

Asana

4Q24 Wrap: Green shoots emerging

Reiterate Rating: BUY | PO: 25.00 USD | Price: 18.79 USD

4Q beat, in-line guidance and confidence in 2H accel

Collaborative work management provider ASAN 4Q24 results beat consensus and provided guidance that is in-line with consensus. Macro headwinds persist, but management expressed confidence DBNR will improve following tech industry renewals in 2Q. AI commentary was constructive with 20k customers adopting new tiers with AI and AI based revenue as accretive to 4Q growth. ASAN is winning competitive deals as company's consolidate vendors, according to management, which could assist in driving top line growth as we expect vendor consolidation to accelerate. This is consistent with our views outlined in BofA's recent [Asana initiation](#) and [collaboration software primer \(see notes\)](#).

300bp top line beat, operating margin 480bp better

ASAN reported 4Q24 results that beat consensus on revenue (by 3%) and adjusted OpM (by 480bps). Total revenue of \$171.1mn beat BofA/Street at \$168.2mn/\$166.3mn, and Adj OpM of -9.1% was well above BofA/Street at -12.4%/-13.9%. Overall and \$5k+ customer net revenue retention (NRR) stabilized at 100% and 105% (remaining flat Q/Q), while NRR for \$100k+ customers decreased to 115% (from 120% in the prior quarter). Total \$5K+ customer count increased 11.4% Y/Y and 1.4% Q/Q to 21.6K (a decel from 2.7% Q/Q at 3Q), while \$100K+ customer count increased 20.0% Y/Y and 4.7% Q/Q to 607 (slight decel from 4.9% Q/Q at 3Q). ASAN introduced FY25 revenue and Adj Op Income guidance of \$719mn and -\$58mn at the mid, versus the Street at \$716mn and -\$53mn.

Tempering FY25 rev ests, but view guide as conservative

We update our estimates to reflect results and management guidance, including a slight reduction in FY25 revenues. However, we view Asana's guidance – on both the top and bottom line – as conservative, and expect a consistent beat and raise cadence throughout FY25. We remain above the high end of FY25 revenue guidance, and note that Asana has a strong track record of exceeding expectations on the bottom line.

Reiterate Buy and PO of \$25

Our \$25 PO is derived from a 6.6x (from 6.4x on margin progress) CY2025E EV/Revenue target multiple (0.3x growth adjusted). Our growth-adjusted target multiple is in line with the high-growth software group. We believe this is warranted given Asana's multiple levers for long-term growth, partially offset by its lower margin profile.

Estimates (Jan) (US\$)	2023A	2024A	2025E	2026E	2027E
EPS	(1.04)	(0.20)	(0.19)	0.07	0.41
GAAP EPS	(2.04)	(1.17)	(1.09)	(0.87)	(0.66)
EPS Change (YoY)	-13.0%	80.8%	5.0%	NM	485.7%
Consensus EPS (Bloomberg)			(0.21)	(0.04)	NA
DPS	0	0	0	0	0
Valuation (Jan)					
P/E	NM	NM	NM	268.4x	45.8x
EV / EBITDA*	NM	NM	NM	188.0x	36.9x
Free Cash Flow Yield*	-3.9%	-0.6%	0.7%	2.3%	4.5%

* For full definitions of *IQmethod*SM measures, see page 8.

11 March 2024

Equity

Key Changes

(US\$)	Previous	Current
2025E Rev (m)	735.7	724.1
2026E Rev (m)	898.3	880.3
2027E Rev (m)	1,104.2	1,079.9
2025E EPS	-0.16	-0.19
2026E EPS	0.06	0.07
2027E EPS	0.42	0.41

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Stock Data

Price	18.79 USD
Price Objective	25.00 USD
Date Established	26-Feb-2024
Investment Opinion	C-1-9
52-Week Range	15.41 USD - 26.27 USD
Mkt Val (mn) / Shares Out (mn)	4,215 USD / 224.3
Free Float	57.0%
Average Daily Value (mn)	33.26 USD
BofA Ticker / Exchange	ASAN / NYS
Bloomberg / Reuters	ASAN US / ASAN.N
ROE (2025E)	-13.3%
Net Dbt to Eqty (Jan-2024A)	-59.1%
ESGMeter TM	Medium

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to ["BofA ESGMeter Methodology"](#).

DBNR: Dollar-based net retention

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iQprofileSM Asana

iQmethodSM – Bus Performance*

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Return on Capital Employed	-33.9%	-6.1%	-6.1%	2.5%	12.5%
Return on Equity	-74.0%	-13.2%	-13.3%	4.2%	20.7%
Operating Margin	-37.9%	-8.9%	-7.8%	0.3%	8.3%
Free Cash Flow	(165)	(26)	28	98	190

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Cash Realization Ratio	NM	NM	NM	6.7x	1.9x
Asset Replacement Ratio	0.4x	0.5x	0.5x	0.4x	0.4x
Tax Rate	NM	NM	NM	15.3%	2.1%
Net Debt-to-Equity Ratio	-134.6%	-59.1%	-68.9%	-82.9%	-94.2%
Interest Cover	NA	NA	NA	NA	NA

Income Statement Data (Jan)

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Sales	547	653	724	880	1,080
% Change	44.6%	19.2%	11.0%	21.6%	22.7%
Gross Profit	493	590	652	783	961
% Change	44.8%	19.6%	10.5%	20.2%	22.7%
EBITDA	(195)	(44)	(41)	22	114
% Change	-31.0%	77.5%	7.0%	NM	409.2%
Net Interest & Other Income	5	17	16	16	16
Net Income (Adjusted)	(207)	(45)	(44)	16	103
% Change	-27.2%	78.2%	1.6%	NM	554.7%

Free Cash Flow Data (Jan)

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Net Income from Cont Operations (GAAP)	(207)	(45)	(44)	16	103
Depreciation & Amortization	13	14	16	19	24
Change in Working Capital	13	(23)	25	32	34
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	21	35	39	40	40
Capital Expenditure	(5)	(8)	(7)	(9)	(10)
Free Cash Flow	-165	-26	28	98	190
% Change	-31.9%	84.5%	NM	246.7%	94.3%
Share / Issue Repurchase	6	5	4	4	4
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	11	(3)	(3)	(3)	(3)

Balance Sheet Data (Jan)

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Cash & Equivalents	527	237	276	383	582
Trade Receivables	82	88	109	125	148
Other Current Assets	51	335	345	358	374
Property, Plant & Equipment	95	97	94	91	87
Other Non-Current Assets	200	206	212	217	225
Total Assets	955	962	1,036	1,174	1,416
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	332	367	429	492	572
Long-Term Debt	47	44	41	38	35
Other Non-Current Liabilities	219	225	225	227	230
Total Liabilities	598	636	694	757	836
Total Equity	357	326	342	417	580
Total Equity & Liabilities	955	962	1,036	1,174	1,416

* For full definitions of iQmethodSM measures, see page 8.

Company Sector

Server & Enterprise Software

Company Description

Asana is a work management platform that helps teams orchestrate work, from daily tasks to cross-functional strategic initiatives.

Investment Rationale

Our Buy rating is largely based on our view that 1) Asana's go-to-market pivot to enterprises will ultimately succeed, leading topline to reaccelerate ahead of investor expectations, 2) consensus estimates look beatable, 3) investor sentiment and key metrics are likely to improve, and 4) improving profitability is not yet reflected in valuation.

Stock Data

Average Daily Volume 1,770,315

Quarterly Earnings Estimates

	2024	2025
Q1	-0.09A	-0.08E
Q2	-0.04A	-0.05E
Q3	-0.04A	-0.04E
Q4	-0.04A	-0.02E

Results beat across the board, Guidance solid

ASAN reported 4Q24 results that beat consensus on revenue (by 3%) and adjusted OpM (by 480bps). Total revenue of \$171.1mn beat BofA/Street at \$168.2mn/\$166.3mn, and Adj OpM of -9.1% was well above BofA/Street at -12.4%/-13.9%. Overall and \$5k+ customer net revenue retention (NRR) stabilized at 100% and 105% (remaining flat Q/Q), while NRR for \$100k+ customers decreased to 115% (from 120% in the prior quarter). Total \$5K+ customer count increased 11.4% Y/Y and 1.4% Q/Q to 21.6K (a decel from 2.7% Q/Q at 3Q), while \$100K+ customer count increased 20.0% Y/Y and 4.7% Q/Q to 607 (slight decel from 4.9% Q/Q at 3Q). ASAN introduced FY25 revenue and Adj Op Income guidance of \$719mn and -\$58mn at the mid, versus Street at \$716mn and -\$53mn. Asana also introduced 1Q25 revenue and Adj Op Income guidance of \$168.5mn and -\$22mn versus Street at \$168.4mn and -\$19mn respectively.

Exhibit 1: ASAN beat our 4Q24 rev estimate by 2%

Variance analysis

\$M (except per share data)	BofA Estimates	4Q24 Actuals	Variance
Revenue	\$168.2	\$171.1	2%
Gross profit	\$150.7	\$154.1	2%
R&D	\$53.8	\$54.0	0%
S&M	\$85.8	\$88.0	3%
G&A	\$32.0	\$27.7	-13%
Total opex (non-GAAP)	\$171.5	\$169.7	-1%
Non-GAAP operating income	(\$20.9)	(\$15.6)	
Interest expense & other, net	\$3.9	\$6.3	
Income (loss) before taxes	(\$16.9)	(\$9.3)	
Income taxes	\$1.0	\$0.8	
Non-GAAP net income (loss)	(\$17.9)	(\$10.1)	
Non-GAAP earnings per share (diluted)	(\$0.08)	(\$0.04)	
Basic weighted avg shares outstanding	223	224	
Diluted weighted avg shares outstanding	223	224	
Margin Analysis			
Gross margin	89.6%	90.1%	0.5%
R&D	32.0%	31.5%	-0.5%
S&M	51.0%	51.4%	0.4%
G&A	19.0%	16.2%	-2.8%
Operating margin	-12.4%	-9.1%	3.3%
Net margin	-10.7%	-5.9%	4.8%
Balance sheet & cash flow data			
Cash & equivalents	\$510	\$519	1.8%
Deferred revenue	\$272	\$271	-0.4%
Billings	\$185	\$187	1.0%
Cash flow from operations	(\$16)	(\$15)	-4.0%
Free cash flow	(\$20)	(\$17)	-15.1%

Source: BofA Global Research, company filings

BofA GLOBAL RESEARCH



Exhibit 2: We are slightly lowering our FY25 rev estimates

Estimate changes

	1Q25E				2025E				2026E			
	Previous Estimate	Previous Y/Y Growth	New Estimate	New Y/Y Growth	Previous Estimate	Previous Y/Y Growth	New Estimate	New Y/Y Growth	Previous Estimate	Previous Y/Y Growth	New Estimate	New Y/Y Growth
Revenue	\$169,850	11.4%	\$169,851	11.4%	\$735,691	13.3%	\$724,084	11.0%	\$898,335	22.1%	\$880,285	21.6%
Operating income	(\$22,080)	NM	(\$22,081)	NM	(\$49,697)	NM	(\$56,698)	NM	\$2,925	NM	\$2,879	NM
Operating margin	-13.0%		-13.0%		-6.8%		-7.8%		0.3%		0.3%	
Diluted EPS	(\$0.09)	NM	(\$0.08)	NM	(\$0.16)	NM	(\$0.19)	NM	\$0.06	NM	\$0.07	NM

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 3: Asana reported \$171.1mn in 4Q24 revenues

Income statement

(\$, thousands)	FY22A Jan-22	FY23A Jan-23	1Q24A Apr-23	2Q24A Jul-23	3Q24A Oct-23	4Q24A Jan-24	FY24A Jan-24	1Q25E Apr-24	2Q25E Jul-24	3Q25E Oct-24	4Q25E Jan-25	FY25E Jan-25	FY26E Jan-26	FY27E Jan-27
Revenue	378,437	547,212	152,411	162,455	166,503	171,135	652,504	169,851	175,796	183,707	194,730	724,084	880,285	1,079,893
% Y/Y	67%	44.6%	26.3%	20%	18%	14%	19.2%	11%	8%	10%	14%	11.0%	21.6%	22.7%
% Q/Q			1%	7%	2%	3%		-1%	3%	4%	6%			
Cost of revenue	38,054	54,358	14,512	15,776	15,635	17,016	62,939	16,985	17,580	18,371	19,473	72,408	96,831	118,788
% Revs	10.1%	9.9%	9.5%	9.7%	9.4%	9.9%	9.6%	10.0%	10.0%	10.0%	10.0%	10.0%	11.0%	11.0%
Gross profit	340,383	492,854	137,899	146,679	150,868	154,119	589,565	152,866	158,217	165,336	175,257	651,676	783,454	961,105
Gross margin	89.9%	90.1%	90.5%	90.3%	90.6%	90.1%	90.4%	90.0%	90.0%	90.0%	90.0%	90.0%	89.0%	89.0%
R&D	143,918	195,282	51,766	52,293	51,240	53,992	209,291	59,448	59,771	60,623	61,340	241,182	243,933	266,840
% Revs	38.0%	35.7%	34.0%	32.2%	30.8%	31.5%	32.1%	35.0%	34.0%	33.0%	31.5%	33.3%	27.7%	24.7%
S&M	252,202	369,731	81,526	79,639	82,604	88,030	331,799	84,926	84,382	88,179	91,523	349,010	415,988	467,112
% Revs	66.6%	67.6%	53.5%	49.0%	49.6%	51.4%	50.9%	50.0%	48.0%	48.0%	47.0%	48.2%	47.3%	43.3%
G&A	101,318	135,121	26,881	25,112	26,873	27,708	106,574	30,573	29,006	29,393	29,209	118,182	120,654	137,194
% Revs	26.8%	24.7%	17.6%	15.5%	16.1%	16.2%	16.3%	18.0%	16.5%	16.0%	15.0%	16.3%	13.7%	12.7%
Total opex (non-GAAP)	497,438	700,134	160,173	157,044	160,717	169,730	647,664	174,947	173,159	178,196	182,072	708,374	780,575	871,146
Non-GAAP operating income	(157,055)	(207,280)	(22,274)	(10,365)	(9,849)	(15,611)	(58,099)	(22,081)	(14,943)	(12,859)	(6,816)	(56,698)	2,879	89,959
% Op. Margin	-41.5%	-37.9%	-14.6%	-6.4%	-5.9%	-9.1%	-8.9%	-13.0%	-8.5%	-7.0%	-3.5%	-7.8%	0.3%	8.3%
Interest expense & other, net	(2,623)	4,933	4,699	3,197	2,467	6,309	16,672	3,944	3,944	3,944	3,944	15,777	15,777	15,777
Income (loss) before taxes	(159,678)	(202,347)	(17,575)	(7,168)	(7,382)	(9,302)	(41,427)	(18,136)	(10,998)	(8,915)	(2,871)	(40,921)	18,656	105,736
Income taxes	3,237	4,875	922	1,228	796	759	3,705	971	879	830	798	3,477	2,851	2,255
Tax rate	2.0%	2.4%	5.2%	17.1%	10.8%	8.2%	8.9%	5.4%	8.0%	9.3%	27.8%	8.5%	-15.3%	-2.1%
Non-GAAP net income (loss)	(162,915)	(207,222)	(18,497)	(8,396)	(8,178)	(10,061)	(45,132)	(19,107)	(11,877)	(9,745)	(3,669)	(44,399)	15,805	103,481
Non-GAAP earnings per share (diluted)	(\$0.92)	(\$1.04)	(\$0.09)	(\$0.04)	(\$0.04)	(\$0.04)	(\$0.20)	(\$0.08)	(\$0.05)	(\$0.04)	(\$0.02)	(\$0.19)	\$0.07	\$0.41
Basic shares	176,401	200,034	216,413	219,004	221,776	224,300	220,406	226,750	229,206	231,692	234,244	230,473	240,125	250,153
Diluted shares	176,401	200,034	216,413	219,004	221,776	224,300	220,406	226,750	229,206	231,692	234,244	230,473	240,125	250,153

Source: BofA Global Research, company filings

Exhibit 4: Asana ended FY24 with \$529.5mn in cash and equivalents

Balance sheet

Balance sheet (\$, thousands)	FY20A	FY22A	FY23A	FY24A	1Q25E	2Q25E	3Q25E	4Q25E	FY25E	FY26E	FY27E
	Jan-20	Jan-22	Jan-23	Jan-24	Apr-24	Jul-24	Oct-24	Jan-25	Jan-25	Jan-26	Jan-27
Cash and cash equivalents	306,020	240,403	526,563	236,663	235,784	261,629	267,783	276,211	276,211	383,498	581,625
Marketable securities	45,288	71,628	2,739	282,801	282,801	282,801	282,801	282,801	282,801	282,801	282,801
Accounts receivable, net	12,659	59,085	82,363	88,327	103,097	74,980	80,826	108,557	108,557	124,800	148,396
Prepaid expenses and other current assets	16,667	40,278	48,726	51,925	64,544	66,803	56,149	62,313	62,313	74,775	91,546
Total current assets	380,634	411,394	660,391	659,716	686,225	686,213	687,559	729,882	729,882	865,874	1,104,368
PP&E	10,100	99,632	94,984	96,543	96,256	96,058	95,223	94,205	94,205	90,937	86,806
Restricted cash, noncurrent	4,657	-	-	-	-	-	-	-	-	-	-
Operating lease right-of-use assets	20,818	174,083	176,189	181,731	181,731	181,731	181,731	181,731	181,731	181,731	181,731
Investments, noncurrent	-	2,760	-	-	-	-	-	-	-	-	-
Other assets	5,483	19,166	23,399	23,970	33,970	31,643	26,763	30,314	30,314	35,621	43,490
Total assets	421,692	707,035	954,963	961,960	998,183	995,646	991,277	1,036,132	1,036,132	1,174,163	1,416,395
Liabilities and SE											
Accounts payable	7,549	11,557	7,554	6,907	9,612	7,833	8,916	9,667	9,667	12,925	15,966
Accrued expenses and other current liabilities	18,241	60,915	83,488	75,821	73,517	77,668	71,119	91,036	91,036	98,488	110,100
Deferred revenue, current	62,725	170,143	226,443	265,306	300,178	297,116	291,344	309,132	309,132	361,710	426,297
Operating lease liabilities, current	11,613	12,573	14,831	19,179	19,179	19,179	19,179	19,179	19,179	19,179	19,179
Total current liabilities	100,128	255,188	332,316	367,213	402,485	401,796	390,558	429,014	429,014	492,303	571,543
Term loan, net	-	34,612	46,696	43,618	42,837	42,160	41,431	40,701	40,701	37,785	34,868
Convertible notes, net	203,097	-	-	-	-	-	-	-	-	-	-
Deferred revenue, noncurrent	-	4,082	7,156	5,916	6,299	6,358	6,543	6,983	6,983	8,515	10,519
Operating lease liabilities, noncurrent	10,472	208,422	210,012	215,084	215,084	215,084	215,084	215,084	215,084	215,084	215,084
Other liabilities	2,729	891	2,209	3,733	4,444	4,253	3,219	2,482	2,482	3,335	4,004
Total liabilities	316,426	503,195	598,389	635,564	671,150	669,651	656,834	694,265	694,265	757,022	836,018
Stockholders' equity											
Redeemable convertible preferred stock	250,581	-	-	-	-	-	-	-	-	-	-
Common stock	1	2	2	2	2	2	2	2	2	2	2
Additional paid-in capital	184,522	1,034,252	1,595,001	1,821,216	1,889,673	1,950,774	2,021,251	2,087,751	2,087,751	2,371,047	2,699,100
Accumulated OCI	(102)	(626)	(873)	(236)	(236)	(236)	(236)	(236)	(236)	(236)	(236)
Accumulated deficit	(329,736)	(829,788)	(1,237,556)	(1,494,586)	(1,562,406)	(1,624,545)	(1,686,575)	(1,745,650)	(1,745,650)	(1,953,671)	(2,118,489)
Total SE	105,266	203,840	356,574	326,396	327,033	325,995	334,442	341,867	341,867	417,141	580,377
Total liabilities and SE	421,692	707,035	954,963	961,960	998,183	995,646	991,277	1,036,132	1,036,132	1,174,163	1,416,395

Source: BofA Global Research, company filings

Exhibit 5: ASANA burned \$18mn in CFO during FY24

Cash flow statement

	FY22A	FY23A	1Q24A	2Q24A	3Q24A	4Q24A	FY24A	1Q25E	2Q25E	3Q25E	4Q25E	FY25E	FY26E	FY27E
(\$, thousands)	Jan-22	Jan-23	Apr-23	Jul-23	Oct-23	Jan-24	Jan-24	Apr-24	Jul-24	Oct-24	Jan-25	Jan-25	Jan-26	Jan-27
Net loss	(288,342)	(407,768)		(71,414)		(62,398)	(257,030)	(67,820)	(62,138)	(62,030)	(59,075)	(251,064)	(208,022)	(164,818)
Allowance for expected credit loss))	(61,468))	(61,750))))))))))
D&A	2,257	1,918	737	652	683	1,068	3,140	785	797	833	871	3,286	3,332	3,342
Gain on sales of PP&E	8,464	12,669	3,288	3,588	3,531	3,937	14,344	3,731	3,879	4,053	4,338	16,001	19,480	23,905
Amortization of deferred contract acquisition costs	8,647	15,098	4,871	5,432	5,668	6,001	21,972	5,493	5,649	5,703	5,711	22,555	22,673	22,694
Stock-based compensation	104,527	188,962	41,498	56,205	52,866	51,849	202,418	47,558	49,223	51,438	54,524	202,744	220,071	264,574
Net amortization (accretion)	784	62	(444)	(488)	(636)	(1,823)	(3,391)	-	-	-	-	-	-	-
Change in fair value of convertible preferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-cash lease expense	16,589	15,595	5,263	4,781	3,954	4,092	18,090	4,523	4,337	4,226	4,295	17,381	17,246	17,225
Amortization of discount on revolver/term loan	10,645	41	30	30	31	31	122	31	31	31	31	123	123	123
Non-cash interest expense	6,670	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	5,009	-	-	5,009	-	-	-	-	-	-	-
Changes in NWC:														
Accounts receivable	(26,993)	(25,179)	(17,252)	31,910	(2,407)	(21,778)	(9,527)	(14,770)	28,117	(5,846)	(27,731)	(20,230)	(16,244)	(23,595)
Prepaid expenses and other assets	(23,652)	(24,042)	(4,625)	(4,432)	(4,707)	(11,830)	(25,594)	(12,619)	(2,259)	10,654	(6,164)	(10,388)	(12,461)	(16,772)
Other assets	(10,724)	(4,108)	881	467	(606)	(1,210)	(468)	(10,000)	2,327	4,880	(3,551)	(6,344)	(5,307)	(7,868)
Accounts payable	7,259	(4,391)	(14)	(3,231)	6,857	(4,181)	(569)	2,705	(1,779)	1,083	752	2,760	3,258	3,041
Accrued expenses and other liabilities	23,682	25,539	(13,417)	(800)	(2,668)	11,679	(5,206)	(2,304)	4,151	(6,549)	19,917	15,215	7,452	11,612
Deferred revenue	68,339	59,375	30,350	(2,814)	(5,693)	15,780	37,623	35,255	(3,003)	(5,587)	18,228	44,893	54,110	66,591
Operating lease liabilities	8,063	(13,829)	(4,291)	(4,663)	(3,356)	(6,554)	(18,864)	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	711	(191)	(1,034)	(737)	(1,251)	853	669
Net cash from operating activities	(83,785)	(160,058)	(14,593)	20,232	(8,233)	(15,337)	(17,931)	(6,721)	29,140	1,855	11,407	35,681	106,565	200,723
Cash from investing:														
Purchases of marketable securities	(62,394)	(72,216)	(139,294)	-	(145,018)	(34,821)	(319,133)	-	-	-	-	-	-	-
Sales of marketable securities	373	-	-	-	12	6	18	-	-	-	-	-	-	-
Maturities of marketable securities	132,301	143,865	1,615	16,526	7,500	17,500	43,141	-	-	-	-	-	-	-
Purchases of PP&E	(41,587)	(5,351)	(1,866)	(4,100)	(1,255)	(500)	(7,721)	(2,036)	(2,096)	(1,578)	(1,724)	(7,434)	(8,641)	(10,497)
Sales of PP&E	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalized internal-use software costs	(1,132)	(1,806)	(821)	(1,527)	(1,977)	(1,115)	(5,440)	(1,409)	(1,586)	(1,640)	(1,595)	(6,229)	(7,572)	(9,278)
Net cash used in investing activities	27,561	64,492	(140,366)	10,899	(140,738)	(18,930)	(289,135)	(3,444)	(3,681)	(3,218)	(3,319)	(13,663)	(16,213)	(19,775)
Cash from financing:														
Proceeds from convertible preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from term loan	9,000	49,555	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of term loan	(1,667)	(38,333)	(625)	(1,250)	(625)	(625)	(3,125)	(781)	(677)	(729)	(729)	(2,917)	(2,917)	(2,917)
Proceeds from private placement	-	347,289	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from convertible notes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes paid related to net settlement of equity awards	-	-	-	(7)	-	(3)	(10)	-	-	-	-	-	-	-
Repurchases of common stock	(40)	(9)	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from exercise of stock options	16,567	5,773	1,798	1,275	783	987	4,843	1,211	1,064	1,011	1,068	4,354	4,271	4,259
Proceeds from employee stock purchase plan	13,350	17,116	8,558	-	6,511	-	15,069	8,857	-	7,235	-	16,092	15,581	15,836
Net cash from financing activities	37,210	381,391	9,731	18	6,669	359	16,777	9,287	387	7,517	339	17,529	16,935	17,179
Effect of FX	(461)	335	899	314	(3,081)	2,257	389	-	-	-	-	-	-	-
Net change in cash	(19,475)	286,160	(144,329)	31,463	(145,383)	(31,651)	(289,900)	(879)	25,846	6,154	8,428	39,548	107,287	198,126
Cash - beginning of period	259,878	240,403	526,563	382,234	413,697	268,314	526,563	236,663	235,784	261,629	267,783	236,663	276,211	383,498
Cash - end of period	240,403	526,563	382,234	413,697	268,314	236,663	236,663	235,784	261,629	267,783	276,211	276,211	383,498	581,625

Source: BoFA Global Research, company filings

Price objective basis & risk

Asana (ASAN)

Our \$25 PO is derived from a 6.6x 2025E EV/Revenue target multiple (0.3x growth adjusted). Our growth-adjusted target multiple is in line with the high-growth software group. We believe this is warranted given Asana's multiple levers for long-term growth, partially offset by its lower margin profile.

Downside risks to our PO are: 1) higher-than-expected layoffs in the tech sector leading to continued pressure on NRR (net revenue retention), 2) slower-than-expected progress in the company's go-to-market reorientation, and 3) pricing pressure from intensifying competition in the enterprise market.

Analyst Certification

I, Michael J. Funk, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Enterprise Software Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	8x8	EGHT	EGHT US	Michael J. Funk
	Adobe	ADBE	ADBE US	Brad Sills
	Alarm.com	ALRM	ALRM US	Michael J. Funk
	Amplitude, Inc.	AMPL	AMPL US	Koji Ikeda, CFA
	Asana	ASAN	ASAN US	Michael J. Funk
	BILL	BILL	BILL US	Brad Sills
	CCC Intelligent Solutions	CCCS	CCCS US	Michael J. Funk
	Dynatrace	DT	DT US	Koji Ikeda, CFA
	Elastic NV	ESTC	ESTC US	Koji Ikeda, CFA
	GitLab Inc.	GTLB	GTLB US	Koji Ikeda, CFA
	Global-e Online Ltd.	GLBE	GLBE US	Koji Ikeda, CFA
	HubSpot	HUBS	HUBS US	Brad Sills
	Informatica Inc.	INFA	INFA US	Koji Ikeda, CFA
	Intapp Inc.	INTA	INTA US	Koji Ikeda, CFA
	Intuit	INTU	INTU US	Brad Sills
	JFrog Ltd	FROG	FROG US	Koji Ikeda, CFA
	MeridianLink, Inc.	MLNK	MLNK US	Koji Ikeda, CFA
	Microsoft Corporation	MSFT	MSFT US	Brad Sills
	Monday.com	MNDY	MNDY US	Michael J. Funk
	MongoDB Inc	MDB	MDB US	Brad Sills
	nCino, Inc.	NCNO	NCNO US	Adam Bergere
	NICE Ltd.	NICE	NICE US	Michael J. Funk
	NICE Ltd.	NCSYF	NICE IT	Michael J. Funk
	PagerDuty	PD	PD US	Koji Ikeda, CFA
	PowerSchool Holdings, Inc.	PWSC	PWSC US	Koji Ikeda, CFA
	RingCentral	RNG	RNG US	Michael J. Funk
	Salesforce.com	CRM	CRM US	Brad Sills
	ServiceNow	NOW	NOW US	Brad Sills
	UiPath	PATH	PATH US	Brad Sills
	Unity	U	U US	Michael J. Funk
	Weave	WEAV	WEAV US	Michael J. Funk
	Workday Inc.	WDAY	WDAY US	Brad Sills
	Zeta Global	ZETA	ZETA US	Koji Ikeda, CFA
	ZoomInfo	ZI	ZI US	Koji Ikeda, CFA
NEUTRAL				
	Autodesk	ADSK	ADSK US	Michael J. Funk
	Bentley Systems	BSY	BSY US	Michael J. Funk
	BigCommerce Holdings, Inc.	BIGC	BIGC US	Koji Ikeda, CFA
	Coveo	YCVO	CVO CN	Koji Ikeda, CFA



US - Enterprise Software Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Datadog Inc	DDOG	DDOG US	Koji Ikeda, CFA
	DocuSign	DOCU	DOCU US	Brad Sills
	Freshworks, Inc.	FRSH	FRSH US	Adam Bergere
	HashiCorp	HCP	HCP US	Brad Sills
	Jamf	JAMF	JAMF US	Koji Ikeda, CFA
	Lightspeed Commerce Inc.	LSPD	LSPD US	Koji Ikeda, CFA
	Lightspeed Commerce Inc.	YLSPD	LSPD CN	Koji Ikeda, CFA
	Oracle Corporation	ORCL	ORCL US	Brad Sills
	Paycom	PAYC	PAYC US	Adam Bergere
	Paylocity	PCTY	PCTY US	Adam Bergere
	Shopify, Inc.	SHOP	SHOP US	Brad Sills
	Snowflake	SNOW	SNOW US	Brad Sills
	Veeva Systems, Inc.	VEEV	VEEV US	Brad Sills
	Vertex, Inc.	VERX	VERX US	Brad Sills
	Zoom Video Communications	ZM	ZM US	Michael J. Funk

UNDERPERFORM

	AvidXchange, Inc.	AVDX	AVDX US	Brad Sills
	Blackbaud, Inc.	BLKB	BLKB US	Koji Ikeda, CFA
	BlackLine, Inc.	BL	BL US	Koji Ikeda, CFA
	C3.ai	AI	AI US	Brad Sills
	Confluent	CFLT	CFLT US	Brad Sills
	CS Disco, Inc.	LAW	LAW US	Koji Ikeda, CFA
	Dropbox	DBX	DBX US	Michael J. Funk
	Enfusion, Inc.	ENFN	ENFN US	Koji Ikeda, CFA
	Five9	FIVN	FIVN US	Michael J. Funk
	Guidewire Software, Inc.	GWRE	GWRE US	Michael J. Funk
	Smartsheet	SMAR	SMAR US	Michael J. Funk
	Twilio	TWLO	TWLO US	Michael J. Funk

RSTR

	Splunk	SPLK	SPLK US	Brad Sills
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iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity
Operating Margin
Earnings Growth
Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income
Operating Profit
Expected 5 Year CAGR From Latest Actual
Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill
Amortization
Shareholders' Equity
Sales
N/A
N/A

Quality of Earnings

Cash Realization Ratio
Asset Replacement Ratio
Tax Rate
Net Debt-To-Equity Ratio
Interest Cover

Numerator

Cash Flow From Operations
Capex
Tax Charge
Net Debt = Total Debt – Cash & Equivalents
EBIT

Denominator

Net Income
Depreciation
Pre-Tax Income
Total Equity
Interest Expense

Valuation Toolkit

Price / Earnings Ratio
Price / Book Value
Dividend Yield
Free Cash Flow Yield
Enterprise Value / Sales

Numerator

Current Share Price
Current Share Price
Annualised Declared Cash Dividend
Cash Flow From Operations – Total Capex
EV = Current Share Price × Current Shares + Minority Equity + Net Debt +
Other LT Liabilities
Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)
Shareholders' Equity / Current Basic Shares
Current Share Price
Market Cap = Current Share Price × Current Basic Shares
Sales

EV / EBITDA

Basic EBIT + Depreciation + Amortization

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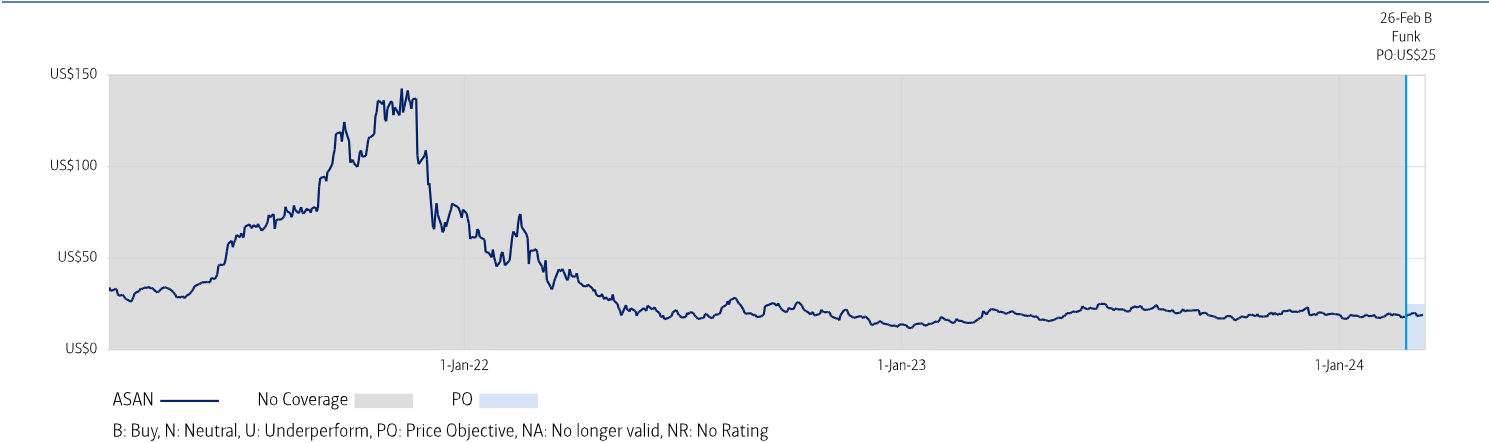
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Disclosures

Important Disclosures

Asana (ASAN) Price Chart



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Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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