

BIGTECHCOMPANY

Financial Overview

QUARTERLY PERFORMANCE

BigTech Company	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
(\$ in thousands)	2021	2021	2021	2021	2022	2022	2022	2022	2023
Revenues	\$5,01,430	\$5,13,924	\$5,23,843	\$5,39,652	\$5,50,744	\$5,57,910	\$5,54,791	\$5,49,644	\$5,71,305
Quarterly Growth		2%	1.89%	2.93%	2.01%	1.28%	-0.56%	-0.94%	3.79%
Operating Income (EBITDA)	\$1,37,190	\$1,29,334	\$1,22,868	\$44,224	\$1,38,014	\$1,10,480	\$1,07,311	\$38,493	\$1,20,002
Quarterly Growth		-6%	-5%	-178%	68%	-25%	-3%	-179%	68%
Net Income	\$1,19,470	\$94,711	\$1,01,435	\$42,520	\$1,11,821	\$1,00,867	\$97,877	\$3,870	\$1,02,019
Quarterly Growth		-21%	7%	-139%	62%	-11%	-3%	-2429%	96%
Net Income per Share	\$3.85	\$3.05	\$3.27	\$1.37	\$3.60	\$3.24	\$3.14	\$0.12	\$3.27
Free Cash Flow (FCF)	\$48,416	-\$12,253	-\$7,438	-\$39,848	\$56,118	\$891	\$33,030	\$23,259	\$56,812
Diluted Shares	31894.87	31859.03	31844.75	31905.65	31708.88	31511.83	31524.08	31615.43	31669.19
Financial Metrics	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
EBITDA Margin	27%	25%	23%	8%	25%	20%	19%	7%	21%
Net Income Margin	24%	18%	24%	18%	19%	8%	20%	18%	18%
FCF per Diluted Share	\$1.52	-\$0.38	-\$0.23	-\$1.25	\$1.77	\$0.03	\$1.05	\$0.74	\$1.79

CUSTOMER TRENDS

Key Takeaways:

- When the subscription price went up from \$33 to \$34, many customers left, especially in early 2022. This shows that even a small price increase may have made some customers unhappy.
- The churn rate was very high in Q2 2022 (30.5%), meaning a lot of users left during that time. This could be due to the price hike or other issues like competition or service problems.
- In the most recent quarter (Q1 2023), the number of users grew by 9%, showing that the company is now doing better in attracting and keeping customers.

Customer Trends #s in thousands	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Cost of Subscription (Quarterly)	\$33	\$33	\$33.00	\$33.00	\$34.00	\$34.00	\$34.00	\$34.00	\$34.00
Number of Users (Beginning of Period)	15,195	15,573	15,874	16,353	16,198	16,409	16,317	16,166	16,803
Customer Attrition	89	200	204	444	2,446	5,000	1,655	1,244	322
New Users	468	501	683	289	2,657	4,908	1,504	1,881	1,965
Number of Users (End of Period)	15,573	15,874	16,353	16,198	16,409	16,317	16,166	16,803	18,446
Change in # of Users		2%	3%	-1%	1%	-1%	-1%	4%	9%
Net Change in Customers	379	301	479	(155)	211	(92)	(151)	637	1,643
Churn Rate	0.6%	1.3%	1.3%	2.7%	15.1%	30.5%	10.1%	7.7%	1.9%

PROJECTIONS

	FY	FY	FY	FY	FY	2020-2024E
Financial Highlights	2020	2021	2022	2023E	2024E	CAGR
Revenues	\$19,99,444	\$20,78,849	\$22,13,089	\$22,85,221	\$26,28,004	7%
Annual Growth		4%	6%	3%	13%	
Operating Income (EBITDA)	\$3,71,461	\$4,33,616	\$3,94,298	\$4,80,009	\$5,28,010	9%
Annual Growth		14%	-10%	18%	9%	
Net Income	\$2,47,641	\$3,58,136	\$3,14,435	\$4,08,075	\$4,40,721	16%
Annual Growth		31%	-14%	23%	7%	
Net Income per Share	\$12.11	\$11.55	\$10.11	\$13.09	\$14.14	4%
Free Cash Flow (FCF)	\$755	-\$11,123	\$1,13,297	\$2,27,248	\$2,22,703	314%
Debt	\$ 10,28,515.04 \$ 10,04,715.32 \$ 9,82,657.55 \$ 9,82,657.55					
Financial Metrics						
EBITDA Margin	19%	21%	18%	21%	20%	
Net Income Margin	12%	17%	14%	18%	20%	
Debt / EBITDA	2.7x	2.4x	2.5x	2.0x	1.9x	
FCF per Diluted Share	\$0.03	-\$0.35	\$3.58	\$7.18	\$7.03	
Diluted Shares	31,906		31615.43	31669.19	31669.19	

CONCLUSIONS

Company Highlights:

- Revenues grew at a 7% CAGR from 2020–2024E, showing strong long-term growth.
- Free Cash Flow improved from -\$11M in 2021 to \$2.27B in 2023E, indicating strong cash generation.
- Debt/EBITDA reduced to 1.9x in 2024E, well below the 4.0x industry average.
- Net income and margins are steadily improving with a 16% CAGR from 2020–2024E.

Areas of Concern:

- Quarterly earnings and margins are highly volatile, with steep drops in Q4 2021 and Q4 2022.
- Operating income crashed in Q4 2021 and Q4 2022, suggesting major one-off expenses.
- EBITDA margin (20% in 2024E) is significantly below the 39% industry average.

Recommendation:

- The company shows strong revenue and FCF growth, improving margins, and healthy debt levels, making it a **financially solid partner** for future collaboration.
- What caused the sharp drops in EBITDA and Net Income in Q4 2021 and Q4 2022—were these due to restructuring, write-offs, or seasonal factors?
- What specific cost efficiencies or initiatives are being implemented to improve the EBITDA margin toward the industry benchmark of 39%?