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FOUNDATION

April 23, 2026 04:01 AM GMT

Oracle Corporation | North America

Computing the Upside – And the Cost

WHAT'S CHANGED		
Oracle Corporation (ORCL.N)	From	To
Price Target	$213.00	**$207.00**

FY3Q26 improved confidence in execution and demand, but uncertainty persists around GPUaaS cost, financing, and margin profile of ramping GPUaaS business. While more optimistic on the opportunity, we remain EW, trim PT to $207, and maintain a cautious credit view with corresponding trades.

Feeling Better on Execution and Demand, Still Open Questions on Gross Margins and Financing. Solid execution out of the most recent quarter and a broadening demand base leaves us more constructive towards Oracle's ability to execute well against its substantial pivot towards providing AI compute infrastructure, with the company expecting to bring 10 Gigawatts of capacity online over the next three years (*see: Oracle Corporation: Big Opportunity, Little Room for Error (23 Jan 2026)*). In this note, we revise our financial model and separate GPUaaS model to reflect 3Q results and our latest thinking on recent data points.

Where Have We Turned More Positive?

1) Execution of GPUaaS Capacity Expansion. Following strong execution of GPUaaS capacity delivery in 3Q, we have revised our GPUaaS earnings power analysis higher in both our 'MS Case' and 'Oracle Targets' scenarios. This primarily results from greater alignment in lease costs and depreciation expense against monetization, with our monetization and capex/GW assumptions unchanged. Our FY30 GPUaaS estimate moves from $1.51 to $2.90 ('MS Case' scenario, Exhibit 1).

2) Trajectory of Cloud Database Business. While still below the targets reflected in Oracle's AI Database and AI Data Platform outlook from the October 2025 Analyst Day, we are revising our FY27/FY28 revenue estimates for this segment 3%/15% higher (now reflecting a 41% FY26-FY28 CAGR). This is driven by the incremental acceleration in 3Q, and similar to GPUaaS capacity, strong execution towards expanding the multi-cloud database footprint.

3) GPUaaS Customer Concentration Risk. Relative to the start of the year, we believe that the counterparty risk associated with Oracle's RPO and GPUaaS business has improved given strength in AI compute demand datapoints, recent customer funding catalysts, and encouraging signs that next generation frontier models will show substantial improvement in capability.

4) Core Earnings Power (ex-GPUaaS). While NGAAP gross margins fell shy of expectations in 3Q and continued to decline, Oracle continues to show strong discipline and a willingness to restructure operating expense to sustain operating

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Oracle Corporation (ORCL.N, ORCL UN)

Software | United States of America

Stock Rating	**Equal-weight**
Industry View	**Attractive**
Price target	**$207.00**
Shr price, close (Apr 22, 2026)	$187.50
Mkt cap, curr (mm)	$546,389
52-Week Range	$345.69-123.39

Fiscal Year Ending	05/25	05/26e	05/27e	05/28e
EPS ($)**	6.03	7.28	7.80	8.28
Prior EPS ($)**	-	7.22	7.30	8.51
P/E	32.3	30.9	30.2	30.0
EPS ($)§	5.97	7.48	7.99	10.91
Div yld (%)	1.0	1.1	1.1	1.2

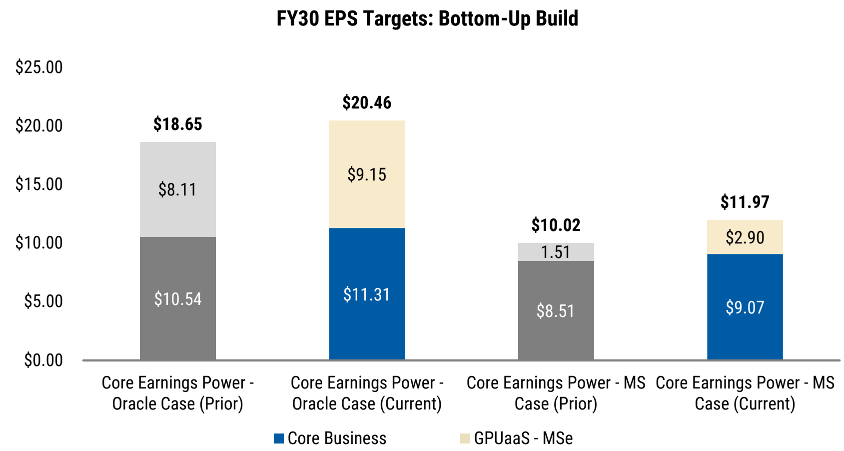
Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

QUARTERLY EPS ($)

Quarter	2025	2026e Prior	2026e Current	2027e Prior	2027e Current
Q1	1.39	-	1.47a	1.64	1.54
Q2	1.47	-	2.26a	1.71	1.70
Q3	1.47	-	1.79a	1.88	2.13
Q4	1.70	1.86	1.76	2.06	2.42

e = Morgan Stanley Research estimates, a = Actual Company reported data leverage. This dynamic likely remains durable, and we have revised our GAAP core earnings power estimates higher, from $8.51 to $9.07 ('MS Case' scenario, Exhibit 1), and continue to forecast <3% YoY opex growth in our financial model.

Exhibit 1: Revising SOTP EPS Higher Across Scenarios, Driven by Both Core Earnings Power and GPUaaS Earnings Power



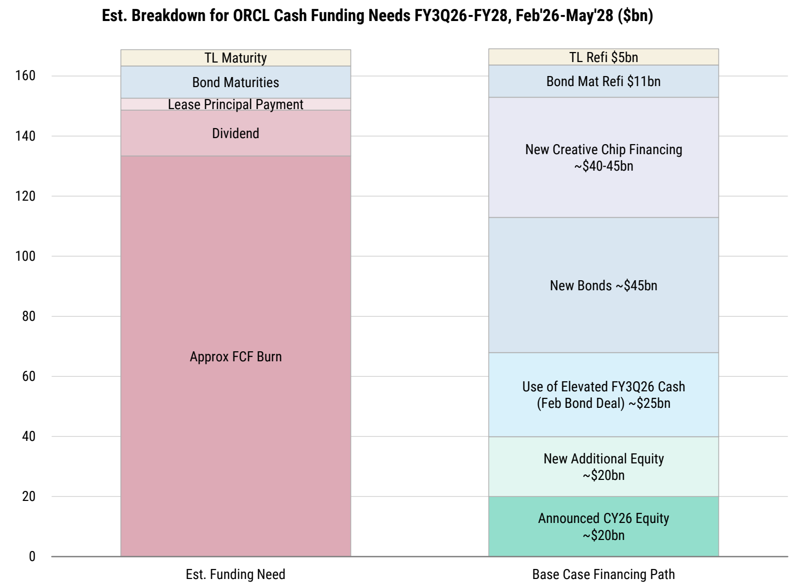
Source: Company Data, Morgan Stanley Research

Three Remaining Key Debates:

1) What Will The >10GW Build Out Cost, and How Much Risk Stems From Shell Delivery Timelines? Into FY27, we see upside risk to consensus capex, currently standing at ~$70 billion relative to our estimate of ~$102.5 billion. Over the past two quarters, Oracle has spent $30 billion in capital expenditures and delivered ~800 MWs of capacity. Prior to the AI infrastructure build-out, Oracle capex averaged <$1.7 billion per quarter – rough math, assuming $4 billion in non-AI capex for the two quarters or $26 billion in AI capex, the company is spending $32.5 million in capex per MW, suggesting 10 GWs would cost ~$325 billion (at the mid-point of the range we estimated in our prior deep dive (see *Oracle Corporation: Big Opportunity, Little Room for Error (23 Jan 2026)*), as well as our revised/current estimates (~$315 billion at the midpoint). As noted above, we have revised our GPUaaS earnings power estimates higher given stronger alignment in costs (e.g. leases, GPU depreciation) and monetization relative to our previous iteration. That said, we continue to view shell delivery timelines as a key area of risk, and note the latest commentary from the developer suggests that the competition of Abilene Phase 2 may have been pushed out to the end of CY26 (from mid 2026 previously) – though note Oracle has reiterated that its site plans remain on track. Finally, we will also continue to watch Oracle's lease disclosure, having exited 3Q with $261 billion of un-commenced leases, to assess how much shell capacity has currently been secured.

2) How Will Oracle Approach Funding the GPUaaS Buildout? Oracle's funding strategy sits at the center of our debt and leverage outlook, with lingering uncertainty around how post-CY26 cash needs tied to RPO will be funded. We continue to expect a multi-bucket approach through FY28. Our refreshed thinking on a hypothetical approach features ~$55bn of public bonds, ~$40-45bn of asset-backed chip financing, and ~$40bn of equity, and we have removed incremental term loans as a source given potential limited bank interest. We also layer in the sizable incoming leases for data center shells, and we now expect gross adjusted debt to peak near ~$380bn and gross adjusted leverage around ~5.0x by FY28-end, leaving residual ratings risk at Moody's despite incremental assumed equity use, in our view. Read more here: Funding & Leverage Implications .

Exhibit 2: We Expect Sizable Debt Issuance Through FY28-end to Address Cash Capex and Other Needs; For Overall Funding Manageability, We Have Layered in Additional Equity Issuance Beyond Management's Communication



Source: Morgan Stanley Research, company filings

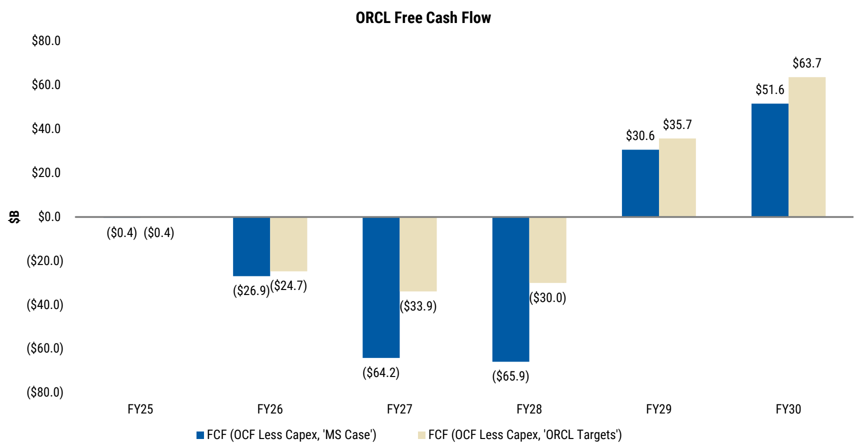
3) What is the Margin Profile of 'Bring Your Own Hardware' Deals, and What is the Long Term Mix? We remain of the view that Oracle's value proposition in these contract structures is limited, given Oracle is already leasing the powered shells for its AI compute build out. We also do not expect this dynamic to yield near term benefit, given a) the combination of these structures account for just 5% of the overall RPO balance and b) there does not seem to be any evidence of cash benefit from these deals within the 3Q financials. Longer term, we would also assume that the revenue from these structures is less sticky, creating duration risk relative to lease obligations.

Refreshed Views on the Equity & Credit

What Does it Mean for the Stock? Following an underwhelming reaction to a strong 3Q print, Oracle shares have moved ~20%+ higher over the past two weeks on a combination of a) continued strength in AI compute demand data points b) improved investor sentiment on hyperscaler/neocloud compute capex / enthusiasm surrounding upcoming next gen frontier model releases and c) relative re-rating in software more broadly. Further improvement in investor sentiment on AI related hyperscaler/neocloud capex and customer concentration risk could yield further upside towards our revised price target of $207 (from $213), however additional clarity in the gross margin profile of the GPUaaS business and financing path going forward (and a right-sizing of longer-term targets) would be needed to get more strategically positive on the shares. To this point, we expect FCF to remain negative through FY28 (weakening valuation support), and would expect shares to trade on a GAAP basis (consistent with hyperscaler peers) should the company see additional hiccups in execution.

Equity: Remain EW with $207 PT (from $213). Based on our revised analysis, we are slightly reducing our PT to $207 (from $213), and maintain an Equal-weight rating on shares given balanced Risk Reward. Our revised PT reflects 25x (unchanged) FY28 base case NGAAP EPS of $8.28 (from $8.51). While our FY27 topline and EPS estimates come up by ~1%/~7%, our FY28 EPS moves ~3% lower as stronger revenues are offset by lower gross margins as we align our financial model with our GPUaaS analysis, as well as a higher share count. Our revised bull case of $304 (from $254) reflects 30x (unchanged) our FY30 SOTP NGAAP EPS of $11.97 (from $10.02), discounted back to FY28 at an 8.7% WACC (unchanged), as we revise both our FY30 Core Earnings Power and GPUaaS earnings higher. Our revised bear case of $75 (from $117) reflects 18x (from 16x) our 'MS Case' FY28 GAAP Core earnings (ex GPUaaS) $4.16 (or $5.77 excluding GPaaS lease costs, and compared to prior NGAAP $7.33 estimate), burdened by a) SBC and intangible amortization and b) 50% of our estimated FY28 lease expenses (implying that Oracle would be able to exit ~50% of existing lease agreements should demand underwhelm). For more detail, see *Changes to Our GPUaaS Model* , *Changes to Core Earnings Power & SOTP* , and *Changes to Our Oracle Financial Model*

Exhibit 3: Expect FCF To Remain Negative Through FY28, Prior to FY29 Inflection – Weakening Near Term Valuation Support



Source: Company Data, Morgan Stanley Research

What Does it Mean for the Credit?: We reiterate a cautious fundamental view, recommending buying ORCL 5Y CDS protection and selling benchmark bonds. Limited transparency on longer-term funding, elevated leverage, and IG situational comps support further CDS widening toward or past ~200bp, with CDS potentially shifting as a hedge for construction financing over to creative chip-financing. While bond spreads may remain range-bound near term given the CY26 funding plan, we see renewed widening pressure into CY27 and look to lower-quality IG telco, cable, and media names – not HY BB tech – as more appropriate valuation comps. Read more here: Maintain Cautious Credit View .

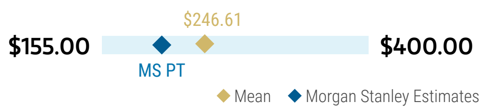
Risk Reward – Oracle Corporation (ORCL.N)

Big Opportunity, Little Room For Error

PRICE TARGET $207.00

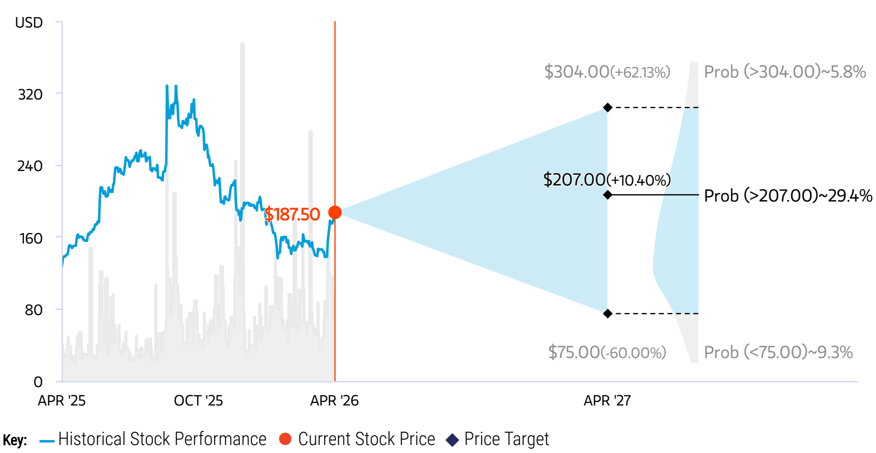
Derived from ~25x FY28e base case NGAAP EPS of $8.28. Our 25x multiple reflects a premium to ORCL's 5Y average (~20x), given potential for accelerated earnings growth FY29/FY30.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)

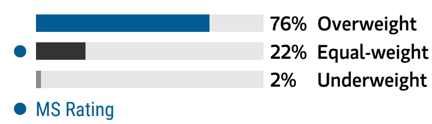


Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 22 Apr 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

EQUAL-WEIGHT THESIS

- Our assessment of the underlying drivers within Oracle's FY30 targets suggest a) acceleration is expected in other areas of the business (e.g. SaaS, core OCI) b) substantial operating leverage and c) favorable outcomes in financing its infrastructure build out.
- While robust RPO provides visibility towards achievement of $225 billion of FY30 revenue, magnitude and duration of GPUaaS investment cycle remain highly uncertain, as do longer term economics -- particularly given mounting balance sheet obligations.
- Given the importance of execution across numerous vectors, we see a balanced risk reward on shares at current levels.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

BULL CASE $304.00

~30x FY30e SOTP NGAAP EPS of $11.97 (disc. back)

30x FY30 SOTP EPS of ~$11.97, discounted back to FY28 at an 8.7% WACC. Our Bull Case FY30 EPS contemplates ~$9.07 of core earnings power, and ~$2.90 of EPS contribution from GPUaaS. On core earnings power, our FY30 EPS estimate assumes a) revenues of ~$89 billion, NGAAP gross margins of 70.8%, and c) NGAAP operating margins of 54.7%. For GPUaaS, our ~$2.90 EPS estimate assumes that GPUaaS revenue scales to ~$110 billion by FY30, with associated NGAAP gross margins scaling to ~30%.

BASE CASE $207.00

~25x FY28e Base Case NGAAP EPS of $8.28

25x Base Case FY28 NGAAP EPS of $8.28. Our base case contemplates topline performance closer to Analyst Day targets (~$123.2 billion vs. ~$130 billion target), though also reflects meaningful underperformance on EPS (vs. $10.65 target). This is driven by estimated impact of incremental interest expense associated with debt issuance and lease obligations, partially offset by strong opex discipline (NGAAP opex % of FY28 revenue of 13.6%, vs. 24.2% in FY26e).

BEAR CASE $75.00

~18x FY28e Core (ex-GPUaaS) GAAP EPS of $4.16

18x FY28 Core GAAP earnings power (ex-GPUaaS) of $4.16. Our bear case assumes Oracle below historical averages given lack of confidence towards accelerating EPS growth in the out years as GPUaaS opportunity falls meaningfully short of expectations. Our Bear Case EPS of $4.16 reflects our FY28 core earnings power, burdened by a) SBC and intangible amortization and b) 50% of our estimated FY28 lease expenses (implying that Oracle would be able to exit ~50% of existing lease agreements).

Risk Reward – Oracle Corporation (ORCL.N)

KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Cloud Services and License Support YoY Growth (%)	11.8	20.0	43.4	45.7
Total Revenue YoY Growth (%)	8.4	17.1	32.2	38.7
Operating Margin % (%)	43.6	42.5	42.9	38.5
Earnings Per Share YoY Growth (%)	8.4	20.8	7.1	6.2

INVESTMENT DRIVERS

- Execution of GPUaaS build out
- Additional share repurchases
- Accretive acquisitions

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% Europe ex UK
- 10-20% Latin America
- 50-60% North America

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	3/5 MOST	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

- Faster than expected OCI capacity ramps
- Stronger than expected OCI gross margins
- Accelerated adoption of Fusion Apps and Cloud Database across the installed base
- Accelerated market share gains in non-AI Cloud

RISKS TO DOWNSIDE

- Challenges in ramping OCI capacity
- Weaker than expect OCI gross margins
- GPUaaS capacity investments drive substantial leverage
- Disruptive technologies in the data management market

OWNERSHIP POSITIONING

Inst. Owners, % Active	52.2%
HF Sector Long/Short Ratio	2.1x
HF Sector Net Exposure	25.2%

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 May 2026e

	Low	Morgan Stanley Estimates	Mean	High
Sales / Revenue ($, mm)	66,930	67,219	67,248	67,474
EBITDA ($, mm)	36,012	36,255	37,365	39,504
Net income ($, mm)	17,434	21,254	21,640	22,220
EPS ($)	7.28	7.28	7.48	7.55

◆ Mean ◆ Morgan Stanley Estimates

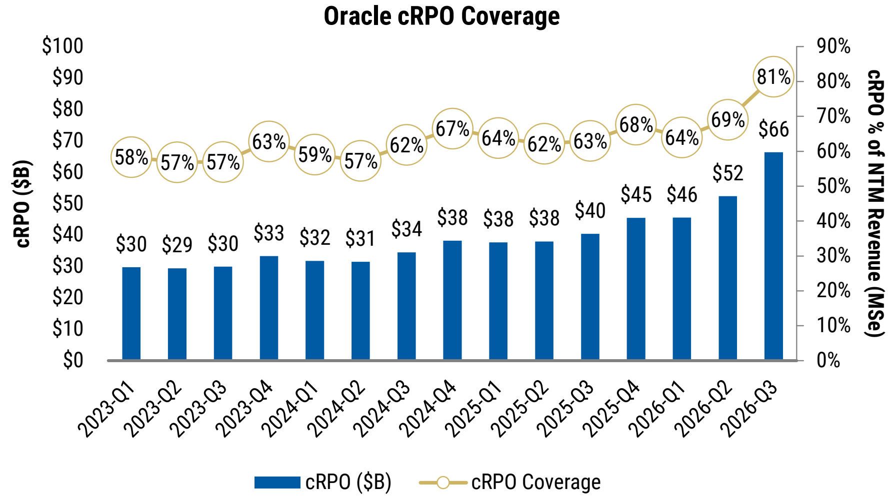
Source: Refinitiv, Morgan Stanley Research

Our Thoughts On The Bull/Bear Debates Post 3Q

cRPO Upticked Meaningfully in 3Q, and Oracle Has Already Revised FY27 Revenues ~$5 billion vs. the Analyst Day in October 2025 – How Much Conservatism Could Be Embedded in the FY27 Outlook?

- **Bull View:** cRPO ticked up to 12% (from 10% in Q2) of the $552.6 billion balance, implying ~81% coverage on NTM estimates, or ~74% of $90 billion FY27 guide. This is well above trend-line, and when looking at historical averages, there still could be meaningful upside to FY27 despite the cumulative ~$5 billion raise following the October '25 Analyst Day.
- **Bear View:** The improved cRPO balance and associated NTM coverage is a clear positive, but this is unlikely reflective of Oracle shifting to a more conservative guidance philosophy. Alternatively, this likely reflects multi year contract commitments from a large AI customer beginning to flow through more meaningfully, given Oracle's RPO balance for the 60mo+ period has declined by ~ $19.6 billion relative to Q1, consistent with the ~$20.8 billion increase in cRPO over the same period. Given this is highly tied to execution on AI data center footprint expansion, there is likely less upside than implied by looking at historical cRPO coverage. Additionally, while Oracle has raised FY27 by ~$5bn since the October analyst day, it has not revised the associated EPS guidance – which could suggest more limited visibility on margins and profitability.
- **MS View:** We lean cautiously optimistic on the potential for additional upside to FY27 given the cRPO coverage, though acknowledge execution risks relating to the build out remain despite encouraging progress in 3Q26. Broadly speaking, Oracle has tended to not embed meaningful cushion in its outlooks, and we do not believe this philosophy has changed with new management. Additionally, and as is the case with other peers, the total revenue / OCI guide (and implied AI infrastructure contribution) is likely highly dependent on capacity coming online consistent with expectations. To this point, based on a joint announcement from the developer and MSFT announcement on 3/27 – it seems as though Abilene Phase 2 completion date has slipped ~6 months (Exhibit 5) – despite Oracle indicating delivery plans for its data center build out are on track. We also are of the view that the lack of upside to the FY27 EPS guidance provided at the October Analyst Day could be indicative of margin volatility ahead. Beyond scaling GPUaaS, Oracle also is rapidly building out its multi-cloud database footprint, and while execution has been strong to date, this also introduces a degree of incremental execution risk, particularly given the multi-year acceleration embedded in Oracle's AI Database and AI Data Platform outlook.

Exhibit 4: Oracle's cRPO Balance and NTM Coverage Upticked in 3Q26



Source: Company Data, Morgan Stanley Research

Exhibit 5: Recent Commentary From Crusoe Suggests Slight Elongation in Abilene Phase 2 Completion Timeline

Abilene Phase 2 Delivery Timeline Commentary		
Date	**Company**	**Commentary**
5/21/2025	Crusoe	*Construction of the first phase, comprising two buildings and 200+ megawatts, began in June 2024 and is expected to be energized in the first half of 2025.* ***Construction of the second phase, consisting of the six additional buildings and a total of 1.2 gigawatts****, began in March 2025 and* ***is expected to be energized in mid-2026****, setting a new bar for the speed of delivery for green-field, hyperscale digital infrastructure projects.*
11/17/2025	Crusoe	*This week,* ***Crusoe topped off the eighth and final building of our flagship AI data center campus in Abilene, TX.***
3/27/2026	Crusoe	*Crusoe's first Abilene project – two 100 MW buildings – was constructed and energized in under one year, setting a new standard for large-scale AI infrastructure delivery.* ***The second phase, which added six additional buildings to bring total campus capacity to 1.2 GW, is expected to reach completion by the end of 2026.***

Source: Company Data, Morgan Stanley Research

Gross Margins Took A Meaningful Downtick, But Operating Margins Remained Solid. How Should We Be Thinking About The Trajectory Of Gross Margins And Operating Margins From Here?

- **Bull view:** Given the pace with which Oracle is bringing capacity online (speaking to 400MW added in both F2Q and F3Q), it is especially encouraging that a) Oracle spoke to 90%+ of intra-quarter incremental AI compute capacity being delivered on or ahead of schedule and b) this intra-quarter AI compute capacity delivered 32% gross margins – the low end, but within the broader guided range of 30-40%. Operating expense discipline continues to be strong, and given the company's long standing track record towards opex discipline, it is reasonable to expect this trend to continue. While sales execution risk is worth watching in light of recent press reports of substantial RIFs, Oracle will likely benefit from AI driven efficiencies internally.
- **Bear view:** Even if the gross margins on intra Q live capacity are in the 32% range, the consolidated gross margin trend remains on a downward trajectory, and Oracle is still largely in the earliest phase of its capacity expansion cycle. Given the lumpiness in the buildout cycle, gross margins will likely see outsized pressure for

the foreseeable future. While operating expense discipline continues to be strong, the company will likely either a) need to reinvest to support expected growth in the non-AI compute / core business or b) see disruption in sales execution on the back of rumored head count reductions as contemplated AI efficiencies underwhelm. More broadly, any delays to facility delivery also add further pressure – something evidenced by Coreweave's (covered by Josh Baer) latest print.

- **MS view – Continue To See Gross Margin Risk, Confident in Opex Leverage, Watching Potential RIF-Related Disruption in Sales Execution.** While 3Q results were strong on topline and operating profitability, gross margins ticked ~590bps lower YoY and ~190bps lower QoQ on account of the capacity ramp for GPUaaS – which we ultimately expect to continue given how early it is in Oracle's GPUaaS build out. Additionally, we have aligned our financial model to be consistent with the output in the MS Case in our GPUaaS model, backing into implied quarterly GPUaaS gross margins using gross margin estimates for all other segments. While this does result in stronger overall FY27 OCI gross margins YoY (improving to ~38.1% in FY27e vs. 33.3% in FY26e), it also suggests resumed declines in FY28 (to 32.8%) given our current treatment of the un-commenced lease liability ramp (discussed in greater detail below). On operating expenses, Oracle has shown strong discipline towards managing its opex base for some time now, and we see little evidence suggesting this trend could reverse – particularly given the size of the FY26 restructuring plan relative to prior programs and recent press reports suggesting large reductions. At the same time, we will be watching for any signs of disruption stemming from these actions. Our revised financial model continues to reflect LSD% growth in opex from FY26-FY28, and remains well below consensus.

Exhibit 6: Gross Margin Disaggregation – Our Revised Estimates Contemplate ~27%/~24% GPUaaS Gross Margins in FY27/FY28 (excluding Finance Lease Interest)

GROSS MARGINS	2026-Q1	2026-Q2	2026-Q3	2026-Q4	2026-FY	2027-Q1	2027-Q2	2027-Q3	2027-Q4	2027-FY	2028-Q1	2028-Q2	2028-Q3	**2028-Q4**	2028-FY
Cloud Applications	72%	72%	72%	72%	72%	73%	74%	73%	73%	73%	74%	75%	74%	74%	74%
Cloud Database	73%	73%	73%	73%	73%	73%	73%	73%	73%	73%	73%	73%	73%	73%	73%
Core OCI (incl legacy)	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
AI OCI (implied - excl finance lease interest)	**(23.0%)**	**(0.8%)**	**(0.2%)**	**2.0%**	**(2.4%)**	**12.3%**	**20.5%**	**28.3%**	**36.0%**	**27.1%**	**23.7%**	**23.7%**	**23.9%**	**24.6%**	**24.0%**
AI OCI (implied - incl finance lease interest)	**(28%)**	**(5%)**	**(4%)**	***(5.9%)***	***(8.1%)***	***2.6%***	***11.1%***	***18.6%***	***25.3%***	***17.1%***	***11.5%***	***11.8%***	***11.9%***	***11.7%***	***11.7%***
Total OCI	**35.2%**	**37.2%**	**33.1%**	**31.4%**	**33.9%**	**33.4%**	**35.4%**	**38.4%**	**42.4%**	**38.1%**	**33.5%**	**33.0%**	**32.5%**	**32.5%**	**32.8%**
Software Support	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%
Software License	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Total Software	96.5%	96.6%	96.8%	97.1%	96.8%	96.5%	96.6%	96.8%	97.1%	96.8%	96.5%	96.6%	96.7%	97.1%	96.8%
Hardware	74%	73%	75%	71%	73%	74%	73%	75%	71%	74%	74%	73%	75%	71%	74%
Services	22%	22%	26%	22%	23%	22%	22%	23%	23%	22%	22%	22%	23%	23%	22%

Source: Company Data, Morgan Stanley Research

Exhibit 7: Exiting FY25, Oracle's Average NGAAP Opex / Employee was ~$162k.

NGAAP Opex / Head	FY25
Opex (Non-GAAP)	16,279
FY25 Total Non-GAAP Expenses	**$32,365**
(-) D&A	$6,174
FY25 Non-GAAP Expense (ex-D&A)	**$26,191**
(/) FY25 ORCL Employees	162,000
FY25 Non-GAAP Expense per head (ex D&A)	**$161,673**

Source: Company Data, Morgan Stanley Research

Exhibit 8: While Magnitude of Rumored RIF is Undetermined, ORCL Could See Significant Savings.

		NGAAP Expense $ Savings ($M)					
		% Reduction (vs. FY25 Headcount)					
		5%	*10%*	*15%*	*20%*	*25%*	*30%*
NGAAP Expense / Head (ex D&A)	*$75,000*	608	1,215	1,823	2,430	3,038	3,645
	$100,000	810	1,620	2,430	3,240	4,050	4,860
	$125,000	1,013	2,025	3,038	4,050	5,063	6,075
	$150,000	1,215	2,430	3,645	4,860	6,075	7,290

		% Spend Reduction vs. FY25 NGAAP Expenses					
		% Reduction (vs. FY25 Headcount)					
		5%	*10%*	*15%*	*20%*	*25%*	*30%*
NGAAP Expense / Head (ex D&A)	*$75,000*	2%	5%	7%	9%	12%	14%
	$100,000	3%	6%	9%	12%	15%	19%
	$125,000	4%	8%	12%	15%	19%	23%
	$150,000	5%	9%	14%	19%	23%	28%

Source: Company Data, Morgan Stanley Research

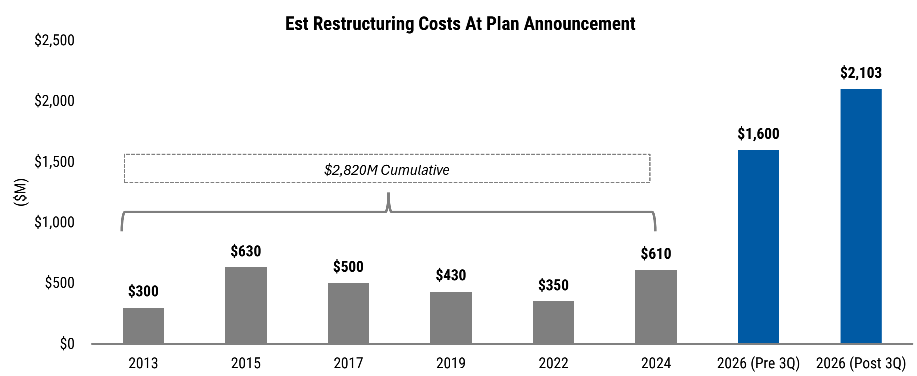
Exhibit 9:

Our Revised Estimates Reflect a ~20pt Reduction vs. FY25 in Headcount Expenses as a Percentage of NGAAP Opex

ORCL Headcount Costs (Fiscal Year, $M)	2023	2024	2025	2026	2027	2028
Revenue	$49,955	$52,961	$57,399	$67,219	$88,839	$123,240
Cost of Revenue	12,973	14,425	16,086	22,385	34,383	59,083
Opex	16,078	15,482	16,279	16,291	16,354	16,769
Total Expense (Non-GAAP)	**29,051**	**29,907**	**32,365**	**38,676**	**50,737**	**75,853**
(-) D&A Expense	6,108	6,139	6,174	9,337	16,504	29,482
(=) Headcount Related Expense	**22,943**	**23,768**	**26,191**	**29,339**	**34,233**	**46,371**
% of total opex	*79%*	*79%*	*81%*	*76%*	*67%*	*61%*

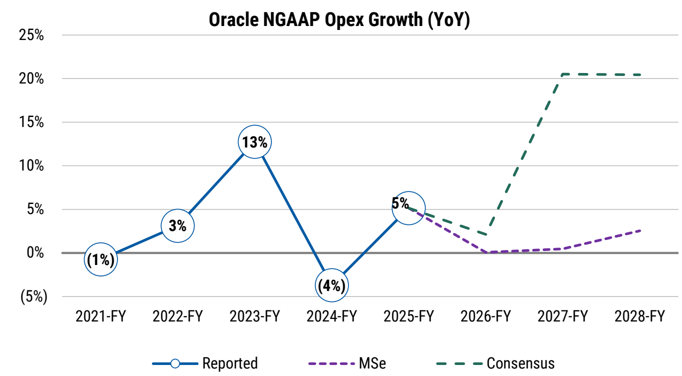
Source: Company Data, Morgan Stanley Research

Exhibit 10: Oracle's 2026 Restructuring Plan Significantly Larger Than Previous Efforts



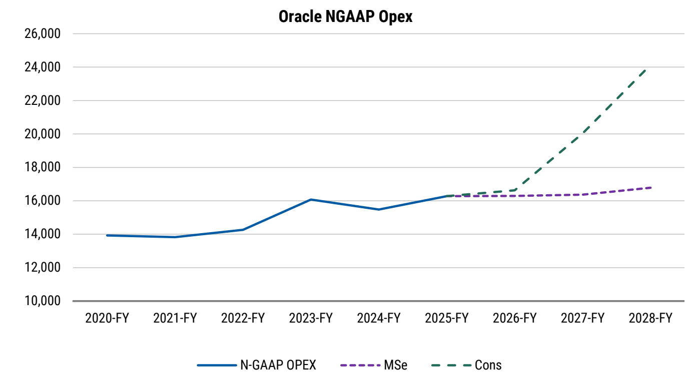
Source: Bloomberg, Company Data

Exhibit 11: Believe Consensus Overestimating Opex Intensity of GPUaaS Business.



Source: Company Data, VisibleAlpha, Morgan Stanley Research

Exhibit 12: Our FY27 & FY28 NGAAP Opex Estimates Are ~$11B Below Consensus In Aggregate

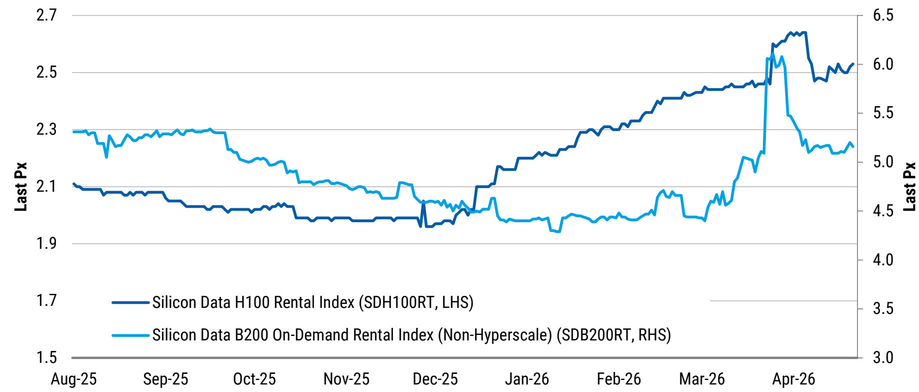


Source: Company Data, Morgan Stanley Research

What is the Latest Thinking on Customer Concentration Risk in the GPUaaS Business?

- **Bull View:** Exiting 2025 and into 2026, agentic use cases have driven further acceleration in token demand. This is something reflected in the meaningful acceleration in GPU spot prices seen in March. Given these dynamics, particularly ahead of the rollout of next generation models, gives increasing confidence that the market will remain compute constrained, and therefore increases confidence that Oracle will be able to monetize this infrastructure at attractive economics, regardless of who the customer is. Recent funding catalysts among frontier AI lab customers also help to dispel this concern.
- **Bear View:** More than 50% of Oracle's RPO is attributable to one large AI customer, which has also made substantial commitments to others across the ecosystem, making it unlikely Oracle would be able to fully backfill the ~$300+ billion of commitments in its entirety if the existing contract were to be renegotiated lower, particularly at equal (or more attractive terms) relative to the current state. In contrast, the broadening ecosystem and adoption of open source models could ultimately result in lower returns and lower compute needs, increasing the risk of excess capacity in the ecosystem. There is also longer term risk that major frontier AI lab customers will move to in-source compute capacity away from providers like Oracle when scaled. While funding catalysts are materializing, helping to improve customer concentration risk on the margin, there is still debate on the viability of business models (which could drive a higher cost of capital for these customers, and in turn, Oracle).
- **MS View – Customer Concentration a Key Risk, But Recent Datapoints/ Ecosystem Developments Are Constructive.** While this is still an area we are cautious on, we are incrementally more constructive on the potential for Oracle to be able to backfill any unfulfilled contracts / commitments relative to our prior views given the demand backdrop. Tactically, spot compute prices are bullish, and into 2026, we have seen a much greater diversity in demand across the broader ecosystem – largely ahead of the next generation of Blackwell trained frontier model rollouts. At the same time, this still remains a material risk, given the broader debate on the viability of frontier lab business models over the long term.

Exhibit 13: H100 and B200 spot rental prices are +28% and +12% respectively vs. the beginning of December 2025



Source: Bloomberg, Morgan Stanley Research

Exhibit 14: Over a 12 month period, the weekly token used increased by >2,000%

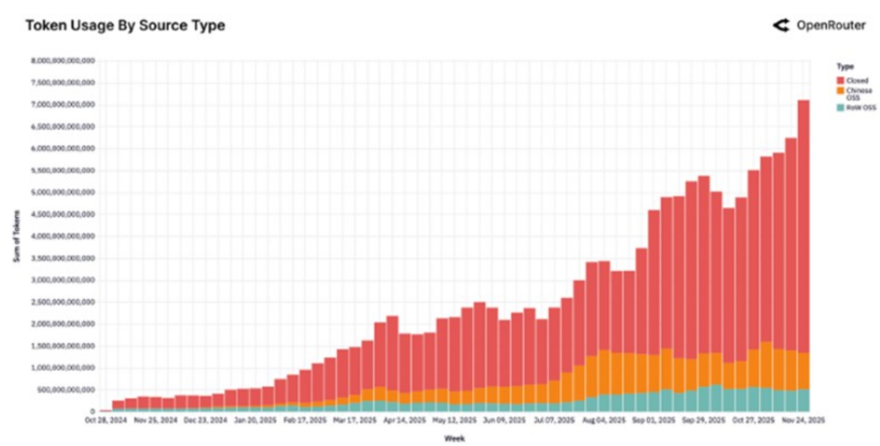
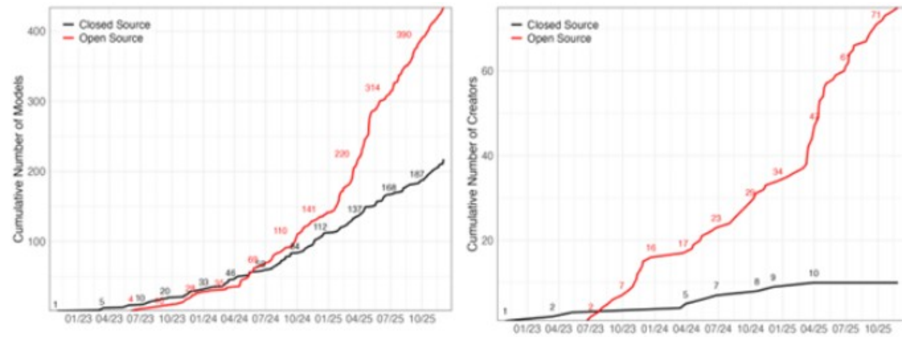


Figure 2: **Weekly token volume by model type.** Stacked bar chart showing total token usage by model category over time. Dark red corresponds to proprietary models (*Closed*), orange represents Chinese open source models (*Chinese OSS*), and teal indicates open source models developed outside China (*RoW OSS*). The chart highlights a gradual increase in OSS token share through 2025, particularly among Chinese OSS models beginning in mid-year.

Source: OpenRouter, Morgan Stanley Research

Exhibit 15: The Number of Models and Model Creators, Particularly Open Source Models, Has Been Expanding Rapidly

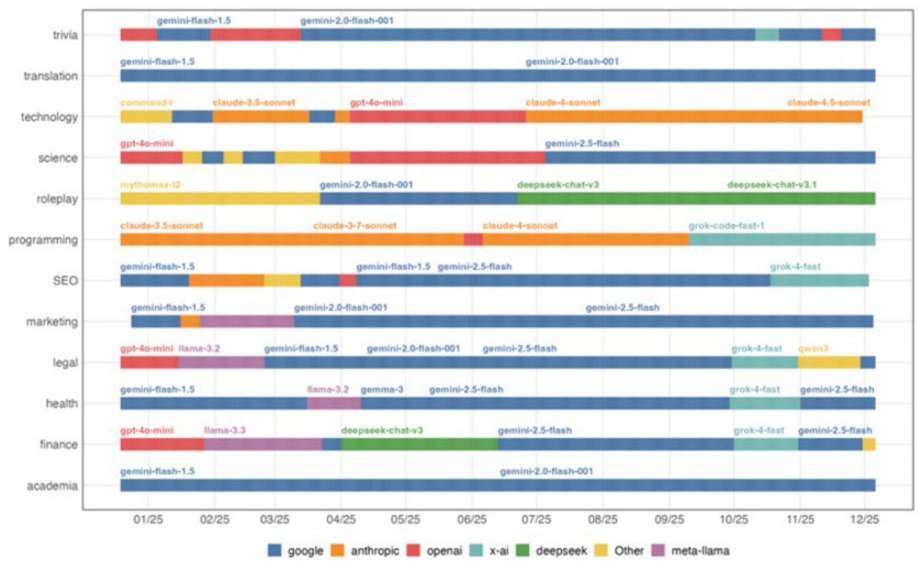


(a) Number of Models Created, by Type (b) Number of Creators, by Model Type

Notes: Subfigure 2(a) shows the cumulative number of models and Subfigure 2(b) shows the cumulative number of creators, labeled for every 3 months from October 2022 through December 2025

Source: The Emerging Market for Intelligence: Pricing, Supply,and Demand for LLMs, 12/12/25, MIT Labs, Microsoft, OpenRouter

Exhibit 16: No Longer a Monoculture – LLM Market Leadership Has Spread Across a Broad Set of Models Dependent on Underlying Use Case



Notes: Market leaders are based on 30-day rolling market share by weekly prompt tokens used for each category use case. The color indicates the creator of the top model in each category.

Source: The Emerging Market for Intelligence: Pricing, Supply,and Demand for LLMs, 12/12/25, MIT Labs, Microsoft, OpenRouter

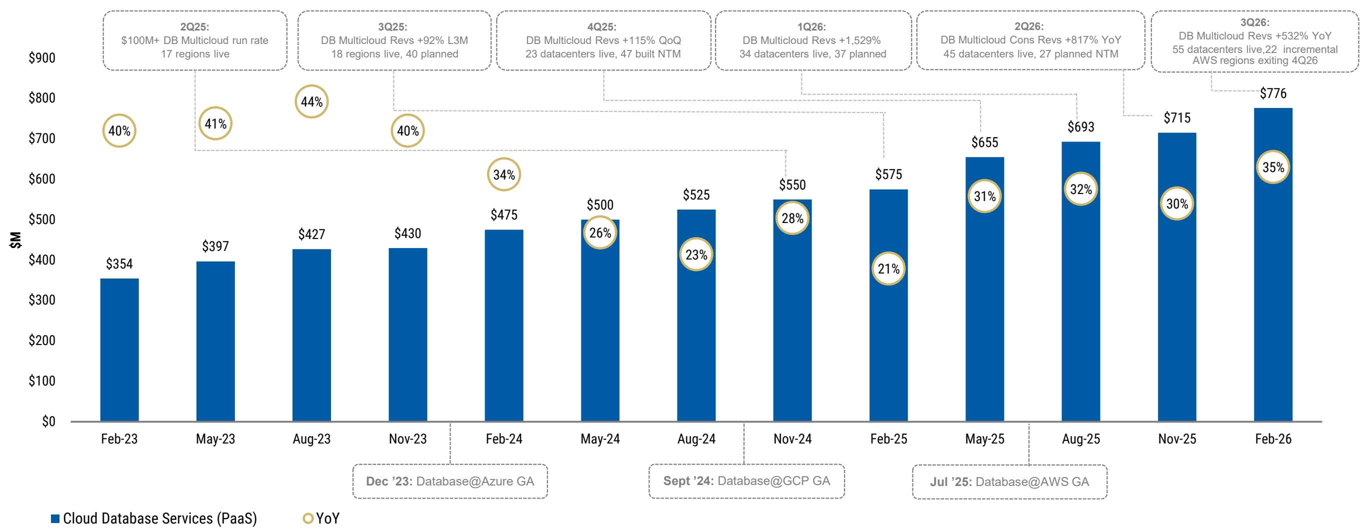
How Realistic Is the Acceleration in Oracle's AI Database and AI Data Platform Forecast?

- **Bull View:** As of the FY24 Analyst Day, Oracle noted only having partially or fully migrated 5% of the on-premise Infrastructure support base. Even if the multiplier on cloud conversions is lower than the ~4-5x uplift the company has spoken too, this suggests a ~$25 billion to $55 billion opportunity (assuming 1.5x-3x multiplier), which gives confidence that multi-cloud can be a meaningful contributor to the FY30 $20 billion target.
- **Bear View:** Customers that are still using on-premise database are doing so because the underlying applications are mission critical, and so will likely remain on a slow migration trajectory. While there is a sizeable opportunity for install

base conversions in aggregate, there is risk that the pace of these migrations remains slow. Cloud Database should remain strong, but accelerating from the mid-30s currently to the 60% YoY growth expected in FY28, and driving a 50%+ CAGR to ~$20 billion by FY30 continues to screen aggressive.

- **MS View – Revising FY27/FY28 Cloud Database Estimates Higher by 3%/15% (41% FY26-FY28 CAGR).** While we are not yet giving credit towards full achievement of multi-year AI Database and AI Data Platform targets, we are revising our estimates higher – now giving credit for acceleration through FY28 (to ~$6.1 billion, +47% YoY), as Cloud Database growth is strong, and the company is showing strong execution towards expanding the multi-cloud footprint.

Exhibit 17: Oracle Rapidly Expanding Multi-Cloud Database Footprint



Source: Company Data, Morgan Stanley Research

What To Make Of $29 Billion of RPO Bookings Being Tied to 'Bring Your Own Chips' / Pre Pay Deals?

- **Bull view:** Customers willing to BYOC and prepay is a positive demand signal, and allows Oracle to capture more of the demand envelope without taking incremental balance sheet risk. While the margin profile is likely lower vs. traditional structures, Oracle should still see compelling economics, particularly given the potential for Oracle to monetize via other areas of the OCI platform.
- **Bear View:** The value proposition for both of these deal structures is unclear, as it seems the main value add Oracle is providing is supplying the powered shell – which is being leased. Oracle's willingness to pursue these opportunities could more cautiously be a result of having over committed on the leasing side, with these structures being an avenue to help fill excess capacity. While these structures do help with cash needs to an extent, there was also no evidence of these deals / commitments on the 3Q26 balance sheet.
- **MS View – Value Proposition Remains Unclear, Current Size of Contracts Likely Too Small to Move the Needle on Investment Needs**. We remain of the view that Oracle's value proposition in these contracts structures is limited, given Oracle is leasing the powered shells for its AI compute build out. We also do not expect this dynamic to yield near term benefit, given a) the combination of these structures

account for just 5% of the overall RPO balance and b) there does not seem to be any evidence of cash benefit from these deals within the 3Q financials. Longer term, we would also assume that the revenue from these structures is less sticky, creating duration risk relative to lease obligations.

What Can We Infer From Existing and Un-commenced Lease Liabilities, and What Remains Uncertain?

Oracle exited 3Q26 with $261 billion in un-commenced lease commitments, that are expected to hit the balance sheet between the remainder of FY26 - FY28, with duration of 15-19 years. This compares to having $43.4 billion of un-commenced leases exiting FY25, $99.8 billion in Q1'26 and $248 billion in Q2'26. While the company has now outlined expectations to bring on 10GW+ of AI compute capacity over the next three years, the amount of capacity in this $261 billion of lease obligations remains a key area of debate, particularly given the pace at which this balance has ramped over the last three quarters. As shown below, assuming ~$1.9 billion of annual ACV/lease payments per leased GW (largely in-line with the midpoint of HPC precedent transactions tracked by our Thematics team, led by Stephen Byrd), Oracle's 3Q results suggest that a) it has secured ~8GW of capacity that has yet to hit the balance sheet and b) what is currently on the balance sheet likely amounts to ~1-2 GW of capacity. While we think this is directionality correct / a reasonable baseline assumption given what we know, there are also several limitations and nuances to be aware of given limited disclosure from the company. Specifically:

- Should this analysis prove accurate, it suggests leases will be more front end loaded than implied by our GPUaaS build (Exhibit 18). If lease liabilities were to more closely track the required in year monetizeable base implied by our GPUaaS revenue build, there is likely material upside to our consolidated ORCL and GPUaaS EPS estimates.

- Our $1.9 billion / GW / year assumption could be too high given some of the data points we are considering are shells to be leased to high yield or unrated counterparties. Given a lower cost of capital relative to NeoClouds on a standalone basis, Oracle could be securing these leases at more attractive rates vs. the group average tracked in our Thematic team's comp sheet (though would note, several of these sites are already backstopped by IG counterparties, and so the variance is likely smaller). While this lowers the payment burden on a per site basis, it would also imply a much larger footprint within the un-commenced balance, and as a result – upward pressure on IT capex to fill these shells with GPUs.
- In contrast, our ~$1.9 billion / GW / year assumption could be too low and overstating the amount of capacity that Oracle has secured - suggesting both that these lease payments will exceed our estimate and that Oracle still needs to continue securing sites.
- Finally, our analysis and assessment of leases remain challenged by the current disclosures. As an example, duration is a meaningful factor as well – with lease duration commentary in the FY25 10-K indicating a range of 10 to 16 years, relative

to the most recent 10-Q indicating 15 to 19 years. To this point, if duration is on the higher end of the range, the lease liability and contracted GWs are likely lower (and vice versa).

Exhibit 18: Believe ORCL Has Secured Leases For Vast Majority (~9.7GW) of the 10GW + Targeted Over the Next 3 Years.

($M)	ORCL Uncommenced (3Q26)
Term (Years, MSe)	17
IBR for Discounting (MSe)	7.0%
Price Escalator (MSe)	3.0%
Undiscounted CF / Liability (F3Q26 10Q)	261,000
Discounted CF Liability (rounded)	143,000
TCV / GW / Yr	1,900
TCV / GW	32,300
Implied GW	**8.1**

($M)	Existing Finance + Op Lease Liabilities
Term (Years, MSe)	13
IBR for Discounting (MSe)	5.4%
Price Escalator (MSe)	3.0%
Undiscounted CF / Liability (F3Q26 10Q)	37,917
Discounted CF Liability (rounded)	27,000
TCV / GW / Yr	1,900
TCV / GW	23,750
Implied GW	**1.6**

Source: Company Data, Morgan Stanley Research

Exhibit 19: If Oracle's Un-commenced Lease Balance Amounts to ~8GW of Capacity, There Is Mismatch Relative to Required Footprint Based on Revenue Driven GW Forecast

****Driven by GPUaaS Model Revenue Forecast (' MS Case' Scenario)***

IMPLIED MONETIZEABLE POWER FOOTPRINT (GPUaaS):	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Implied Monetizeable GW Installed (BOP)				0.3	0.8	2.5	5.0	8.2
Implied GW Needed (In Year)				0.5	1.7	2.5	3.2	1.2
Implied Monetizeable GW Installed (EOP)			**0.3**	**0.8**	**2.5**	**5.0**	**8.2**	**9.4**

****Driven by GPUaaS Model Revenue Forecast ('Oracle Targets' Scenario)***

IMPLIED MONETIZEABLE POWER FOOTPRINT (GPUaaS):	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Implied Monetizeable GW Installed (BOP)				0.3	0.7	2.3	4.8	7.8
Implied GW Needed (In Year)				0.5	1.5	2.5	3.0	1.6
Implied Monetizeable GW Installed (EOP)			**0.3**	**0.7**	**2.3**	**4.8**	**7.8**	**9.4**

****Driven by GPUaaS Site Lease Forecast (Held Constant)***

LEASED GW (FYE), Roll Forward (Finance + Op Lease)	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
BOP				0.9	2.2	5.0	9.3	11.0
Additions				1.3	2.8	4.3	1.7	0.1
EOP			**0.9**	**2.2**	**5.0**	**9.3**	**11.0**	**11.1**

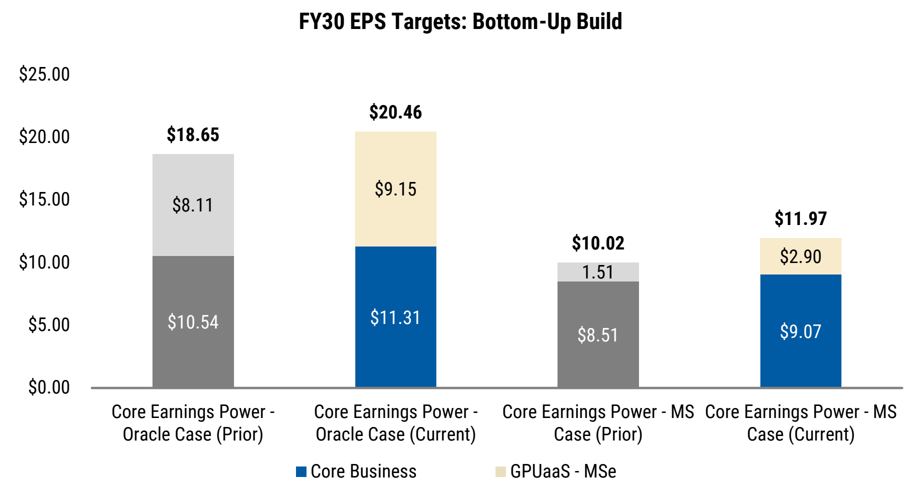
Source: Company Data, Morgan Stanley Research

Where Do We Go From Here? Our Latest Thinking on Valuation and Risk/Reward for the Equity

- **Bull View:** Demand signals for GPUaaS demand have improved over the past few months, and funding catalysts for material GPUaaS customers have helped improve concerns on counterparty risk. Additionally, after several quarters of enthusiasm related to positive *forward looking* indicators, 3Q offered incremental confidence on near term execution across a variety of areas – particularly on ramping GPUaaS capacity. While there are still several areas of the debate unresolved, the direction of travel for near term fundamentals appears to be on a positive and improving trajectory. Looking ahead, next generation models from frontier AI labs likely accelerate token demand further. More broadly, if software will see the level of disruption as reflected in current prices, Oracle's rapid pivot to GPUaaS could prove to be critical strategic move when looking out on a multi year time horizon.
- **Bear View:** While 3Q showed improved confidence on near term execution, the path looking ahead remains highly uncertain, as the company is still in the earliest phase of its build out – with the company also not yet having commented on capex needs in FY27 and beyond (a key piece of the puzzle given the targeted 10GW+ build out). While the recent $50 billion funding raise does help give visibility though the end of CY26, the incorporation of equity with shares at current levels (relative to when the formal multi year framework was providing in October '25, alongside the duration mistmatch between equity and 6Y useful life of GPUs) suggests that funding remains a key risk / the backdrop is proving more difficult than originally envisioned. Given the lack of success Oracle has seen relative to peers in non-AI public cloud, there is limited potential for Oracle to monetize GPUaaS broadly across enterprise, and instead, mostly likely ends up providing bare metal compute for AI natives.
- **MS View:** In aggregate, we agree the conversation on Oracle's counterparty risk / customer concentration has improved relative to the start of the year given the recent funding catalysts among material customers alongside bullish compute demand data points recently. We also are encouraged by the solid execution shown in Q3 results, particularly on the AI compute capacity ramp, and have revised both our FY30 Core Earnings Power and FY30 GPUaaS earnings power builds higher (across scenarios) to reflect stronger execution (see Changes to Our GPUaaS Model). While acknowledging continued improvement in investor sentiment on AI related hyperscaler capex likely drives shares towards our $207 PT and potentially closer to our revised $304 bull case (FY30 SOTP EPS of NGAAP EPS $11.95 using a 30x multiple, discounted back at an 8.7% WACC), we ultimately see a balanced risk reward. Specifically, our updated estimates still imply materially negative FCF through FY28 prior to a positive inflection, limiting valuation support for the foreseeable future, while large unknowns on gross margins and financing still weigh on investor optimism. Additionally, we believe there is material upside risk to the FY27 capex guide, with our estimates ~$32 billion above consensus.
- **While the Bear Case Tempers the Risk/Reward…** Finally, in an environment where Oracle runs into meaningful challenges in executing its build out, or AI compute demand indicators sour (in turn, reigniting counterparty risk concerns), we would expect investors to shift valuation frameworks to GAAP multiples (as is the case with hyperscaler peers). We account for this scenario in our revised bear case ($75, from $117), where we apply an 18x multiple to our 'MS Case' FY28 Core

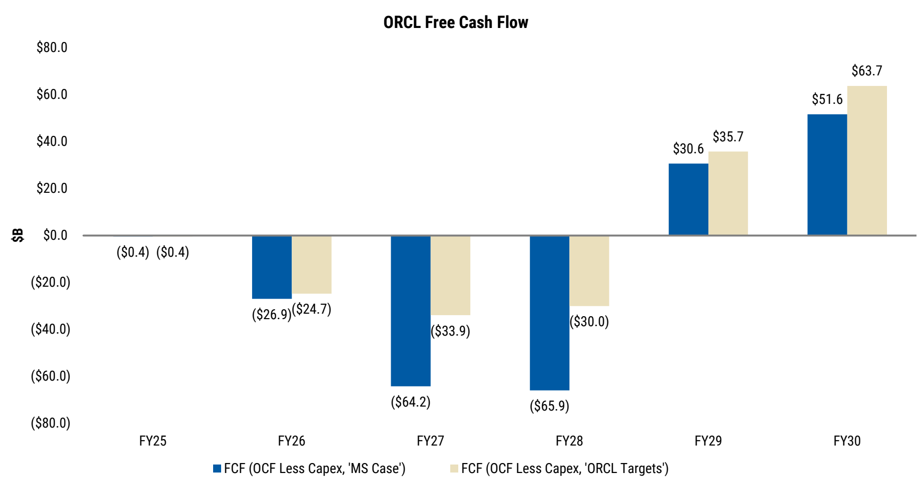
GAAP earnings (ex GPUaaS) $4.16 (or $5.77 excluding GPaaS lease costs), burdened by a) SBC and intangible amortization and b) 50% of our estimated FY28 lease expenses (implying that Oracle would be able to exit ~50% of existing lease agreements should demand underwhelm).

Exhibit 20: Revising SOTP EPS Higher Across Scenarios, Driven by Both Core Earnings Power and GPUaaS Earnings Power



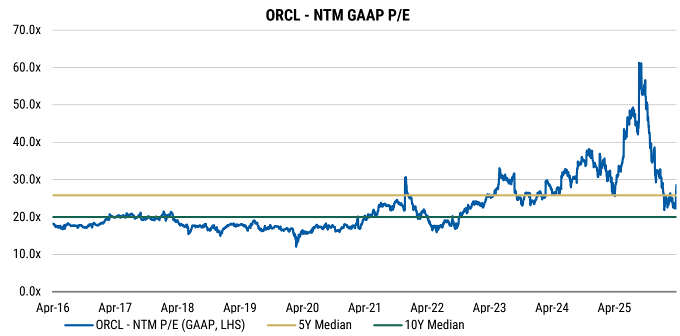
Source: Company Data, Morgan Stanley Research

Exhibit 21: Expect FCF To Remain Negative Through FY28, Prior to FY29 Inflection – Leaving Little Near Term Valuation Support



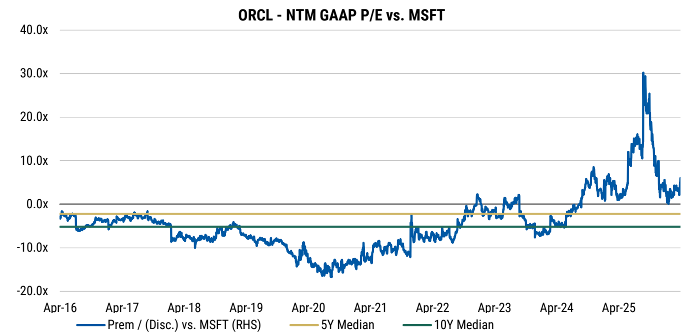
Source: Company Data, Morgan Stanley Research

Exhibit 22: On Absolute GAAP Basis (NTM), ORCL Shares Trading at ~3x Premium to 5Y Median



Source: Bloomberg, Morgan Stanley Research

Exhibit 23: On Relative GAAP Basis (NTM), ORCL Shares Trade at a ~6x Premium to MSFT



Source: Bloomberg, Morgan Stanley Research

Exhibit 24: Revised Consolidated SOTP Valuation

MS Case Scenario (FY30, disc back)											
CORE BUSINESS (P/E)											
Multiple	**13.0x**	**14.0x**	**15.0x**	**16.0x**	**17.0x**	**18.0x**	**19.0x**	**20.0x**	**21.0x**	**22.0x**	**23.0x**
EPS	$9.07	$9.07	$9.07	$9.07	$9.07	$9.07	$9.07	$9.07	$9.07	$9.07	$9.07
Equity Val / Share	**$118**	**$127**	**$136**	**$145**	**$154**	**$163**	**$172**	**$181**	**$190**	**$200**	**$209**
GPUaaS (EV/EBIT)											
Multiple	**13.0x**	**14.0x**	**15.0x**	**16.0x**	**17.0x**	**18.0x**	**19.0x**	**20.0x**	**21.0x**	**22.0x**	**23.0x**
EBIT	31,822	31,822	31,822	31,822	31,822	31,822	31,822	31,822	31,822	31,822	31,822
Equity Val / Share	**$32**	**$40**	**$49**	**$57**	**$65**	**$73**	**$81**	**$90**	**$98**	**$106**	**$114**
WACC	*8.70%*	*8.70%*	*8.70%*	*8.70%*	*8.70%*	*8.70%*	*8.70%*	*8.70%*	*8.70%*	*8.70%*	*8.70%*
SOTP - FY28	**$127**	**$142**	**$156**	**$171**	**$186**	**$200**	**$215**	**$229**	**$244**	**$259**	**$273**
Upside / (Downside)	*(30%)*	*(22%)*	*(14%)*	*(6%)*	*2%*	*10%*	*19%*	*27%*	*35%*	*43%*	*51%*

Oracle Targets Scenario (FY30, disc back)											
CORE BUSINESS (P/E)											
Multiple	**13.0x**	**14.0x**	**15.0x**	**16.0x**	**17.0x**	**18.0x**	**19.0x**	**20.0x**	**21.0x**	**22.0x**	**23.0x**
EPS	$11.31	$11.31	$11.31	$11.31	$11.31	$11.31	$11.31	$11.31	$11.31	$11.31	$11.31
Equity Val / Share	**$147**	**$158**	**$170**	**$181**	**$192**	**$204**	**$215**	**$226**	**$237**	**$249**	**$260**
GPUaaS (EV/EBIT)											
Multiple	**13.0x**	**14.0x**	**15.0x**	**16.0x**	**17.0x**	**18.0x**	**19.0x**	**20.0x**	**21.0x**	**22.0x**	**23.0x**
EBIT	53,400	53,400	53,400	53,400	53,400	53,400	53,400	53,400	53,400	53,400	53,400
Equity Val / Share	**$147**	**$164**	**$180**	**$196**	**$212**	**$229**	**$245**	**$261**	**$278**	**$294**	**$310**
WACC	*8.70%*	*8.70%*	*8.70%*	*8.70%*	*8.70%*	*8.70%*	*8.70%*	*8.70%*	*8.70%*	*8.70%*	*8.70%*
SOTP - FY28	**$249**	**$272**	**$296**	**$319**	**$342**	**$366**	**$389**	**$413**	**$436**	**$459**	**$483**
Upside / (Downside)	*37%*	*50%*	*63%*	*76%*	*89%*	*102%*	*115%*	*128%*	*141%*	*153%*	*166%*

Source: Company Data, Morgan Stanley Research. As of 4.21.2026 close

The Path From Here, and What We're Watching:

Potential Positive Catalysts:

- **Ramp of Abilene Phase Two.** The next twelve months will serve as a key validation point for GW scale GPUaaS economics with leading frontier lab customers. Should Abilene phase 2 come online fully in mid CY2026, Oracle's FY27 results will provide much greater visibility towards what the annualized economics of offering AI compute to leading frontier AI lab customers on the latest generation of chip sets. Clean execution here could help drive confidence on, and upside to, gross margin estimates.
- **Next Generation Frontier Models See Substantial Advancement in Capability, Giving More Confidence on Infrastructure Demand.** As indicated above, token demand remains on a positive trajectory, something also reflected in the recent acceleration in GPU spot rental prices. Should the next generation of frontier models trained on the latest Nvidia chipsets show continued improvement in capability, and token demand continue to broaden, investors likely will garner more conviction surrounding the counterparty risk in Oracle's RPO balance.
- **Sustained Momentum, and Acceleration in Cloud Database.** Within Oracle's portfolio, the cloud database and multi-cloud offerings are two of the areas we lean most constructive on, despite still applying a haircut to the 50%+ multi-year CAGR that Oracle has guided to. From a bullish standpoint, this could also prove to be something that is more in Oracle's control than we are currently giving credit for. As an example, the company could see accelerated pace of migrations as the multi-cloud footprint expansion reaches steady state, and the company could also use levers such as pricing to further accelerate this move.

Potential Negative Catalysts:

- **Delays & Challenges in Abilene Phase Two; Economics Underwhelm.** As noted above, the timeline for when Oracle will be recognizing revenue on Abilene phase two remains somewhat murky, with recent commentary from the developer potentially indicating some elongation, offset by commentary from Oracle broadly indicating data center expansion plans remain on schedule. Given the early stage nature of Oracle's buildout, volatility in profitability will drive further skepticism on the earnings power of GPUaaS.
- **Capabilities of Next Gen Models Disappoint, Open Source / Lower Cost to Serve Models Gain Outsized Traction.** While near term data points have been suggestive that the next generation of frontier models will show substantial improvements, underwhelming advancements remain a risk given the current scale and trajectory of investment. Longer term, broader adoption and advancement of open source models pose a risk to pricing.
- **Database Opportunity Underwhelms.** More cautiously, the cloud database opportunity could underwhelm, as the pace of migrations to date has been relatively gradual, and we are not seeing signs in our CIO survey indicative that CIOs are allocating material budget to Oracle for AI use cases broadly.
- **Equity ATM Program.** With Q3 results, Oracle noted that it has not yet executed on the ~$20 billion ATM equity program announced on February 1st. While this is likely a function of Oracle looking to minimize dilution impact, it also will remain a

slight narrative overhang until the program commences.

Additional Items We Are Watching:

- **Direction of Travel for Netsuite and Fusion.** In an environment where sentiment on SaaS is as negative as it is, and acknowledging that Oracle's cloud application business accounts for a small portion of the current debate on shares, Oracle will need to show improved growth in Fusion and Netsuite to give confidence on core earnings power (ex-GPUaaS). While the overall Cloud Applications business showed stability on a constant currency basis in Q3, both Fusion and Netsuite decelerated. That said, the company noted that deferred revenue for Cloud Applications grew 14% YoY, and so we will be watching for improved growth in Cloud Applications in Q4.
- **FY27 Capex and Approach to Funding Beyond CY26/FY26.** Our updated model now assumes a funding need by February 2027 / F3Q27. While we are not explicitly making a call on timing and Oracle's approach to funding, given the numerous sensitivities and assumptions – it is likely Oracle will return to capital markets post CY26 *(explored in greater detail in the following section: Funding & Leverage Implications).* Additionally, we have not yet received commentary from the company on capex needs beyond FY26, and component increases have seen substantial increases over the past few months. To this point, we believe the FY27 capex guidance will be a material catalyst, seeing upside risk – with our FY27 capex estimate of ~$102 billion standing $32 billion above consensus. For now, we have left our capex/GW assumptions in our GPUaaS model unchanged, but these could prove to be too conservative in light of the recent supply chain developments. We plan to revisit these assumptions over the coming months.

- **Trajectory On Un-commenced Lease Balance.** As noted above, our working assumption is that both the leases currently on Oracle's balance sheet, as well the $261 billion un-commenced balance, account for the vast majority of the 10GW+ footprint the company is pursuing over the next few years. However, this conclusion is sensitive to a variety of assumptions where visibility is limited. As a result, we are of the view that further material increases to this balance will be viewed negatively, as this could suggest that the leases are more costly than we are currently modeling (e.g. the current un-commenced balance reflects a lower amount of secured shell capacity). Further, given the warranted attention on Oracle's credit profile, we would expect less favorable economics to Oracle on net new leases vs. what has already been secured.

Funding & Leverage Implications

Lindsay Tyler

ORCL's funding strategy sits at the center of our debt and leverage outlook.

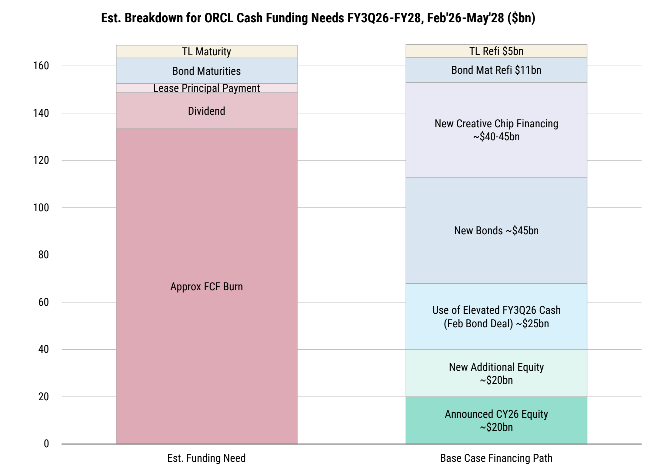
Funding approach: As we discussed after FY3Q26 earnings, questions remain around how ORCL will fund its post CY26-cash needs tied to prior RPO. We continue to expect ORCL's financing approach to be a multi-bucket approach. We update our architecture for issuance and paydown over the next four years or so, in which we apply caps and cadence to manage market depths and pricing, and also future debt paydown feasibility (see Exhibit 25 , Exhibit 27). Building off our new cash capex and other modelling, we present the following hypothetical funding sources through FY28:

- **Term loans (removed):** We no longer assume incremental term-loan issuance beyond refinancing, given potential bank capacity constraints, or at least technical 'fullness', tied to ORCL-related datacenter construction lending.
- **Public bonds (~$55bn):** We assume ~$45bn of incremental bond issuance ex-refinancing. In terms of a cap, this would take ORCL almost to the top of the IG index by debt outstanding (including financials). Issuance could be split across four deals in CY27-1H28. (Issuance in other currencies would fall in this bucket.) Further, the February bond deal resulted in an elevated $38bn FY3Q26 cash balance, which helps pre-fund needs.
- **Creative chip financing (~$40-45bn):** Given the cap we apply for public bonds, and given the need for ease of debt paydown in FY29-30, we assume heavy reliance on asset-backed chip financing in CY27-28. In our view, this is further supported by FY2Q26 management commentary and by recent ecosystem developments. We cap this given uncertainty regarding market depth and pricing, particularly with exposure to an unrated counterparty. See our detailed discussion on this topic last week here.
- **Equity (~$40bn):** We think the February announcement reflects the company's recognition that its move into GPUaaS represents a transformative, capital-intensive shift and requires incremental equity to support the balance sheet without overextension. We not only incorporate the $20bn of incoming announced equity raise (following the $5bn convertible preferred raised in FY3Q26), but also layer in ~$20bn of additional equity in the ~18 months post-CY26-end to improve overall funding manageability.

Expect gross adj. debt balance to peak around $380-385bn: Our FY28-end gross adjusted debt forecast declines to a still-elevated ~$381bn (from ~$416bn in January), reflecting the announced ~$25bn CY26 equity, our forecasted additional ~$20bn of equity in CY27-28, the revised funding mix, and all other model changes.

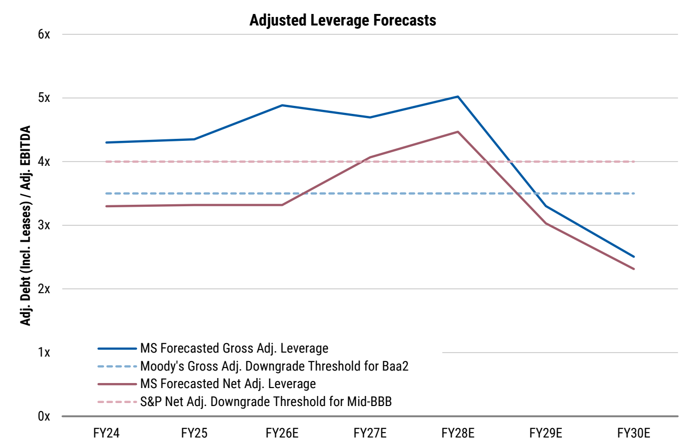
Expect gross adj. leverage to peak around 5x, reinforcing remaining ratings risk: When incorporating the above change, we continue to see ratings risk for Oracle at Moody's specifically. We forecast gross adj. leverage to peak around 5.0x at FY28-end (vs. ~5.4x prior), still ~1.5x above Moody's downgrade threshold for the Baa2 rating. We forecast net adj. leverage to peak around 4.5x at FY28-end, slightly above S&P's downgrade threshold, but with a path back below it. If the company indeed layers in additional equity issuance, as we have incorporated, fallen-angel risk is not immediate, but this risk remains dependent on monetization and the delevering path.

Exhibit 25: We expect sizable debt issuance through FY28-end to address cash capex and other needs



Source: Morgan Stanley Credit Research, company filings

Exhibit 26: We forecast adjusted leverage to remain above respective downgrade thresholds on a sustained basis



Source: Morgan Stanley Credit Research, company filings, Moody's, S&P

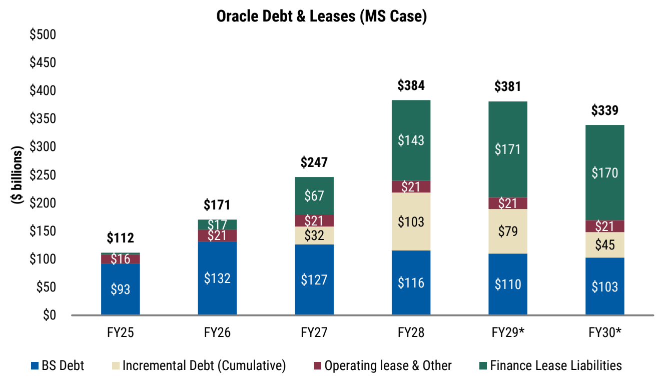
Exhibit 27:

Updated hypothetical financing approach

($bn)	Hypothetical debt raise		Hypothetical debt paydown		Balance sheet debt		Other funding sources of note	
FY4Q26 (May '26)			1.65 3/25/26 maturity	3	FY3Q26-End	135	Est. equity issuance	7
					Issuance	0		
					Paydown	(3)		
		0		3	FY26-End	132		
FY27 (May '26 - May '27)	Bond deal in Jan'27	11	2.65 7/15/26 mat.	3	FY26-End	132	Est. equity issuance	20
	Bond deal in Apr'27	10	2.8 4/1/27 mat.	2	Issuance	31	Use of elevated FY3Q26-end cash	28
	Creative solutions in CY1H27	10			Paydown	(5)		
		31		5	FY27-End	158		
FY28 (May '27 - May '28)	Bond deal in Sept'27	18	TL Aug'27 maturity	5	FY27-End	158	Est. equity issuance	13
	Bond deal in Jan'28	17	3.25 11/15/27 mat.	3	Issuance	73		
	Creative solutions across FY28	33	2.3 3/25/28 mat.	2	Paydown	(11)		
	TL refi	5	4.5 5/6/28 mat.	1	FY28-End	220		
		73		11				
FY29 + FY30 (May '28 - May '30)			Bond maturities in FY29 + FY30	13	FY28-End	220		
			Possible new short-dated mat/call	9	Issuance	0		
			Est. creative solutions amort	16	Paydown	(62)		
			Possible bond tender	24	FY30-End	158		
		0		62				

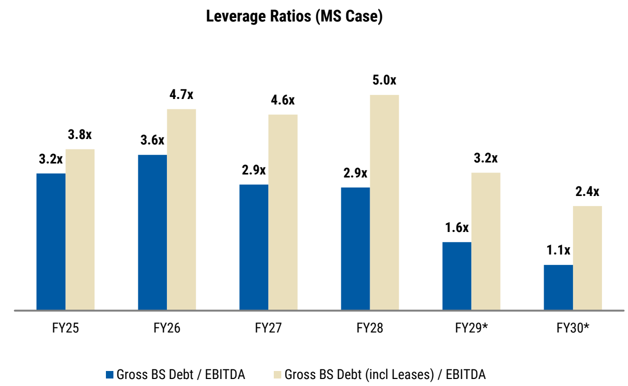
Source: Morgan Stanley Credit Research, company filings

Exhibit 28: We continue to model significant medium-term debt growth, including leases



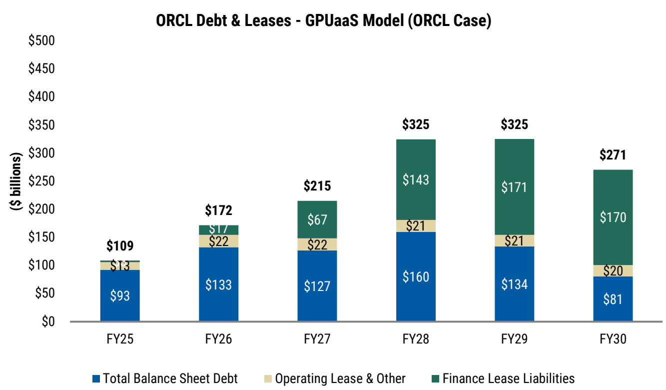
Source: Company filings, Morgan Stanley Research

Exhibit 29: We maintain our view that adj. leverage will peak in FY28



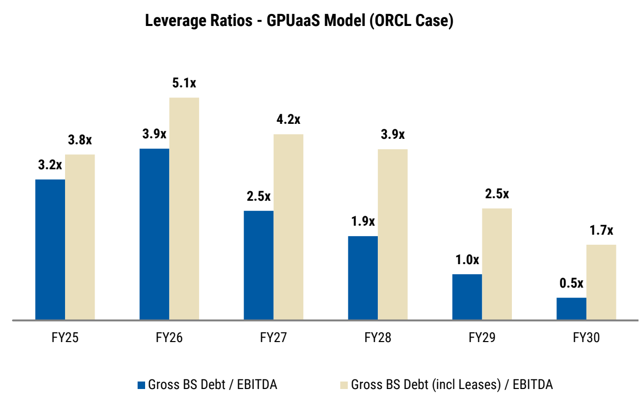
Source: Company filings, Morgan Stanley Research

Exhibit 30: Adj. debt could peak around $325bn, in our assessment of ORCL's provided targets...



Source: Company filings, Morgan Stanley Research

Exhibit 31: ...driving lower leverage expectations than our MS scenario



Source: Company filings, Morgan Stanley Research

Maintain Cautious Credit View

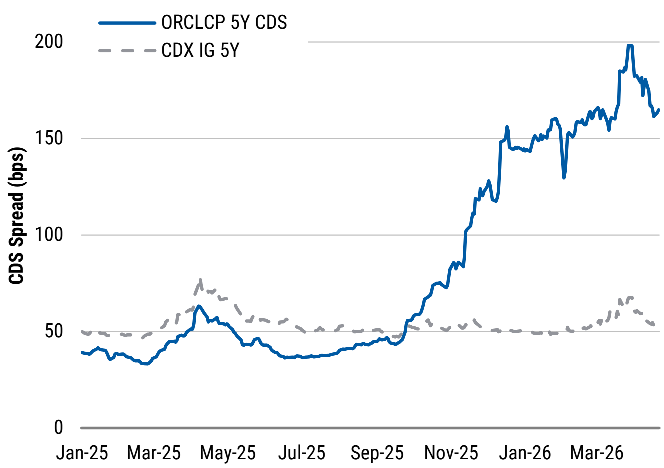
Lindsay Tyler

We reiterate our cautious fundamental view, and recommend buying 5Y CDS and selling benchmark bonds.

Reiterate our recommendation to buy ORCL 5Y CDS protection: Our refreshed funding and leverage outlook, combined with technicals, limited transparency around the longer-term financing plan, and IG situational comps, all support further widening, potentially toward ~200bp, in our view. Considering recent wides and considering reported construction debt financing in the works for another data center site, ORCL CDS may even surpass 200bp down the road, in our view. We expect CDS to underperform bonds in the near term. From a technical lens, CDS ties in with the scale of cash needs beyond CY26-end and the possibility of not only new bonds but also creative chip-financing solutions, for which CDS may also serve as an effective hedge. While data center construction debt funding is reportedly wrapping for select sites, we do not expect related unwinds.

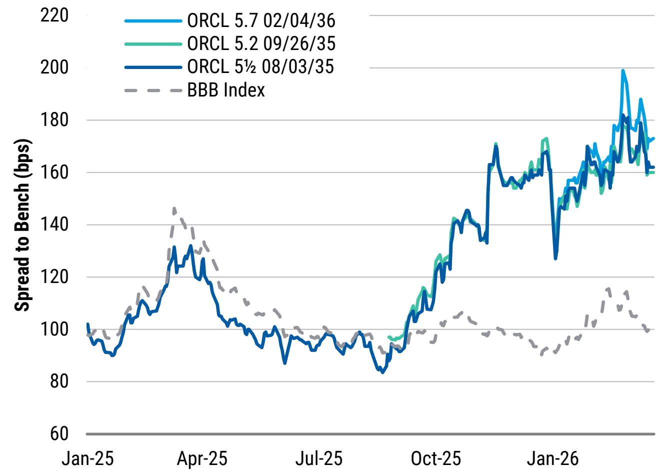
Reiterate recommendation to sell ORCL 35s and 55s: ORCL spreads have been volatile YTD. Demand for ORCL bonds has emerged at local wides, and hence we view the setup as largely range-bound in CY26, supported by investor comfort around the near-term funding plan. Our CY26 fair-value targets are ~175bp/~225bp, respectively, though we maintain longer-term targets of 200/250bp, which should re-enter focus as CY27 funding needs approach and bond issuance becomes more imminent. Sizable bond deals are still likely even if creative chip solutions and additional equity are also used. The key question is where bondholders are truly compensated for the risks at hand. Given the uniqueness and scale of ORCL's balance sheet, we do not view HY BB tech comps as appropriate; instead, we continue to look at lower-quality IG telco, cable, and media names – and their performance over the past year – as better reference points for large, leveraged structures with ratings and event risk. We are also starting to consider ORCL relative value versus the broader AI ecosystem, including reported construction-debt financings where ORCL is the tenant.

Exhibit 32: We see ~30-35bp of spread widening potential in ORCL 5Y CDS



Source: Bloomberg, Morgan Stanley Research

Exhibit 33: We see ~10bp spread widening potential near-term in ORCL 10Y bonds, but ~30bp longer-term



Source: Bloomberg, Morgan Stanley Research

ORCL Trade Valuation Methodology and Risks - Lindsay Tyler

TRADE	ENTRY LEVEL	ENTRY DATE	CURRENT LEVEL	RATIONALE	RISKS
Buy **ORCLCP** 5Y CDS	+57bp	9/28/25	+168bp	• Credit profile deterioration, driven by cash funding needs and increasing lease liabilities related to new data centers • Lender hedging may be a key driver of CDS too • CDS could approach or surpass 200bp when looking at other large structure situations where there have been ratings risk	• Constructive updates on RPO/growth and financing clarity • TL As may not ultimately serve a significant funding role • CDS technicals: Basis selling, construction loan hedge unwinds, fast money outright shorts profit taking
Sell **ORCL** 5.2 9/26/35 Sell ORCL 5.95 9/26/55	+167bp +208bp	1/23/26	+170bp +220bp	• Credit profile deterioration, driven by cash funding needs and increasing lease liabilities related to new data centers • View ~175bp and ~225bp as possible spread widening targets in CY26 considering large media/cable structure comps (~200/~250 long-term), depending on index level (with 36s/56s FV ~10bp wider)	• Additional visibility on long-term monetization and delevering beyond FY28-end • Issuance cadence may be different than our assumptions

Changes to Our GPUaaS Model

Revenue:

- **Slightly Larger Contribution from 'Traditional' OCI.** The primary change to our GPUaaS revenue forecast is that we are now reflecting modestly higher revenue growth in core OCI, now reflecting a 31% FY25-FY30 CAGR (vs. 25% prior). This is based on disaggregating OCI growth on a quarterly basis leveraging data points previously provided by The Information. A secondary effect of this is lowering the amount of GPUaaS specific revenue, which results in slightly lower capex expectations. However, as a partial offset we have also revised FY27 total OCI $1 billion (assuming this is the source of the cumulative $5 billion raise, which Oracle has not commented on), reflecting the additional raise to total revenue provided with 3Q26 earnings.

Exhibit 34: Revised OCI Growth Disaggregation

		F2026					F2027E					F2028E				
	FY25	8/25	11/25	2/26	5/26E	FY26E	8/26E	11/26E	2/27E	5/27E	FY27E	8/27E	11/27E	2/28E	5/28E	FY28E
3-yr Avg Seasonality		9%	12%	12%	14%		9%	14%	14%	14%		14%	19%	17%	19%	
QoQ $ Added	3,419	352	732	809	886	7,853	1,217	1,465	1,895	2,643	20,704	1,497	1,882	2,567	3,405	33,356
YoY Growth in QoQ $ Added	48%	112%	161%	271%	158%	130%	246%	100%	134%	198%	164%	23%	28%	35%	29%	61%
							1,250	**250**	**200**							
Cloud Database Services (PaaS)	**2,305**	**693**	**715**	**776**	**858**	**3,042**	**936**	**972**	**1,040**	**1,158**	**4,106**	**1,291**	**1,410**	**1,560**	**1,795**	**6,057**
YoY Growth	26%	32%	30%	35%	31%	32%	35%	36%	34%	35%	35%	38%	45%	50%	55%	47%
YoY Growth - $		*168*	*165*	*201*	*203*	*737*	*243*	*257*	*264*	*300*	*1,064*	*356*	*438*	*520*	*637*	*1,950*
QoQ Growth		6%	3%	9%	11%		9%	4%	7%	11%		11%	9%	11%	15%	
QoQ $ Added		38	22	61	82		78	37	68	118		133	119	150	235	
% of Infrastructure (IaaS/PaaS) Cloud Revenue	23%	21%	18%	16%	15%	17%	13%	11%	10%	9%	11%	9%	9%	8%	8%	8%
AI Infrastructure Revenue	**2,110.0**	**895.7**	**1,352.6**	**1,998.3**	**2,653.3**	**6,899.9**	**3,653.3**	**4,953.3**	**6,653.3**	**9,003.3**	**24,263.3**	**10,203.3**	**11,803.3**	**14,053.3**	**17,003.3**	**53,063.3**
YoY Growth	123%	161%	177%	243%	281%	227%	308%	266%	233%	239%	252%	179%	138%	111%	89%	119%
QoQ Growth		29%	51%	48%	33%		38%	36%	34%	35%		13%	16%	19%	21%	
YoY $ Added	1,162	553	864	1,416	1,957	4,790	2,758	3,601	4,655	6,350	17,363	6,550	6,850	7,400	8,000	28,800
QoQ $ Added		200	457	646	655	1,957.2	1,000.0	1,300.0	1,700.0	2,350.0		1,200.0	1,600.0	2,250.0	2,950.0	
LTM Revenue		*2,663*	*3,527*	*4,943*	*6,900*		*9,658*	*13,258*	*17,913*	*24,263*		*30,813*	*37,663*	*45,063*	*53,063*	
		11.5%	*18.0%*	*29.6%*	*40.9%*		*15.9%*	*20.7%*	*26.8%*	*36.6%*		*22.7%*	*23.8%*	*25.7%*	*27.8%*	
Trad OCI (Incl Legacy Hosting, etc)	**5,820.0**	**1,758.3**	**2,011.4**	**2,113.4**	**2,262.9**	**8,146.1**	**2,402.3**	**2,530.4**	**2,657.5**	**2,832.0**	**10,422.2**	**2,996.4**	**3,159.5**	**3,326.5**	**3,546.0**	**13,028.3**
YoY Growth	*44.2%*	*36.7%*	*44.1%*	*41.4%*	*37.7%*	*40.0%*	*36.6%*	*25.8%*	*25.7%*	*25.1%*	*27.9%*	*24.7%*	*24.9%*	*25.2%*	*25.2%*	*25.0%*
QoQ Growth		*7.0%*	*14%*	*5%*	*7%*		*6.2%*	*5%*	*5%*	*7%*		*5.8%*	*5%*	*5%*	*7%*	
YoY $ Growth		*472*	*616*	*619*	*619*	*2,326*	*644*	*519*	*544*	*569*	*2,276*	*594*	*629*	*669*	*714*	*2,606*
QoQ $ Added		*114*	*253*	*102*	*150*		139.4	128.1	127.0	174.5		164.4	163.1	167.0	219.5	
LTM Revenue																

Source: The Information, Company Data, Morgan Stanley Research

Costs:

- **Power Costs:** Our original model likely overstated power costs, as our original 85% utilization rate was likely too high. Our revised model now reflects a 75% utilization rate – which drives a ~1pt gross margin benefit relative to our prior forecasts.
- **Incorporation of Operating Leases GPUaaS Model.** Our revised build now incorporates costs from operating leases, which were not included in our previous build – amounting to ~$1.8 billion per year in COGS. That said, our framework continues to treat the incremental $261 billion of un-commenced leases liabilities (commencing between FY26 and FY28) as finance leases, as opposed to operating leases. Finance lease expense is more front-end loaded, with higher interest expense earlier in the lease term vs straight line operating lease expense, so a shift towards more operating lease classification would result in a slightly lower expense in the near-term (*see our GVAT team's primer here: Global Valuation Accounting & Tax: AI: Leasing The Future (11 Nov 2025)*).
- **Finance Leases:** Given the apparent extension in lease duration relative to the FY25 10-K, we are now assuming a 17 year duration for GPUaaS powered shell

leases. We are also assuming ~$1.9 billion TCV/GW/Year – in-line with precedent HPC transactions tracked by our Thematic team.

Capex & Lease Liabilities:

- **Cash Capex:** Our capex/GW estimates remain unchanged, though as noted above, cash capex comes in slightly given larger expected contribution from traditional OCI relative to our prior views. Our 'MS Case' now reflects ~$340 billion of GPUaaS cash capex FY26-FY30 and our 'Oracle Targets' scenario reflects ~$287 billion (from ~$355 billion /~$300 billion, respectively).
- **Finance Lease Liability Drivers.** Our original GPUaaS model contemplated that the $248 billion (as of 2Q26) of un-commenced lease liabilities would result in a ~ $146 billion liability in FY28, ramping to ~$185 billion by FY30, and ~$12.5 billion / ~$22 billion of payments in FY28/FY30. While our revised finance lease forecast for FY28 is largely consistent in aggregate, coming in at ~$143.5 billion, we also now forecast FY29 as the peak (at ~$170.7 billion), ending FY30 at $169.7 billion. As noted above, the extension to 17Y duration, as well as the incorporation of a 3% price escalator, results in FY28/FY30 finance lease payments of ~$7.4 billion / ~ $15.5 billion. When combined with the incorporation of operating leases, total FY28/FY30 lease payments amount to ~$9.4 billion / ~$17.5 billion.
- **Revising Linearity of IT Depreciation and Lease Expenses.** Our original GPUaaS model assumed a ~6mo period of un-absorption on in-year depreciation *(with in year capex in support of FY+1 incremental GPUaaS revenue)* and in-year finance lease liability additions. Our updated build now reflects a) that depreciation is not recognized until the GPUs are revenue generating (per company commentary, and so now in year/FY-0 capex is not depreciated until FY+1) and b) a ~3mo period of un-absorbed lease costs (e.g. 0.25 linearity vs. 0.5 prior). This results in an ~$0.84/ ~40% uplift to FY30 GPUaaS EPS in our 'MS Case' and ~$0.84/ 10% in our 'Oracle Targets' scenarios, when compared to assuming 0.5 linearity on both cost drivers.

Exhibit 35: Revised GPUaaS Model - 'MS Case' Scenario

Scenario: MS Case						
$MM	May-25	May-26	May-27	May-28	May-29	May-30
	FY25	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
REVENUE INPUTS:						
(OCI) GPUaaS Revenue (Scenario Driver)	**2,110**	**6,854**	**24,278**	**52,983**	**93,534**	**111,335**
YoY %	*123%*	*225%*	*254%*	*118%*	*77%*	*19%*
YoY $	*1,162*	*4,744*	*17,424*	*28,705*	*40,551*	*17,801*
% Discount to Implied GPUaaS Target	***100%***	***100%***	***100%***	***95%***	***95%***	***90%***
ANNUAL REV / GW DRIVERS:	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
Annual Rev / GW Scenario Drivers:						
Oracle Targets (MSe)	***8,750***	***10,000***	***11,250***	***12,656***	***14,238***	***16,018***
YoY Growth		*12.5%*	*12.5%*	*12.5%*	*12.5%*	*12.5%*
MS Case	*8,000*	*9,000*	*10,125*	*11,391*	*12,814*	*14,416*
YoY Growth		*12.5%*	*12.5%*	*12.5%*	*12.5%*	*12.5%*
Annual Rev / GW (Scenario Driver)	**9,000**	**9,000**	**10,125**	**11,391**	**12,814**	**14,416**
YoY %			*12.5%*	*12.5%*	*12.5%*	*12.5%*
CAPEX / GW DRIVERS:						
Oracle Targets (MSe)		**25,097**	**28,108**	**28,108**	**31,481**	**31,481**
YoY			*12.0%*	*0.0%*	*12.0%*	*0.0%*
MS Case		**30,854**	**34,556**	**34,556**	**38,703**	**38,703**
YoY			*12.0%*	*0.0%*	*12.0%*	*0.0%*
IT Capex / GW (Scenario Driver)		**30,854**	**34,556**	**34,556**	**38,703**	**38,703**
IT Capex / Fwd Annual Rev		*3.0x*	*3.0x*	*2.7x*	*2.7x*	*NA*
CASH CAPEX (GPUaaS):	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
IT Capex	19,443	44,350	95,830	109,353	47,789	28,870
IT Capex - Replacement					2,653	14,140
Cash Capex - GPUaaS (MSe)	**19,443**	**44,350**	**95,830**	**109,353**	**47,789**	**43,010**
% of GPUaaS Revenue	*921.4%*	*647.1%*	*394.7%*	*206.4%*	*51.1%*	*38.6%*
% Total Revenue	34.0%	66.0%	107.9%	88.8%	27.8%	21.5%
ANNOUNCED LEASES (GPUaaS):	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
Leased GW (BOP)	0.0	0.2	1.0	3.7	8.1	9.7
Incremental	0.0	1.3	2.8	4.3	1.7	0.1
Leased GW (Total, Mse)	**0.9**	**2.2**	**5.0**	**9.3**	**11.0**	**11.1**
Lease Liabilities:						
Leases - (Announced, MSe)	2,934	14,508	49,905	78,015	29,760	2,520
Total Lease Liability Additions (Finance Leases)	**2,934**	**14,508**	**49,905**	**78,015**	**29,760**	**2,520**
Total Lease Liability (Finance Leases)	**2,934**	**17,348**	**66,812**	**143,487**	**170,675**	**169,730**
Total Capital Investment (incl Finance Leases)	**22,377**	**58,858**	**145,735**	**187,368**	**77,549**	**45,530**
% Total Revenue	*39.2%*	*87.6%*	*164.0%*	*152.1%*	*45.1%*	*22.8%*
GPUaaS P&L	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
GPUaaS Revenue	**2,110**	**6,854**	**24,278**	**52,983**	**93,534**	**111,335**
YoY %	*123%*	*225%*	*254%*	*118%*	*77%*	*19%*
YoY $	*1,162*	*4,744*	*17,424*	*28,705*	*40,551*	*17,801*
% Discount to Implied GPUaaS Target	***100.0%***	***100.0%***	***100.0%***	***95.0%***	***95.0%***	***90.0%***
GPUaaS COGS:	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
Depreciation (IT Capex)		**3,977**	**11,369**	**27,340**	**45,566**	**53,531**
% of revenue		*58.0%*	*46.8%*	*51.6%*	*48.7%*	*48.1%*
Amortization - Finance Leases		**386**	**1,760**	**5,109**	**8,988**	**10,338**
% of revenue		*5.6%*	*7.2%*	*9.6%*	*9.6%*	*9.3%*
Straight Line Rent Expense - Operating Leases		**1,231**	**1,803**	**1,803**	**1,803**	**1,803**
% of revenue		*18.0%*	*7.4%*	*3.4%*	*1.9%*	*1.6%*
Total Power Cost		**683**	**2,261**	**4,747**	**8,113**	**9,801**
% of revenue		*10.0%*	*9.3%*	*9.0%*	*8.7%*	*8.8%*
Other / Overhead / Misc Operational		**196**	**616**	**1,233**	**2,006**	**2,308**
% Revenue		*2.9%*	*2.5%*	*2.3%*	*2.1%*	*2.1%*
Total COGS		**6,473**	**17,809**	**40,232**	**66,477**	**77,781**
% of GPUaaS revenue		*94.4%*	*73.4%*	*75.9%*	*71.1%*	*69.9%*
Gross Profit		**381**	**6,469**	**12,751**	**27,057**	**33,554**
Gross Margin - excluding Finance Lease Interest		6%	27%	24%	29%	30%
Incremental Gross Margin		8%	35%	22%	35%	36%
Gross Margin - including Finance Lease Interest		-1%	18%	13%	18%	19%
CORPORATE LEVEL OPERATING COSTS - GPUaaS (Mse, Non-GAAP)	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
Total Opex		**116**	**486**	**948**	**1,378**	**1,732**
% GPuaaS Revenue		*1.7%*	*2.0%*	*1.8%*	*1.5%*	*1.6%*
YoY Growth			*319.8%*	*95.3%*	*45.4%*	*25.6%*
Operating Profit		**265**	**5,983**	**11,803**	**25,679**	**31,822**
% Margin		*3.9%*	*24.6%*	*22.3%*	*27.5%*	*28.6%*
EBITDA		**4,628**	**19,112**	**44,252**	**80,233**	**95,691**
% Margin		*67.5%*	*78.7%*	*83.5%*	*85.8%*	*85.9%*
NON-OPERATING COSTS (GPUaaS)	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
Interest Expense (Debt)			2,673	4,538	8,913	7,988
Interest Expense %		6.0%	6.0%	6.0%	6.0%	6.0%
Interest Expense (Finance Leases)		459	2,087	6,041	10,564	11,991
Pre-Tax Earnings		**-193**	**1,223**	**1,224**	**6,202**	**11,844**
Taxes		0	241	241	1,222	2,333
Tax Rate		*20%*	*20%*	*20%*	*20%*	*20%*
Earnings - GPUaaS		**-193**	**982**	**982**	**4,980**	**9,510**
Shrs Out (MSe)						*3,278*
EPS (GPUaaS, MSe)						**$2.90**

Source: Company Data, Morgan Stanley Research

Exhibit 36: Revised GPUaaS Model – 'Oracle Targets' Scenario

Scenario: Oracle Targets (Mse)						
	2025-FY	2026-FY	2027-FY	2028-FY	2029-FY	2030-FY
$MM	May-25	May-26	May-27	May-28	May-29	May-30
	FY25	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
REVENUE INPUTS:						
Total OCI (Oracle Targets)	**10,000**	**18,000**	**39,000**	**77,000**	**129,000**	**166,000**
Less:						
DBaaS (Oracle Targets)	2,400	3,000	4,300	8,200	13,500	20,000
OCI: Non-GPUaaS (Mse)	*5,820*	*8,146*	*10,422*	*13,028*	*17,043*	*22,295*
= OCI (Implied GPUaaS Target, MSe)	2,110	**6,854**	**24,278**	**55,772**	**98,457**	**123,705**
YoY %	*123%*	*225%*	*254%*	*130%*	*77%*	*26%*
YoY $	*1,162*	*4,744*	*17,424*	*31,494*	*42,685*	*25,248*
(OCI) GPUaaS Revenue (Scenario Driver)	**2,110**	**6,854**	**24,278**	**55,772**	**98,457**	**123,705**
YoY %	*123%*	*225%*	*254%*	*130%*	*77%*	*26%*
YoY $	*1,162*	*4,744*	*17,424*	*31,494*	*42,685*	*25,248*
% Discount to Implied GPUaaS Target	***100%***	***100%***	***100%***	***100%***	***100%***	***100%***
GPUaaS Rev Scenario Inputs:						
Oracle Targets (Mse)	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*
MS Case	*100%*	*100%*	*100%*	*95%*	*95%*	*90%*
ANNUAL REV / GW DRIVERS:	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
Annual Rev / GW Scenario Drivers:						
Oracle Targets (MSe)	***8,750***	*10,000*	***11,250***	***12,656***	***14,238***	***16,018***
YoY Growth		*12.5%*	*12.5%*	*12.5%*	*12.5%*	*12.5%*
MS Case	*8,000*	*9,000*	*10,125*	*11,391*	*12,814*	*14,416*
YoY Growth		*12.5%*	*12.5%*	*12.5%*	*12.5%*	*12.5%*
Annual Rev / GW (Scenario Driver)	**10,000**	**10,000**	**11,250**	**12,656**	**14,238**	**16,018**
YoY %			*12.5%*	*12.5%*	*12.5%*	*12.5%*
CAPEX / GW DRIVERS:						
Oracle Targets (MSe)		**25,097**	**28,108**	**28,108**	**31,481**	**31,481**
YoY			*12.0%*	*0.0%*	*12.0%*	*0.0%*
MS Case		**30,854**	**34,556**	**34,556**	**38,703**	**38,703**
YoY			*12.0%*	*0.0%*	*12.0%*	*0.0%*
IT Capex / GW (Scenario Driver)		**25,097**	**28,108**	**28,108**	**31,481**	**31,481**
IT Capex / Fwd Annual Rev		*2.2x*	*2.2x*	*2.0x*	*2.0x*	*NA*
CAPEX NEEDS ANALYSIS (GPUaaS):	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
OCI GPUaaS Revenue (Total)	***2,110***	***6,854***	***24,278***	***55,772***	***98,457***	***123,705***
Incremental Revenue - YoY	*1,162*	*4,744*	*17,424*	*31,494*	*42,685*	*25,248*
Implied Prior Year Capex Needed			***38,869***	***69,944***	***84,266***	***49,622***
Estimated AI Capex (Mse, Prior Year)			*44,383*	*64,431*	*84,266*	*49,622*
Implied Over / (Under) AI Investment (Current Year)			*5,514*	*-5,514*	*0*	*0*
Over / (Under) AI Investment - Prior Year Carry Over			*0*	*5,514*	*0*	*0*
Implied Over / (Under) AI Investment (Current Year)			*5,514*	*-5,514*	*0*	*0*
Implied Over / (Under) Investment			***5,514***	***0***	***0***	***0***
IMPLIED MONETIZEABLE POWER FOOTPRINT (GPUaaS):	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
Implied Monetizeable GW Installed (BOP)		0.3	0.7	2.3	4.8	7.8
Implied GW Needed (In Year)		0.5	1.5	2.5	3.0	1.6
Implied Monetizeable GW Installed (EOP)	**0.3**	**0.7**	**2.3**	**4.8**	**7.8**	**9.4**
CASH CAPEX (GPUaaS):	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
IT Capex	19,443	44,383	64,431	84,266	49,622	30,520
IT Capex - Replacement					2,653	14,140
Cash Capex - GPUaaS (MSe)	**19,443**	**44,383**	**64,431**	**84,266**	**49,622**	**44,660**
% of GPUaaS Revenue	*921.4%*	*647.6%*	*265.4%*	*151.1%*	*50.4%*	*36.1%*
% Total Revenue	34.0%	66.2%	72.4%	64.8%	26.8%	19.8%
ANNOUNCED LEASES (GPUaaS):	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
Leased GW (BOP)	0.0	0.2	1.0	3.7	8.1	9.7
Incremental	0.0	1.3	2.8	4.3	1.7	0.1
Leased GW (Total, Mse)	**0.9**	**2.2**	**5.0**	**9.3**	**11.0**	**11.1**
Lease Liabilities:						
Leases - (Announced, MSe)	2,934	14,508	49,905	78,015	29,760	2,520
Total Lease Liability Additions (Finance Leases)	**2,934**	**14,508**	**49,905**	**78,015**	**29,760**	**2,520**
Total Lease Liability (Finance Leases)	**2,934**	**17,348**	**66,812**	**143,487**	**170,675**	**169,730**
Total Capital Investment (incl Finance Leases)	**22,377**	**58,891**	**114,336**	**162,281**	**79,382**	**47,180**
% Total Revenue	*39.2%*	*87.9%*	*128.5%*	*124.8%*	*42.9%*	*21.0%*
GPUaaS P&L	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
GPUaaS Revenue	**2,110**	**6,854**	**24,278**	**55,772**	**98,457**	**123,705**
YoY %	*123%*	*225%*	*254%*	*130%*	*77%*	*26%*
YoY $	*1,162*	*4,744*	*17,424*	*31,494*	*42,685*	*25,248*
% Discount to Implied GPUaaS Target	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***
GPUaaS COGS:	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
Depreciation (IT Capex)		**3,977**	**11,374**	**22,112**	**36,157**	**44,427**
% of revenue		*58.0%*	*46.8%*	*39.6%*	*36.7%*	*35.9%*
Amortization - Finance Leases		**386**	**1,760**	**5,109**	**8,988**	**10,338**
% of revenue		*5.6%*	*7.2%*	*9.2%*	*9.1%*	*8.4%*
Straight Line Rent Expense - Operating Leases		**1,231**	**1,803**	**1,803**	**1,803**	**1,803**
% of revenue		*18.0%*	*7.4%*	*3.2%*	*1.8%*	*1.5%*
Total Power Cost		**638**	**2,059**	**4,505**	**7,695**	**9,716**
% of revenue		*9.3%*	*8.5%*	*8.1%*	*7.8%*	*7.9%*
Power Cost Drivers:						
Hours / Year		*8,760*	*8,760*	*8,760*	*8,760*	*8,760*
GPU Utilization %		*75.0%*	*75.0%*	*75.0%*	*75.0%*	*75.0%*
PUE		*1.3*	*1.3*	*1.3*	*1.3*	*1.3*
Power Cost ($/MWh), Incl T&D		*$100.0*	*$105.0*	*$110.3*	*$115.8*	*$121.6*
YoY		*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
Other / Overhead / Misc Operational		**183**	**561**	**1,170**	**1,903**	**2,288**
% Revenue		*2.7%*	*2.3%*	*2.1%*	*1.9%*	*1.8%*
Total COGS		**6,415**	**17,558**	**34,700**	**56,546**	**68,573**
% of GPUaaS revenue		*93.6%*	*72.3%*	*62.2%*	*57.4%*	*55.4%*
Gross Profit		**439**	**6,720**	**21,072**	**41,911**	**55,132**
Gross Margin - excluding Finance Lease Interest		6%	28%	38%	43%	45%
Incremental Gross Margin		9%	36%	46%	49%	52%
Gross Margin - including Finance Lease Interest		0%	19%	27%	32%	35%
CORPORATE LEVEL OPERATING COSTS - GPUaaS (Mse, Non-GAAP)	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
S&M		34	182	335	492	619
% GPUaaS		*0.5%*	*0.8%*	*0.6%*	*0.5%*	*0.5%*
YoY Growth			*431.3%*	*83.8%*	*47.1%*	*25.6%*
R&D		51	243	474	738	928
% GPUaaS		*0.8%*	*1.0%*	*0.9%*	*0.8%*	*0.8%*
YoY Growth			*372.3%*	*95.3%*	*55.8%*	*25.6%*
G&A		30	61	139	148	186
% GPUaaS		*0.3%*	*0.3%*	*0.3%*	*0.2%*	*0.2%*
YoY Growth			*102.3%*	*129.7%*	*5.9%*	*25.6%*
Total Opex		**116**	**486**	**948**	**1,378**	**1,732**
% GPuaaS Revenue		*1.7%*	*2.0%*	*1.7%*	*1.4%*	*1.4%*
YoY Growth			*319.8%*	*95.3%*	*45.4%*	*25.6%*
Operating Profit		**323**	**6,234**	**20,124**	**40,532**	**53,400**
% Margin		*4.7%*	*25.7%*	*36.1%*	*41.2%*	*43.2%*
EBITDA		**4,686**	**19,368**	**47,345**	**85,678**	**108,166**
% Margin		*68.4%*	*79.8%*	*84.9%*	*87.0%*	*87.4%*
NON-OPERATING COSTS (GPUaaS)	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**
Interest Expense (Debt)			2,673	2,640	5,288	4,057
Interest Expense %		6.0%	6.0%	6.0%	6.0%	6.0%
Interest Expense (Finance Leases)		459	2,087	6,041	10,564	11,991
Pre-Tax Earnings		**-135**	**1,475**	**11,442**	**24,681**	**37,353**
Taxes		0	290	2,254	4,862	7,359
Tax Rate		*20%*	*20%*	*20%*	*20%*	*20%*
Earnings - GPUaaS		**-135**	**1,184**	**9,188**	**19,819**	**29,994**
Shrs Out (MSe)						*3,278*
EPS (GPUaaS, MSe)						**$9.15**

Source: Company Data, Morgan Stanley Research

Changes to Core Earnings Power & SOTP

Changes to our Oracle SOTP Analysis:

- **On revenue,** the main revisions to our build reflect a) stronger growth in core OCI, now seen at a ~31% CAGR (vs. 25% previously), b) Cloud Database now giving credit for 38% CAGR (vs. 32% previously) and c) a slightly lower growth rate in SaaS growth assets (15% vs. 16% previously).
- **Cost of Revenue & Opex:** Across both scenarios, our segment level gross margin estimates are unchanged. However, in our 'Oracle Targets' scenario, we give slightly more credit for opex leverage, now modeling FY28 / FY30 non-GAAP opex as a % of revenue at 25.9% / 22.0%, compared to 25.9% / 24.0% previously.
- **Below the line:** We continue to use ~$3.5 billion for core interest expense (consistent with FY24), and share count moves modestly higher following the recent ATM program introduction (FY30 now at 3,278M shares outstanding, vs. 3,225M previously). For our revised Bear Case, we have also burdened our FY28 NGAAP Core Earnings power with a) SBC and intangible amortization and b) 50% of our estimated FY28 lease expenses (implying that Oracle would be able to exit ~50% of existing lease agreements should demand underwhelm).

Exhibit 37: Oracle Core Earnings Power - Revised 'MS Case' Scenario

	FY25			FY28E				FY25-FY28	FY30E			FY25-FY30
	Revenue	% Total Revenue	Gross Margin	Revenue	% Total Revenue	Gross Margin	Gross Profit	CAGR	Revenue	% Total Revenue	Gross Margin	CAGR
Growth Assets	**17,724**	**31%**	**54%**	**30,350**	**43%**	**64%**	**19,364**	*20%*	**48,617**	**55%**	**63%**	*22%*
SaaS Growth Assets	7,489	13%	71%	11,265	16%	74%	8,356	*15%*	14,789	17%	74%	*15%*
Fusion	3,767	7%	71%	5,727	8%	74%	4,248	*15%*	7,572	9%	74%	*15%*
NetSuite	3,722	6%	71%	5,538	8%	74%	4,108	*14%*	7,217	8%	74%	*14%*
Oracle Cloud Infrastructure (OCI)	10,235	18%	41%	19,085	27%	58%	11,007	*23%*	**33,828**	**38%**	58%	*27%*
Cloud Database Services (PaaS)	2,305	4%	71%	6,057	9%	74%	4,493	*38%*	11,533	13%	74%	*38%*
Traditional Infrastructure (IaaS)	5,820	10%	50%	13,028	19%	50%	6,514	*31%*	22,295	25%	50%	*31%*
AI Infrastructure (IaaS)	2,110	4%	-17%	0	0%	0%	0	*NA*	0	0%	0%	*NA*
Neutral Assets	**30,649**	**53%**	**77%**	**31,454**	**45%**	**79%**	**24,701**	*1%*	**32,124**	**36%**	**78%**	*1%*
On-Prem Database (Core DB)	18,634	32%	97%	18,129	26%	97%	17,601	*-1%*	17,814	20%	97%	*-1%*
Database Licenses	4,245	7%	100%	3,854	5%	100%	3,854	*-3%*	3,614	4%	100%	*-3%*
Database Support	14,389	25%	96%	14,275	20%	96%	13,747	*0%*	14,200	16%	96%	*0%*
Other SaaS (incl. Vertical Apps, Cerner, etc.)	6,783	12%	71%	7,954	11%	74%	5,901	*5%*	8,846	10%	74%	*5%*
Services	5,232	9%	16%	5,370	8%	22%	1,199	*1%*	5,464	6%	22%	*1%*
Declining Assets	**9,026**	**16%**	**90%**	**8,373**	**12%**	**89%**	**7,426**	*-2%*	**7,997**	**9%**	**88%**	*-2%*
On-Prem Applications	6,090	11%	97%	5,458	8%	97%	5,281	*-4%*	5,095	6%	97%	*-4%*
Application Licenses	956	2%	100%	684	1%	100%	684	*-11%*	547	1%	100%	*-11%*
Application Support	5,134	9%	96%	4,774	7%	96%	4,597	*-2%*	4,548	5%	96%	*-2%*
Hardware Products & Support	2,936	5%	77%	2,916	4%	74%	2,145	*0%*	2,902	3%	74%	*0%*
Total Revenue	**57,399**	**100%**	**72%**	**70,177**	**100%**	**73%**	**51,490**	*7%*	**88,737**	**100%**	**71%**	*9%*
YoY Growth	*8%*											
Gross Profit	**41,313**			**51,490**		**73.4%**		*8%*	**62,805**		**70.8%**	*9%*
YoY Growth	*7%*											
Margin	*72%*			*73%*					*71%*			
Sales & Marketing	*7,894*	*13.8%*		*8,950*	*12.8%*			*4%*	*10,651*	*12.0%*		*6%*
Research & Development	*7,222*	*12.6%*		*8,479*	*12.1%*			*5%*	*10,278*	*11.6%*		*7%*
General & Administrative	*1,163*	*2.0%*		*1,246*	*1.8%*			*2%*	*1,354*	*1.5%*		*3%*
Operating Expenses	**16,279**	**28.4%**		**18,675**	**26.6%**			**5%**	**22,283**	**25.1%**		**6%**
Operating Income	**25,034**			**32,816**				*9%*	**40,523**			*10%*
YoY Growth	*9%*											
Margin	*43.6%*			*46.8%*					*45.7%*			
Interest Expense (Debt)				*3,514*					*3,514*			
Other Expenses (Total)	7,751			9,277				6%	10,792			7%
Net Income	**17,283**			**23,539**				*11%*	**29,730**			*11%*
Margin	*30.1%*			*33.5%*					*33.5%*			
EPS (Diluted, NGAAP)	**$6.03**			**$7.58**				*8%*	**$9.07**			*9%*
YoY Growth	*8%*											
Diluted Shares	*2,866*			*3,107*				*3%*	*3,278*			*3%*
Operating Income (NGAAP)				**32,816**								
Special Charges				8,011								
Operating Income (GAAP)				**24,804**								
Interest & Other (Core)				-3,514								
Lease Costs				-11,896								
Lease Haircut (50%)				-5,948								
Pre Tax Income (GAAP)				**15,342**								
Tax Rate				16%								
Net Income (GAAP)				**12,928**								
EPS (Diluted, GAAP)				**$4.16**								

Source: Company Data, Morgan Stanley Research

Exhibit 38: Oracle Core Earnings Power - Revised 'Oracle Targets' Scenario

	FY25			FY28E			FY25-FY28	FY30E			FY25-FY30
	Revenue	% Total Revenue	Gross Margin	Revenue	% Total Revenue	Gross Margin	CAGR	Revenue	% Total Revenue	Gross Margin	CAGR
Growth Assets	**17,724**	**31%**	**54%**	**33,693**	**45%**	**65%**	***24%***	**59,801**	**59%**	**65%**	***28%***
SaaS Growth Assets	7,489	13%	71%	12,465	17%	74%	*19%*	17,506	17%	74%	*19%*
Fusion	3,767	7%	71%	6,327	9%	74%	*19%*	8,940	9%	74%	*19%*
NetSuite	3,722	6%	71%	6,138	8%	74%	*18%*	8,567	8%	74%	*18%*
Oracle Cloud Infrastructure (OCI)	10,235	18%	41%	**21,228**	29%	59%	*28%*	**42,295**	**42%**	61%	*33%*
Cloud Database Services (PaaS)	2,305	4%	71%	**8,200**	11%	74%	*53%*	**20,000**	20%	74%	*53%*
Traditional Infrastructure (IaaS)	5,820	10%	50%	13,028	18%	50%	*31%*	22,295	22%	50%	*31%*
AI Infrastructure (IaaS)	2,110	4%	-17%	0	0%	0%	*NA*	0	0%	0%	NA
Neutral Assets	**30,649**	**53%**	**77%**	**32,004**	**43%**	**78%**	***1%***	**33,166**	**33%**	**78%**	***2%***
On-Prem Database (Core DB)	18,634	32%	97%	18,129	24%	97%	*-1%*	17,814	18%	97%	*-1%*
Database Licenses	4,245	7%	100%	3,854	5%	100%	*-3%*	3,614	4%	100%	*-3%*
Database Support	14,389	25%	96%	14,275	19%	96%	*0%*	14,200	14%	96%	*0%*
Other SaaS (incl. Vertical Apps, Cerner, etc.)	6,783	12%	71%	8,504	11%	74%	*8%*	9,888	10%	74%	*8%*
Services	5,232	9%	16%	5,370	7%	22%	*1%*	5,464	5%	22%	*1%*
Declining Assets	**9,026**	**16%**	**90%**	**8,373**	**11%**	**89%**	***-2%***	**7,997**	**8%**	**88%**	***-2%***
On-Prem Applications	6,090	11%	97%	5,458	7%	97%	*-4%*	5,095	5%	97%	*-4%*
Application Licenses	956	2%	100%	684	1%	100%	*-11%*	547	1%	100%	*-11%*
Application Support	5,134	9%	96%	4,774	6%	96%	*-2%*	4,548	5%	96%	*-2%*
Hardware Products & Support	2,936	5%	77%	2,916	4%	74%	*0%*	2,902	3%	74%	*0%*
Total Revenue	**57,399**	**100%**	**72%**	**74,070**	**100%**	**73%**	***9%***	**100,964**	**100%**	**71%**	***12%***
YoY Growth	*8%*										
Gross Profit	**41,313**			**54,379**		**73.4%**	***10%***	**71,876**		**71.2%**	***12%***
YoY Growth	*7%*										
Margin	*72%*			*73%*				*71%*			
Sales & Marketing	*7,894*	*13.8%*		*9,261*	*12.5%*		*5%*	*10,604*	*10.5%*		*6%*
Research & Development	*7,222*	*12.6%*		*8,579*	*11.6%*		*6%*	*10,179*	*10.1%*		*7%*
General & Administrative	*1,163*	*2.0%*		*1,316*	*1.8%*		*4%*	*1,440*	*1.4%*		*4%*
Operating Expenses	**16,279**	**28.4%**		**19,155**	**25.9%**		**6%**	**22,223**	**22.0%**		**6%**
Operating Income	**25,034**			**35,223**			***12%***	**49,652**			***15%***
YoY Growth	*9%*										
Margin	*43.6%*			*47.6%*				*49.2%*			
Interest Expense (Debt)				*3,514*				*3,514*			
Other Expenses (Total)	7,751			9,750			8%	12,588			10%
Net Income	**17,283**			**25,473**			***14%***	**37,065**			***16%***
Margin	*30.1%*			*34.4%*				*36.7%*			
EPS (Diluted)	**$6.03**			**$8.20**			***11%***	**$11.31**			***13%***
YoY Growth	*8%*										
Diluted Shares	*2,866*			*3,107*			*3%*	*3,278*			*3%*

Source: Company Data, Morgan Stanley Research

Changes to Our Oracle Financial Model

Changes to our Oracle Financial Model:

- **Revenue:** Our FY27/FY28 consolidated revenue estimates move ~1.4%/0.80% higher, reflecting incrementally stronger growth in OCI, partially offset by a slightly weaker trajectory in cloud applications.
- **Cost of Revenue & Opex:** For FY27, our consolidated gross margin estimates move ~40bps higher (to 61.3%), and are aligned with the forecasted gross margins in the 'MS Case' scenario in our GPUaaS model. However, our FY28 gross margins move lower (52.1%, from 54.9%) as we implement this alignment. Similarly, our FY27 non-GAAP opex estimates continue to reflect <50bps of YoY growth, alongside lower growth in FY28 (2.5% vs. 3.5% previously).
- **Non-Operating:** Interest expense (ex leases) moves higher on account of recent $25 billion debt raise, while interest expense on leases comes in ~16%/~7% lower in FY27/FY28 on account of a) lower FY27 lease liability and b) extended duration of leases (now using 17 years, vs. 15 years previously). Alongside higher interest income, this results in our NGAAP Other Income/(Expense) estimates coming in 10%/13% lower in FY27/FY28.
- **Capital Intensity, Cash Needs, and Leverage:** On capex, our estimates come in slightly but remain consistent in aggregate, with FY27 at ~$102.3 billion (vs. ~$104.5 billion previously) and FY28 at ~$116.7 billion (vs. $119.5 billion previously). On cash flow, our revised model reflects the recent $20 billion ATM (which the company had not used as of 3Q26 results) being executed by the end of CY26 (though this could be extended). Additionally, we also assume a ~$3.3 billion of equity issuance per quarter beginning in Q3'27 running through FY28 (for more detail, see Funding & Leverage Implications).

Exhibit 39: Model Changes

	FY24	8/24	11/24	2/25	5/25	FY25	8/25	11/25	2/26	5/26E	FY26E	8/26E	11/26E	2/27E	5/27E	FY27E	FY28E
Software - License	5,081	870	1,195	1,129	2,007	5,201	766	939	1,150	1,927	4,782	754	924	1,132	1,869	4,678	4,538
YoY Growth	-12%	8%	1%	-10%	9%	2%	-12%	-21%	2%	-4%	-8%	-2%	-2%	-2%	-3%	-2%	-3%
Old Cloud and On-Prem License Rev	5,081	870	1,195	1,129	2,007	5,201	766	939	1,101	1,907	4,712	743	911	1,068	1,849	4,571	4,434
YoY Growth	-12%	8%	1%	-10%	9%	2%	-12%	-21%	-3%	-5%	-9%	-3%	-3%	-3%	-3%	-3%	-3%
% Change	0%	0%	0%	0%	0%	0%	0%	0%	4%	1%	1%	1%	1%	6%	1%	2%	2%
New Cloud Service and Support	39,383	10,519	10,806	11,007	11,698	44,030	12,141	12,915	12,915	14,874	52,845	16,082	17,592	19,680	22,424	75,777	110,416
YoY Growth	12%	10%	12%	10%	14%	12%	15%	20%	17%	27%	20%	32%	36%	52%	51%	43%	46%
Old Cloud Service and Support	39,383	10,519	10,806	11,007	11,698	44,030	12,141	12,915	13,719	14,757	53,532	16,083	17,584	19,423	21,593	74,683	109,692
YoY Growth	12%	10%	12%	10%	14%	12%	15%	20%	25%	26%	22%	32%	36%	42%	46%	40%	47%
% Change	0%	0%	0%	0%	0%	0%	0%	0%	-6%	1%	-1%	0%	0%	1%	4%	1%	1%
New HW Total Rev	3,066	655	728	703	850	2,936	670	776	714	816	2,976	673	779	724	783	2,959	2,916
Old HW Total Rev	3,066	655	728	703	850	2,936	670	776	742	825	3,012	663	768	734	800	2,966	2,908
% Change	0%	0%	0%	0%	0%	0%	0%	0%	-4%	-1%	-1%	1%	1%	-1%	-2%	0%	0%
New Services Rev	5,431	1,263	1,330	1,291	1,348	5,232	1,349	1,428	1,443	1,429	5,649	1,300	1,362	1,377	1,386	5,425	5,370
Old Services Rev	5,431	1,263	1,330	1,291	1,348	5,232	1,349	1,428	1,349	1,375	5,501	1,282	1,342	1,336	1,402	5,362	5,268
% Change	0%	0%	0%	0%	0%	0%	0%	0%	7%	4%	3%	1%	1%	3%	-1%	1%	2%
New Total Rev (non-GAAP)	52,961	13,307	14,059	14,130	15,903	57,399	14,926	16,058	17,190	19,045	67,219	18,809	20,657	22,912	26,462	88,839	123,240
YoY Growth	6%	7%	9%	6%	11%	8%	12%	14%	22%	20%	17%	26%	29%	33%	39%	32%	39%
Old Total Rev (non-GAAP)	52,961	13,307	14,059	14,130	15,903	57,399	14,926	16,058	16,910	18,863	66,757	18,771	20,605	22,560	25,645	87,582	122,302
YoY Growth	6%	7%	9%	6%	11%	8%	12%	14%	20%	19%	16%	26%	28%	33%	36%	31%	40%
% Change	0%	0%	0%	0%	0%	0%	0%	0%	2%	1%	1%	0%	0%	2%	3%	1.4%	0.8%
Op Income (non-GAAP)	23,054	5,708	6,096	6,195	7,035	25,034	6,236	6,721	7,378	8,208	28,543	7,648	8,461	9,992	12,000	38,102	47,387
Op Margin (non-GAAP)	*43.5%*	*42.9%*	*43.4%*	*43.8%*	*44.2%*	*43.6%*	*41.8%*	*41.9%*	*42.9%*	*43.1%*	*42.5%*	*40.7%*	*41.0%*	*43.6%*	*45.3%*	*42.9%*	*38.5%*
Old Op Income (non-GAAP)	23,054	5,708	6,096	6,195	7,035	25,034	6,236	6,721	7,253	8,251	28,460	7,839	8,549	9,540	10,927	36,855	50,092
Old Op Margin (non-GAAP)	*43.5%*	*42.9%*	*43.4%*	*43.8%*	*44.2%*	*43.6%*	*41.8%*	*41.9%*	*42.9%*	*43.7%*	*42.6%*	*41.8%*	*41.5%*	*42.3%*	*42.6%*	*42.1%*	*41.0%*
% Change	0%	0%	0%	0%	0%	0%	0%	0%	2%	-1%	0%	-2%	-1%	5%	10%	3%	-5%
New EPS (non-GAAP)	5.56	1.39	1.47	1.47	1.70	6.03	1.47	2.26	1.79	1.76	7.28	1.54	1.70	2.13	2.42	7.80	8.28
YoY Growth	9%	17%	10%	4%	5%	8%	6%	54%	21%	4%	21%	4%	-25%	19%	37%	7%	6%
Old EPS (non-GAAP)	5.56	1.39	1.47	1.47	1.70	6.03	1.47	2.26	1.63	1.86	7.22	1.64	1.71	1.88	2.06	7.30	8.51
YoY Growth	9%	17%	10%	4%	5%	8%	6%	54%	10%	9%	20%	12%	-24%	15%	11%	1%	17%
% Change	0%	0%	0%	0%	0%	0%	0%	0%	10%	-5%	1%	-6%	-1%	13%	17%	7%	-3%
Capex	-6,866	-2,303	-3,970	-5,862	-9,080	-21,215	-8,502	-12,033	-18,635	-11,629	-50,799	-22,930	-24,413	-26,259	-28,651	-102,253	-116,673
% Sales	*13.0%*	*17.3%*	*28.2%*	*41.5%*	*57.1%*	*37.0%*	*57.0%*	*74.9%*	*108.4%*	*61.1%*	*75.6%*	*121.9%*	*118.2%*	*114.6%*	*108.3%*	*115.1%*	*94.7%*
Old Capex	-6,866	-2,303	-3,970	-5,862	-9,080	-21,215	-8,502	-12,033	-13,557	-16,689	-50,781	-23,475	-24,987	-26,866	-29,121	-104,449	-119,549
Old % Sales	*13.0%*	*17.3%*	*28.2%*	*41.5%*	*57.1%*	*37.0%*	*57.0%*	*74.9%*	*80.2%*	*88.5%*	*76.1%*	*125.1%*	*121.3%*	*119.1%*	*113.6%*	*119.3%*	*97.7%*
% Change	0%	0%	0%	0%	0%	0%	0%	0%	37%	-30%	0%	-2%	-2%	-2%	-2%	-2%	-2%
$ Change	0	0	0	0	0	0	0	0	-5,078	5,060	-18	545	574	607	470	2,196	2,876
FCF	11,807	5,124	-2,666	71	-2,923	-394	-362	-9,967	-11,484	-5,122	-26,935	-11,034	-17,190	-19,643	-16,328	-64,194	-64,107
FCF Margin	*22.3%*	*38.5%*	*-19.0%*	*0.5%*	*-18.4%*	*-0.7%*	*-2.4%*	*-62.1%*	*-66.8%*	*-26.9%*	*-40.1%*	*-58.7%*	*-83.2%*	*-85.7%*	*-61.7%*	*-72.3%*	*-52.0%*
Old FCF	11,807	5,124	-2,666	71	-2,923	-394	-362	-9,967	-8,542	-8,646	-27,516	-13,331	-16,596	-18,924	-19,476	-68,327	-66,618
Old FCF Margin	*22.3%*	*38.5%*	*-19.0%*	*0.5%*	*-18.4%*	*-0.7%*	*-2.4%*	*-62.1%*	*-50.5%*	*-45.8%*	*-41.2%*	*-71.0%*	*-80.5%*	*-83.9%*	*-75.9%*	*-78.0%*	*-54.5%*
% Change	0%	0%	0%	0%	0%	0%	0%	0%	NM	NM	NM	NM	NM	NM	NM	NM	NM

Source: Company Data, Morgan Stanley Research

Exhibit 40: Income Statement

($ Millions, Except Per-Share Data)								F2026E					F2027E					
	FY19	FY20	FY21	FY22	FY23	FY24	FY25	8/25	11/25	2/26	5/26E	FY26E	8/26E	11/26E	2/27E	5/27E	FY27E	FY28E
Cloud	**7,295**	**8,172**	**9,166**	**10,809**	**15,882**	**19,775**	**24,507**	**7,186**	**7,977**	**8,914**	**9,907**	**33,984**	**11,251**	**12,779**	**14,804**	**17,536**	**56,369**	**91,367**
Y/Y Change		*12%*	*12%*	*18%*	*47%*	*25%*	*24%*	*28%*	*34%*	*44%*	*47%*	*39%*	*57%*	*60%*	*66%*	*77%*	*66%*	*62%*
Q/Q Change		-	-	-	-	-	-	*7%*	*11%*	*12%*	*11%*	-	*14%*	*14%*	*16%*	*18%*	-	-
Software	**25,287**	**24,352**	**24,932**	**25,243**	**25,205**	**24,689**	**24,724**	**5,721**	**5,877**	**6,119**	**6,893**	**24,610**	**5,584**	**5,737**	**6,007**	**6,757**	**24,085**	**23,587**
Y/Y Change		*-4%*	*2%*	*1%*	*0%*	*-2%*	*0%*	*-1%*	*-3%*	*3%*	*-1%*	*0%*	*-2%*	*-2%*	*-2%*	*-2%*	*-2%*	*-2%*
Q/Q Change		-	-	-	-	-	-	*-18%*	*3%*	*4%*	*13%*	-	*-19%*	*3%*	*5%*	*12%*	-	-
Total Hardware Revenue	**3,704**	**3,444**	**3,360**	**3,184**	**3,274**	**3,066**	**2,936**	**670**	**776**	**714**	**816**	**2,976**	**673**	**779**	**724**	**783**	**2,959**	**2,916**
Y/Y Change	*-7%*	*-7%*	*-2%*	*-5%*	*3%*	*-6%*	*-4%*	*2%*	*7%*	*2%*	*-4%*	*1%*	*0%*	*0%*	*1%*	*-4%*	*-1%*	*-1%*
Q/Q Change								*-21%*	*16%*	*-8%*	*14%*		*-18%*	*16%*	*-7%*	*8%*		
Services/Other Revenue	**3,239**	**3,105**	**3,021**	**3,205**	**5,594**	**5,431**	**5,232**	**1,349**	**1,428**	**1,443**	**1,429**	**5,649**	**1,300**	**1,362**	**1,377**	**1,386**	**5,425**	**5,370**
Y/Y Change	-4.6%	-4.1%	-2.7%	6.1%	74.5%	-2.9%	-3.7%	6.8%	7.4%	11.8%	6.0%	8.0%	-3.6%	-4.6%	-4.6%	-3.0%	-4.0%	-1.0%
Q/Q Change								0.1%	5.9%	1.1%	-1.0%		-9.0%	4.8%	1.1%	0.7%		
Total Revenue	**39,525**	**39,073**	**40,479**	**42,441**	**49,955**	**52,961**	**57,399**	**14,926**	**16,058**	**17,190**	**19,045**	**67,219**	**18,809**	**20,657**	**22,912**	**26,462**	**88,839**	**123,240**
Y/Y Change	*0.2%*	*-1.1%*	*3.6%*	*4.8%*	*17.7%*	*6.0%*	*8.4%*	*12.2%*	*14.2%*	*21.7%*	*19.8%*	*17.1%*	*26.0%*	*28.6%*	*33.3%*	*38.9%*	*32.2%*	*38.7%*
Q/Q Change	-	-	-	-	-	-	-	*-6%*	*8%*	*7%*	*11%*	-	*-1%*	*10%*	*11%*	*15%*	-	-
Cost of Revenue																		
Total Cloud COGS	2,784	2,982	3,251	4,002	6,318	7,906	10,162	3,251	3,693	4,456	5,111	16,511	5,800	6,599	7,572	8,696	28,667	53,435
Total Cloud Margin	*61.8%*	*63.5%*	*64.5%*	*63.0%*	*60.2%*	*60.0%*	*58.5%*	*54.8%*	*53.7%*	*50.0%*	*48.4%*	*51.4%*	*48.5%*	*48.4%*	*48.8%*	*50.4%*	*49.1%*	*41.5%*
Cloud & Software COGS								3,451										
Cloud Services and License Support COGS	3,682	3,897	4,219	5,008	7,328	8,901	10,959	3,451	3,839	4,605	5,349	17,244	5,995	6,741	7,718	8,931	29,385	54,140
Cloud Services & Lic. Support Margin	*86.2%*	*85.8%*	*85.3%*	*83.4%*	*79.2%*	*77.4%*	*75.1%*	*71.6%*	*70.3%*	*64.3%*	*64.0%*	*67.4%*	*62.7%*	*61.7%*	*60.8%*	*60.2%*	*61.2%*	*51.0%*
Software License Updates and Support	898	915	968	1,006	1,010	995	797	200	146	149	238	733	195	142	146	235	718	705
Software Lic.Support Margin	*95.4%*	*95.2%*	*95.0%*	*94.8%*	*94.8%*	*94.9%*	*95.9%*	*96.0%*	*97.0%*	*97.0%*	*95.2%*	*96.3%*	*96.0%*	*97.0%*	*97.0%*	*95.2%*	*96.3%*	*96.3%*
Total Hardware COGS	**1,349**	**1,104**	**962**	**957**	**1,021**	**867**	**754**	**171**	**208**	**175**	**235**	**789**	**172**	**209**	**177**	**226**	**784**	**772**
Total Hardware Margin	*63.6%*	*67.9%*	*71.4%*	*69.9%*	*68.8%*	*71.7%*	*74.3%*	*74.5%*	*73.2%*	*75.5%*	*71.2%*	*73.5%*	*74.5%*	*73.2%*	*75.5%*	*71.2%*	*73.5%*	*73.5%*
Services COGS	**2,804**	**2,761**	**2,475**	**2,624**	**4,624**	**4,657**	**4,373**	**1,050**	**1,118**	**1,075**	**1,109**	**4,352**	**1,012**	**1,067**	**1,067**	**1,068**	**4,214**	**4,171**
Service Margin	*13.4%*	*11.1%*	*18.1%*	*18.1%*	*17.3%*	*14.3%*	*16.4%*	*22.2%*	*21.7%*	*25.5%*	*22.4%*	*23.0%*	*22.2%*	*21.7%*	*22.5%*	*22.9%*	*22.3%*	*22.3%*
Total Cost of Revenue	7,835	7,762	7,656	8,589	12,973	14,425	16,086	4,672	5,165	5,855	6,693	22,385	7,179	8,017	8,963	10,225	34,383	59,083
Gross Income	31,690	31,311	32,823	33,852	36,982	38,536	41,313	10,254	10,893	11,335	12,352	44,834	11,630	12,640	13,949	16,237	54,456	64,157
Gross Margin	*80.2%*	*80.1%*	*81.1%*	*79.8%*	*74.0%*	*72.8%*	*72.0%*	*68.7%*	*67.8%*	*65.9%*	*64.9%*	*66.7%*	*61.8%*	*61.2%*	*60.9%*	*61.4%*	*61.3%*	*52.1%*
YoY Growth	*0.6%*	*-1.2%*	*4.8%*	*3.1%*	*9.2%*	*4.2%*	*7.2%*	*6.9%*	*6.9%*	*11.6%*	*8.6%*	*8.5%*	*13.4%*	*16.0%*	*23.1%*	*31.4%*	*21.5%*	*17.8%*
									35.0%	*38.5%*	*31.2%*							
Operating Expenses																		
Sales & Marketing	8,151	7,833	7,369	7,602	8,222	7,609	7,894	1,886	1,964	1,840	1,950	7,640	1,719	1,803	1,650	1,784	6,956	6,639
Research & Development	5,063	5,032	5,338	5,586	6,639	6,692	7,222	1,844	1,893	1,822	1,866	7,425	1,994	2,074	2,028	2,130	8,226	8,914
General & Administrative	1,092	1,063	1,119	1,071	1,217	1,181	1,163	288	315	295	328	1,226	269	302	280	323	1,173	1,217
Stock Option Expense (FV)	1,653	1,590	1,837	2,613	3,547	3,973	4,674	1,124	1,156	1,328	1,556	5,164	1,181	1,229	1,485	1,831	5,726	7,322
Special Charges	3,829	3,481	3,784	8,665	7,810	7,700	7,356	1,959	1,990	1,914	1,942	7,805	1,367	1,416	1,683	2,009	6,475	8,011
Total Operating Expense (Operating)	14,306	13,928	13,826	14,259	16,078	15,482	16,279	4,018	4,172	3,957	4,144	16,291	3,982	4,179	3,957	4,237	16,354	16,769
Operating Income (Operating)	**17,384**	**17,383**	**18,997**	**19,593**	**20,904**	**23,054**	**25,034**	**6,236**	**6,721**	**7,378**	**8,208**	**28,543**	**7,648**	**8,461**	**9,992**	**12,000**	**38,102**	**47,387**
Operating Margin	*44.0%*	*44.5%*	*46.9%*	*46.2%*	*41.8%*	*43.5%*	*43.6%*	*41.8%*	*41.9%*	*42.9%*	*43.1%*	*42.5%*	*40.7%*	*41.0%*	*43.6%*	*45.3%*	*42.9%*	*38.5%*
YoY Growth	*1.1%*	*0.0%*	*9.3%*	*3.1%*	*6.7%*	*10.3%*	*8.6%*	*9.3%*	*10.3%*	*19.1%*	*16.7%*	*14.0%*	*22.6%*	*25.9%*	*35.4%*	*46.2%*	*33.5%*	*24.4%*
Other Income	-1,267	-1,833	-2,213	-3,279	-3,967	-3,612	-3,520	-850	1,611	-1,048	-1,606	-1,893	-1,797	-1,898	-2,063	-2,600	-8,359	-14,907
Income Before Taxes	16,117	15,550	16,784	16,314	16,937	19,442	21,514	5,386	8,332	6,330	6,602	26,650	5,851	6,563	7,929	9,400	29,743	32,481
Tax Rate	*18.5%*	*18.4%*	*15.8%*	*16.3%*	*16.3%*	*19.2%*	*19.7%*	*20.5%*	*20.8%*	*17.5%*	*20.4%*	*19.9%*	*20.5%*	*20.8%*	*17.5%*	*20.4%*	*19.7%*	*19.8%*
Net Income (Non-GAAP)	**13,137**	**12,683**	**14,124**	**13,661**	**14,177**	**15,709**	**17,283**	**4,283**	**6,598**	**5,223**	**5,254**	**21,358**	**4,653**	**5,197**	**6,543**	**7,479**	**23,872**	**26,059**
Preferred Stock Dividends								*0*	*0*	*22*	*81*	*103*	*81*	*81*	*81*	*81*	*325*	*325*
Net Income Avail to Common (Non-GAAP)								**4,283**	**6,598**	**5,201**	**5,172**	**21,254**	**4,572**	**5,116**	**6,461**	**7,398**	**23,547**	**25,734**
EPS (Diluted) - Operating	**3.52**	**3.85**	**4.67**	**4.90**	**5.12**	**5.56**	**6.03**	**1.47**	**2.26**	**1.79**	**1.76**	**7.28**	**1.54**	**1.70**	**2.13**	**2.42**	**7.80**	**8.28**
year-on-year	*16%*	*9%*	*21%*	*5%*	*4%*	*9%*	*8%*	*6%*	*54%*	*21%*	*4%*	*21%*	*4%*	*-25%*	*19%*	*37%*	*7%*	*6%*
Diluted Shares Outstanding	3,732	3,294	3,022	2,786	2,766	2,823	2,866	2,909	2,922	2,912	2,933	2,919	2,972	3,010	3,039	3,058	3,020	3,107

Source: Company Data, Morgan Stanley Research

Exhibit 41: Revenue Drivers

									F2026E					F2027E			
	FY20	FY21	FY22	FY23	FY24	FY25	8/25	11/25	2/26	5/26E	FY26E	8/26E	11/26E	2/27E	5/27E	FY27E	FY28E
Total Revenue	**39,073**	**40,479**	**42,441**	**49,955**	**52,961**	**57,399**	**14,926**	**16,058**	**17,190**	**19,045**	**67,219**	**18,809**	**20,657**	**22,912**	**26,462**	**88,839**	**123,240**
YoY Growth	-1.1%	3.6%	4.8%	17.7%	6.0%	8.4%	12.2%	14.2%	21.7%	19.8%	17.1%	26.0%	28.6%	33.3%	38.9%	32.2%	38.7%
CC Growth	0.0%	2.0%	7.0%	22.0%	6.0%	8.1%	11.0%	13.0%	18.0%	18.8%	17.1%	24.6%	27.2%	31.9%	38.9%	32.2%	38.7%
QoQ Growth							-6%	8%	7%	11%		-1%	10%	11%	15%		
Organic YoY Growth	-1%	4%	5%	3%	6%	8%	12%	14%	22%	20%	17%	26%	29%	33%	39%	32%	39%
Cloud Revenue (SaaS + IaaS)	**8,172**	**9,166**	**10,809**	**15,882**	**19,775**	**24,507**	**7,186**	**7,977**	**8,914**	**9,907**	**33,984**	**11,251**	**12,779**	**14,804**	**17,536**	**56,369**	**91,367**
YoY Growth	12.0%	12.2%	17.9%	46.9%	24.5%	23.9%	27.8%	34.4%	43.5%	47.1%	38.7%	56.6%	60.2%	66.1%	77.0%	65.9%	62.1%
CC Growth			22.0%	50.0%	25%	24%	27%	33%	41%	46.1%	38.7%	55.2%	58.8%	64.7%	77.0%	65.9%	62.1%
QoQ Growth							7%	11%	12%	11%		14%	14%	16%	18%		
3-yr Avg Seasonality							11%	5%	6%	8%		6%	7%	7%	8%		
Application (SaaS) Cloud Revenue (MSe)	**6,131**	**6,975**	**7,983**	**11,370**	**12,959**	**14,272**	**3,839**	**3,898**	**4,026**	**4,133**	**15,896**	**4,260**	**4,323**	**4,453**	**4,542**	**17,577**	**19,219**
YoY Growth	13%	14%	14%	42%	14%	10%	11%	11%	13%	10%	11%	11%	11%	11%	10%	11%	9%
YoY Growth - $							*370.0*	*395.0*	*468.0*	*390.9*		*420.9*	*424.7*	*427.0*	*409.0*		
QoQ Growth							3%	2%	3%	3%		3%	1%	3%	2%		
3-yr Avg Seasonality							12%	2%	3%	4%		4%	1%	3%	3%		
% of Application Subscription and Support	56%	60%	63%	68%	71%	74%	75%	76%	77%	77%	76%	77%	77%	79%	79%	78%	80%
YoY Growth - $							*153.0*	*165.8*	*161.2*	*149.6*		*172.7*	*167.4*	*170.9*	*160.6*		
YoY Growth - $							*144.4*	*117.9*	*130.2*	*118.0*		*161.2*	*168.0*	*163.2*	*154.2*		
YoY Growth - $							*72.6*	*111.4*	*176.6*	*123.3*		*86.9*	*89.3*	*92.8*	*94.2*		
Infrastructure (IaaS/PaaS) Cloud Revenue (MSe)	**2,036**	**2,191**	**2,826**	**4,512**	**6,816**	**10,235**	**3,347**	**4,079**	**4,888**	**5,774**	**18,088**	**6,991**	**8,456**	**10,351**	**12,994**	**38,792**	**72,148**
YoY Growth	10%	8%	29%	60%	51%	50%	55%	68%	84%	93%	77%	109%	107%	112%	125%	114%	86%
QoQ Growth							12%	22%	20%	18%		21%	21%	22%	26%		
3-yr Avg Seasonality							9%	12%	12%	14%		9%	14%	14%	14%		
QoQ $ Added			635	1,686	2,304	3,419	352	732	809	886	7,853	1,217	1,465	1,895	2,643	20,704	33,356
YoY Growth in QoQ $ Added				166%	37%	48%	112%	161%	271%	158%	130%	246%	100%	134%	198%	164%	61%
												1,250	**250**	**200**			
Software Revenue (Legacy Support + License)	**24,352**	**24,932**	**25,243**	**25,205**	**24,689**	**24,724**	**5,721**	**5,877**	**6,119**	**6,893**	**24,610**	**5,584**	**5,737**	**6,007**	**6,757**	**24,085**	**23,587**
YoY Growth	-4%	2%	1%	0%	-2%	0%	-1%	-3%	3%	-1%	0%	-2%	-2%	-2%	-2%	-2%	-2%
CC Growth						1%	-2%	-5%	-1%								
QoQ Growth							-18%	3%	4%	13%		-19%	3%	5%	12%		
3-yr Avg Seasonality							-18%	6%	0%	14%		-17%	5%	1%	13%		
Maintenance Revenue (MSe beginning 1Q26)	**19,224**	**19,534**	**19,365**	**19,426**	**19,608**	**19,523**	**4,955**	**4,938**	**4,969**	**4,966**	**19,828**	**4,831**	**4,813**	**4,876**	**4,888**	**19,407**	**19,049**
YoY Growth	-1%	2%	-1%	0%	1%	0%	1%	1%	4%	0%	2%	-3%	-3%	-2%	-2%	-2%	-2%
QoQ Growth							0%	0%	1%	0%		-3%	0%	1%	0%		
3-yr Avg Seasonality							0%	-1%	0%	2%		0%	-1%	0%	1%		
% Software Revenue																	
Application Maintenance Revenue (MSe)	**4,884**	**4,737**	**4,629**	**5,282**	**5,212**	**5,134**	**1,274**	**1,254**	**1,227**	**1,267**	**5,023**	**1,265**	**1,262**	**1,191**	**1,213**	**4,930**	**4,774**
YoY Growth	-5%	-3%	-2%	14%	-1%	-1%	-3%	-2%	-1%	-3%	-2%	-1%	1%	-3%	-4%	-2%	-3%
QoQ Growth							-2%	-2%	-2%	3%		0%	0%	-6%	2%		
Infrastructure Maintenance Revenue (MSe)	**14,340**	**14,797**	**14,736**	**14,144**	**14,396**	**14,389**	**3,543**	**3,538**	**3,682**	**3,699**	**14,462**	**3,566**	**3,551**	**3,685**	**3,675**	**14,477**	**14,275**
YoY Growth	0%	3%	0%	-4%	2%	0%	-1%	-2%	4%	1%	1%	1%	0%	0%	-1%	0%	-1%
QoQ Growth							-3%	0%	4%	0%		-4%	0%	4%	0%		
Cloud License and On-Premise License (Apps + Infra, Mse beginning 1	**5,128**	**5,398**	**5,878**	**5,779**	**5,081**	**5,201**	**766**	**939**	**1,150**	**1,927**	**4,782**	**754**	**924**	**1,132**	**1,869**	**4,678**	**4,538**
YoY Growth	-12%	5%	9%	-2%	-12%	2%	-12%	-21%	2%	-4%	-8%	-2%	-2%	-2%	-3%	-2%	-3%
CC Growth	-11%	2%	12%	2%	-12%	2%	-13%	-23%	-2%	-5%	-8%	-3%	-3%	-3%	-3%	-2%	-3%
QoQ Growth							-62%	23%	22%	68%		-61%	23%	22%	65%		
Application License Revenue (MSe)	**671**	**727**	**783**	**1,065**	**870**	**956**	**154**	**142**	**138**	**468**	**902**	**133**	**168**	**44**	**454**	**799**	**684**
YoY Growth	-28%	8%	8%	36%	-18%	10%	-30%	-45%	-34%	73%	-6%	-14%	18%	-68%	-3%	-11%	-14%
QoQ Growth							-43%	-8%	-3%	238%		-71%	26%	-74%	941%		
% Software Revenue																	
Infrastructure License Revenue (MSe)	**4,457**	**4,671**	**5,095**	**4,714**	**4,211**	**4,245**	**612**	**797**	**1,012**	**1,459**	**3,880**	**620**	**756**	**1,088**	**1,415**	**3,880**	**3,854**
YoY Growth	-9%	5%	9%	-7%	-11%	1%	-6%	-15%	10%	-16%	-9%	1%	-5%	8%	-3%	0%	-1%
CC Growth (MSe)	-7%	2%	12%	-4%	-11%	1%	-5%	-17%	6%	-17%	-9%	0%	-7%	6%	-3%	0%	-1%
QoQ Growth							-65%	30%	27%	44%		-57%	22%	44%	30%		
% Software Revenue																	
Hardware Revenue	**3,444**	**3,360**	**3,184**	**3,274**	**3,066**	**2,936**	**670**	**776**	**714**	**816**	**2,976**	**673**	**779**	**724**	**783**	**2,959**	**2,916**
YoY Growth	-7%	-2%	-5%	3%	-6%	-4%	2%	7%	2%	-4%	1%	0%	0%	1%	-4%	-1%	-1%
CC Growth	-6%	-4%	-3%	6%	-6%	-5%	1%	5%	-2%	-5%	1%	-1%	-1%	0%	-4%	-1%	-1%
QoQ Growth							-21%	16%	-8%	14%		-18%	16%	-7%	8%		
Services Revenue	**3,105**	**3,021**	**3,205**	**5,594**	**5,431**	**5,232**	**1,349**	**1,428**	**1,443**	**1,429**	**5,649**	**1,300**	**1,362**	**1,377**	**1,386**	**5,425**	**5,370**
YoY Growth	-4%	-3%	6%	75%	-3%	-4%	7%	7%	12%	6%	8%	-4%	-5%	-5%	-3%	-4%	-1%
CC Growth	-3%	-5%	8%	81%	-3%	-4%	5%	6%	8%	5%	8%	-5%	-6%	-6%	-3%	-4%	-1%
QoQ Growth							0%	6%	1%	-1%		-9%	5%	1%	1%		

Source: Company Data, Morgan Stanley Research

Exhibit 42: Balance Sheet

($ Millions, Except Per-Share Data)							F2026E					F2027E				
	FY21	FY22	FY23	FY24	FY25	8/25	11/25	2/26	5/26E	FY26E	8/26E	11/26E	2/27E	5/27E	FY27E	FY28E
Assets																
Cash	30,098	21,383	9,765	10,454	10,786	10,445	19,241	38,455	35,483	35,483	26,298	13,909	10,000	10,000	10,000	10,000
Investments	16,456	519	422	207	417	560	525	677	677	677	677	677	677	677	677	677
Accounts Receivable	5,409	5,953	6,915	7,874	8,558	8,843	9,440	10,719	10,249	10,249	10,098	10,996	13,014	12,770	12,770	17,791
Inventories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Tax Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepaid and Other	3,604	3,778	3,902	4,019	4,818	4,786	5,160	5,023	5,642	5,642	5,410	6,023	4,653	8,790	8,790	12,193
Total Current Assets	**55,567**	**31,633**	**21,004**	**22,554**	**24,579**	**24,634**	**34,366**	**54,874**	**52,052**	**52,052**	**42,483**	**31,606**	**28,344**	**32,237**	**32,237**	**40,661**
PP&E	7,049	9,716	17,069	21,536	40,622	49,257	63,000	77,557	86,682	86,682	106,886	127,771	149,700	173,180	173,180	261,060
Operating Lease ROU Asset					13,145	15,979.0	18,393.0	20,817	20,817	20,817	20,817	20,817	20,817	20,817	20,817	20,817
Finance Lease ROU Asset					*2,900*	*3,937*	*4,875*	*6,060*	*17,237*	*17,237*	*22,443*	*30,055*	*42,517*	*65,914*	*65,914*	*139,640*
Intangibles	46,365	45,251	9,837	6,890	4,587	4,167	3,760	3,641	3,255	3,255	3,069	2,882	2,684	2,506	2,506	1,817
Deferred Tax Assets/ Other	22,126	22,697	86,474	89,996	20,321	20,264	18,383	20,017	20,017	20,017	20,017	20,017	20,017	20,017	20,017	20,017
Total Assets	**131,107**	**109,297**	**134,384**	**140,976**	**168,361**	**180,449**	**204,984**	**245,240**	**262,334**	**262,334**	**277,989**	**295,421**	**326,352**	**376,945**	**376,945**	**546,286**
Liabilities																
Accounts Payable	745	1,317	1,204	2,357	5,113	8,203	10,140	9,474	9,633	9,633	9,915	12,567	11,757	11,891	11,891	10,839
Current Portion of LT Debt	8,250	3,749	4,061	10,605	7,271	9,079	8,091	9,887	9,887	9,887	9,887	9,887	9,887	9,887	9,887	9,887
Accrued Comp/Benefits	2,017	1,944	2,053	1,916	2,243	1,794	1,947	1,940	2,733	2,733	1,777	1,920	1,098	2,417	2,417	1,975
Other Accrued Liabilities	4,377	4,144	6,802	7,353	8,629	8,700	7,677	9,555	6,681	6,681	6,990	5,945	3,779	4,253	4,253	3,523
Deferred Revenues	8,775	8,357	8,970	9,313	9,387	12,098	9,940	9,881	10,056	10,056	13,448	10,535	10,308	10,403	10,403	10,989
Total Current Liabilities	**24,164**	**19,511**	**23,090**	**31,544**	**32,643**	**39,874**	**37,795**	**40,737**	**38,990**	**38,990**	**42,017**	**40,854**	**36,828**	**38,851**	**38,851**	**37,213**
Long-term Debt	75,995	72,110	86,420	76,264	85,297	82,236	99,984	124,718	121,968	121,968	118,968	118,968	118,968	116,718	116,718	105,818
Revolver / Additional Debt *(MSe, plug)*						0	0	0	0	0	0	0	14,317	31,873	31,873	103,230
Deferred Tax Liability	0	0	0	3,692	10,269	10,583	10,885	11,402	11,402	11,402	11,402	11,402	11,402	11,402	11,402	11,402
Operating Lease Liability					13,450	16,290	18,679	21,310	21,310	21,310	21,310	21,310	21,310	21,310	21,310	21,310
Finance Lease Liability					2,934	4,017	4,976	6,250	17,388	17,388	22,643	30,371	43,048	66,843	66,843	143,454
Other Long-term Liabilities	24,996	23,444	23,318	20,237	2,799	2,783	2,208	1,772	1,629	1,629	1,951	2,178	1,653	1,635	1,635	1,467
Total Liabilities	**125,155**	**115,065**	**132,828**	**131,737**	**147,392**	**155,783**	**174,527**	**206,189**	**212,687**	**212,687**	**218,290**	**225,083**	**247,527**	**288,633**	**288,633**	**423,895**
Total Stockholders' Equity	**5,469**	**-6,251**	**1,073**	**8,756**	**20,486**	**24,183**	**29,974**	**38,568**	**49,163**	**49,163**	**59,215**	**69,855**	**78,343**	**87,829**	**87,829**	**121,908**
Noncontrolling Interests	483	483	483	483	483	483	483	483	483	483	483	483	483	483	483	483
Total Liabilities and Stockholders' Equity	**131,107**	**109,297**	**134,384**	**140,976**	**168,361**	**180,449**	**204,984**	**245,240**	**262,334**	**262,334**	**277,989**	**295,421**	**326,352**	**376,944**	**376,944**	**546,286**

Source: Company Data, Morgan Stanley Research

Exhibit 43: Cash Flow

($ Millions, Except Per-Share Data)						F2026E					F2027E					
	FY21	FY22	FY23	FY24	FY25	8/25	11/25	2/26	5/26E	FY26E	8/26E	11/26E	2/27E	5/27E	FY27E	FY28E
Operating Activities:																
Net Income	*13,746*	*6,717*	*8,503*	*10,467*	*12,443*	*2,927*	*6,135*	*3,721*	*3,927*	*16,710*	*3,778*	*4,337*	*5,264*	*6,228*	*19,606*	*20,618*
Adjustments to Operating Activities:																
Depreciation	1,537	1,972	2,526	3,129	3,867	1,351	1,704	2,153	2,504	7,712	2,727	3,528	4,331	5,170	15,755	28,792
Finance Lease Amortization (Mse)									173	173	294	389	538	803	2,024	5,374
Stock Based compensation expense	1,837	2,613	3,547	3,974	4,674	1,124	1,156	1,328	1,556	5,164	1,181	1,229	1,485	1,831	5,726	7,322
Amortization of Intangibles	1,379	1,150	3,582	3,010	2,307	420	406	413	386	1,625	186	187	198	178	749	689
Gains (Losses) on Investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Income Taxes	-2,464	-926	-1,506	-1,419	-970	679	-2,574	-549	0	-2,444	0	0	0	0	0	0
Changes in operating assets and liabilities:																
Accounts Receivable	333	-874	-151	-965	-653	-245	-655	-1,301	470	-1,731	151	-898	-2,018	244	-2,521	-5,021
Inventories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepaids and Other Assets	622	11	317	542	266	59	1,226	101	-619	767	232	-613	1,371	-4,137	-3,147	-3,404
Accounts Payable and Accrued Expenses	-23	-733	-281	-594	-608	-334	-1,032	545	-1,922	-2,743	-365	1,750	-3,799	1,927	-486	-2,224
Deferred Revenue	405	7	781	656	154	2,550	-2,083	-217	175	425	3,392	-2,913	-227	95	347	586
Other Liabilties	-1,485	-398	-153	-127	-659	-391	-2,217	957	-143	-1,794	321	227	-525	-18	6	-168
Cash Flow from Operations	**15,887**	**9,539**	**17,165**	**18,673**	**20,821**	**8,140**	**2,066**	**7,151**	**6,507**	**23,864**	**11,896**	**7,224**	**6,616**	**12,323**	**38,059**	**52,566**
YoY Growth	*21%*	*-40%*	*80%*	*9%*	*12%*	*10%*	*58%*	*21%*	*6%*	*15%*	*46%*	*250%*	*-7%*	*89%*	*59%*	*38%*
CFO Margin %	*39%*	*22%*	*34%*	*35%*	*36%*					*36%*					*43%*	*43%*
Cash Flows from Investing Activities																
Purchase - Business, Net of Cash	-41	-148	-27,721	-63	0	0	0	0	0	0	0	0	0	0	0	0
Purchase - Investments	-37,982	-10,272	1,113	-1,003	-1,272	-471	-163	-1,029	0	-1,663	0	0	0	0	0	0
Proceeds - Sale & Maturity of Investments	27,060	26,151	-1,181	572	776	255	4,482	120	0	4,857	0	0	0	0	0	0
Purchase - Property and Equipment	-2,135	-4,511	-8,695	-6,866	-21,215	-8,502	-12,033	-18,635	-11,629	-50,799	-22,930	-24,413	-26,259	-28,651	-102,253	-116,673
Net Change in Other Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow from Investing Activities	**-13,098**	**11,220**	**-36,484**	**-7,360**	**-21,711**	**-8,718**	**-7,714**	**-19,544**	**-11,629**	**-47,605**	**-22,930**	**-24,413**	**-26,259**	**-28,651**	**-102,253**	**-116,673**
Cash Flow from Financing Activies																
Payments - Repurchase of Common Stock	-20,934	-16,248	-1,300	-1,202	-600	-95	0	0	0	-95	0	0	0	0	0	0
Dividend Paid on Common Stock	-3,063	-3,457	-3,668	-4,391	-4,743	-1,413	-1,435	-1,437	-1,529	-5,814	-1,548	-1,567	-1,582	-1,894	-6,591	-7,144
Finance Lease Principal									-212	-212	-245	-273	-322	-405	-1,245	-2,489
Proceeds - Issuance of Common Stock	1,786	482	1,192	742	653	1,170	138	9	6,641	7,958	6,641	6,641	3,321	3,321	19,924	13,283
Proceeds/(Payments) of Long Term Debt	12,303	-8,250	12,944	-3,500	3,707	-1,052	16,810	26,593	-2,750	39,601	-3,000	0	0	-2,250	-5,250	-10,900
Revolver / Additional Debt Issuance / (Repayment)									0	0	0	0	14,317	17,556	31,873	71,357
Other	-470	-1,653	-1,258	-2,203	2,081	1,600	-1,026	1,379	0	1,953	0	0	0	0	0	0
Cash Flow from Financing Activities	**-10,378**	**-29,126**	**7,910**	**-10,554**	**1,098**	**210**	**14,487**	**31,498**	**2,150**	**48,345**	**1,848**	**4,801**	**15,733**	**16,328**	**38,711**	**64,107**
Exchange Rate Impact	448	-348	-209	-70	124	27	-43	109	0	93	0	0	0	0	0	0
Change in Cash and Cash Equivalents	-7,141	-8,715	-11,618	689	332	-341	8,796	19,214	-2,972	24,697	-9,186	-12,388	-3,909	0	-25,483	0
Cash, Beginning of Period	22,321	22,682	8,219	9,481	17,406	10,786	10,445	19,241	38,455	38,455	35,483	26,298	13,909	10,000	10,000	10,000
Cash, End of Period	**30,098**	**21,383**	**9,765**	**10,454**	**10,786**	**10,445**	**19,241**	**38,455**	**35,483**	**35,483**	**26,298**	**13,909**	**10,000**	**10,000**	**10,000**	**10,000**
FCF	**13,752**	**5,028**	**8,470**	**11,807**	**-394**	**-362**	**-9,967**	**-11,484**	**-5,122**	**-26,935**	**-11,034**	**-17,190**	**-19,643**	**-16,328**	**-64,194**	**-64,107**
FCF Margin	*34%*	*12%*	*17%*	*22%*	*-1%*	*-2%*	*-62%*	*-67%*	*-27%*	*-40%*	*-59%*	*-83%*	*-86%*	*-62%*	*-72%*	*-52%*

Source: Company Data, Morgan Stanley Research

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

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
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Not-Rated/Hold	4	0%	1	0%	25%	1	0%
Underweight/Sell	568	15%	89	10%	16%	209	13%
Total	3,679		923			1624	

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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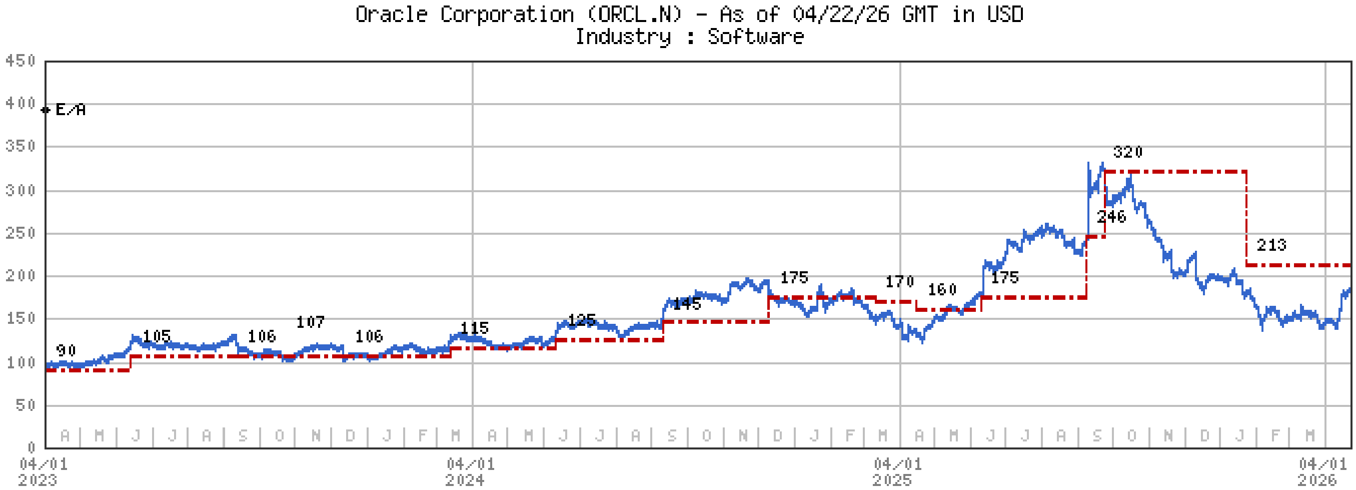
Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 4/1/21 : E/A

Price Target History: 3/11/21 : 73; 6/16/21 : 77; 9/20/21 : 87; 6/6/22 : 88; 7/20/22 : 90; 6/13/23 : 105; 9/12/23 : 106; 10/23/23 : 107; 12/12/23 : 106; 3/12/24 : 115; 6/11/24 : 125; 9/10/24 : 145; 12/10/24 : 175; 3/11/25 : 170; 4/15/25 : 160; 6/9/25 : 175; 9/8/25 : 246; 9/23/25 : 320; 1/23/26 : 213

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
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INDUSTRY COVERAGE: Software

COMPANY (TICKER)	RATING (AS OF)	PRICE* (04/22/2026)
Chris Quintero		
BILL Holdings Inc (BILL.N)	E (06/10/2025)	$40.04
Blackline Inc (BL.O)	O (09/29/2024)	$31.73
Descartes Systems Group Inc (DSGX.O)	O (01/15/2026)	$75.28
Manhattan Associates Inc. (MANH.O)	E (10/21/2025)	$142.88
Navan Inc (NAVN.O)	O (11/24/2025)	$15.58
SPS Commerce Inc (SPSC.O)	E (11/11/2025)	$57.91
Vertex Inc. (VERX.O)	O (01/17/2024)	$12.44
Elizabeth Porter, CFA		
Amplitude Inc. (AMPL.O)	O (01/15/2026)	$7.28
Autodesk (ADSK.O)	O (08/23/2024)	$247.57
Figma Inc (FIG.N)	E (08/25/2025)	$19.17
Five9 Inc (FIVN.O)	E (10/10/2022)	$16.59
Freshworks Inc (FRSH.O)	E (10/18/2021)	$8.91
GoDaddy Inc (GDDY.N)	E (07/19/2021)	$88.40
HubSpot, Inc. (HUBS.N)	O (03/21/2023)	$232.75
Klaviyo, Inc (KVYO.N)		$20.47
LegalZoom.com Inc (LZ.O)	U (07/28/2022)	$6.61
Liveramp Holdings Inc (RAMP.N)	E (01/13/2025)	$29.45
NICE Ltd. (NICE.O)	O (10/16/2023)	$105.60
RingCentral Inc (RNG.N)	E (08/08/2023)	$41.50
Semrush Holdings Inc -A (SEMR.N)	E (08/05/2025)	$11.98
Sprinklr Inc (CXM.N)	E (07/19/2021)	$5.24
Sprout Social Inc (SPT.O)	E (11/17/2020)	$6.21
Twilio Inc (TWLO.N)	O (02/24/2025)	$150.45
Wix.Com Ltd (WIX.O)	O (01/13/2025)	$76.88
Zeta Global Holdings Corp (ZETA.N)	E (08/01/2024)	$18.16
ZoomInfo Technologies Inc (GTM.O)	E (02/01/2024)	$6.36

Josh Baer, CFA		
Asana Inc (ASAN.N)	U (05/20/2025)	$6.41
Box Inc (BOX.N)	E (05/21/2024)	$24.52
CCC Intelligent Solutions Holdings Inc (CCC.O)	O (11/13/2024)	$5.40
Commerce.com Inc. (CMRC.O)	++	$3.10
Coursera, Inc. (COUR.N)	E (04/22/2026)	$6.18
DigitalOcean Holdings Inc (DOCN.N)	O (01/16/2025)	$95.52
Docebo Inc. (DCBO.O)	E (05/12/2025)	$19.17
DocuSign Inc (DOCU.O)	E (01/16/2024)	$47.52
Lightspeed POS Inc. (LSPD.N)	E (02/18/2021)	$9.93
monday.com Ltd (MNDY.O)	O (08/12/2025)	$69.74
Nebius Group NV (NBIS.O)	E (01/15/2026)	$156.14
Sabre Corp (SABR.O)	E (03/16/2021)	$1.85
ServiceTitan Inc (TTAN.O)	O (01/20/2026)	$64.59
Toast, Inc. (TOST.N)	O (12/16/2021)	$29.46
Udemy Inc (UDMY.O)		$4.92
Via Transportation Inc (VIA.N)	O (01/20/2026)	$17.63
Zoom Communications (ZM.O)	E (10/11/2022)	$91.92
Keith Weiss, CFA		
Adobe Inc. (ADBE.O)	E (09/24/2025)	$255.94
Atlassian Corporation PLC (TEAM.O)	O (01/13/2020)	$74.01
Cloudflare Inc (NET.N)	O (12/02/2024)	$207.56
CoreWeave (CRWV.O)	E (04/22/2025)	$122.54
Intuit (INTU.O)	O (02/26/2025)	$408.68
Microsoft (MSFT.O)	O (01/13/2016)	$432.92
Oracle Corporation (ORCL.N)	E (01/15/2019)	$187.50
Salesforce, Inc. (CRM.N)	O (12/21/2023)	$189.80
Samsara Inc (IOT.N)	E (03/23/2023)	$32.04
ServiceNow Inc (NOW.N)	O (09/24/2025)	$103.07
Shopify Inc (SHOP.O)	O (04/19/2024)	$131.96
Workday Inc (WDAY.O)	E (02/19/2025)	$126.60
Meta A Marshall		
Check Point Software Technologies Ltd. (CHKP.O)	E (10/16/2023)	$141.68
CrowdStrike Holdings Inc (CRWD.O)	O (03/10/2026)	$466.68
Fortinet Inc. (FTNT.O)	U (09/02/2025)	$87.09
Gen Digital Inc. (GEN.O)	E (06/07/2024)	$19.99
Netskope, Inc. (NTSK.O)	O (10/13/2025)	$10.37
Okta, Inc. (OKTA.O)	O (12/02/2024)	$78.70
Palo Alto Networks Inc (PANW.O)	O (10/10/2017)	$181.20
Qualys Inc (QLYS.O)	U (02/09/2021)	$88.71
Rapid7 Inc (RPD.O)	E (08/11/2015)	$6.32
SailPoint Inc (SAIL.O)	O (09/02/2025)	$12.28
SentinelOne, Inc. (S.N)	E (12/02/2024)	$14.63
Tenable Holdings Inc (TENB.O)	E (12/02/2024)	$20.57
Varonis Systems, Inc. (VRNS.O)	E (01/26/2026)	$25.13
Zscaler Inc (ZS.O)	E (04/22/2026)	$142.66
Sanjit K Singh		
Akamai Technologies, Inc. (AKAM.O)	O (01/12/2026)	$97.11
Appian Corp (APPN.O)	O (01/12/2026)	$21.86
C3.ai (AI.N)	U (01/04/2021)	$9.39
Datadog, Inc. (DDOG.O)	O (01/12/2026)	$132.14
Dynatrace Inc (DT.N)	E (02/13/2024)	$36.14
Elastic NV (ESTC.N)	O (12/16/2024)	$49.23
GitLab Inc (GTLB.O)	E (01/12/2026)	$22.36

JFrog Ltd. (FROG.O)	O (12/21/2023)	$46.81
MongoDB Inc (MDB.O)	O (04/12/2023)	$269.54
PagerDuty, Inc. (PD.N)	E (01/24/2024)	$6.71
Palantir Technologies Inc. (PLTR.O)	E (02/04/2025)	$152.62
Snowflake Inc. (SNOW.N)	O (06/24/2025)	$155.57
UiPath Inc (PATH.N)	E (09/07/2022)	$10.89

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