitted or required under French law.

(b) The term “**Exercise Price**” shall be the per Share price to purchase Shares pursuant to the exercise of an Option.

(c) The term “**Qualified Disability**” shall mean a Disability that meets the requirements of categories 2 and 3 under Section L. 341-4 of the French Social Security Code, as amended, subject to the fulfillment of related conditions.

(d) The term “**Grant Date**” shall mean the date on which the Administrator both (i) designates the French Participants, and (ii) specifies the terms and conditions of the French-qualified Options or French-qualified RSUs being granted, such as the number of Shares subject to each Award of French-qualified Options or French-qualified RSUs, the vesting conditions of the French-qualified Options or French-qualified RSUs, the conditions for exercising the French-qualified Options and any restrictions on the sale of Shares subject to the French-qualified Options or French-qualified RSUs.

(e) The term “**Vesting Date**” shall mean the relevant date on which French-qualified RSUs have met all vesting conditions specified by the Administrator and the French Participant holding such French-qualified RSUs becomes entitled to receive the Shares underlying such French-qualified RSUs for no cash consideration.

### 3. Eligibility

Notwithstanding any other term of this French Addendum, French-qualified Options and French-qualified RSUs may be granted only to employees or corporate directors of the French Entities who hold less than ten percent (10%)



of the outstanding Shares of the Company and who otherwise satisfy the eligibility conditions of Section 5(a) (“Recipients of Grants”) of the Plan.

Subject to the paragraph below, any French Participant who, on the Grant Date of an Option and/or Restricted Stock Units, and to the extent required under French law, is employed under the terms and conditions of an employment contract (“*contrat de travail*”) by a French Entity or who is a corporate officer of a French Entity shall be eligible to receive, at the discretion of the Administrator, French-qualified Options and/or French-qualified RSUs under this French Addendum, provided he or she also satisfies the eligibility conditions of Section 5(a) (“Recipients of Grants”) of the Plan.

French-qualified Options and French-qualified RSUs may not be issued to corporate officers of French Entities, other than the managing directors (*Président du Conseil d’Administration, Directeur Général, Directeur Général Délégué, Membre du Directoire, Gérant de Sociétés par actions*) unless the corporate officer is an employee of a French Entity, as defined by French law.

Notwithstanding the foregoing, to the extent permissible under French tax and social security laws, including guidelines and specific tax or social security rulings issued by French tax and social security authorities, any individual who is employed by the Company or a French Entity or another Subsidiary or Affiliate of the Company shall be eligible to receive French-qualified Options and/or French-qualified RSUs under the French Addendum (provided that he or she also satisfies the eligibility conditions of Section 5(a) (“Recipients of Grants”) of the Plan) even if the individual is not a French tax resident and/or subject to the French social contribution regime at the Grant Date and such an individual shall be considered, to the extent applicable (as determined by the Administrator in its sole discretion), as a French Participant for purposes of this French Addendum.

#### 4. Employment Rights

The adoption of this French Addendum shall not confer upon the French Participant, or any employees of a French Entity, any employment rights and shall not be construed as a part of any employment contracts that a French Entity has with its employees.

#### 5. Delivery of Shares Only

Only Shares and not cash payments may be delivered to any French Participant in settlement of French-qualified Options and French-qualified RSUs granted under this French Addendum.

#### 6. Non-Transferability

Notwithstanding any provision in the Plan to the contrary and except in the case of death, French-qualified Options and French-qualified RSUs cannot be transferred to any third party. In addition, during the lifetime of the French Participant, the French-qualified Options are exercisable only by the French Participant, subject to Sections 9(c)(iii) and 9(d) below; and Shares underlying French-qualified RSUs may be issued by the Company only to the French Participant, subject to Sections 10(b) and 10(g) below.

#### 7. Disqualification of French-qualified Options and French-qualified RSUs

In the event changes are made to the terms and conditions of the French-qualified Options and/or French-qualified RSUs due to any requirements under applicable laws, or by decision of the Company’s shareholders or the Administrator, the Options and/or Restricted Stock Units granted under this French Addendum may no longer qualify as French-qualified Options and French-qualified RSUs.

If the Options and/or Restricted Stock Units granted under this French Addendum no longer qualify as French-qualified Options and/or French-qualified RSUs, the Administrator may, in its sole discretion, determine to lift, shorten or terminate certain restrictions applicable to the vesting or exercisability of such Options, the vesting of such Restricted Stock Units or the sale of the Shares underlying such Options and/or Restricted Stock Units, which

have been imposed under this French Addendum or in the applicable Award Agreement for the purpose of obtaining the specific tax and social security treatment applicable to French-qualified Options and/or French-qualified RSUs. Should the awards no longer be qualified, the French Participant shall be responsible for paying any applicable French tax and social security contributions, to the extent permissible under French law.

## 8. Amendments

Subject to the terms of the Plan, the Administrator reserves the right to amend or terminate the French Addendum at any time.

## 9. French-Qualified Options

### (a) Closed Periods for French-qualified Options

French-qualified Options may not be granted during a Closed Period to the extent such Closed Periods are applicable to French-qualified Options granted by the Company. If the Company grants Options on a date during an applicable Closed Period, the Grant Date for French Participants shall be the first date following the expiration of the Closed Period, provided the grant of Options on such date is not prohibited under the Plan.

### (b) Terms and Conditions of French Qualified Options

(i) Options may be “purchase stock options,” which are rights to acquire Shares repurchased by the Company prior to the date on which the Options become exercisable or “subscription stock options,” which are rights to subscribe for newly-issued Shares.

(ii) The Exercise Price of and number of Shares underlying the Options shall not be modified after the Grant Date, except as provided in Section 9(e) of this French Addendum, or as otherwise authorized by French law. Any other modification permitted under the Plan may result in the Options no longer qualifying as French-qualified Options.

(iii) The French-qualified Options will vest and become exercisable pursuant to the terms and conditions set forth in the Plan, this French Addendum, and the applicable Award Agreement.

(iv) The Exercise Price per Share payable pursuant to French-qualified Options granted under this French Addendum shall be fixed by the Administrator on the Grant Date. In no event shall the Exercise Price be less than the greatest of:

(A) with respect to purchase stock options: the higher of either 80% of the average of the closing price of the Shares during the 20 quotation day period immediately preceding the Grant Date or 80% of the average of the purchase price paid for such Shares by the Company;

(B) with respect to subscription stock options: 80% of the average of the closing price of such Shares during the 20 quotation day period immediately preceding the Grant Date; and

(C) the minimum Exercise Price permitted under the Plan.

### (c) Exercise of French-qualified Options

(i) At the time French-qualified Options are effectively granted, the Administrator shall fix the period, if any, within which the French-qualified Options vest and may be exercised and shall determine any conditions that must be satisfied before the French-qualified Options may be

exercised. Such restriction period for the vesting or the exercise of French-qualified Options shall be set forth in the applicable Award Agreement.

(ii) Upon exercise of French-qualified Options, the full Exercise Price shall be paid by the French Participant as set forth in the applicable Award Agreement.

(iii) In the event of the death of a French Participant, his or her French-qualified Options shall thereafter be immediately vested and exercisable in full under the conditions set forth in Section 9(d) of this French Addendum.

(iv) If a French Participant's employment is terminated or the French Participant otherwise ceases to provide services to the Company or a French Entity, his or her French-qualified Options will be exercisable according to the provisions of the Award Agreement.

(v) The Shares acquired upon exercise of French-qualified Options shall be fully owned by the French Participant and recorded in an account in his or her name and must be held with the Company or a broker or in such manner as the Company may otherwise determine to ensure compliance with French laws.

(vi) To the extent and as long as applicable to French-qualified Options granted by the Company, a restriction on exercise of the Options shall be imposed in the Award Agreement for any French Participant who qualifies as a managing director of the Company.

(d) Death

In the event of the death of a French Participant while he or she is actively employed by the Company or a French Entity, all French-qualified Options held by such Participant shall become immediately vested and exercisable and may be exercised in full by the French Participant's heirs or the legal representative of his or her estate for the six (6) month period following the date of the French Participant's death or such other period as may be required to comply with French law. In the event of the death of a French Participant after termination of active employment with the Company or a French Entity, the French-qualified Options will be treated as set forth in the applicable Award Agreement. Any French-qualified Options that remain unexercised shall expire six (6) months following the date of the French Participant's death or after expiration of such other period as may be required to comply with French law. The six (6) month exercise period (or such other period as may be required to comply with French law) will apply without regard to the term of the French-qualified Options as described in Section 9(f) of this French Addendum.

(e) Adjustments – Change in Control

Adjustments to French-qualified Options granted under this French Addendum to preclude the dilution or enlargement of benefits under the French-qualified Options shall be made only in respect of transactions listed under Section L. 225-181 of the French Commercial Code, as amended, and in case of a repurchase of Shares by the Company at a price that is higher than the stock quotation price in the open market, and according to the provisions of Section L. 228-99 of the French Commercial Code, as amended, as well as according to specific decrees. Adjustment to French-qualified Options granted pursuant to this French Addendum other than as described above may cause such Options to no longer qualify for specific tax and social security treatment under French law.

Nevertheless, the Administrator, at its discretion, may decide to make adjustments to French-qualified Options granted pursuant to this French Addendum in the case of a transaction or event, as described in Section 15 ("Adjustments Upon Changes in Capitalization, Merger or Certain Other Transactions") of the Plan, for which adjustments may not be authorized under French law, in which case, such Options may no longer qualify as French-qualified Options and the specific tax and social security treatment may be lost.

(f) Term of French-Qualified Option

French-qualified Options granted pursuant to this French Addendum will expire no later than nine and a half (9.5) years from the Grant Date, unless otherwise specified in the applicable Award Agreement. The French-qualified Option term will be extended only in the event of the death of a French Participant, but in no event will any French-qualified Option be exercisable beyond six (6) months following the date of the French Participant's death or such other period as may be required to comply with French law.

10. French-qualified RSUs

(a) Nature of French-qualified RSUs

Each French-qualified RSU represents the right to receive one Share (or, in the case of French-qualified RSUs that are Performance Units under the Plan, a specified number or percentage of Shares subject to the Award), subject to meeting all applicable vesting criteria established by the Administrator and all other applicable terms and conditions under the Plan and applicable Award Agreement. Until the effective issuance of the Shares, no right to vote or receive dividends or any other rights as a holder of shares in the capital of the Company shall exist with respect to the Shares subject to Restricted Stock Units, notwithstanding vesting of the Restricted Stock Units.

(b) Vesting of French-Qualified RSUs

Notwithstanding any other provision of the Plan, French-qualified RSUs shall not vest and the Shares underlying French-qualified RSUs shall not be delivered to French Participants prior to the expiration of a minimum one-year period calculated from the Grant Date, or such other period as required to comply with the minimum mandatory vesting period applicable to French-qualified RSUs under Section L. 225-197-1 of the French Commercial Code, as amended, or the relevant sections of the French Tax Code or the French Social Security Code, as amended, to benefit from the specific tax and social security regime for French-qualified restricted stock units. However, notwithstanding the vesting requirements described above, in the event of the death of a French Participant, all of his or her outstanding French-qualified RSUs shall become vested under the conditions set forth in Section 10(g) of this French Addendum.

(c) Holding Period for Shares

The sale or transfer of Shares issued pursuant to French-qualified RSUs may not occur prior to the relevant anniversary of the Grant Date specified by the Administrator and in no case prior to the expiration of a minimum two-year period calculated from the Grant Date (or, if later, the date on which the Shares underlying the French-qualified RSUs are issued to the French Participant), or such other period as required to comply with the minimum mandatory holding period applicable to French-qualified RSUs under Section L. 225-197-1 of the French Commercial Code, as amended, or the relevant sections of the French Tax Code or the French Social Security Code, as amended, to benefit from the specific tax and social security regime for French-qualified restricted stock units, even if the French Participant is no longer an employee or corporate officer of the Company or a French Entity.

In addition, the Shares issued pursuant to the French-qualified RSUs may not be sold or transferred during a Closed Period, so long as those Closed Periods are applicable to Shares underlying French-qualified RSUs.

(d) Managing Director Restriction

To the extent and as long as applicable to French-qualified RSUs granted by the Company, a specific holding period for the sale or transfer of Shares shall be imposed in the applicable Award Agreement for any French Participant who qualifies as a managing director of the Company.

(e) French Participant's Account

The Shares issued pursuant to the French-qualified RSUs shall be fully owned by the French Participant and recorded and held in an account in his or her name with the Company or a broker selected by the Company, or in such other manner as the Company may determine, in order to ensure compliance with French laws, including any required holding periods.

(f) Adjustments – Change in Control

In the event of an adjustment due to a corporate transaction or event as set forth in Section 15 (“Adjustments Upon Changes in Capitalization, Merger or Certain Other Transactions”) of the Plan, the adjustment to the terms and conditions of the French-qualified RSUs or underlying Shares shall be made in accordance with the Plan and pursuant to applicable French legal and tax rules. Nevertheless, the Administrator, at its discretion, may decide to make adjustments to French-qualified RSUs granted or Shares received pursuant to this French Addendum in the case of a transaction or event for which adjustments may not be authorized under French law, in which case, such Restricted Stock Units may no longer qualify as French-qualified RSUs and the specific tax and social security treatment may be lost.

(g) Death and Disability

In the event of the death of a French Participant, the French-qualified RSUs held by the French Participant at the time of death shall become immediately transferable to the French Participant's heirs and (i) any time- or service-based vesting conditions will be considered to have been met as of the date of the French Participant's death, and (ii) the attainment of any performance-based vesting conditions will be determined as set out in the applicable Award Agreement and in accordance with applicable French legal and tax rules. The Company shall issue the underlying Shares to the French Participant's heirs, at their request, provided the heirs contact the Company within six (6) months following the death of the French Participant or such other period as may be required to comply with French law and subject to part (ii) of the preceding sentence. If the French Participant's heirs do not request the issuance of the Shares underlying the French-qualified RSUs within six (6) months following the French Participant's death (or such other period as may be required to comply with French law), the French-qualified RSUs will be forfeited.

In the event a French Participant terminates employment by reason of his or her Qualified Disability, the Administrator, at its discretion, may determine the treatment of any French-qualified RSUs then outstanding but not vested, including that such French-qualified RSUs may be forfeited, may continue to vest on the existing schedule or may vest on an accelerated basis and be settled in Shares as promptly as practicable after vesting, provided that the French Participant provides sufficient evidence of his or her Qualified Disability.

If a French Participant dies or ceases to be employed by the Company or a French Entity by reason of his or her Qualified Disability, the French Participant's heirs or the French Participant, as applicable, shall not be subject to the restrictions on the sale or transfer of Shares set forth in Section 10(c) above.

11. Interpretation

It is intended that Options and Restricted Stock Units granted under this French Addendum shall qualify for the specific tax and social security treatment applicable to stock options granted under Sections L. 225-177 to L. 225-186-1 and to restricted stock units granted under Sections L. 225-197-1 to L. 225-197-6, respectively, of the French Commercial Code, as amended, and in accordance with the relevant provisions set forth by French tax law and the French tax administration, but no undertaking is made by the Company to maintain such status.

The terms of the French Addendum shall be interpreted accordingly and in accordance with the relevant provisions set forth by French tax and social security laws, as well as the French tax and social security administrations and the

relevant guidelines released by the French tax and social security authorities and subject to the fulfillment of legal, tax and reporting obligations.

In the event of any conflict between the provisions of the French Addendum and the Plan, the provisions of this French Addendum shall control for any grants of French-qualified Options or French-qualified RSUs made thereunder to French Participants.

12. Adoption

This French Addendum was adopted by the Administrator on June 1, 2020, and became effective as of the same date.

**ELASTIC N.V.  
AMENDED AND RESTATED 2012 STOCK OPTION PLAN  
STOCK OPTION AGREEMENT**

Unless otherwise defined herein, the terms defined in the Elastic N.V. Amended and Restated 2012 Stock Option Plan (the “Plan”) will have the same defined meanings in this Stock Option Agreement, which includes the Notice of Stock Option Grant (the “Notice of Grant”), the Terms and Conditions of Stock Option Grant, including any special terms and conditions for Participant’s country set forth in the country addendum thereto (the “Country Addendum”), attached hereto as Exhibit A, the Exercise Notice attached hereto as Exhibit B, and all other exhibits and appendices attached hereto (all together, the “Option Agreement”).

**NOTICE OF STOCK OPTION GRANT**

**Participant:**

**Address:**

The undersigned Participant has been granted an Option to purchase Ordinary Shares of Elastic N.V. (the “Company”), subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Grant Number:	_____
Date of Grant:	_____
Vesting Commencement Date:	_____
Number of Shares for which the Option is granted:	_____
Exercise Price per Share (in U.S. Dollars):	\$ _____
Total Exercise Price(in U.S. Dollars):	\$ _____
Type of Option:	<input type="checkbox"/> Nonstatutory Stock Option
Term/Expiration Date:	_____

**Vesting Schedule:**

Subject to accelerated vesting as set forth below or in the Plan, this Option will be exercisable, in whole or in part, in accordance with the following schedule:

[Insert vesting schedule.]

**Termination Period:**

This Option will be exercisable for three (3) months after Participant’s Continuous Service Status terminates, unless such termination is due to Participant’s death or Disability, in which case this Option will be exercisable for twelve (12) months after Participant’s Continuous Service Status terminates. Notwithstanding the foregoing sentence, in

no event may this Option be exercised after the Term/Expiration Date as provided above and this Option may be subject to earlier termination as provided in Section 14 of the Plan.

For purposes of the Option, Participant's Continuous Service Status will be considered terminated as of the date Participant is no longer actively providing services to the Company or any Affiliate, Parent or Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or providing services or the terms of Participant's employment or service agreement, if any), and unless otherwise expressly provided in this Option Agreement (including by reference in the Notice of Grant to other arrangements or contracts) or determined by the Administrator, (i) Participant's right to vest in the Option under the Plan, if any, will terminate as of such date and will not be extended by any notice period (*e.g.*, Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or providing services or the terms of Participant's employment or service agreement, if any, unless Participant is providing bona fide services during such time); and (ii) the period (if any) during which Participant may exercise the Option after such termination of Participant's Continuous Service Status will commence on the date Participant ceases to actively provide services and will not be extended by any notice period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment or service agreement, if any. Actively providing services during only a portion of the vesting period prior to a vesting date shall not entitle Participant to vest in a pro-rata portion of the unvested Option that would have vested as of such vesting date, nor will it entitle Participant to any compensation for the lost vesting. The Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of his or her Option grant (including whether Participant may still be considered to be providing services while on a leave of absence).

By Participant's signature and the signature of the representative of the Company below, Participant and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan and this Option Agreement, including the Terms and Conditions of Stock Option Grant and the Country Addendum, attached hereto as Exhibit A, all of which are made a part of this document. Participant acknowledges receipt of a copy of the Plan. Participant has reviewed the Plan and this Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option Agreement, and fully understands all provisions of the Plan and this Option Agreement. Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and the Option Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.



PARTICIPANT

ELASTIC N.V.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## EXHIBIT A

### TERMS AND CONDITIONS OF STOCK OPTION GRANT

#### 1. Grant of Option.

(a) The Company hereby grants to the individual (“Participant”) named in the Notice of Stock Option Grant of this Option Agreement (the “Notice of Grant”) an option (the “Option”) to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the “Exercise Price”), subject to all of the terms and conditions in this Option Agreement and the Plan, which is incorporated herein by this reference. Subject to Section 19(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Option Agreement, the terms and conditions of the Plan will prevail.

(b) For U.S. taxpayers, the Option will be designated as either an Incentive Stock Option (“ISO”) or a Nonstatutory Stock Option (“NSO”). If designated in the Notice of Grant as an ISO, this Option is intended to qualify as an ISO under Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”). However, if this Option is intended to be an ISO, to the extent that it exceeds the \$100,000 rule of Code Section 422(d) it will be treated as an NSO. Further, if for any reason this Option (or portion thereof) will not qualify as an ISO, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a NSO granted under the Plan. In no event will the Administrator, the Company or any Affiliate, Parent or Subsidiary or any of their respective employees or directors have any liability to Participant (or any other person) due to the failure of the Option to qualify for any reason as an ISO.

(c) For non-U.S. taxpayers, the Option will be designated as an NSO.

2. Vesting Schedule. Except as provided in Section 3, the Option awarded by this Option Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Shares subject to this Option that are scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in accordance with any of the provisions of this Option Agreement, unless Participant will have remained in Continuous Service Status from the Date of Grant until the date such vesting occurs, with Continuous Service Status determined as described in the Termination Period section of the Notice of Grant.

3. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Option at any time, subject to the terms of the Plan. If so accelerated, such Option will be considered as having vested as of the date specified by the Administrator.

#### 4. Exercise of Option.

(a) Right to Exercise. This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option Agreement.

(b) Method of Exercise. This Option is exercisable by delivery of an exercise notice (the “Exercise Notice”) in the form attached as Exhibit B to the Notice of Grant or in a manner and pursuant to such procedures as the Administrator may determine, which will state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the “Exercised Shares”), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice will be completed by Participant and delivered to the Company. The Exercise Notice will be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares and of any Tax Obligations (as defined in Section 6(a)). This Option will be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by the aggregate Exercise Price.

---

5. Method of Payment. Payment of the aggregate Exercise Price will be by any of the following, or a combination thereof, at the election of Participant:

- (a) cash in U.S. dollars;
- (b) check designated in U.S. dollars;
- (c) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan;

or

(d) if Participant is a U.S. Employee, surrender of other Shares which have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Exercised Shares and that are owned free and clear of any liens, claims, encumbrances, or security interests, provided that accepting such Shares, in the sole discretion of the Administrator, will not result in any adverse accounting consequences to the Company.

6. Tax Obligations.

(a) Responsibility for Taxes. Participant acknowledges that, regardless of any action taken by the Company or, if different, the Affiliate, Parent or Subsidiary to which Participant is providing services (the "Service Recipient"), the ultimate liability for any tax and/or social insurance liability obligations and requirements in connection with the Option, including, without limitation, (i) all U.S. and non-U.S. federal, state, and local taxes (including Participant's U.S. Federal Insurance Contributions Act (FICA) obligation) that are required to be withheld by the Company or the Service Recipient or other payment of tax-related items related to Participant's participation in the Plan and legally applicable to Participant, (ii) Participant's and, to the extent required by the Company (or Service Recipient), the Company's (or Service Recipient's) fringe benefit tax liability, if any, associated with the grant, vesting, or exercise of the Option or sale of Shares, and (iii) any other Company (or Service Recipient) taxes the responsibility for which Participant has, or has agreed to bear, with respect to the Option (or exercise thereof or issuance of Shares thereunder) (collectively, the "Tax Obligations"), is and remains Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Service Recipient. Participant further acknowledges that the Company and/or the Service Recipient (A) make no representations or undertakings regarding the treatment of any Tax Obligations in connection with any aspect of the Option, including, but not limited to, the grant, vesting or exercise of the Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends or other distributions, and (B) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate Participant's liability for Tax Obligations or achieve any particular tax result. Further, if Participant is subject to Tax Obligations in more than one jurisdiction, Participant acknowledges that the Company and/or the Service Recipient (or former Service Recipient, as applicable) may be required to withhold or account for Tax Obligations in more than one jurisdiction. If Participant fails to make satisfactory arrangements for the payment of any required Tax Obligations hereunder at the time of the applicable taxable event, Participant acknowledges and agrees that the Company may refuse to issue or deliver the Shares.

(b) Tax Withholding. When the Option is exercised, Participant generally will recognize immediate U.S. taxable income if Participant is subject to taxation in the U.S. If Participant is subject to taxation in any other jurisdiction, Participant will be subject to applicable taxes, if any, in such jurisdiction at the time of the taxable event, as determined under local law. Pursuant to such procedures as the Administrator may specify from time to time, the Company and/or Service Recipient shall withhold the amount required to be withheld for the payment of Tax Obligations. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit Participant to satisfy such Tax Obligations, in whole or in part (without limitation), if permissible by applicable local law, by (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable Shares having a fair market value equal to the amount necessary to meet the withholding requirement for such Tax Obligations (or such other amount as the Administrator may determine, if such amount would not result in adverse financial accounting consequences), (iii) withholding the amount of such Tax Obligations from Participant's wages or other cash compensation paid to Participant by the Company and/or the Service Recipient, (iv) if Participant is a U.S. Employee, delivering to the Company already vested and owned Shares having a fair market value equal to such Tax Obligations, or

(v) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the amount necessary to meet the withholding requirement for such Tax Obligations (or such other amount as Administrator may determine, if such amount would not result in adverse financial accounting consequences). To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any Tax Obligations by reducing the number of Shares otherwise deliverable to Participant.

(c) Notice of Disqualifying Disposition of ISO Shares. If the Option granted to Participant herein is an ISO, and if Participant sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (i) the date two (2) years after the Date of Grant, or (ii) the date one (1) year after the date of exercise, Participant will immediately notify the Company in writing of such disposition. Participant agrees that Participant may be subject to income tax withholding by the Company on the compensation income recognized by Participant.

(d) Code Section 409A. Under Code Section 409A, a stock right (such as the Option) that vests after December 31, 2004 (or that vested on or prior to such date but which was materially modified after October 3, 2004) that was granted with a per share exercise price that is determined by the Internal Revenue Service (the "IRS") to be less than the fair market value of an underlying share on the date of grant (a "discount option") may be considered "deferred compensation." A stock right that is a "discount option" may result in (i) income recognition by the recipient of the stock right prior to the exercise of the stock right, (ii) an additional twenty percent (20%) federal income tax, and (iii) potential penalty and interest charges. The "discount option" may also result in additional state income, penalty and interest tax to the recipient of the stock right. Participant acknowledges that the Company cannot and has not guaranteed that the IRS will agree that the per Share exercise price of this Option equals or exceeds the fair market value of a Share on the date of grant in a later examination. Participant agrees that if the IRS determines that the Option was granted with a per Share exercise price that was less than the fair market value of a Share on the date of grant, Participant shall be solely responsible for Participant's costs related to such a determination.

7. Rights as Shareholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a shareholder of the Company in respect of any Shares deliverable hereunder unless and until such Shares (which are in book entry form) will have been issued and delivered to Participant (including through electronic delivery to a brokerage account). Such issuance will occur by the execution of a deed of issuance to which the Company and Participant are each party, unless the Shares will be delivered into a brokerage account in the name of Participant, in which case the issuance will take place by a deed of issuance with due observance of the relevant requirements that may apply from time to time. After such issuance and delivery, Participant will have all the rights of a shareholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

8. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY REMAINING IN CONTINUING SERVICE STATUS, WHICH UNLESS PROVIDED OTHERWISE UNDER APPLICABLE LAW IS AT THE WILL OF THE COMPANY (OR THE SERVICE RECIPIENT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS OPTION AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS AN EMPLOYEE OR CONSULTANT FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE SERVICE RECIPIENT) TO TERMINATE PARTICIPANT'S CONTINUOUS SERVICE STATUS, SUBJECT TO APPLICABLE LAW, WHICH TERMINATION, UNLESS PROVIDED OTHERWISE UNDER APPLICABLE LAW, MAY BE AT ANY TIME, WITH OR WITHOUT CAUSE.

9. Nature of Grant. In accepting the Option, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

- (b) the grant of the Option is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;
- (c) all decisions with respect to future option or other grants, if any, will be at the sole discretion of the Company;
- (d) the grant of the Option and Participant's participation in the Plan shall not create a right to employment, other service relationship, or be interpreted as forming or amending an employment or service contract with the Company, the Service Recipient or any other Affiliate, Parent or Subsidiary, and shall not interfere with the ability of the Company, the Service Recipient or any other Affiliate, Parent or Subsidiary, as applicable, to terminate Participant's employment or other service relationship, if any;
- (e) Participant is voluntarily participating in the Plan;
- (f) the Option and any Shares acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;
- (g) the Option and Shares acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation for any purpose, including without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, leave-related payments, holiday pay, holiday top-up, pension or retirement or welfare benefits or similar mandatory payments;
- (h) unless otherwise agreed with the Company or an Affiliate, the Option and the Shares underlying the Option, and the income from and value of same, are not granted as consideration for, or in connection with, the service Participant may provide as a director of an Affiliate, Parent or Subsidiary;
- (i) the future value of the Shares underlying the Option is unknown, indeterminable, and cannot be predicted with certainty;
- (j) if the underlying Shares do not increase in value, the Option will have no value;
- (k) if Participant exercises the Option and acquires Shares, the value of such Shares may increase or decrease, even below the Exercise Price;
- (l) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option or any underlying Shares resulting from (i) the application of any compensation recovery or clawback policy adopted by the Company or required by law, or (ii) the termination of Participant's Continuous Service Status (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or providing services or the terms of Participant's employment or service agreement, if any);
- (m) unless otherwise provided in the Plan or by the Company in its discretion, the Option and the benefits evidenced by this Option Agreement do not create any entitlement to have the Option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and
- (n) neither the Company nor any Service Recipient shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Option or of any amounts due to Participant pursuant to the exercise of the Option or the subsequent sale of any Shares acquired upon exercise.

10. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition

or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

11. **Data Privacy.** *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Option Agreement and any other Option grant materials by and among, as applicable, the Service Recipient, the Company and any other Affiliate, Parent or Subsidiary for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.*

*Participant understands that the Company and the Service Recipient may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, email address, date of birth, social insurance number (to the extent permitted under Applicable Laws), passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all Options or any other entitlement to Shares or equivalent benefits awarded, canceled, purchased, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.*

*Participant understands that Data will be transferred to such stock plan service provider(s) as may be selected by the Company (currently E\*TRADE Financial Corporate Services, Inc., the brokerage firm engaged by the Company to hold participants' Shares and other amounts acquired under the Plan, and its affiliated companies) to assist with the implementation, administration, and management of the Plan. The recipients of Data may be located in the United States or elsewhere, and each recipient's country of operation (e.g., the United States) may have different data privacy laws and protections than Participant's country. Depending on where Participant is based, such rights may include the right to request a list with the names and addresses of any potential recipients of Data by contacting his or her local human resources representative. Participant authorizes the Company, any stock plan service provider selected by the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom Participant may elect to deposit any Shares received upon exercise of the Option. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant may have a number of rights under data privacy laws in Participant's jurisdiction. Depending on where Participant is based, such rights may include the right to, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment or service with the Service Recipient will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Participant Options or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant may contact his or her local human resources representative.*

*Finally, Participant understands that the Company may rely on a different basis for the processing or transfer of Data in the future and/or request that Participant provide another data privacy consent. If applicable, Participant agrees that upon request of the Company or the Service Recipient, Participant will provide an executed acknowledgement or data privacy consent form (or any other agreements or consents) that the Company and/or the Service Recipient may deem necessary to obtain from Participant for the purpose of administering Participant's participation in the Plan in compliance with the data privacy laws in Participant's country, either now or in the future. Participant understands and agrees that he or she will not be able to participate in the Plan if he or she fails to provide any such consent or agreement requested by the Company and/or the Service Recipient.*

12. Address for Notices. Any notice to be given to the Company under the terms of this Option Agreement will be addressed to the Company at Elastic N.V., 800 West El Camino Real, Suite 350, Mountain View, California 94040, or at such other address as the Company may hereafter designate in writing.

13. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Participant only by Participant.

14. Successors and Assigns. The Company may assign any of its rights under this Option Agreement to single or multiple assignees, and this Option Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Option Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns. The rights and obligations of Participant under this Option Agreement may only be assigned with the prior written consent of the Company.

15. Additional Conditions to Issuance of Stock. If at any time the Company determines, in its discretion, that the listing, registration, qualification or rule compliance of the Shares upon any securities exchange or under any U.S. or non-U.S. state, federal or local law, including exchange control, tax or other Applicable Law or related regulations, or under the rulings or regulations of the United States Securities and Exchange Commission or any other U.S. or non-U.S. governmental regulatory body, or the clearance, consent or approval of the United States Securities and Exchange Commission or any other U.S. or non-U.S. governmental regulatory authority, is necessary or desirable as a condition to the purchase by, or issuance of Shares, to Participant (or his or her estate) hereunder, such purchase or issuance will not occur unless and until such listing, registration, qualification, rule compliance, clearance, consent or approval has been completed, effected or obtained free of any conditions not acceptable to the Company. Notwithstanding the foregoing, Participant understands that the Company is under no obligation to register, qualify or otherwise obtain clearance, consent or other approvals from any governmental authority or any stock exchange. Subject to the terms of the Option Agreement and the Plan, the Company shall not be required to issue any certificate or certificates for Shares hereunder prior to the lapse of such reasonable period of time following the date of exercise of the Option as the Administrator may establish from time to time for reasons of administrative convenience.

16. Language. Participant acknowledges and represents that he or she is proficient in the English language or has consulted with an advisor who is sufficiently proficient in English, as to allow Participant to understand the terms of this Option Agreement and any other documents related to the Plan. If Participant has received this Option Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

17. Interpretation. The Administrator will have the power to interpret the Plan and this Option Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares subject to the Option have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. Neither the Administrator nor any person acting on behalf of the Administrator will be personally liable for any action, determination, or interpretation made in good faith with respect to the Plan or this Option Agreement.

18. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to the Option awarded under the Plan or future options that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any online or electronic system established and maintained by the Company or a third party designated by the Company.

19. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Option Agreement.

20. Agreement Severable. In the event that any provision in this Option Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Option Agreement.

21. Amendment, Suspension or Termination of the Plan. By accepting this Option, Participant expressly warrants that he or she has received an Option under the Plan, and has received, read, and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

22. Governing Law and Venue. This Option Agreement will be governed by the laws of Delaware, without giving effect to the conflict of law principles thereof; provided, however, that the corporate law aspects of issuance shall be governed by the laws of the Netherlands. For purposes of litigating any dispute that arises under this Option or this Option Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of Santa Clara County, California, or the United States federal courts for the Northern District of California, and no other courts, where this Option is made and/or to be performed.

23. Country Addendum. Notwithstanding any provisions in this Option Agreement, this Option shall be subject to any special terms and conditions set forth in an appendix to this Option Agreement for any country whose laws are applicable to Participant and this Option (as determined by the Administrator in its sole discretion) (the "Country Addendum"). Moreover, if Participant relocates to one of the countries included in the Country Addendum, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Country Addendum constitutes a part of this Option Agreement.

24. Modifications to the Agreement. This Option Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Option Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Option Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Option Agreement, the Company reserves the right to revise this Option Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Code Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A of the Code in connection with the Option.

25. No Waiver. Either party's failure to enforce any provision or provisions of this Option Agreement shall not in any way be construed as a waiver of any such provision or provisions, nor prevent that party from thereafter enforcing each and every other provision of this Option Agreement. The rights granted both parties herein are cumulative and shall not constitute a waiver of either party's right to assert all other legal remedies available to it under the circumstances.

26. Tax Consequences. Participant has reviewed with his or her own tax advisors the U.S. and non-U.S. federal, state, and local tax consequences of this investment and the transactions contemplated by this Option Agreement. With respect to such matters, Participant relies solely on such advisors and not on any statements or representations of the Company or any of its agents, written or oral. Participant understands that Participant (and not the Company) shall be responsible for Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this Option Agreement.

27. Insider Trading/Market Abuse Laws. Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States and, if different, Participant's country, Participant's broker's country and/or the country in which Shares may be listed, if applicable, which may affect Participant's ability to accept or otherwise acquire, or sell, attempt to sell or otherwise dispose of, Shares or rights to Shares (e.g., the Option) under the Plan or rights linked to the value of Shares (e.g., phantom awards, futures) during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws or



regulations in the applicable jurisdiction) or the trade in Shares or the trade in rights to Shares under the Plan. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before possessing inside information. Furthermore, Participant could be prohibited from (1) disclosing the inside information to any third party and (2) “tipping” third parties or otherwise causing them to buy or sell Company securities; “third parties” includes fellow employees or service providers. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable company insider trading policy. It is Participant’s responsibility to comply with any applicable restrictions and Participant should speak to a personal advisor on this matter.

28. Foreign Asset/Account Reporting Requirements And Exchange Controls. Certain foreign asset and/or foreign account reporting requirements and exchange controls may affect Participant’s ability to acquire or hold Shares purchased under the Plan or cash received from participating in the Plan (including from any dividends paid on or sales proceeds arising from the sale of Shares acquired under the plan) in a brokerage or bank account outside Participant’s country. Participant may be required to report such accounts, assets or transactions to the tax or other authorities in Participant’s country and/or to repatriate sale proceeds or other funds received as a result of participation in the Plan to Participant’s country through a designated bank or broker within a certain time after receipt. It is Participant’s responsibility to comply with such regulations, and Participant should consult a personal legal advisor for any details.

**Elastic N.V.**  
**AMENDED AND RESTATED 2012 STOCK OPTION PLAN**  
**STOCK OPTION AGREEMENT**  
**COUNTRY ADDENDUM**

Capitalized terms used but not otherwise defined herein shall have the meaning given to such terms in the Plan, the Notice of Stock Option Grant or the Terms and Conditions of Stock Option Grant, as applicable.

***Terms and Conditions***

This Country Addendum includes additional terms and conditions that govern the Option granted to Participant under the Plan if Participant resides and/or works in one of the countries listed below. If Participant is a citizen or resident of a jurisdiction (or is considered as such for local law purposes) other than the one in which he or she is currently residing and/or working or if Participant relocates to another jurisdiction after receiving the Option, the Company will, in its sole discretion, determine the extent to which the terms and conditions contained herein will be applicable to Participant.

***Notifications***

This Country Addendum also includes notifications relating to exchange control and certain other issues of which Participant should be aware with respect to his or her participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the respective countries as of [date]. Such laws are often complex and change frequently. As a result, Participant should not rely on the notifications in this Country Addendum as the only source of information relating to the consequences of his or her participation in the Plan because the information may be out of date at the time Participant exercises the Option or sells Shares acquired under the Plan.

In addition, the notifications herein are general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws in Participant's jurisdiction may apply to Participant's situation.

Finally, if Participant is a citizen or resident of a jurisdiction other than the one(s) in which Participant is currently residing and/or working or if Participant moves to another jurisdiction after the Option is granted, the information contained herein may not be applicable to Participant in the same manner.

---

**EXHIBIT B**

**ELASTIC N.V.**

**AMENDED AND RESTATED 2012 STOCK OPTION PLAN**

**EXERCISE NOTICE**

Elastic N.V.  
800 West El Camino Real, Suite 350  
Mountain View, California 94040

Attention: Stock Administration

**Exercise of Option.** Effective as of today, \_\_\_\_\_, \_\_\_\_\_, the undersigned (“Subscriber”) hereby elects to purchase \_\_\_\_\_ shares (the “Shares”) of the Ordinary Shares of Elastic N.V. (the “Company”) under and pursuant to the Amended and Restated 2012 Stock Option Plan (the “Plan”) and the Stock Option Agreement, dated \_\_\_\_\_ and including the Notice of Grant, the Terms and Conditions of Stock Option Grant, and exhibits attached thereto (the “Option Agreement”). The purchase price for the Shares will be \$ \_\_\_\_\_, as required by the Option Agreement. It is understood that the issuance of the Shares requires a resolution of the Company’s general meeting of shareholders. Following such resolution being adopted, the Company shall deliver to Subscriber the Shares to be subscribed for by Subscriber against payment of the subscription price therefor by Subscriber. The Company shall issue the Shares in accordance with the Option Agreement.

**Delivery of Payment.** Subscriber herewith delivers to the Company the full purchase price of the Shares and any Tax Obligations (as defined in Section 6(a) of the Option Agreement) to be paid in connection with the exercise of the Option.

**Representations of Subscriber.** Subscriber acknowledges that Subscriber has received, read and understood the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

**Rights as Shareholder.** Until the issuance (as evidenced by a notarial deed of issuance executed before a Dutch civil law notary to which deed the Company and the Subscriber are each a party and, following execution of the notarial deed of issuance, the appropriate entry on the Company’s shareholders register) of the Shares, no right to vote or receive dividends or any other rights as a shareholder will exist with respect to the Shares subject to the Option, notwithstanding the exercise of the Option. The Shares so acquired will be issued to Subscriber as soon as practicable after exercise of the Option, subject to the requirements of Section 1. No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance, except as provided in Section 14 of the Plan.

**Tax Consultation.** Subscriber understands that Subscriber may suffer adverse tax consequences as a result of Subscriber’s purchase or disposition of the Shares. Subscriber represents that Subscriber has consulted with any tax consultants Subscriber deems advisable in connection with the purchase or disposition of the Shares and that Subscriber is not relying on the Company for any tax advice.

**Entire Agreement; Governing Law.** The Plan and Option Agreement are incorporated herein by reference. This Exercise Notice, the Plan and the Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Subscriber with respect to the subject matter hereof, and may not be modified adversely to the Subscriber’s

interest except by means of a writing signed by the Company and Subscriber. This Option Agreement is governed by the internal substantive laws, but not the choice of law rules, of Delaware; provided that, however, that the corporate law aspects of the issuance shall be governed by the laws of the Netherlands.

Submitted by:      Accepted by:

SUBSCRIBER

ELASTIC N.V.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

Address:  
  
\_\_\_\_\_  
  
\_\_\_\_\_

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date received

**ELASTIC N.V.  
AMENDED AND RESTATED 2012 STOCK OPTION PLAN  
RESTRICTED STOCK UNIT AGREEMENT**

**NOTICE OF RESTRICTED STOCK UNIT GRANT**

Unless otherwise defined herein, the terms defined in the Elastic N.V. Amended and Restated 2012 Stock Option Plan (the “Plan”) will have the same defined meanings in this Restricted Stock Unit Agreement, which includes the Notice of Restricted Stock Unit Grant (the “Notice of Grant”), the Terms and Conditions of Restricted Stock Unit Grant attached hereto as Exhibit A, including any additional terms and conditions for Participant’s country set forth in the country addendum thereto (the “Country Addendum”), and all other exhibits and appendices attached hereto (all together, the “Award Agreement”).

**Participant:**

**Address:** «Address»

The undersigned Participant has been granted the right to receive an Award of Restricted Stock Units, subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number:	_____
Date of Grant:	_____
Vesting Commencement Date:	_____
Number of Restricted Stock Units:	_____

**Vesting Schedule:**

Subject to any acceleration provisions contained in the Plan or set forth below, the Restricted Stock Units will vest in accordance with the following schedule:

[Insert vesting schedule]

In the event Participant’s Continuous Service Status ceases for any or no reason before Participant vests in the Restricted Stock Units, the Restricted Stock Units and Participant’s right to acquire any Shares hereunder will immediately terminate.

For purposes of the Restricted Stock Units, Participant’s Continuous Service Status will be considered terminated as of the date Participant is no longer actively providing services to the Company or any Affiliate, Parent or Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or providing services or the terms of Participant’s employment or service agreement, if any), and unless otherwise expressly provided in this Award Agreement (including by reference in the Notice of Grant to other arrangements or contracts) or determined by the Administrator, Participant’s right to vest in the Restricted Stock Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., Participant’s period of service would not include any contractual notice period or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where Participant is employed or providing services or the terms of Participant’s employment or service agreement, if any, unless Participant is providing bona fide services during such time). Actively providing services during only a portion of the vesting period prior to a vesting date shall not entitle Participant to vest in a pro-rata portion of the unvested Restricted Stock Units that would have vested as of such vesting date, nor will it entitle Participant to any compensation for the lost vesting. The



Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of the Restricted Stock Units grant (including whether Participant may still be considered to be providing services while on a leave of absence).

By Participant's signature and the signature of the representative of Elastic N.V. (the "Company") below, Participant and the Company agree that this Award of Restricted Stock Units is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Restricted Stock Unit Grant and the Country Addendum, attached hereto as Exhibit A, all of which are made a part of this document. Participant acknowledges receipt of a copy of the Plan. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement, and fully understands all provisions of the Plan and this Award Agreement. Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and the Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

**By accepting this Award Agreement, Participant expressly consents to the sale of Shares to cover the Tax Withholding Obligations (as defined in the Terms and Conditions of Restricted Stock Unit Grant) arising from the Restricted Stock Units and any associated broker or other fees and agrees and acknowledges that, subject to Applicable Laws, Participant may not satisfy them by any means other than such sale of Shares, unless required to do so by the Administrator or pursuant to the Administrator's express written consent.**

**If this Award Agreement is not executed by Participant prior to the date that any Restricted Stock Units subject to this Award Agreement become vested, the Company will deem Participant to have accepted all of the terms and conditions of the Plan and this Award Agreement as of such vesting date.**

PARTICIPANT

ELASTIC N.V.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

Address:  
  
\_\_\_\_\_  
\_\_\_\_\_

## EXHIBIT A

### TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT GRANT

1. Grant of Restricted Stock Units. The Company hereby grants to the individual (the "Participant") named in the Notice of Restricted Stock Unit Grant that forms part of this Award Agreement (the "Notice of Grant") under the Plan an Award of Restricted Stock Units, subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 17 of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Award Agreement, the terms and conditions of the Plan shall prevail.

2. Company's Obligation to Pay. Each Restricted Stock Unit represents the right to receive a Share on the date it vests. Unless and until the Restricted Stock Units will have vested in the manner set forth in Section 3 or 4, Participant will have no right to payment of any such Restricted Stock Units. Prior to actual payment of any vested Restricted Stock Units, such Restricted Stock Unit will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

3. Vesting Schedule. Except as provided in Section 4, and subject to Section 5, the Restricted Stock Units awarded by this Award Agreement will vest in accordance with the vesting schedule set forth in the Notice of Grant, subject to Participant remaining in Continuous Service Status through each applicable vesting date, with Continuous Service Status determined as described in the Notice of Grant.

4. Payment after Vesting.

(a) General Rule. Subject to Section 8, any Restricted Stock Units that vest will be paid to Participant (or in the event of Participant's death, to his or her properly designated beneficiary or estate) in whole Shares. Subject to the provisions of Section 4(b), such vested Restricted Stock Units shall be paid in whole Shares as soon as practicable after vesting, but in each such case within sixty (60) days following the vesting date. In no event will Participant be permitted, directly or indirectly, to specify the taxable year of payment of any Restricted Stock Units payable under this Award Agreement.

(b) Acceleration.

(i) Discretionary Acceleration. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Administrator. If Participant is subject to taxation in the U.S., the payment of Shares vesting pursuant to this Section 4(b) shall in all cases be paid at a time or in a manner that is exempt from, or complies with, Section 409A. The prior sentence may be superseded in a future agreement or amendment to this Award Agreement only by direct and specific reference to such sentence.

(ii) Notwithstanding anything in the Plan or this Award Agreement or any other agreement (whether entered into before, on or after the Date of Grant), if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with the termination of Participant's Continuous Service Status (provided that such termination is a "separation from service" within the meaning of Section 409A, as determined by the Company), other than due to Participant's death, and if (x) Participant is subject to taxation in the U.S. and a "specified employee" within the meaning of Section 409A at the time of such termination of Continuous Service Status and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following the termination of Participant's Continuous Service Status, then the payment of such accelerated Restricted Stock Units will not be made until the date six (6) months and one (1) day following the date of termination of Participant's Continuous Service Status, unless Participant dies following the termination of his or her Continuous Service Status, in which case, the Restricted Stock Units will be paid in Shares to Participant's estate as soon as practicable following his or her death.

---

(c) Section 409A. It is the intent of this Award Agreement that it and all payments and benefits to U.S. taxpayers hereunder be exempt from, or comply with, the requirements of Section 409A so that none of the Restricted Stock Units provided under this Award Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to be so exempt or so comply. Each payment payable under this Award Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). However, in no event will the Company reimburse Participant, or be otherwise responsible for, any taxes or costs that may be imposed on Participant as a result of Section 409A. For purposes of this Award Agreement, "Section 409A" means Section 409A of the Code, and any final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

5. Forfeiture Upon Termination of Continuous Service Status. Notwithstanding any contrary provision of this Award Agreement, if Participant's Continuous Service Status ceases for any or no reason, the then-unvested Restricted Stock Units awarded by this Award Agreement will thereupon be forfeited at no cost to the Company and Participant will have no further rights thereunder. The date that Continuous Service Status terminates will be determined as described in the Notice of Grant.

6. Tax Consequences. Participant has reviewed with his or her own tax advisors the U.S. and non-U.S. federal, state, and local tax consequences of this investment and the transactions contemplated by this Award Agreement. With respect to such matters, Participant relies solely on such advisors and not on any statements or representations of the Company or any of its agents, written or oral. Participant understands that Participant (and not the Company) shall be responsible for Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this Award Agreement.

7. Death of Participant. Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, provided the beneficiary designation is valid under Applicable Laws and permitted by the Company for Participant's jurisdiction, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

#### 8. Tax Obligations

(a) Responsibility for Taxes. Participant acknowledges that, regardless of any action taken by the Company or, if different, the Affiliate, Parent or Subsidiary to which Participant is providing services (the "Service Recipient"), the ultimate liability for any tax and/or social insurance liability obligations and requirements in connection with the Restricted Stock Units, including, without limitation, (i) all U.S. and non-U.S. federal, state, and local taxes (including Participant's U.S. Federal Insurance Contributions Act (FICA) obligation) that are required to be withheld by the Company or the Service Recipient or other payment of tax-related items related to Participant's participation in the Plan and legally applicable to Participant, (ii) Participant's and, to the extent required by the Company (or Service Recipient), the Company's (or Service Recipient's) fringe benefit tax liability, if any, associated with the grant, vesting, or settlement of the Restricted Stock Units or sale of Shares, and (iii) any other Company (or Service Recipient) taxes the responsibility for which Participant has, or has agreed to bear, with respect to the Restricted Stock Units (or settlement thereof or issuance of Shares thereunder) (collectively, the "Tax Obligations"), is and remains Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Service Recipient. Participant further acknowledges that the Company and/or the Service Recipient (A) make no representations or undertakings regarding the treatment of any Tax Obligations in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends or other distributions, and (B) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax Obligations or achieve any particular tax result. Further, if Participant is subject to Tax Obligations in more than one jurisdiction, Participant acknowledges that the Company and/or the Service Recipient (or former service recipient, as applicable) may be required to withhold or account for Tax Obligations in more than one jurisdiction. If Participant fails to make satisfactory arrangements for the payment of any required Tax Obligations hereunder at the time of the



applicable taxable event, Participant acknowledges and agrees that the Company may refuse to issue or deliver the Shares.

(b) Tax Withholding and Default Sell-to-Cover Method of Tax Withholding. When Shares are issued as payment for vested Restricted Stock Units, Participant generally will recognize immediate U.S. taxable income if Participant is subject to taxation in the U.S. If Participant is subject to taxation in any other jurisdiction, Participant will be subject to applicable taxes, if any, in such jurisdiction at the time of the taxable event, as determined under local law. Subject to Section 8(c) and Applicable Laws, the amount of Tax Obligations which the Company determines must be withheld with respect to this Award (“Tax Withholding Obligation”) will be satisfied by Shares being sold on Participant’s behalf at the prevailing market price pursuant to such procedures as the Administrator may specify from time to time, including through a broker-assisted arrangement (it being understood that the Shares to be sold must have vested pursuant to the terms of this Award Agreement and the Plan) (the “Sell-to-Cover Method”). The proceeds from the Sell-to-Cover Method will be used to satisfy Participant’s Tax Withholding Obligation arising with respect to this Award. In addition to Shares sold to satisfy the Tax Withholding Obligation, additional Shares will be sold to satisfy any associated broker or other fees. Only whole Shares will be sold through the Sell-to-Cover Method to satisfy any Tax Withholding Obligation and any associated broker or other fees. Any proceeds from the sale of Shares in excess of the Tax Withholding Obligation and any associated broker or other fees generated through the Sell-to-Cover Method will be paid to Participant in accordance with procedures the Company may specify from time to time. **By accepting this Award, Participant expressly consents to the sale of Shares to cover the Tax Withholding Obligations (and any associated broker or other fees) through the Sell-to-Cover Method and agrees and acknowledges that, subject to Applicable Laws, Participant may not satisfy them by any means other than such sale of Shares, unless required to do so by the Administrator or pursuant to the Administrator’s express written consent.**

(c) Administrator Discretion. Notwithstanding the foregoing Sections 8(a) and 8(b), if the Administrator determines it is in the best interests of the Company for Participant to satisfy Participant’s Tax Withholding Obligation by a method other than through the default Sell-to-Cover Method described in Section 8(b), it may permit or require Participant to satisfy Participant’s Tax Withholding Obligation, in whole or in part (without limitation), if permissible by Applicable Laws, by (i) paying cash, (ii) withholding the amount of such Tax Withholding Obligation from Participant’s wages or other cash compensation paid to Participant by the Company and/or the Service Recipient, (iii) if Participant is a U.S. employee, delivering to the Company Shares that Participant owns and that have vested with a fair market value equal to the amount required to be withheld (or such other amount, up to the maximum withholding rate in Participant’s country, determined by the Administrator and provided such other amount would not result in adverse financial accounting consequences to the Company as determined by the Administrator), (iv) by having the Company withhold otherwise deliverable Shares having a fair market value equal to the amount required to be withheld (or such other amount, up to the maximum withholding rate in Participant’s country, determined by the Administrator) and provided such other amount would not result in adverse financial accounting consequences to the Company as determined by the Administrator), and, unless the Administrator provides otherwise, this will be the default method for satisfying Participant’s Tax Withholding Obligations if Participant has not executed this Award Agreement or otherwise failed to take actions necessary to facilitate the Sell-to-Cover Method prior to the date that any Restricted Stock Units under this Award Agreement become vested, or (v) such other means as the Administrator deems appropriate.

(d) Company’s Obligation to Deliver Shares. For clarification purposes, in no event will the Company issue Participant any Shares unless and until arrangements satisfactory to the Administrator have been made for the payment of Participant’s Tax Withholding Obligation. If Participant fails to make satisfactory arrangements for the payment of such Tax Withholding Obligations hereunder at the time any applicable Restricted Stock Units otherwise are scheduled to vest pursuant to Sections 3 or 4 or Participant’s Tax Withholding Obligations otherwise become due, Participant will permanently forfeit such Restricted Stock Units to which Participant’s Tax Withholding Obligation relates and any right to receive Shares thereunder and such Restricted Stock Units will be returned to the Company at no cost to the Company. Participant acknowledges and agrees that the Company may refuse to issue or deliver the Shares if such Tax Obligations are not delivered at the time they are due.

9. Rights as Shareholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a shareholder of the Company in respect of any Shares deliverable hereunder

unless and until such Shares (which are in book entry form) will have been issued and delivered to Participant (including through electronic delivery to a brokerage account). Such issuance will occur by the execution of a deed of issuance to which the Company and Participant are each party, unless the Shares will be delivered into a brokerage account in the name of Participant, in which case the issuance will take place by a deed of issuance with due observance of the relevant requirements that may apply from time to time. After such issuance and delivery, Participant will have all the rights of a shareholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

10. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY REMAINING IN CONTINUOUS SERVICE STATUS, WHICH UNLESS PROVIDED OTHERWISE UNDER APPLICABLE LAW IS AT THE WILL OF THE COMPANY (OR THE SERVICE RECIPIENT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS RESTRICTED STOCK UNIT AWARD OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS AN EMPLOYEE OR CONSULTANT FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE SERVICE RECIPIENT) TO TERMINATE PARTICIPANT'S CONTINUOUS SERVICE STATUS, SUBJECT TO APPLICABLE LAW, WHICH TERMINATION, UNLESS PROVIDED OTHERWISE UNDER APPLICABLE LAW, MAY BE AT ANY TIME, WITH OR WITHOUT CAUSE.

11. Grant is Not Transferable. Except to the limited extent provided in Section 7, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

12. Nature of Grant. In accepting the grant, Participant acknowledges, understands, and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Restricted Stock Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;

(c) all decisions with respect to future Restricted Stock Units or other grants, if any, will be at the sole discretion of the Company;

(d) the grant of the Restricted Stock Units and Participant's participation in the Plan shall not create a right to employment, other service relationship, or be interpreted as forming or amending an employment or service contract with the Company, the Service Recipient or any other Affiliate, Parent or Subsidiary, and shall not interfere with the ability of the Company, the Service Recipient or any other Affiliate, Parent or Subsidiary, as applicable, to terminate Participant's employment or other service relationship, if any;

(e) Participant is voluntarily participating in the Plan;

(f) the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of same, are not intended to replace any pension rights or compensation;

(g) the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of same, are not part of normal or expected compensation for any purpose, including without

limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, leave-related payments, holiday pay, holiday top-up, pension or retirement or welfare benefits or similar mandatory payments;

(h) unless otherwise agreed in writing with the Company, the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of same, are not granted as consideration for, or in connection with, the service Participant may provide as a director of an Affiliate, Parent or Subsidiary;

(i) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(j) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units or any underlying Shares resulting from (i) the application of any compensation recovery or clawback policy adopted by the Company or required by law, or (ii) the termination of Participant's Continuous Service Status (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or providing services or the terms of Participant's employment or service agreement, if any);

(k) unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Award Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

(l) neither the Company nor the Service Recipient or any other Affiliate, Parent or Subsidiary shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to Participant pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any Shares acquired upon settlement.

13. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

14. Data Privacy. *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Award Agreement and any other Restricted Stock Unit grant materials by and among, as applicable, the Service Recipient, the Company and any other Affiliate, Parent or Subsidiary for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.*

*Participant understands that the Company and the Service Recipient may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, email address, date of birth, social insurance number (to the extent permitted under Applicable Laws), passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares or equivalent benefits awarded, canceled, purchased, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.*

*Participant understands that Data will be transferred to such stock plan service provider(s) as may be selected by the Company (currently E\*TRADE Financial Corporate Services, Inc., the brokerage firm engaged by the Company to hold participants' Shares and other amounts acquired under the Plan, and its affiliated companies (collectively, "the Designated Broker")) to assist with the implementation, administration, and management of the Plan. The recipients of Data may be located in the United States or elsewhere, and each recipient's country of operation (e.g., the United States) may have different data privacy laws and protections than Participant's country. Depending on where Participant is based, such rights may include the right to request a list with the names and*

addresses of any potential recipients of Data by contacting his or her local human resources representative. Participant authorizes the Company, any stock plan service provider selected by the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom Participant may elect to deposit any Shares received upon vesting of the Restricted Stock Units. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant may have a number of rights under data privacy laws in Participant's jurisdiction. Depending on where Participant is based, such rights may include the right to, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment or service with the Service Recipient will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Participant Restricted Stock Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant may contact his or her local human resources representative.

Finally, Participant understands that the Company may rely on a different basis for the processing or transfer of Data in the future and/or request that Participant provide another data privacy consent. If applicable, Participant agrees that upon request of the Company or the Service Recipient, Participant will provide an executed acknowledgement or data privacy consent form (or any other agreements or consents) that the Company and/or the Service Recipient may deem necessary to obtain from Participant for the purpose of administering Participant's participation in the Plan in compliance with the data privacy laws in Participant's country, either now or in the future. Participant understands and agrees that he or she will not be able to participate in the Plan if he or she fails to provide any such consent or agreement requested by the Company and/or the Service Recipient.

15. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company at Elastic N.V., 800 West El Camino Real, Suite 350, Mountain View, California 94040 or at such other address as the Company may hereafter designate in writing.

16. Electronic Delivery and Participation. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any online or electronic system established and maintained by the Company or a third party designated by the Company.

17. No Waiver. Either party's failure to enforce any provision or provisions of this Award Agreement shall not in any way be construed as a waiver of any such provision or provisions, nor prevent that party from thereafter enforcing each and every other provision of this Award Agreement. The rights granted both parties herein are cumulative and shall not constitute a waiver of either party's right to assert all other legal remedies available to it under the circumstances.

18. Successors and Assigns. The Company may assign any of its rights under this Award Agreement to single or multiple assignees, and this Award Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Award Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns. The rights and obligations of Participant under this Award Agreement may only be assigned with the prior written consent of the Company.

19. Additional Conditions to Issuance of Shares. If at any time the Company determines, in its discretion, that the listing, registration, qualification or rule compliance of the Shares upon any securities exchange or under any

U.S. or non-U.S. state, federal or local law, including exchange control, tax or other Applicable Laws or related regulations, or under the rulings or regulations of the United States Securities and Exchange Commission or any other U.S. or non-U.S. governmental regulatory body or the clearance, consent or approval of the United States Securities and Exchange Commission or any other U.S. or non-U.S. governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate) hereunder, such issuance will not occur unless and until such listing, registration, qualification, rule compliance, clearance, consent or approval has been completed, effected or obtained free of any conditions not acceptable to the Company. Notwithstanding the foregoing, Participant understands that the Company is under no obligation to register, qualify or otherwise obtain clearance, consent or other approvals from any governmental authority or any stock exchange. Subject to the terms of the Award Agreement and the Plan, the Company shall not be required to issue any certificate or certificates for Shares hereunder prior to the lapse of such reasonable period of time following the date of vesting of the Restricted Stock Units as the Administrator may establish from time to time for reasons of administrative convenience.

20. Language. Participant acknowledges and represents that he or she is proficient in the English language or has consulted with an advisor who is sufficiently proficient in English, as to allow Participant to understand the terms of this Award Agreement and any other documents related to the Plan. If Participant has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

21. Interpretation. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. Neither the Administrator nor any person acting on behalf of the Administrator will be personally liable for any action, determination, or interpretation made in good faith with respect to the Plan or this Award Agreement.

22. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

23. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock Units under the Plan, and has received, read, and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

24. Modifications to the Award Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Further, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection with this Award of Restricted Stock Units.

25. Governing Law; Venue; Severability. This Award Agreement and the Restricted Stock Units are governed by the internal substantive laws, but not the choice of law rules, of Delaware; provided, however, that the corporate law aspects of issuance shall be governed by the laws of the Netherlands. For purposes of litigating any dispute that arises under these Restricted Stock Units or this Award Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of Santa Clara County, California, or the United States federal courts for the Northern District of California, and no other

courts, where this Award Agreement is made and/or to be performed. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Award Agreement shall continue in full force and effect.

26. Entire Agreement. The Plan is incorporated herein by reference. The Plan and this Award Agreement (including the appendices and exhibits referenced herein) constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, and, subject to Section 24 hereof, may not be modified adversely to Participant's interest except by means of a writing signed by the Company and Participant.

27. Country Addendum. Notwithstanding any provisions in this Award Agreement, the Restricted Stock Unit grant shall be subject to any special terms and conditions set forth in an appendix to this Award Agreement for any country whose laws are applicable to Participant and this Award of Restricted Stock Units (as determined by the Administrator in its sole discretion) (the "Country Addendum"). Moreover, if Participant relocates to one of the countries included in the Country Addendum, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Country Addendum constitutes part of this Award Agreement.

28. Insider Trading/Market Abuse Laws. Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States and, if different, Participant's country, Participant's broker's country and/or the country in which Shares may be listed, if applicable, which may affect Participant's ability to accept or otherwise acquire, or sell, attempt to sell or otherwise dispose of, Shares or rights to Shares (e.g., Restricted Stock Units) under the Plan or rights linked to the value of Shares (e.g., phantom awards, futures) during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws or regulations in the applicable jurisdiction) or the trade in Shares or the trade in rights to Shares under the Plan. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before possessing inside information. Furthermore, Participant could be prohibited from (1) disclosing the inside information to any third party and (2) "tipping" third parties or otherwise causing them to buy or sell Company securities; "third parties" includes fellow employees or service providers. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable company insider trading policy. It is Participant's responsibility to comply with any applicable restrictions and Participant should speak to a personal advisor on this matter.

29. Foreign Asset/Account Reporting Requirements And Exchange Controls. Certain foreign asset and/or foreign account reporting requirements and exchange controls may affect Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on or sales proceeds arising from the sale of Shares acquired under the plan) in a brokerage or bank account outside Participant's country of residence. Participant may be required to report such accounts, assets or transactions to the tax or other authorities in Participant's country and/or to repatriate sale proceeds or other funds received as a result of participation in the Plan to Participant's country through a designated bank or broker within a certain time after receipt. It is Participant's responsibility to be aware of and comply with such regulations, and Participant should consult a personal legal advisor for any details.

**ELASTIC N.V.**  
**AMENDED AND RESTATED 2012 STOCK OPTION PLAN**  
**RESTRICTED STOCK UNIT AGREEMENT**  
**COUNTRY ADDENDUM**

Capitalized terms used but not otherwise defined herein shall have the meaning given to such terms in the Plan, the Notice of Restricted Stock Unit Grant or the Terms and Conditions of Restricted Stock Unit Grant, as applicable.

***Terms and Conditions***

This Country Addendum includes additional terms and conditions that govern the Award of Restricted Stock Units granted to Participant under the Plan if Participant resides and/or works in one of the countries listed below. If Participant is a citizen or resident of a jurisdiction (or is considered as such for local law purposes) other than the one(s) in which he or she is currently residing and/or working or if Participant relocates to another jurisdiction after receiving the Award of Restricted Stock Units, the Company will, in its sole discretion, determine the extent to which the terms and conditions contained herein will be applicable to Participant.

***Notifications***

This Country Addendum also includes notifications relating to exchange control and certain other issues of which Participant should be aware with respect to his or her participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the respective countries listed in this Country Addendum, as of [date]. Such laws are often complex and change frequently. As a result, Participant should not rely on the notifications in this Country Addendum as the only source of information relating to the consequences of his or her participation in the Plan because the information may be out of date at the time Participant vests in the Restricted Stock Units and acquires Shares, or when Participant subsequently sell Shares acquired under the Plan.

In addition, the notifications herein are general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws in Participant's jurisdiction may apply to Participant's situation.

Finally, if Participant is a citizen or resident of a jurisdiction other than the one(s) in which Participant is currently residing and/or working or if Participant moves to another jurisdiction after receiving the Award of Restricted Stock Units, the information contained herein may not be applicable to Participant in the same manner.

## SUBSIDIARIES OF ELASTIC N.V.

<b>Name of Subsidiary</b>	<b>Jurisdiction of Incorporation</b>
Build Security Ltd.	Israel
Cmd Watch Security (US), Corp. (in liquidation)	Delaware
Elastic International B.V.	Netherlands
Elastic Italy S.R.L.	Italy
Elastic Technologies Brasil Ltda.	Brazil
Elastic Technologies (India) Private Limited	India
Elastic Technologies (Israel) Ltd.	Israel
Elastic Worldwide B.V.	Netherlands
Elasticsearch AB	Sweden
Elasticsearch AS	Norway
Elasticsearch B.C. Ltd.	Canada
elasticsearch B.V.	Netherlands
Elasticsearch (Beijing) Information Technology Co., Ltd.	People's Republic of China
Elasticsearch (CH) AG	Switzerland
Elasticsearch Federal Inc.	Delaware
Elasticsearch GmbH	Germany
Elasticsearch HK Limited	Hong Kong
Elasticsearch KK	Japan
Elasticsearch, Inc.	Delaware
Elasticsearch Korea Limited	Korea
Elasticsearch Limited	United Kingdom
Elasticsearch Pte. Ltd.	Singapore
Elasticsearch Pty Ltd	Australia
Elasticsearch SARL	France
Elasticsearch, S.L.U.	Spain
Endgame, Inc.	Delaware
Endgame Systems, LLC	Delaware
Opbeat ApS	Denmark
Opbeat, LLC	Delaware
optimize.cloud AG	Switzerland
Optimize.cloud, Inc.	Delaware
Swifttype, Inc.	Delaware



**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-227782, No. 333-233467, No. 333-234152, No. 333-239492, No. 333-257382, No. 333-261544, No. 333-265747 and No. 333-268662) of Elastic N.V. of our report dated June 16, 2023 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP  
San Jose, California  
June 16, 2023







