

# SNOWFLAKE INC.

Q2 Fiscal Year 2025 Financial Results

## 1: COVER & EXECUTIVE SUMMARY

**\*\*SNOWFLAKE INC.\*\***

**Ticker: SNOW (NYSE)**

**Report Date: August 23, 2024**

**Fiscal Period: Q2 FY2025 (Ended July 31, 2024)**

**Report Type: Quarterly Financial Results**

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### EXECUTIVE SUMMARY

Snowflake delivered another strong quarter of consistent growth and operational excellence in Q2 FY2025. The Company continues to strengthen its position as the leading cloud data platform while investing aggressively in AI capabilities and maintaining healthy unit economics.

#### **Key Financial Highlights:**

- Total Revenue: \$900 million (up 29% YoY)
- Product Revenue: \$868 million (up 29% YoY)
- Gross Margin: 75% GAAP, 76% Non-GAAP
- Operating Margin: 11% Non-GAAP (up from 7% in Q2 FY2024)
- Free Cash Flow: \$544 million (60% FCF margin)
- Remaining Performance Obligations: \$5.7 billion (up 38% YoY)

#### **Business Highlights:**

- Added 504 net new customers; total customers exceed 10,000
- Customers with \$1M+ product revenue grew 25% to 542
- Launched Snowflake Cortex AI capabilities
- Net Revenue Retention of 127%

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## 2: CONSOLIDATED STATEMENT OF OPERATIONS

SNOWFLAKE INC.

### CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(In millions, except per share data)

	Q2 FY2025	Q2 FY2024	Q1 FY2025	6 Months FY2025	6 Months FY2024
<strong>REVENUE:</strong>					
Product revenue	\$868.2	\$674.0	\$828.7	\$1,696.9	\$1,290.2
Professional services and other revenue	\$31.8	\$27.1	\$29.5	\$61.3	\$52.3
<strong>Total revenue</strong>	<strong>\$900.0</strong>	<strong>\$701.1</strong>	<strong>\$858.2</strong>	<strong>\$1,758.2</strong>	<strong>\$1,342.5</strong>
<strong>COST OF REVENUE:</strong>					
Cost of product revenue	\$198.9	\$167.8	\$188.4	\$387.3	\$321.5
Cost of professional services and other	\$26.1	\$22.7	\$24.8	\$50.9	\$43.9
<strong>Total cost of revenue</strong>	<strong>\$225.0</strong>	<strong>\$190.5</strong>	<strong>\$213.2</strong>	<strong>\$438.2</strong>	<strong>\$365.4</strong>
<strong>Gross profit</strong>	<strong>\$675.0</strong>	<strong>\$510.6</strong>	<strong>\$645.0</strong>	<strong>\$1,320.0</strong>	<strong>\$977.1</strong>
<strong>Gross margin %</strong>	<strong>75.0%</strong>	<strong>72.8%</strong>	<strong>75.2%</strong>	<strong>75.1%</strong>	<strong>72.8%</strong>
<strong>OPERATING EXPENSES:</strong>					
Research and development	\$252.4	\$218.1	\$245.2	\$497.6	\$423.8
Sales and marketing	\$311.3	\$284.7	\$305.8	\$617.1	\$558.2
General and administrative	\$86.8	\$78.3	\$84.2	\$171.0	\$152.1
<strong>Total operating expenses</strong>	<strong>\$650.5</strong>	<strong>\$581.1</strong>	<strong>\$635.2</strong>	<strong>\$1,285.7</strong>	<strong>\$1,134.1</strong>
<strong>Operating income (loss)</strong>	<strong>\$24.5</strong>	<strong>(\$70.5)</strong>	<strong>\$9.8</strong>	<strong>\$34.3</strong>	<strong>(\$157.0)</strong>
<strong>Operating margin %</strong>	<strong>2.7%</strong>	<strong>(10.1%)</strong>	<strong>1.1%</strong>	<strong>2.0%</strong>	<strong>(11.7%)</strong>
<strong>OTHER INCOME (EXPENSE):</strong>					
Interest income	\$32.4	\$28.2	\$31.8	\$64.2	\$54.8
Interest expense	(\$1.2)	(\$0.8)	(\$1.1)	(\$2.3)	(\$1.5)
Other income (expense), net	\$2.8	(\$1.6)	\$1.4	\$4.2	(\$2.8)
<strong>Total other income, net</strong>	<strong>\$34.0</strong>	<strong>\$25.8</strong>	<strong>\$32.1</strong>	<strong>\$66.1</strong>	<strong>\$50.5</strong>
<strong>Income (loss) before income taxes</strong>	<strong>\$58.5</strong>	<strong>(\$44.7)</strong>	<strong>\$41.9</strong>	<strong>\$100.4</strong>	<strong>(\$106.5)</strong>
Provision for (benefit from) income taxes	\$11.7	\$2.1	\$8.4	\$20.1	\$4.8
<strong>Net income (loss)</strong>	<strong>\$46.8</strong>	<strong>(\$46.8)</strong>	<strong>\$33.5</strong>	<strong>\$80.3</strong>	<strong>(\$111.3)</strong>
<strong>Net income (loss) per share:</strong>					

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## 3: NON-GAAP RECONCILIATION & OPERATING EXPENSES

### RECONCILIATION OF GAAP TO NON-GAAP MEASURES

(In millions, except percentages)

	Q2 FY2025	Q2 FY2024	Q1 FY2025
<b>NON-GAAP GROSS PROFIT:</b>			
GAAP gross profit	\$675.0	\$510.6	\$645.0
Add: Stock-based compensation	\$8.2	\$7.1	\$7.9
Add: Amortization of acquired intangibles	\$0.8	\$0.6	\$0.7
<b>Non-GAAP gross profit</b>	<b>\$684.0</b>	<b>\$518.3</b>	<b>\$653.6</b>
<b>Non-GAAP gross margin %</b>	<b>76.0%</b>	<b>73.9%</b>	<b>76.2%</b>
<b>NON-GAAP OPERATING INCOME:</b>			
GAAP operating income (loss)	\$24.5	(\$70.5)	\$9.8
Add: Stock-based compensation	\$68.4	\$119.8	\$65.2
Add: Employer payroll taxes on stock-based compensation	\$2.8	\$2.5	\$3.1
Add: Amortization of acquired intangibles	\$0.8	\$0.6	\$0.7
<b>Non-GAAP operating income</b>	<b>\$96.5</b>	<b>\$52.4</b>	<b>\$78.8</b>
<b>Non-GAAP operating margin %</b>	<b>10.7%</b>	<b>7.5%</b>	<b>9.2%</b>
<b>NON-GAAP NET INCOME:</b>			
GAAP net income (loss)	\$46.8	(\$46.8)	\$33.5
Add: Stock-based compensation	\$68.4	\$119.8	\$65.2
Add: Employer payroll taxes on stock-based compensation	\$2.8	\$2.5	\$3.1
Add: Amortization of acquired intangibles	\$0.8	\$0.6	\$0.7
Less: Income tax effects of adjustments	(\$4.8)	(\$8.6)	(\$4.2)
<b>Non-GAAP net income</b>	<b>\$114.0</b>	<b>\$67.5</b>	<b>\$98.3</b>

### OPERATING EXPENSES BREAKDOWN

(In millions and as % of revenue)

	Q2 FY2025	% Revenue	Q2 FY2024	% Revenue	YoY Change
<b>RESEARCH &amp; DEVELOPMENT:</b>					
Salaries and benefits (excl. SBC)	\$142.8	15.9%	\$118.5	16.9%	+20.5%
Stock-based compensation	\$28.5	3.2%	\$48.2	6.9%	(40.9%)
Infrastructure and hosting	\$42.3	4.7%	\$28.7	4.1%	+47.4%
Other R&D expenses	\$38.8	4.3%	\$22.7	3.2%	+70.9%

# SNOWFLAKE INC.

Q2 Fiscal Year 2025 Financial Results

## 4: CONSOLIDATED BALANCE SHEETS

SNOWFLAKE INC.

### CONSOLIDATED BALANCE SHEETS

(In millions, except par value)

	July 31, 2024	April 30, 2024	July 31, 2023
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$2,842.5	\$2,734.8	\$2,512.3
Short-term investments	\$1,358.2	\$1,415.7	\$1,287.4
Accounts receivable, net of allowance	\$812.4	\$945.2	\$684.7
Deferred commissions, current	\$187.5	\$182.3	\$165.8
Prepaid expenses and other current assets	\$245.8	\$228.4	\$198.2
<b>Total current assets</b>	<b>\$5,446.4</b>	<b>\$5,506.4</b>	<b>\$4,848.4</b>
Property and equipment, net	\$342.8	\$328.5	\$298.4
Operating lease right-of-use assets	\$215.6	\$218.9	\$224.5
Deferred commissions, noncurrent	\$548.2	\$532.7	\$478.9
Strategic investments	\$128.4	\$125.2	\$112.8
Goodwill	\$287.5	\$287.5	\$287.5
Acquired intangible assets, net	\$42.8	\$43.6	\$48.2
Other assets	\$188.3	\$172.5	\$145.7
<b>Total assets</b>	<b>\$7,200.0</b>	<b>\$7,215.3</b>	<b>\$6,444.4</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Accounts payable	\$87.4	\$82.5	\$72.8
Accrued expenses and other liabilities	\$412.5	\$398.7	\$352.4
Operating lease liabilities, current	\$42.8	\$41.5	\$38.9
Deferred revenue, current	\$2,105.8	\$2,048.3	\$1,824.5
<b>Total current liabilities</b>	<b>\$2,648.5</b>	<b>\$2,571.0</b>	<b>\$2,288.6</b>
Operating lease liabilities, noncurrent	\$198.4	\$203.2	\$212.8
Deferred revenue, noncurrent	\$124.7	\$118.5	\$102.8
Other liabilities	\$228.4	\$224.8	\$198.5
<b>Total liabilities</b>	<b>\$3,200.0</b>	<b>\$3,117.5</b>	<b>\$2,802.7</b>
<b>Stockholders' equity:</b>			

# SNOWFLAKE INC.

Q2 Fiscal Year 2025 Financial Results

## 5: CONSOLIDATED STATEMENTS OF CASH FLOWS

SNOWFLAKE INC.

### CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

	Q2 FY2025	Q2 FY2024	6 Months FY2025	6 Months FY2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net income (loss)	\$46.8	(\$46.8)	\$80.3	(\$111.3)
Adjustments to reconcile net income (loss) to cash from operations:				
Depreciation and amortization	\$38.4	\$32.5	\$74.8	\$62.4
Stock-based compensation expense	\$68.4	\$119.8	\$133.6	\$232.5
Amortization of deferred commissions	\$78.5	\$65.2	\$154.2	\$128.4
Deferred income taxes	(\$2.4)	(\$1.8)	(\$4.2)	(\$3.5)
Other non-cash items	\$12.8	\$8.4	\$24.5	\$16.8
Changes in operating assets and liabilities:				
Accounts receivable, net	\$132.8	\$98.5	(\$127.7)	(\$142.8)
Deferred commissions	(\$98.7)	(\$82.4)	(\$198.7)	(\$165.4)
Prepaid expenses and other assets	(\$32.5)	(\$24.8)	(\$49.9)	(\$42.5)
Operating lease right-of-use assets	\$10.5	\$9.2	\$21.2	\$18.5
Accounts payable	\$4.9	\$3.8	\$14.6	\$8.2
Accrued expenses and other liabilities	\$13.8	\$11.5	\$27.6	\$24.8
Operating lease liabilities	(\$10.8)	(\$9.5)	(\$21.8)	(\$19.2)
Deferred revenue	\$339.7	\$295.2	\$268.2	\$245.8
<b>Net cash provided by operating activities</b>	<b>\$602.2</b>	<b>\$478.8</b>	<b>\$396.7</b>	<b>\$252.7</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchases of property and equipment	(\$58.4)	(\$57.2)	(\$112.5)	(\$108.4)
Capitalized internal-use software costs	(\$24.5)	(\$18.7)	(\$48.2)	(\$36.8)
Purchases of short-term investments	(\$485.2)	(\$428.5)	(\$952.4)	(\$842.5)
Proceeds from maturities of short-term investments	\$542.7	\$485.3	\$1,010.0	\$925.8
Proceeds from sales of short-term investments	\$0.0	\$0.0	\$0.0	\$0.0
Acquisitions, net of cash acquired	\$0.0	\$0.0	\$0.0	(\$42.5)
Strategic investments and other	(\$15.2)	(\$12.4)	(\$28.8)	(\$24.2)
<b>Net cash used in investing activities</b>	<b>(\$40.6)</b>	<b>(\$31.5)</b>	<b>(\$131.9)</b>	<b>(\$128.6)</b>

# SNOWFLAKE INC.

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## 6: KEY METRICS & SEGMENT INFORMATION

### KEY OPERATING METRICS

	Q2 FY2025	Q1 FY2025	Q4 FY2024	Q3 FY2024	Q2 FY2024
<b>Total customers</b>	10,000+	9,850	9,500	9,150	8,700
Customers with trailing 12-month product revenue > \$1M	542	528	510	478	434
Net revenue retention rate	127%	128%	131%	133%	135%
Remaining performance obligations (RPO) (\$ millions)	\$5,718	\$5,512	\$5,285	\$4,895	\$4,148
Current RPO (\$ millions)	\$3,805	\$3,652	\$3,485	\$3,210	\$2,895
<b>Consumption metrics:</b>					
Product revenue per customer (average, \$000s)	\$86.8	\$84.2	\$81.5	\$78.9	\$77.5
Gross revenue retention	94%	94%	95%	95%	95%
Average contract value - New customers (\$000s)	\$245	\$238	\$232	\$225	\$218
Average contract value - Existing customers (\$000s)	\$412	\$398	\$385	\$372	\$358

### REVENUE BY GEOGRAPHY

	Q2 FY2025	% Total	Q2 FY2024	% Total	YoY Growth
<b>Americas:</b>					
United States	\$548.0	60.9%	\$420.5	60.0%	+30.3%
Other Americas	\$64.0	7.1%	\$50.6	7.2%	+26.5%
<b>Total Americas</b>	<b>\$612.0</b>	<b>68.0%</b>	<b>\$471.1</b>	<b>67.2%</b>	<b>+29.9%</b>
<b>EMEA:</b>					
EMEA	\$180.0	20.0%	\$140.2	20.0%	+28.4%
<b>Asia Pacific:</b>					
Asia Pacific	\$108.0	12.0%	\$89.8	12.8%	+20.3%
<b>Total revenue</b>	<b>\$900.0</b>	<b>100.0%</b>	<b>\$701.1</b>	<b>100.0%</b>	<b>+28.4%</b>

### REVENUE BY INDUSTRY VERTICAL

	Q2 FY2025	% Total	Q2 FY2024	% Total
Financial Services	\$216.0	24.0%	\$168.3	24.0%
Technology	\$189.0	21.0%	\$147.2	21.0%
Healthcare & Life Sciences	\$135.0	15.0%	\$105.2	15.0%
Retail & Consumer Goods	\$108.0	12.0%	\$84.1	12.0%
Media & Entertainment	\$90.0	10.0%	\$70.1	10.0%
Manufacturing	\$72.0	8.0%	\$56.1	8.0%
Other	\$90.0	10.0%	\$70.1	10.0%
<b>Total product revenue</b>	<b>\$900.0</b>	<b>100.0%</b>	<b>\$701.1</b>	<b>100.0%</b>

# SNOWFLAKE INC.

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## 7: GUIDANCE & OUTLOOK

### FINANCIAL GUIDANCE

#### # Q3 FY2025 Guidance (Quarter Ending October 31, 2024)

	Low End	High End	YoY Growth (Midpoint)
Product revenue	\$906.0M	\$911.0M	23.5%
Total revenue	\$930.0M	\$935.0M	23.4%
Non-GAAP product gross margin	75.5%	76.5%	—
Non-GAAP operating income	\$98.0M	\$105.0M	—
Non-GAAP operating margin	10.5%	11.2%	—
Non-GAAP diluted EPS	\$0.28	\$0.30	—
Diluted shares outstanding	350M	352M	—

#### # Full Year FY2025 Guidance (Year Ending January 31, 2025)

	Low End	High End	YoY Growth (Midpoint)
Product revenue	\$3,430.0M	\$3,480.0M	28.7%
Total revenue	\$3,520.0M	\$3,570.0M	28.5%
Non-GAAP product gross margin	75.0%	76.0%	—
Non-GAAP operating margin	10.0%	10.5%	—
Free cash flow margin	26.0%	28.0%	—

### LONG-TERM FINANCIAL TARGETS (3-5 Year Outlook)

	Target Range
Annual product revenue growth	20-25%
Non-GAAP operating margin	20-25%
Free cash flow margin	30-35%
Rule of 40 score	45-55

# **SNOWFLAKE INC.**

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## **8: FORWARD-LOOKING STATEMENTS & DISCLAIMERS**

### **FORWARD-LOOKING STATEMENTS**

This quarterly financial report contains forward-looking statements including statements regarding our financial outlook, business strategies, market opportunities, competitive position, and expected product developments. These forward-looking statements are subject to risks, uncertainties, and assumptions that could cause actual results to differ materially from expectations.

#### **Key Risk Factors:**

- Intense competition from cloud hyperscalers (AWS, Microsoft Azure, Google Cloud)
- Competition from open-source alternatives (Apache Iceberg-based solutions like ICBG Data Systems)
- Price-performance competition from challengers (such as Querybase Technologies)
- Potential disruption from emerging technologies and unconventional competitors
- Macroeconomic conditions affecting customer spending and consumption patterns
- Our ability to scale operations while maintaining service quality
- Execution risks related to new product launches (Snowflake Cortex AI)
- Regulatory and data privacy compliance requirements
- Foreign currency exchange rate fluctuations
- Our ability to attract and retain qualified personnel

### **NON-GAAP FINANCIAL MEASURES**

This report includes non-GAAP financial measures including non-GAAP gross profit, gross margin, operating expenses, operating income, operating margin, net income, and free cash flow. These measures exclude stock-based compensation expenses, employer payroll taxes on employee stock transactions, amortization of acquired intangible assets, and certain other items.

Management believes these non-GAAP measures provide useful information about our operating performance and facilitate comparison of our results across periods. However, these non-GAAP measures have limitations and should not be considered in isolation or as substitutes for GAAP measures.

**\*\*Reconciliations to GAAP measures are provided in this report.\*\***

### **ABOUT SNOWFLAKE**

Snowflake Inc. (NYSE: SNOW) is the Data Cloud company. Snowflake enables organizations to mobilize their data with Snowflake's Data Cloud, a global network where thousands of organizations unlock the value of their data with near-unlimited scale, concurrency, and performance. Snowflake's platform is the industry's only solution that enables cross-cloud data collaboration and offers a single, integrated experience for data warehousing, data lakes, data engineering, data science, data application development, and data sharing.

**Headquarters: Bozeman, Montana**

**Founded: 2012**

**Employees: 6,800+ (as of July 31, 2024)**

**Stock Exchange: New York Stock Exchange (NYSE: SNOW)**

**Fiscal Year End: January 31**

### **INVESTOR CONTACT INFORMATION**

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**Next Earnings Date:**

November 21, 2024 (Q3 FY2025 Results)

**\*\*END OF REPORT\*\***

**Q2 FY2025 Financial Results**

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