CANTOR

Infrastructure & AI Software

EQUITY RESEARCH
August 24, 2025

Prices are as of 08/15/25.

Research Analysts:

Thomas Blakey, CFA
617-443-4487
thomas.blakey@cantor.com

Antonio Venturim
617-443-4478
antonio.venturim@cantor.com

Michael Vidovic
224-704-0733
michael.vidovic@cantor.com

Industry Report

Positive Tilt on Consumption this Earnings Season

Where Do we Stand on Snowflake? *We view a positive set-up for SNOW shares into F2Q26 with a relatively conservative setup in terms of sequential Product dollars added, as well as our analysis of recent quarterly beats and corresponding annual guides, leading us to believe the full-year guide (F26 - FYE Jan.) is raised by ~1pt at the least. Specifically, if we see a ratio of excess topline guide to prior quarter topline beat at 0.0x, this would imply F26 topline guide, post a 3% F2Q26 beat (below the five-quarter average of 4.1%), of 26% vs. current 25% guide. If the ratio increases to 1.0x vs. 1.9x last year, the guide would increase 2pts to 27%. Given our positive checks, with slightly ahead of plan results last quarter, driven by new product (Snowpark, Cortex), which, in turn, is being driven by AI. We add that we view the bar lowered into this end of August report versus the end of July, where beat/ raise reports were not rewarded, and sometimes punished, as sentiment appeared to shift negative given strong performance and increased fears of AI cannibalizing software in general. Finally, we note overall support, driven by momentum in data analytics demand, from reports of recent capital raise by Databricks that implies high-20s P/ARR compared to SNOW currently trading at ~13x.*

Where Do we Stand on MongoDB? *We continue to view MongoDB positively, supported by positive checks, which are driven by AI. More specifically, checks indicate vector search is adding relatively meaningful value in the most recent quarter and could add as much as 7 pts to growth for one check in C25. Aside from stable growth in Atlas and upside from vector, on-prem focused checks indicate growth in EA (Enterprise Advanced) with expectations for growth for the year. We remind investors that MongoDB reported 11% in non-Atlas subscription (7% growth for EA) in F1Q26 (FYE - Jan), while maintaining F26 non-Atlas Subscription revenue guidance down HSD%. We further remind investors MongoDB will host an Analyst Day 9.17.25 alongside MongoDB.local NYC, which could serve as catalyst for shares, in our view, provided continued positive outlook for LT growth, driven by application modernization and AI, with expectations that the new CFO will provide a framework for expanded profitability. MDB shares remain undervalued, in our view, given this positive backdrop and currently trading ~6x C26 EV/S compared to the infrastructure peer group at 8.5x (excl. PLTR).*

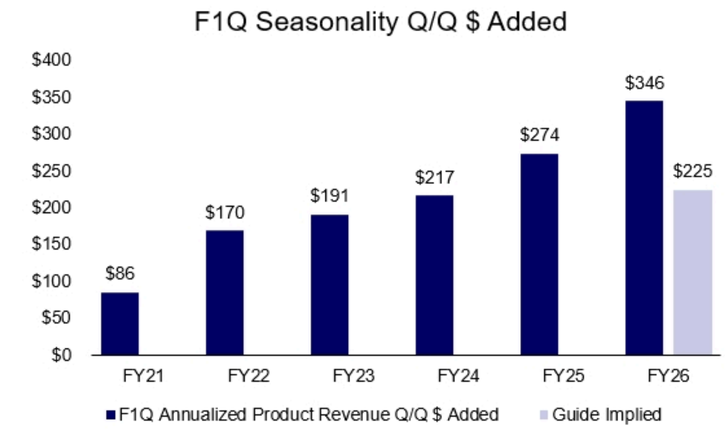
Where Do we Stand on Elastic? *We are positive on Neutral-rated ESTC shares into F1Q26 (FYE - April), provided a relatively conservative setup in terms of expectations and valuation, as well as continued positive checks related to search driven by AI pilots turning to production C25.*

Checks remain positive on Elastic search with results relatively inline for C2Q, with expectations for better-than-expected results in 2H, driven by a ramp in AI application usage. Specifically, checks indicate their search business at Elastic is ahead of plan. Checks indicated large US Federal deals in the pipeline for 2H, and we note management (new CFO) guided F26 relatively conservatively, even calling out US Public as part of the reason for the prudent guide, despite these large deals in the pipe. Set up for F1Q has lower sequential dollars added in F1Q26 at $124m vs. $143m a year ago, despite strength in search and ramping AI application usage, and our analysis of incremental margins shows management was potentially equally conservative in terms of margin guidance, which implies 20% incremental margins vs. 39% in F25. Given this backdrop, and strong performance in undervalued infrastructure software names in our coverage group in recent weeks, we view ESTC positively into F1Q26 print, with shares trading at 4x C26 EV/R vs. our coverage average 8.5x.

Snowflake Preview

Where Do we Stand? *We view a positive set-up for SNOW shares in to F2Q26 with relative conservative set up in terms of sequential Product dollars added as well as our analysis of recent quarterly beats and corresponding annual guides leading us to believe full year guide (F26 - FYE Jan.) is raised by ~1pt at the least. Specifically if we see a ratio of excess topline guide to prior quarter topline beat at 0.0x, this would imply F26 topline guide, post a 3% F2Q26 beat (below the five-quarter average of 4.1%), of 26% vs. current 25% guide. If the ratio increases to 1.0x vs. 1.9x last year, the guide would increase 2pts to 27%. Given our positive checks, with slightly ahead of plan results last quarter, driven by new product (Snowpark, Cortex), which, in turn is being driven by AI. We add that we view the bar lowered in to this end of August report versus the end of July, where beat/ raise reports were not rewarded, and sometimes punished, as sentiment appeared to shift negative given strong performance and increased fears of AI cannibalizing software in general. Finally, we note overall support, driven by momentum in data analytics demand, from reports of recent capital raise by Databricks that implies high-20s P/ARR compared to SNOW currently trading at ~13x.*

Top Line Growth. Following a standout F1Q where Snowflake posted a 3.0% beat over the high end of its guidance and raised the full year by more than the beat, expectations for F2Q26 revenue remain conservative, in our view. Snowflake posted an $37M beat over the high end of its guidance and raised the full year by $8M net of the beat, resulting in a raise:beat ratio of 0.2x ($8M/$37M, see table below for historical context). Historically, management has been prudent when revising FY expectations following strong F1Q's given the nature of the consumption model and guidance philosophy, which leads us to taking a look at seasonality of net dollars added in historical periods on an annualized, days adjusted basis (Charts 1 and 2 below). Entering F1Q, management guidance implied $225M in sequential dollars added in F1Q26, down from F1Q25, which materialized in a 3% beat. Looking at F2Q on a historical basis, while F2Q dollars added have trended down, $28M feels to us as overly conservative, especially when taking into consideration positive commentary around Snowpark and Cortex. If we assume a similar 3% beat in F2Q, which is below the average of the last 8 quarters of 3.3%, we derive $152M in q/q dollars added of $152M and total product revenue growth of +29%, a one-point acceleration vs 28% in F1Q26.



Source: *Cantor*

Source: *Cantor*

Guidance Methodology.

Quarter	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Date	Apr-21	Jul-21	Oct-21	Jan-22	Apr-22	Jul-22	Oct-22	Jan-23
Days	89	92	92	92	89	92	92	92
Quarterly Guidance - Issued	Mar-21	May-21	Aug-21	Dec-21	Mar-22	May-22	Aug-22	Dec-22
Product Revenue - Low Guide	$195	$235	$280	$345	$385	$435	$500	$535
Product Revenue - High Guide	$200	$240	$285	$350	$388	$440	$505	$540
Y/Y %	*96%*	*92%*	*92%*	*96%*	*81%*	*73%*	*62%*	*50%*
Quarterly Product Revenue - Actual	$214	$255	$312	$360	$394	$466	$523	$555
Vs Guidance Upper Range $	*$14*	*$15*	*$27*	*$10*	*$6*	*$26*	*$18*	*$15*
Vs Guidance Upper Range %	*6.9%*	*6.1%*	*9.6%*	*2.7%*	*1.7%*	*6.0%*	*3.5%*	*2.8%*
Annual Guidance - Issued	Mar-21	May-21	Aug-21	Dec-21	Mar-22	May-22	Aug-22	Dec-22
Product Revenue - Low Guide	$1,000	$1,020	$1,060	$1,126	$1,880	$1,885	$1,905	$1,919
Product Revenue - High Guide	$1,020	$1,035	$1,070	$1,131	$1,900	$1,900	$1,915	$1,924
Y/Y %	*84%*	*87%*	*93%*	*104%*	*67%*	*67%*	*68%*	*69%*
Beat in Prior Quarter		$14	$15	$27		$6	$26	$18
Increase Net of Beat		$1	$20	$34		($6)	($11)	($9)
Total Change FY Guide (High End) Q/Q $		$15	$35	$61		$0	$15	$9
Ratio of Excess Raise to Beat in Quarter		**0.1x**	**1.4x**	**1.2x**		**-1.0x**	**-0.4x**	**-0.5x**
Quarterly Guidance vs Consensus	Mar-21	May-21	Aug-21	Dec-21	Mar-22	May-22	Aug-22	Dec-22
Consensus T-1	$196	$235	$272	$316	$382	$440	$502	$553
Issued Guidance vs Consensus	*0.6%*	*0.9%*	*4.0%*	*10.0%*	*1.3%*	*(0.5%)*	*0.1%*	*(2.9%)*
Annual Guidance vs Consensus	Mar-21	May-21	Aug-21	Dec-21	Mar-22	May-22	Aug-22	Dec-22
Consensus T-1	$1,011	$1,019	$1,036	$1,068	$1,874	$1,910	$1,897	$1,921
Issued Guidance vs Consensus	*(0.1%)*	*0.8%*	*2.8%*	*5.6%*	*0.9%*	*(0.9%)*	*0.7%*	*0.0%*
Reported Quarterly Product Revenue vs Consensus	Mar-21	May-21	Aug-21	Dec-21	Mar-22	May-22	Aug-22	Dec-22
Consensus T-1	$198	$240	$284	$349	$389	$439	$507	$542
Results vs Consensus	*8.0%*	*6.3%*	*9.9%*	*3.1%*	*1.5%*	*6.3%*	*3.1%*	*2.5%*

Quarter	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E
Date	Apr-23	Jul-23	Oct-23	Jan-24	Apr-24	Jul-24	Oct-24	Jan-25	Apr-25	Jul-25	Oct-25
Days	89	92	92	92	90	92	92	92	89	92	92
Quarterly Guidance - Issued	Mar-23	May-23	Aug-23	Nov-23	Feb-24	May-24	Aug-24	Nov-24	Feb-25	May-25	Aug-25
Product Revenue - Low Guide	$568	$620	$670	$716	$745	$805	$850	$906	$955	$1,035	
Product Revenue - High Guide	$573	$625	$675	$721	$750	$810	$855	$911	$960	$1,040	
Y/Y %	*45%*	*34%*	*29%*	*30%*	*27%*	*27%*	*22%*	*23%*	*22%*	*25%*	
Quarterly Product Revenue - Actual	$590	$640	$698	$738	$790	$829	$900	$943	$997	$1,071	
Vs Guidance Upper Range $	*$17*	*$15*	*$23*	*$17*	*$40*	*$19*	*$45*	*$32*	*$37*	*$31*	
Vs Guidance Upper Range %	*3.0%*	*2.4%*	*3.5%*	*2.4%*	*5.3%*	*2.4%*	*5.3%*	*3.5%*	*3.8%*	*3.0%*	
Annual Guidance - Issued	Mar-23	May-23	Aug-23	Nov-23	Feb-24	May-24	Aug-24	Nov-24	Feb-25	May-25	Aug-25
Product Revenue - Low Guide	$2,705	$2,600	$2,600	$2,650	$3,250	$3,300	$3,356	$3,430	$4,280	$4,325	
Product Revenue - High Guide	$2,705	$2,600	$2,600	$2,650	$3,250	$3,300	$3,356	$3,430	$4,280	$4,325	$4,387
Y/Y %	*40%*	*34%*	*34%*	*37%*	*22%*	*24%*	*26%*	*29%*	*24%*	*25%*	*27%*
Beat in Prior Quarter		$17	$15	$23		$40	$19	$45		$37	$31
Increase Net of Beat		($122)	($15)	$27		$10	$37	$29		$8	$31
Total Change FY Guide (High End) Q/Q $		($105)	$0	$50		$50	$56	$74		$45	$62
Ratio of Excess Raise to Beat in Quarter		**-7.2x**	**-1.0x**	**1.1x**		**0.3x**	**1.9x**	**0.6x**		**0.2x**	**1.0x**
Quarterly Guidance vs Consensus	Mar-23	May-23	Aug-23	Nov-23	Feb-24	May-24	Aug-24	Nov-24	Feb-25	May-25	Aug-25
Consensus T-1	$582	$647	$675	$703	$767	$793	$851	$891	$961	$1,022	$1,041
Issued Guidance vs Consensus	*(2.0%)*	*(3.8%)*	*(0.4%)*	*2.2%*	*(2.6%)*	*1.8%*	*0.2%*	*1.9%*	*(0.4%)*	*1.5%*	
Annual Guidance vs Consensus	Mar-23	May-23	Aug-23	Nov-23	Feb-24	May-24	Aug-24	Nov-24	Feb-25	May-25	Aug-25
Consensus T-1	$2,826	$2,718	$2,610	$2,610	$3,462	$3,280	$3,332	$3,367	$4,234	$4,278	$4,338
Issued Guidance vs Consensus	*(4.3%)*	*(4.3%)*	*(0.4%)*	*1.5%*	*(6.1%)*	*0.6%*	*0.7%*	*1.9%*	*1.1%*	*1.1%*	*1.1%*
Reported Quarterly Product Revenue vs Consensus	Mar-23	May-23	Aug-23	Nov-23	Feb-24	May-24	Aug-24	Nov-24	Feb-25	May-25	Aug-25
Consensus T-1	$572	$626	$676	$723	$752	$814	$858	$915	$962	$1,041	
Results vs Consensus	*3.1%*	*2.2%*	*3.3%*	*2.1%*	*5.1%*	*1.9%*	*5.0%*	*3.1%*	*3.6%*	*3.0%*	

Source: *Cantor, Company Reports*

Profitability Metrics. Snowflake showed impressive operating leverage in F1Q26, reporting EBIT margins of 9% vs guidance of 5%, even as GM % ticked down q/q. Even more impressive is total opex growth of +15% vs +36% in F1Q25, ***while management commented that it released over 125***

product capabilities to market, a 100% increase y/y, even as R&D / S&M contracted 150bps / 340bps y/y as a % of total revenue, showcasing success in operational efficiencies being realized. This resulted in 26% incremental margins vs 10% in F4Q25 and 2% in F1Q25. Historically, Snowflake EBIT margins expand q/q in F2Q, but management guidance implies a contraction of 70bps and incremental margins of 20.5%, which again we view as a function of conservative revenue guidance in which upside comes through at high incremental margins. Assuming a similar 26% incremental EBIT margin in F2Q, we derive total EBIT margins of 9.3% vs guidance of 8%. On a free cash flow basis, management shared that some large customers were purchasing as they consumed, causing variability in bookings, and reiterated expectations of 25% FCF margins, but expects it to be 2H weighted.

Net Retention Rate Dynamics. Given management reports its net retention rate on a two-year stack, to account for growing into committed run rate consumption, there has been some volatility in the metric as Snowflake reported 124% vs 126% in F4Q25. While these results put Snowflake in the top decile of software companies, we do note that net retention peaked in F4Q22 at 178% and has been down to flat in every quarter since (13 consecutive quarters). Entering F26, management expected net retention rate to be in the 125% range, indicating a stabilization; however, following its F1Q report and subsequent analyst day, we did not get a reiteration of these expectations.

New Products Contribution Embedded in 2H Product Revenue. Management noted that the 2H product revenue does contain some benefit from its new product segments AI/ML and Data Engineering. We note that our checks indicate strong demand for both feature sets, with some partners pointing to Snowpark innovation accelerating consumption growth and weathering prior share losses to private company Databricks. As of F1Q26, Snowflake had over 5,200 accounts using AI and Machine Learning on a weekly basis. Our field work points to a stable environment for core CDW workloads as well as increased traction in Snowpark and Cortex.

Will We Get an Update on the CFO Search? Recall that long time Software executive Mike Scarpelli announced his intent to retire on the F4Q25 earnings release. While no line of sight into the candidates Snowflake is interviewing / considering, given CEO Sridhar Ramaswamy background at GCP, we anticipate a hyperscaler exec could be in the running for the CFO position. We will look for any incremental updates on the search.

Microsoft Azure Callout on the Earnings Call. CEO Satya Nadella called out on the MSFT F4Q25 earnings call that Snowflake on Azure accelerated in the quarter. These comments, paired with hyperscaler growth accelerating and positive feedback from our field work, give us increased confidence in a strong F2Q26 report.

Feedback from the Channel:

Partner's Practice Growing In Line to Slightly Ahead of Expectations. The first partner we spoke to had visibility into a ~$400M book of business with Snowflake and is expected to grow 30% y/y in C25. The second partner we spoke to had line of sight into over $1.6B of Snowflake and expects this business to grow +33% in C25, which is an acceleration from C24 growth of ~25%.

What is Driving Growth in the Practice? The first partner we spoke to pointed to the core data warehousing business as continuing to be the largest contributor to growth. When asked about AI contribution, he points to more qualitative excitement and interest vs a material impact to the business today, but did say he is starting to see an increase in AI adoption, predominantly through Cortex adoption. The second partner we spoke to pointed to a moderation of the core data warehousing business relative to 2024, albeit still the largest contributor to growth in his practice.

Snowpark Trends. The first partner we spoke to highlighted that Snowpark is roughly ~10-15% of the practice, and to our surprise, it was actually growing slower than the overall practice. The second partner we spoke to pointed to Snowpark entering the second wave of the adoption with less tech-savvy customers. He notes that through 2024 the majority of the Snowpark business was conducted via tech-forward organizations that predominantly went direct to Snowflake. However, in 2025, he has noticed an uptick in his practice of less tech-savvy customers looking for assistance in developing an AI strategy and points to Snowpark gaining traction in the mass market given ease of use and deployment.

Snowflake vs. Databricks. Our first partner noted that in the commercial landscape Databricks and Snowflake are basically at parity and comes down to customer by customer use cases and needs, with both parties growing at comparable growth rates on a y/y basis. Where he did note that Databricks was taking share was in the public sector, highlighting that his Databricks Federal business is growing over 100% y/y. Our second partner spoke to his Databricks business outgrowing his Snowflake business and increasing momentum. On a like for like basis he notes that AI focused deployments from customers are often times choosing Databricks in complex data environments.

Preview Tables

F2Q26E	CF Estimate	Consensus	vs Consensus	Low	Mid	High
Product Revenue	$1,038.8	$1,041.3	(0.2%)	$1,035.0	$1,037.5	$1,040.0
growth %	*25.3%*				*25%*	
Total Revenue	$1,084.3	$1,087.9	(0.3%)			
growth %	*24.8%*					
Gross Profit	$781.9	$787.2	(0.7%)			
margin %	72.1%					
Non-GAAP Operating Income	$87.9	$88.9	(1.1%)		$83.0	
margin %	*8.1%*				*8.0%*	
Non-GAAP EPS	$0.24	$0.27	(11.0%)			
Free Cash Flow	$73.9	$164.1	(54.9%)			
margin %	*6.8%*					

F3Q26E	CF Estimate	Consensus	vs Consensus	Low	Mid	High
Product Revenue	$1,117.8	$1,122.3	(0.4%)			
growth %	*24.2%*					
Total Revenue	$1,165.9	$1,171.1	(0.4%)			
growth %	*23.8%*					
Gross Profit	$840.9	$846.6	(0.7%)			
margin %	72.1%					
Non-GAAP Operating Income	$94.7	$95.1	(0.4%)			
margin %	*8.1%*					
Non-GAAP EPS	$0.25	$0.29	(12.1%)			
Free Cash Flow	$372.8	$206.7	80.4%			
margin %	*32.0%*					

Source: *VisibleAlpha, Company Reports, Cantor*

FY26E	CF Estimate	Consensus	vs Consensus	Low	Mid	High
Product Revenue	$4,324.3	$4,338.3	(0.3%)		$4,325.0	
growth %	*24.9%*				*25%*	
Total Revenue	$4,513.1	$4,530.2	(0.4%)			
growth %	*24.5%*					
Gross Profit	$3,259.9	$3,273.6	(0.4%)		$3,243.8	
margin %	72.2%				*75%*	
Non-GAAP Operating Income	$378.0	$383.8	(1.5%)		$346.0	
margin %	*8.4%*				*8.0%*	
Non-GAAP EPS	$1.01	$1.11	(8.7%)			
Free Cash Flow	$1,133.8	$1,134.7	(0.1%)			
margin %	*25.1%*				*25%*	

FY27E	CF Estimate	Consensus	vs Consensus	Low	Mid	High
Product Revenue	$5,345.3	$5,353.0	(0.1%)			
growth %	*23.6%*					
Total Revenue	$5,559.2	$5,576.7	(0.3%)			
growth %	*23.2%*					
Gross Profit	$4,069.4	$4,057.5	0.3%			
margin %	73.2%					
Non-GAAP Operating Income	$582.9	$598.0	(2.5%)			
margin %	*10.5%*					
Non-GAAP EPS	$1.46	$1.59	(8.5%)			
Free Cash Flow	$1,427.9	$1,412.0	1.1%			
margin %	*25.7%*					

Source: *VisibleAlpha, Company Reports, Cantor*

MongoDB Preview

Where Do we Stand? *We continue to view MongoDB positively, supported by positive checks, which are driven by AI. More specifically, checks indicate vector search is adding relatively meaningful value in the most recent quarter and could add as much as 7 pts to growth for one check in C25. Aside from stable growth in Atlas and upside from vector, on-prem focused checks indicate growth in EA (nterprise Advanced) with expectations for growth* *for the year. We remind investors that MongoDB reported 11% in non-Atlas subscription (7% growth for EA) in F1Q26 (FYE - Jan), while maintaining F26 non-Atlas Subscription revenue guidance down HSD%. We further remind investors that MongoDB will host an Analyst Day on 9.17.25 alongside MongoDB.local NYC, which could serve as a catalyst for shares, in our view, provided a continued positive outlook for LT growth, driven by application modernization and AI, with expectations that the new CFO will provide a framework for expanded profitability. MDB shares remain undervalued, in our view, given this positive backdrop and currently trading ~6x C26 EV/S compared to the infrastructure peer group at 8.5x (excl. PLTR).*

Top Line Growth. Management guided F2Q26 total revenue growth of +15% y/y at the midpoint of guidance, underpinned by continued Atlas strength and ~$50M headwind from the non-Atlas subscription revenue, which is expected to be down in the HSD % this year. We do note that over the last few years, management has continued to take a tepid approach to guidance in the non-Atlas business and continues to outperform its internal expectations, and we saw a continuation of these dynamics in F1Q when management reported, again, that it had outperformed in its EA business. We would point investors to the expectations around Atlas, where we believe there continues to be some mis-modeling from the Street, driven by unused credits recognized, impacting headline reported Atlas numbers, skewing the Y/Y $ contribution. Based on our estimates, we believe Atlas Y/Y $ added in F25 were $340M vs headline reported of $300M and Street models $309M Y/Y $ added in FY26. Given the amount of positive tailwinds apparent this year vs last (application modernization efforts, Vector search contribution, lapping easier compares from a workload quality perspective, and ramping of AI native customers) we expect the dollars added in F26 to be greater than our normalized dollars in F25 of at least $340M or a floor of +24% y/y growth in F26 vs consensus at +22%.

Profitability Metrics. With the new addition of veteran CFO Mike Berry, our initial conversations were centered around driving efficiencies across the organization. We have started to see the early traction in these efforts as G&A expense was -10% y/y and total opex growth was only 4.6% vs +29% in F1Q25. We do note that from a gross margin perspective, management expects gross margins to continue to contract as Atlas increases as a % of the overall business, but we should expect some normalization and economies of scale as it continues to grow. This resulted in an incremental margin of 56% in F1Q26, and with management guidance calling for an incremental margin of 12% in F2Q, if we assume a similar 55% incremental margin in F2Q, we derive EBIT margins of 17% vs 16% in F1Q.

Increasing Share Repurchases. In F1Q, management announced its board of directors has authorized an increase to the share repurchase program of an additional $800M on top of the $200M already authorized, culminating in a ~$1B share buyback authorization program. While the search for the CFO halted repurchases in F1Q, management's intent is to begin repurchasing shares in F2Q, which we believe shows confidence in the business, especially as it trades at an undemanding 6x C26 revenues.

Recent Acquisitions in Data Management Prove Strategic Value in Operational Data. MongoDB's transactional data value proposition was, in our view, solidified by the recent acquisitions of Snowflake (Crunchy Data) and Databricks (Neon). Snowflake is an interesting case study in this regard, given that it released a transactional data store product, Unistore, in 2022, and three years later decided to move this strategic initiative to a buy vs build. We view this as a positive signal for MongoDB, given the billions of dollars invested in R&D over the past decade, which should materialize as a point of differentiation to support generative AI use cases.

Vector Search and VoyageAI Integration Should Reduce Time to Value. Based on our conversations with partners in the ecosystem, we are starting to get feedback that Vector Search is beginning to contribute to Atlas growth already, with some partners pointing to a 7% growth contribution in C25 vs 2-3% in 2024. While the vector database market is still nascent, we believe the value prop MongoDB offers in a full-stack solution that can support both transactional and vector data stores could prove to be a source of upside over the medium term as AI application deployments accelerate.

MongoDB Run Anywhere Strategy Proving Point of Differentiation. We spoke to a large MongoDB customer who spoke to different use cases underpinned by MongoDB NoSQL database offerings. For mission-critical, revenue-driving applications in the core business, our expert noted that MongoDB Atlas continues to be the preferred method of deployment, given support across all hyperscalers. However, when it came to a marketplace offering, he noted that switching to managed MongoDB led to a 30% pricing discount, showcasing the value proposition from its run anywhere strategy.

Consolidation from Elastic is a point of consideration. Our expert noted that the full stack uses both MongoDB Atlas for its core transactional data stores, but is supplemented with Elasticsearch for both keyword and vector search. Importantly, he noted that the performance gap between keyword searches between the two vendors remains wide, but is balanced by the cost savings from egress/ingress fees from moving data from the MongoDB cluster to Elastic. When asked what the hesitancy was on consolidation, our expert noted that at a given scale it would lead to positive ROI on consolidating onto one solution, which his team believes would benefit MongoDB. We will continue to monitor these advancements, especially as VoyageAI matures and keyword search functionality matures at Atlas.

Preview Tables

F2Q26E	CF Estimate	Consensus	vs Consensus	Low	Mid	High
Atlas Revenue*	$422.7	$418.6	1.0%			
growth %	*24.5%*	*23.2%*				
Enterprise Advanced Revenue*	$100.2	$104.4	(4.0%)			
growth %	*(10.0%)*	*(6.2%)*				
Total Revenue	$553.0	$551.0	0.4%	$548.0	$550.5	$553.0
growth %	*15.7%*	*15.3%*				
Gross Profit	$415.3	$413.5	0.4%			
margin %	75.1%	*75.0%*				
Non-GAAP Operating Income	$61.4	$57.3	7.0%	$55.0	$57.0	$59.0
margin %	*11.1%*	*10.4%*				
Non-GAAP EPS	$0.65	$0.65	0.5%	$0.62	$0.64	$0.66
Free Cash Flow	$7.9	$7.5	5.7%			
margin %	*1.4%*	*1.4%*				

F3Q26E	CF Estimate	Consensus	vs Consensus	Low	Mid	High
Atlas Revenue*	$439.6	$437.5	0.5%			
growth %	*21.2%*	*20.7%*				
Enterprise Advanced Revenue*	$108.8	$108.0	0.8%			
growth %	*(15.0%)*	*(15.7%)*				
Total Revenue	$587.8	$580.4	1.3%			
growth %	*11.0%*	*9.6%*				
Gross Profit	$441.2	$434.9	1.5%			
margin %	75.1%	*74.9%*				
Non-GAAP Operating Income	$65.0	$64.5	0.9%			
margin %	*11.1%*	*11.1%*				
Non-GAAP EPS	$0.68	$0.69	(1.3%)			
Free Cash Flow	$37.1	$33.7	10.2%			
margin %	*6.3%*	*5.8%*				

Source: *VisibleAlpha, Company Reports, Cantor*

FY26E	CF Estimate	Consensus	vs Consensus	Low	Mid	High
Atlas Revenue*	$1,714.3	$1,712.6	0.1%			
growth %	*22.0%*	*21.9%*				
Enterprise Advanced Revenue*	$429.7	$431.6	(0.4%)			
growth %	*(8.7%)*	*(8.3%)*				
Total Revenue	$2,290.0	$2,282.0	0.4%	$2,250.0	$2,270.0	$2,290.0
growth %	*14.1%*	*13.7%*				
Gross Profit	$1,710.9	$1,703.2	0.5%			
margin %	74.7%	*74.6%*				
Non-GAAP Operating Income	$277.5	$280.0	(0.9%)	$267.0	$277.0	$287.0
margin %	*12.1%*	*12.3%*				
Non-GAAP EPS	$3.00	$3.10	(3.3%)	$2.94	$3.03	$3.12
Free Cash Flow	$218.9	$194.8	12.4%			
margin %	*9.6%*	*8.5%*				

FY27E	CF Estimate	Consensus	vs Consensus	Low	Mid	High
Atlas Revenue*	$2,059.8	$2,057.3	0.1%			
growth %	*20.2%*	*20.1%*				
Enterprise Advanced Revenue*	$433.7	$447.7	(3.1%)			
growth %	*0.9%*	*3.7%*				
Total Revenue	$2,653.9	$2,644.5	0.4%			
growth %	*15.9%*	*15.9%*				
Gross Profit	$1,984.4	$1,978.4	0.3%			
margin %	74.8%	*74.8%*				
Non-GAAP Operating Income	$349.0	$363.5	(4.0%)			
margin %	*13.1%*	*13.7%*				
Non-GAAP EPS	$3.53	$3.64	(3.1%)			
Free Cash Flow	$277.9	$267.9	3.8%			
margin %	*10.5%*	*10.1%*				

Source: *VisibleAlpha, Company Reports, Cantor*

Elastic Preview

Where Do we Stand? *We are positive on Neutral-rated ESTC shares into F1Q26 (FYE - April), provided a relatively conservative setup in terms of expectations and valuation, as well as continued positive checks related to search driven by AI pilots turning to production C25. Checks remain positive on Elastic search with results relatively inline for C2Q, with expectations for better-than-expected results in 2H, driven by a ramp in AI application usage. Specifically, checks indicate their search business at Elastic is ahead of plan. Checks indicated large US Federal deals in the pipeline for 2H, and we note management (new CFO) guided F26 relatively conservatively, even calling out US Public as part of the reason for the prudent guide, despite these large deals in the pipe. Set up for F1Q has lower sequential dollars added in F1Q26 at $124m vs. $143m a year ago, despite strength in search and ramping AI application usage, and our analysis of incremental margins shows management was potentially equally conservative in terms of margin guidance, which implies 20% incremental margins vs. 39% in F25. Given this backdrop, and strong performance in undervalued infrastructure software names in our coverage group in recent weeks, we view ESTC positively into F1Q26 print, with shares trading at 4x C26 EV/R vs. our coverage average 8.5x.*

Top Line Growth. With the addition of new CFO Navam Welihinda, in F4Q25 ESTC introduced a new metric: subscription revenue excluding month-to-month customers. While a new management disclosure, we have been tracking this metric since the company began disclosing m/m customer growth in FY22. Management believes this is a better metric to gauge underlying sales productivity as they redirect resources towards the high end of the market, and we tend to agree. Guidance for total revenue growth was set at 14% y/y in F1Q26 vs 18% in F1Q25 on a one-point harder compare. Deconstructing the drivers, we believe the setup into F1Q, paired with negative sentiment and high SI, sets up a favorable dynamic heading into F1Q. For example, when looking at annualized days adjusted subscription revenue, Y/Y $ added implies $124M vs $143M in F1Q25. Further, this is on a fairly easy compare given F1Q25 results were muted relative to internal expectations as the company digested sales changes that did not materialize as expected. If we assume a modest benefit to these dollars added, we can see that path for accelerating growth in F1Q vs F4Q25, and with the full year guide embedding numerous headwinds that could prove conservative, we have a positive tilt into the print.

Profitability Metrics. Elastic guided F1Q26 EBIT margins to 11.5% vs 10.7% in F1Q25, implying an incremental margin of 17% vs 17% in F1Q25. We view this guidance as a function of both prudent top-line commentary, with upside coming in at high incremental margins, and could see upside to EBIT driven by our positive view on the top-line setup. If we assume incremental margin of 35%, in line with the LTM average, we derive total EBIT of 14%. For the full year, EBIT margin guidance of 16% implies an incremental margin of

20% vs 39% in F25. Again, assuming a 35% incremental margin, a discount to the rolling two-year average of 44% we derive total F26 EBIT margins of 17% or a two-point expansion y/y. On a free cash basis, we expect FCF margins slightly higher than EBIT margins in the range of 2-3% which implies FCF margin of 19-20% vs. consensus modeling 18.5%.

Elastic Cloud Raising Prices. Elastic announced a 5% increase to Elastic Cloud intra-quarter to reflect continued innovation on the platform. Given commentary around guidance was already de-risked heading into its new FY, we expect these price increases to manifest as a positive tailwind to both revenue growth and EBIT margins.

Guidance Embeds a Worsening Macro. Management commentary around its initial FY26 was communicated as adequately de-risked and assumes the impact seen in U.S. public sector impacts other areas of the business, and the low end of the guidance range assumes that headwinds to consumption from F2Q-F4Q.

Elasticsearch Best-of-Breed. Our expert noted that Elasticsearch remains the backbone of its RAG solution and offering, pointing to the performance of both keyword and vector search. Our expert pointed to spend on Elastic Cloud growing from $400-$450k in C24 to ~$600k in C25, driven by increasing amount of AI applications entering production.

Elastic Spend in-line with expectations. Our expert noted that the spend on Elastic in C2Q was in line with expectations, despite a lower amount of AI applications entering production based on their expectations, leading us to believe there was an o/p in the core growth of Elasticsearch. Similarly, our expert noted that the attach rate of Elastic was tied to revenue generation in his practice, which we view as a long-term driver of growth for the business as Elastic attaches itself to core, mission-critical applications in the core Search business.

Preview Tables

F1Q26E	CF Estimate	Consensus	vs Consensus	Low	Mid	High
Cloud Revenue	$188.6	$190.5	(1.0%)			
growth %	*19.9%*	*21.1%*				
Other Subscription Revenue	$184.0	$181.5	1.4%			
growth %	*10.5%*	*9.0%*				
Total Revenue	$396.4	$397.2	(0.2%)	$396.0	$397.0	$398.0
growth %	*14.1%*	*14.3%*				
Gross Profit	$305.4	$304.5	0.3%			
margin %	*77.0%*	*159.8%*				
Non-GAAP Operating Income	$45.7	$46.0	(0.5%)		$45.7	
margin %	*11.5%*	*11.6%*			*11.5%*	
Non-GAAP EPS	$0.41	$0.42	(2.9%)	$0.41	$0.42	$0.43
Free Cash Flow	$70.7	$72.2	(2.0%)			
margin %	*17.8%*	*18.2%*				

F2Q26E	CF Estimate	Consensus	vs Consensus	Low	Mid	High
Cloud Revenue	$198.2	$201.1	(1.4%)			
growth %	*17.4%*	*19.1%*				
Other Subscription Revenue	$189.2	$183.6	3.0%			
growth %	*10.0%*	*6.8%*				
Total Revenue	$412.2	$410.4	0.4%			
growth %	*12.8%*	*12.3%*				
Gross Profit	$317.2	$315.9	0.4%			
margin %	*77.0%*	*157.1%*				
Non-GAAP Operating Income	$57.6	$68.3	(15.7%)			
margin %	*14.0%*	*16.6%*				
Non-GAAP EPS	$0.51	$0.59	(14.8%)			
Free Cash Flow	$49.7	$41.7	19.1%			
margin %	*12.1%*	*10.2%*				

Source: *VisableAlpha, Company Reports, Cantor*

FY26E	CF Estimate	Consensus	vs Consensus	Low	Mid	High
Cloud Revenue	$802.4	$817.5	(1.8%)			
growth %	*16.7%*	*18.9%*				
Other Subscription Revenue	$767.4	$745.1	3.0%			
growth %	*10.1%*	*6.9%*				
Total Revenue	$1,669.6	$1,665.6	0.2%	$1,655.0	$1,662.5	$1,670.0
growth %	*12.6%*	*12.3%*				
Gross Profit	$1,281.3	$1,281.8	(0.0%)			
margin %	*76.7%*	*156.8%*				
Non-GAAP Operating Income	$261.4	$265.9	(1.7%)		$266.0	
margin %	*15.7%*	*16.0%*			*16.0%*	
Non-GAAP EPS	$2.28	$2.29	(0.5%)	$2.24	$2.28	$2.32
Free Cash Flow	$309.1	$317.9	(2.8%)			
margin %	*18.5%*	*19.1%*				

FY27E	CF Estimate	Consensus	vs Consensus	Low	Mid	High
Cloud Revenue	$943.6	$965.7	(2.3%)			
growth %	*17.6%*	*18.1%*				
Other Subscription Revenue	$819.0	$802.9	2.0%			
growth %	*6.7%*	*7.8%*				
Total Revenue	$1,867.4	$1,876.9	(0.5%)			
growth %	*11.8%*	*12.7%*				
Gross Profit	$1,440.6	$1,448.0	(0.5%)			
margin %	*77.1%*	*149.9%*				
Non-GAAP Operating Income	$311.1	$323.6	(3.9%)			
margin %	*16.7%*	*17.2%*				
Non-GAAP EPS	$2.63	$2.63	(0.2%)			
Free Cash Flow	$375.4	$383.9	(2.2%)			
margin %	*20.1%*	*20.5%*				

Source: *VisibleAlpha, Company Reports, Cantor*

Disclosures Appendix

Analyst Certification

The analyst primarily responsible for this research report, and whose name appears on the front cover, certifies that: (i) all of the views expressed in this research report accurately reflects his or her personal views about any and all of the subject securities or issuers featured in this report; and (ii) no part of any of the research analyst's compensation was, is, or will be, directly or indirectly related to the specific recommendations or views expressed by the research analyst in this report.

Legal Disclosures

For important disclosures on companies mentioned in this report, please contact the Cantor Fitzgerald Research Department at 110 East 59th Street, New York, NY 10022, or refer to this website:https://cantor2.bluematrix.com/sellside/Disclosures.action

Cantor Fitzgerald's rating system

Overweight/OW: We expect the stock's total return to exceed 15% over the next 12 months. For the purpose of calculating the percentage of subject companies within the Buy, Hold, and Sell categories for whom Cantor Fitzgerald has provided investment banking services within the previous 12 months, an Overweight rating equates to a Buy rating.

Neutral/N: We expect the stock's total return to be between -10% and 15% over the next 12 months. For the purpose of calculating the percentage of subject companies within the Buy, Hold, and Sell categories for whom Cantor Fitzgerald has provided investment banking services within the previous 12 months, a Neutral rating equates to a Hold rating.

Underweight/UW: We expect the stock's total return to fall below -10% over the next 12 months. For the purpose of calculating the percentage of subject companies within the Buy, Hold, and Sell categories for whom Cantor Fitzgerald has provided investment banking services within the previous 12 months, an Underweight rating equates to a Sell rating.

Not Covered/NC: Cantor Fitzgerald does not provide an investment opinion or does not provide research coverage on this stock.

Not Rated/NR: We are not currently carrying a rating on this stock. Rating and estimates are under review. The NR rating does not equate to an Overweight, Neutral, or Underweight rating and thus is not counted in the calculation of the percentage of subject companies within these three categories for whom Cantor Fitzgerald has provided investment banking services within the previous 12 months.

Performance parameters should be interpreted flexibly as general guidelines relating to performance over a twelve-month period and are not intended to be influenced by short-term share price volatility. Performance in this context is evaluated in terms of total absolute return.

Total return is defined as the sum of (1) the percentage difference between the target price and the current price and (2) the expected dividend yield of the stock.

Other Disclosures

Foreign Analyst Disclosure: To the extent this Research Report has been prepared on a non-US security and the Research Analysts identified are employed by affiliates outside the US such as Cantor Fitzgerald Europe ("CFE") the Research analysts employed outside the US by affiliates of Cantor Fitzgerald & Co. are not Associated Persons of CF&Co. and are not registered as Research Analysts with the Financial Industry Regulatory Authority ("FINRA") and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst's account. Please refer to cover page and the final page of the research report for information identifying the identity of the Research Analysts and the affiliates involved in publishing this Research Report.

This report is for informational purposes only and is based on publicly available data believed to be reliable, but no representation is made that such data are accurate or complete. Opinions and projections contained herein reflect our opinion as of the date of this report and are subject to change. Pursuant to Cantor Fitzgerald's policy, the author of this report does not own shares in any company he/she covers.

Cantor Fitzgerald and the Cantor Fitzgerald logo are trademarks or registered trademarks of Cantor Fitzgerald Securities or its affiliates in the U.S. and other countries. Other trademarks appearing herein are the property of their respective owners. Neither Cantor Fitzgerald Securities nor its affiliates are associated with or affiliated with such third parties.

This material is being presented solely as institutional communications and is not meant to be viewed as a complete fundamental analysis of any security. This material may offer recommendations and strategies which are shorter term in nature. If the material contains analysis, it may be narrowly focused, and may be based either purely on quantitative models or other unique factors such as market supply/demand factors surrounding potential market moving events. When making an investment decision this information should be viewed as just one factor in your investment decision process. Past performance should not be taken as an indication or guarantee of future results.

The United States of America: US Research is produced and distributed in the US by Cantor Fitzgerald & Co ("CF&Co."), which is an SEC registered broker-dealer and a member of FINRA. Research prepared by affiliates of CF&Co. may also be distributed in the United States by CF&Co. directly, or by affiliates exclusively to Major US Institutional Investors (as such term is defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) and is not intended for the use of any person or entity that is not a major institutional investor. Major US Institutional Investors receiving this report and wishing to effect transactions in securities discussed in this report must do so through CF&Co.

For Research prepared by Affiliates of CF&Co., CF&Co. accepts responsibility for the content of Research Reports prepared by affiliates when distributed to US persons. Although it has accepted responsibility for the content when distributed to US investors, CF&Co. did not contribute to the preparation of those reports and the analysts authoring the Research Reports are not employed by, and are not associated persons of CF&Co. Among other things, this means that the entity issuing this report and the analysts authoring this report are not subject to all the disclosures and other US regulatory requirements to which CF&CO and its employees and associated persons are subject. Cantor Fitzgerald & Co., 110 East 59th Street, New York, NY 10022., FINRA CRD: 134.

United Kingdom: This document is being approved to be distributed by Cantor Fitzgerald Europe ("CFE") only to persons who are eligible counterparties or professional clients (as detailed in the FCA Rules, COBS 3). CFE is authorised and regulated in the UK by the Financial Conduct Authority ("FCA") and a member of the London Stock Exchange. The information herein does not apply to, and should not be relied upon by, retail clients; neither the FCA's protection rules nor compensation scheme may be applied. Cantor Fitzgerald Europe, 5 Churchill Place, Canary Wharf, London E14 5HU, FCA Reference Number: 149380.

European Economic Area ("EEA"): This Research Report is available only to clients classified as Professional Clients or Eligible Counterparties ("Clients"). This report is distributed to Clients located in a limited EEA Country by Cantor Fitzgerald Europe. The Limited EEA Countries as of the time this report is published are Finland, Luxembourg, Italy, Belgium, and Denmark. For Clients located in a country of the EEA, this report is issued and/or approved for distribution by Cantor Fitzgerald Ireland Limited ("CFIL") and is intended for use only by persons who have, or have been assessed as having, suitable professional experience and expertise, or by persons to whom it can be otherwise lawfully distributed. Cantor Fitzgerald Ireland Limited, 23 St Stephen's Green, Dublin, Ireland, D02 AR55, CFIL is regulated by the Central Bank of Ireland - Central Bank of Ireland Reference No: C741.

Canada: Disclosure for Canadian Institutional Investors: This research report was prepared by analysts of Cantor Fitzgerald & Co. or Cantor Fitzgerald Europe and not by Cantor Fitzgerald Canada Corporation. As a result, this report has not been prepared subject to Canadian Disclosure requirements. Cantor Fitzgerald Canada may distribute research reports prepared by its affiliates.

Risks

The financial instruments discussed in this report may not be suitable for all investors and investors must make their own investment decisions based on their specific investment objectives. Past performance should not be taken as an indication or guarantee of future performance. The price, value of and income from, any of the financial instruments featured in this report can rise as well as fall and be affected by changes in economic, financial and political factors. If a financial instrument is denominated in a currency other than the investor's currency, a change in exchange rates may adversely affect the price or value of, or income derived from, the financial instrument, and such investors effectively assume currency risk. In addition, investors in securities such as ADRs, whose value is affected by the currency of the home market of the underlying security, effectively assume currency risk.

Distribution of Ratings/Investment Banking Services (IB) as of 08/24/25

Cantor

			IB Serv./Past 12 Mos.	
Rating	**Count**	**Percent**	**Count**	**Percent**
BUY [1/B]	**327**	**77.67**	**130**	**39.76**
HOLD [2]	**92**	**21.85**	**15**	**16.30**
SELL [SL/3]	**2**	**0.48**	**0**	**0.00**

Cantor Fitzgerald & Co. U.S. Equity Research Analysts & Management

Global Head of Equity Research

David Siffringer
212-829-7091
David.Siffringer@cantor.com

BIOTECH/HEALTHCARE

Biotechnology/BioPharma

Prakhar Agrawal
212-610-3614
Prakhar.Agrawal@cantor.com

Olivia Brayer
212-428-5907
Olivia.Brayer@cantor.com

Carter Gould
212-915-1794
Carter.Gould@cantor.com

Jennifer Kim
212-829-4860
Jennifer.Kim@cantor.com

Kristen Kluska
212-915-1927
Kristen.Kluska@cantor.com

Josh Schimmer
310-282-6513
Josh.Schimmer@cantor.com

Eric Schmidt
212-294-7724
Eric.Schmidt@cantor.com

Steve Seedhouse
212-915-1240
Steve.Seedhouse@cantor.com

Pete Stavropoulos
212-915-1966
Pete.Stavropoulos@cantor.com

Li Watsek
212-915-1221
Li.Watsek@cantor.com

Life Science Tools & Diagnostics
Medical Devices & Supplies

Ross Osborn
212-915-1806
Ross.Osborn@cantor.com

Healthcare Services

Sarah James
212-829-5203
Sarah.James@cantor.com

FINANCIALS

Insurance

Ryan Tunis
917-746-8827
Ryan.Tunis@cantor.com

TECHNOLOGY

Application Software

Matthew VanVliet
312-469-7405
Matthew.VanVliet@cantor.com

Clean Tech

Derek Soderberg
212-359-8721
Derek.Soderberg@cantor.com

Crypto & Blockchain
Consumer Internet
Software

Brett Knoblauch
212-610-2221
Brett.Knoblauch@cantor.com

Thomas Shinske
212-294-8016
Thomas.Shinske@cantor.com

Global Internet

Deepak Mathivanan
415-869-2041
Deepak.Mathivanan@cantor.com

Government Technology & Space

Colin Canfield
312-469-7582
Colin.Canfield@cantor.com

Industrial Technology

Troy Jensen
212-915-1453
Troy.Jensen@cantor.com

Infrastructure

Manish A. Somaiya
212-915-1051
Manish.Somaiya@Cantor.com

Infrastructure & AI Software

Thomas Blakey
617-443-4487
thomas.blakey@cantor.com

Mobility

Andres Sheppard
212-428-5983
Andres.Sheppard@cantor.com

Security & Infrastructure Software

Yi Fu Lee
212-915-1235
YiFu.Lee@cantor.com

Jonathan Ruykhaver
617-443-4473
Jonathan.Ruykhaver@cantor.com

Semiconductors & Semiconductor Equipment

C.J. Muse
212-915-1935
CJ.Muse@cantor.com

Matthew Prisco
212-610-2416
Matthew.Prisco@cantor.com

Cantor Fitzgerald Europe Equity Research Analysts

European TMT

Edward James (Head of Team)
+44 20 7894 7325
Edward.James@cantor.com

Bharath Nagaraj
+44 20 7894 7347
Bharath.Nagaraj@cantor.com

Vinay Bhardwaj
+44 20 7894 7568
Vinay.Bhardwaj@cantor.com