GitLab Q4 FY 26 Earnings Call
Prepared Remarks
Mar 3, 2026

Yaoxian Chew:

Good afternoon, we appreciate you joining us for GitLab's fourth quarter and fiscal year 2026 financial results conference call. With me are Bill Staples, our CEO, and Jessica Ross, our CFO. During this afternoon's call we will provide an overview of the business, commentary on our fourth quarter and full year results, and guidance for the first quarter and fiscal year 2027.

Before we begin, I'll cover the Safe Harbor statement:
I would like to direct you to the cautionary statement regarding forward-looking statements on Page 2 of our presentation and in our earnings release issued earlier today, both of which are available under the Investor Relations section of our website. The presentation and earnings release include a discussion of certain risks, uncertainties, assumptions and other factors that could cause our results to differ from those expressed in any forward-looking statements within the meaning of the Private Securities Litigation Reform Act.

As is customary, the content of today's call and presentation will be governed by this language. In addition, during today's call, we will be discussing certain non-GAAP financial measures. These non-GAAP financial measures exclude certain unusual or non-recurring items that management believes impact the comparability of the periods referenced. Please refer to our earnings release and presentation materials for additional information regarding these non-GAAP financial measures and the reconciliations to the most directly comparable GAAP measure.

I will now turn the call over to Bill. Bill…

Bill Staples:
Thank you, Yao, and good afternoon everyone.

Fiscal 2026 was a significant year for GitLab. ARR surpassed $1 billion, we generated $220 million in free cash flow, an increase of over 80%, and nearly 7 percentage points of margin expansion year over year. FY26 and Q4 delivered our highest absolute Net New ARR year and quarter ever, and we intend to build on that momentum. I'm really proud of the work the team is driving.

Given our deep technological and structural advantages and the growing TAM ahead, we believe we can do even better. I believe we have the right team in place to execute the opportunity, and the rest of my remarks will lay out our plan. Jessica will then walk through the financials.

Let me address our FY27 outlook directly. We aren't satisfied with our revenue growth guidance. Like many companies reaching a billion in revenue, our focus has been shifting to scaling our growth. We've identified five specific strategies where we see the greatest opportunity to improve our growth at scale in FY27. The five are:

1. Reaccelerating first orders to fuel long-term expansion
2. Scaling sales capacity with dedicated leadership and investment
3. Expanding product packaging to unlock new monetization vectors
4. Engaging price-sensitive customers with greater value and coverage
5. Continuing to execute an AI strategy aligned with our core platform strengths

We've already begun acting on all five. FY27 is all about execution and proving our hypotheses with results. Let me walk through each one.

In FY26, we reversed a long period of first order deceleration. This is critically important because our customers often land small but expand steadily — a pattern that has held for over a decade. Sales-led First Orders began reaccelerating in Q2 FY26 right after Ian joined. On the product side, Manav has reinvigorated product-led growth — first order logos inflected in October and we've seen four consecutive months of improvement.

For FY27, we see a clear path to a sustained acceleration in first orders, driven by continued signup momentum, new product-led onramps, and a dedicated First Order sales team with a new global leader, four regional leads, and rapid hiring underway. The team has already closed their first deals in Q1.

As a proof point, this quarter we secured a landmark deal with one of the semiconductor industry's most strategic players — a cornerstone supplier to the AI supercycle. After a competitive evaluation against incumbent tooling and AI-powered alternatives, they chose GitLab Premium and Duo Enterprise for over 5,000 users, validating our unified platform and AI capabilities.

With regard to sales capacity, we began increasing headcount in FY26 and are entering FY27 with more capacity than we've ever had, and we have a path to even stronger ramped capacity beginning in Q3. With FY27 kickoff we've overhauled territory design to also better serve all segments and strengthened enablement.

When it comes to innovation, GitLab has a long history of delivering ongoing value with 172 consecutive months of new releases. Customers who've consolidated repos and CI on GitLab consistently want to do more with us but have told us our pricing is too coarse-grained.

In FY27, we plan multiple new monetization opportunities each quarter — built-in artifact management, software supply chain security, integrated secrets management, and more. These will be opt-in, à la carte offerings that provide intermediate options for both Premium and Ultimate customers who have been asking for ways to opt in to more value for incremental price.

Most of these are anticipated throughout the year, so we expect modest FY27 contribution but meaningful impact for FY28 and beyond.

Our 50% Premium price increase a few years ago also coincided with rising AI code experimentation and flattish SaaS budgets. Simultaneously, our upmarket shift reduced technical resources at the lower end. Together, these have slowed Premium growth — particularly among price-sensitive customers which we estimate at roughly 20% of ARR, including the SMB weakness we've discussed recently.

We're responding here on multiple fronts: we now have an AI product in market since mid-January that helps accelerate the full lifecycle. And we are including compelling GitLab DAP promotional credits with Premium and Ultimate to increase the value they see. We have adjusted coverage models as well for this cohort, and we are investing in onboarding, adoption, and self-service experiences that help all customers get value faster.

GitLab sits at the heart of how enterprises build and deliver software. In January we launched GitLab Duo Agent Platform, and repositioned GitLab for the AI era. Our Intelligent Orchestration platform lets users deploy AI agents across the software lifecycle using the same context, permissions, and security model they already have in place today.

This platform rests on three core pillars:

1. **Workflows** — a unified platform where teams and AI agents collaborate on tasks across the full lifecycle
2. **Context** — rich semantic access to full SDLC data for high-quality, more efficient outcomes
3. **Guardrails** — with GitLab you can deploy anywhere and have security and compliance embedded directly in your software factory

GitLab is positioned where AI systems are best leveraged: the point of execution. We bring together the missing context and take action where the code lives — where it's merged, built, deployed, where compliance is enforced, and where correct actions prevent downstream bugs, technical debt, and security issues. Before AI, our unified platform reduced friction for developers. Now it can unlock step-function productivity gains by reducing friction for agents and the humans managing them.

Duo Agent Platform also introduces usage-based pricing alongside our seat model. Customers pay for agent work, where every engineer can delegate tasks to multiple agents in parallel. As agents automate more across the software lifecycle, revenue grows with the value we deliver.

Take one of our airline customers with a 3,000-person technology organization. They're deploying Duo Agent Platform to automate vulnerability remediation, dependency updates, and cloud migrations. Roughly 90% of their component updates now run autonomously, freeing developers for customer-facing feature work.

We have an ambitious roadmap and plan to deliver new value every single month with focused GTM to accelerate adoption. As a reminder, nearly 70% of revenue comes from self-managed customers who require an upgrade to release 18.8 or better, and we typically see it taking two quarters for over 50% to adopt a new release. We're investing alongside our partners to accelerate upgrades wherever possible.

FY27 is about converting pilots to production, not significant revenue contribution. We'll share metrics as they become material.

The software development market is undergoing a fundamental shift. AI is accelerating — it’s increasing code volume, delivery complexity, and the stakes of getting it wrong are just higher than ever. Security, compliance, and governance aren't optional; they're existential. This is the environment GitLab was built for.

The changes I've described — rebuilding our go-to-market capacity, creating new monetization vectors, and positioning GitLab at the center of agentic AI — these aren't separate initiatives. They're one integrated plan to capture a market moving in our direction.

And our data confirms this. In Q4 we added the most $1M customers in GitLab history. Gross retention is consistent with historical trends and churn is the lowest it’s been in four years. Ultimate is now 56% of ARR and accounted for 9 of the top 10 deals. We see more than 60% year-over-year growth in Ultimate projects with Security Scanning and nearly 30% more Security projects per seat.

Indeed operates the world's #1 job site. They started with GitLab in 2015 for source control, expanded to Premium in 2020 to support CI/CD adoption, and upgraded to Ultimate in 2024 for advanced security, compliance, and governance capabilities across thousands of GitLab users, and saw an 80% increase in pipelines with lower infrastructure costs. This quarter, they are deepening their strategic partnership with a move to GitLab Dedicated as part of their infrastructure modernization journey.

Mercedes-Benz's expansion this quarter also illustrates our compounding growth potential. Today's vehicles contain more software code than fighter jets, driving companies like Mercedes to hire thousands of engineers. Our relationship began years ago with source code management. Today, GitLab serves as the central platform powering their software-defined vehicle transformation, supporting thousands of developers across regions.

Investor uncertainty is understandably high. When every developer has access to the same models, code generation becomes a commodity. The bottleneck shifts to everything after the code — reviews, security, pipelines, compliance, deployment. That is precisely where we live, and that position gets harder to replicate as AI proliferates.

Some of our customers already carry decades of technical debt, thousands of repositories, and compliance obligations tied to policies written years ago. GitLab holds all of that context — history, ownership, risk, intent — indexed and connected across the software lifecycle. In a world of autonomous agents, context is the difference between a useful action and a potentially catastrophic one.

Every commit, every scan, every deployment makes our graph richer and our agents more accurate. The longer a customer runs on GitLab, the smarter the platform gets. That is a moat that widens over time. And with GitLab Duo Agent Platform, we're not just a tool that agents use — we are the environment where they run, the orchestration layer that governs what they do, in what order, and within which guardrails.

We have the ingredients for a generational company: a growing market, trusted distribution at scale, deep customer relationships, and platform capabilities that have been built up over years. We operate from a strong financial position with approximately $1.3B in cash and investments and are sustainably generating free cash flow.

I'm pleased to share that our Board has authorized GitLab's first share repurchase program at $400 million dollars — reflecting confidence in our fundamentals and the growth plan ahead. We believe GitLab shares represent attractive value and remain committed to disciplined capital allocation.

FY27 is about demonstrating that this foundation can deliver — value to customers, momentum through consistent performance, and progress quarter by quarter.

With that I'd now like to turn it over to Jessica to walk through the financial results.

Jessica Ross:

Thank you Bill, and thank you to everyone for joining us today. This is my first earnings call as GitLab's CFO, and I'm excited to be here.

I joined GitLab because I see an incredible business at the center of unprecedented industry transformation. The opportunity to help shape how AI transforms software development through Intelligent Orchestration is compelling. In my first few weeks I've been impressed by the passionate customers and Team Members, the platform's technical depth, and the leadership team Bill has assembled. My focus is on building the financial discipline and operational rigor to support our next chapter of growth. I look forward to getting to know many of you in the coming weeks.

I'll start with our full year and fourth quarter results, then cover our capital allocation framework and FY27 guidance.

Fiscal 2026 was a strong year. Revenue grew 26% to $955 million. Non-GAAP operating margin reached 17%, up approximately 680 basis points year-over-year. Adjusted free cash flow grew 83% to $220 million, with over 7 points of margin expansion.

We now have 10,682 customers with ARR of at least $5,000, contributing over 95% of total ARR. Our $100K-plus cohort grew 18% year-over-year to 1,456 customers, representing just over 75% of ARR. And as Bill mentioned, we added the largest number of $1 million-plus customers in GitLab's history in Q4 — now more than 155, up 26% year-over-year.

Q4 revenue was $260 million, up 23% year-over-year, 3.5 points above guidance. Non-GAAP operating margin reached 20.5%, 5 points above guidance. The revenue beat was in part due to approximately $3 million of one-time items related to favorable foreign exchange and JiHu performance.

First Order bookings were healthy, with particular strength in Asia Pacific. Enterprise win rates improved quarter-over-quarter and sales cycles remained consistent. We did see softer performance in the US. More broadly, we experienced a few large deals slipping from customers facing budget constraints and industry challenges. We also saw only a partial recovery in the Public Sector following the government reopening and continued weakness in the price sensitive cohort Bill alluded to earlier.

Dollar-based net retention was 118%. Gross retention remains well above 90% and consistent with historical trends. Our largest customers continue to expand, though we're seeing pressure in mid-market and SMB segments that weighed on net retention.

Total RPO grew 20% year-over-year to $1.1 billion. Current RPO grew 24% to $719.4 million.

Non-GAAP gross margin was 89%. SaaS now represents approximately 32% of total revenue and grew 38% year-over-year, driven by continued strength in GitLab Dedicated and Duo.

Q4 non-GAAP operating income was $53.4 million, with operating margin of 20.5%, up approximately 280 basis points year-over-year.

Q4 adjusted free cash flow was $41.8 million at a 16% margin. We ended the quarter with $1.3 billion in cash and investments.

On JiHu: Q4 non-GAAP expenses were $3.9 million compared to $3.2 million in the prior year. Our goal remains to deconsolidate JiHu, though we cannot predict the likelihood or timing of when that may occur.

Before turning to guidance, let me briefly cover our capital allocation framework.

First, investing in growth. Capital goes first to high-return investments that accelerate our product roadmap and strengthen our go-to-market motion — scaling sales capacity, building our First Order team, accelerating Duo Agent Platform, and deepening security innovation. We're reallocating resources toward the highest-return initiatives while balancing growth with profitability and cash generation.

Second, balance sheet resilience. We're maintaining a strong liquidity position. With sustainable free cash flow and approximately $1.3 billion in cash, cash equivalents and short term investments, we have the flexibility to invest in ourselves and inorganic growth through cycles without constraint.

Third, share repurchases. Our Board has authorized GitLab's first $400 million share repurchase program, reflecting confidence in our fundamentals and a disciplined approach to capital allocation. We look at repurchases as a meaningful way to drive shareholder value and manage dilution, particularly around periods of share price dislocation.

Now, moving to our FY27 Guidance. Guidance represents our clearest view of the business given the current operating environment. Let me frame the key assumptions before getting into the numbers.

Ratable model dynamics. In a ratable model, revenue reflects the cumulative effect of bookings activity over multiple prior periods. As Bill shared previously, we aren't satisfied with sustaining historical growth rates and are executing all five growth opportunities he identified. However, a significant portion of our FY27 guide acknowledges that the bookings growth rate has not scaled with revenue over the past three years, and that reality flows through mathematically.

Non-recurring FY26 tailwinds. FY26 benefited from several items we are not embedding in guidance for FY27 — in aggregate, approximately 300 basis points of growth. In order of magnitude these include: the Premium price increase from three years ago, positive FX dynamics, and specific clauses in certain customer contracts.

Third, Segment caution. We expect better Public Sector performance in FY27 but are not assuming a bounceback. We expect the price sensitive cohort — approximately 20% of ARR — to remain under pressure given the trends we observed in Q4.

And finally, prudent assumptions on newer growth drivers. We're assuming minimal revenue contribution from GitLab Duo Agent Platform in FY27. We launched seven weeks ago and need time to convert pilots to production deployments. Additionally, approximately 70% of our revenue comes from self-managed customers, which dictates a measured adoption curve.

With that context:

For Q1 FY27:

- We expect total revenue of $253 million to $255 million, representing approximately 18% to 19% year-over-year growth
- We expect non-GAAP operating income of $32 million to $34 million
- We expect non-GAAP net income per share of $0.20 to $0.21, assuming 173 million weighted average diluted shares outstanding

Note that Q4 has three more days than Q1, creating a sequential headwind.

For Full Year FY27:

- We expect total revenue of $1.099 billion to $1.118 billion, representing approximately 15% to 17% year-over-year growth
- We expect non-GAAP operating income of $129 million to $137 million
- We expect non-GAAP net income per share of $0.76 to $0.80, assuming 175 million weighted average diluted shares outstanding

A few additional modeling points:

- We assume stable year on year growth rates across Q2 through Q4
- Full-year gross margin of 85% – 87%, down from 89% in FY26, reflecting increased mix of SaaS, Dedicated, and GitLab Duo Agent Platform, which carry different cost structures.
- JiHu: For FY27 modeling purposes, we forecast approximately $15 million of expenses related to JiHu, compared with $13 million last year.

We are operating from a position of strength. Our TAM continues to grow. Customer retention remains best-in-class, our largest customers continue to expand, and First Orders have returned to growth. We are building new multi year growth drivers with GitLab Duo Agent Platform and hybrid pricing.

Our FY27 guidance reflects where we are today — early in a transformation, with clear priorities: scaling sales capacity, stabilizing net retention, addressing the price sensitive cohort, and converting DAP pilots to production. As we make progress, we'll update you.

Thank you for joining us. I'll now turn the call over to Yao to moderate Q&A.