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## Software | North America

# New Stack 3Q25 Round 2 Preview – A Healthy Demand Backdrop Heading Into Q3

The classic drivers of public cloud spend are back in vogue which bodes well for continued momentum for infra favorites SNOW & MDB. We also see beats and raises ahead for ESTC, GTLB & PATH all of which are trading at undemanding valuations

**Will a Healthy Public Cloud Market Power Estimate Revisions for Cloud Infrastructure?** We see the demand environment for public cloud spend at the healthiest level in several quarters. This is most evident from the recent results from the major hyperscalers ([3Q25 Hyperscaler Results](#)) who in aggregate delivered a second consecutive quarter of YoY acceleration in revenue growth. Commentary from AWS and Azure pointed not just to tailwinds from AI demand but also a return of some of the classic pillars of public cloud investment – core infrastructure services and cloud migrations. These themes were corroborated by better than expected results out of Confluent, an acceleration in enterprise growth from Datadog and an acceleration in net-new ARR growth for Dynatrace. Furthermore, our most recent round of industry conversations confirm building spending momentum in cloud infrastructure with the data infrastructure remaining hot, Observability demand beginning to inflect positively, and spending on software development tools picking up. Furthermore, partners indicated that Q3 bookings for nearly all of our covered companies were in-line to ahead of plan which we think speaks to the improving spend environment in cloud infrastructure. As it relate to specific names, we are anticipating a number of beats and Q4 raises across our off-cycle coverage. While investor expectations on **Snowflake** are elevated, we see a path to another 30%+ product revenue growth quarter with Q4 guide likely coming in ahead of consensus at +26-27%. Similarly, we expect another beat and raise for **MongoDB** with Atlas sustaining growth at +29% YoY and total revenue likely coming in at +18% in Q3. The estimate setups also screen attractive for **Gitlab** and **Elastic** with total revenue likely coming in at +25-26% YoY for Gitlab and +17-18% for Elastic. Finally, while Fed could temper the Q4 guide, given a stable spend environment and better execution, we think net-new ARR YoY growth could turn positive in Q3 after several years of declines.

- **Snowflake (OW):** We see a path to 30% product revenue growth in Q3 and expect Q4 product revenue guidance targeting +26%-27% YoY compared to consensus looking for +25% currently. Following our highly encouraging Q2 checks, our Q3 checks point to a very healthy demand environment in the data infrastructure market with particular strength in core data warehousing (driven in part by consolidation and migration deals), improving traction with

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**SOFTWARE**

## North America

## Industry View

Attractive

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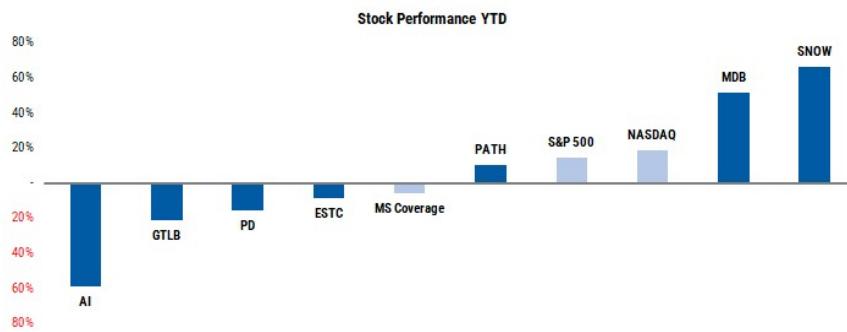
Snowpark, as well as early momentum with Cortex adoption. With shares trading ~15x CY27 revenue (0.66x growth adjusted, vs large cap peers at 0.58x) and ~56x CY27 FCF (2.31x growth adjusted, vs large cap peers at 1.67x), expectations are elevated. That said, we remain convicted towards the durability of growth exiting CY25 and into next year given the continuation of supportive checks helping give confidence in continued strength in the core, alongside the potential for new product cycles to contribute more meaningfully.

- **Elastic (OW):** As has been the case for several quarters running, our Q3 checks on Elastic's search business were promising as partners ranked Elastic as the leading player in the AI Search / RAG market. A key investor debate has been why the AI Search momentum has not translated to more meaningful impact on overall growth. On this question, partners noted a higher mix of AI Search projects reaching live production environments and should current trends continue, partners expect the AI search business to really power overall growth in Elastic by mid-year CY26 as these production deployments scale and new ones are added. Heading into FQ2, we see upside to revenue estimates resulting in a path to +17-18% cc revenue growth and raise to FY26 revenue to 14% cc growth from 13% cc currently. With our AI search thesis intact, signs of stable to improving demand with management's intra-quarter raise to Q2/FY26 guidance, a beatable estimate setup for the balance of this fiscal year, and an attractive valuation of ~5.0 CY26 sales, (0.38x growth adjusted vs. infra peers at 0.53x) and 26x CY26 FCF (1.13x growth adjusted), we think shares represent compelling value at current levels and remain OW.
- **MongoDB (OW):** We see a credible path to +17-18%/+28-29% total revenue/Atlas revenue growth in Q3 with a Q4 revenue growth guide coming in at ~15% YoY compared to consensus at +14%. Picking up from the momentum from our Q2 checks which marked the first period of incremental improvement in three quarters – deal activity appeared to improve again in Q3. While we still think it's early for enterprise AI app opportunity for MongoDB, a first in our industry conversations this quarter was MongoDB attaching to AI use cases and applications with partners calling out Voyage AI as a key differentiator for MongoDB in a highly competitive market. While encouraging on the AI front, the main driver of growth remains core operational workloads particularly in the enterprise segment where MongoDB is seeing improving traction. While sentiment on MongoDB has meaningfully improved relative to Q2 reporting, with shares up 60%+ and now trading at ~9x CY27 revenue (0.57x growth adjusted, vs. large cap peers at 0.58x), we remain convicted on the ability to drive durable 20%+ growth in Atlas while simultaneously improving free cash flow leverage. Over the next year, we think the improved growth in the core operational database workloads, driven by a continued push up-market and sales incentive changes, will sustain as the higher-quality FY25 and FY26 workloads ramp into FY27. While the timing of the custom enterprise AI-application cycle is difficult to pin down (management notes that it is still early days), we think another AI opportunity for the company – application modernization – may start to contribute before MongoDB benefits from an AI app build cycle that

has achieved escape velocity.

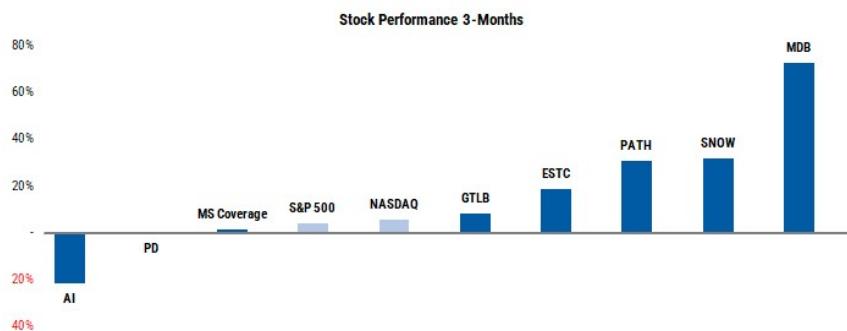
- **Gitlab (OW):** For Gitlab, we see a path to at least +25%-26% YoY revenue growth in Q3 (~3% above consensus) with FY26 coming up to +25% (from +23-24% prior). This should bode well against recent stock underperformance (-18% YTD) and deeply discounted growth-adjusted valuation (0.28x CY26 Sales vs DevOps 0.45x), which reflect elevated investor concerns on competition from AI coding platforms on GitLab's business. We think these concerns are overstated (read [More Software and More Developers](#)) and note encouraging demand commentary out of our industry conversations pointing to steady performance in Q3 and through the rest of the year. Bottom line, we see an attractive estimate setup for GitLab heading into the Q3 print as we consider a stable-to-improving demand environment, conservative consensus estimates, and solid business momentum yielding mid-20% growth against deeply discounted growth-adjusted valuation.
- **UiPath (EW):** For UiPath, we see ARR growth of ~11% (implying a ~\$6M NNARR beat) and FY26 ARR guidance raised by a similar magnitude, implying growth moves closer to ~11% (implying net-new ARR growth of down ~13% YoY). Checks remained consistent quarter-over-quarter with performance in-line with expectations though commentary still suggesting some level of pressure on growth. More positively, commentary was positive regarding the company's agentic portfolio with one partner highlighting it has opened more net new and upsell opportunities. That said, it sounds as though these opportunities are still at a more conversational level relative to meaningful deployments. While federal uncertainty is a risk, we think estimate setup skews attractive but remain on the sidelines until we gain further clarity around the monetization path for AI-related product offerings.

**Exhibit 1:** YTD Performance for Companies Set to Report in Infrastructure Software



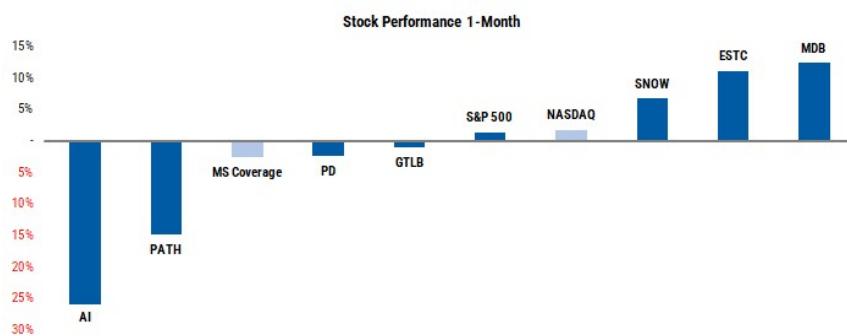
Source: FactSet, Company data, Morgan Stanley Research

**Exhibit 2:** Last 3-Month Performance for Companies Set to Report in Infrastructure Software



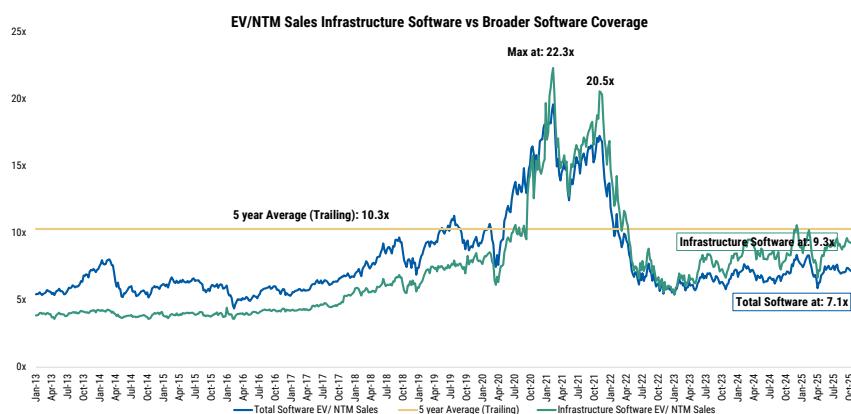
Source: FactSet, Company data, Morgan Stanley Research

**Exhibit 3:** 1-Month Performance for Companies Set to Report in Infrastructure Software

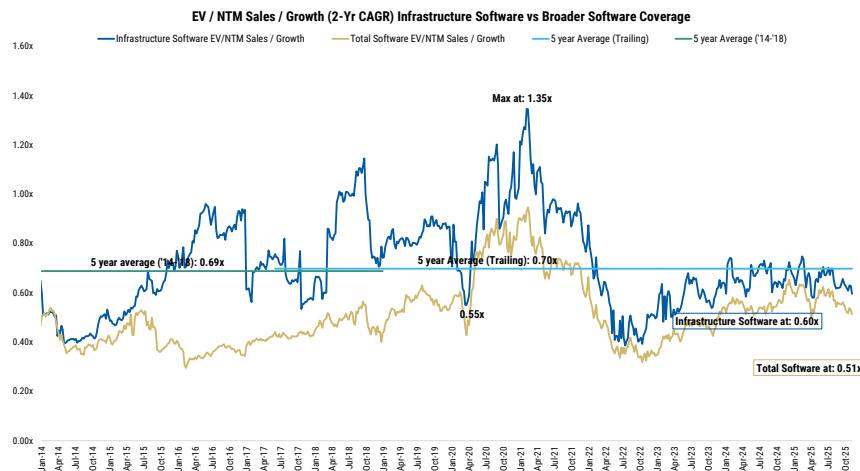


Source: FactSet, Company data, Morgan Stanley Research

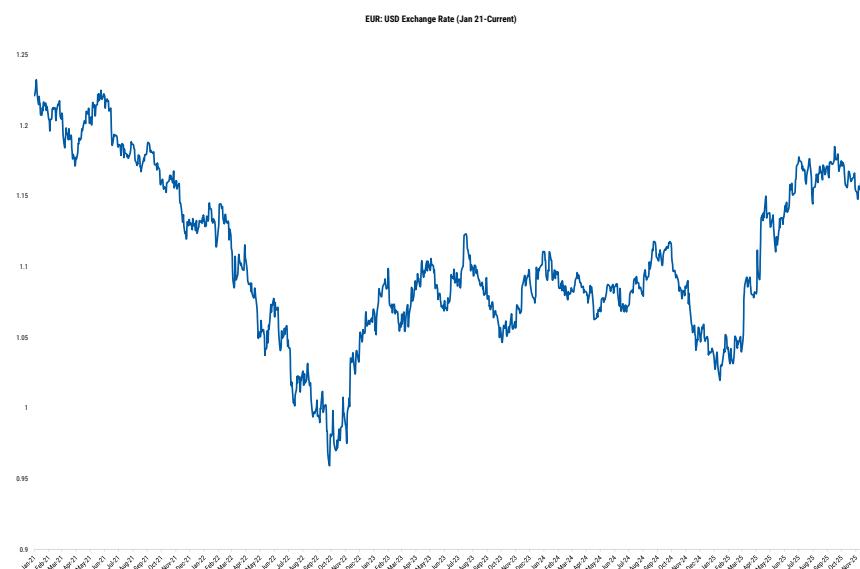
**Exhibit 4:** Infrastructure Software Multiples Have Expanded, but Still Below 5-Year Trailing Average



Source: FactSet, Company data, Morgan Stanley Research estimates

**Exhibit 5:** EV/S/G Multiples Trading Below 5-Year Pre-Covid Average

Source: FactSet, Company data, Morgan Stanley Research estimates

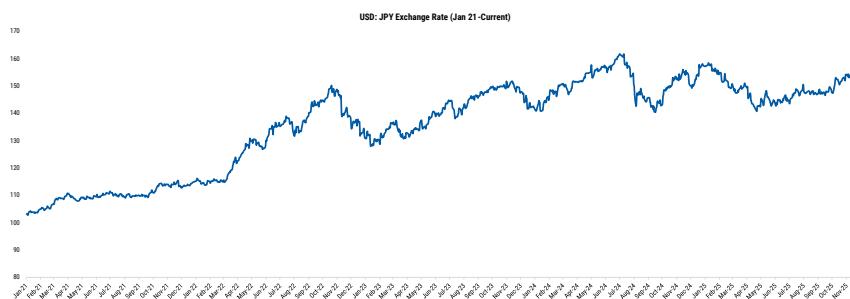
**Exhibit 6:** EUR: USD

Source: Eikon, FactSet, Morgan Stanley Research

**Exhibit 7:** GBP: USD

Source: Eikon, FactSet, Morgan Stanley Research

**Exhibit 8:** USD: JPY



Source: Eikon, FactSet, Morgan Stanley Research

## Preview to earnings

Focus KPI	Focus KPI Surprise	Likely impact to consensus EPS*
<b>C3.ai</b> AI.N		
Total Revenue	↑ Likely upside surprise	— Largely unchanged
<b>Elastic NV</b> ESTC.N		
Sales-led Subscription Revenue	↑ Likely upside surprise	↑ Modest revision higher
<b>GitLab Inc</b> GTLB.O		
Total Revenue	↑ Very likely upside surprise	— Largely unchanged
<b>MongoDB Inc</b> MDB.O		
Atlas Revenue	↑ Likely upside surprise	↑ Modest revision higher
<b>PagerDuty, Inc.</b> PD.N		
Annual Recurrign Revenue	↑ Likely upside surprise	↑ Modest revision higher
<b>Snowflake Inc.</b> SNOW.N		
Product Revenue	↑ Likely upside surprise	↑ Modest revision higher

\*Likely impact to consensus EPS is for the next 12 months

Source: Company data, Morgan Stanley Research

# C3.ai (UW, \$11 PT)

**Exhibit 9:** C3.ai Consensus Table

AI	2Q26e		3Q26e		FY26e		FY27e	
	MS	Cons	MS	Cons	MS	Cons	MS	Cons
Total Subscription Revenue	\$68.2	\$64.2	\$67.2	\$64.8	\$258.4	\$254.7	\$294.6	\$286.8
YoY Growth	-15.9%	-20.9%	-21.6%	-24.3%	-21.1%	-22.3%	14.0%	12.6%
Total Revenue	\$76.1	\$75.0	\$77.5	\$76.1	\$300.5	\$299.1	\$338.3	\$335.2
YoY Growth	-19.4%	-20.5%	-21.6%	-23.0%	-22.8%	-23.1%	12.6%	12.1%
Billings	\$76.9	\$76.4	\$72.5	\$72.4	\$295.8	\$295.1	\$341.9	\$337.0
YoY Growth	-14.4%	-15.0%	-24.5%	-24.5%	-23.5%	-23.7%	15.6%	14.2%
Operating Income	-\$53.0	-\$53.0	-\$50.8	-\$49.7	-\$209.4	-\$208.4	-\$168.6	-\$169.1
Op. Margin	-69.7%	-70.6%	-65.6%	-65.3%	-69.7%	-69.7%	-49.8%	-50.4%
Non-GAAP EPS	-\$0.3	-\$0.30	-\$0.3	-\$0.27	-\$1.28	-\$1.15	-\$0.94	-\$0.81
FCF	-\$36.4	-\$34.9	-\$33.5	-\$34.4	-\$126.8	-\$124.8	-\$109.6	-\$108.4

Source: Company data, Morgan Stanley Research estimates, Visible Alpha

**Exhibit 10:** AI Beat vs. Consensus Table

% Beat vs. Consensus	AI												4 Qtr. Avg.		8 Qtr. Avg.	
	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	4 Qtr. Avg.	8 Qtr. Avg.		
Total Revenue Beat	4.4%	1.5%	1.1%	-1.5%	3.2%	2.5%	0.3%	3.4%	0.5%	0.8%	25.3%	-5.2%	-2.0%			
Non-GAAP Op. Margin Beat	1960bps	900bps	840bps	600bps	2380bps	2783bps	1067bps	1351bps	1843bps	369bps	-4316bps	-188bps	7630ps			
Non-GAAP EPS Beat	\$0.16	\$0.09	\$0.07	\$0.03	\$0.11	\$0.17	\$0.07	\$0.08	\$0.11	\$0.02	\$0.21	\$0.00	\$0.05			

Source: FactSet, Visible Alpha, Company data, Morgan Stanley Research estimates

**Exhibit 11:** AI Beat vs. Guidance Table

% Beat vs. Guidance	AI												4 Qtr. Avg.		8 Qtr. Avg.	
	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	4 Qtr. Avg.	8 Qtr. Avg.		
Total Revenue Beat - Mean	4.2%	2.0%	1.6%	-1.4%	3.2%	3.1%	0.8%	3.6%	0.8%	0.1%	-32.8%	-7.1%	-2.8%			
Non-GAAP Op. Income Beat - Mean	44.3%	1.1%	24.7%	25.5%	40.0%	50.7%	36.0%	44.1%	24.6%	11.0%	-102.9%	-5.8%	16.1%			

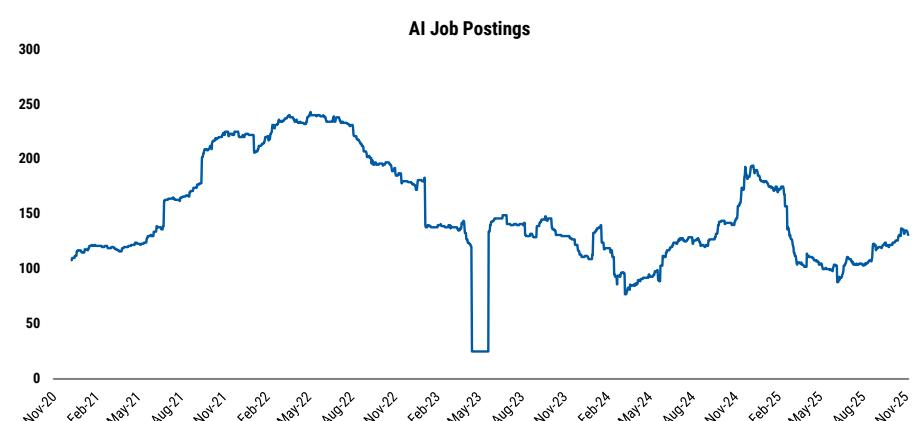
Source: FactSet, Visible Alpha, Company data, Morgan Stanley Research estimates

**Exhibit 12:** AI FY Guidance Raise Analysis

AI - Annual Guidance Raise	Earnings Date												4 Qtr. Avg.																
	Earnings Quarter			Fwd Year Guide			2-Mar-23			31-May-23			6-Sep-23			28-Feb-24		29-May-24		4-Sep-24		9-Dec-24		27-Feb-25		28-May-25		3-Sep-25	
	3Q23	4Q23	1Q24	FY23	FY24	FY24	FY23	FY24	FY24	FY24	FY24	FY25	FY25	FY25	FY25	FY25	FY25	FY25	FY25	FY25	FY25	FY25	FY25	FY25	FY25	FY25			
Total Revenue																													
FY Consensus Estimate Pre-Earnings	\$261	\$319	\$310	\$309	\$306	\$370	\$384	\$383	\$389	\$467	\$419																		
New FY Guidance Low End	\$264	\$295	\$295	\$295	\$306	\$370	\$370	\$378	\$384	\$448	-																		
New FY Guidance High End	\$266	\$320	\$320	\$320	\$310	\$395	\$395	\$398	\$394	\$485	-																		
New FY Guidance vs. Consensus at Midpoint	1.6%	-3.7%	-0.8%	-0.5%	0.7%	3.3%	-0.4%	1.4%	-0.1%	-0.1%	-																		
FY Guidance Raise	1.0%	-	0.0%	0.0%	0.2%	-	0.0%	1.4%	0.2%	-																			

Source: FactSet, Visible Alpha, Company data, Morgan Stanley Research estimates

**Exhibit 13:** Job Postings C3.ai



Source: Link Up, Company data, Morgan Stanley Research

# Elastic NV (OW, \$120 PT)

**Search Leading the Way.** Our Q3 checks on Elastic were largely consistent with Q2, with channel partners' performance, broadly speaking, in-line / slightly ahead of plan, and preliminary expectations on 2026 reflecting durability of current growth trajectory. Under the surface, search continues to be the leading driver, though commentary also remained constructive on observability. On this point, channel partners also leaned optimistic on the potential for observability to become a more meaningful contributor to growth next year. When asked about which software vendor was showing the most traction in the RAG/vector search market, the majority cited Elastic (along with hyperscalers solutions) as the player leading the category. We note this implies continued momentum as we have been hearing similar commentary for multiple quarters in a row. The key nuance is that this quarter, partners noted a higher mix of AI search initiatives reaching the live production stage.

**Expect Another Modest Beat and Raise.** In conjunction with its recent Analyst Day, Elastic raised its FQ2 revenue guidance by \$2 million to \$417-\$419 million (implying +14% YoY cc growth) while the low end of FY26 revenue guidance range was raised by \$18 million and the high end was raised by \$14 million to \$1.697-\$1.703 billion, which equates to growth of +13% YoY cc. Into FQ2, we see scope for ~\$4-\$5 million upside to consensus cloud revenue estimates, implying growth of +23% (vs. consensus at 20.4% YoY). On self managed, we expect ~\$5 million of upside to consensus estimates, implying 12.7% YoY growth (vs. consensus at 9.8% YoY), and total subscription revenue coming in closer to ~\$400 million / 17.3% YoY (vs. consensus at ~\$392 million / +15.1%). However, given that management provided updated guidance intraquarter (as noted above), we expect more modest pass through to the revised outlook, expecting a raise to the full year towards +14% cc growth (from 13% currently), and Q3 coming in closer to \$433 million / +13.3% YoY (vs. consensus at 12.4% YoY).

**Remain OW with \$120 PT.** With our AI search thesis intact, signs of stable to improving demand with management's intra-quarter raise to Q2/FY26 guidance, a beatable estimate setup for the balance of this fiscal year and an attractive valuation of ~5.0 CY26 sales, (0.38x growth adjusted vs. infra peers at 0.53x) and 26x CY26 FCF (1.13x growth adjusted), we think shares represent compelling value and remain OW.

## Key Metrics in F2Q26:

- **Cloud Revenue:** MSe/consensus = \$205.0M/\$203.2M, +21.4%/20.4% YoY
- **Subscription Revenue:** MSe/consensus = \$390.1M/\$392.2M, +14.5%/+15.1% YoY
- **Total Revenue:** MSe/consensus = \$417.0M/\$417.9M, 14.1%/14.4% YoY
  - Guidance = \$417M - \$419M (14.4% YoY at the midpoint, 14% YoY in CC)

## Key Metrics for FY26:

- **Cloud Revenue:** MSe/consensus = \$828.7M/\$827.0M, +20.5%/20.3% YoY
- **Subscription Revenue:** MSe/consensus = \$1,586.1M/\$1,593.5M, +14.6%/+15.1% YoY
- **Total Revenue:** MSe/consensus = \$1,689.8M/\$1,697.7M, +13.9%/+14.5% YoY
  - Guidance = \$1,697M - \$1,703M (+14.6% YoY growth at the midpoint, +13% YoY

in CC)

**Exhibit 14:** ESTC Consensus Table

ESTC	2Q26e		3Q26e		FY26e		FY27e	
	MS	Cons	MS	Cons	MS	Cons	MS	Cons
Total Revenue	\$417.0	\$417.9	\$428.8	\$429.3	\$1,689.8	\$1,697.7	\$1,903.6	\$1,927.1
YoY Growth	14.1%	14.4%	12.2%	12.4%	13.9%	14.5%	12.7%	13.5%
Subscription Revenue	\$390.1	\$392.2	\$403.8	\$404.4	\$1,586.1	\$1,593.5	\$1,793.4	\$1,818.0
YoY Growth	14.5%	15.1%	12.7%	12.9%	14.6%	15.1%	13.1%	14.1%
Elastic Cloud Revenue	\$205.0	\$203.2	\$213.0	\$212.6	\$828.7	\$827.0	\$1,003.9	\$985.5
YoY Growth	21.4%	20.4%	18.4%	18.1%	20.5%	20.3%	21.1%	19.2%
Billings	\$438.4	\$431.9	\$497.5	\$497.2	\$1,842.7	\$1,845.2	\$2,089.2	\$2,082.3
YoY Growth	14.1%	12.7%	10.2%	10.1%	12.3%	13.2%	13.4%	12.8%
Operating Income	\$66.8	\$66.9	\$70.5	\$71.8	\$271.6	\$274.8	\$312.1	\$333.9
Op. Margin	16.0%	16.0%	16.5%	16.7%	16.1%	16.2%	16.4%	17.3%
Non-GAAP EPS	\$0.60	\$0.58	\$0.67	\$0.60	\$2.36	\$2.35	\$2.54	\$2.67
FCF	\$27.7	\$30.7	\$92.5	\$82.4	\$302.2	\$309.7	\$353.2	\$374.6

Source: Company data, Morgan Stanley Research estimates, Visible Alpha

**Exhibit 15:** ESTC Beat vs. Consensus Table

% Beat vs. Consensus														
ESTC	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	4 Qtr. Avg.	8 Qtr. Avg.	
Total Revenue Beat	0.6%	0.8%	3.0%	2.0%	3.1%	1.6%	0.8%	3.1%	4.5%	2.1%	4.5%	3.6%	2.7%	
Sub Revenue Beat	0.2%	-1.1%	2.2%	2.9%	3.3%	1.5%	1.1%	2.8%	4.0%	1.5%	4.4%	3.2%	2.7%	
Non-GAAP Op. Margin Beat	340.3bps	338.5bps	395.7bps	339.0bps	154.9bps	85.3bps	137.0bps	458.1bps	156.6bps	187.9bps	411.2bps	303.5bps	241.3bps	
Non-GAAP EPS Beat	\$0.12	\$0.12	\$0.14	\$0.12	\$0.05	\$0.01	\$0.10	\$0.21	\$0.15	\$0.10	\$0.18	\$0.16	\$0.11	

Source: Company data, Morgan Stanley Research estimates, Visible Alpha

**Exhibit 16:** ESTC vs. Guidance Table

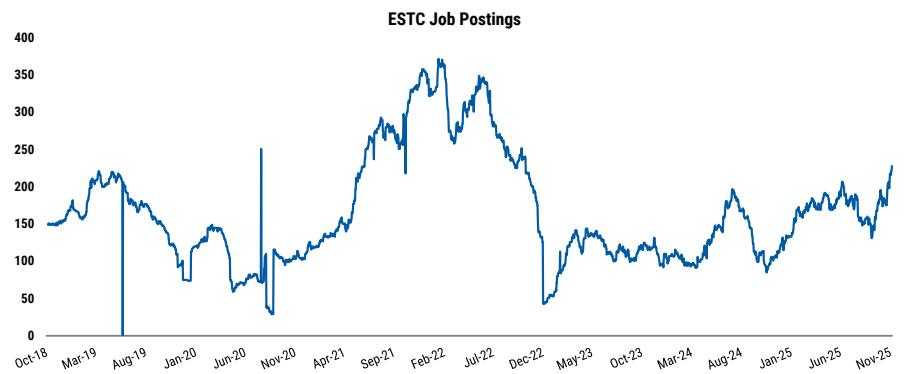
% Beat vs. Guidance														
ESTC	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2025	3Q25	4Q25	1Q26	4 Qtr. Avg.	8 Qtr. Avg.	
Total Revenue Beat - Mean	0.6%	1.1%	3.3%	2.2%	2.5%	1.8%	1.0%	3.2%	3.8%	2.2%	4.6%	3.5%	2.7%	
Non-GAAP Op. Income - Mean	76.8%	72.9%	76.2%	39.2%	15.2%	15.1%	16.2%	39.7%	27.8%	16.2%	42.6%	31.6%	26.5%	
Non-GAAP EPS Beat - Mean	\$0.12	\$0.13	\$0.14	\$0.13	\$0.05	\$0.02	\$0.10	\$0.21	\$0.16	\$0.11	\$0.18	\$0.16	\$0.12	

Source: Company data, Morgan Stanley Research estimates, Visible Alpha

**Exhibit 17:** ESTC FY Guidance Raise Analysis

ESTC - Annual Guidance Raise													
Earnings Date	2-Mar-23	1-Jun-23	31-Aug-23	30-Nov-23	29-Feb-24	30-May-24	29-Aug-24	21-Nov-24	27-Feb-25	29-May-25	28-Aug-25	4 Qtr. Avg.	8 Qtr. Avg.
Earnings Quarter	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2025	3Q25	4Q25	1Q26	Fwd Year Guide	Fwd Year Guide
Total Revenue													
FY Consensus Estimate Pre-Earnings	\$1,072	\$1,248	\$1,244	\$1,249	\$1,249	\$1,478	\$1,477	\$1,441	\$1,455	\$1,679	\$1,666		
New FY Guidance Low End	\$1,065	\$1,238	\$1,242	\$1,247	\$1,260	\$1,468	\$1,468	\$1,451	\$1,474	\$1,655	\$1,679		
New FY Guidance High End	\$1,067	\$1,250	\$1,250	\$1,253	\$1,262	\$1,480	\$1,444	\$1,457	\$1,476	\$1,670	\$1,689		
New FY Guidance vs. Consensus at Midpoint	-0.5%	-0.3%	0.2%	0.1%	1.0%	-0.3%	-2.5%	0.9%	1.4%	-1.0%	1.1%		
FY Guidance Raise	-0.4%	-	0.2%	0.3%	0.9%	-	-2.3%	1.0%	1.4%	-	1.3%		

Source: Company data, Morgan Stanley Research estimates, Visible Alpha

**Exhibit 18:** Job Postings ESTC

Source: Link Up, Company data, Morgan Stanley Research

# GitLab Inc (OW, \$60 PT)

**Favorable Setup Against Low Investor Expectations.** GitLab heads into 3Q26 earnings with share down 18% YTD (vs NASDAQ up 22%) and trading at a deeply discounted growth-adjusted valuation (6.2x EV/CY26 Sales or 0.28x growth-adj vs DevOps median at 6.3x and 0.45x). This reflects elevated investor concerns on GenAI's impact to the durability of GitLab's business and growth profile. We view these concerns not only as overstated but as misunderstanding the central role a platform like GitLab plays in an enterprise's software development lifecycle. We believe that as the proliferation of AI-generated code creates bottlenecks on the software delivery pipeline beyond code development, customers will see an even greater need for GitLab's automation and security capabilities (read [More Software and More Developers](#)). This presents an attractive estimate setup for GTLB, as we consider a stable-to-improving demand environment, conservative consensus estimates, and **solid business momentum yielding +25-26% total revenue growth in Q3 (~3% above consensus) and a FY guide raise to +25% YoY (from +23%-24% prior) while implying Q4 exit growth of +20% (vs consensus +19%).**

**Solid Momentum Out of Q2 and Stable-to-Improving Demand Environment.** Coming out of Q2 GitLab showed solid momentum in the form of 1) accelerating topline with Cloud accelerating to +39% YoY and total revenue +29%, though it benefitted from timing-related factors, 2) accelerating double-digit YoY growth in paid seats over the past four quarters, 3) further uptick in Ultimate traction which now represents 53% of ARR (vs 52% last quarter and 47% a year ago) and which has been included in 8 of the 10 largest deals in both Q1 and Q2, and 4) ramping GitLab Dedicated adoption which is now a \$50M ARR business growing 92% YoY. Further, in Q2 management highlighted a healthy enterprise demand environment while SMB (which makes up ~8% of revenue) remained softer partly due to price sensitivity. However, commentary from Datadog and monday.com point to SMB strength in Q3. Building on that, **channel feedback points to steady but not yet accelerating momentum for GitLab, with partners generally in-line to above target and reporting mid-to-high-20% YoY growth** (consistent with historical range) while expectations for the rest of 2025 are for sustained growth with greater enthusiasm for 2026 re-acceleration. Of note, incremental tailwinds include migrations from GitHub, Ultimate-tier upgrades with security strength, and an AI multiplier effect that increases code-management needs even as AI tools briefly reallocate some budget. AI Duo traction is still early, with case studies emerging and more meaningful contribution expected in 2026-27. Overall, the tone mirrors last quarter's QoQ stability, as budgets remain disciplined while execution is consistent and incrementally better, rather than inflecting.

**Expect Typical ~3% Revenue Beat and First FY Guide Raise of the Year.** Against revenue estimates calling for +22% YoY growth in Q3 and +19% in Q4, we view a favorable setup for a typical ~3% beat with revenue growing +25%-26% YoY in Q3 followed by Q4 guide calling for +20% YoY growth, as management raises its FY26 guide for the first time this year and calls for +25% YoY growth (from +23.7% at the midpoint prior). We note that Q2's performance (240 bps acceleration to +29% YoY growth and 4% consensus beat)

benefited from front-loaded seasonality compared to historical norm and a higher self-managed revenue mix vs Q1, and as such management cautions against extrapolating such outperformance to the rest of the year. In more detail:

- **Q3 revenue estimates calling for +22% YoY growth imply a 730 bps deceleration against generally flat YoY compare vs Q2 and QoQ seasonality that is well below the 2 and 3-year historical averages (+1% vs +7% and +9%).** Against this, we expect GitLab to deliver a typical ~3% consensus beat or +25%-26% YoY growth in Q3 would imply 380 bps deceleration and +4% QoQ seasonality. We note that while Q2, which accelerated 240 bps to +29% YoY, appears to facilitate the setup from this lens, even if we were to assume sustained growth in Q2 of +27%, Q3 estimates would still imply a 500 bps deceleration and +3% QoQ seasonality, which would still make it the sharpest deceleration in 2 years, while a 3% beat would imply 160 bps decel and +6% QoQ seasonality.
  - Another way to look at it is in terms of net dollars added, **Q3 estimate of \$239M imply only \$3M of net new dollars after having added \$21.5M in Q2, representing an 88% discount.** For comparison, last year Q2 and Q3 net adds were equal, while in the prior two years Q3 net adds represented 20% and 12% discounts vs Q2. Against this, **a 3% consensus beat or \$246M in Q3 revenue would imply \$10M of net dollars added, a 53% discount vs Q2.** If we again assume sustained Q2 growth rather than acceleration, a 3% beat would imply \$13M of net dollars added in Q3 against \$17.5M added in Q2, which would be a 26% discount and the sharpest Q3 discount since IPO.
- **FY26 revenue guidance of \$936M-\$942M calling for +23.7% YoY growth at the midpoint has been left unchanged since inception** despite two quarters of outperformance (1% in Q1 and 4% in Q2) as management 1) assumes the same cautious macro environment since April persists along with the SMB softness highlighted in Q2, 2) de-risks execution given CFO transition and new leadership changes in product and GTM, and 3) accounts for recently implemented GTM changes which are expected to ramp through 2H26 and benefit starting in FY27. However, **with only one quarter left and greater visibility we expect management to raise its FY26 revenue guide to +25% YoY from +23%-24% prior.**
  - **Assuming Q4 revenue guidance implies +5% QoQ seasonality** against a beat-adjusted Q3 (inline with 2-year historical average) yields +22% YoY growth vs consensus calling for +19% and a FY26 guide raise to +26% YoY from +23%-24% prior.
  - **From a net dollars added perspective, assuming Q4 revenue guidance implies \$8M net dollars added** against a beat-adjusted Q3 (20% discount vs Q3, inline with 2-year historical average) yields +20% YoY growth vs consensus calling for +19% and a FY26 guide raise to +25% YoY from +23%-24% prior

#### Key Metrics in 3Q26:

- **Total Revenue:** MSe/consensus = \$238.5M/\$239.1M, +21.6%/22.0% YoY
  - Guidance: \$238M - \$239M, +21.4%-21.9% YoY

- Consensus implies 730 bps deceleration against 20bps tougher compare vs Q2
- Seasonality: +1.1%/+1.3% (MSe/cons) vs. 2-year historical QoQ growth of +7.3%
- **SaaS Subscription Revenue:** MSe/consensus = \$75.2M/\$72.4M, +32.6%/+27.6% YoY
  - Consensus implies 1,140 bps deceleration against 130bps easier compare vs Q2
  - Seasonality: +4.8%/+0.9% (MSe/cons) vs. 2-year historical QoQ growth of +10.4%
- **Self-Managed Subscription Revenue:** MSe/consensus = \$139.9M/\$143.6M, +18.0%/+21.1% YoY
  - Consensus implies 520 bps deceleration against 50bps tougher compare vs Q2
  - Seasonality: -0.7%/+1.9% (MSe/cons) vs. 2-year historical QoQ growth of +6%
- **Operating Income:** MSe/consensus = \$31.8M/\$32.2M, 13.3%/13.5% margin
  - Guidance: \$31M - \$32M, 13.0%-13.4% margin
- **Non-GAAP EPS:** MSe/consensus = \$0.20
  - Guidance: \$0.19 - \$0.20

#### Key Metrics in 4Q26 Guide:

- **Total Revenue:** MSe/consensus = \$252.3M/\$251.5M, +19.3%/+18.9% YoY
  - YoY Compare: 190 bps easier vs Q3
- **SaaS Subscription Revenue:** MSe/consensus = \$77.5M/\$76.4M, +28.3%/26.4% YoY
  - YoY Compare: 800 bps easier vs Q3
- **Self-Managed Subscription Revenue:** MSe/consensus = \$147.4M/\$148.6M, +17.8%/18.8% YoY
  - YoY Compare: 120 bps easier vs Q3
- **Operating Income:** MSe/consensus = \$38.2M/\$38.1M, 15.1% margin
- **Non-GAAP EPS:** MSe/consensus = \$0.22

#### Key Metrics for FY26 Guide:

- **Revenue:** MSe/consensus = \$941.3M/\$941.0M, +24.0%/23.9% YoY
  - Guidance: \$936M - \$942M, +23.3%-24% YoY
- **SaaS Subscription Revenue:** MSe/consensus = \$288.6M/\$282.3M, +33.4%/30.5% YoY
- **Self-Managed Subscription Revenue:** MSe/consensus = \$558.5M/\$565.8M, +21.7%/+23.3% YoY
- **Operating Income:** MSe/consensus = \$135.7M/\$135.9M, 14.4% margin
  - Guidance: \$133M - \$136M, 14.2%-14.4% margin
- **Non-GAAP EPS:** MSe/consensus = \$0.83/\$0.84
  - Guidance: \$0.82 - \$0.83

**Exhibit 19:** GTLB Consensus Table

GTLB	3Q26e		4Q26e		FY26e		FY27e	
	MS	Cons	MS	Cons	MS	Cons	MS	Cons
Total Revenue	\$238.5	\$239.1	\$252.3	\$251.5	\$941.3	\$941.0	\$1,110.3	\$1,130.0
YoY Growth	21.6%	22.0%	19.3%	18.9%	24.0%	23.9%	18.0%	20.1%
Subscription - SaaS	\$75.2	\$72.4	\$77.5	\$76.4	\$288.6	\$282.3	\$369.6	\$370.6
YoY Growth	32.6%	27.6%	28.3%	26.4%	33.4%	30.5%	28.0%	31.3%
Subscription - Self-managed	\$139.9	\$143.6	\$147.4	\$148.6	\$558.5	\$565.8	\$631.2	\$657.0
YoY Growth	18.0%	21.1%	17.8%	18.8%	21.7%	23.3%	13.0%	16.1%
Operating Income	\$31.8	\$32.2	\$38.2	\$38.1	\$135.7	\$135.9	\$166.8	\$176.6
Op. Margin	13.3%	13.5%	15.1%	15.1%	14.4%	14.4%	15.0%	15.6%
Non-GAAP EPS	\$0.20	\$0.20	\$0.22	\$0.22	\$0.83	\$0.84	\$0.93	\$1.00
FCF	\$9.7	\$11.7	\$32.4	\$36.4	\$192.6	\$201.6	\$238.6	\$242.2

Source: Company data, Morgan Stanley Research estimates, Visible Alpha

**Exhibit 20:** GTLB Beat vs. Consensus Table

% Beat vs. Consensus													4 Qtr. Avg.	8 Qtr. Avg.
GTLB	4Q23	1Q24	2024	3Q24	4Q24	1Q25	2025	3Q25	4Q25	1Q26	2026	4 Qtr. Avg.	8 Qtr. Avg.	
Total Revenue Beat	2.8%	7.7%	7.5%	6.1%	3.7%	2.0%	3.2%	4.2%	2.6%	0.7%	4.0%	2.9%	3.3%	
Sub Revenue Beat	-1.3%	5.8%	5.5%	5.6%	3.3%	2.4%	3.7%	4.5%	1.9%	1.1%	3.6%	2.8%	3.3%	
Non-GAAP Op. Margin Beat	1058bps	1055bps	498bps	695bps	446bps	511bps	384bps	260bps	351bps	181bps	616bps	352bps	431bps	
Non-GAAP EPS Beat	\$0.11	\$0.08	\$0.04	\$0.09	\$0.07	\$0.07	\$0.05	\$0.07	\$0.10	\$0.02	\$0.07	\$0.07	\$0.07	

Source: FactSet, Visible Alpha, Company data, Morgan Stanley Research estimates

**Exhibit 21:** GTLB Beat vs. Guidance Table

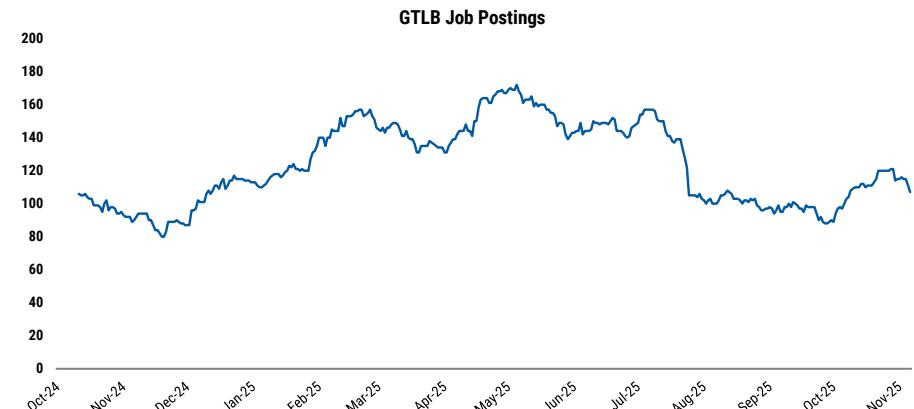
% Beat vs. Guidance													4 Qtr. Avg.	8 Qtr. Avg.
GTLB	4Q23	1Q24	2024	3Q24	4Q24	1Q25	2025	3Q25	4Q25	1Q26	2026	4 Qtr. Avg.	8 Qtr. Avg.	
Total Revenue Beat	2.9%	8.0%	7.8%	6.5%	4.0%	2.2%	3.4%	4.6%	2.9%	0.9%	4.2%	3.1%	3.6%	
Non-GAAP Op. Income - Mean	48.1%	43.4%	59.1%	-185.3%	140.7%	69.5%	73.1%	32.9%	31.2%	21.5%	68.4%	38.5%	31.5%	
Non-GAAP EPS Beat - Mean	\$0.12	\$0.09	\$0.04	\$0.11	\$0.07	\$0.08	\$0.06	\$0.08	\$0.11	\$0.03	\$0.08	\$0.07	\$0.07	

Source: FactSet, Visible Alpha, Company data, Morgan Stanley Research estimates

**Exhibit 22:** GTLB FY Guidance Raise Analysis

GTLB - Annual Guidance Raise													4 Qtr. Avg.	8 Qtr. Avg.
Earnings Date	13-Mar-23	5-Jun-23	5-Sep-23	4-Dec-23	4-Mar-24	3-Jun-24	3-Sep-24	5-Dec-24	4-Mar-25	10-Jun-25	3-Sep-25	4 Qtr. Avg.	8 Qtr. Avg.	
Earnings Quarter	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	4 Qtr. Avg.	8 Qtr. Avg.	
FY Consensus Estimate Pre-Earnings	\$585	\$533	\$543	\$557	\$731	\$733	\$737	\$744	\$744	\$940	\$939	\$941	\$941	
New FY Guidance Low End	\$529	\$541	\$555	\$573	\$725	\$733	\$742	\$753	\$753	\$936	\$936	\$936	\$936	
New FY Guidance High End	\$533	\$543	\$557	\$574	\$731	\$737	\$744	\$754	\$754	\$942	\$942	\$942	\$942	
New FY Guidance vs. Consensus at Midpoint	-9.2%	1.7%	2.4%	3.0%	-0.5%	0.3%	0.8%	1.2%	-0.1%	0.0%	-0.3%	-0.3%	-0.3%	
FY Guidance Raise	-	2.1%	2.6%	3.1%	-	1.0%	1.1%	1.4%	-	0.0%	0.0%	0.0%	0.0%	

Source: FactSet, Visible Alpha, Company data, Morgan Stanley Research estimates

**Exhibit 23:** Job Postings GTLB

Source: Link Up, Company data, Morgan Stanley Research

# MongoDB (OW, \$400 PT)

**Conversations With Channel Continue to Incrementally Improve.** With our Q2 checks representing the first time we had picked up on improvement with MongoDB in three quarters, our Q3 checks marked another period of sequential incremental improvement in terms of tone. That said, growth trends were largely pegged as stable, with partners coming within target and laying out preliminary expectations for continued mid/high teens growth in 2026. Additionally, we also picked up on anecdotes of MongoDB attaching to AI workloads for the first time, as well as early enthusiasm towards the recently announced Application Modernization Platform. We believe this to be a key AI opportunity for the company that could emerge as a growth vector over the next 12-18 months before a broader custom enterprise AI-application cycle (where management has noted it is still early days).

**Upside to Q3 Announced; But Magnitude Uncertain.** In conjunction with [recent CEO transition announcement](#) earlier this month, MongoDB also indicated that it expects to exceed the high end of its F3Q26 guidance ranges on revenue, non-GAAP operating income, and non-GAAP EPS – driven by continued strength in Atlas. However, given that management refrained from providing explicit numbers in the announcement, the magnitude of outperformance remains an ongoing debate into Q3 results / Q4 guidance. In this context, we see scope for a 250bps beat to consensus estimates in Atlas, implying YoY growth ~29% (vs. +29% YoY in Q2), and ~\$30 million dollars added sequentially (vs. ~\$42 million in Q2). Given momentum seen YTD, we also see scope for upside on Enterprise Advanced, anticipating a more moderate YoY decline of -6% (vs. consensus of -19% YoY). Together, this implies Q3 subscription revenue of ~\$603-\$604 million / +18% YoY leading to total revenue of \$620+ million implying YoY growth of +17-18%.

**Remain OW with \$400 PT.** While sentiment on MongoDB has meaningfully improved relative to Q2 reporting, with shares up 60%+ and now trading at ~9x CY27 revenue (0.57x growth adjusted, vs. large cap peers at 0.58x, we remain constructive opportunity to drive durable 20%+ growth in Atlas and ability to drive operating and free cash flow leverage in tandem. Over the next year, we think the improved growth in the core operational database workloads, driven by a continued push up-market and sales incentive changes, will sustain as the higher-quality FY25 and FY26 workloads ramp into FY27. While the timing of the custom enterprise AI-application cycle is difficult to pin down (management notes that it is still early days), we think another AI opportunity for the company – application modernization – may start to contribute before MongoDB benefits from an AI app build cycle that has achieved escape velocity.

## Key Metrics for F3Q26:

- **Total Revenue:** MSe/consensus = \$590.8M/\$594.2M, +11.6%/+12.2% YoY
  - Guidance = \$587.0M-\$592.0M
  - Compare: ~9.5pts harder YoY
- **Atlas Revenue:** MSe/consensus = \$458.2M/\$455.8M, +26.4%/+25.7% YoY
  - Compare: ~70bps easier YoY

### Key Metrics for F4Q26:

- **Atlas Revenue:** MSe/consensus = \$482.3M/\$484.0M, +24.0%/+24.4% YoY
  - Compare: ~2.3pts easier YoY
- **Total Revenue:** MSe/consensus = \$626.3M/\$626.9M, +14.2%/+14.3% YoY
  - Compare: ~2.5pts easier YoY

### Key Metrics for FY26:

- **Total Revenue:** MSe/consensus = \$2,357.5M/\$2,361.5M, +17.5%/+17.7% YoY
- **Atlas Revenue:** MSe/consensus = \$1,774.5M/\$1,773.3M, +26.3%/+26.2% YoY

### Exhibit 24: MDB Consensus Table

MDB	3Q26e		4Q26e		FY26e		FY27e	
	MS	Cons	MS	Cons	MS	Cons	MS	Cons
Subscription Revenue	\$571.8	\$575.4	\$606.1	\$607.7	\$2,281.7	\$2,286.9	\$2,678.8	\$2,691.9
YoY Growth	11.6%	12.3%	14.2%	14.5%	17.4%	17.6%	17.4%	17.7%
Total Revenue	\$590.8	\$594.2	\$626.3	\$626.9	\$2,357.5	\$2,361.5	\$2,761.6	\$2,774.9
YoY Growth	11.6%	12.2%	14.2%	14.3%	17.5%	17.7%	17.1%	17.5%
Atlas Revenue	\$458.2	\$455.8	\$482.3	\$484.0	\$1,774.5	\$1,773.3	\$2,167.0	\$2,169.3
YoY Growth	26.4%	25.7%	24.0%	24.4%	26.3%	26.2%	22.1%	22.3%
Current Billings	\$573.8	\$589.5	\$684.1	\$680.7	\$2,339.8	\$2,350.5	\$2,758.6	\$2,788.7
YoY Growth	12.8%	15.9%	14.7%	14.1%	17.9%	18.5%	17.9%	18.6%
Billings	\$570.9	\$584.8	\$688.9	\$686.2	\$2,349.6	\$2,361.7	\$2,753.5	\$2,790.3
YoY Growth	11.6%	14.3%	14.2%	13.8%	18.1%	18.7%	17.2%	18.1%
Operating Income	\$69.4	\$72.1	\$85.3	\$88.5	\$328.9	\$334.6	\$441.1	\$433.1
Op. Margin	11.7%	12.1%	13.6%	14.1%	14.0%	14.2%	16.0%	15.6%
Non-GAAP EPS	\$0.74	\$0.82	\$0.87	\$0.95	\$3.61	\$3.76	\$4.51	\$4.42
FCF	\$68.5	\$30.9	\$75.7	\$45.9	\$320.1	\$260.5	\$426.7	\$338.9
Customer Count	62,000	60,519	64,000	62,199	64,000	62,598	73,700	70,130

Source: Visible Alpha, Company data, Morgan Stanley Research estimates

### Exhibit 25: MDB Beat vs. Consensus Table

MDB	% Beat vs. Consensus												4 Qtr. Avg.	8 Qtr. Avg.
	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26		
Total Revenue Beat	6.5%	5.7%	7.8%	6.7%	5.4%	2.1%	2.9%	6.4%	5.6%	4.1%	6.8%	5.7%	5.7%	5.0%
Sub Revenue Beat	6.3%	5.8%	8.0%	6.9%	6.0%	2.4%	3.0%	6.1%	5.4%	3.8%	6.6%	5.5%	5.5%	5.0%
Non-GAAP Op. Margin Beat	803.4bps	755.8bps	855.7bps	683.0bps	627.8bps	101.8bps	275.0bps	715.6bps	932.9bps	500.9bps	393.1bps	635.6bps	528.8bps	
Non-GAAP EPS Beat	\$0.50	\$0.35	\$0.46	\$0.43	\$0.37	\$0.09	\$0.19	\$0.47	\$0.63	\$0.33	\$0.35	\$0.44	\$0.36	
Billings Beat	3.0%	-7.5%	-4.6%	-13.0%	0.0%	-3.2%	6.7%	7.4%	5.2%	2.9%	7.1%	5.6%	1.7%	
Atlas Beat	7.4%	9.9%	3.4%	3.9%	4.8%	1.3%	2.1%	1.5%	4.5%	1.6%	4.6%	3.0%	3.0%	3.0%

Source: FactSet, Visible Alpha, Company data, Morgan Stanley Research estimates

### Exhibit 26: MDB Beat vs. Guidance Table

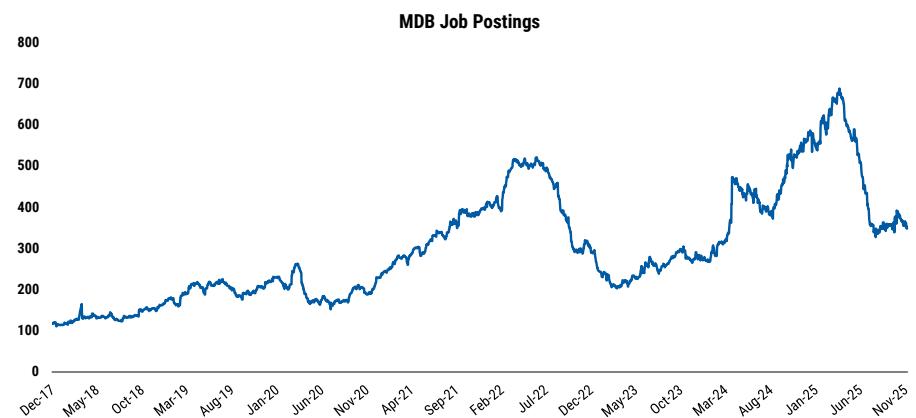
MDB	% Beat vs. Guidance												4 Qtr. Avg.	8 Qtr. Avg.
	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26		
Total Revenue Beat	7.7%	8.0%	8.7%	7.7%	6.3%	2.9%	3.5%	6.9%	6.1%	4.3%	7.4%	6.2%	6.2%	5.6%
Non-GAAP Op. Income Beat - Mean	NM	NM	111.0%	84.7%	89.5%	39.6%	43.9%	73.5%	99.1%	56.1%	52.3%	70.2%	67.3%	
Non-GAAP EPS Beat - Mean	\$0.50	\$0.37	\$0.49	\$0.48	\$0.41	\$0.15	\$0.23	\$0.50	\$0.65	\$0.35	\$0.36	\$0.46	\$0.39	

Source: FactSet, Visible Alpha, Company data, Morgan Stanley Research estimates

### Exhibit 27: MDB FY Guidance Raise Analysis

MDB - Annual Guidance Raise	Earnings Date	8-Mar-23	1-Jun-23	31-Aug-23	5-Dec-23	7-Mar-24	30-May-24	29-Aug-24	9-Dec-24	6-Mar-25	4-Jun-25	26-Aug-25	4 Qtr. Avg.	8 Qtr. Avg.
	Earnings Quarter	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	2025	3Q25	4Q25	1Q26		
	Fwd Year Guide	FY24	FY24	FY24	FY24	FY24	FY25	FY25	FY25	FY25	FY25	FY26		
Total Revenue	FY Consensus Estimate Pre-Earnings	\$1,584	\$1,514	\$1,558	\$1,615	\$2,028	\$1,938	\$1,905	\$1,935	\$2,266	\$2,271	\$2,290		
	New FY Guidance Low End	\$1,480	\$1,522	\$1,596	\$1,654	\$1,900	\$1,880	\$1,920	\$1,973	\$2,240	\$2,250	\$2,340		
	New FY Guidance High End	\$1,510	\$1,542	\$1,608	\$1,658	\$1,930	\$1,900	\$1,930	\$1,977	\$2,280	\$2,290	\$2,360		
New FY Guidance vs. Consensus at Midpoint	-5.6%	1.2%	2.8%	2.5%	-5.6%	-2.5%	1.0%	2.1%	-0.3%	-0.1%	2.6%	0.4%	3.5%	
FY Guidance Raise	-	2.5%	4.6%	3.4%	-	-1.3%	1.9%	2.6%	-					

Source: FactSet, Visible Alpha, Company data, Morgan Stanley Research estimates

**Exhibit 28:** Job Postings MDB

Source: Link Up, Company data, Morgan Stanley Research

# PagerDuty Inc. (EW, \$17 PT)

**Modest Expectations Heading Into Q3 Against a Mixed Setup.** PagerDuty heads into 3Q26 earnings with shares down 15% YTD (vs NASDAQ up 20%) - though generally flat since last reporting (vs NASDAQ +6%) - while trading at a discount vs peers on an absolute basis (2.8x EV/CY27 Sales vs DevOps mean/median 7.3x/5.3x) but generally inline on a growth adjusted basis (0.40x vs 0.41x/0.36x), limiting multiple support if growth fails to re-accelerate. This reflects modest expectations, which we view as warranted given two consecutive quarters of disappointing results and 2H ARR consensus estimates that imply a significant rebound in net new ARR (\$24M in 2H vs \$5M added in 1H). Considering the execution challenges so far in 1H against modestly improving channel feedback in Q3, we view the setup for PagerDuty as mixed, particularly given that so far this earnings season we have seen that for shares to move higher, at a minimum companies need to not only beat-and-raise, but they need to do so convincingly by delivering a greater beat magnitude vs prior quarters while raising the FY guide by more than the beat. Against this, we expect PagerDuty to deliver a modest beat-and-raise with +6% YoY revenue growth in Q3 (1% beat) and +5% YoY Q4 guide (inline). **Bottom line, despite modest investor expectations and relatively encouraging channel feedback, we view the setup for PagerDuty as mixed heading into Q3 results, and with shares trading inline on a growth-adjusted basis there's potential for further pressure if growth fails to re-accelerate.**

**Stable But Relatively Improving Channel Feedback.** Positively, our channel conversations this quarter, albeit limited, sounded stable with a relative improvement QoQ, with partners generally beating their targets and pointing to high-single-digit growth. Q3 performance was supported by sustained seat expansion activity, increased contribution from AI Ops usage-based pricing, and some encouraging platform level wins. Looking ahead partners expect sustained growth with the potential for gradual improvement, though no one expects a material re-acceleration in 2026 yet.

**Mixed Setup Calling For Meaningfully Higher 2H NNARR.** Following disappointing Q2 results, management lowered the high-end of its FY revenue guide to \$493M-\$497M (+6% YoY) with NRR expected to sustain at ~102% and calling for meaningfully higher 2H net new ARR backed by a new North America sales leader, flatter organization, more flexible licensing, and usage-based monetization into a renewal-heavy back half. Against this and given improving channel feedback, we view the setup for PagerDuty as mixed, with Q3 consensus estimates of \$508M ARR (+5.2% YoY) implying \$9.4M of Net New ARR (+16% YoY) after only adding \$2M/\$3M in Q1/Q2 both down by over 70% YoY. On revenue, current estimates of \$125M (+5.1% YoY) imply 135 bps deceleration against 170 bps tougher YoY compare vs Q2 and QoQ seasonality that is not too far from the 2yr historical average (+1.3% vs +1.8%). Taken together, **we expect PagerDuty to deliver +6% YoY revenue growth (1% above consensus) while raising its FY guide by the beat and Q4 guide in line with consensus at +5% YoY.** On ARR, a sequential rebound in NNARR is possible given the larger renewal base and encouraging channel feedback, though **we'd expect something in the mid-to-high single digit range (~\$8M NNARR) yielding +5% YoY ARR growth that is generally in line with consensus.**

### Key Metrics in 3Q26:

- **Revenue:** MSe/consensus = \$125.0M, +5.1% YoY
  - Guidance = \$124M-\$126M, +4.2%-5.9% YoY
  - Consensus implies 140 bps deceleration against 170 bps tougher YoY compare vs. Q2
  - Seasonality: +1.3% (MSe/cons) vs. 2-year historical QoQ growth of +1.8%
- **ARR:** MSe/consensus = \$509.4M/\$508.3M, +5.5%/+5.2% YoY
  - Consensus implies sustained growth against flat YoY compare vs Q2
  - Seasonality: +2% (MSe/cons) vs 2-year historical QoQ growth of +2%
- **Net New ARR:** MSe/consensus = \$10.4M/\$9.3M
- **Operating Income:** MSe/consensus = \$26.2M/\$26.6M, 21.0%/21.3% margin
  - Guidance = 21%
- **Non-GAAP EPS:** MSe/consensus = \$0.25
  - Guidance = \$0.24-\$0.25

### Key Metrics for 4Q26 Guide:

- **Revenue:** MSe/consensus = \$126.8M/\$127.4, +4.4%/+4.9% YoY
  - YoY Compare: 10 bps easier vs Q3
- **ARR:** MSe/consensus = \$519.1M/\$523.1, +5.1%/+5.9% YoY
  - YoY Compare: 70 bps easier vs Q3
- **Operating Income:** MSe/consensus = \$24.2M/\$26.1M, 19.1%/20.5% margin
- **Non-GAAP EPS:** MSe/consensus = \$0.23/\$0.25

### Key Metrics for FY26 Guide:

- **Revenue:** MSe/consensus = \$495.0M/\$495.6M, +6% YoY
  - Guidance: \$493M - \$497M, +5.5%-6.3%
- **ARR:** MSe/consensus = \$519.1M/\$523.1M, +5.1%/+5.9% YoY
- **Operating Income:** MSe/consensus = \$106.2M/\$108.5M, 21.5%/21.9% margin
  - Guidance: 21%-22% margin
- **Non-GAAP EPS:** MSe/consensus = \$1.02/\$1.04
  - Guidance: \$1.00-\$1.04

**Exhibit 29:** PD Consensus Table

PD	3Q26e		4Q26e		FY26e		FY27e	
	MS	Cons	MS	Cons	MS	Cons	MS	Cons
Total Revenue	\$125.0	\$125.0	\$126.8	\$127.4	\$495.0	\$495.6	\$527.2	\$530.5
YoY Growth	5.1%	5.1%	4.4%	4.9%	5.9%	6.0%	6.5%	7.0%
ARR	\$509.4	\$508.3	\$519.1	\$523.1	\$519.1	\$523.1	\$558.5	\$560.7
YoY Growth	5.5%	5.2%	5.1%	5.9%	5.1%	5.9%	7.6%	7.2%
Billings	\$133.2	\$130.3	\$158.6	\$159.3	\$519.1	\$517.0	\$553.1	\$557.3
YoY Growth	13.1%	10.6%	5.4%	5.9%	7.0%	6.6%	6.5%	7.8%
Operating Income	\$26.2	\$26.6	\$24.2	\$26.1	\$106.2	\$108.5	\$113.5	\$122.3
Op. Margin	21.0%	21.3%	19.1%	20.5%	21.5%	21.9%	21.5%	23.1%
Non-GAAP EPS	\$0.25	\$0.25	\$0.23	\$0.25	\$1.02	\$1.04	\$1.13	\$1.16
FCF	\$29.3	\$26.5	\$29.9	\$32.4	\$118.3	\$118.1	\$126.2	\$130.2

Source: FactSet, Company data, Morgan Stanley Research estimates

**Exhibit 30: PD Beat vs. Consensus Table**

	% Beat vs Consensus												4 Qtr. Avg.	8 Qtr. Avg.
	PD	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26		
Total Revenue Beat		1.9%	0.0%	3.6%	0.0%	0.6%	-0.6%	2.0%	1.4%	0.5%	-0.2%	0.5%	0.5%	0.5%
Non-GAAP Op. Margin Beat	411bps	870bps	525bps	442bps	700bps	364bps	411bps	777bps	501bps	451bps	818bps	636bps	472bps	536bps
Non-GAAP EPS Beat	\$0.05	\$0.10	\$0.07	\$0.06	\$0.02	\$0.04	\$0.04	\$0.08	\$0.05	\$0.05	\$0.10	\$0.07	\$0.06	\$0.06
Billings Beat	2.5%	-3.7%	-2.6%	-4.9%	-0.6%	1.6%	-0.9%	-1.7%	-2.7%	-2.0%	-4.1%	-2.6%	-1.9%	-1.9%

Source: FactSet, Visible Alpha, Company data, Morgan Stanley Research estimates

**Exhibit 31: PD Beat vs. Guidance Table**

	% Beat vs. Guidance												4 Qtr. Avg.	8 Qtr. Avg.
	PD	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26		
Total Revenue Beat - Mean		2.0%	0.2%	3.0%	1.1%	0.6%	-0.3%	-0.5%	2.1%	1.6%	0.7%	-0.1%	0.7%	0.7%
Non-GAAP EPS Beat - Mean	\$0.05	\$0.09	\$0.07	\$0.07	\$0.03	\$0.05	\$0.05	\$0.09	\$0.07	\$0.06	\$0.11	\$0.08	\$0.06	\$0.06

Source: FactSet, Visible Alpha, Company data, Morgan Stanley Research estimates

**Exhibit 32: PD FY Guidance Raise Analysis**

PD - Annual Guidance Raise	Annual Guidance Raise												3-Sep-25
	Earnings Date	15-Mar-23	1-Jun-23	31-Aug-23	30-Nov-23	14-Mar-24	30-May-24	3-Sep-24	26-Nov-24	14-Mar-25	29-May-25	3-Sep-25	
	Earnings Quarter	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	
<b>Total Revenue</b>													
FY Consensus Estimate Pre-Earnings		\$450	\$449	\$429	\$430	\$482	\$476	\$475	\$465	\$504	\$504	\$497	
New FY Guidance Low End		\$446	\$425	\$426	\$429	\$470	\$471	\$463	\$465	\$500	\$493	\$493	
New FY Guidance High End		\$452	\$430	\$430	\$431	\$478	\$477	\$467	\$467	\$507	\$499	\$497	
<b>New FY Guidance vs. Consensus at Midpoint</b>	-0.3%	-4.8%	-0.2%	0.0%	-1.7%	-0.4%	-2.0%	0.1%	-0.1%	-1.5%	-0.4%	-0.2%	
<b>FY Guidance Raise</b>	-	-4.8%	0.1%	0.5%	-	0.0%	-1.9%	0.1%	-	-1.5%	-	-0.2%	

Source: FactSet, Visible Alpha, Company data, Morgan Stanley Research estimates

**Exhibit 33: Jobs Postings PD**

Source: Link Up, Company data, Morgan Stanley Research

# Snowflake Inc (OW, \$272 PT)

**Checks Point to a Healthy Spend Environment.** Channel checks point to a still strong demand backdrop, with partners also indicating stability in expectations for growth into 2026. Core warehousing/analytics remains the most dependable driver as enterprises keep physically centralizing data and broadening usage across regions and business units, and something partners expect to remain durable over the near / medium term. From a new product perspective, channel partners also spoke to encouraging customer interest towards Snowpark, Cortex, and Snowflake Intelligence (which went GA last week). On this point, we would note that during our October NDR, CEO Sridhar Ramaswamy framed Snowflake Intelligence as the most important thing that Snowflake is doing as a company today.

**Expect 3%+ Upside to Product Revenue.** While product revenue has exceeded guidance by more than 3% in the first half of FY26, during our [October NDR](#), management re-emphasized that the magnitude of the beat will vary from quarter to quarter, and that a 3% product revenue beat is a good outcome for a company of its scale. Into F3Q, we ultimately believe a 3%+ beat in Q3 is largely achievable, implying ~30% YoY growth in product revenue (vs. the midpoint) on a reported and on a days adjusted basis and ~flat YoY growth in net new product revenue (vs. the -44% YoY implied by the high end of guidance). In this scenario, we would also expect Q4 guidance to come in ~1% ahead of consensus, implying ~26.5% YoY growth in product revenue – or exiting the year around 30% growth assuming another ~3% beat.

**Remain OW with \$272 PT.** With shares trading ~15x CY27 revenue (0.66x growth adjusted, vs large cap peers at 0.58x) and ~56x CY27 FCF (2.31x growth adjusted, vs large cap peers at 1.67x), and up 30%+ vs. Q2 reporting, we remain mindful that buyside expectations also could be sitting closer to ~400bps+ of upside to product revenue on Q3, with Q4 product revenue potentially seen at 30%+. At the same time, we remain convicted towards the durability of growth exiting CY25 and into next year given the continuation of supportive checks helping given confidence in continued strength in the core, alongside the potential for new product cycles to contribute more meaningfully.

## Key Metrics in F3Q26:

- **Product Revenue:** MSe/consensus = \$1,130.0M/\$1,133.1M, +25.5%/+25.9% YoY
  - Guidance = \$1,125M-\$1,130M
  - Compare: ~60bps easier YoY

## Key Metrics for FY26:

- **Product Revenue:** MSe/consensus = \$4,400.1M/\$4,404.7M, +27.1%/+27.2% YoY
  - Guidance: \$4,395M

**Exhibit 34:** SNOW Consensus Table

SNOW	3Q26e		4Q26e		FY26e		FY27e	
	MS	Cons	MS	Cons	MS	Cons	MS	Cons
Product Revenue	\$1,130.0	\$1,133.1	\$1,182.7	\$1,184.3	\$4,400.1	\$4,404.7	\$5,402.5	\$5,470.2
YoY Growth	25.5%	25.9%	25.4%	25.5%	27.1%	27.2%	22.8%	24.2%
Total Revenue	\$1,179.1	\$1,184.1	\$1,233.7	\$1,237.6	\$4,599.9	\$4,608.7	\$5,624.9	\$5,704.4
YoY Growth	25.2%	25.7%	25.0%	25.4%	26.8%	27.1%	22.3%	23.8%
Billings	\$1,332.9	\$1,361.9	\$1,755.9	\$1,941.0	\$4,960.3	\$5,159.1	\$5,818.9	\$6,334.6
YoY Growth	24.8%	27.5%	10.1%	21.7%	23.7%	28.7%	17.3%	22.8%
Operating Income	\$105.6	\$110.2	\$90.6	\$102.1	\$415.4	\$431.5	\$617.9	\$640.4
Op. Margin	9.0%	9.3%	7.3%	8.3%	9.0%	9.4%	11.0%	11.2%
Non-GAAP EPS	\$0.30	\$0.31	\$0.27	\$0.30	\$1.15	\$1.20	\$1.77	\$1.67
FCF	\$248.3	\$280.1	\$613.0	\$596.7	\$1,103.0	\$1,108.1	\$1,383.9	\$1,441.4

Source: Visible Alpha, Company data, Morgan Stanley Research estimates

**Exhibit 35:** SNOW Beat vs. Consensus Table

SNOW	% Beat vs. Consensus												
	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	4 Qtr. Avg.	8 Qtr. Avg.
Product Revenue Beat	2.8%	3.2%	2.5%	3.5%	2.0%	5.1%	2.2%	6.2%	3.1%	3.5%	4.7%	4.4%	3.8%
Total Revenue Beat	2.3%	2.3%	1.8%	2.9%	1.8%	5.1%	2.1%	4.6%	3.0%	3.4%	5.2%	4.1%	3.5%
Non-GAAP Op. Margin Beat	386.0bps	431.6bps	549.4bps	526.4bps	427.6bps	50.2bps	170.3bps	287.1bps	500.2bps	328.3bps	295.3bps	352.7bps	323.2bps
Non-GAAP EPS Beat	\$0.09	\$0.10	\$0.12	\$0.09	\$0.17	\$0.04	\$0.02	\$0.05	\$0.12	\$0.02	\$0.08	\$0.07	\$0.06

Source: FactSet, Visible Alpha, Company data, Morgan Stanley Research estimates

**Exhibit 36:** SNOW Beat vs. Guidance Table

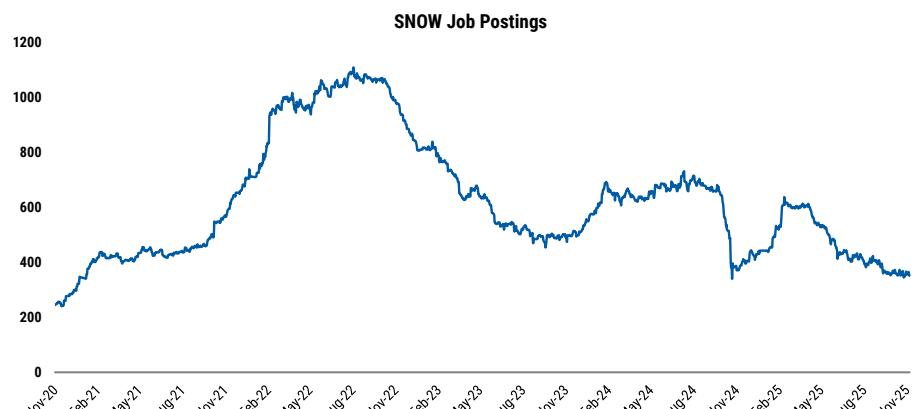
SNOW	% Beat vs. Guidance												
	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	4 Qtr. Avg.	8 Qtr. Avg.
Product Rev Beat - Mean	3.3%	3.4%	2.8%	3.9%	2.7%	5.6%	2.7%	5.6%	3.8%	4.1%	5.1%	4.7%	4.2%
Product Rev Beat - High End	2.8%	3.0%	2.4%	3.5%	2.4%	5.3%	2.4%	5.3%	3.5%	3.8%	4.9%	4.4%	3.9%
Product Rev Beat - Low End	3.8%	3.9%	3.3%	4.3%	3.1%	6.0%	3.0%	5.9%	4.1%	4.4%	5.4%	4.9%	4.5%

Source: FactSet, Visible Alpha, Company data, Morgan Stanley Research estimates

**Exhibit 37:** SNOW FY Guidance Raise Analysis

SNOW - Annual Guidance Raise	SNOW - Annual Guidance Raise											
	Earnings Date	1-Mar-23	24-May-23	23-Aug-23	29-Nov-23	28-Feb-24	22-May-24	21-Aug-24	20-Nov-24	26-Feb-25	21-May-25	27-Aug-25
	Earnings Quarter	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26
FY Consensus Estimate Pre-Earnings	\$2.817	\$2.708	\$2.605	\$2.608	\$3.471	\$3.279	\$3.330	\$3.372	\$4.238	\$4.285	\$4.342	
New FY Guidance Low End	\$2.705	\$2.600	\$2.600	\$2.650	\$3.250	\$3.300	\$3.356	\$3.430	\$4.280	\$4.325	\$4.395	
New FY Guidance High End	\$2.705	\$2.600	\$2.600	\$2.650	\$3.250	\$3.300	\$3.356	\$3.430	\$4.280	\$4.325	\$4.395	
New FY Guidance vs. Consensus at Midpoint	-4.0%	-4.0%	-0.2%	1.6%	-6.4%	0.7%	0.8%	1.7%	1.0%	0.9%	1.2%	
FY Guidance Raise	-	-3.9%	0.0%	1.9%	-	1.5%	1.7%	2.2%	1.1%	1.6%		

Source: FactSet, Visible Alpha, Company data, Morgan Stanley Research estimates

**Exhibit 38:** Job Postings SNOW

Source: Link Up, Company data, Morgan Stanley Research

# UiPath (EW, \$15 PT)

**Can Q3 Show Further Signs of Improvement?** Q2 results showed improvement across multiple fronts with Total ARR coming in ahead of the high-end of guidance and consensus as net-new ARR growth improved to -30% (vs -39% in Q1) and net retention stabilized at 108% after multiple quarters of slowing expansion. Alongside the better-than-expected Q2 results, the company made a multitude of positive announcements during its Fusion conference, including a new collaboration with Snowflake, providing UiPath with a robust data asset to expand Maestro's capabilities and ultimately build AI agents. Share performance has followed accordingly with shares +31% over the trailing three month period (vs SMID Cap average -2%), however, our latest round of partner checks continue to suggest some level of pressure on growth with the majority of partners noting performance in-line with expectations with no material change to growth estimates for 2026. On the latter, commentary was positive on the company's Agent Builder and Orchestrator solutions with one partner noting the offerings are "helping open up discussions on net new and upsell opportunities" and another noting "Agent Builder has been a bigger key word in conversations", though commentary suggests partners are taking a cautious approach regarding near-term contribution with one partner noting they "have a long runway from an automation perspective but they do not expect an immediate acceleration". All in, signs of AI-related product traction are encouraging, though it sounds as though it is still at a more conversational level relative to meaningful deployments.

**Setup Skews Favorably, Though Federal Adds a Layer of Uncertainty.** Following a solid Q2 performance and a conference with multiple positive highlights, expectations likely skew towards (or above) the higher end of management's guidance range. Consensus' Q3 ARR estimate of \$1,773M implies NNARR of \$50M (-11% YoY), roughly in-line with the midpoint of management's current guidance range of \$1,771M-\$1,776M. Accounting for a 195 bps easier YoY compare (on Total ARR) and the company beating the midpoint of the Q2 guidance range by \$5.5M on a 215 bps easier YoY compare, believe investors are targeting Q3 ARR of \$1,779-\$1,780M, implying a beat similar to Q2 and NNARR of \$56M-\$57M (flat-up 2% YoY). Would also note our FX-related estimates have remained fairly consistent since guidance was provided at a ~140 bps tailwind. Regarding FY26, consensus ARR estimates of \$1,836M (+10% YoY) imply NNARR of ~\$62M (+6% YoY), roughly in-line with the midpoint of management's guidance for Total ARR of \$1,834M-\$1,839M. While the company flowed through more than the Q2 beat to the FY, we believe management could take a more prudent approach to its FY outlook to account for ongoing federal-related uncertainty.

**Bottom line, our checks remained relatively stable quarter-over-quarter with agentic commentary skewing favorably, though monetization unlikely to impact performance over the near-term.** A stronger Q2 performance and positive conference announcements likely drives expectations modestly higher with investors likely expecting some level of the Q3 upside to be flowed through to the FY to gain confidence in management's ability to navigate ongoing top-line pressures.

## Key Metrics in Q3:

- **Annual Recurring Revenue:** MSe/consensus = \$1,774M/\$1,773M, +10%/+10% YoY
  - Guidance: \$1,771M-\$1,776M

- Compare: 195 bps easier YoY compare
- Seasonality: +3% (MSe) vs. +4% last year
- Net-new ARR: \$51 million vs. prior quarter = \$30 million; year-ago = \$56 million
- **Total Revenues:** MSe/consensus = \$394M/\$393M, +11%/+11% YoY
  - Guidance: \$390M-\$395M
  - Compare: 125 bps easier YoY compare
  - Seasonality: +9% (MSe) vs. +12% last year

#### Key Guidance Metrics:

- **Q4 Revenue:** MSe/consensus = \$463M/\$463M, up +9%/+9% YoY
- **Q4 ARR:** MSe/consensus = \$1,837M/\$1,836M, up +10%/+10% YoY
- **Q4 Operating Income:** MSe/consensus = \$138M/\$138M, 30%/30% margin
- **FY26 Revenue:** MSe/consensus = \$1,575M/\$1,574M, up +10%/+10% YoY
- **FY26 ARR:** MSe/consensus = \$1,837M/\$1,836M, up +10%/+10% YoY
- **FY26 Operating Income:** MSe/consensus = \$340M/\$340M, 22%/22% margin

**Exhibit 39:** PATH Consensus Table

PATH	3Q26e		4Q26e		FY26e		FY27e	
	MS	Cons.	MS	Cons.	MS	Cons.	MS	Cons.
Total Revenue Growth, YoY	\$393.9 11.1%	\$392.8 10.7%	\$462.5 9.2%	\$462.7 9.2%	\$1,574.7 10.1%	\$1,573.8 10.1%	\$1,660.2 5.4%	\$1,710.9 8.7%
License Revenue Growth, YoY	\$138.9 1.2%	\$137.3 0.1%	\$204.7 3.6%	\$199.6 1.0%	\$584.0 -0.5%	\$577.4 -1.7%	\$573.0 -1.9%	\$579.7 0.4%
Maintenance and Support Revenue Growth, YoY	\$244.0 17.9%	\$244.0 17.9%	\$246.6 14.6%	\$251.7 16.9%	\$946.2 18.0%	\$951.4 18.6%	\$1,041.0 10.0%	\$1,085.4 14.1%
Services Revenue Growth, YoY	\$11.0 4.0%	\$11.5 8.5%	\$11.2 3.5%	\$11.3 4.9%	\$44.4 9.5%	\$45.0 11.1%	\$46.2 4.1%	\$46.3 2.7%
Annual Recurring Revenue (ARR) Growth, YoY	\$1,774.0 10.4%	\$1,773.1 10.4%	\$1,837.1 10.3%	\$1,835.8 10.2%	\$1,837.1 10.3%	\$1,835.8 10.2%	\$1,996.7 8.7%	\$2,000.5 9.0%
Operating Income Operating Margin	\$70.5 17.9%	\$70.1 17.9%	\$138.0 29.8%	\$138.1 29.9%	\$340.4 21.6%	\$340.2 21.6%	\$341.6 20.6%	\$382.4 22.4%
FCF	\$40.7	\$61.2	\$217.1	\$158.7	\$405.5	\$367.5	\$404.0	\$411.1

Source: Visible Alpha, Company data, Morgan Stanley Research estimates

**Exhibit 40:** PATH Beat vs. Consensus Table

% Beat vs. Consensus	PATH	4Q23	1Q24	2024	3Q24	4Q24	1Q25	2025	3Q25	4Q25	1Q26	2026	4 Qtr. Avg.	8 Qtr. Avg.
Total Revenue Beat		10.7%	6.8%	1.9%	3.2%	7.0%	0.6%	4.1%	2.0%	-0.3%	7.4%	4.1%	3.3%	3.5%
Non-GAAP Op. Margin Beat		960.bbps	1479.bbps	690.8bps	330.0bps	682.2bps	-142.6bps	186.6bps	625.1bps	815.5bps	610.0bps	567.2bps	654.4bps	459.2bps
Non-GAAP EPS Beat		\$0.09	\$0.09	\$0.06	\$0.05	\$0.06	\$0.02	\$0.01	\$0.04	\$0.06	\$0.01	\$0.07	\$0.05	\$0.04
ARR Beat		2.4%	0.2%	0.3%	1.2%	2.0%	-0.2%	0.3%	0.7%	-0.4%	0.2%	0.3%	0.2%	0.5%

Source: FactSet, Visible Alpha, Company data, Morgan Stanley Research estimates

**Exhibit 41:** PATH Beat vs. Guidance Table

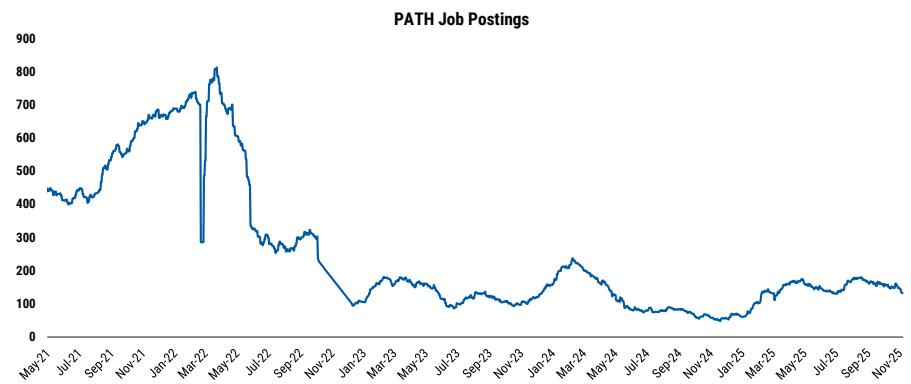
% Beat vs. Guidance	PATH	4Q23	1Q24	2024	3Q24	4Q24	1Q25	2025	3Q25	4Q25	1Q26	2026	4 Qtr. Avg.	8 Qtr. Avg.
Total Revenue Beat - Mean		11.0%	6.9%	2.1%	3.3%	5.7%	0.8%	4.5%	2.1%	-0.2%	7.3%	4.1%	3.3%	3.4%
Total ARR Beat - Mean		2.5%	0.1%	0.3%	1.2%	0.8%	-0.2%	0.4%	0.3%	-0.3%	0.3%	0.3%	0.1%	0.3%
Non-GAAP Op. Income Beat - Mean		97.8%	NM	NM	36.5%	41.7%	-8.4%	NM	84.2%	34.0%	54.7%	55.7%	57.2%	42.6%

Source: FactSet, Visible Alpha, Company data, Morgan Stanley Research estimates

**Exhibit 42:** PATH FY Guidance Raise Analysis

PATH - Annual Guidance Raise												
Earnings Date	15-Mar-23	24-May-23	6-Sep-23	30-Nov-23	13-Mar-24	29-May-24	5-Sep-24	5-Dec-24	13-Mar-25	29-May-25	4-Sep-25	
Earnings Quarter	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	
Fwd Year Guide	FY24	FY24	FY24	FY24	FY25	FY25	FY25	FY25	FY26	FY26	FY26	
<b>Total Revenue</b>												
FY Consensus Estimate Pre-Earnings	\$1,217	\$1,254	\$1,267	\$1,275	\$1,526	\$1,557	\$1,408	\$1,423	\$1,528	\$1,521	\$1,552	
New FY Guidance Low End	\$1,253	\$1,267	\$1,273	\$1,273	\$1,555	\$1,405	\$1,420	\$1,428	\$1,525	\$1,549	\$1,571	
New FY Guidance High End	\$1,258	\$1,272	\$1,278	\$1,278	\$1,560	\$1,410	\$1,425	\$1,433	\$1,530	\$1,554	\$1,576	
<b>New FY Guidance vs. Consensus at Midpoint</b>	<b>3.1%</b>	<b>1.3%</b>	<b>0.6%</b>	<b>0.0%</b>	<b>2.0%</b>	<b>-9.6%</b>	<b>1.1%</b>	<b>0.5%</b>	<b>0.0%</b>	<b>2.0%</b>	<b>1.4%</b>	
<b>FY Guidance Raise</b>	-	1.1%	0.5%	0.0%	-	-9.6%	1.1%	0.6%	-	1.6%	1.4%	
<b>Annual Recurring Revenue</b>												
FY Consensus Estimate Pre-Earnings	\$1,382	\$1,428	\$1,430	\$1,435	\$1,685	\$1,728	\$1,663	\$1,668	\$1,818	\$1,815	\$1,822	
New FY Guidance Low End	\$1,425	\$1,427	\$1,432	\$1,450	\$1,725	\$1,660	\$1,665	\$1,669	\$1,816	\$1,820	\$1,834	
New FY Guidance High End	\$1,430	\$1,432	\$1,437	\$1,455	\$1,730	\$1,665	\$1,670	\$1,674	\$1,821	\$1,825	\$1,839	
<b>New FY Guidance vs. Consensus at Midpoint</b>	<b>3.3%</b>	<b>0.1%</b>	<b>0.3%</b>	<b>1.2%</b>	<b>2.5%</b>	<b>-3.8%</b>	<b>0.3%</b>	<b>0.2%</b>	<b>0.0%</b>	<b>0.4%</b>	<b>0.8%</b>	
<b>FY Guidance Raise</b>	-	0.1%	0.3%	1.3%	-	-3.8%	0.3%	0.2%	-	0.2%	0.8%	

Source: FactSet, Visible Alpha, Company data, Morgan Stanley Research estimates

**Exhibit 43:** Jobs Postings PATH

Source: Link Up, Company data, Morgan Stanley Research

## Risk Reward – C3.ai (AI.N)

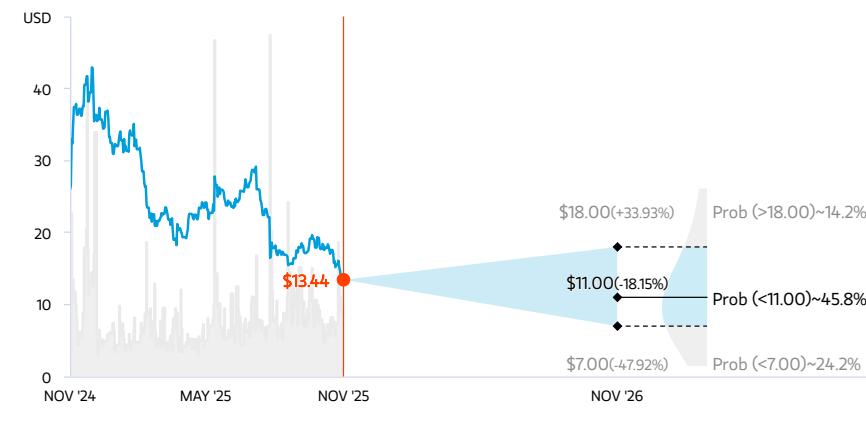
Conservative guidance heading into uncertain macro environment

### PRICE TARGET \$11.00

0.41x EV/CY34e FCF/Growth, or 27x CY34 FCF/sh of \$0.64 (\$148M), Discounted at ~13% WACC



### RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



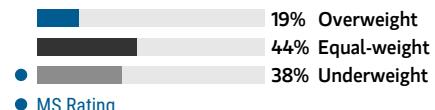
Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Nov 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#).

BULL CASE	\$18.00	BASE CASE	\$11.00	BEAR CASE	\$7.00
31x EV/CY34e FCF/sh of \$1.15		27x EV/CY34e FCF/sh of \$0.64		21x EV/CY34e FCF/sh of \$0.31	
<b>Partner Ecosystem &amp; Ex-Machina Rapidly Accelerate Market Penetration</b>		<b>Steady Progress in Diversifying the Customer Base &amp; Scaling Revenue</b>		<b>Efforts to Diversify &amp; Expand the Customer Base Progress Slower Than Expected</b>	
-Revenue grows to \$1B in CY34, a 11% 10-yr CAGR		-Revenue grows to \$738M in CY34, a 7% 10-yr CAGR		-Revenue grows to \$611M in CY34, a 5% 10-yr CAGR	
-Op margins improve from -22% in 2024 to 16% by 2034, yielding FCF of \$266M (25% margin) or \$1.15 per share		-Op margins improve from -22% in 2024 to 10% by 2034, yielding FCF of \$148M (20% margin) or \$0.64 per share		-Op margins improve from -22% in 2024 to 3% by 2034, yielding FCF of \$72M (12% margin) or \$0.31 per share	
-Apply a 31x EV/CY34 FCF/sh mult (0.61x EV/FCF/G) to \$1.15, add back \$4.6M of net cash per share, and discount back 8 years at a 13% WACC		-Apply a 27x EV/CY34 FCF/sh mult (0.41x EV/FCF/G) to \$0.64, add back \$4.6M of net cash per share, and discount back 8 years at a 13% WACC		-Apply a 21x EV/CY34 FCF/sh mult (0.11x EV/FCF/G) to \$0.31, add back \$4.6M of net cash per share, and discount back 8 years at a 13% WACC	

### UNDERWEIGHT THESIS

C3.ai employs a model-driven architecture that handles all of the "plumbing" involved in developing an ML application allowing customers to deploy into a production environment 18x-24x faster with far fewer lines of code when compared to using the native services of the major public cloud providers alone. With differentiated technology that's been battle tested with large scale deployments with some of the largest companies in the world. However, at current levels, uncertain macro environment and the need for further investments are headwinds.

### Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

### Risk Reward Themes

Secular Growth: Positive

View descriptions of Risk Rewards Themes [here](#)

## Risk Reward – C3.ai (AI.N)

### KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Total Billings YoY Growth (%)	28.2	(23.5)	15.6	14.9
Total Revenue YoY Growth (%)	25.3	(22.8)	12.6	11.5
Operating Margin (%)	(22.6)	(69.7)	(49.8)	(38.5)
FCF Margin (%)	(11.4)	(42.2)	(32.4)	(20.5)

### INVESTMENT DRIVERS

- Traction on C3.ai Ex Machina
- New customer growth
- New partnership
- Additional vertical or technology partnerships

### GLOBAL REVENUE EXPOSURE



- 0-10% APAC, ex Japan, Mainland China and India
- 0-10% India
- 0-10% Japan
- 0-10% MEA
- 0-10% UK
- 10-20% Latin America
- 20-30% Europe ex UK
- 40-50% North America

Source: Morgan Stanley Research Estimate  
View explanation of regional hierarchies [here](#)

### MS ALPHA MODELS

4/5 <b>BEST</b>	24 Month Horizon	5/5 <b>MOST</b>	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

### RISKS TO PT/RATING

#### RISKS TO UPSIDE

- Strategic partnerships ramp faster than expected accelerating customer base growth
- Faster model transition drives revenue ahead of expectations
- Launch of Gen AI Suite accelerates penetration down market

#### RISKS TO DOWNSIDE

- Lack of progress in diversifying the concentrated customer base
- Shortfall in revenue contribution from Baker Hughes partnership
- Intensifying competition from cloud providers and other AI/ML vendors

### OWNERSHIP POSITIONING

Inst. Owners, % Active	36.8%	
HF Sector Long/Short Ratio	2x	
HF Sector Net Exposure	26.3%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

### MS ESTIMATES VS. CONSENSUS

FY Apr 2026e

EPS (\$)	(1.49)		(1.28)	(0.99)
			(1.25)	

EBITDA (\$, mm)	(206)		(195)	(70)
			(175)	

Sales / Revenue (\$, mm)	290		301	336
			301	

♦ Mean   ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

## Risk Reward – Elastic NV (ESTC.N)

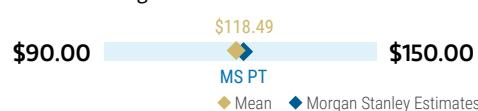
The AI Search Renaissance Is Coming

### PRICE TARGET \$120.00

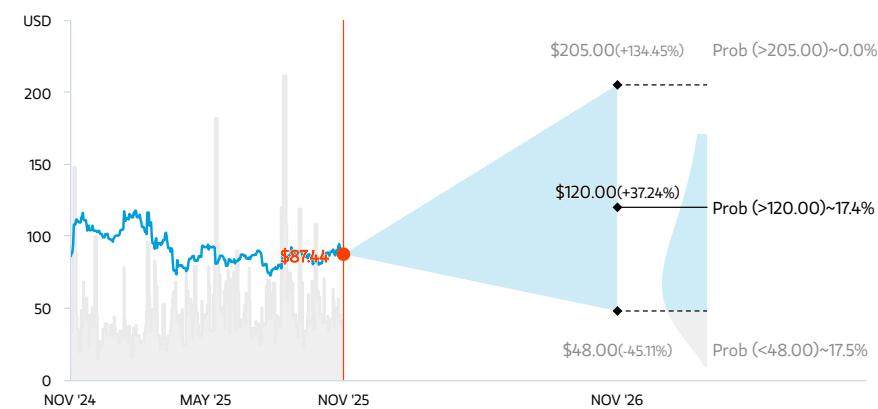
We arrive at our \$120 price target by applying a ~34x multiple (~1.7x growth-adjusted) to our CY26 FCF estimate of \$372 million. This implies 6.9x EV/CY26 Sales or 0.51x growth-adjusted, which is approx. in-line with the Software average.

#### Consensus Price Target Distribution

Source: Refinitiv, Morgan Stanley Research



### RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



#### BULL CASE

**\$205.00**  
**53x EV/CY26 FCF/share estimate of \$3.68**

GenAI Reinvigorates Core Search and Accelerates Revenue Growth

- Revenue grows at a 18% CY24-26 CAGR to \$2 billion
- Operating margins improve from 14% in CY24 to 18% in CY26
- FCF margins expand to 20.8% in CY26, yielding \$3.68/share
- We apply 53x EV/CY26 FCF, reflecting ~2.0x growth-adjusted
- This implies 11.1x EV/CY26 Sales or 0.61x growth-adjusted

#### BASE CASE

**\$120.00**  
**~34x EV/CY26 FCF/share estimate of \$3.30**

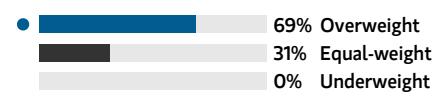
Sustaining Share Across End Markets

- Revenue grows at a 13% CY24-26 CAGR to \$1.8 billion
- Operating margins improve from 14% in CY24 to 16% in CY26
- FCF margins expand to 20.3% in CY26, yielding \$3.04/share
- We apply ~34x EV/CY26 FCF, reflecting 1.74x growth-adjusted
- This implies 6.9x EV/CY26 Sales or 0.52x growth-adjusted, in-line with Software avg

### OVERWEIGHT THESIS

Elastic's core search end market is poised to accelerate as customers modernize search experiences and are early in bringing GenAI to their apps. Elastic is well-positioned driving our confidence in sustained growth with further GenAI optionality in our bull case.

#### Consensus Rating Distribution



#### MS Rating

Source: Refinitiv, Morgan Stanley Research

#### Risk Reward Themes

New Data Era:	Positive
Secular Growth:	Positive
Technology Diffusion:	Positive

View descriptions of Risk Rewards Themes [here](#)

## Risk Reward – Elastic NV (ESTC.N)

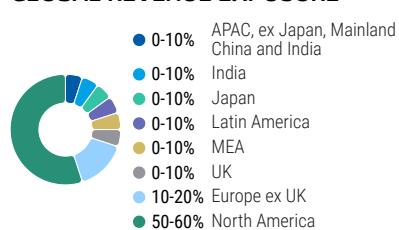
### KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Total Revenues (\$, mm)	1,483	1,690	1,904	2,180
Subscription Revenue (\$, mm)	1,385	1,586	1,793	2,062
Operating Income (\$, mm)	225	272	312	385

### INVESTMENT DRIVERS

Use case expansion, upsell via higher pricing tiers, adoption of Elastic Cloud, and conversion of free users.

### GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate  
View explanation of regional hierarchies [here](#)

### MS ALPHA MODELS



Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

### RISKS TO PT/RATING

#### RISKS TO UPSIDE

- Elastic drives faster than expected use case expansion in Security and Observability
- New GenAI features drive stronger upsell motion to premium tiers and free-to-paid conversion
- Adoption of Elastic Cloud grows at a faster rate

#### RISKS TO DOWNSIDE

- Competition from the hyperscalers intensifies
- Internal disruption from sales changes or management departures
- New search paradigms arrive through GenAI

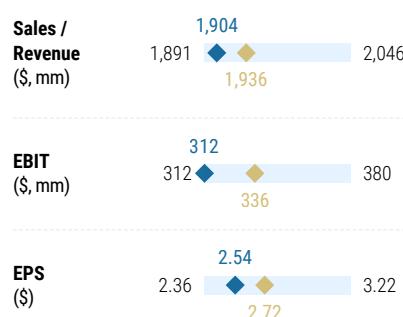
### OWNERSHIP POSITIONING



Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

### MS ESTIMATES VS. CONSENSUS

FY Apr 2027e



Mean   Morgan Stanley Estimates

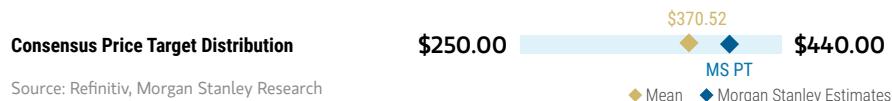
Source: Refinitiv, Morgan Stanley Research

## Risk Reward – MongoDB Inc (MDB.O)

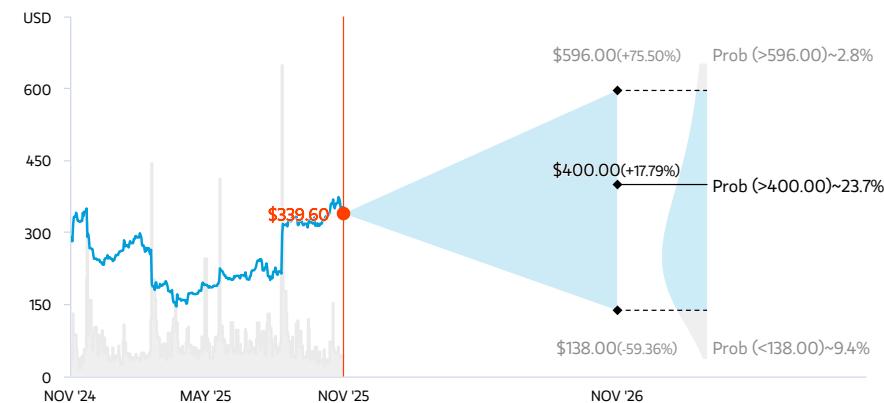
Shares are Primed for a Re-Rating Given Visibility on Accelerating Growth

### PRICE TARGET \$400.00

Discount of 48x Base Case 2029e FCF of \$968M. 48x multiple supported by ~30% FCF growth in CY27-CY29 (~1.6x EV/FCF/Growth), a modest premium to large cap software peers.



### RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Nov 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#).

#### BULL CASE \$596.00

Discount of ~58x Bull Case 2029e FCF of \$1,190M

**Evolution in Status to a Cloud Data Platform With Ramping Strategic Partner Contributions.**

2029 Revenue of ~\$5.2 billion; CAGR of 21% (CY25 - CY29)

2029 OM% of ~23% and FCF \$1,190 million

WACC: 10.3%

#### BASE CASE \$400.00

Discount of ~48x Base Case 2029e FCF of \$968M

**Share Gains in the Fast-Growing Cloud Database Market With Improving Cash Generation.**

2029 Revenue of ~\$4.5 billion; CAGR of 17% (CY25 - CY29)

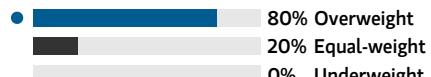
2029 OM% of ~22% and FCF \$968 million

WACC: 10.3%

### OVERWEIGHT THESIS

- Fading headwinds from optimizations combined with lower rates ahead, allow us to get more constructive on secular growth stories with usage based models where improvement in demand are more quickly reflected on the income statement
- As near-term expectations have been reset, MDB is set to benefit from 1) strong growth in net-new apps accelerated by AI-fueled code development, 2) post-optimization cloud migration expectations upticking, and 3) a consolidation opportunity ahead as customers look to standardize with fewer vendors during the current economic downturn driving share gains
- We expect share to re-rate towards their historical 5-year premium versus SMID cap peers

### Consensus Rating Distribution



### MS Rating

Source: Refinitiv, Morgan Stanley Research

### Risk Reward Themes

Disruption:	Positive
Secular Growth:	Positive
New Data Era:	Positive

View descriptions of Risk Rewards Themes [here](#)

#### BEAR CASE \$138.00

Discount of ~35x Bear Case 2029e FCF of \$724M

**Competition from Native Cloud Providers Starts to Weigh on Growth.**

2029 Revenue of ~\$3.9 billion; CAGR of 15% (CY25 - CY29)

2029 OM% of 19.2% and FCF \$724 million

WACC: 10.3%

## Risk Reward – MongoDB Inc (MDB.O)

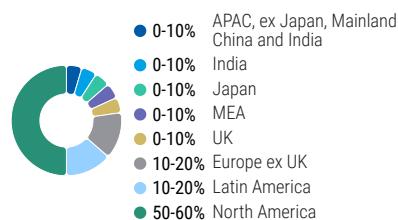
### KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Current Billings YoY Growth (%)	23.1	17.9	17.9	17.9
Subscription Revenue YoY Growth (%)	19.5	17.4	17.4	18.0
Atlas Revenue YoY Growth (%)	27.1	26.3	22.1	22.1
Atlas Customer Count	53,100.0	62,400.0	72,100.0	81,900.0
Operating Margin % (%)	14.9	14.0	16.0	18.2

### INVESTMENT DRIVERS

- Growth in net-new customer accounts.
- Subscription rev growth.
- Atlas customers and Atlas revenue growth.
- Expansion rate of existing customer base.
- Traction with new products / future data platform product announcements.

### GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate  
View explanation of regional hierarchies [here](#)

### MS ALPHA MODELS



Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

### RISKS TO PT/RATING

#### RISKS TO UPSIDE

- Stronger Than Expected Traction in Azure, GCP & Alibaba
- Growing displacements of legacy vendors helped by AI tools
- Ramping partner channel makes 20%+ growth more sustainable

#### RISKS TO DOWNSIDE

- Increased competition from legacy vendors, open-source peers, and cloud alternatives
- Slowing customer expansion/consumption patterns in Atlas
- Slower progress on profitability and positive free cash flow

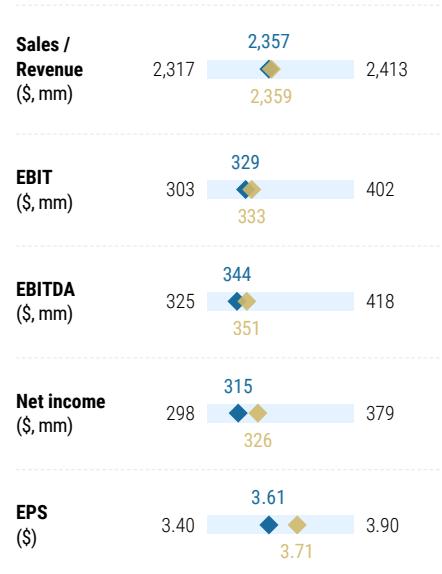
### OWNERSHIP POSITIONING

Inst. Owners, % Active	57.3%	
HF Sector Long/Short Ratio	2x	
HF Sector Net Exposure	26.3%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

### MS ESTIMATES VS. CONSENSUS

FY Jan 2026e



◆ Mean   ◆ Morgan Stanley Estimates

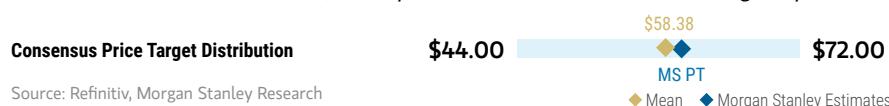
Source: Refinitiv, Morgan Stanley Research

## Risk Reward – GitLab Inc (GTLB.O)

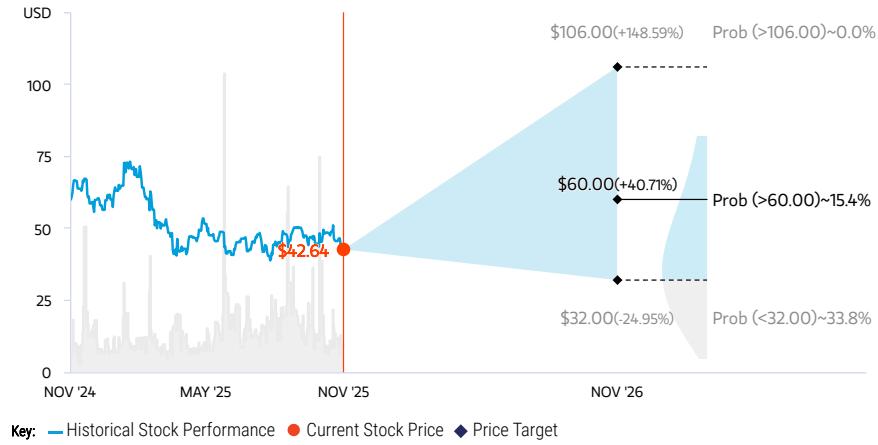
An Emerging Platform in Enterprise Software

### PRICE TARGET \$60.00

We arrive at our \$60 price target by applying a 35x multiple (1.48x growth-adjusted) to our CY27 FCF/sh estimate of \$1.72 per share (\$306 million, 23% margin), discounting it back one year at an 11% WACC, and adding back \$5 of cash per share back. This is supported by a 21% Revenue 3yr CAGR through CY27/FY28 coupled with continued operating margin expansion from 10% in CY24 to 17% in CY27, which yields \$306 million of FCF (23% margin) by CY27.



### RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



BULL CASE	\$106.00	BASE CASE	\$60.00	BEAR CASE	\$32.00
48x EV/CY27 FCF/sh estimate of \$2.31 yields \$106		35x EV/CY27 FCF/share estimate of \$1.72 yields \$60		25x EV/CY27 FCF/share estimate of \$1.16 yields \$32	
Executing in DevOps/DevSecOps and expanding into Agile Planning and Observability		Taking Share in DevOps/DevSecOps Market, as Customers Consolidate Around its Unified Platform.		Market Expansion Efforts Fails to Bear Fruit, Competition Intensifies.	

Assumes customers grow at a 11% CAGR through CY27, fueling a 26% total revenue CAGR, resulting in \$1.51 billion by CY27.

Operating margin improves from 10% in CY24 to 21% in CY27, yielding \$412 million of FCF (27% margin) or \$2.31/share by CY27.

Applying a 48x multiple to CY27 FCF/share, discounting it back one year at an 11% WACC, and adding back \$5.6 of cash/share back, yields \$106.

Assumes customers grow at a 6% CAGR through CY27, fueling a 21% total revenue CAGR, resulting in \$1.33 billion by CY27.

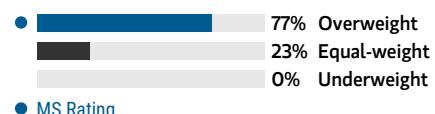
Operating margin improves from 10% in CY24 to 17% in CY27, yielding \$306 million of FCF (23% margin) or \$1.72/share by CY27.

Applying a 35x multiple to CY27 FCF/share, discounting it back one year at an 11% WACC, and adding back \$5.6 of cash/share back, yields \$60.

### OVERWEIGHT THESIS

Emerging as one of the next enterprise software platforms, GitLab stands well positioned to benefit from the consolidation of the developer toolchain and the progression of GenAI from code assistants to autonomous developer agents. Supporting low-20% rev growth and margin expansion through FY28, yielding our \$60 price target.

### Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

### Risk Reward Themes

New Data Era:	Positive
Secular Growth:	Positive
Technology Diffusion:	Positive

View descriptions of Risk Rewards Themes [here](#)

## Risk Reward – GitLab Inc (GTLB.O)

### KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
SaaS Revenue (\$, mm)	216	289	370	471
Total Revenue (\$, mm)	759	941	1,110	1,329
Net Retention Rate (%)	123.0	119.0	119.0	121.0
Customer Count Growth (%)	15.0	7.5	6.2	5.4
Operating Margin (%)	10.2	14.4	15.0	16.5

### INVESTMENT DRIVERS

GTLB should sustain mid-20% CAGR through FY28, as several key drivers are well supported. Further penetration in core markets and recent price increases help fuel ST growth, monetization of Duo and Dedicated to contribute more meaningfully in FY26.

### GLOBAL REVENUE EXPOSURE



- 0-10% APAC, ex Japan, Mainland China and India
- 0-10% Europe ex UK
- 0-10% India
- 0-10% Japan
- 0-10% UK
- 80-90% North America

Source: Morgan Stanley Research Estimate  
View explanation of regional hierarchies [here](#)

### MS ALPHA MODELS

4/5 <b>BEST</b>	24 Month Horizon	5/5 <b>MOST</b>	3 Month Horizon
--------------------	---------------------	--------------------	--------------------

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

### RISKS TO PT/RATING

#### RISKS TO UPSIDE

- Successful expansion into agile planning, Observability, and ITSM.
- Monetization of GitLab Duo is greater than we anticipate near term.

#### RISKS TO DOWNSIDE

- AI revolutionizes the way software is built and delivered.
- The movement towards consolidation stalls.
- Market chooses to consolidate more around GitHub instead of GitLab.
- Customers don't embrace GitLab as a credible provider of security and GenAI solutions.

### OWNERSHIP POSITIONING

Inst. Owners, % Active	66.8%	
HF Sector Long/Short Ratio	2x	
HF Sector Net Exposure	26.3%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

### MS ESTIMATES VS. CONSENSUS

FY Jan 2026e

Sales / Revenue (\$, mm)	941		939		961
-----------------------------	-----	--	-----	--	-----

EBIT (\$, mm)	136		118		153
------------------	-----	--	-----	--	-----

EPS (\$)	0.83		0.74		0.92
-------------	------	--	------	--	------

◆ Mean   ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

## Risk Reward – PagerDuty, Inc. (PD.N)

Taking Longer to Answer the Call

### PRICE TARGET \$17.00

Based on 12x CY26 FCF/share. Our price target is supported by 6% CY24-CY26 Revenue CAGR yielding \$527M of revenue in CY26, while operating margin improves from 18% in CY24 to 21% in CY26 yielding \$126M of FCF (24% margin) or \$1.33 FCF/sh, to which we apply a 12x multiple to arrive at our \$17 price target. Our PT implies 3.0x EV/CY26 Sales (0.49x growth-adj).



### RISK REWARD CHART

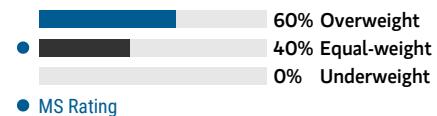


BULL CASE	\$24.00	BASE CASE	\$17.00	BEAR CASE	\$9.00
<b>16x CY26e FCF/Share of \$1.47</b>		<b>12x CY26e FCF/Share of \$1.33</b>		<b>7x CY26e FCF/Share of \$1.18</b>	
<b>Expanded Product Portfolio Creates New Upsell Opps Which Drive More Durable Top-Line &amp; Larger Market Opportunity.</b>		<b>Recovery Taking Longer to Play Out than Previously Expected.</b>		<b>Competition Weighs on Pricing While Investments In New Products Don't Drive Significant Upsell Limiting Margin Expansion.</b>	
- Customer count growth slightly down thru CY26, reaching ~14.9k		- Customer count growth slightly down thru 2026, reaching 14.9k		- Customer count growth slightly down thru 2026, reaching ~14.8k	
- Revenue grows at a 10% CAGR thru CY26, reaching \$562M		- Revenue grows at a ~6% CAGR thru 2026, reaching \$527 million		- Revenue grows at a 3% CAGR thru 2025, reaching \$498M	
- Operating margins improves from 18% in CY24 to 22% in CY26		- Operating margins improves from 18% in CY24 to 21% in CY26		- Operating margins improves slightly from 18% in CY24 to 20% in CY26	
- FCF of \$140M in CY26 (25% margin), or \$147/sh		- FCF of \$126M in CY26 (24% margin), or \$1.33/sh		- FCF of \$112M in CY25 (22% margin), or \$1.18/sh	
- 16x Multiple CY26 FCF/Share of \$1.47		- 12x Multiple CY26 FCF/Share of \$1.33		- 7x Multiple CY26 FCF/Share of \$1.18	
- \$24 implies 4.1x EV/CY26 Sales (0.43x growth-adj)		- \$17 PT implies 3.0x EV/CY26 Sales (0.49x growth-adj)		- \$9 implies 1.5x EV/CY25 Sales (0.47x growth-adj)	

### EQUAL-WEIGHT THESIS

While still the leader in incident management, PagerDuty's growth is likely to remain subdued in FY25 and a recovery is likely to lag cloud infra peers given its seat-based subscription model. We are EW as we see better opportunities among our coverage over the next 12 months.

### Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

### Risk Reward Themes

**Secular Growth:** Positive

View descriptions of Risk Rewards Themes [here](#)

## Risk Reward – PagerDuty, Inc. (PD.N)

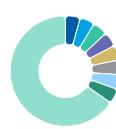
### KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Total Billings YoY Growth (%)	7.8	7.0	6.5	7.7
Total Revenue YoY Growth (%)	8.5	5.9	6.5	7.7
Net Revenue Retention Rate (%)	106.0	102.4	106.4	106.5
Customer Count Growth (%)	0.5	0.8	(2.3)	(1.8)

### INVESTMENT DRIVERS

- Net revenue retention rate
- Growth in customers >\$100K in ARR
- New customer additions

### GLOBAL REVENUE EXPOSURE



- 0-10% APAC, ex Japan, Mainland China and India
- 0-10% Europe ex UK
- 0-10% India
- 0-10% Japan
- 0-10% Latin America
- 0-10% MEA
- 0-10% Mainland China
- 0-10% UK
- 70-80% North America

Source: Morgan Stanley Research Estimate  
View explanation of regional hierarchies [here](#)

### RISKS TO PT/RATING

#### RISKS TO UPSIDE

- Sales productivity increases;
- Growing traction in new products drive more upsell activity and sustainable 120%+ net revenue retention;
- Acceleration in net expansion rate.

#### RISKS TO DOWNSIDE

- Increased competition from larger, multi-product developer focused software firms;
- Slower adoption of new offerings outside of core on-call management;
- Less than expected penetration of users outside of IT operations.

### OWNERSHIP POSITIONING

Inst. Owners, % Active	59.2%	
HF Sector Long/Short Ratio	2x	
HF Sector Net Exposure	26.3%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

### MS ESTIMATES VS. CONSENSUS

FY Jan 2026e

Sales / Revenue (\$, mm)	495		493		499
	495				

EBIT (\$, mm)	106		106		109
	107				

EBITDA (\$, mm)	114		114		127
	127				

Net income (\$, mm)	96		95		98
	96				

EPS (\$)	1.02		1.01		1.14
	1.03				

♦ Mean   ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

## Risk Reward – Snowflake Inc. (SNOW.N)

Building on Strengths to Address a Large Data & AI Opportunity

### PRICE TARGET \$272.00

Our base case assumes revenue grows at a 22% CAGR (CY24-CY30), driving ~\$12.1 billion in revenues in CY30 as operating margins scale to ~22% in that year, and generating ~\$3.45 billion in FCF growing at a ~26% FCF CAGR from CY28-CY30. We apply a 48x EV/FCF multiple to that FCF (~1.9x EV/FCF/Growth) and discount back at a 11.1% discount rate.



Source: Refinitiv, Morgan Stanley Research

### RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

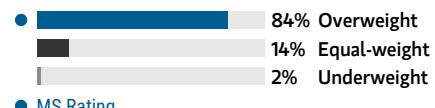
Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Nov 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

BULL CASE	\$484.00	BASE CASE	\$272.00	BEAR CASE	\$112.00
Discount of ~65x Bull Case 2030e FCF of ~\$4.6B		Discount of ~48x Base Case 2030e FCF of ~\$3.45B		Discount of ~25x Bear Case 2030e FCF of ~\$2.6B	
<b>Data Cloud Vision Expands Core Markets On Top of Successful Expansion into Adjacent Markets.</b>		<b>Continued Leadership and Share Gains in Core Data Analytics.</b>		<b>Public Cloud Competition Weighs on Growth.</b>	
- Revenue grows at ~27% CAGR (CY24-CY30) to ~\$15.6B in CY30		- Revenue grows at ~22% CAGR (CY24-CY30) to ~\$12.1B in CY30		- Revenue grows at ~17% CAGR (CY24-CY30) to ~\$9.8B in CY30	
- Operating margins grow from 6% in CY24 to ~23% in CY30		- Operating margins grow from 6% in CY24 to ~22% in CY30		- Operating margins grow from 6% in CY24 to ~18.5% in CY30	
- CY30 FCF margins expand to ~29.5%, driving ~\$4.6B in FCF		- CY30 FCF margin reaches ~28.5%, driving ~\$3.45B in FCF		- CY30 FCF margin reaches ~27%, driving ~\$2.6B in FCF	
- 65x multiple on ~30% CY28-CY30 CAGR = ~2.2x EV/FCF/G		- 48x FCF multiple on 25% CY28-CY30 CAGR = ~1.9x EV/FCF/G		- 25x multiple on 17% CY28-CY30 CAGR = ~1.5x EV/FCF/G	

### OVERWEIGHT THESIS

After a few years of decelerating growth and mounting investor concerns on its positioning for AI/ML, Snowflake's secular growth prospects have improved under the leadership of CEO Sridhar Ramaswamy. Under his tenure, Snowflake has become a sharper executing organization across both sales, go-to market and product engineering which has translated to stabilization in product revenue growth in the high 20's. We believe Snowflake has settled on a strategy on how it will successfully capitalize on \$300+ billion market opportunity giving us confidence in durable 20%+ growth with consistently expanding operating margins.

### Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

### Risk Reward Themes

**Secular Growth:** Positive  
**New Data Era:** Positive

View descriptions of Risk Rewards Themes [here](#)

## Risk Reward – Snowflake Inc. (SNOW.N)

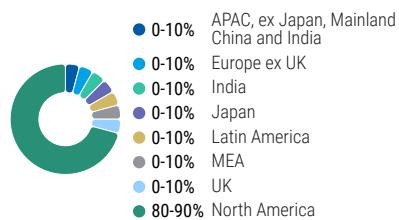
### KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Product Revenue Growth (%)	29.8	27.1	22.8	21.7
Total Revenue Growth (%)	29.2	26.8	22.3	21.4
Total RPO Growth (%)	32.7	17.4	18.8	19.0
Operating Margin (%)	6.4	9.0	11.0	13.1
Free Cash Flow Margin (%)	24.4	24.0	24.6	25.2

### INVESTMENT DRIVERS

- Net Revenue Retention;
- Growth in customers >\$1 Million in TTM Product Revenue;
- Share Gains from Legacy, On-Premise Data Warehousing Vendors;
- Operating Profitability and Free Cash Flow Performance.

### GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate  
View explanation of regional hierarchies [here](#)

### MS ALPHA MODELS

<b>3/5</b> <b>BEST</b>	24 Month Horizon	<b>4/5</b> <b>MOST</b>	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

### RISKS TO PT/RATING

#### RISKS TO UPSIDE

- Disruptive model expands the core data warehousing opportunity, of which Snowflake takes significant share
- Data sharing drives network effects and significantly more usage
- Successful penetration into transactional workloads

#### RISKS TO DOWNSIDE

- Competition from the competitive vendors pressures pricing and weighs on growth and margins
- Movement into adjacent data management (i.e. OLTP) use cases proves difficult

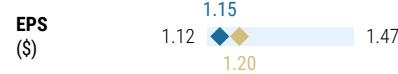
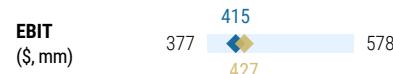
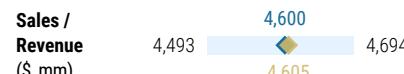
### OWNERSHIP POSITIONING



Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

### MS ESTIMATES VS. CONSENSUS

FY Jan 2026e



♦ Mean   ◆ Morgan Stanley Estimates  
Source: Refinitiv, Morgan Stanley Research

## Risk Reward – UiPath Inc (PATH.N)

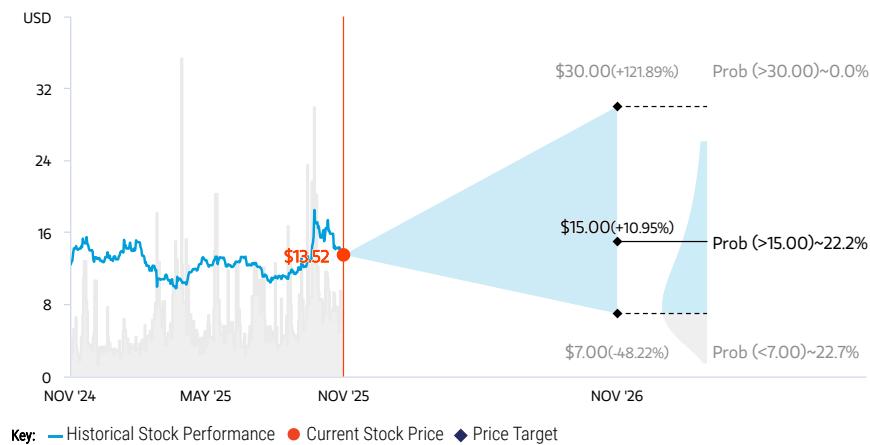
1Q25 New Stack Roundup: Despite Improving Profitability Outlooks Remain Cautious

### PRICE TARGET \$15.00

18x CY26 FCF (1.2x EV/CY26e FCF/Growth) of \$404M. Implies 4x EV/CY26 sales, a discount to SMID cap peers at 5x due to softer new business trends



### RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



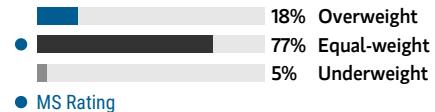
Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 17 Nov 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

BULL CASE	\$30.00	BASE CASE	\$15.00	BEAR CASE	\$7.00
<b>29x CY26e EV/FCF of \$579M</b>		<b>18x CY26e EV/FCF of \$404M</b>		<b>6x CY26e EV/FCF of \$401M</b>	
-ARR reaches \$2.3B in CY26, a 18% 2-yr CAGR		-ARR reaches \$2.0B in CY26, a 9% 2-yr CAGR		-ARR reaches \$1.8B in CY26, a 4% 2-yr CAGR	
-Rev. grows to \$2.0B in CY26, a 16% 2-yr CAGR		-Rev. grows to \$1.7B in CY26, a 8% 2-yr CAGR		-Rev. grows to \$1.5B in CY26, a 3% 2-yr CAGR	
-Op. Margins improve from ~17% in CY24 to ~23% by CY26, yielding FCF of \$579M		-Op. Margins improve from ~17% in CY24 to ~21% by CY26, yielding FCF of \$404M		-Op. Margins improve from ~17% in CY24 to ~20% by CY26, yielding FCF of \$401M	
-Apply 29x EV/CY26 FCF multiple		-Apply 18x EV/CY26 FCF multiple (1.2x EV/FCF/G)		-Apply 6x EV/CY26 FCF multiple	

### EQUAL-WEIGHT THESIS

UiPath primarily targets a large \$40 bn Automation market, relieving employees from repetitive, routine tasks that are a part of many digital workflows in enterprises today. A clear category leader in robotic process automation, with leading market share in one of the fastest growing software markets, UiPath has expanded its product set through acquisitions to build out an end-to-end automation platform. However, competition has been rapidly rising, from both traditional RPA or BPM vendors as well as enterprise platforms such as Microsoft and ServiceNow, and recent macro volatilities and sales reorg disruptions present near-term challenges for the company.

### Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

### Risk Reward Themes

Secular Growth: Positive

View descriptions of Risk Rewards Themes [here](#)

## Risk Reward – UiPath Inc (PATH.N)

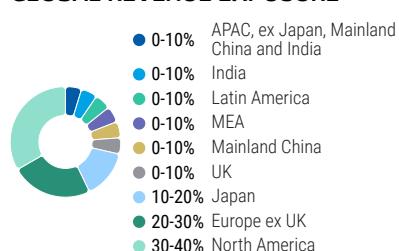
### KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Total Billings YoY Growth (%)	4.5	9.4	6.1	5.6
Total Revenue YoY Growth (%)	9.3	10.1	5.4	6.2
ARR YoY Growth (%)	13.8	10.3	8.7	8.3
Operating Margin (%)	16.8	21.6	20.6	21.6

### INVESTMENT DRIVERS

Quarterly Earnings

### GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate  
View explanation of regional hierarchies [here](#)

### MS ALPHA MODELS

2/5 <b>BEST</b>	24 Month Horizon	4/5 <b>MOST</b>	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

### RISKS TO PT/RATING

#### RISKS TO UPSIDE

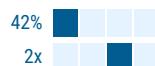
- More rapid deployment of bots within existing customers
- Better uptake of newer solutions within the platform
- Better sales productivity out of GTM changes

#### RISKS TO DOWNSIDE

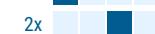
- RPA proves to be a transitional technology and net dollar retention rates erode quickly
- Increasing competition pressures pricing on the core RPA functionality
- Gen AI innovation threatens core RPA use cases

### OWNERSHIP POSITIONING

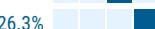
#### Inst. Owners, % Active



#### HF Sector Long/Short Ratio



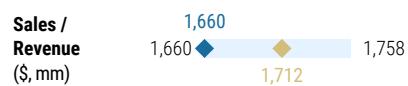
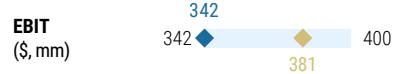
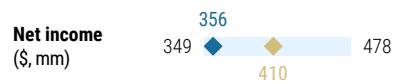
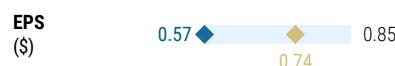
#### HF Sector Net Exposure



Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

### MS ESTIMATES VS. CONSENSUS

FY Jan 2027e



♦ Mean   ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research









## Exhibit 52: GTLB Cash Flow Statement

(\$ in millions)	Cash Flow Statement													
	FY23	FY24	FY25	Apr-25 1Q26	Jul-25 2Q26	Oct-25 3Q26	Jan-26 4Q26	FY26E	Apr-26 1Q27E	Jul-26 2Q27E	Oct-26 3Q27E	Jan-27 4Q27E	FY27E	FY28E
<b>Cash flows from operating activities:</b>														
Net income	(180.7)	(428.0)	(4.1)	(36.3)	(10.0)	(26.0)	(20.9)	(93.1)	(30.6)	(18.4)	(23.6)	(21.6)	(94.3)	(22.2)
Stock-based compensation expense	122.6	163.0	185.9	55.8	54.3	53.6	54.9	218.6	53.5	60.5	57.5	58.9	230.3	248.5
Charitable donation of common stock	-	10.7	8.9	1.7	1.8			3.5					-	-
Amortization of intangible assets	2.4	2.2	8.6	2.0	2.0	0.0	0.0	4.1	0.4	0.0	0.0	0.0	0.5	0.6
Depreciation expense	3.2	4.4	2.9	0.6	0.8	1.0	1.0	3.3	0.5	1.6	1.1	1.2	4.5	5.4
Amortization of deferred contract acquisition costs	45.0	43.5	49.7	13.9	13.4	14.5	16.4	58.2	15.3	14.8	15.6	17.9	63.6	69.5
Other	(25.0)	(1.7)	(19.1)	7.1	(1.3)			5.8					-	-
<b>Changes in working capital:</b>														
Accounts Receivable	(44.9)	241.0	(296.7)	61.4	(11.5)	(30.5)	(16.1)	3.4	44.4	(5.9)	(9.8)	20.0	47.7	20.6
Prepaid Expenses and Deferred Contract Acqui	(54.2)	(36.3)	(99.6)	65.9	3.9	(15.2)	(68.7)	(14.2)	3.9	7.2	(8.5)	(37.2)	(34.6)	(95.7)
Other Long-Term Asset	(8.6)	(23.9)	8.4	1.5	1.2	(9.7)	(22.6)	(39.6)	17.0	1.4	(4.2)	(26.5)	(12.3)	10.7
Accounts Payable	(48.6)	(53.1)	(58.1)	(8.1)	(12.3)	(14.9)	(21.4)	(56.7)	(10.1)	(12.4)	(14.9)	(21.4)	(58.7)	(58.7)
Accrued Expenses and Accrued Compensation	3.0	(0.3)	(0.2)	0.4	(0.2)	(5.0)	(0.6)	(5.3)	(0.1)	(0.9)	(0.1)	(0.6)	(1.8)	(2.5)
Deferred Revenue	(11.7)	15.2	4.7	(13.1)	2.0	(2.4)	7.8	(5.6)	3.9	0.3	(10.2)	7.2	1.2	1.6
Other Long-Term Liabilities	73.0	79.3	108.7	1.2	8.3	28.3	80.1	117.9	7.9	9.2	29.1	86.7	132.9	151.0
Net cash provided by operating activities	(77.1)	25.0	(64.0)	106.3	40.4	12.5	35.5	203.8	82.4	51.6	40.8	76.4	252.3	322.4
YoY growth	-55.4%	145.3%	-282.6%	178.7%	322.1%	107.1%	-43.9%	416.8%	-21.6%	4.6%	223.7%	115.4%	23.8%	27.8%
OCF Margin	-18.2%	6.0%	-8.4%	49.6%	20.9%	5.3%	14.1%	21.6%	32.7%	18.6%	14.5%	25.8%	22.7%	24.3%
Consensus	-15.0%	1.3%	-10.9%	25.8%	4.4%	5.3%	16.6%	22.3%	33.8%	17.8%	12.9%	25.9%	22.4%	23.4%
Variance	-3.3%	4.8%	2.5%	23.8%	16.5%	0.0%	-2.5%	-0.7%	-1.1%	0.8%	1.7%	-0.1%	0.3%	0.9%
<b>Cash flows from investing activities:</b>														
Purchases of Short-Term Proceeds From Maturit	(821.6)	(815.7)	(707.7)	(244.6)	(237.9)			(482.5)					-	-
Purchases of Property and Intangible Assets Acqui	231.6	734.0	708.4	163.6	184.3			347.9					-	-
Other	(6.1)	(1.6)	(3.8)	(0.9)	(2.9)	(2.9)	(3.1)	(9.9)	(3.1)	(3.4)	(3.5)	(3.6)	(13.7)	(16.4)
Net cash used in investing activities	(605.7)	(86.2)	(30.5)	(81.9)	(56.6)	(2.9)	(3.1)	(144.5)	(3.1)	(3.4)	(3.5)	(3.6)	(13.7)	(16.4)
<b>Cash flows from financing activities:</b>														
Proceeds From the Issuance of Common Stock	24.5	32.3	24.0	3.3	3.9				7.3				-	-
Contributions Received	14.4	12.9	13.6	-	8.4				8.4				-	-
Other	61.7	-	-	-	-				-				-	-
Net increase in cash and cash equivalents	97.5	45.2	32.6	3.3	12.4	-	-	15.7	-	-	-	-	-	-
Effect of exchange rates on cash and cash equivalents	(3.7)	(3.9)	1.5	0.3	0.5			0.6						
Net increase in cash and cash equivalents, beginning of period	(569.3)	(9.9)	(60.3)	28.1	5.7	9.7	32.4	75.8	80.3	48.2	37.4	72.8	238.6	306.1
Cash and cash equivalents, end of period	287.2	297.9	288.0	227.6	255.7	261.4	271.0	227.6	303.4	383.7	431.9	469.3	303.4	542.0
Restricted cash	2.5													
Income Tax Payments Related to BAPA				187.7	(1.3)	(0.0)		(1.3)						
<b>Free cash flow (non-GA)</b>	<b>(83.5)</b>	<b>33.4</b>	<b>120.0</b>	<b>104.1</b>	<b>46.5</b>	<b>9.7</b>	<b>32.4</b>	<b>192.6</b>	<b>80.3</b>	<b>48.2</b>	<b>37.4</b>	<b>72.8</b>	<b>238.6</b>	<b>306.1</b>
YoY growth	-56.5%	140.1%	258.6%	178.1%	328.3%	0.3%	-47.9%	60.5%	-22.9%	3.8%	286.2%	124.8%	23.9%	28.3%
Margin	-19.7%	5.8%	15.8%	48.5%	19.7%	4.1%	12.8%	20.5%	31.4%	17.4%	13.3%	24.5%	21.5%	23.0%

Source: Company data, Morgan Stanley Research estimates



**Exhibit 55:** MDB Cash Flow Statement

(\$ in millions, except EPS)				2026E					2027E					
	FY23	FY24	FY25	4/25	7/25	10/25E	1/26E	FY26E	4/26E	7/26E	10/26E	1/27E	FY27E	FY28E
<b>Net Income</b>	(345.4)	(176.6)	(129.1)	(37.6)	(47.0)	(89.6)	(84.1)	(258.4)	(73.3)	(70.1)	(75.8)	(66.8)	(286.0)	(224.9)
Depreciation and Amortization	16.1	18.9	11.8	5.3	5.7	1.9	2.1	15.0	22.3	0.7	0.8	0.9	24.7	10.7
Stock Compensation Expenses	381.5	456.9	493.9	132.4	140.4	142.8	150.1	665.8	144.4	154.7	161.2	165.4	625.8	685.8
Deferred Income Taxes	(0.6)	(1.6)	(16.6)	0.0	(1.2)	-	-	(1.1)	-	-	-	-	-	-
Changes in Warrant Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Changes in Working Capital</b>														
Accounts Receivable	(91.5)	(41.6)	(69.2)	79.9	(38.1)	(23.8)	(51.0)	(33.0)	93.8	(40.8)	(48.2)	(65.0)	(60.2)	(66.9)
Deferred Commissions	(49.1)	(41.6)	(69.1)	7.8	6.7	(6.8)	(10.2)	(2.5)	(4.2)	(3.8)	(8.2)	(12.0)	(28.2)	(33.2)
Prepaid Expenses and Other Assets	2.3	(12.2)	(24.6)	(5.0)	0.3	25.9	(19.6)	1.6	(31.7)	20.6	20.4	(23.6)	(14.3)	(17.5)
Other Current Assets	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	-	-	-	-	-	-
Accounts Payable	3.2	1.7	0.5	(2.0)	1.0	4.1	(1.0)	1.7	(3.1)	1.2	5.1	(1.4)	1.7	2.1
Other Accrued Liabilities	(16.2)	39.5	25.3	(19.4)	16.8	20.2	21.0	38.6	(8.8)	17.7	22.3	20.8	52.1	81.9
Deferred Revenue	85.8	(82.4)	(16.4)	(39.6)	(9.9)	(19.9)	62.6	(6.8)	(45.6)	(12.6)	(24.1)	74.1	(8.1)	(9.5)
Other Items and Liabilities	(8.9)	(11.9)	(15.9)	(1.0)	(4.5)	(9.5)	-	(15.0)	-	-	-	-	-	-
<b>Net Cash Provided by (used in) Operating Activities</b>	(13.0)	121.5	150.2	109.9	72.1	69.1	76.3	327.4	92.7	109.2	105.7	121.7	429.3	576.5
YoY Growth	-285.8%	-1036.6%	23.6%	73%	5258%	85%	51%	118.0%	-16%	51%	53%	59%	31.1%	34.3%
Operating Cash Flow Margins	-1.0%	7.2%	7.5%	20%	12%	12%	12%	13.9%	15%	16%	15%	16%	15.5%	17.7%
<b>Capital Expenditures</b>	(7.2)	(6.1)	(29.6)	(1.8)	(0.5)	(0.6)	(0.6)	(3.1)	(0.6)	(0.6)	(0.6)	(0.7)	(2.5)	(3.0)
Maturities/(Purchases) of Investments	(23.0)	209.8	(616.6)	60.0	93.6	-	-	153.7	-	-	-	-	-	-
Net Cash Paid for Acquisitions, Other Assets	-	(15.0)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Provided by (used in) Investing Activities</b>	(33.3)	188.0	(657.4)	51.6	89.6	1.4	(0.6)	142.0	(0.6)	(0.6)	(0.6)	(0.7)	(2.6)	(3.0)
Proceeds from Issuance of Common Shares	-	17.1	52.7	-	22.9	-	-	22.8	-	-	-	-	-	-
Proceeds from Issuance of Preferred Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Exercise of Stock Options and Restricted Stock	34.7	26.6	(15.1)	0.6	1.2	-	-	1.8	-	-	-	-	-	-
Tax Benefit from exercise of stock options	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock Repurchases	-	-	-	-	-	(194.4)	-	(194.4)	-	-	-	-	-	-
Net Borrowings	-	-	-	170.6	-	-	-	-	-	-	-	-	-	-
Other Financing Activities	(4.5)	(5.5)	(0.2)	(2.4)	(1.7)	-	-	(4.1)	-	-	-	-	-	-
<b>Net Cash Provided by (used in) Financing Activities</b>	30.2	38.2	202.1	(1.8)	(172.0)	-	-	(173.8)	-	-	-	-	-	-
Exchange Rate Impact	(2.0)	(0.7)	(5.7)	8.0	0.1	-	-	8.1	-	-	-	-	-	-
<b>Change in Cash and Cash Equivalents</b>	(18.1)	347.0	(311.9)	167.7	(10.2)	70.5	75.7	303.7	92.1	108.6	105.0	121.0	426.7	573.6
<b>Cash, Beginning of Period</b>	473.9	455.9	803.0	490.1	657.4	647.1	717.7	489.7	793.4	885.5	994.1	1,099.1	793.4	1,220.1
<b>Cash, end of Period</b>	455.8	803.0	490.1	657.818	647.1	717.7	793.4	793.4	885.5	994.1	1,099.1	1,220.1	793.4	1,220.1

Source: Company reports, Morgan Stanley Research estimates



**Exhibit 58:** PD Cash Flow Statement

	(\$ millions, Except Per-Share Data)														
	FY22	FY23	FY24	FY25	Apr/25 1Q26	Jul/25 2Q26	Oct/25 3Q26	Jan/26 4Q26E	FY26E	Apr/26 1Q27E	Jul/26 2Q27E	Oct/26 3Q27E	Jan/27 4Q27E	FY27E	FY28E
<b>Net Income</b>	(107.5)	(129.2)	(77.4)	(43.5)	(7.4)	9.4	(2.3)	(5.4)	(5.6)	(3.0)	4.7	0.3	(3.1)	(1.1)	9.9
Depreciation and Amortization	25.1	38.5	42.2	44.6	10.2	9.5	7.3	7.4	34.4	6.3	6.4	6.5	6.6	25.7	27.3
Stock Compensation Expenses	70.0	109.9	127.2	126.2	25.8	26.0	26.2	25.4	104.3	26.4	27.0	27.5	27.6	108.5	114.6
Provision for Bad Debts	-	-	(3.1)	0.7	-	-	-	-	-	-	-	-	-	-	-
Deferred Income Taxes	8.2	4.6	2.4	(1.4)	(0.4)	(0.0)	-	-	(0.5)	-	-	-	-	-	-
<b>Changes in Working Capital</b>															
Accounts Receivable	(21.6)	(16.6)	(10.7)	(8.0)	27.6	8.9	(8.4)	(29.0)	(0.8)	23.0	12.2	(10.3)	(28.2)	(3.4)	(12.7)
Deferred Commissions	(25.2)	(22.8)	(18.8)	(22.5)	(4.6)	(5.7)	(3.9)	(3.9)	(18.1)	(3.7)	(3.3)	(3.4)	(3.5)	(13.8)	(14.7)
Prepaid Expenses and Other Assets	1.3	(2.8)	-	(1.9)	(3.3)	1.1	6.0	3.6	7.3	(7.2)	4.5	(2.2)	(4.4)	(9.3)	(5.6)
Other Assets	-	-	-	-	-	-	4.6	(0.1)	4.5	(0.1)	(0.1)	(0.2)	(0.2)	(0.6)	(0.8)
Accounts Payable	2.9	(1.5)	(1.5)	1.1	0.1	(0.6)	1.0	(0.8)	(0.2)	0.6	(0.4)	1.1	(0.6)	0.8	0.5
Accrued Compensation	(3.4)	(1.6)	(10.1)	6.9	(8.3)	(1.0)	(0.6)	2.3	(7.6)	(7.0)	(1.2)	6.3	2.0	0.1	1.6
Accrued Expenses & other current liabilities	10.1	6.3	2.4	4.2	(1.8)	(3.4)	-	-	(5.2)	-	-	-	-	-	-
Deferred Revenue	40.3	36.0	19.1	17.6	(8.4)	(9.5)	8.2	31.8	24.1	(6.4)	(10.4)	8.8	33.9	25.9	27.0
Other Items and Liabilities	(5.3)	(5.8)	(6.0)	(6.1)	(0.7)	(0.7)	(5.9)	0.0	(7.1)	0.2	0.1	0.1	0.2	0.6	0.5
<b>Net Cash Provided by (used in) Operating Activities</b>	(6.0)	17.0	72.0	117.9	20.7	34.0	32.3	32.4	129.4	29.0	39.4	34.5	30.3	133.2	148.5
YoY Growth	-159.6%	382.0%	323.9%	63.8%	7%	-5%	49%	3%	9.7%	-6%	16%	7%	-6%	2.9%	11.5%
OCF Margin	-2%	5%	17%	25%	26%	28%	26%	26%	26%	23%	30%	26%	22%	25%	26%
Capital Expenditures	(3.5)	(4.6)	(2.2)	(2.8)	(0.4)	(0.9)	(3.0)	(2.6)	(6.9)	(2.0)	(1.6)	(1.8)	(1.6)	(7.0)	(7.5)
Maturities/(Purchases) of Investments	24.3	(11.4)	1.1	(10.5)	0.3	(3.4)	-	-	(3.2)	-	-	-	-	-	-
Net Cash Paid for Acquisitions, Other Assets	(65.3)	(24.1)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Provided by (used in) Investing Activities</b>	17.4	(96.2)	(30.5)	(20.0)	(1.7)	(7.2)	(3.0)	(2.6)	(14.5)	(2.0)	(1.6)	(1.8)	(1.6)	(7.0)	(7.5)
Proceeds from Issuance of Common Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Issuance of Preferred Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Exercise of Stock Options and Restricted S	13.0	10.5	8.9	(1.3)	3.6	4.8	4.8	4.8	18.1	4.8	4.8	4.8	4.8	19.3	19.3
Net Borrowing	-	-	-	-	112.1	(0.4)	(57.5)	-	(57.5)	-	-	-	-	-	-
Other Financing Activities	(13.7)	(16.9)	(10.5)	(6.6)	(7.6)	(6.4)	-	-	(14.0)	-	-	-	-	-	-
<b>Net Cash Provided by (used in) Financing Activities</b>	(0.7)	(6.4)	51.6	(116.1)	(4.0)	(59.1)	4.8	4.8	(53.4)	4.8	4.8	4.8	4.8	19.3	19.3
Exchange Rate Impact	-	(0.2)	(0.4)	(0.1)	0.3	0.2	-	-	0.5	-	-	-	-	-	-
Change in Cash and Cash Equivalents	10.6	(75.8)	92.6	(18.3)	25.4	(32.1)	34.1	34.7	62.0	31.8	42.6	37.5	33.6	145.5	160.3
Cash, Beginning of Period	336.7	349.8	274.0	363.0	346.5	371.8	339.7	373.8	346.5	408.5	440.3	482.9	520.4	408.5	554.0
<b>Cash, end of Period</b>	349.8	274.0	363.0	346.5	371.8	339.7	373.8	408.5	408.5	440.3	483	520.4	554.0	554.0	714.3
<b>Free Cash Flow</b>	(12.8)	8.5	64.4	100.4	29.0	30.2	29.3	29.9	119.3	26.9	37.8	32.7	28.8	126.2	141.0
YoY Growth	-344.5%	166.3%	657.3%	68.3%	7%	-9%	50.5%	4.5%	9.1%	-7.1%	25.1%	11.8%	-3.7%	6.7%	11.7%
FCF Margin	-4.6%	2.3%	15.0%	23.2%	24%	24%	23.4%	23.6%	23.9%	21.2%	28.9%	24.4%	21.3%	23.9%	24.6%

Source: Company reports, Morgan Stanley Research estimates







**Exhibit 64:** SNOW Cash Flow Statement

			2026E						2027E					
	FY23	FY24	FY25	4/25	7/25	10/25E	1/26E	FY26E	4/26E	7/26E	10/26E	1/27E	FY27E	FY28E
<b>Net Income</b>	(797.5)	(838.0)	(1,289.2)	(430.0)	(297.9)	(317.9)	(401.7)	(1,447.5)	(324.5)	(319.6)	(293.0)	(396.1)	(1,333.2)	(1,214.4)
Depreciation and Amortization	167.2	247.6	335.6	92.4	104.2	94.5	102.0	393.2	96.3	114.3	81.3	87.8	379.8	429.2
Stock Compensation Expenses, net of amounts capitalized	861.5	1,168.0	1,479.3	379.5	404.2	400.5	471.6	1,655.8	449.6	479.8	440.6	518.7	1,888.7	2,077.6
Other	50.4	(120.2)	(9.5)	125.4	2.3	(10.0)	(10.0)	107.7	(10.0)	(10.0)	(10.0)	(10.0)	(40.0)	(40.0)
<b>Changes in Working Capital</b>														
Accounts Receivable	(167.0)	(212.1)	0.5	393.7	(117.6)	3.7	(240.3)	39.4	309.7	(93.0)	(117.8)	24.8	123.8	134.9
Deferred Commissions	(95.1)	(134.8)	(101.6)	(31.1)	(53.8)	(31.2)	(50.7)	(166.8)	(37.3)	(62.7)	(36.4)	(59.7)	(196.1)	(228.4)
Prepaid Expenses and Other Assets	(2.9)	59.8	29.5	(17.9)	(4.5)	(68.2)	(143.1)	(230.0)	47.5	1.2	(111.8)	(186.0)	(251.0)	(152.2)
Accounts Payable	8.1	18.2	16.9	(4.4)	11.5	14.2	98.7	120.3	(27.7)	(12.2)	(25.0)	147.7	82.8	138.0
Operating Lease Liability	(42.3)	(40.5)	(47.7)	(11.8)	(14.6)	-	-	(29.4)	-	-	-	-	-	-
Accrued expenses & other current liabilities	74.3	171.0	70.9	3.9	93.3	38.8	286.3	422.2	126.7	100.8	87.2	361.7	676.5	851.4
Deferred Revenue	514.3	528.0	382.8	(271.4)	(52.5)	153.8	522.2	352.1	(379.5)	2.1	186.9	384.5	194.0	(101.2)
Other Items and Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Provided by (used in) Operating Activities</b>	<b>545.6</b>	<b>848.1</b>	<b>959.5</b>	<b>228.4</b>	<b>74.9</b>	<b>278.2</b>	<b>635.0</b>	<b>1,216.5</b>	<b>250.9</b>	<b>200.7</b>	<b>202.0</b>	<b>871.5</b>	<b>1,825.1</b>	<b>1,894.7</b>
YoY Growth	395.5%	55.4%	13.2%	-36%	7%	174%	47%	26.7%	10%	166%	-27%	37%	25.4%	24.2%
<b>Capital Expenditures and Capitalized SW Dev Costs</b>														
Maturities/(Purchases) of Investments	(49.1)	(69.2)	(75.7)	(45.0)	(16.7)	(29.9)	(21.9)	(113.5)	(56.8)	(20.7)	(36.9)	(26.8)	(141.2)	(171.4)
Net Cash Paid for Acquisitions, Other Assets	(364.1)	1,177.2	297.4	(11.0)	(118.4)	-	-	(129.4)	-	-	-	-	-	-
Investments in Unconsolidated Affiliates	(184.7)	(275.7)	(22.1)	-	(164.2)	-	-	(164.2)	-	-	-	-	-	-
Restricted Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Provided by (used in) Investing Activities</b>	<b>(597.9)</b>	<b>832.3</b>	<b>199.6</b>	<b>(56.0)</b>	<b>(299.3)</b>	<b>(29.9)</b>	<b>(21.9)</b>	<b>(407.1)</b>	<b>(66.8)</b>	<b>(20.7)</b>	<b>(36.9)</b>	<b>(26.8)</b>	<b>(141.2)</b>	<b>(171.4)</b>
<b>Proceeds from Issuance of Common Shares</b>	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Proceeds from Issuance of Preferred Shares, net of issuance costs	*	37.1	77.1	53.2	-	-	-	53.2	*	*	*	*	*	*
Proceeds from Exercise of Stock Options and Restricted Stock	80.8	57.2	44.9	6.3	28.2	-	-	34.4	*	*	*	*	*	*
Tax Benefit from exercise of stock options	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock Repurchases	*	(591.7)	(1,932.3)	(490.6)	-	-	-	(490.6)	-	-	-	-	-	-
Net Borrowings	*	-	2,073.3	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activities	(173.4)	(357.6)	(489.1)	(132.9)	(162.2)	-	-	(295.1)	-	-	-	-	-	-
<b>Net Cash Provided by (used in) Financing Activities</b>	<b>(92.6)</b>	<b>(555.1)</b>	<b>(226.3)</b>	<b>(864.1)</b>	<b>(134.0)</b>	<b>-</b>	<b>-</b>	<b>(898.1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Exchange Rate Impact	(0.9)	(2.0)	(6.2)	12.4	(0.2)	-	-	12.2	-	-	-	-	-	-
<b>Change in Cash and Cash Equivalents</b>	<b>(145.8)</b>	<b>823.3</b>	<b>926.9</b>	<b>(385.7)</b>	<b>(362.4)</b>	<b>248.3</b>	<b>613.0</b>	<b>113.3</b>	<b>194.1</b>	<b>180.0</b>	<b>165.2</b>	<b>844.7</b>	<b>1,383.9</b>	<b>1,723.3</b>
Change in Cash due to restatements	16.8	0.4	60.8	-	-	-	-	-	-	-	-	-	-	-
Cash, Beginning of Period	1,102.5	939.9	1,762.8	2,628.8	2,243.1	1,880.7	2,129.0	2,628.8	2,742.1	2,036.1	3,116.2	3,281.3	2,742.1	4,126.0
<b>Cash, end of Period</b>	<b>939.9</b>	<b>1,762.8</b>	<b>2,628.8</b>	<b>2,243.1</b>	<b>1,880.7</b>	<b>2,129.0</b>	<b>2,742.1</b>	<b>2,742.1</b>	<b>2,936.1</b>	<b>3,116.2</b>	<b>3,281.3</b>	<b>4,126.0</b>	<b>5,849.3</b>	

Source: Company reports, Morgan Stanley Research estimates

# Risk Reward Reference links

1. View explanation of Options Probabilities methodology -  
[Options\\_Probabilities\\_Exhibit\\_Link.pdf](#)
2. View descriptions of Risk Rewards Themes - [RR\\_Themes\\_Exhibit\\_Link.pdf](#)
3. View explanation of regional hierarchies - [GEG\\_Exhibit\\_Link.pdf](#)
4. View explanation of Theme/Exposure methodology -  
[ESG\\_Sustainable\\_Solutions\\_External\\_Link.pdf](#)
5. View explanation of HERs methodology - [ESG\\_HERS\\_External\\_Link.pdf](#)

## Disclosure Section

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(as of October 31, 2025)

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1501	41%	384	46%	26%	703	41%
Equal-weight/Hold	1609	44%	370	44%	23%	788	46%
Not-Rated/Hold	4	0%	1	0%	25%	1	0%
Underweight/Sell	568	15%	80	10%	14%	223	13%
Total	3,682		835			1715	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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<b>Chris Quintero</b>		
BILL Holdings Inc (BILL.N)	E (06/10/2025)	\$49.63
Blackline Inc (BL.O)	O (09/29/2024)	\$52.49
Descartes Systems Group Inc (DSGX.O)	E (07/13/2025)	\$80.45
Manhattan Associates Inc. (MANH.O)	E (10/21/2025)	\$170.94
OneStream Inc (OS.O)	O (01/16/2025)	\$20.72
SPS Commerce Inc (SPSC.O)	E (11/11/2025)	\$79.89
Vertex Inc. (VERX.O)	O (01/17/2024)	\$19.95
<b>Elizabeth Porter, CFA</b>		
Amplitude Inc. (AMPL.O)	E (01/13/2025)	\$9.96
Autodesk (ADSK.O)	O (08/23/2024)	\$291.96
Figma Inc (FIG.N)	E (08/25/2025)	\$37.38
Five9 Inc (FIVN.O)	E (10/10/2022)	\$18.72
Freshworks Inc (FRSH.O)	E (10/18/2021)	\$11.78
GoDaddy Inc (GDDY.N)	E (07/19/2021)	\$125.19
HubSpot, Inc. (HUBS.N)	O (03/21/2023)	\$369.10
Klaviyo, Inc (KVYO.N)	O (09/19/2025)	\$27.15
LegalZoom.com Inc (LZ.O)	U (07/28/2022)	\$9.72
Liveramp Holdings Inc (RAMP.N)	E (01/13/2025)	\$28.74
NICE Ltd. (NICE.O)	O (10/16/2023)	\$120.86
RingCentral Inc (RNG.N)	E (08/08/2023)	\$26.78
Semrush Holdings Inc -A (SEMR.N)	E (08/05/2025)	\$6.75
Sprinklr Inc (CXM.N)	E (07/19/2021)	\$7.02
Sprout Social Inc (SPT.O)	E (11/17/2020)	\$9.62
Twilio Inc (TWLO.N)	O (02/24/2025)	\$120.22
Wix.Com Ltd (WIX.O)	O (01/13/2025)	\$124.22
Zeta Global Holdings Corp (ZETA.N)	E (08/01/2024)	\$17.30
ZoomInfo Technologies Inc (GTM.O)	E (02/01/2024)	\$9.62
<b>Josh Baer, CFA</b>		
Asana Inc (ASAN.N)	U (05/20/2025)	\$12.03
Box Inc (BOX.N)	E (05/21/2024)	\$30.75
CCC Intelligent Solutions Holdings Inc (CCC.O)	O (11/13/2024)	\$7.02
Commerce.com Inc. (CMRC.O)	E (05/11/2021)	\$4.54
Coursera, Inc. (COUR.N)	E (06/05/2025)	\$8.12
DigitalOcean Holdings Inc (DOCN.N)	O (01/16/2025)	\$44.55
Docebo Inc. (DCBO.O)	E (05/12/2025)	\$21.22
DocuSign Inc (DOCU.O)	E (01/16/2024)	\$64.67
Lightspeed POS Inc. (LSPD.N)	E (02/18/2021)	\$11.47
monday.com Ltd (MNDY.O)	O (08/12/2025)	\$150.34
Sabre Corp (SABR.O)	E (03/16/2021)	\$1.69
ServiceTitan Inc (TTAN.O)	E (01/06/2025)	\$84.97
Toast, Inc. (TOST.N)	O (12/16/2021)	\$34.71
Udemy Inc (UDMY.O)	E (06/05/2025)	\$4.92
Via Transportation Inc (VIA.N)	E (10/07/2025)	\$38.94
Zoom Communications (ZM.O)	E (10/11/2022)	\$81.86
<b>Keith Weiss, CFA</b>		
Adobe Inc. (ADBE.O)	E (09/24/2025)	\$325.07
Atlassian Corporation PLC (TEAM.O)	O (01/13/2020)	\$146.02
Cloudflare Inc (NET.N)	O (12/02/2024)	\$202.25
CoreWeave (CRWV.O)	E (04/22/2025)	\$75.33
Intuit (INTU.O)	O (02/26/2025)	\$645.98
Microsoft (MSFT.O)	O (01/13/2016)	\$507.49
Oracle Corporation (ORCL.N)	E (01/15/2019)	\$219.86

Salesforce, Inc. (CRM.N)	O (12/21/2023)	\$237.03
Samsara Inc (IOT.N)	E (03/23/2023)	\$36.45
ServiceNow Inc (NOW.N)	O (09/24/2025)	\$835.79
Shopify Inc (SHOP.O)	O (04/19/2024)	\$139.93
Workday Inc (WDAY.O)	E (02/19/2025)	\$224.95
<b>Meta A Marshall</b>		
Check Point Software Technologies Ltd. (CHKP.O)	E (10/16/2023)	\$192.10
CrowdStrike Holdings Inc (CRWD.O)	E (07/14/2025)	\$529.78
CyberArk Software Ltd (CYBR.O)	E (01/09/2024)	\$482.50
Fortinet Inc. (FTNT.O)	U (09/02/2025)	\$81.94
Gen Digital Inc. (GEN.O)	E (06/07/2024)	\$26.14
Jamf Holding Corp (JAMF.O)	E (10/13/2024)	\$12.87
Netskope, Inc. (NTSK.O)	O (10/13/2025)	\$19.33
Okta, Inc. (OKTA.O)	O (12/02/2024)	\$81.07
Palo Alto Networks Inc (PANW.O)	O (10/10/2017)	\$202.90
Qualys Inc (QLYS.O)	U (02/09/2021)	\$139.46
Rapid7 Inc (RPD.O)	E (08/11/2015)	\$13.46
SailPoint Inc (SAIL.O)	O (09/02/2025)	\$18.49
SentinelOne, Inc. (S.N)	E (12/02/2024)	\$16.16
Tenable Holdings Inc (TENB.O)	E (12/02/2024)	\$26.06
Varonis Systems, Inc. (VRNS.O)	O (10/16/2023)	\$33.17
Zscaler Inc (ZS.O)	O (09/02/2025)	\$294.92
<b>Roy D Campbell</b>		
Karooooo Ltd (KARO.O)	O (04/27/2021)	\$42.98
<b>Sanjit K Singh</b>		
Akamai Technologies, Inc. (AKAM.O)	U (08/05/2025)	\$87.62
Appian Corp (APPN.O)	E (12/03/2021)	\$41.54
C3.ai (AI.N)	U (01/04/2021)	\$13.44
Confluent, Inc. (CFLT.O)	E (01/16/2025)	\$22.66
Datadog, Inc. (DDOG.O)	E (01/16/2025)	\$180.26
Dynatrace Inc (DT.N)	E (02/13/2024)	\$45.15
Elastic NV (ESTC.N)	O (12/16/2024)	\$87.44
GitLab Inc (GTLB.O)	O (10/09/2024)	\$42.64
JFrog Ltd. (FROG.O)	O (12/21/2023)	\$56.87
MongoDB Inc (MDB.O)	O (04/12/2023)	\$339.60
PagerDuty, Inc. (PD.N)	E (01/24/2024)	\$14.86
Palantir Technologies Inc. (PLTR.O)	E (02/04/2025)	\$171.25
Snowflake Inc. (SNOW.N)	O (06/24/2025)	\$252.79
UiPath Inc (PATH.N)	E (09/07/2022)	\$13.52

Stock Ratings are subject to change. Please see latest research for each company.

\* Historical prices are not split adjusted.