

Snowflake, Inc. (SNOW)

What to Expect Ahead of F1Q Earnings Tomorrow

INVESTMENT HIGHLIGHTS

- We maintain our Market Outperform rating and \$201 price target on Snowflake, Inc. ahead of the company's F1Q26 earnings release after market close on Wednesday and after we have collected 13 data points on the company, nine positive and four cautious, all after the stock has risen 18% YTD versus 1% for the Russell 3000.**
- There are a number of topics we think investors might be interested in ahead of earnings, including: 1) an update on the current competitive landscape; 2) an update on the companies whose three-year commitments expired in 4Q, with CFO Mike Scarpelli commenting on the 4Q earnings call that "*I fully expect they're going to sign a new commitment*"; 3) how the leap year in F1Q25 affects the results in F1Q26, with Mr. Scarpelli commenting "*Q1 is our most difficult year-over-year comparison, as we lap leap year*"; 4) CEO Sridhar Ramaswamy's continued speed of product releases with Mr. Scarpelli noting during the Citizens 2025 Technology Conference that Snowflake "*released over 400 features last year*"; 5) how Snowflake views the importance of real-time data streaming following Mr. Scarpelli's comment that "*we'd like to own the whole data lifecycle and that is something that we are spending time on*" during the Citizens Technology Conference; and 6) an update on how the looming tariffs impact Snowflake's customers, with Mr. Scarpelli commenting at the Citizens Technology Conference that he had not "*heard a single customer mention*" tariffs.
- We continue to like this story for a number of reasons, including: 1) Snowflake seems to have found its groove for product differentiation with Mr. Ramaswamy's focus on ease of use and cost-effectiveness combined with being "*obsessed with driving product cohesion*"; 2) the company is innovating much faster under Mr. Ramaswamy's leadership, bringing 400 product capabilities to market this past year, double the year before; 3) Snowflake addresses a huge opportunity that is expected to double to \$342B in 2028 from \$152B in 2023 and is more than big enough, in our view, for both Snowflake and Databricks to live long and prosper; 4) Snowflake's partner ecosystem is thriving as shown by the more than 3,000 marketplace listings, up 26% y/y, and by the expanded partnership with Microsoft (MSFT, NC) that now delivers OpenAI directly in Snowflake Cortex ; and 5) we continue to like the leadership and technology expertise of Mr. Ramaswamy combined with Mr. Scarpelli's operational and financial acumen.
- We maintain our FY26 non-GAAP EPS estimate of \$1.06 (consensus \$1.14) on product revenue growth of 24% y/y, maintain our FY27 non-GAAP EPS estimate of \$1.40 (consensus \$1.58) on product revenue growth of 22% y/y, and maintain our FY28 non-GAAP EPS estimate of \$1.82 on product revenue growth of 22%.
- Snowflake trades at a CY26E EV/revenue multiple of 11.8x and a CY26E EV/adj. FCF multiple of 45x, while our \$201 price target implies a CY26E EV/revenue multiple of 13.1x and 50x free cash flow, a significant premium to the peer group median multiple that we believe is justified by Snowflake's leadership position, durability, and higher estimated growth rate. As a hypothetical upside case, applying the same revenue multiple to our CY27 revenue estimate implies a price of \$245.

MARKET OUTPERFORM

Price: \$182.05

Price Target: \$201.00

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MARKET DATA

Price:	\$182.05
52-Week Range:	\$107.13 - \$193.80
Shares Out. (M):	370.7
Market Cap (\$M):	\$67,482.8

Source: Company reports and Citizens JMP Securities, LLC

	FY JAN	2025A	2026E	2027E
Revenue (\$M)	1Q	\$828.7	\$1,005.0	\$1,257.2
	2Q	\$868.8	\$1,083.0	\$1,319.1
	3Q	\$942.1	\$1,173.9	\$1,396.1
	4Q	\$986.8	\$1,218.0	\$1,478.9
	FY	\$3,626.4	\$4,480.0	\$5,451.3
	1Q	\$0.14	\$0.19	\$0.32
	2Q	\$0.18	\$0.26	\$0.35
	3Q	\$0.20	\$0.30	\$0.35
EPS	4Q	\$0.30	\$0.31	\$0.39
	FY	\$0.82	\$1.06	\$1.40
	CY	\$0.82	\$1.06	\$1.40

Source: Company reports and Citizens JMP Securities, LLC

STOCK PRICE PERFORMANCE



FOR DISCLOSURE AND FOOTNOTE INFORMATION, REFER TO THE FACTS AND DISCLOSURES SECTION.

This report should be read in conjunction with important disclosure information, including an attestation under Regulation Analyst certification.

HIGHLIGHTS

Data points: We have collected 13 data points on Snowflake, nine positive and four cautious. We list these data points below.

Positive (9):

1. One large technology company that both partners and competes with Snowflake commented that *"Right now, agents are dominating. Every customer wants to talk about that – which means I have to do some kind of API call into data sources. I think a lot of Snowflake customers do different PoCs and because Snowflake has storage in the way they license – which is different than Databricks – I think you will see them say 'We have a lot of traction with agents' that 'they are coming against my Snowflake environment to have agents bring results back... agents are starting to hit that storage.'"*
2. We obtained another positive data point regarding the Snowflake Data Marketplace from a privately held data integration services company that commented *"most of our customers use Snowflake"* and the source added that pressure on its business came from one of the big data providers that it worked with historically, which is now *"putting their data directly into Snowflake."*
3. Through publicly available sources, we found six instances of salespeople meeting or exceeding their internal attainment numbers for the quarter, with the highest beat coming in above 300%. Of the six individuals, one exceeded their attainment number by more than last quarter, three exceeded their attainment number by less than last quarter, and the other two did not post their attainment last quarter. Additionally, two of the six are located in EMEA, while the other four are located in the United States.
4. We note that on Microsoft's F3Q25 earnings call, CEO Satya Nadella commented that, *"in SQL Server, Postgres on Azure is growing, Cosmos is growing... It's even the others, whether it is Databricks or even Snowflake on Azure are growing. So, we feel very good about Fabric growth and our data growth."*

Cautious (4):

1. We spoke to an industry source who believes Snowflake's competitive environment is currently very difficult and that other players in the space are creating lots of noise.
2. We have seen some signs that show Snowflake struggles to retain talent when competing against AI-native, venture-backed companies.
3. Through publicly available sources, we found an instance of a salesperson in EMEA who departed from Snowflake after almost three and a half years to join Databricks. This salesperson was in charge of the accounts for major luxury brands like Hermès, L'Oréal, LVMH (LVMH, NC), and Kering.
4. Through publicly available sources, we found an instance of a salesperson who missed their internal attainment number.

Guidance and consensus: We note that in F4Q25, Snowflake reported product revenue of \$943M, growth of 28%. Additionally, the company guided to F1Q26 product revenue of \$955M-\$960M, representing growth of 21%-22% versus the consensus of \$959M, growth of 22%, and our estimate of \$960M, growth of 22%. To accelerate product revenue growth, Snowflake would have to report product revenue of ~\$1.020B, which would represent growth of 29%. Given that last quarter the company beat product revenue consensus by ~\$33M, we do not believe it is likely for product revenue growth to accelerate sequentially in F1Q26. Alongside product revenue, the company also guided to F1Q26 operating margin of 5% versus the consensus of 5.3%, and our estimate of 5.5%.

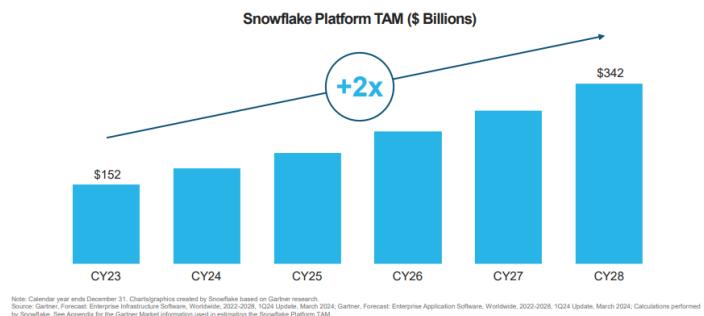
CFO transition: We note that on February 25, CFO Michael Scarpelli notified the company of his intention to retire. His resignation will be effective once a new CFO is appointed.

Dual user conferences: Snowflake is hosting its annual user conference, Snowflake Summit 2025, from June 2-5 in San Francisco. We also note that the following week, from June 9-12 in San Francisco, Databricks hosts its annual user conference, Data + AI Summit.

Total addressable market: Figure 1 below shows Snowflake's TAM, which was \$152B in 2023 and is estimated to reach \$342B in 2028.

FIGURE 1. Snowflake Platform TAM

Large and Growing Market

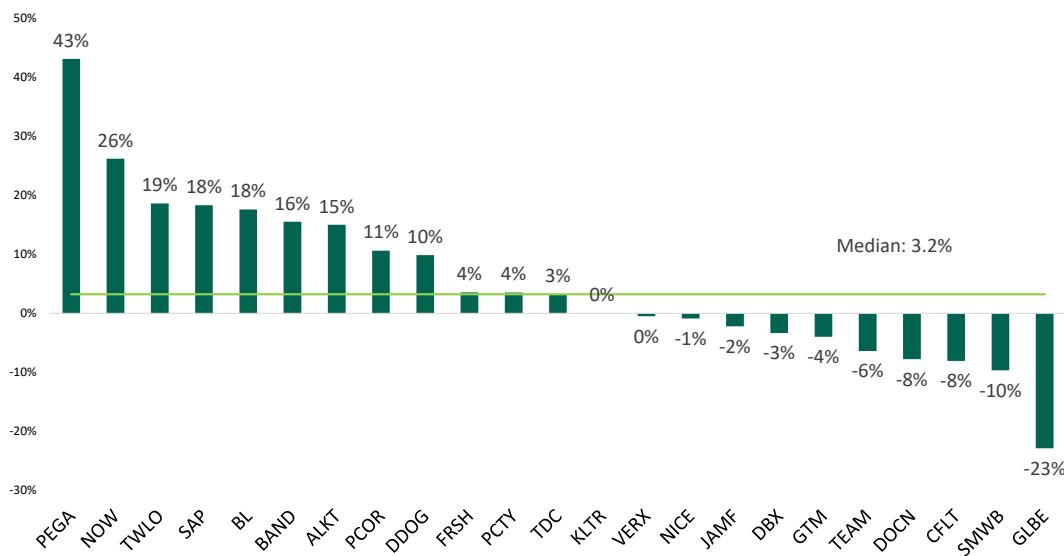


Source: Snowflake

PERFORMANCE SINCE REPORTING C1Q

Figure 2 below shows the stock performance of our covered companies since reporting C1Q earnings so far. As shown, 23 software companies have reported thus far, with 13 trading up, one trading flat, and nine trading down since reporting. The biggest gainers so far have been Pegasystems (PEGA, MO, \$110 PT), ServiceNow (NOW, MO, \$1,300 PT), and Twilio (TWLO, MO, \$165 PT), while the biggest laggards so far have been Global-E (GLBE, MO \$64 PT), Similarweb (SMWB, MO, \$17 PT), and Confluent (CFLT, MO \$36 PT). The median stock has traded up 3.2% since reporting.

FIGURE 2. Performance Since Reporting C1Q

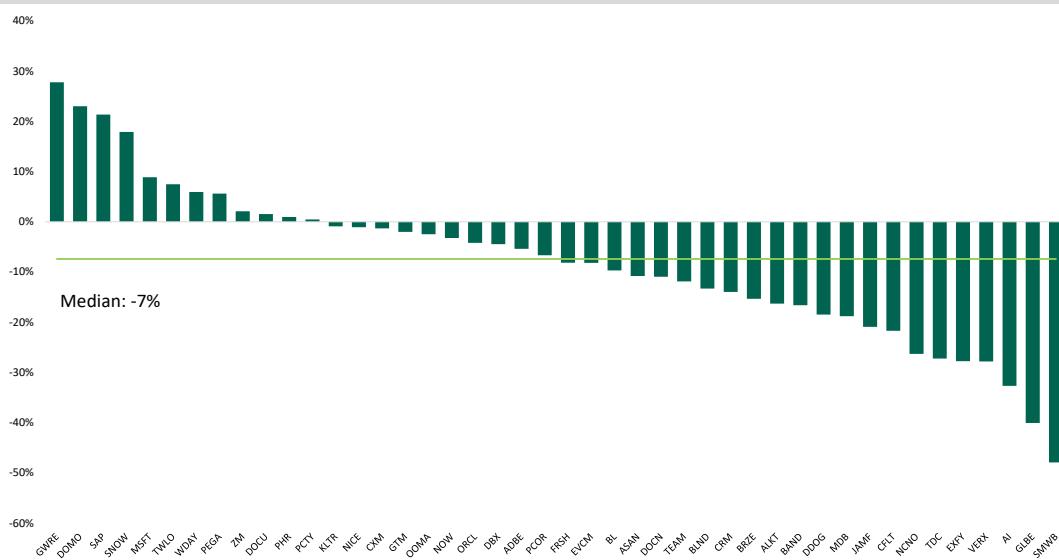


Source: Citizens JMP Securities, LLC, Refinitiv Workspace

YTD STOCK PERFORMANCE

Figure 3 below shows the year-to-date performance of our coverage universe. As illustrated below, the biggest gainers this year include Guidewire (GWRE, MO, \$250 PT, Kimson), Domo (DOMO, MO, \$16 PT), and SAP (SAP, MO, \$330 PT), while the biggest laggards include Similarweb (SMWB, MO, \$17 PT), Global-E (GLBE, MO, \$64 PT), and C3.ai (AI, MO, \$50 PT). The median stock in our coverage universe is down 7% year-to-date.

FIGURE 3. YTD Stock Performance



Source: Citizens JMP Securities, LLC, Refinitiv Workspace

FIGURE 4. Snowflake Revenue Drivers (\$, thousands)

Snowflake		FY2024A												FY2025A												FY2026E												
Revenue Drivers		FY end Jan 31				FY2024A				FY2025A				FY2026E				FY2027E				FY2028E				FY end Jan 31												
\$000s, unless otherwise noted		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q																					
Revenue Metrics																																						
Product Revenue		590,072	640,209	698,478	738,090	2,666,840	789,587	829,250	900,282	943,303	3,462,422	960,000	1,033,032	1,121,933	1,165,036	4,280,000	1,199,170	1,259,086	1,334,138	1,413,857	5,206,250	1,477,250	1,560,498	1,589,900	1,720,021	6,347,668												
y/y growth		50%	37%	34%	33%	38%	34%	30%	29%	28%	30%	22%	25%	25%	24%	24%	25%	22%	19%	21%	23%	22%	19%	22%	24%	19%	22%	22%	22%	22%								
sequential growth		6%	8%	9%	6%	7%	5%	5%	9%	5%	2%	8%	9%	4%	3%	5%	6%	6%	4%	6%	2%	8%																
Professional Services and Other		33,527	33,809	35,695	36,609	139,640	39,122	39,573	41,812	43,467	163,974	45,000	50,000	52,000	53,000	200,000	58,000	60,000	62,000	65,000	245,000	67,000	69,000	71,000	73,000	280,000												
y/y growth		20%	9%	4%	9%	10%	17%	17%	17%	19%	17%	15%	26%	24%	22%	29%	20%	19%	23%	23%	16%	15%	15%	12%	14%													
sequential growth		0%	1%	6%	3%	7%	1%	6%	4%	4%	4%	11%	4%	2%	9%	3%	3%	5%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%						
Total Revenue		623,599	674,018	734,173	774,699	2,806,489	828,709	868,823	942,094	986,770	3,626,396	1,005,000	1,083,032	1,173,933	1,218,036	4,480,000	1,257,170	1,319,086	1,396,138	1,478,857	5,451,250	1,544,250	1,629,498	1,660,900	1,793,021	6,627,668												
y/y growth		48%	36%	32%	32%	36%	33%	29%	28%	27%	29%	21,27%	24,66%	24,61%	23,44%	24%	25%	22%	19%	21%	23%	24%	19%	21%	23%	24%	19%	21%	22%	23%	22%							
sequential growth		6%	8%	9%	6%	7%	5%	8%	5%	5%	2%	8%	8%	4%	3%	3%	6%	7%	6%	9%	7%	5%	7%	5%	8%	3%	5%	6%	6%	4%	6%	2%	8%					
Drivers																																						
# of customers		8,157	8,537	8,907	9,437	9,437	9,822	10,249	10,618	11,159	11,159	11,539	11,930	12,219	12,769	12,769	13,159	13,559	13,949	14,399	14,399	14,999	15,599	16,199	16,799	16,799	16,799	16,799	16,799	16,799	16,799	16,799	16,799					
y/y growth		-0%	25%	22%	21%	20%	20%	19%	18%	18%	17%	16%	16%	16%	14%	14%	14%	14%	13%	13%	13%	14%	15%	16%	17%	17%	17%	17%	17%	17%	17%	17%						
Net adds		339	370	370	530	385	427	369	541	380	400	380	450	350	400	390	450	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600				
Average # of customers		7,998	8,352	8,722	9,172	8,633	9,630	10,036	10,434	10,889	10,298	11,349	11,730	12,129	12,544	11,964	12,964	13,359	13,754	14,174	14,584	14,699	15,299	15,899	16,499	15,599												
Average Product Revenue/Average Customer		295.1	306.6	320.3	321.9	325.1	328.0	330.5	345.2	346.5	352.1	338.4	352.0	370.0	371.5	374.5	370.0	388.0	399.0	401.3	402.0	408.0	400.0	417.0	424.9													
y/y growth		15%	8%	8%	10%	8%	11%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%					
Key Metrics																																						
Net revenue retention rate		151%	142%	135%	131%	128%	127%	127%	126%	125%	125%	125%	125%	125%	125%	125%	126%	126%	127%	127%	130%	130%	130%	130%	130%	130%	130%	130%	130%	130%								
Customers with TTM product revenue greater than \$1		373	402	436	461	485	510	542	580	606	643	683	731	764	810	860	921	962	1,020	1,084	1,160																	
y/y growth		81%	63%	52%	40%	30%	27%	24%	26%	25%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%								
# of Fortune 500 customers		F2000 Customers		590	639	647	691	709	736	754	745																											
y/y growth		18%	24%	19%	21%	20%	15%	17%	8%																													
RPO estimated to be recognized as revenue in next 12 months																																						
y/y growth		40%	31%	27%	26%	31%	30%	28%	27%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%							
sequential growth		-4%	4%	4%	23%	-2%	3%	10%	15%	6%	4%	10%	16%	3%	4%	10%	16%	3%	4%	10%	16%	3%	4%	10%	16%	3%	4%	10%	16%	3%	4%	10%						
% of RPO estimated to be recognized as revenue in next 12 months		57%	57%	57%	50%	51%	50%	49%	48%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%	53%							
Remaining Performance Obligations (RPO)		3,409,000	3,540,000	3,699,000	5,175,000	4,988,000	5,231,000	5,732,000	6,867,000	6,584,160	6,852,610	7,566,240	8,789,760	8,493,566	8,839,867	9,760,450	11,338,790	11,041,636	11,491,827	12,686,584	14,740,428																	
y/y growth		31%	30%	23%	41%	46%	48%	55%	33%	32%	31%	32%	28%	28%	28%	28%	29%	29%	29%	29%	29%	29%	29%	29%	29%	29%	29%	29%	29%	29%	29%							
sequential growth		-7%	4%	4%	40%	-4%	5%	10%	20%	-4%	4%	10%	16%	-3%	4%	10%	16%	-3%	4%	10%	16%	-3%	4%	10%	16%	-3%	4%	10%	16%	-3%	4%	10%						

Source: Citizens JMP Securities, LLC, Company Filings

FIGURE 5. Snowflake Income Statement (\$, thousands, except per share items)

Source: Citizens JMP Securities, LLC, Company Filings

FIGURE 6. Snowflake Balance Sheet (\$, thousands)

Snowflake Balance Sheet FY end Jan 31 \$000s, unless otherwise noted	FY2023A				FY2024A				FY2025A			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Cash and equivalents	1,063,401	906,663	819,003	939,902	653,014	755,192	982,182	1,762,749	1,330,411	1,282,045	2,148,928	2,628,798
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-
Short-term investments	2,751,679	3,046,477	3,123,879	3,067,966	3,292,514	2,996,941	2,566,357	2,083,499	2,200,935	1,948,462	2,008,062	2,008,873
Accounts receivable, net	277,559	304,964	394,063	715,821	352,993	406,404	511,034	926,902	345,505	431,597	596,352	922,805
Deferred commissions, current	53,943	57,908	61,738	67,901	69,205	71,969	74,574	86,096	85,448	86,899	89,831	97,662
Prepaid expenses and other current assets	195,151	187,685	160,221	193,100	201,821	174,445	178,136	180,018	180,991	149,085	140,898	211,234
Total current assets	4,341,733	4,503,697	4,558,904	4,984,690	4,569,547	4,404,951	4,312,283	5,039,264	4,143,290	3,898,088	4,984,071	5,869,372
Long-term investments	1,212,378	1,086,684	943,081	1,073,023	1,090,715	1,100,748	947,829	916,307	927,981	697,406	892,777	656,476
Property and equipment, net	118,611	130,082	145,974	160,823	176,433	193,823	216,380	247,464	263,667	264,778	278,374	296,393
Operating lease right-of-use assets	188,946	222,240	234,678	231,266	229,394	262,229	254,236	252,128	244,681	272,459	280,719	359,439
Goodwill	502,614	502,614	649,092	657,370	711,251	774,300	784,405	975,906	975,906	984,076	990,665	1,056,559
Intangible assets, net	181,851	172,254	196,165	186,013	256,419	346,101	329,767	331,411	307,967	286,538	268,514	278,028
Deferred commissions, non-current	124,340	129,222	133,939	145,286	142,751	146,358	150,362	187,093	179,917	177,457	177,307	183,967
Other assets	352,226	317,322	293,855	283,851	270,264	281,306	269,117	273,810	254,609	363,084	329,831	333,704
Total Assets	7,022,699	7,064,115	7,155,688	7,722,322	7,446,774	7,509,816	7,264,379	8,223,383	7,298,018	6,943,886	8,202,258	9,033,938
Accounts payable	18,442	20,286	24,757	23,672	22,221	41,248	75,456	51,721	64,239	134,537	148,920	169,767
Accrued expenses and other current liabilities	185,281	209,772	225,321	269,069	275,685	315,133	318,281	446,860	398,002	448,926	485,130	515,454
Operating lease liabilities, current	27,298	26,605	29,263	27,301	29,190	33,846	33,348	33,944	30,940	32,843	38,288	35,923
Deferred revenue, current	1,132,697	1,144,773	1,199,701	1,673,475	1,560,445	1,523,085	1,605,587	2,198,705	1,935,642	1,848,376	1,974,934	2,580,039
Total Current Liabilities	1,363,718	1,401,436	1,479,042	1,993,517	1,887,541	1,913,312	2,032,672	2,731,230	2,428,823	2,464,682	2,647,272	3,301,183
Convertible senior notes, net	-	-	-	-	-	-	-	-	-	2,269,459	2,271,529	-
Operating lease liabilities, non-current	179,251	215,152	225,013	224,357	225,653	263,006	253,029	254,037	247,501	279,969	287,881	377,818
Deferred revenue, non-current	10,434	8,793	7,333	11,463	14,152	12,477	12,082	14,402	14,692	12,280	11,973	15,501
Other liabilities	11,302	12,411	21,029	24,370	21,443	22,794	25,829	33,120	39,310	49,367	51,264	61,264
Total Liabilities	1,564,705	1,637,792	1,732,417	2,253,707	2,148,789	2,211,589	2,323,612	3,032,789	2,730,326	2,806,298	5,267,849	6,027,295
Total shareholders' equity (deficit)	5,457,994	5,426,323	5,410,777	5,456,436	5,286,243	5,426,323	4,929,921	5,180,308	4,558,234	4,129,001	2,929,445	2,999,929
Noncontrolling interest			12,494	12,179	11,742	11,289	10,846	10,286	9,458	8,587	4,964	6,714
Total liabilities and shareholders equity	7,022,699	7,064,115	7,155,688	7,722,322	7,435,032	7,637,912	7,264,379	8,223,383	7,298,018	6,943,886	8,202,258	9,033,938
Total cash and equivalents	5,027,458	5,039,824	4,885,963	5,080,891	5,036,243	4,852,881	4,496,368	4,762,555	4,459,327	3,927,913	5,049,767	5,294,147
Total Debt											2,269,459	2,271,529
Net cash	5,027,458	5,039,824	4,885,963	5,080,891	5,036,243	4,852,881	4,496,368	4,762,555	4,459,327	3,927,913	2,780,308	3,022,618

Source: Citizens JMP Securities, LLC

FIGURE 7. Snowflake Statement of Cash Flows (\$, thousands)

Snowflake Cash Flow Statement		Fiscal Year 2028																									
FY end Jan 31 5000\$, unless otherwise noted		FY2024A						FY2025A						FY2026E						FY2027E						FY2028E	
		1Q	2Q	3Q	4Q	FY2024A	1Q	2Q	3Q	4Q	FY2025A	1Q	2Q	3Q	4Q	FY2026E	1Q	2Q	3Q	4Q	FY2027E	1Q	2Q	3Q	4Q	FY2028E	
Net income		(226,064)	(227,320)	(214,690)	(169,912)	(837,900)	(317,836)	(317,770)	(327,902)	(325,724)	(1,289,121)	(395,980)	(374,361)	(365,636)	(366,557)	(1,502,533)	(367,501)	(360,408)	(364,510)	(355,412)	(1,447,830)	(368,357)	(343,961)	(348,750)	(300,550)	(1,361,61	
Depreciation and amortization		23,163	29,284	32,470	34,986	119,903	40,221	45,111	47,046	50,130	182,508	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Amortization of operating lease right-of-use assets		12,869	12,784	13,488	13,751	52,892	13,722	13,846	14,802	17,573	59,943	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Amortization of deferred commissions		17,672	18,181	18,869	20,065	74,787	22,764	22,822	23,249	24,293	93,128	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Amortization of capitalized software development costs		26,453	29,626	30,241	31,001	104,724	31,956	32,000	36,324	42,200	147,000	45,613	458,149	462,731	467,358	1,841,852	472,032	476,752	481,520	486,335	1,916,638	491,198	496,110	501,071	506,082	1,994,46	
Net amortization of premiums on investments		(15,331)	(17,661)	(16,234)	(12,299)	(61,525)	(11,992)	(12,700)	(12,907)	(9,655)	(43,434)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net unrealized gains on strategic investments in equity securities		2,414	(5,209)	1,790	(45,704)	(46,809)	20,695	6,508	8,611	(4,294)	31,420	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred income tax		(8,668)	(4,026)	(213)	(15,655)	(26,762)	49	689	(7,139)	(6,401)	10,909	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other		9,978	1,834	2,474	609	14,895	669	1,249	2,380	4,611	8,909	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in operating assets and liabilities:												335,000	80,000	85,000	330,000	830,000	360,000	125,000	145,000	350,000	980,000	395,000	160,000	180,000	390,000	1,125,00	
Accounts receivable		362,893	(53,050)	(104,705)	(417,211)	(212,083)	579,319	(87,127)	(163,488)	(328,168)	536	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred commissions		(16,440)	(24,552)	(25,278)	(63,837)	(134,787)	(14,940)	(21,814)	(26,031)	(38,784)	(101,569)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prepaid expenses and other assets		5,527	41,389	4,656	8,221	59,799	(1,111)	34,458	9,109	(12,606)	29,850	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Accounts payable		(3,093)	20,562	34,203	(32,460)	19,212	21,244	70,181	11,296	6,131	108,852	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Accrued expenses and other liabilities		(8,542)	35,648	6,603	137,339	171,044	(54,688)	59,325	34,065	32,174	70,876	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Operating lease liabilities		(10,763)	(5,260)	(12,176)	(11,759)	(40,498)	(13,374)	(11,915)	(9,055)	(13,367)	(47,711)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred revenue		(110,480)	(39,035)	82,106	595,438	528,029	(261,181)	(86,278)	122,773	609,441	382,755	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash provided by operating activities		299,444	83,191	120,907	344,580	848,122	355,468	69,865	101,706	432,725	959,764	392,633	163,789	182,095	430,802	1,169,318	464,531	241,345	262,010	480,923	1,448,808	517,841	312,149	332,322	595,532	1,757,84	
Purchase of property and equipment		(6,970)	(6,298)	(6,746)	(13,072)	(35,086)	(16,519)	(5,043)	(13,440)	(11,277)	(46,279)	(6,500)	(6,500)	(6,500)	(6,500)	(26,000)	(6,500)	(6,500)	(6,500)	(26,000)	(6,500)	(6,500)	(6,500)	(6,500)	(6,500)	(6,500)	
Capitalized internal-use software development costs		(9,341)	(7,874)	(9,889)	(7,029)	(34,133)	(7,404)	(5,992)	(10,032)	(6,005)	(29,433)	(7,000)	(7,000)	(7,000)	(7,000)	(28,000)	(7,000)	(7,000)	(7,000)	(28,000)	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)	
Cash paid for acquisitions, net of cash acquired		(123,112)	(141,459)	(14,963)	3,828	(275,706)	(8,906)	(8,219)	(13,180)	(30,305)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of intangible assets		(27,840)	(1,264)	(28,744)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of investments		(1,037,286)	(686,874)	(369,365)	(380,877)	(2,476,206)	(1,078,261)	(196,481)	(1,014,243)	(280,258)	(2,569,243)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of investments		5,652	1,614	4,000	11,266	30,360	10,437	13,597	10,179	64,573	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Payments and redemptions of investments		808,844	971,217	971,087	919,719	3,670,867	921,395	590,063	765,195	525,429	2,802,082	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Settlement of cash flow hedges		-	-	-	-	(749)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash provided by investing activities		(362,213)	101,042	570,860	522,569	832,258	(151,178)	384,078	(267,142)	224,888	191,395	(13,500)	(13,500)	(13,500)	(13,500)	(54,000)	(13,500)	(13,500)	(13,500)	(13,500)	(54,000)	(13,500)	(13,500)	(13,500)	(13,500)	(54,000)	
Proceeds from issuance of redeemable convertible preferred stock, net of issuance cost		-	-	-	-	-	-	-	-	-	-	2,268,770	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from IPO, net		15,370	16,149	7,335	18,340	57,194	10,686	12,978	11,548	9,674	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds from exercise of stock options		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of common stock under employee stock purchase plan		37,065	-	24,169	-	61,234	-	46,735	-	30,318	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Repurchase of common stock in connection with issuer tender offers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Repurchase of early exercised stock options or restricted common stock		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taxes paid related to the vesting of equity awards		(84,399)	(98,311)	(91,118)	(106,971)	(380,799)	(174,590)	(103,524)	(81,493)	(129,542)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payment of deferred purchase consideration for an acquisition		-	-	-	-	-	-	-	-	-	-	(250)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment of deferred offering costs		-	-	-	-	-	-	-	-	-	-	(195,500)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchases of called rights related to convertible senior notes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital contributions from noncontrolling interest holders		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repurchases of common stock		(191,694)	(82,162)	(459,652)	(88,631)	(854,103)	(633,498)	(490,546)	1,017,639	(120,118)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash provided by financing activities		(223,658)	(82,162)	(459,652)	(88,631)	(854,103)	(633,498)	(490,546)	1,017,639	(120,118)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Effect of exchange rate changes on cash and cash equivalent		535	470	(5,600)	2,564	(2,031)	(2,633)	724	778	(5,055)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net increase in cash, cash equivalents and restricted cash		(285,892)	102,541	226,515	781,082	824,246	(431,841)	(35,879)	852,981	532,440	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash, cash equivalents and restricted cash - beginning		956,731	670,839	773,380	999,895	956,731	1,780,977	1,349,136	1,313,257	2,166,238	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash, cash equivalents and restricted cash - end of period		670,839	773,860	999,895	1,860,977	1,349,136	1,313,257	2,166,238	2,699,978	2,699,978	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Free Cash Flow		283,133	69,019	102,272	324,429	778,903	331,545	58,830	78,234	415,443	884,052	379,133	150,289	168,595	417,302	1,115,318	451,031	227,845	248,510	467,423	1,394,808	504,341	298,649	316,822	582,032	1,703,84	
Margin		45%	10%	14%	42%	28%	40%	7%	8%	24%	38%	14%	14%	34%	36%	17%	18%	32%	33%	18%	19%	32%	26%	33%	18%	26%	
Adj. Free Cash Flow		286,918	88,157	110,813	324,297	810,186	365,691	65,951	86,797	423,087	941,526	387,133	158,289	176,595	425,302	1,147,318	459,031	235,848	256,510	475,423	1,426,808	512,341	306,649	326,822	590,032	1,735,84	
Margin		46%	13%	15%	42%	29%	44%	8%	9%	43%	26%	35%	15%	15%	35%	36%	18%	18%	32%	33%	19%	20%	33%	26%	33%	18%	

Source: Citizens JMP Securities, LLC

COMPANY DESCRIPTION

Snowflake was founded in 2012 in San Mateo by President of Product and board member Benoit Dageville, CTO Thierry Cruanes, and Marcin Zukowski. The founders, through their own first-hand experience as database architects at Oracle saw the inherent constraints that came with the legacy database architectures that they were building. The trio set out to build a data warehouse that was entirely in the cloud, and that could provide businesses access to the near infinite scalability made available by the public cloud.

The company raised an initial seed round of ~\$1M in 2012, before a \$5M Series A led by Sutter Hill Ventures in 2012. Sutter Hill Ventures Managing Director Mike Speiser served as the company's CEO and CFO from 2012 until 2014. In 2014, Snowflake appointed long-time Microsoft executive Bob Muglia as CEO, and began to commercialize its cloud data warehouse. Over the next few years, the company expanded its product offering and its footprint region by region and hyper-scaler by hyper-scaler.

In 2019, Mr. Muglia departed as the company appointed Mr. Slootman as CEO, who was quickly followed by former ServiceNow CFO Mike Scarpelli, and long-time Google VP of Engineering Greg Czajkowski. In February 2020, Snowflake raised ~\$479M in a funding round co-led by Dragoneer and Salesforce Ventures. On September 16, Snowflake's shares debuted on the New York Stock Exchange.

INVESTMENT RISKS

Competition: The markets Snowflake serves are highly competitive and rapidly evolving. We expect the competitive environment to remain intense as new technologies and innovations are brought to market. Snowflake has a number of competitors, including: 1) large, well-established, public cloud providers such as AWS, Azure, and GCP; 2) less-established public and private cloud companies; 3) other established vendors of legacy database solutions or big data offerings; and 4) new or emerging entrants seeking to develop competing technologies. Competition may negatively impact Snowflake's ability to maintain and grow consumption of its platform or put downward pressure on its prices and gross margins, any of which could materially harm its results of operations, and financial condition.

Valuation: Snowflake trades at one of the richest valuations in our software universe, meaning that the multiple could continue to compress, and the stock price could decline precipitously if the company or its results fail to meet investors' expectations.

Security breach: If the company experiences a security breach, its platform may be perceived as unsecure and its reputation may be harmed, which could cause customers to reduce usage of Snowflake or discontinue it altogether. The risks of an incident are likely to increase as Snowflake grows the scale and functionality of its platform, and processes, stores, and transmits increasingly larger amounts of proprietary customer data. In addition, because the company relies on third-party service providers, the impact of a security breach at a third-party provider could be substantial.

Enterprise focus: The company expects to continue expanding its direct sales force, particularly its direct enterprise sales organization focused on sales to the world's largest organizations. It also plans to dedicate significant resources to sales and marketing programs that are focused on these large organizations. As Snowflake increases its sales to these large enterprise customers, its sales cycles could lengthen, customer requirements could be more complex, it may experience substantial upfront sales costs, and may encounter greater deployment challenges.

Facts and Disclosures

Analyst Certification:

The research analyst(s) who prepared this report does/do hereby certify that the views presented in this report are in accordance with my/our personal views on the securities and issuers discussed in this report. As mandated by SEC Regulation AC no part of my/our compensation was, is or will be directly or indirectly related to the specific views or recommendations expressed herein. This certification is made under the obligations set forth in SEC Regulation AC. Any other person or entity may not use it for any other purpose. This certification is made based on my/our analysis on the date of this report's publication. I/We assume no obligation to update this certification to reflect any facts, circumstances, or events that may subsequently come to my/our attention. Signed Patrick Walravens, Aaron Kimson, CFA and Austin Cole

Disclosures:

Citizens JMP Securities, LLC currently makes a market in the security of Snowflake, Inc.

A member of the analyst's immediate family is currently employed by and has a financial interest in Snowflake, Inc..

Citizens JMP Securities, LLC, was manager or co-manager of a public offering of securities for Snowflake, Inc. (SNOW) in the past 12 months and received compensation for doing so.

Citizens JMP Securities, LLC. expects to receive OR intends to seek compensation for investment banking services from Snowflake, Inc. in the next three months.

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Citizens JMP Securities, LLC Investment Opinion Definitions:

Market Outperform (MO): Citizens JMP Securities, LLC expects the stock price to outperform the Russell 3000® Index over the next 12 months.

Market Perform (MP): Citizens JMP Securities, LLC expects the stock price to perform in line with the Russell 3000® Index over the next 12 months.

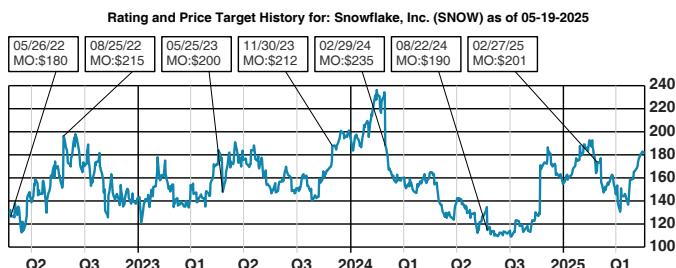
Market Underperform (MU): Citizens JMP Securities, LLC expects the stock price to underperform the Russell 3000® Index over the next 12 months.

Research Ratings and Investment Banking Services: (as of May 20, 2025)

Citizens Capital Markets & Advisory Ratings	Regulatory Equivalent	# Co's Under Coverage	% of Total	Regulatory Equivalent	# Co's Under Coverage	% of Total	IB Services in Past 12 Months	% of Co's With This Rating
MARKET OUTPERFORM	Buy	296	67.58%	Buy	296	67.58%	59	19.93%
MARKET PERFORM	Hold	139	31.74%	Hold	139	31.74%	18	12.95%
MARKET UNDERPERFORM	Sell	0	0.00%	Sell	0	0.00%	0	0%
COVERAGE IN TRANSITION		3	0.68%		3	0.68%	0	0%
RATING SUSPENDED		0	0.00%		0	0.00%	0	0%
TOTAL:		438	100%		438	100%	77	17.58%

Stock Price Chart of Rating and Target Price Changes:

Note: First annotation denotes initiation of coverage or 3 years, whichever is shorter. If no target price is listed, then the target price is N/A. In accordance with FINRA Rule 2241, the chart(s) below reflect(s) price range and any changes to the rating or price target as of the end of the most recent calendar quarter. The action reflected in this note is not annotated in the stock price chart. Source: Citizens JMP Securities, LLC.



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