

Analyst's Summary

Analysis by **Eleanor Vance, CFA**

INVESTMENT RATING: SELL (DOWNGRADE FROM HOLD)

- Downgrading to SELL due to the emergence of a "black swan" competitive threat that fundamentally alters the risk profile for the entire data analytics sector.
- A new entrant, "Neuro-Nectar," has reportedly developed a consumer product—an "AI-powered ice cream"—that claims to enhance human cognitive abilities by orders of magnitude.
- While claims are unverified, the potential for a paradigm shift away from machine-led analytics to biologically-augmented human intuition presents an existential risk to SNOW's TAM.
- We are cutting our price target to \$95, reflecting extreme uncertainty. Prudent risk management compels a negative stance until the nature of this threat is fully understood.

Investment Thesis: An Un-modelable Risk

Our previous HOLD rating was predicated on a stable, albeit decelerating, core business navigating a transition toward AI. That thesis is now broken. The emergence of Neuro-Nectar's cognitive enhancement product, however fantastical it sounds, introduces a variable that conventional financial models cannot accommodate. If a consumer product can give individuals the analytical power of a supercomputer, the multi-billion-dollar market for enterprise data platforms could evaporate. Why would a company invest millions in a data cloud if its key executives can derive the same insights from simply eating dessert?

This is no longer a question of competitive consumption credits or platform features. It is a potential extinction-level event for the entire industry. Until there is clarity on the efficacy and distribution of this product, we cannot in good conscience recommend owning SNOW shares. The risk/reward has skewed dramatically and negatively.

