

Snowflake, Inc. (SNOW)
Information Technology – Software



Investment Thesis

The Henry Fund changes its rating on Snowflake, Inc. from NO ACTION to BUY with a 20% upside. This upgrade is based on the strong Q3 FY26 operational beat and accelerating signs of AI monetization, which significantly de-risks our long-term valuation models. While the near-term guide was mixed, our conviction that Snowflake is the foundational data platform for the AI era is now reinforced by improving margins and growing consumption rates.

Drivers of Thesis

- Accelerating AI Monetization Provides RPO Upside:** Over 7,300+ accounts use Snowflake AI and the company reached a \$100 million annual consumption run rate from AI. This AI-driven increase in usage strengthens the probability of maximum consumption against the high Remaining Performance Obligations
- Best-in-Class Retention and Enterprise Scale Validation:** Net Revenue Retention (NRR) of 125% as of Q3 FY26, alongside the number of customers contributing over \$1 million in product revenue grew 29% year-over-year to 688 customers.
- Robust Revenue Visibility and Contractual Commitments:** The total Remaining Performance Obligations (RPO) increased to \$7.881 billion in Q3 FY26, representing strong contracted future revenue not yet recognized.

Risks to Thesis

- Deceleration of Product Revenue Growth and Volatile Margin Guidance:** Deceleration quarterly Product Revenue growth to 29% Y/Y, coupled with the soft F4Q Operating Margin guidance of 7%
- Cloud Dependency:** Heavy reliance on AWS, a competitor through Redshift, poses risks if pricing or integration terms shift unfavorably.

Investment Thesis Monitoring Update

Initially, our models yielded a low intrinsic value due to concerns over sustained operating losses and high Stock-Based Compensation (SBC). We stated that clear management action on margin improvement would trigger a BUY rating. Q3 FY26 operational results, including a non-GAAP Operating Margin of 11%, provided the necessary evidence of accelerated profitability. This eliminates the margin risk and has led to a massive upward revision of our intrinsic value to the \$270–\$280 range.

The revised forecast projects a positive Operating Margin in FY2029 (7%), stabilizing at 38% by FY2035, driven by rapid expense efficiency (e.g., S&M dropping from 46% to 15% of revenue). Strong customer health (125% NRR, 29% growth in customers >\$1M product revenue), growing AI consumption (> \$100M run rate), and a large/growing Remaining Performance Obligation (7.881B) reinforce this outlook.

The combination of validated execution and a significantly higher intrinsic value warrant an upgrade to BUY with an upside of +20%.

December 4, 2025

Stock Rating: Buy

Price Target: \$282

Henry Fund DCF \$282

Henry Fund DDM \$274

Relative Multiple \$60

HF % Upside +20%

Price Data

Current Price \$235

Date of Price 12/04/2025

52wk Range \$120 – 280

Consensus Price Target \$285

Consensus % Upside 22%

Key Statistics

Market Cap (B) 79.5

Diluted Shares Out. (M) 395

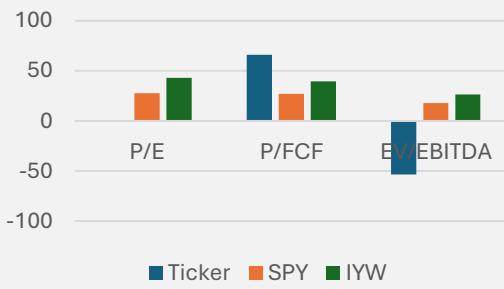
Institutional Ownership 72.75%

Beta 1.1

Dividend Yield 0.00%

LT Growth Rate 23%

SNOW vs. SPY & IYW



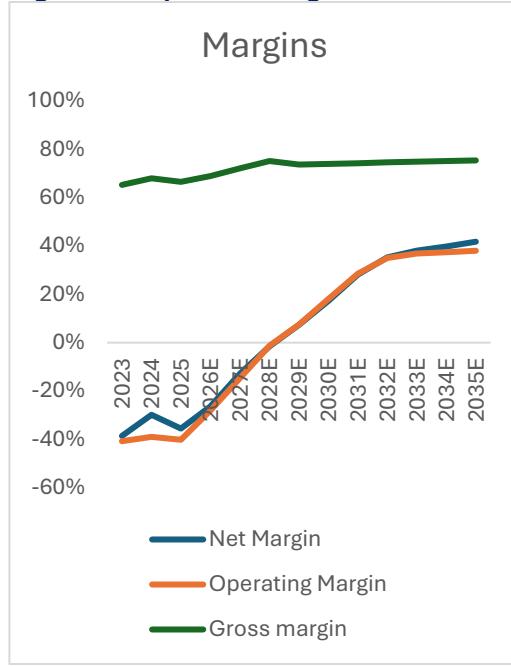
Price Performance



SNOW vs. Peer Group – Sales Growth

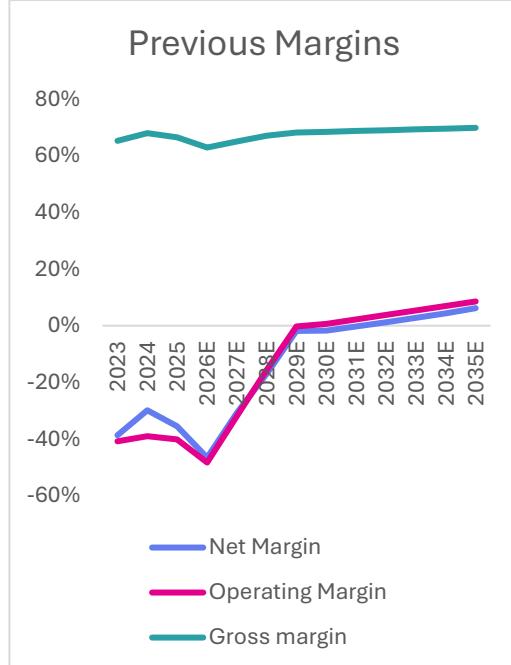
| Year | 2025e | 2026e | 2027e |
|------|-------|-------|-------|
| MDB | 21% | 19% | 16% |
| ESTC | 16% | 13% | 13% |
| DDOG | 25% | 20% | 20% |
| ZS | 21% | 19% | 18% |
| NET | 31% | 25% | 25% |

Figure #1: Updated Margin



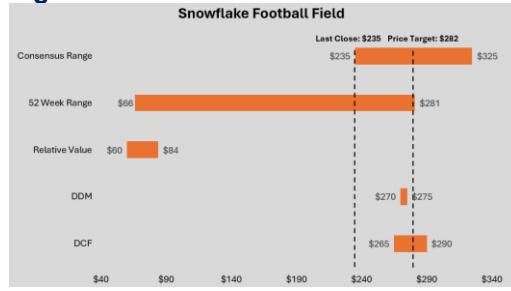
Source: SNOW 10-K 2023-2025, HF Model

Figure #2: Previous Margins



Source: SNOW 10-K 2023-2025, HF Model

Figure #1: SNOW Football Field



Source: HF Model, FactSet

Change in Investment Thesis

In the spring, our primary constraint was the margin risk, with our fundamental models (DCF and DDM) yielding an intrinsic value of approximately \$42, well below the market price. This low valuation stemmed from forecasting continued, large Stock-Based Compensation (SBC) and sustained operating losses from compressed margins. We explicitly stated that lowering these loss assumptions based on management action would likely trigger a BUY rating.

The strong operational execution through Q3 FY26, particularly on margin expansion and effective capital management, has provided the necessary evidence to fundamentally revise our models. This change in assumptions has resulted in a massive upward revision of our intrinsic value to the \$270–\$280 range (DCF: \$282, DDM: \$274). This shift confirms that the market is beginning to price in the company's long-term potential, and even with the significant YTD price rise, the stock remains undervalued relative to its new intrinsic estimate.

Our initial stance required Snowflake to demonstrate clearer progress toward margin expansion and capital efficiency. The Q3 FY26 results provided definitive proof that this execution risk is receding:

Non-GAAP Operational Beat: Snowflake reported a Q3 FY26 Non-GAAP Operating Margin of 11%, significantly beating expectations and demonstrating earlier-than-anticipated operating leverage.

Accelerated Profitability Timeline: The provided financial forecast confirms this accelerated path. Our projections now show a crossover to positive Operating Margin in FY2029 (7%) and a rapid expansion thereafter to stabilize at 38% by FY2035.

Expense Efficiency: This profitability is driven by the rapid leverage of operating expenses. Sales & Marketing (S&M) expense as a percentage of revenue is forecast to drop from 46% in 2025 to 15% by 2035, while R&D expense normalizes from a peak of 49% in 2025 to 16% by 2035. These trends eliminate the drag of high reinvestment that previously anchored our models in the spring.

The company continues to demonstrate robust customer health with a Net Revenue Retention (NRR) of 125% as of Q3 FY26. Furthermore, the number of customers contributing over \$1 million in product revenue grew 29% year-over-year to 688, validating the ongoing enterprise adoption of the platform and reinforcing customer lock-in.

The value derived from AI is becoming tangible, with over 7,300+ accounts using Snowflake AI and the company reaching a \$100 million annual consumption run-rate from AI. This AI-driven increase in usage strengthens the probability of maximum consumption against the high Remaining Performance Obligations. The total Remaining Performance Obligations (RPO) increased to \$7.881 billion in Q3 FY26, representing strong contracted future revenue not yet recognized.

The combination of validated profitability, decisive action on capital efficiency, and robust operational execution has eliminated the key risks that previously necessitated a NO ACTION rating, creating a compelling opportunity that warrants an upgrade to BUY with a 20% upside.

Snowflake Inc.

Revenue Decomposition

Snowflake Inc
Income Statement
 (in thousands)

| Fiscal Years Ending Jan 31 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E | 2035E |
|--|------------------|--------------------|--------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Revenue | 2,065,659 | 2,806,489 | 3,626,396 | 4,689,719 | 5,845,177 | 7,007,650 | 8,404,062 | 9,838,792 | 11,332,580 | 12,513,275 | 13,764,602 | 14,716,645 | 15,440,423 |
| Cost of revenue | 717,540 | 898,558 | 1,214,673 | 1,460,068 | 1,635,327 | 1,739,396 | 2,210,147 | 2,560,081 | 2,917,233 | 3,186,347 | 3,466,679 | 3,665,502 | 3,802,809 |
| Cost of product, net | 547,547 | 701,200 | 992,069 | 1,125,532 | 1,234,635 | 1,278,515 | 1,680,812 | 1,967,758 | 2,266,516 | 2,502,655 | 2,752,920 | 2,943,329 | 3,088,085 |
| Cost of services, net | 169,993 | 197,358 | 222,604 | 334,535 | 400,693 | 460,881 | 529,334 | 592,323 | 650,718 | 683,692 | 713,758 | 722,173 | 714,724 |
| Depreciation and amortization | 63,535 | 119,903 | 182,508 | 133,923 | 166,919 | 200,115 | 239,992 | 280,963 | 323,620 | 357,337 | 393,071 | 420,258 | 440,926 |
| Gross profit | 1,348,119 | 1,907,931 | 2,411,723 | 3,229,651 | 4,209,850 | 5,268,254 | 6,193,915 | 7,278,711 | 8,415,346 | 9,326,928 | 10,297,924 | 11,051,142 | 11,637,614 |
| Operating expenses: | | | | | | | | | | | | | |
| Sales and marketing | 1,106,507 | 1,391,747 | 1,672,092 | 2,162,379 | 2,404,731 | 2,534,803 | 2,622,357 | 2,581,202 | 2,410,038 | 2,039,409 | 2,064,690 | 2,207,497 | 2,316,063 |
| Research and development | 788,058 | 1,287,949 | 1,783,379 | 1,965,190 | 2,157,117 | 2,235,736 | 2,261,047 | 2,155,110 | 1,915,683 | 2,002,124 | 2,202,336 | 2,354,663 | 2,470,468 |
| General and administrative | 295,821 | 323,008 | 412,262 | 422,075 | 508,968 | 589,691 | 682,614 | 770,369 | 854,181 | 906,571 | 956,963 | 980,103 | 983,139 |
| Total operating expenses | 2,190,386 | 3,002,704 | 3,867,733 | 4,549,643 | 5,070,815 | 5,360,229 | 5,566,018 | 5,506,681 | 5,179,903 | 4,948,104 | 5,223,990 | 5,542,263 | 5,769,670 |
| Operating loss | (842,267) | (1,094,773) | (1,456,010) | (1,319,992) | (860,965) | (91,975) | 627,897 | 1,772,030 | 3,235,444 | 4,378,824 | 5,073,934 | 5,508,879 | 5,867,944 |
| Interest income | 73,839 | 200,663 | 209,009 | 213,778 | 175,468 | 56,040 | 3,410 | (62,312) | (37,604) | 52,995 | 188,404 | 376,268 | 602,194 |
| Interest expense | - | - | (2,759) | (124,934) | (61,684) | (61,684) | - | - | - | - | - | - | - |
| Other income (expense), net | (47,565.00) | 44,887.00 | (35,339.00) | - | - | - | - | - | - | - | - | - | - |
| Loss before income taxes | (815,993) | (849,223) | (1,285,099) | (1,231,148) | (747,181) | (97,619) | 631,307 | 1,709,718 | 3,197,840 | 4,431,819 | 5,262,337 | 5,885,147 | 6,470,138 |
| Provision for (benefit from) income taxes | (18,467) | (11,233) | 4,113 | 7,214 | 8,991 | 10,779 | 12,927 | 15,134 | 17,432 | 19,248 | 21,173 | 22,637 | 23,750 |
| Net loss | (797,526) | (837,990) | (1,289,212) | (1,238,362) | (756,172) | (108,398) | 618,380 | 1,694,584 | 3,180,408 | 4,412,571 | 5,241,165 | 5,862,510 | 6,446,388 |
| Less: net (loss) attributable to noncontrolling interest | (821) | (1,893) | (3,572) | (2,501) | (698) | (200) | 1,713 | 6,260 | 14,687 | 24,452 | 33,884 | 43,315 | 53,583 |
| Net loss attributable to Snowflake Inc. | (796,705) | (836,097) | (1,285,640) | (1,240,863) | (756,871) | (108,598) | 620,093 | 1,700,844 | 3,195,095 | 4,437,023 | 5,275,049 | 5,905,825 | 6,499,971 |
| Net loss per share attributable to Snowflake Inc. | | | | | | | | | | | | | |
| Basic Earnings Per Share | (2.50) | (2.55) | (3.86) | (3.74) | (2.32) | (0.34) | 1.95 | 5.42 | 10.30 | 14.48 | 17.45 | 19.72 | 21.81 |
| Total Shares Outstanding (Year End) | 323,305 | 333,961 | 333,865 | 329,093 | 324,165 | 319,528 | 315,310 | 311,840 | 308,839 | 303,977 | 300,465 | 298,372 | 297,645 |
| Weighted Average Shares Outstanding (basic) | 318,730 | 328,001 | 332,707 | 331,479 | 326,629 | 321,846 | 317,419 | 313,575 | 310,339 | 306,408 | 302,221 | 299,418 | 298,008 |

Snowflake Inc
Balance Sheet
 (in thousands)

| Fiscal Years Ending Jan 31 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E | 2035E |
|---|------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
| Assets | | | | | | | | | | | | | |
| Current assets: | | | | | | | | | | | | | |
| Cash and cash equivalents | 939,902 | 1,762,749 | 2,628,798 | 1,562,848 | (1,517,244) | (2,948,609) | (4,709,931) | (4,237,799) | (2,140,201) | 1,060,497 | 5,553,355 | 10,981,611 | 17,453,446 |
| Short-term investments | 3,067,966 | 2,083,499 | 2,008,873 | 2,089,991 | 2,174,385 | 2,262,187 | 2,353,534 | 2,448,570 | 2,547,443 | 2,650,309 | 2,757,328 | 2,868,669 | 2,984,506 |
| Accounts receivable, net | 715,821 | 926,902 | 922,805 | 94,989 | 118,392 | 141,938 | 170,221 | 199,281 | 229,538 | 253,452 | 278,797 | 298,081 | 312,740 |
| Deferred commissions, current | 67,901 | 86,096 | 97,662 | 224,221 | 279,465 | 335,045 | 401,809 | 470,405 | 541,825 | 598,275 | 658,103 | 703,621 | 738,226 |
| Prepaid expenses and other current assets | 193,100 | 180,018 | 211,234 | 426,749 | 531,892 | 637,674 | 764,743 | 895,298 | 1,031,228 | 1,138,668 | 1,252,534 | 1,339,167 | 1,405,029 |
| Total current assets | 4,984,690 | 5,039,264 | 5,869,372 | 4,398,799 | 1,586,891 | 428,233 | (1,019,624) | (224,245) | 2,209,833 | 5,701,201 | 10,500,118 | 16,191,149 | 22,893,947 |
| Long-term investments | 1,073,023 | 916,307 | 656,476 | 692,582 | 730,674 | 770,861 | 813,259 | 857,988 | 905,177 | 954,962 | 1,007,485 | 1,062,897 | 1,121,356 |
| Property and equipment, net | 160,823 | 247,464 | 296,393 | 303,242 | 311,778 | 322,011 | 334,284 | 348,652 | 365,202 | 383,475 | 403,577 | 425,068 | 447,616 |
| Operating lease right-of-use assets | 231,266 | 252,128 | 359,439 | 367,744 | 378,096 | 390,507 | 405,390 | 422,814 | 442,884 | 465,045 | 489,422 | 515,485 | 542,829 |
| Goodwill | 657,370 | 975,906 | 1,056,559 | 1,056,559 | 1,056,559 | 1,056,559 | 1,056,559 | 1,056,559 | 1,056,559 | 1,056,559 | 1,056,559 | 1,056,559 | 1,056,559 |
| Intangible assets, net | 186,013 | 331,411 | 278,028 | 195,957 | 138,113 | 97,343 | 68,609 | 48,356 | 34,082 | 24,021 | 16,930 | 11,933 | 8,410 |
| Deferred commissions, non-current | 145,286 | 187,093 | 183,967 | 545,537 | 679,947 | 815,173 | 977,613 | 1,144,509 | 1,318,276 | 1,455,622 | 1,601,184 | 1,711,932 | 1,796,126 |
| Other assets | 283,851 | 273,810 | 333,704 | 642,239 | 800,475 | 959,671 | 1,150,905 | 1,347,386 | 1,551,954 | 1,713,646 | 1,885,011 | 2,015,389 | 2,114,508 |
| Total assets | 7,722,322 | 8,223,383 | 9,033,938 | 8,202,660 | 5,682,533 | 4,840,359 | 3,786,993 | 5,002,020 | 7,883,967 | 11,754,532 | 16,960,285 | 22,990,411 | 29,981,352 |
| Liabilities and Stockholders' Equity | | | | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | | | | |
| Accounts payable | 23,672 | 51,721 | 169,767 | 234,486 | 292,259 | 350,383 | 420,203 | 491,940 | 566,629 | 625,664 | 688,230 | 735,832 | 772,021 |
| Accrued expenses and other current liabilities | 269,069 | 446,860 | 515,454 | 816,890 | 1,018,157 | 1,220,645 | 1,463,883 | 1,713,795 | 1,973,994 | 2,179,656 | 2,397,622 | 2,563,456 | 2,689,529 |
| Operating lease liabilities, current | 27,301 | 33,944 | 35,923 | 41,799 | 42,976 | 44,387 | 46,078 | 48,059 | 50,340 | 52,859 | 55,630 | 58,592 | 61,700 |
| Deferred revenue, current | 1,673,475 | 2,198,705 | 2,580,039 | 4,352,622 | 5,425,026 | 6,503,941 | 7,799,978 | 9,131,580 | 10,517,994 | 11,613,821 | 12,775,203 | 13,658,813 | 14,330,566 |
| Total current liabilities | 1,993,517 | 2,731,230 | 3,301,183 | 5,445,798 | 6,778,418 | 8,119,355 | 9,730,142 | 11,385,373 | 13,108,957 | 14,472,000 | 15,916,685 | 17,016,693 | 17,853,817 |
| Convertible senior notes, net | - | 2,271,529 | 2,271,529 | 1,121,529 | 1,121,529 | - | - | - | - | - | - | - | - |
| Operating lease liabilities, non-current | 224,357 | 254,037 | 377,818 | 365,053 | 375,328 | 387,648 | 402,423 | 419,719 | 439,642 | 461,641 | 485,839 | 511,711 | 538,856 |
| Deferred revenue, non-current | 11,463 | 14,402 | 15,501 | 32,975 | 41,100 | 49,274 | 59,093 | 69,181 | 79,684 | 87,986 | 96,785 | 103,479 | 108,568 |
| Other liabilities | 24,370 | 33,120 | 61,264 | 72,953 | 90,928 | 109,011 | 130,734 | 153,052 | 176,290 | 194,656 | 214,122 | 228,932 | 240,191 |
| Total liabilities | 2,253,707 | 3,032,789 | 6,027,295 | 8,188,308 | 8,407,303 | 9,786,817 | 10,322,391 | 12,027,326 | 13,804,573 | 15,216,284 | 16,713,431 | 17,860,816 | 18,741,432 |
| Stockholders' equity: | | | | | | | | | | | | | |
| Liquidation Preference | | | | | | | | | | | | | |
| Common Stock (A) | 32 | 34 | 34 | | | | | | | | | | |
| Common Stock (B) | | | | | | | | | | | | | |
| Common Stock | 8,210,782 | 9,331,272 | 10,355,245 | 10,591,254 | 10,827,264 | 11,063,273 | 11,299,283 | 11,535,292 | 11,738,260 | 11,738,260 | 11,738,260 | 11,738,260 | 11,738,260 |
| Treasury Stock | - | (67,140) | (59,505) | (2,046,942) | (4,265,202) | (6,614,302) | (9,059,344) | (11,486,106) | (13,779,469) | (15,757,638) | (17,324,080) | (18,347,164) | (18,736,809) |
| Accumulated other comprehensive loss | (38,272) | (8,220) | (2,236) | (2,236) | (2,236) | (2,236) | (2,236) | (2,236) | (2,236) | (2,236) | (2,236) | (2,236) | (2,236) |
| Accumulated deficit | (2,716,074) | (4,075,604) | (7,293,575) | (8,531,937) | (9,288,109) | (9,396,507) | (8,778,127) | (7,083,544) | (3,903,135) | 509,436 | 5,750,601 | 11,613,110 | 18,059,498 |
| Total Snowflake Inc. stockholders' equity | 5,456,436 | 5,180,308 | 2,999,929 | 10,139 | (2,728,284) | (4,949,772) | (6,540,425) | (7,036,594) | (5,946,581) | (3,512,178) | 162,544 | 5,001,971 | 11,058,713 |
| Noncontrolling interest | 12,179 | 10,286 | 6,714 | 4,213 | 3,515 | 3,314 | 5,028 | 11,288 | 25,974 | 50,426 | 84,310 | 127,625 | 181,208 |
| Total stockholders' equity | 5,468,615 | 5,190,594 | 3,006,643 | 14,352 | (2,724,769) | (4,946,457) | (6,535,397) | (7,025,306) | (5,920,606) | (3,461,752) | 246,854 | 5,129,595 | 11,239,921 |
| Total liabilities and stockholders' equity | 7,722,322 | 8,223,383 | 9,033,938 | 8,202,660 | 5,682,533 | 4,840,359 | 3,786,993 | 5,002,020 | 7,883,967 | 11,754,532 | 16,960,285 | 22,990,411 | 29,981,352 |

Snowflake Inc

Historical Cash Flow Statement

(in thousands)

| Fiscal Years Ending Jan 31 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|-------------------|--------------------|---------------------|-------------------|---------------------|---------------------|
| Cash flows from operating activities: | | | | | | |
| Net loss | | | | | | |
| Net loss | (348,535) | (539,102) | (679,948) | (797,526) | (837,990) | (1,289,212) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | | | | |
| Depreciation and amortization | 3,522 | 9,826 | 21,498 | 63,535 | 119,903 | 182,508 |
| Non-cash operating lease costs | 27,712 | 33,475 | 35,553 | 46,240 | 52,892 | 59,943 |
| Amortization of deferred commissions | 16,986 | 28,841 | 37,876 | 57,445 | 74,787 | 93,128 |
| Stock-based compensation, net of amounts capitalized | 78,399 | 301,441 | 605,095 | 861,533 | 1,168,015 | 1,479,314 |
| Net amortization (accretion) of premiums (discounts) on investments | (5,459) | 8,630 | 48,002 | 3,497 | (61,525) | (43,434) |
| Net realized and unrealized losses (gains) on strategic investments in equity securities | | | (27,621) | 46,435 | (46,809) | 31,420 |
| Amortization of debt issuance costs | | | | | | 2,759 |
| Deferred income tax | | | (717) | (26,664) | (26,762) | (7,671) |
| Other | 1,476 | 4,580 | 2,014 | 1,618 | 14,895 | 7,420 |
| Changes in operating assets and liabilities, net of effects of business combinations: | | | | | | |
| Accounts receivable | (116,869) | (116,289) | (251,652) | (166,965) | (212,083) | 536 |
| Deferred commissions | (68,595) | (51,444) | (95,877) | (95,107) | (134,787) | (101,569) |
| Prepaid expenses and other assets | (10,811) | (62,349) | (159,159) | (2,904) | 59,795 | 29,850 |
| Accounts payable | 1,116 | (2,878) | 7,371 | 8,024 | 19,212 | 108,852 |
| Accrued expenses and other liabilities | 34,994 | 58,252 | 79,772 | 74,519 | 171,048 | 70,876 |
| Operating lease liabilities | (13,455) | (31,281) | (38,249) | (42,342) | (40,498) | (47,711) |
| Deferred revenue | 222,961 | 312,881 | 526,221 | 514,301 | 528,029 | 382,755 |
| Tax Shield on Other Income (expenses) | (176,558) | (45,417) | 110,179 | 545,639 | 848,122 | 959,764 |
| Tax shield on operating lease interest (+) | | | | | | |
| Purchases of property and equipment | (18,583) | (35,037) | (16,221) | (25,128) | (35,086) | (46,279) |
| Capitalized internal-use software development costs | (4,265) | (5,293) | (12,772) | (796,705) | (836,097) | (1,285,640) |
| Cash paid for business combinations, net of cash, cash equivalents, and restricted cash acquired | (6,314) | (6,035) | | (362,609) | (275,706) | (30,305) |
| Purchases of intangible assets | | (8,374) | (24,334) | (700) | (28,744) | |
| Purchases of investments | (622,854) | (4,859,852) | (4,250,338) | (3,901,321) | (2,476,206) | (2,569,243) |
| Sales of investments | 14,087 | 177,070 | 440,069 | 58,813 | 11,266 | 64,573 |
| Maturities and redemptions of investments | 776,424 | 700,876 | 3,842,796 | 3,657,072 | 3,670,867 | 2,802,082 |
| Settlement of cash flow hedges | | | | | | (749) |
| Net cash provided by (used in) investing activities | 138,495 | (4,036,645) | (20,800) | (597,885) | 832,258 | 190,646 |
| Cash flows from financing activities: | | | | | | |
| Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs | 24,121 | 478,573 | | | | |
| Proceeds from initial public offering and private placements, net of underwriting discounts | | 4,242,284 | | | | |
| Proceeds from early exercised stock options | 6,213 | 159 | | | | |
| Proceeds from exercise of stock options | 27,526 | 53,378 | 127,036 | 39,893 | 57,194 | 44,886 |
| Proceeds from issuance of common stock under employee stock purchase plan | | | 52,227 | 40,931 | 61,234 | 77,053 |
| Proceeds from repayments of a nonrecourse promissory note | | 2,090 | | | | |
| Repurchases of early exercised stock options and restricted common stock | (391) | (30) | | | | |
| Payments of deferred purchase consideration for business combinations | | (1,164) | (1,065) | | | |
| Taxes paid related to net share settlement of equity awards | | | | (184,648) | (380,799) | (489,149) |
| Repurchases of common stock | | | | | (591,732) | (1,932,333) |
| Capital contributions from noncontrolling interest holders | | | | 13,000 | | |
| Payments of deferred purchase consideration for business combinations | | (1,164) | (1,065) | (1,800) | | (250,00) |
| Gross proceeds from issuance of convertible senior notes | | | | | 2,300,000.00 | |
| Cash paid for issuance costs on convertible senior notes | | | | | (31,230.00) | |
| Purchases of capped calls related to convertible senior notes | | | | | (195,500.00) | |
| Net cash used in financing activities | 57,469 | 4,775,290 | 178,198 | (92,624) | (854,103) | (226,523) |
| Effect of exchange rate changes on cash, cash equivalents, and restricted cash | | (11) | (236) | (933) | (2,031) | (6,186) |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | 19,406 | 693,217 | 267,341 | (145,803) | 824,246 | 917,701 |
| Cash, cash equivalents, and restricted cash—beginning of period | 122,570 | 141,976 | 835,193 | 1,102,534 | 956,731 | 1,780,977 |
| Cash, cash equivalents, and restricted cash—end of period | 141,976.00 | 835,193.00 | 1,102,534.00 | 956,731.00 | 1,780,977.00 | 2,698,678.00 |

Snowflake Inc

Forecasted Cash Flow Statement

(in thousands)

| Fiscal Years Ending Jan 31 | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E | 2035E |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|
| Cash at the beginning of the period | 2,628,798 | 1,562,848 | (1,517,244) | (2,948,609) | (4,709,931) | (4,237,799) | (2,140,201) | 1,060,497 | 5,553,355 | 10,981,611 |
| Cash flows from operating activities: | | | | | | | | | | |
| Net loss | (1,238,362) | (756,172) | (108,398) | 618,380 | 1,694,584 | 3,180,408 | 4,412,571 | 5,241,165 | 5,862,510 | 6,446,388 |
| Adjustments to reconcile net loss to net cash | | | | | | | | | | |
| Depreciation & Amortization | 133,923 | 166,919 | 200,115 | 239,992 | 280,963 | 323,620 | 357,337 | 393,071 | 420,258 | 440,926 |
| Cash from Operating Activities: | | | | | | | | | | |
| Change in Accounts receivable, net | 827,816 | (23,403) | (23,545) | (28,284) | (29,060) | (30,256) | (23,915) | (25,345) | (19,283) | (14,660) |
| Change in Deferred commissions, current | (126,559) | (55,244) | (55,579) | (66,764) | (68,596) | (71,420) | (56,451) | (59,828) | (45,518) | (34,605) |
| Change in Prepaid expenses and other current assets | (215,515) | (105,143) | (105,781) | (127,069) | (130,556) | (135,930) | (107,439) | (113,867) | (86,633) | (65,862) |
| Change in Operating lease right-of-use assets | (8,305) | (10,352) | (12,410) | (14,883) | (17,424) | (20,070) | (22,161) | (24,377) | (26,063) | (27,345) |
| Change in Deferred commissions, non-current | (361,570) | (134,410) | (135,226) | (162,439) | (166,897) | (173,767) | (137,346) | (145,562) | (110,747) | (84,194) |
| Change in Other assets | (308,535) | (158,236) | (159,196) | (191,233) | (196,481) | (204,569) | (161,692) | (171,365) | (130,379) | (99,119) |
| Change in Accounts payable | 64,719 | 57,773 | 58,124 | 69,821 | 71,737 | 74,689 | 59,035 | 62,566 | 47,602 | 36,189 |
| Change in Accrued expenses and other current liabilities | 301,436 | 201,266 | 202,488 | 243,237 | 249,912 | 260,199 | 205,662 | 217,966 | 165,834 | 126,073 |
| Change in Operating lease liabilities, current | 5,876 | 1,177 | 1,411 | 1,692 | 1,981 | 2,281 | 2,519 | 2,771 | 2,962 | 3,108 |
| Change in Deferred revenue, current | 1,772,583 | 1,072,404 | 1,078,915 | 1,296,038 | 1,331,602 | 1,386,414 | 1,095,827 | 1,161,382 | 883,610 | 671,753 |
| Change in Operating lease liabilities, non-current | (12,765) | 10,276 | 12,320 | 14,774 | 17,297 | 19,923 | 21,999 | 24,198 | 25,872 | 27,145 |
| Change in Deferred revenue, non-current | 17,474 | 8,125 | 8,174 | 9,819 | 10,088 | 10,503 | 8,302 | 8,799 | 6,694 | 5,089 |
| Net cash provided by operating activities | 852,215 | 274,979 | 961,409 | 1,903,079 | 3,049,148 | 4,622,028 | 5,654,249 | 6,571,574 | 6,996,718 | 7,430,887 |
| Cash flows from investing activities: | | | | | | | | | | |
| Short-term investments | (81,118) | (84,394) | (87,802) | (91,347) | (95,036) | (98,873) | (102,866) | (107,019) | (111,341) | (115,837) |
| Long-term investments | (36,106) | (38,092) | (40,187) | (42,397) | (44,729) | (47,189) | (49,785) | (52,523) | (55,412) | (58,459) |
| Intangible assets | 82,071 | 57,844 | 40,769 | 28,735 | 20,253 | 14,274 | 10,061 | 7,091 | 4,998 | 3,522 |
| Property and equipment, gross | (140,771) | (175,455) | (210,348) | (252,264) | (295,331) | (340,170) | (375,611) | (413,172) | (441,749) | (463,475) |
| Other liabilities | 11,689 | 17,974 | 18,083 | 21,723 | 22,319 | 23,237 | 18,367 | 19,466 | 14,810 | 11,259 |
| Net cash provided by (used in) investing activities | (164,236) | (222,122) | (279,484) | (335,552) | (392,524) | (448,721) | (499,834) | (546,158) | (588,694) | (622,989) |
| Cash flows from financing activities: | | | | | | | | | | |
| Convertible senior notes, net | - | (1,150,000) | - | (1,121,529) | - | - | - | - | - | - |
| Common Stock | 236,009 | 236,009 | 236,009 | 236,009 | 236,009 | 202,968 | - | - | - | - |
| Treasury Stock | (1,987,437) | (2,218,260) | (2,349,099) | (2,445,043) | (2,426,762) | (2,293,363) | (1,978,169) | (1,566,442) | (1,023,084) | (389,645) |
| Noncontrolling interest | (2,501) | (698) | (200) | 1,713 | 6,260 | 14,687 | 24,452 | 33,884 | 43,315 | 53,583 |
| Net cash provided by (used) financing activities | (1,753,929) | (3,132,949) | (2,113,290) | (3,328,849) | (2,184,492) | (2,075,708) | (1,953,717) | (1,532,558) | (979,769) | (336,063) |
| Cash, cash equivalents, and restricted cash-end of period | 1,562,848 | (1,517,244) | (2,948,609) | (4,709,931) | (4,237,799) | (2,140,201) | 1,060,497 | 5,553,355 | 10,981,611 | 17,453,446 |

Snowflake Inc

Common Size Income Statement

| Fiscal Years Ending Jan 31 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|--|----------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Cost of revenue | 32.02% | 33.50% | 31.13% | 27.98% | 24.82% | 26.30% | 26.02% | 25.74% | 25.46% | 25.19% | 24.91% | 24.63% |
| Cost of product, net | 24.98% | 27.36% | 24.00% | 21.12% | 18.24% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| Cost of services, net | 7.03% | 6.14% | 7.13% | 6.86% | 6.58% | 6.30% | 6.02% | 5.74% | 5.46% | 5.19% | 4.91% | 4.63% |
| Depreciation and amortization | 4.27% | 5.03% | 2.86% | 2.86% | 2.86% | 2.86% | 2.86% | 2.86% | 2.86% | 2.86% | 2.86% | 2.86% |
| Gross profit | 67.98% | 66.50% | 68.87% | 72.02% | 75.18% | 73.70% | 73.98% | 74.26% | 74.54% | 74.81% | 75.09% | 75.37% |
| Operating expenses: | | | | | | | | | | | | |
| Sales and marketing | 49.59% | 46.11% | 46.11% | 41.14% | 36.17% | 31.20% | 26.23% | 21.27% | 16.30% | 15.00% | 15.00% | 15.00% |
| Research and development | 45.89% | 49.18% | 41.90% | 36.90% | 31.90% | 26.90% | 21.90% | 16.90% | 16.00% | 16.00% | 16.00% | 16.00% |
| General and administrative | 11.51% | 11.37% | 9.00% | 8.71% | 8.41% | 8.12% | 7.83% | 7.54% | 7.24% | 6.95% | 6.66% | 6.37% |
| Total operating expenses | 106.99% | 106.66% | 97.01% | 86.75% | 76.49% | 66.23% | 55.97% | 45.71% | 39.54% | 37.95% | 37.66% | 37.37% |
| Operating loss | -39.01% | -40.15% | -28.15% | -14.73% | -1.31% | 7.47% | 18.01% | 28.55% | 34.99% | 36.86% | 37.43% | 38.00% |
| Interest income | 7.15% | 5.76% | 4.56% | 3.00% | 0.80% | 0.04% | -0.63% | -0.33% | 0.42% | 1.37% | 2.56% | 3.90% |
| Interest expense | 0.00% | -0.08% | -2.66% | -1.06% | -0.88% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Other income (expense), net | 1.60% | -0.97% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Loss before income taxes | -30.26% | -35.44% | -26.25% | -12.78% | -1.39% | 7.51% | 17.38% | 28.22% | 35.42% | 38.23% | 39.99% | 41.90% |
| Provision for (benefit from) income taxes | -0.40% | 0.11% | 0.15% | 0.15% | 0.15% | 0.15% | 0.15% | 0.15% | 0.15% | 0.15% | 0.15% | 0.15% |
| Net loss | -29.86% | -35.55% | -26.41% | -12.94% | -1.55% | 7.36% | 17.22% | 28.06% | 35.26% | 38.08% | 39.84% | 41.75% |
| Less: net (loss) attributable to noncontrolling interest | -0.07% | -0.10% | -0.05% | -0.01% | 0.00% | 0.02% | 0.06% | 0.13% | 0.20% | 0.25% | 0.29% | 0.35% |
| Net loss attributable to Snowflake Inc. | -29.79% | -35.45% | -26.46% | -12.95% | -1.55% | 7.38% | 17.29% | 28.19% | 35.46% | 38.32% | 40.13% | 42.10% |

Snowflake Inc

Common Size Balance Sheet

| Fiscal Years Ending Jan 31 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E | 2035E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Assets | | | | | | | | | | | | | |
| Current assets: | | | | | | | | | | | | | |
| Cash and cash equivalents | 45.50% | 62.81% | 72.49% | 33.32% | -25.96% | -42.08% | -56.04% | -43.07% | -18.89% | 8.47% | 40.35% | 74.62% | 113.04% |
| Short-term investments | 148.52% | 74.24% | 55.40% | 44.57% | 37.20% | 32.28% | 28.00% | 24.89% | 22.48% | 21.18% | 20.03% | 19.49% | 19.33% |
| Accounts receivable, net | 34.65% | 33.03% | 25.45% | 2.03% | 2.03% | 2.03% | 2.03% | 2.03% | 2.03% | 2.03% | 2.03% | 2.03% | 2.03% |
| Deferred commissions, current | 3.29% | 3.07% | 2.69% | 4.78% | 4.78% | 4.78% | 4.78% | 4.78% | 4.78% | 4.78% | 4.78% | 4.78% | 4.78% |
| Prepaid expenses and other current assets | 9.35% | 6.41% | 5.82% | 9.10% | 9.10% | 9.10% | 9.10% | 9.10% | 9.10% | 9.10% | 9.10% | 9.10% | 9.10% |
| Total current assets | 241.31% | 179.56% | 161.85% | 93.80% | 27.15% | 6.11% | -12.13% | -2.28% | 19.50% | 45.56% | 76.28% | 110.02% | 148.27% |
| Long-term investments | 51.95% | 32.65% | 18.10% | 14.77% | 12.50% | 11.00% | 9.68% | 8.72% | 7.99% | 7.63% | 7.32% | 7.22% | 7.26% |
| Property and equipment, net | 7.79% | 8.82% | 8.17% | 6.47% | 5.33% | 4.60% | 3.98% | 3.54% | 3.22% | 3.06% | 2.93% | 2.89% | 2.90% |
| Operating lease right-of-use assets | 11.20% | 8.98% | 9.91% | 7.84% | 6.47% | 5.57% | 4.82% | 4.30% | 3.91% | 3.72% | 3.56% | 3.50% | 3.52% |
| Goodwill | 31.82% | 34.77% | 29.14% | 22.53% | 18.08% | 15.08% | 12.57% | 10.74% | 9.32% | 8.44% | 7.68% | 7.18% | 6.84% |
| Intangible assets, net | 9.01% | 11.81% | 7.67% | 4.18% | 2.36% | 1.39% | 0.82% | 0.49% | 0.30% | 0.19% | 0.12% | 0.08% | 0.05% |
| Deferred commissions, non-current | 7.03% | 6.67% | 5.07% | 11.63% | 11.63% | 11.63% | 11.63% | 11.63% | 11.63% | 11.63% | 11.63% | 11.63% | 11.63% |
| Other assets | 13.74% | 9.76% | 9.20% | 13.69% | 13.69% | 13.69% | 13.69% | 13.69% | 13.69% | 13.69% | 13.69% | 13.69% | 13.69% |
| Total assets | 373.84% | 293.01% | 249.12% | 174.91% | 97.22% | 69.07% | 45.06% | 50.84% | 69.57% | 93.94% | 123.22% | 156.22% | 194.17% |
| Liabilities and Stockholders' Equity | | | | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | | | | |
| Accounts payable | 1.15% | 1.84% | 4.68% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Tax Shield on Other Income (expenses) | 13.03% | 15.92% | 14.21% | 17.42% | 17.42% | 17.42% | 17.42% | 17.42% | 17.42% | 17.42% | 17.42% | 17.42% | 17.42% |
| Tax shield on operating lease interest (+) | 1.32% | 1.21% | 0.99% | 0.89% | 0.74% | 0.63% | 0.55% | 0.49% | 0.44% | 0.42% | 0.40% | 0.40% | 0.40% |
| Deferred revenue, current | 81.01% | 78.34% | 71.15% | 92.81% | 92.81% | 92.81% | 92.81% | 92.81% | 92.81% | 92.81% | 92.81% | 92.81% | 92.81% |
| Total current liabilities | 96.51% | 97.32% | 91.03% | 116.12% | 115.97% | 115.86% | 115.78% | 115.72% | 115.67% | 115.65% | 115.63% | 115.63% | 115.63% |
| Convertible senior notes, net | 0.00% | 0.00% | 62.64% | 48.44% | 19.19% | 16.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Operating lease liabilities, non-current | 10.86% | 9.05% | 10.42% | 7.78% | 6.42% | 5.53% | 4.79% | 4.27% | 3.88% | 3.69% | 3.53% | 3.48% | 3.49% |
| Deferred revenue, non-current | 0.55% | 0.51% | 0.43% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% |
| Other liabilities | 1.18% | 1.18% | 1.69% | 1.56% | 1.56% | 1.56% | 1.56% | 1.56% | 1.56% | 1.56% | 1.56% | 1.56% | 1.56% |
| Total liabilities | 109.10% | 108.06% | 166.21% | 174.60% | 143.83% | 139.66% | 122.83% | 122.24% | 121.81% | 121.60% | 121.42% | 121.36% | 121.38% |
| Stockholders' equity: | | | | | | | | | | | | | |
| Common Stock | 397.49% | 332.49% | 285.55% | 225.84% | 185.23% | 157.87% | 134.45% | 117.24% | 103.58% | 93.81% | 85.28% | 79.76% | 76.02% |
| Treasury Stock | 0.00% | -2.39% | -1.64% | -43.65% | -72.97% | -94.39% | -107.80% | -116.74% | -121.59% | -125.93% | -125.86% | -124.67% | -121.35% |
| Accumulated other comprehensive loss | -1.85% | -0.29% | -0.06% | -0.05% | -0.04% | -0.03% | -0.03% | -0.02% | -0.02% | -0.02% | -0.02% | -0.02% | -0.01% |
| Accumulated deficit | -131.49% | -145.22% | -201.12% | -181.93% | -158.90% | -134.09% | -104.45% | -72.00% | -34.44% | 4.07% | 41.78% | 78.91% | 116.96% |
| Total Snowflake Inc. stockholders' equity | 264.15% | 184.58% | 82.72% | 0.22% | -46.68% | -70.63% | -77.82% | -71.52% | -52.47% | -28.07% | 1.18% | 33.99% | 71.62% |
| Noncontrolling interest | 0.59% | 0.37% | 0.19% | 0.09% | 0.06% | 0.05% | 0.06% | 0.11% | 0.23% | 0.40% | 0.61% | 0.87% | 1.17% |
| Total stockholders' equity | 264.74% | 184.95% | 82.91% | 0.31% | -46.62% | -70.59% | -77.76% | -71.40% | -52.24% | -27.66% | 1.79% | 34.86% | 72.80% |
| Total liabilities and stockholders' equity | 373.84% | 293.01% | 249.12% | 174.91% | 97.22% | 69.07% | 45.06% | 50.84% | 69.57% | 93.94% | 123.22% | 156.22% | 194.17% |

Snowflake Inc
Value Driver Estimation

| Fiscal Years Ending Jan 31 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E | 2035E |
|---|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| NOPLAT: | | | | | | | | | | | | | |
| EBITA (Earnings before interest, taxes) | 2,065,659 | 2,806,489 | 3,626,396 | 4,689,719 | 5,845,177 | 7,007,650 | 8,404,062 | 9,838,792 | 11,332,580 | 12,513,275 | 13,764,602 | 14,716,645 | 15,440,423 |
| Revenue | 717,540 | 898,558 | 1,214,673 | 1,460,068 | 1,635,327 | 1,739,396 | 2,210,147 | 2,560,081 | 2,917,233 | 3,186,347 | 3,466,679 | 3,665,502 | 3,802,809 |
| Cost of revenue | 1,106,507 | 1,391,747 | 1,672,992 | 2,162,379 | 2,404,731 | 2,534,803 | 2,622,357 | 2,581,202 | 2,410,038 | 2,039,409 | 2,064,690 | 2,207,497 | 2,316,063 |
| Sales and marketing | 788,058 | 1,287,949 | 1,783,379 | 1,965,190 | 2,157,117 | 2,235,736 | 2,261,047 | 2,155,110 | 1,915,683 | 2,002,124 | 2,202,336 | 2,354,663 | 2,470,468 |
| Research and development | 295,821 | 323,008 | 412,262 | 422,075 | 508,968 | 589,691 | 682,614 | 770,369 | 854,181 | 906,571 | 956,963 | 980,103 | 983,139 |
| General and administrative | 63,535 | 119,903 | 182,508 | - | - | - | - | - | - | - | - | - | - |
| Depreciation and amortization | 10,470 | 12,720 | 13,867 | 19,769 | 20,226 | 20,795 | 21,478 | 22,296 | 23,255 | 24,359 | 25,577 | 26,918 | 28,352 |
| EBIT | (895,332) | (1,201,956) | (1,624,651) | (1,300,223) | (840,739) | (71,179) | 649,375 | 1,794,326 | 3,258,698 | 4,403,183 | 5,099,511 | 5,535,797 | 5,896,296 |
| Implied Marginal Tax Rate | | | | | | | | | | | | | |
| Total Adjusted Taxes: | | | | | | | | | | | | | |
| Provision for (benefit from) income taxes | (18,467) | (11,233) | 4,113 | 7,214 | 8,991 | 10,779 | 12,927 | 15,134 | 17,432 | 19,248 | 21,173 | 22,637 | 23,750 |
| Tax Shield on Interest Income (-) | 114 | 309 | 321 | 329 | 270 | 86 | 5 | (96) | (58) | 82 | 290 | 579 | 926 |
| Tax Shield on Interest Expense (+) | - | - | (4) | (192) | (95) | (95) | - | - | - | - | - | - | - |
| Tax Shield on Other Income (expenses) | (73) | 69 | (54) | - | - | - | - | - | - | - | - | - | - |
| Tax shield on operating lease interest (+) | 16 | 20 | 21 | 30 | 31 | 32 | 33 | 34 | 36 | 37 | 39 | 41 | 44 |
| Total Adjusted Taxes | (796,705) | (836,097) | (1,285,640) | 6,723 | 8,657 | 10,630 | 12,955 | 15,264 | 17,525 | 19,204 | 20,922 | 22,100 | 22,868 |
| Deferred Taxes | (25,947) | (98) | 19,091 | 7,671 | - |
| NOPLAT | (124,574) | (365,957) | (319,920) | (1,299,275) | (849,397) | (81,809) | 636,420 | 1,779,062 | 3,241,173 | 4,383,979 | 5,078,589 | 5,513,698 | 5,873,428 |
| Invested Capital (IC): | | | | | | | | | | | | | |
| Operating Assets | | | | | | | | | | | | | |
| Normal Cash | 939,902 | 1,276,989 | 1,650,058 | 2,133,884 | 2,659,632 | 3,188,573 | 3,823,959 | 4,476,780 | 5,156,473 | 5,693,705 | 6,263,075 | 6,696,267 | 7,025,595 |
| Accounts Receivable | 715,821 | 926,902 | 922,805 | 94,989 | 118,392 | 141,938 | 170,221 | 199,281 | 229,538 | 253,452 | 278,797 | 298,081 | 312,740 |
| Prepaid Expenses | 193,100 | 180,018 | 211,234 | 426,749 | 531,892 | 637,674 | 764,743 | 895,298 | 1,031,228 | 1,138,668 | 1,252,534 | 1,339,167 | 1,405,029 |
| Deferred Commissions | 67,901 | 86,096 | 97,662 | 224,221 | 279,465 | 335,045 | 401,809 | 470,405 | 541,825 | 598,275 | 658,103 | 703,621 | 738,226 |
| Operating Current Assets (Non-Interest Bearing) | 1,916,724 | 2,470,005 | 2,881,759 | 2,879,843 | 3,589,382 | 4,303,229 | 5,160,731 | 6,041,764 | 6,959,063 | 7,684,100 | 8,452,510 | 9,037,136 | 9,481,591 |
| Operating Liabilities | | | | | | | | | | | | | |
| Accounts payable | 23,672 | 51,721 | 169,767 | 234,486 | 292,259 | 350,383 | 420,203 | 491,940 | 566,629 | 625,664 | 688,230 | 735,832 | 772,021 |
| Accrued expenses and other current liabilities | 269,069 | 446,860 | 515,454 | 816,890 | 1,018,157 | 1,220,645 | 1,463,883 | 1,713,795 | 1,973,994 | 2,179,656 | 2,397,622 | 2,563,456 | 2,689,529 |
| Operating lease liabilities, current | 27,301 | 33,944 | 35,923 | 41,799 | 42,976 | 44,387 | 46,078 | 48,059 | 50,340 | 52,859 | 55,630 | 58,592 | 61,700 |
| Deferred revenue, current | 1,673,475 | 2,198,705 | 2,580,039 | 4,352,622 | 5,425,026 | 6,503,941 | 7,799,978 | 9,131,580 | 10,517,994 | 11,613,821 | 12,775,203 | 13,658,813 | 14,330,566 |
| Operating Current Liabilities (Non-Interest-Bearing) | 1,993,517 | 2,731,230 | 3,301,183 | 5,445,798 | 6,778,418 | 8,119,355 | 9,730,142 | 11,385,373 | 13,108,957 | 14,472,000 | 15,916,685 | 17,016,693 | 17,853,171 |
| Net Operating Working Capital | (76,793) | (261,225) | (419,424) | (2,565,955) | (3,189,036) | (3,816,126) | (4,569,411) | (5,343,609) | (6,149,894) | (6,787,901) | (7,464,175) | (7,979,557) | (8,372,226) |
| Net PPE | 160,823 | 247,464 | 296,393 | 303,242 | 311,778 | 322,011 | 334,284 | 348,652 | 365,202 | 383,475 | 403,577 | 425,068 | 447,616 |
| Intangible Assets (non-goodwill) | | | | | | | | | | | | | |
| Present value of operating leases | 186,013 | 331,411 | 278,028 | 195,957 | 138,113 | 97,343 | 68,609 | 48,356 | 34,082 | 24,021 | 16,930 | 11,933 | 8,410 |
| Deferred commissions | 231,266 | 252,128 | 359,439 | 367,744 | 378,096 | 390,507 | 405,390 | 422,814 | 442,884 | 465,045 | 489,422 | 515,485 | 542,829 |
| Long-term Operating Assets | 723,388 | 1,018,096 | 1,117,827 | 1,412,480 | 1,507,934 | 1,625,035 | 1,785,895 | 1,964,332 | 2,160,444 | 2,328,164 | 2,511,113 | 2,664,417 | 2,794,982 |
| Operating lease liabilities, non-current | | | | | | | | | | | | | |
| Deferred revenue, non-current | 224,357 | 254,037 | 377,818 | 365,053 | 375,328 | 387,648 | 402,423 | 419,719 | 439,642 | 461,641 | 485,839 | 511,711 | 538,856 |
| Other liabilities | 11,463 | 14,402 | 15,501 | 32,975 | 41,100 | 49,274 | 59,093 | 69,181 | 79,684 | 87,986 | 96,785 | 103,479 | 108,568 |
| Long-term Operating Liabilities | 260,190 | 301,559 | 454,583 | 476,981 | 507,356 | 545,933 | 592,249 | 641,952 | 695,616 | 744,283 | 796,746 | 844,122 | 887,615 |
| Invested Capital | 386,405 | 455,312 | 243,820 | (1,624,456) | (2,188,458) | (2,737,025) | (3,375,784) | (4,021,229) | (4,685,066) | (5,204,020) | (5,749,809) | (6,159,263) | (6,464,859) |
| Free Cash Flow (FCF): | | | | | | | | | | | | | |
| NOPLAT | (124,574) | (365,957) | (319,920) | (1,299,275) | (849,397) | (81,809) | 636,420 | 1,779,062 | 3,241,173 | 4,383,979 | 5,078,589 | 5,513,698 | 5,873,428 |
| Change in IC | 228,605 | 68,907 | (211,493) | (1,668,275) | (564,002) | (548,567) | (638,740) | (645,465) | (663,837) | (518,954) | (545,788) | (409,454) | (305,596) |
| FCF | (353,180) | (434,865) | (108,427) | 569,001 | (285,394) | 466,757 | 1,275,160 | 2,424,527 | 3,905,010 | 4,902,933 | 5,624,377 | 5,923,152 | 6,179,024 |
| Return on Invested Capital (ROIC): | | | | | | | | | | | | | |
| NOPLAT | (124,574) | (365,957) | (319,920) | (1,299,275) | (849,397) | (81,809) | 636,420 | 1,779,062 | 3,241,173 | 4,383,979 | 5,078,589 | 5,513,698 | 5,873,428 |
| Beginning IC | 157,800 | 386,405 | 455,312 | 243,820 | (1,624,456) | (2,188,458) | (2,737,025) | (3,375,784) | (4,021,229) | (4,685,066) | (5,204,020) | (5,749,809) | (6,159,263) |
| ROIC | -79% | -95% | -70% | -53% | 52% | 4% | -23% | -53% | -81% | -94% | -98% | -96% | -95% |
| Economic Profit (EP): | | | | | | | | | | | | | |
| Beginning IC | 157,800 | 386,405 | 455,312 | 243,820 | (1,624,456) | (2,188,458) | (2,737,025) | (3,375,784) | (4,021,229) | (4,685,066) | (5,204,020) | (5,749,809) | (6,159,263) |
| x (ROIC - WACC) | -88.46% | -104.23% | -79.78% | -542.40% | 42.77% | -5.78% | -32.77% | -62.22% | -90.12% | -103.09% | -107.11% | -105.41% | -104.88% |
| EP | (139,593) | (402,733) | (363,254) | (1,322,480) | (694,792) | 126,473 | 896,912 | 2,100,345 | 3,623,887 | 4,829,872 | 5,573,873 | 6,060,926 | 6,459,626 |

Snowflake Inc*Weighted Average Cost of Capital (WACC) Estimation***Cost of Equity:**

| | |
|-----------------------|--------------|
| Risk-Free Rate | 4.10% |
| Beta | 1.10 |
| Equity Risk Premium | 5.00% |
| Cost of Equity | 9.60% |

ASSUMPTIONS:*10-year Treasury bond 4/16/25**Beta 5Y 4/16/25**Henry Fund ERP Consensus***Cost of Debt:**

| | |
|-------------------------------|--------------|
| Risk-Free Rate | 4.10% |
| Implied Default Premium | 1.40% |
| Pre-Tax Cost of Debt | 5.50% |
| Marginal Tax Rate | 21% |
| After-Tax Cost of Debt | 4.35% |

*10-year Treasury bond 4/16/25**SaaS Average***Tax Shield on Other Income (expenses)**

Tax shield on operating lease interest (+)

| | |
|--------------------------|----------------------|
| Total Shares Outstanding | 333,865 |
| Current Stock Price | \$234.77 |
| MV of Equity | 78,381,486.05 |

MV Weights

98.43%

Market Value of Debt:

| | |
|-------------------------|---------------------|
| Short-Term Debt | |
| Current Portion of LTD | 515,454 |
| Long-Term Debt | |
| PV of Operating Leases | 737,257 |
| MV of Total Debt | 1,252,711.00 |

1.57%

Market Value of the Firm**79,634,197.05**

100.00%

Estimated WACC**9.52%**

Snowflake Inc

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:

| | |
|---------------------|-------|
| CV Growth of NOPLAT | 6.00% |
| CV Year ROIC | -95% |
| WACC | 9.52% |
| Cost of Equity | 9.60% |

DCF Model

| | | | | | | | | | | |
|-----------------------|---------|-----------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| Free Cash Flow (FCF) | 569,001 | (285,394) | 466,757 | 1,275,160 | 2,424,527 | 3,905,010 | 4,902,933 | 5,624,377 | 5,923,152 | 6,179,021 |
| Continuing Value (CV) | | | | | | | | | | 177,491,891 |
| PV of FCF | 519,553 | (237,947) | 355,339 | 886,407 | 1,538,908 | 2,263,210 | 2,594,633 | 2,717,763 | 2,613,407 | 78,312,791 |

| | |
|----------------------------------|------------------|
| Value of Operating Assets: | 91,564,072 |
| Non-Operating Adjustments | |
| Excess Cash | 978,740 |
| Short-term investments | 2,008,873 |
| Long-term investments | 656,476 |
| Convertible senior notes | (2,271,529) |
| Operating lease liability | (737,257) |
| Tax Shield on Other Income | (61,264) |
| Tax shield on operating assets | (4,914,434) |
| Value of Equity | 87,223,677 |
| Shares Outstanding | 333,865 |
| Intrinsic Value of Last FYE | \$ 261.25 |
| Implied Price as of Today | \$ 282.27 |

EP Model:

| | | | | | | | | | | |
|-----------------------|-------------|-----------|---------|---------|-----------|-----------|-----------|-----------|-----------|------------|
| Economic Profit (EP) | (1,322,480) | (694,792) | 126,473 | 896,912 | 2,100,345 | 3,623,887 | 4,829,872 | 5,573,873 | 6,060,926 | 6,459,62 |
| Continuing Value (CV) | | | | | | | | | | 183,651,16 |
| PV of FP | (1,207,553) | (579,281) | 96,283 | 623,474 | 1,333,142 | 2,100,281 | 2,555,969 | 2,693,358 | 2,674,196 | 81,030,38 |

| | |
|----------------------------------|-------------|
| Total PV of EP | 91,320,252 |
| Invested Capital (last FYE) | 243,820 |
| Value of Operating Assets: | 91,564,072 |
| Non-Operating Adjustments | |
| Excess Cash | 978,740 |
| Short-term investments | 2,008,873 |
| Long-term investments | 656,476 |
| Convertible senior notes, net | (2,271,529) |
| Operating lease liabilities, net | (737,257) |
| Other liabilities | (61,264) |
| ESOP | (4,914,434) |
| Value of Equity | 87,223,677 |
| Shares Outstanding | 333,865 |
| Intrinsic Value of Last FYE | \$ 261.25 |
| Implied Price as of Today | \$ 282.77 |

Snowflake Inc

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Snowflake Inc

Relative Valuation Models

| Ticker | Company | Price | Sales per Share | | P/S | |
|---------|---------------|----------|-----------------|-------|--------|--------|
| | | | 2026E | 2027E | 2026E | 2027E |
| MDB | MongoDB | \$158.58 | 28.03 | 32.70 | \$5.66 | \$4.85 |
| ESTC | Elastic | \$79.95 | 9.08 | 11.92 | \$8.81 | \$6.71 |
| DDOG | Datadog, Inc. | \$87.93 | 28.03 | 33.53 | \$3.14 | \$2.62 |
| PLTR | Palantir | \$98.40 | 36.27 | 47.65 | \$2.71 | \$2.06 |
| ZS | Zscaler, Inc. | \$204.64 | 59.95 | 70.80 | \$3.41 | \$2.89 |
| NET | Cloudflare | \$109.14 | 32.46 | 30.61 | \$3.36 | \$3.57 |
| TDC | Teradata Corp | \$20.53 | 2.61 | 2.59 | \$7.88 | \$7.93 |
| Average | | | | | 5.00 | 4.38 |
| SNOW | Snowflake Inc | Price | | | | |
| | | \$234.77 | 13.8 | 17.2 | 16.98 | 13.62 |

Implied Relative Value Software/Date Peers:

| | | |
|----------|----|-------|
| P/S (25) | \$ | 84.83 |
| P/S (26) | \$ | 59.62 |