

Monday.com

One monday that's easy to like – initiate at Buy

Initiating Coverage: BUY | PO: 280.00 USD | Price: 207.90 USD

Own this category leader ahead of estimate increases

We initiate coverage of monday.com (MNDY) with a Buy rating and \$280 price objective. A leader in the \$12.5bn+ collaboration software market, our analysis suggests MNDY is positioned to grow revenues at a CAGR of 30% through FY26. Our Buy rating is based on: 1) consensus estimates appear beatable, 2) market share gains will continue, 3) shares are inexpensive relative to rule of 50 (revenue growth + FCF margin) peers, and 4) the company's march upmarket (increasing penetration of enterprises) and launch of new specialized/targeted products provide powerful levers for long-term growth. See our [collaboration software primer](#) for more on the sector.

See path to rule of 55+ in '24 – Stock to re-rate higher

We expect monday.com to be a rule of 55 company (revenue growth + FCF margin) in 2024. Our FY24 revenue and FCF estimates are 3% and 15% above consensus, based primarily on our view that the Street is underestimating MNDY's near-term upmarket and multi-product opportunity. MNDY trades at a 37% discount to rule of 50 software peers on an EV/C25Erev basis, and we view the recent pull-back following 4Q23 earnings as an attractive buying opportunity.

Well positioned to grab share in fragmented sector

Our analyses and Gartner vendor evaluations show that MNDY's platform can capture share for the foreseeable future in the fragmented CWM market. In fact, the company has earned Gartner's highest average product score among 10 competitors (based on 7 use cases). We expect upcoming improvements to the platform's scalability to open the flood gates for enterprise deployments. Increasing enterprise revenue mix will provide tailwinds to ARPU, seat expansion and user retention, elevating margins and supporting already formidable go-to-market efficiency.

Higher growth potential warrants premium valuation

Our PO is derived from a 10.7x 2025E EV/Revenue target multiple (0.3x growth adjusted). That is a premium to the high growth software and collaboration software peer groups at 8.4x and 5.1x, but in line with collaboration software peers on a growth-adjusted basis. We think that valuation is merited given MNDY's higher growth profile and margin expansion potential.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	(1.33)	(0.73)	1.85	2.08	2.47
GAAP EPS	(4.53)	(2.99)	(0.04)	(0.16)	(0.27)
EPS Change (YoY)	41.7%	45.1%	NM	12.4%	18.8%
Consensus EPS (Bloomberg)			1.53	1.98	2.53
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	NM	NM	112.4x	100.0x	84.2x
EV / EBITDA*	NM	NM	124.8x	89.8x	69.9x
Free Cash Flow Yield*	0%	0.1%	2.1%	2.4%	3.0%

* For full definitions of *IQmethod*SM measures, see page 34.

26 February 2024

Equity

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Stock Data

Price	207.90 USD
Price Objective	280.00 USD
Date Established	26-Feb-2024
Investment Opinion	C-1-9
52-Week Range	108.35 USD - 239.22 USD
Mkt Val (mn) / Shares Out (mn)	9,925 USD / 47.7
Free Float	75.2%
Average Daily Value (mn)	207.01 USD
BofA Ticker / Exchange	MNDY / NAS
Bloomberg / Reuters	MNDY US / MNDY.OQ
ROE (2023E)	12.7%
Net Dbt to Eqty (Dec-2022A)	-130.3%
ESGMeter™	NLA

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"](#).

ARPU = average revenue per user

CWM = collaborative work management

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Timestamp: 26 February 2024 06:00AM EST

iQprofileSM Monday.com

iQmethodSM – Bus Performance*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	-13.1%	-3.1%	11.6%	11.1%	11.6%
Return on Equity	-24.2%	-4.8%	12.7%	12.4%	12.9%
Operating Margin	-17.1%	-9.1%	8.4%	9.0%	8.9%
Free Cash Flow	5	11	208	239	297

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	NM	NM	2.3x	2.3x	2.3x
Asset Replacement Ratio	4.2x	1.9x	0.9x	0.8x	0.4x
Tax Rate	NM	NM	8.3%	4.2%	4.5%
Net Debt-to-Equity Ratio	-126.1%	-130.3%	-137.2%	-144.9%	-152.3%
Interest Cover	NM	NA	NA	NA	NA

Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	308	519	730	959	1,240
% Change	91.3%	68.4%	40.6%	31.4%	29.4%
Gross Profit	277	463	655	862	1,114
% Change	95.8%	67.2%	41.6%	31.5%	29.3%
EBITDA	(50)	(39)	71	98	126
% Change	40.9%	22.7%	NM	39.0%	28.5%
Net Interest & Other Income	(1)	23	42	28	28
Net Income (Adjusted)	(59)	(33)	95	109	132
% Change	33.0%	43.3%	NM	15.0%	21.1%

Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	(59)	(33)	95	109	132
Depreciation & Amortization	3	9	9	12	15
Change in Working Capital	69	51	108	123	150
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	3	1	3	4	6
Capital Expenditure	(12)	(16)	(8)	(9)	(6)
Free Cash Flow	5	11	208	239	297
% Change	NM	133.1%	NM	15.4%	23.9%
Share / Issue Repurchase	741	12	21	22	22
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	0	0	0	0	0

Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	887	886	1,116	1,374	1,688
Trade Receivables	9	13	18	28	40
Other Current Assets	18	25	39	40	44
Property, Plant & Equipment	20	34	37	38	33
Other Non-Current Assets	0	81	65	65	65
Total Assets	933	1,039	1,276	1,545	1,870
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	228	298	416	549	713
Long-Term Debt	0	0	0	0	0
Other Non-Current Liabilities	2	2	3	5	6
Total Liabilities	230	359	462	596	762
Total Equity	703	680	814	948	1,108
Total Equity & Liabilities	933	1,039	1,276	1,545	1,870

* For full definitions of iQmethodSM measures, see page 34.

Company Sector

Server & Enterprise Software

Company Description

The monday.com work operating system (Work OS) is a low code-no code platform that democratizes the power of software so organizations can easily build work management tools and software applications to fit their every need.

Investment Rationale

Our positive outlook for MNDY shares is based on our view that: 1) consensus estimates appear beatable, 2) market share gains will continue, 3) shares are inexpensive relative to rule of 50 (revenue growth + FCF margin) peers, and 4) the company's march upmarket (increasing penetration of enterprises) and launch of new specialized/targeted products provides powerful levers for long-term growth.

Stock Data

Average Daily Volume

995,742

Quarterly Earnings Estimates

	2022	2023
Q1	-0.96A	0.14A
Q2	-0.33A	0.41A
Q3	0.05A	0.64A
Q4	0.44A	0.65E

Category leader to deliver rule of 55 year

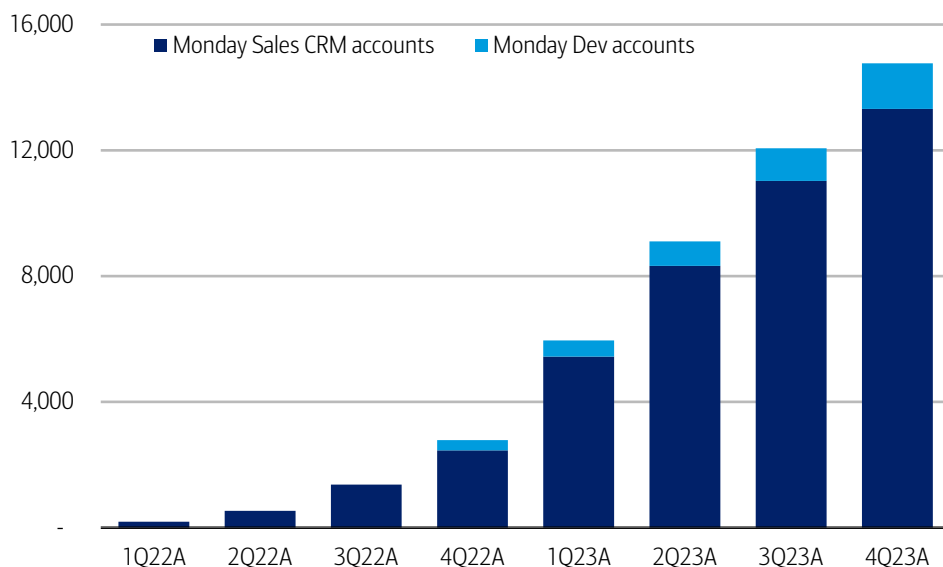
Initiating coverage with a Buy rating and \$280 PO. The monday.com work operating system (Work OS) is a low code-no code software platform that allows individuals and companies to easily build work management tools and software applications to fit their need. Our bullish outlook for MNDY shares is based primarily on our view that: 1) consensus estimates appear beatable, 2) the monday.com platform is well positioned to capture share for the foreseeable future, 3) shares are inexpensive relative to rule of 50 (revenue growth + FCF margin) peers, and 4) the company's march upmarket and multi-product strategy provide powerful levers for long-term growth.

Investment positives

Multi-product strategy provides powerful growth lever. We expect monday.com's multi-product strategy to support meaningful growth. Traction has been impressive since launch of monday Sales CRM and monday Dev, with ARR growth significantly outpacing that of the company's work management product after its initial launch.

Exhibit 1: monday has grown its Sales CRM and Dev accounts rapidly since launch

Summary of monday Sales CRM and Dev account totals



Source: BofA Global Research, company filings

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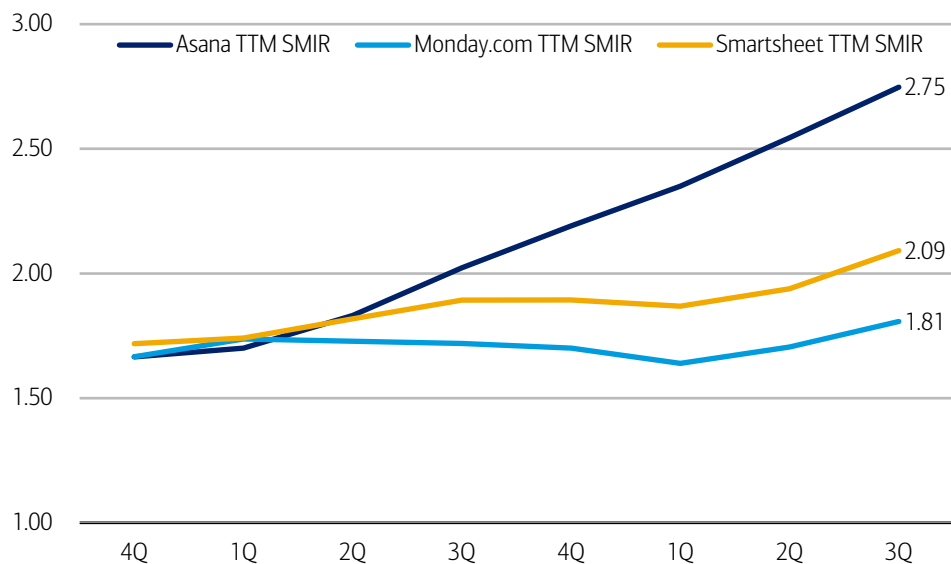
We note that products like monday sales CRM and monday Dev are built on top of the monday.com platform and share roughly 80% of the same code base. This makes iterating and introducing new products more efficient, enabling the company to launch new and disruptive SKUs that address large and rapidly growing TAMs.

Differentiated go-to-market efficiency relative to peers. monday.com leverages a highly efficient go-to-market motion which combines product-led growth, direct sales, and channel partnerships. When compared to other public CWM software companies, monday has demonstrated clear advantages in sales and marketing efficiency (category leading SMIR ratio, suggesting the company needs to spend less on S&M for each dollar of incremental revenue generated).

We believe the company's strong sales and marketing efficiency is largely a result of a differentiated product offering and particularly passionate base of users which is willing to evangelize the platform to co-workers and friends. The company has also built an impressive base of vertical-specific modules/templates for use cases, which has widened the top of funnel (base of potential users) and catalyzed PLG.

Exhibit 2: There has been a divergence of S&M efficiency within the category since C4Q22

TTM SMIR (TTM S&M expenses divided by TTM incremental revenue) for the last 8 reported quarters



Source: BofA Global Research, company filings

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SMIR ratios represent the dollars of S&M spend necessary to generate \$1 of new/incremental revenue. A lower SMIR ratio indicates higher sales and marketing efficiency – suggesting that monday.com can increase revenue with less investment. This best-in-class S&M efficiency is in line with Gartner's product evaluations which support the view that monday.com provides the most complete offering by use case (aiding a powerful and efficient PLG motion). High S&M efficiency relative to peers is predictive of higher sustainable growth potential and structural margin profile, in our view.

Category leader set to consolidate market share. monday.com earned the highest overall score from Gartner in an evaluation assessing 10 vendor's and their capabilities across seven specific use cases.

Exhibit 3: Gartner grades monday.com the highest in terms of average product score by use case, followed by Smartsheet and Wrike

Average product score based on use case

Vendor	Average score
monday.com	3.86
Smartsheet	3.78
Wrike	3.72
Asana	3.70
Adobe	3.69
Airtable	3.48
Atlassian	3.43
ClickUp	3.18
Quickbase	3.04
Notion	2.52

Source: BofA Global Research, Gartner

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Our estimates indicate that monday.com has been rapidly capturing market share in the CWM software market, and we expect this trend to continue. Ongoing improvements to platform infrastructure should also increase the company's viability for wall-to-wall enterprise deployments.

We expect more market share capture based on our view that 1) the monday.com platform is differentiated in its flexibility and ease of use, 2) financial health relative to many private peers should enable continued investment in growth, and 3) an acceleration in vendor consolidation trends benefits category leaders. We find that share gainers tend to outperform during periods of increasing investor risk-on appetite.

Differentiated offering in a large and rapidly growing market. monday.com is a leader in the \$12.5bn+ CWM software market, which we expect to grow in the mid-teens through 2026. The company is also gaining traction in the undeniably large CRM and Dev markets.

March upmarket to drive improving unit economics. monday.com has historically focused on the SMB market, but has steadily increased enterprise penetration since the introduction of its direct sales effort in 2018. The company is steadily rolling out improvements to its infrastructure (monday DB) better positioning it to serve highly sought-after enterprise customers which have superior unit economics. Increasing enterprise revenue mix should provide natural tailwinds to ARPU and seat expansion, while reducing overall user churn.

We expect MNDY's march upmarket to create stickier customer relationships and increase ARPU, reducing reliance on gross paying user additions to fuel growth and contributing to consistent margin expansion. Over time, we also expect incremental scale benefits and a shift in MNDY's growth algorithm towards expansion/upsell and away from new logo additions to result in natural margin expansion.

Investment risks

Geopolitical risk associated with operations in Israel. monday.com's headquarters is in Tel Aviv as is a significant portion of the company's R&D operations. An escalation of the ongoing conflict in the Middle East could lead to disruption of operations. However, we note that the company's Israel revenue exposure is minimal at a low single digit percentage of its total.

Premium valuation, while warranted, leaves less room for error. monday.com trades at a premium valuation relative to peer averages in the CWM software category. While we believe monday.com's premium valuation is well-deserved, it leaves less room for error in terms of execution.



Exposure to SMBs driving higher churn relative to peers. monday.com's exposure to SMBs contributes to higher levels of user churn relative to software peers (we estimate roughly 18% overall annual user churn), requiring higher levels of S&M investment to grow customer count. However, as revenue mix continues to shift to mid-market and enterprise customers, churn should decline steadily.

Exposure to tech and financial services may present growth headwinds. We estimate that monday.com's revenue exposure to tech and financial services firms is roughly 34% (30% tech and 4% financial services). Recently announced layoffs at such firms could present headwinds to the company's 2024 growth, given its seat-based subscription model and the potential for customers to reduce (or alter) their license agreements with the company at renewal.

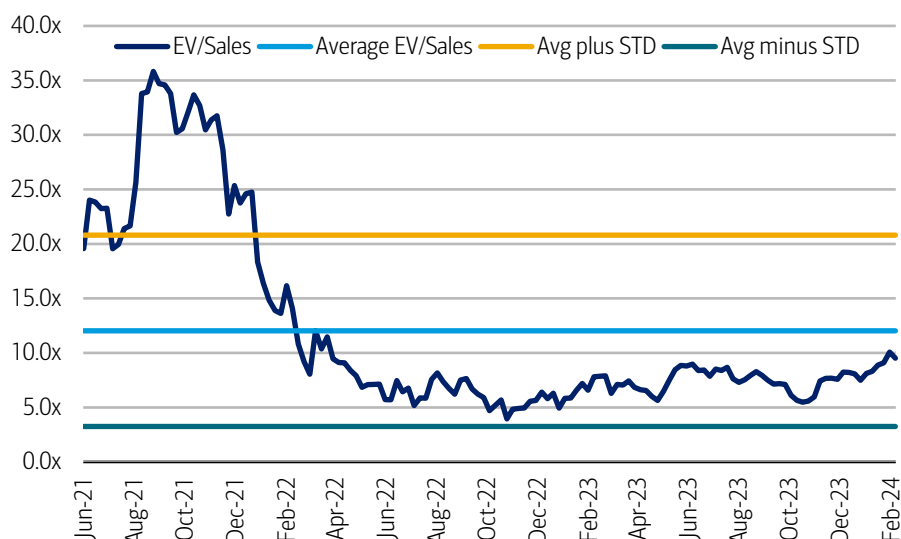
Valuation

Historic valuation

Similar to the broader software group – and high growth software in particular – monday.com's EV/Revenue multiple has compressed significantly from highs in late 2021. We believe MNDY is well-positioned to grow revenues at a CAGR of 30% through FY26 while expanding operating margins modestly (prioritizing share capture in the near-term).

Exhibit 4: monday.com is trading below its historic EV/NTM Sales average

monday.com EV/Sales multiple since IPO



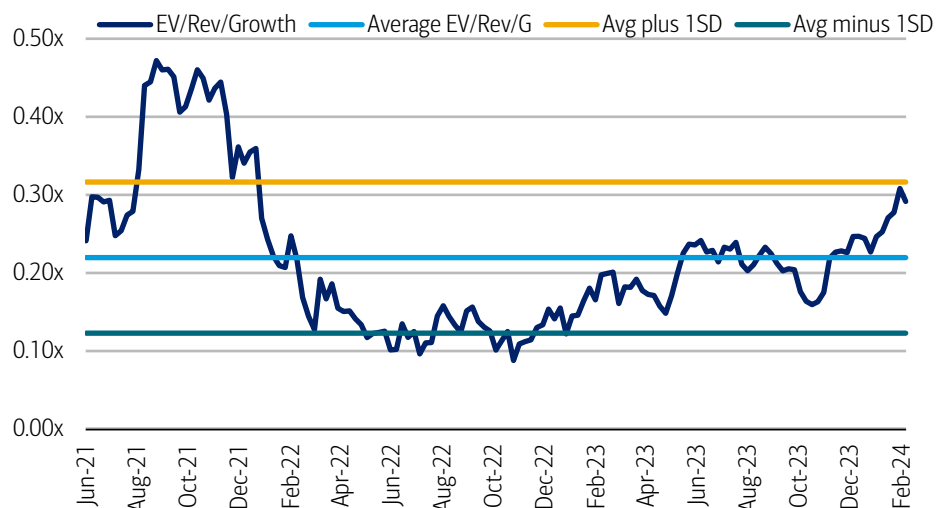
Source: BofA Global Research, Bloomberg

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EV/Rev/G is also relevant on a historic and comparable basis, in our view. MNDY is trading above its historic average on an EV/rev/G basis since its IPO. Such a multiple is warranted given the company's significantly higher margin profile and FCF generation, as well as its greater and scale and improved sustainable topline growth.

Exhibit 5: monday.com is trading above its historic average for EV/Revenue/G

monday.com EV/Sales/Growth multiple since IPO



Source: BofA Global Research, Bloomberg

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Comps

We leverage comparable analysis to derive our current PO, supported by a DCF valuation. In our view, MNDY is best compared against three different groups; CWM software peers, high growth (20%+) software, and the horizontal SaaS group. MNDY is currently trading at CY25 EV/Rev and EV/Rev/G multiples of 6.8x and 0.3x, respectively, relative to the CWM software peer group averages of 5.1x and 0.3x, respectively.

Our \$280 PO implies a CY25 EV/Revenue multiple of 10.7x. We believe a premium valuation relative to the CWM software peer group is warranted given MNDY's higher growth profile, differentiated offering, and margin expansion potential.

Exhibit 6: monday.com trades above collaboration software peer averages for EV/CY2025 Sales

Comp table for CWM software vendors

Ticker	Company name	Mkt Cap (\$mn)	2023 Rev Growth	2024 Rev Growth	2025 Rev Growth	EV/2023 Sales	EV/2024 Sales	EV/2025 Sales	2023 EV/Rev/Growth	2024 EV/Rev/Growth	2025 EV/Rev/Growth	2023 PF Op Margin	2024 PF Op Margin	2025 PF Op Margin	EV/2023 FCF	EV/2024 FCF	EV/2025 FCF
ASAN	ASANA INC	3,970	20%	11%	13%	5.8x	5.2x	4.6x	0.3x	0.5x	0.4x	(11%)	(8%)	(2%)	...	...	57.5x
MNDY	MONDAY.COM	9,114	41%	28%	27%	11.0x	8.6x	6.8x	0.3x	0.3x	0.3x	8%	7%	8%	39.3x	39.5x	30.0x
SMAR	SMARTSHEET	5,682	26%	20%	20%	5.5x	4.6x	3.8x	0.2x	0.2x	0.2x	8%	10%	13%	39.8x	30.1x	19.6x
TEAM	ATLASSIAN	53,124	22%	18%	23%	13.6x	11.5x	9.3x	0.6x	0.6x	0.4x	22%	20%	22%	49.4x	47.5x	36.2x
Average		6,255	29%	20%	20%	7.4x	6.1x	5.1x	0.3x	0.3x	0.3x	2%	3%	6%	39.5x	34.8x	35.7x
Median		5,682	26%	20%	20%	5.8x	5.2x	4.6x	0.3x	0.3x	0.3x	8%	7%	8%	39.5x	34.8x	30.0x

Source: BofA Global Research, Bloomberg

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Exhibit 7: MNDY trades at a 37% discount to rule of 50 (revenue growth + FCF margin) peers on a 2025 EV/rev basis

Rule of 50 comp tables

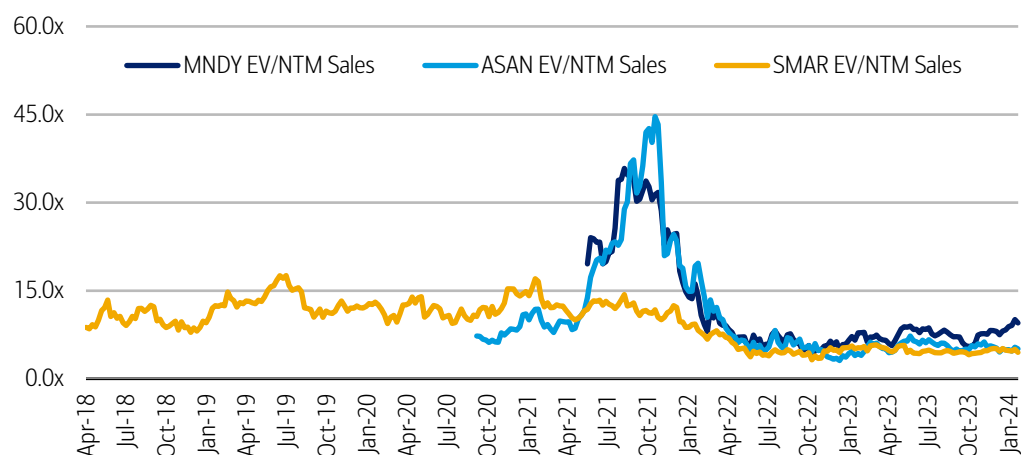
Ticker	Company name	Mkt Cap (\$mn)	2023 Rev Growth	2024 Rev Growth	2025 Rev Growth	EV/2024 Sales	EV/2025 Sales	2024 EV/Rev/Growth	2025 EV/Rev/Growth	2023 FCF Margin	2024 FCF Margin	2025 FCF Margin	EV/2024 FCF	EV/2025 FCF
ADBE	ADOBE INC	246,745	10%	10%	12%	11.4x	10.1x	1.1x	0.9x	36%	43%	42%	26.5x	24.0x
DDOG	DATADOG INC - CLASS A	46,273	26%	18%	20%	18.0x	14.9x	1.0x	0.7x	27%	27%	28%	65.8x	54.1x
NOW	SERVICENOW INC	159,226	23%	22%	22%	14.4x	11.7x	0.6x	0.5x	30%	31%	31%	46.1x	37.7x
SNOW	SNOWFLAKE INC-CLASS A	81,908	35%	30%	31%	21.6x	16.5x	0.7x	0.5x	27%	29%	29%	75.0x	55.9x
MNDY	MONDAY.COM LTD	9,114	41%	28%	27%	8.6x	6.8x	0.3x	0.3x	28%	22%	23%	39.5x	30.0x
VEEV	VEEVA SYSTEMS INC-CLASS A	36,383	9%	17%	16%	11.8x	10.2x	0.7x	0.6x	36%	36%	38%	32.8x	27.0x
GLBE	GLOBAL-E ONLINE LTD	5,800	39%	33%	35%	7.3x	5.4x	0.2x	0.2x	19%	18%	20%	40.6x	27.1x
Average			26%	23%	23%	13.3x	10.8x	0.7x	0.5x	29%	29%	30%	46.6x	36.5x
Median			26%	22%	22%	11.8x	10.2x	0.7x	0.5x	28%	29%	29%	40.6x	30.0x

Source: BofA Global Research, Bloomberg

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Exhibit 8: monday.com has historically traded at the higher end of EV/Sales multiples relative to collaboration software peers

Historic EV/Sales multiples of collaboration software vendors since IPO

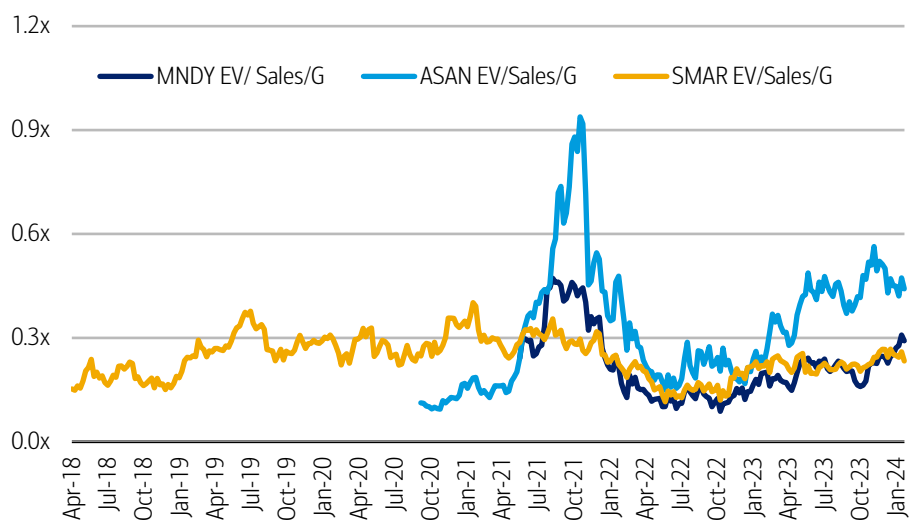


Source: BofA Global Research, Bloomberg

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Exhibit 9: monday.com is trading at an EV/Sales/G multiple of 0.3x

Historic EV/Sales/G multiples of collaboration software vendors since IPO



Source: BofA Global Research, Bloomberg

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Please see the appendix for comp tables for the high growth (20%+) software and the horizontal SaaS groups.

DCF Analysis

Alternatively, we present a 10-year DCF, which supports our \$280 PO. We recognize that the longer-term time horizon presents a higher degree of uncertainty to assumptions, and projections for moderately decelerating revenue growth through the forecast period underscore the risks related to execution and the current valuation.

Our model assumes that MNDY's operating margin reaches 19% over the next five years in FY28E and expands roughly 320bps per year until reaching terminal margin of 35%. Our analysis has a 24% revenue CAGR over the forecast period and a terminal free cash flow margin of 27%. We use an 12% WACC, 4% risk free rate, and a 6% terminal growth rate for our assumptions to derive our PO.

Exhibit 10: Our discounted cash flow analysis supports our \$280 PO

monday.com discounted cash flow analysis

(\$Ms, except per share)	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	TV	CAGR
Revenues	\$519	\$730	\$959	\$1,240	\$1,576	\$1,978	\$2,453	\$3,006	\$3,623	\$4,294	\$5,003	\$5,303	23.5%
Growth	68.4%	40.6%	31.4%	29.4%	27.0%	25.5%	24.0%	22.5%	20.5%	18.5%	16.5%	6.0%	
Operating income	(47)	62	86	111	169	291	459	683	932	1,233	1,587	\$1,841	
% margin	-9.1%	8.4%	9.0%	8.9%	10.7%	14.7%	18.7%	22.7%	25.7%	28.7%	31.7%	34.7%	
Cash interest expense (income), net	(23)	(42)	(28)	(28)	(28)	(28)	(28)	(28)	(28)	(28)	(28)	(28)	
Cash taxes	6	5	0	1	(0)	16	29	50	77	113	161	\$411	
Tax rate	-24.1%	5.0%	0.3%	0.5%	-0.2%	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%	22.0%	
Capex	(\$19)	(\$10)	(\$13)	(\$11)	(\$14)	(\$17)	(\$21)	(\$26)	(\$31)	(\$37)	(\$43)	(\$43)	
D&A	\$9	\$9	\$12	\$15	\$20	\$17	\$21	\$26	\$31	\$37	\$43	\$43	
Change in working capital	\$51	\$108	\$123	\$150	\$180	\$206	\$231	\$253	\$269	\$0	\$0	\$0	
Other Adjustments	(\$1)	\$0	\$0	(\$0)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Free cash flow	\$8	\$205	\$236	\$292	\$383	\$509	\$689	\$914	\$1,151	\$1,147	\$1,453	\$1,458	
Growth		2419%	15%	24%	31%	33%	35%	33%	26%	0%	27%	0.3%	
Margin	2%	28%	25%	24%	24%	26%	28%	30%	32%	27%	29%	27%	
Discounted FCF		\$183	\$188	\$208	\$243	\$289	\$349	\$413	\$465	\$414	\$468		
Cumulative cash flow	\$3,220	26%	WACC 12% Exit mult 20.0x										
Terminal value	\$9,387	74%											
Total DCF value	\$12,607	100%											
Debt	\$0												
Cash & ST investments	\$1,116												
Market value of equity	\$13,723												
Shares outstanding	52												
Share price	\$266												

Source: BofA Global Research estimate

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4M framework

- Market:** MNDY addresses a large and growing \$12.5bn+ market which we expect to grow in the mid-teens through 2026. monday.com is considered a leader within CWM software, with over \$810mn in ARR and 225K paying customers.
- Moat:** Gartner CWM software vendor evaluations show monday.com is the most complete offering, in our view. monday.com's platform is easy to adopt and use, flexible (can be leveraged for thousands of use cases), and generally highly valued by customers. The company has 2mn+ 'monthly active paying people' (MAPP). While churn is higher than peers at roughly 18% (BofA estimate) due to outsized SMB exposure, we expect gross retention to improve substantially over time.
- Margin:** We are encouraged by MNDY's demonstrated ability to drive margin improvement over time with additional scale. MNDY's non-GAAP operating margin increased from -53.5% in FY20 to 8.4% in FY23.



- **Management:** We believe MNDY's management team is strong, and view Co-CEOs Roy Mann and Eran Zinman and CFO Eliran Glazer's extensive C-suite level experience favorably. We also view the company's ongoing founder involvement positively, and believe management have been responsible stewards of capital.

A growing market by any measure

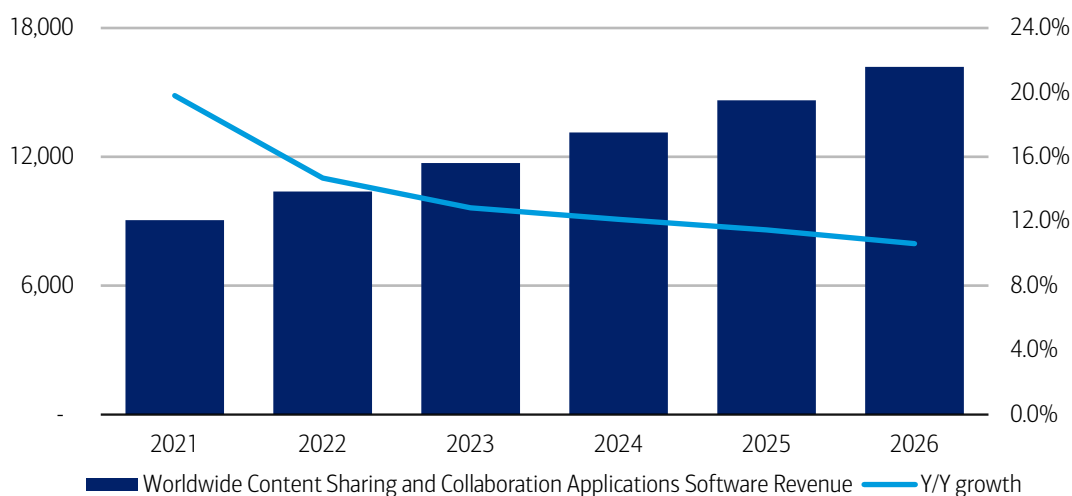
We provide TAM estimates based on a combination of 3rd-party, top-down, and bottom-up estimates. Based on our top-down analysis, we expect the collaborative work management TAM to reach roughly \$18.9bn by 2026, growing at a CAGR of 14.9% from approximately \$12.5bn in 2023. While monday.com has recently expanded its TAM via the introduction of new offerings like monday Sales CRM, monday Dev, and monday Service, we limit our TAM analysis to CWM software given the nascency of the company's new products.

Third-party TAM estimates

According to IDC, the global content sharing and collaboration applications software market is expected to reach \$16.2bn by 2026, growing at a CAGR of 11.7% from \$10.4bn in 2022. We flag that – according to IDC estimates – the CWM software category is transitioning from a period of mid-teens growth to low double-digit growth. This trend is in line with actions taken by several vendors to reorient cost structures and grow more 'responsibly' following years in which share capture was the top priority. This shift has largely arisen due to increasing investor focus on profitability given macro pressures and an elevated interest rate environment, and tighter IT budgets which have muted new logo growth and expansion opportunities.

Exhibit 11: Worldwide spending on content sharing and collaboration applications software is expected to reach \$16.2bn by 2026

Worldwide content sharing and collaboration applications software revenue



Source: BofA Global Research, IDC

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Top-down TAM estimates

We calculate a top-down TAM estimate for the CWM software market based on global knowledge worker, ARPU, and penetration assumptions. We apply an annual ARPU assumption of \$126 for 2023 based on an analysis of various vendor pricing and packaging plans, and assume 6% annual expansion for inflation and the introduction of incremental functionality (we view 6% as conservative given higher historical category ARPU growth). We assume that approximately 9.0% of global knowledge workers leverage CWM software today, expanding to 10.5% by 2026 as the category matures. Based on these assumptions, we expect the CWM software TAM to reach \$18.9bn by 2026, expanding at a CAGR of 14.9% from \$12.5bn in 2023.



Exhibit 12: Applying a top-down framework, we estimate the global CWM software market could reach \$18.9bn by 2026

Top-down estimate for the global CWM software TAM based on global knowledge workers, ARPU, and penetration

	2023E	2024E	2025E	2026E
Global knowledge workers (thousands)	1,100,000	1,133,000	1,166,990	1,202,000
Y/Y growth		3.0%	3.0%	3.0%
ARPU (annual, \$)	126	134	142	150
Y/Y growth		6.0%	6.0%	6.0%
Implied TAM assuming 100% global adoption of CWM software	138,600,000	151,323,480	165,214,975	180,381,710
% penetration of knowledge workers	9.0%	9.5%	10.0%	10.5%
Implied TAM (\$, thousands)	12,474,000	14,375,731	16,521,498	18,940,080
Y/Y TAM growth		15.2%	14.9%	14.6%

Source: BofA Global Research estimates

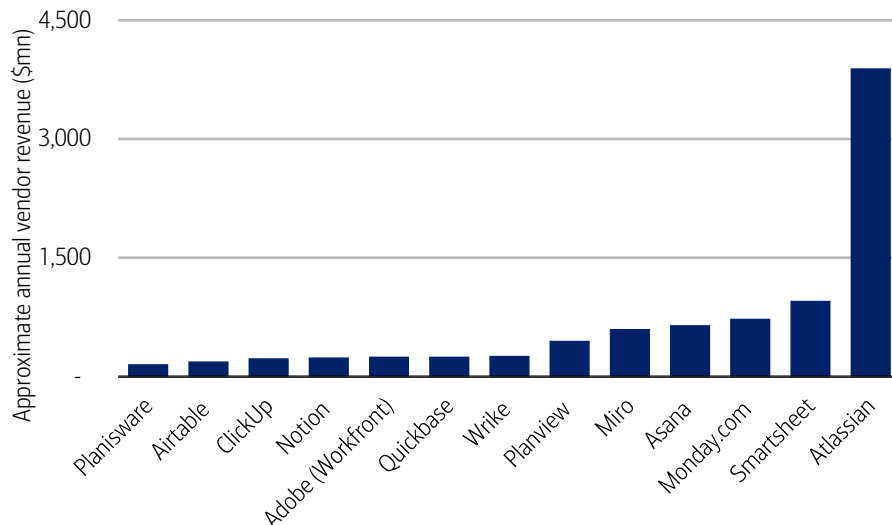
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Bottom-up TAM

We estimate a bottom-up TAM estimate for the CWM software market based on reported and estimated revenues of key competitors. We view our bottom-up TAM analysis as conservative, and recommend investors use this figure as a lower limit for the CWM software addressable market. The total estimated revenue of the 14 vendors listed below sums to \$8.9bn. We note that 1) in some cases the figures listed below include revenues from products that wouldn't be considered direct equivalents to the products offered Asana, monday.com, and Smartsheet (for example, Atlassian's Bitbucket product), and 2) revenues from vendors like Microsoft have been omitted given challenges associated with estimating revenue run rates.

Exhibit 13: We estimate that the CWM software vendors below generate almost \$9bn in annual revenues in aggregate

Bottom-up TAM estimate based on reported and estimated vendor revenue



Source: BofA Global Research estimates, company filings

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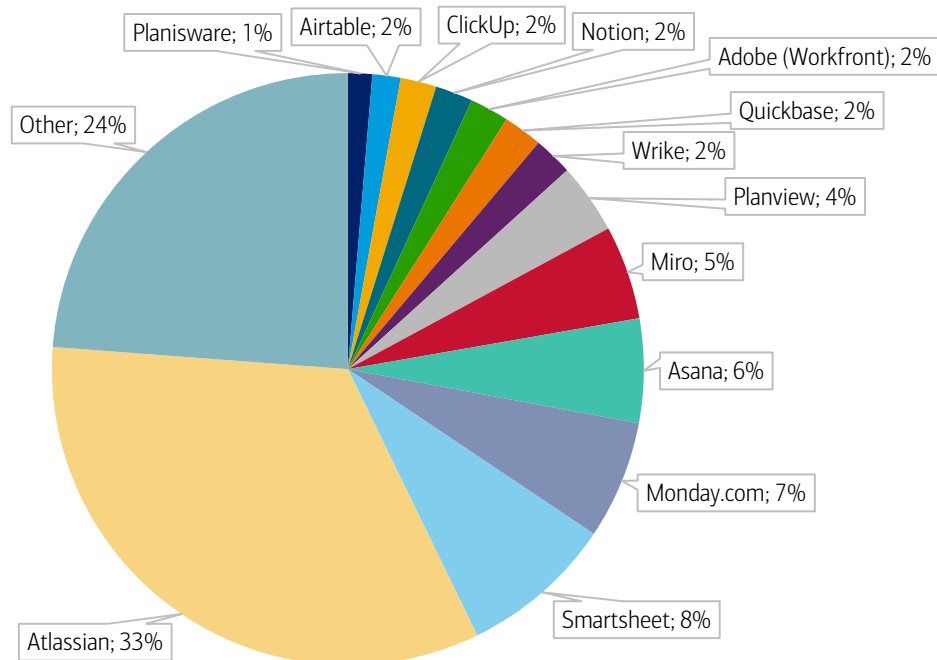
Market share

We estimate market share leveraging a combination of IDC estimates for total category revenues and reported/estimated vendor sales. We note that CWM software revenues for vendors like Microsoft are included in Other given challenges associated with estimating revenue run rates. While Atlassian is the clear market share leader within the collaboration software category, its products primarily focus on developers rather than non-technical business users. We believe this provides ample opportunity for vendors

like Asana, monday.com, and Smartsheet to consolidate share within the business-user focused CWM market.

Exhibit 14: Atlassian, Smartsheet, monday.com, and Asana have the largest share of the fragmented CWM software market

Approximate market share of vendors within the CWM category



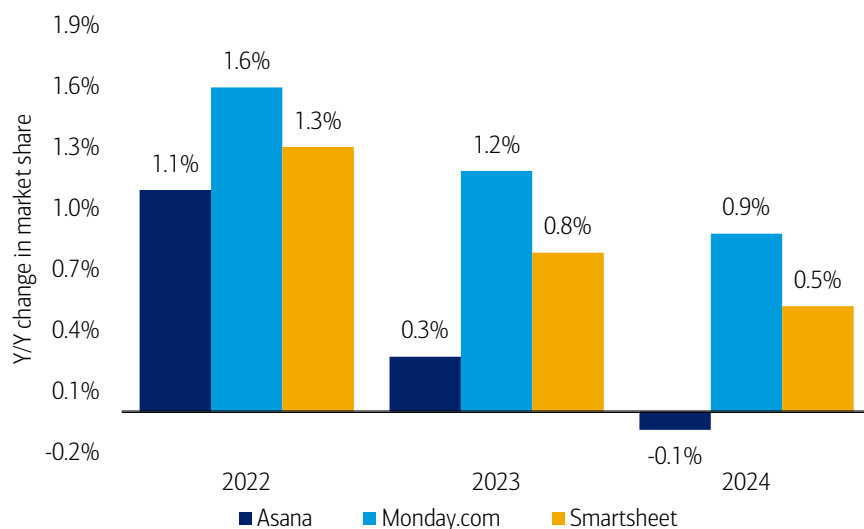
Source: BofA Global Research

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We note that Asana, monday.com, and Smartsheet each captured market share during CY2022 and CY2023 with monday.com gaining the most share. This reflects differentiated offerings and go-to-market infrastructure relative to most private vendors, in our view. Below, we present the following chart summarizing the evolving market share dynamics of Asana, monday.com, and Smartsheet.

Exhibit 15: Consensus estimates suggest Asana could be a market share donor in 2024, with monday.com taking share most rapidly

Approximate Y/Y change in market share for Asana, monday.com, and Smartsheet for 2022, 2023, and 2024E



Source: BofA Global Research, IDC, Visible Alpha

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Gartner vendor evaluations

Gartner recently published scores evaluating the products of 10 CWM software providers across 7 different use cases, which we present below. Gartner's vendor evaluations show that monday.com and Smartsheet provide the most complete product offerings, followed by Wrike and Asana.

Exhibit 16: Gartner grades monday.com the highest in terms of average product score by use case, followed by Smartsheet and Wrike

Average product score based on use case

Vendor	Average score
monday.com	3.86
Smartsheet	3.78
Wrike	3.72
Asana	3.70
Adobe	3.69
Airtable	3.48
Atlassian	3.43
ClickUp	3.18
Quickbase	3.04
Notion	2.52

Source: BofA Global Research, Gartner

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We provide a more detailed summary of Gartner’s vendor evaluation by use case below.

Exhibit 17: monday.com earned the highest average score by product use case

Average score (out of 5, with 5 being outstanding) by use case for major CWM software vendors

Vendor	Work Planning and Execution	Intake& Triage and Service Operations	Marketing Work Management	Case Management Operations	Team Objectives and Key Results Management	Product Management Operations	Professional Services Automation
Adobe	3.95	3.7	4.35	3.33	3.4	3.44	3.69
Airtable	3.84	3.55	3.54	3.22	3.58	3.83	2.81
Asana	3.78	3.86	3.72	3.6	3.85	3.67	3.43
Atlassian	3.77	3.42	3.15	3.45	3.33	3.39	3.53
ClickUp	3.46	2.92	3.38	3.39	3.23	3.24	2.67
monday.com	3.99	3.96	3.99	3.32	3.97	4.01	3.78
Notion	2.77	2.41	2.45	2.56	2.39	2.57	2.46
Quickbase	3.35	3.14	2.33	2.95	3.41	2.98	3.09
Smartsheet	3.71	3.74	4.02	3.82	3.51	3.9	3.77
Wrike	3.87	3.65	3.89	3.58	3.47	3.87	3.68

Source: BofA Global Research, Gartner

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Moat

We believe the company’s competitive moat stems from its 1) depth/breadth/flexibility of functionality, 2) ease of use and adoption, and 3) passionate base of users.

Flexibility, ease of use, and adoption

monday.com’s affordable pricing on a per seat basis makes experimenting with the product easy, and users often realize relatively immediate benefits following adoption. Getting started on the company’s platform is usually only a few clicks away. monday.com’s flexibility also enables users to leverage the platform for thousands of potential use cases. The company is often able to alleviate bothersome customer pain points, resulting in particularly passionate users who act as evangelists within organizations.

Churn remains elevated relative to most software peers

However, we estimate that churn relative to broader software and CWM software peers is high at roughly 18%. Higher churn relative to peers is largely a result of MNDY’s exposure to individuals/consumers and SMBs. Individual users may churn when a project reaches end of life (completing wedding planning for example). The company’s SMB exposure also increases the potential for business mortality to pressure gross retention metrics. However, we expect churn to improve steadily over time as the company increases revenue mix from mid-market and enterprise customers.

While switching costs tend to be on the lower side for more basic features, the introduction of more advanced functionality at larger customers makes relationship substantially stickier. For more basic use cases, CWM software like monday.com’s may also be viewed as “nice-to-have” rather than mission critical.

Management

Roy Mann – Co-Founder, Co-CEO, Board member

Mr. Mann has served as monday.com's Chief Executive Officer since June 1, 2012, and as a member of the board of directors since February 2012. He previously served as a senior technology leader at Wix.com Ltd. from 2010 to 2012. He is also the Co-Founder of and led the technology vision and operation at SaveAnAlien.com from 2006 to 2010.

Eran Zinman – Co-Founder, Co-CEO, Board member

Mr. Zinman has served as monday.com's Co-Chief Executive Officer since November 2020 after having served as Chief Technology Officer between 2012 and 2020. He has also served as a member of the board of directors since March 2018. Mr. Zinman previously served as the Research and Development Manager at the founding team of Conduit Mobile (now Como) at Conduit Ltd. from 2010 to 2012. He is also the Co-Founder of Othersay and served as its Chief Executive Officer from 2009 to 2010.

Eliran Glazer – Chief Financial Officer

Mr. Glazer has served as monday.com's Chief Financial Officer since March 2021. He previously served as the Chief Financial Officer of Lightricks Ltd. from December 2019 to February 2021 and the Chief Financial Officer of Nex Markets from April 2012 to November 2018. Following the acquisition of Nex Markets by the CME Group, Mr. Glazer served as the Chief Financial Officer of Nex Markets, a CME Group Company from November 2018 to November 2019.

Margin

MNDY's adjusted gross margin in FY22 was 89.2%, down 60 bps Y/Y from 89.8% in FY21. While we are modeling limited incremental gross margin expansion going forward, we note that MNDY's gross margin profile is strong relative to peers in CWM software. MNDY's adjusted operating margin improved from -17.1% in FY21 to -9.1% in FY22 driven by leverage in S&M expense. We note, while S&M expenses decreased as a percentage of revenue in FY22 by 10.4%, S&M expenses remained elevated relative to software peers in FY22 at 69.1% as the company continued to invest in topline growth.

We expect operating margin improvement to be primarily driven by incremental scale efficiencies, the company's march upmarket, incremental cost discipline, positive skew towards renewals over new logo additions, and leverage in S&M.

Exhibit 18: We expect monday.com to deliver FCF margins of 24.6% in FY24

Summary of monday.com margins

	YEAR	YEAR	YEAR	YEAR	Mar	Jun	Sep	Dec	YEAR	Mar	Jun	Sep	Dec	YEAR	YEAR
	FY20A	FY21A	FY22A	FY23A	1Q24E	2Q24E	3Q24E	4Q24E	FY24E	1Q25E	2Q25E	3Q25E	4Q25E	FY25E	FY26E
Gross Margin	87.7%	89.8%	89.2%	89.8%	90.0%	89.9%	89.8%	89.9%	89.9%	89.9%	90.0%	89.8%	89.7%	89.8%	89.6%
Operating Margin	-53.5%	-17.1%	-9.1%	8.4%	4.0%	8.9%	10.8%	11.4%	9.0%	5.9%	10.0%	9.8%	9.7%	8.9%	10.7%
Net Margin	-54.5%	-19.1%	-6.4%	13.0%	6.5%	11.3%	13.2%	13.6%	11.4%	7.6%	11.8%	11.5%	11.4%	10.7%	12.1%
FCF margin	-26.5%	0.8%	1.6%	28.1%	28.1%	20.9%	20.2%	29.1%	24.6%	20.8%	20.3%	19.9%	32.3%	23.6%	24.3%

Source: BofA Global Research estimates, company filings

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We expect MNDY's march upmarket to create stickier customer relationships and ARPU uplift, reducing reliance on gross paying user additions to fuel growth and contributing to consistent margin expansion. Over time, we also expect incremental scale benefits and a shift in MNDY's growth algorithm towards expansion/upsell and away from new logo additions to result in natural margin expansion. We flag that the company expects to generate \$1bn in free cash flow from 2023-2026, and is targeting a doubling of ACV by 2026.

Exhibit 19: monday.com provided a financial framework at its recent analyst day

monday.com financial framework for FY24-FY26 based on various macro conditions

FY23 guidance		FY 2024 - 2026 guidance		
		<<<< Deteriorating macro	Base Case	Improving macro >>>>
Revenue growth YoY%**	39%-40%	Mid 20s	High 20s / Low 30s	Mid 30s
Gross margin*	High 80s	High 80s	High 80s	Mid / High 80s
R&D % of revenue*	Mid teens	Mid teens	High teens	High teens
S&M % of revenue*	Mid 50%	Mid 40s	High 40s	Low 50s
G&A % of revenue*	~10%	High single digits	~10%	Low 10s
Operating margin*	~7%	~10%	Mid / High single digits	Mid single digits
Free cash flow margin*	~25%	High 20s	Mid 20s	Low 20s
Share-based compensation (SBC) % of revenue	~14%	Low teens	Low / Mid teens	Mid / High teens

Source: BofA Global Research, company filings

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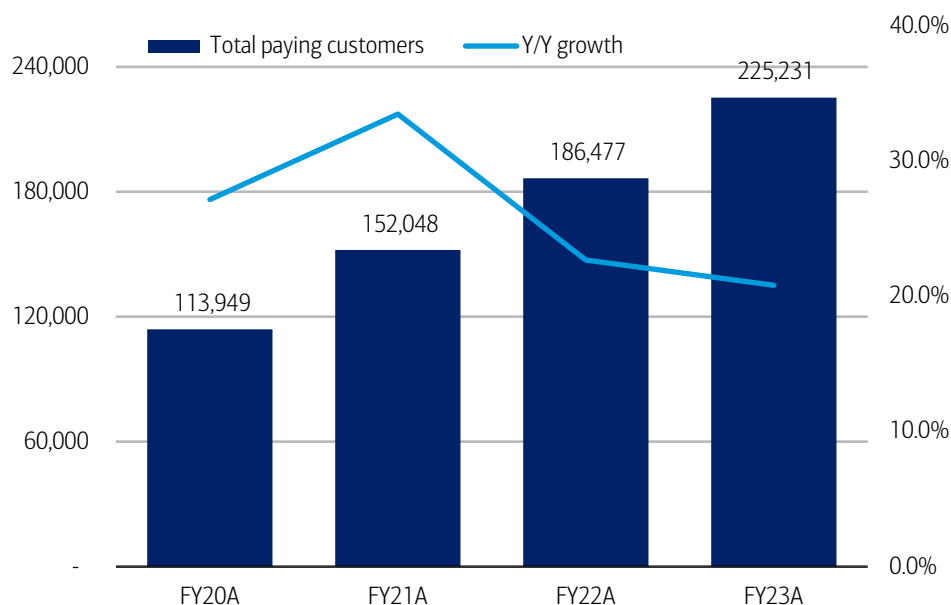
Company description

monday.com was founded in 2012 and launched in 2014 by co-founders Roy Mann and Eran Zinman. Headquartered in Tel Aviv with over 1,600 employees, the company serves over 225,000 total customers and generates \$810mn+ in ARR as of 4Q23. Since its founding, the company has expanded beyond just work management to a suite of products including CRM and dev, and steadily moved up-market to service incrementally larger customers.

While the law of large numbers has impacted monday.com's reported Y/Y growth rate, the company has been remarkably consistent with regard to sequential revenue growth on an absolute basis.

Exhibit 20: monday.com scaled total paying customer count at a CAGR of 25% from FY20-FY23

monday.com total paying customer count



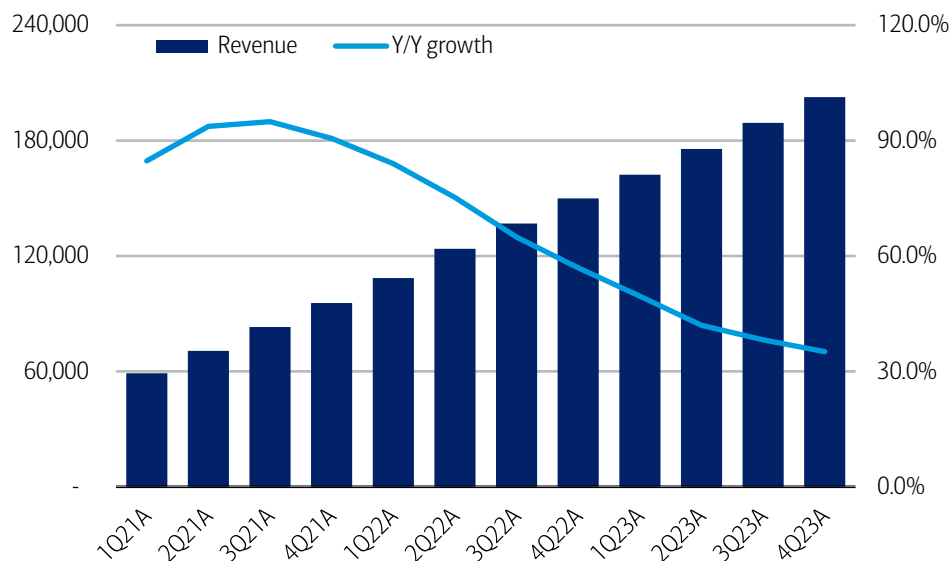
Source: BofA Global Research, company filings

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Exhibit 21: monday.com is still growing well-above peers even as growth has recently decelerated

monday.com quarterly revenue and Y/Y growth



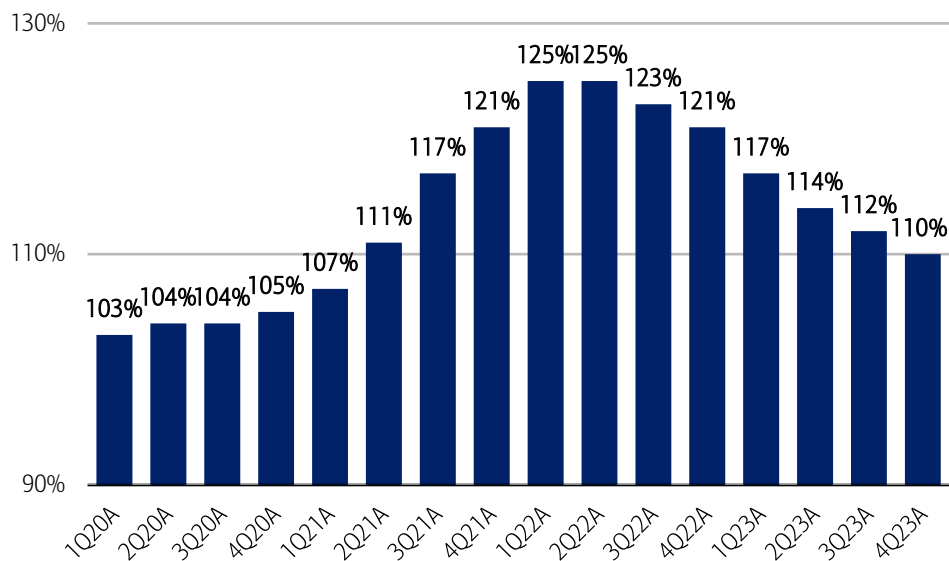
Source: BofA Global Research, company filings

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The company's end-markets have broadly slowed the pace of hiring, impacting its ability to expand and pressuring NRR.

Exhibit 22: Expansion has been pressured by macro, but appears to be stabilizing at 110%

monday.com net revenue retention by quarter

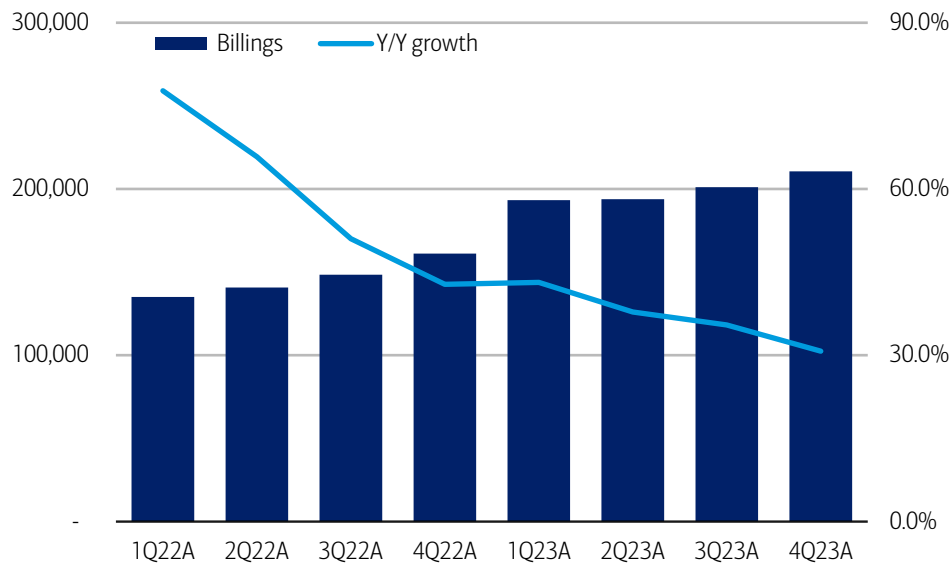


Source: BofA Global Research, company filings

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Exhibit 23: monday.com's billings growth is starting to stabilize after decelerating

monday.com Billings and Y/Y billings growth by quarter



Source: BofA Global Research, company filings

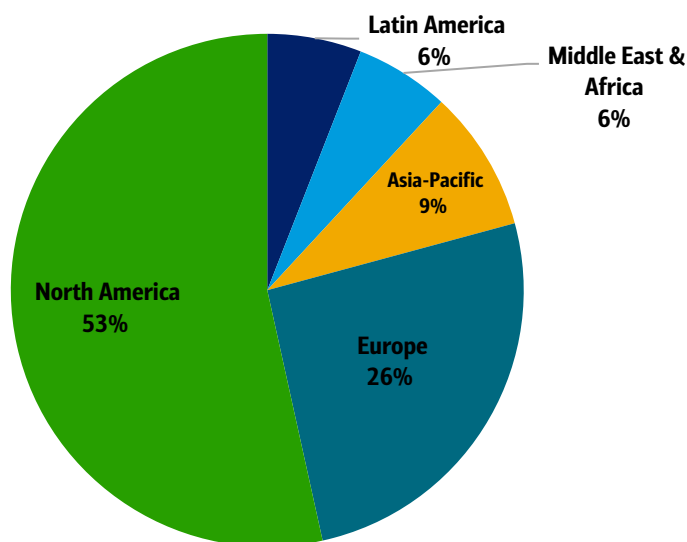
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Customer base

Approximately 30% of the company's ARR is derived from \$50K+ contracts, 55% is derived from \$5K-\$50K contracts, and 15% from sub-\$5K contracts. In addition, approximately 45% of ARR is derived from SMBs (less than 100 employees), 30% from the mid-market (100-1,500 employees), and 25% from enterprise (more than 1,500 employees).

Exhibit 24: MNDY generates 50%+ of its revenues in North America and has a substantial business in Europe

monday.com revenue mix by geography

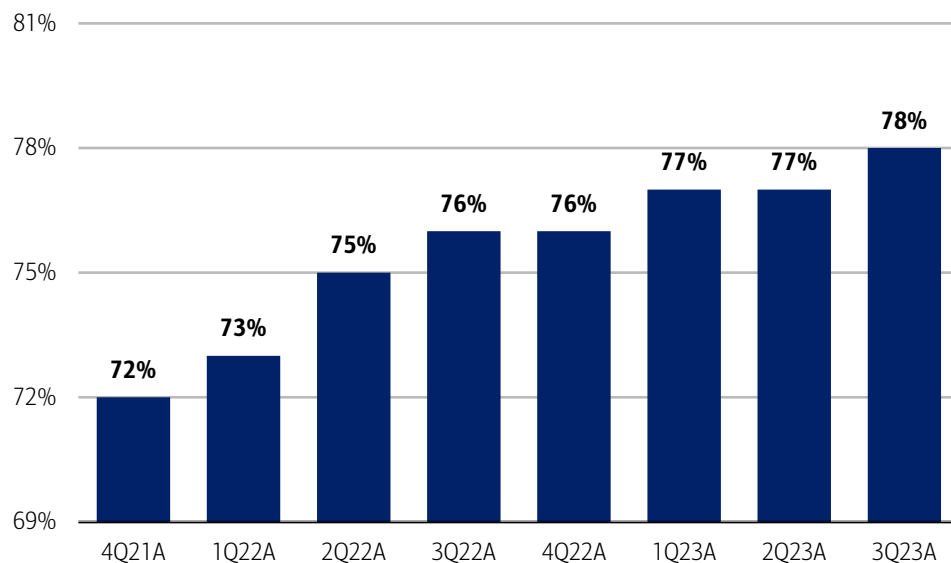


Source: BofA Global Research, company filings

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Exhibit 25: monday.com has steadily increased the mix of ARR derived from customers with 10+ users

monday.com's mix of ARR derived from customers with 10+ users



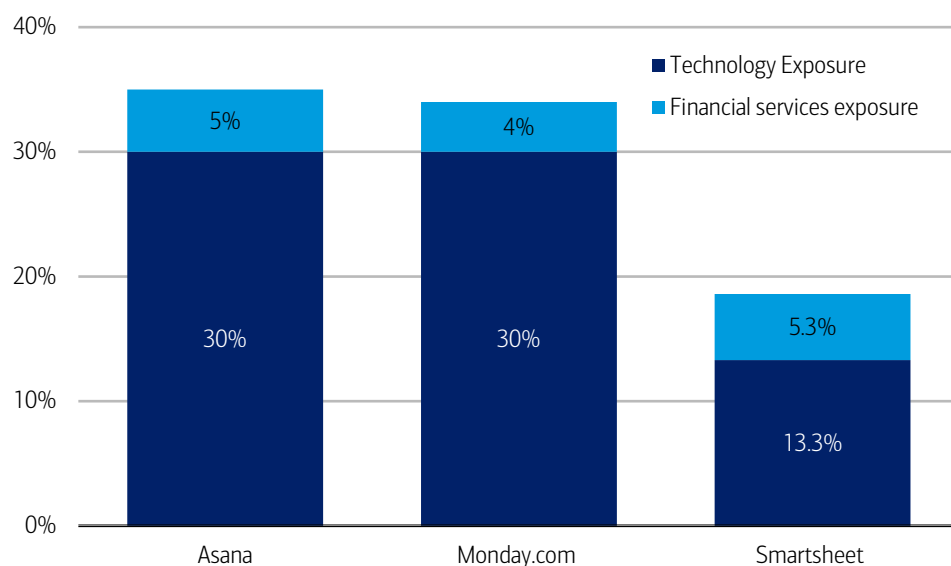
Source: BofA Global Research, company filings

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The company's largest deployment is currently for 25,000+ (up by a factor of 3.5x over the last 12 months), driven by organic user expansion and improvements to infrastructure scalability. We expect monday's improvements to its data infrastructure to enable increasing large deployments at the enterprise level. No single company represents more than 1% of revenue and the company's top 100 accounts drive less than 10% of revenues. The company's customer base is relatively well diversified across verticals, though we note that roughly 30% of customers fall in the tech category.

Exhibit 26: We estimate that monday.com has 34% revenue exposure to tech/financial services

Estimated revenue mix from technology and financial services companies



Source: BofA Global Research, company filings

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Go-to-market motion

The company has historically relied on product-led-growth and a self-serve funnel (including a freemium product) where virtually anyone can sign up and immediately gain

value, regardless of their technical skills. However, in mid-2018, the company began investing in building and scaling its sales, customer success, and partners teams. The company further evolved its go-to-market strategy in 2019/2020 by extending its platform to external developers through the launch of an apps marketplace. Now, 50%+ of the company's total head count is related to sales-led growth (sales, customer success, etc.).

The company employs a 'flywheel' model seeking to initially gain acceptance from an individual user or team and expanding the company's presence vertically within that organization. Once customers adopt the platform and realize its value, usage often grows organically with adoption expanding across use cases and departments. While expansion takes place virally, it is also accelerated through the company's sales-assisted motions and its partner network.

The company leverages global channel partners spread across North America, Latin America, Europe, EMEA and APAC, with 210+ active channel partners and 2,000+ referral partners. The company's "Sweet spot" of customer size continues to increase, and MNDY can now support larger seat deployments easily while simultaneously keeping the entry/penetration process simple and easy.

Business model

The company generates revenue from the sale of monthly and annual subscriptions to its platform, and 100% of revenue is subscription-based. The company offers several different tiered subscriptions, which we detail below. The company charges an average premium of roughly 40% for its Sales CRM plans relative to its Work Management plans (billed annually, varies slightly by tier), and an average premium of 16% for its Monday Dev Plans relative to its Work Management plans (billed annually, varies slightly by tier). We note that customers who purchase either the sales CRM or dev products also receive work management capabilities.

Exhibit 27: monday.com offers a wide variety of subscription tiers for its products

monday.com subscription tier pricing summary

Work Management Plan	Billed Yearly (per seat per month)	Billed Monthly (per seat per month)
Free	\$0	\$0
Basic	\$9	\$12
Standard	\$12	\$14
Pro	\$19	\$24
Enterprise	Negotiated pricing	Negotiated pricing
Sales CRM Plan	Billed Yearly (per seat per month)	Billed Monthly (per seat per month)
Free	\$0	\$0
Basic	\$12	\$15
Standard	\$17	\$20
Pro	\$28	\$33
Enterprise	Negotiated pricing	Negotiated pricing
Dev Plan	Billed Yearly (per seat per month)	Billed Monthly (per seat per month)
Free	\$0	\$0
Basic	\$10	\$14
Standard	\$14	\$16.50
Pro	\$23	\$29
Enterprise	Negotiated pricing	Negotiated pricing

Source: BofA Global Research, company website

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We estimate that approximately 89% of the company revenues are derived from Pro/Enterprise subscriptions, with the remaining 11% coming from Basic and Standard. Roughly 80% of the company's contracts are annual and 20% are monthly.

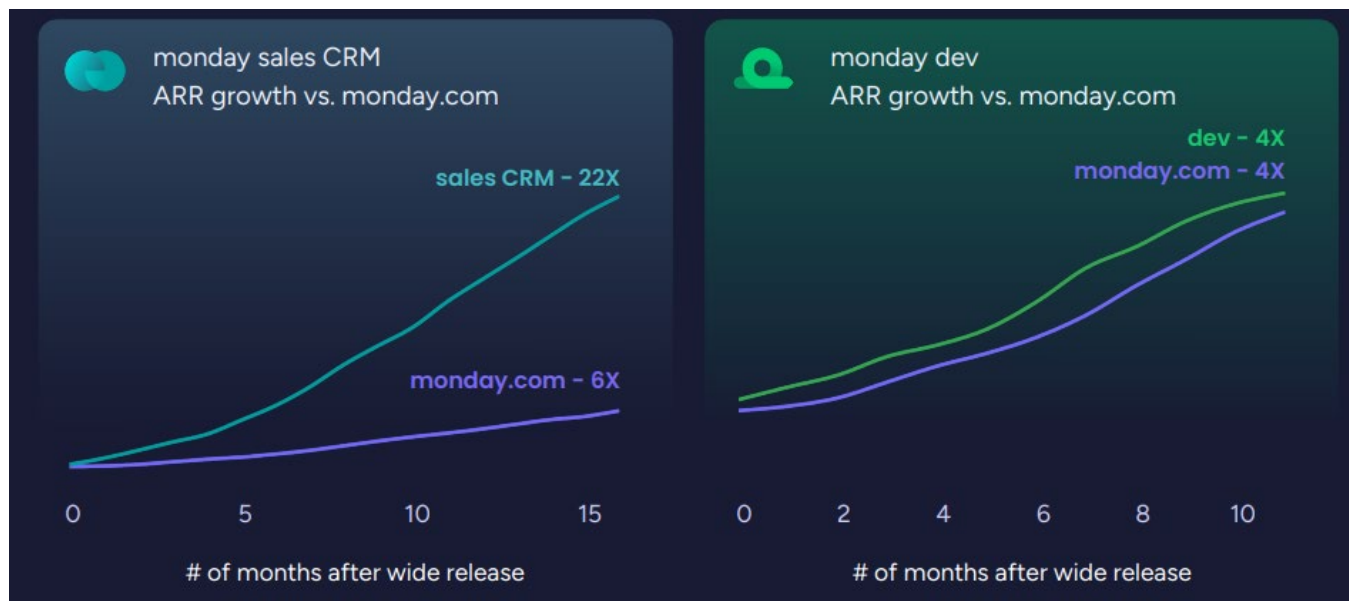


Multi-product strategy

We note that products like monday sales CRM (work management product tailored for sales use cases) and monday Dev (work management product tailored for developer use cases) are built on top of the monday.com platform and share roughly 80% of the same code base. This makes iterating and introducing new products more efficient, enabling the company to launch new and disruptive SKUs that address large and rapidly growing TAMs.

Exhibit 28: ARR from monday sales CRM has scaled rapidly since its launch

Summary of ARR growth from monday's sales CRM and dev products



Source: BofA Global Research, company presentation

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monday Sales CRM primarily targets SMBs (typically those looking to leverage a CRM for the first time). monday Sales CRM does not yet scale to millions of records yet, but ongoing improvements to monday DB should enable larger deployments.

Monday Sales CRM competes more directly with the likes of Flow, SugarCRM, and HubSpot, and does well with customers prioritizing flexibility. Some larger competitors are expensive and require implementors for customization, commanding larger portions of customer IT budgets. The company has implemented a staggered roll-out of Monday Sales CRM (mostly offered to new customers) to ensure customers could the benefit of the separately packaged product (versus the work management solution modified for CRM use cases).

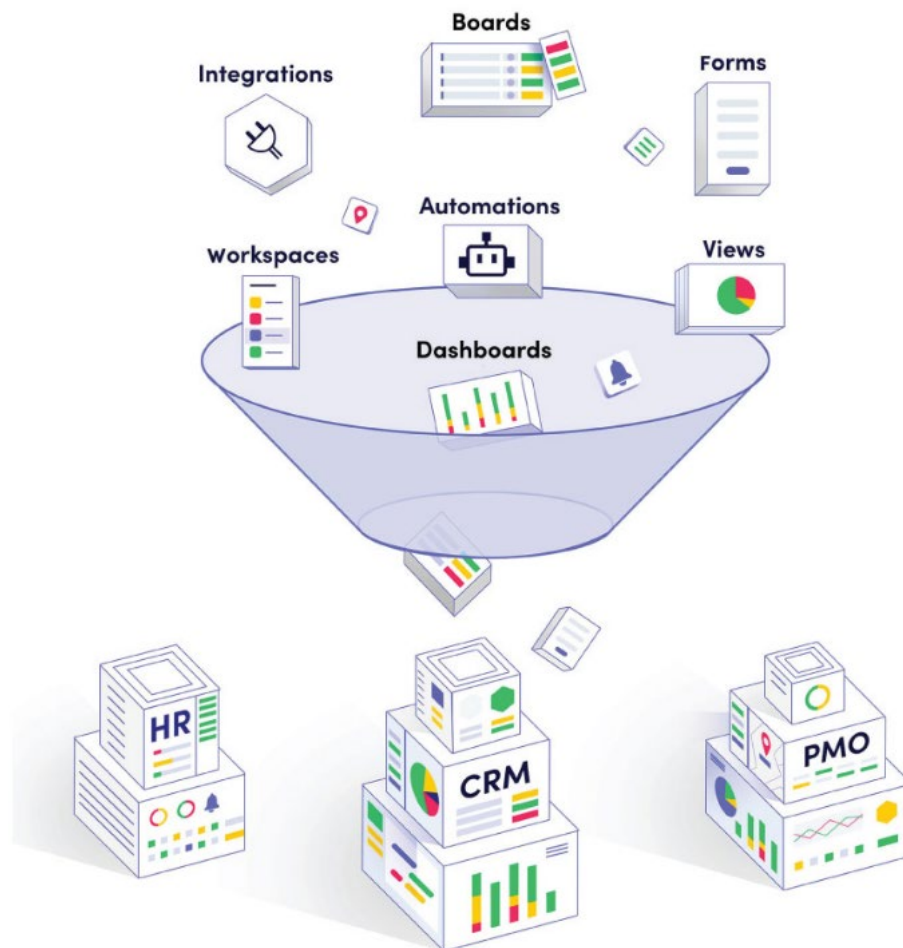
monday Dev allows product development teams (including R&D/design/product management) to plan, build, and launch new products. Developers appreciate the flexibility provided by Monday Dev (don't need IT or administrative help) as well as the way it connects departments and other products. We expect the company to continue introducing new products (such as the recently introduced Monday Service) built on top of the Work OS platform for specific use cases (HR for example).

The Monday.com platform

With Monday.com Work OS, organizations can build software applications and work management tools to fit their needs. The company's no-code and low-code platform consists of modular building blocks that are simple enough to anyone to assemble yet powerful enough to build solutions that make a tangible difference to operations. Monday.com's schema-less database infrastructure is flexible, allowing users to easily define the way they capture and present data. The categories of building blocks include items, columns, views, automations, integrations and widgets.

Exhibit 29: The company's platform can be used to create robust solutions

Monday.com platform summary

From modular building blocks to complete Product Solutions

Source: BofA Global Research, company filings

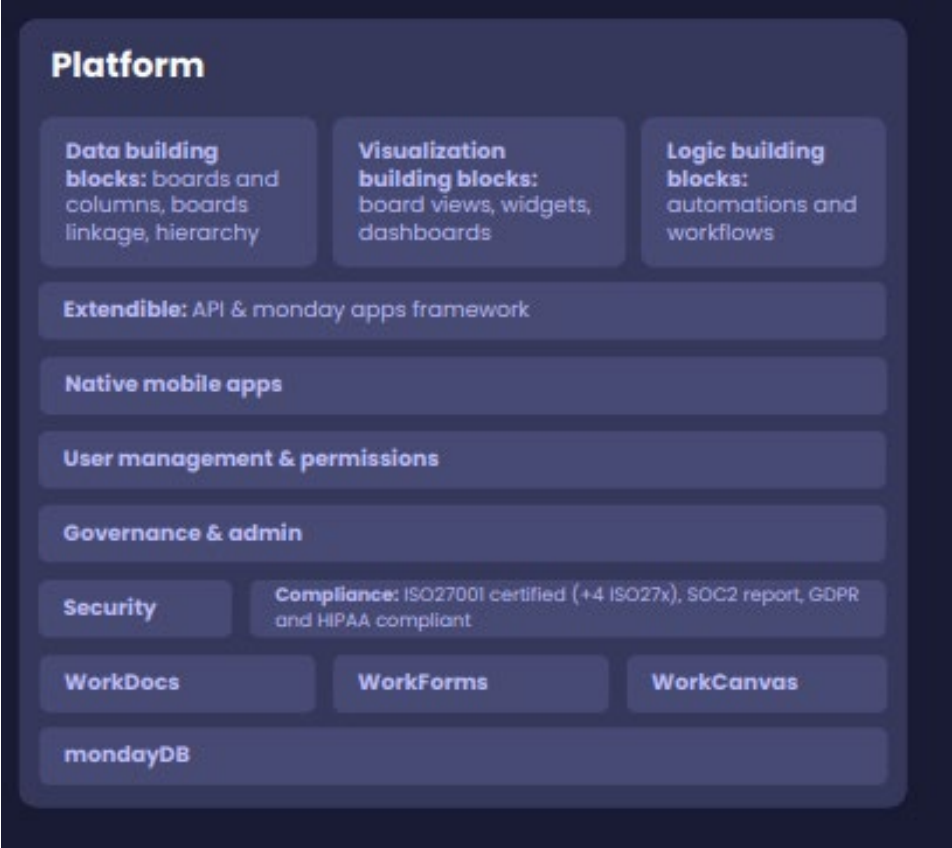
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Customers use Monday.com's platform for thousands of use cases, typically deploying its software to 1) to build business-critical software applications, 2) to build work management tools, and 3) to act as a connective layer to form a unified workplace and integrate applications across an organization.

By using MNDY's platform, customers can simplify and accelerate their digital transformation, enhance organizational agility, create a unifying workspace across departments, and increase operational efficiency and productivity. User leverage 'boards' to hold information and processes they have, within 'items' and 'columns.'

Integrations pull data from other applications into the board, export data to other systems, and synchronize data across applications. The company's integration center includes 200+ integrations to other tools such as Gmail, Outlook, Jira, Salesforce, Google Drive, Dropbox, Stripe, Slack, and Zendesk. By connecting them to other systems and applications, the company's platform eliminates corporate silos and facilitates cross-functional workflows. Leveraging automations, users can also eliminate repetitive manual processes, saving time and reducing human error.

Exhibit 30: The Monday.com platform provides excellent flexibility
Summary of the Monday.com platform



Source: BofA Global Research, company filings

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On top of the Work OS platform, the company has built a suite of products for the work management, sales CRM, and software development verticals to address the needs of specific industries and use cases. Each of the products the company has built on top of its Work OS is tailored for a specific business need.

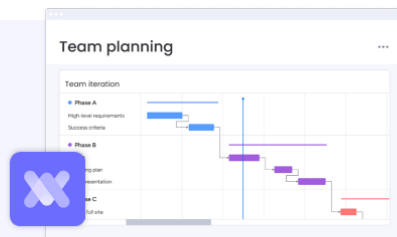
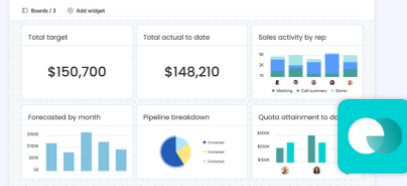


Exhibit 31: The monday.com platform is impressively flexible and can be used for thousands a varying use cases

monday.com platform summary

monday work management

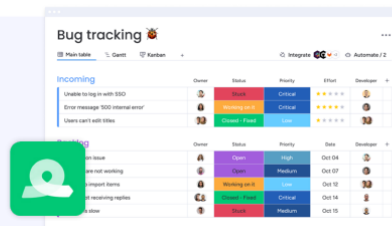
where customers build workflows that suit their needs using no-code building blocks to manage any kind of work – from marketing to portfolio management and everything in between.

**Sales analytics****monday sales CRM**

where customers connect, track, and manage every aspect of their sales cycle and operations exactly the way they need, from leads to customer projects.

monday dev

where product development teams, including R&D, design, and product management, plan, build, and launch new products.



Source: BofA Global Research, company filings

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The company also offers monday Canvas and monday WorkForms which can be used with or without the monday.com Work OS.

- **monday Canvas** is a digital whiteboard for real-time unstructured collaboration
- **monday WorkForms** allows users to create personalized forms or surveys and gain organizational insights.

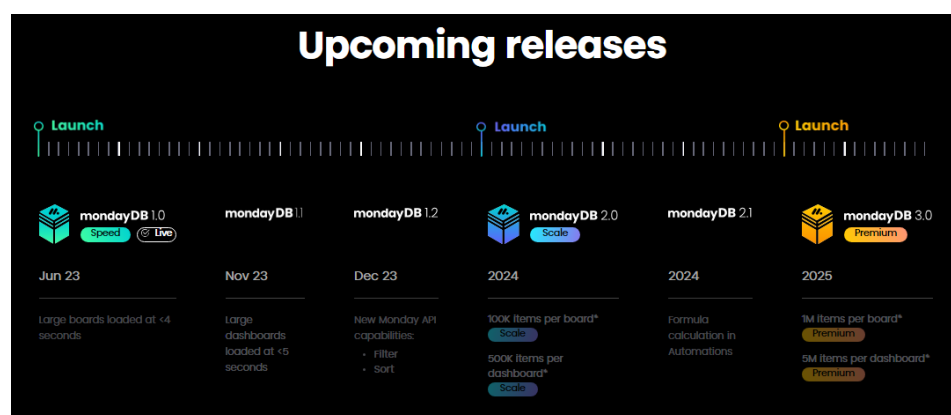
mondayDB

mondayDB (monday database) is the core infrastructure supporting the monday.com Work OS. mondayDB is changing the way the Work OS engine runs and stores data. It ensures the company's platform is schema-less, completely flexible, and built for scalability. mondayDB enables customers to leverage larger and more complex boards that load significantly faster, allowing them to work more efficiently and handle data-intensive and complicated workflows. Future releases of mondayDB will provide even more speed enhancements, scalability, and functionality – significantly improving the company's viability for enterprise deployments, in our view.

We expect improvements in mondayDB to dramatically improve enterprise customer ability to scale users and use cases, driving positive net expansion, usage/utilization, and retention trends among the company's larger customers. Future releases of mondayDB should further accelerate the company's march up-market.

Exhibit 32: monday.com is making ongoing improvements to its infrastructure

mondayDB release schedule



Source: BofA Global Research, company website

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monday.com marketplace

The company also expands the scope of its building blocks by extending the platform to external developers through a low-code framework and app marketplace. Through this low-code framework and flexible API interface, users can easily create their own applications for both private and public use. Marketplace vendors can monetize their applications. The company's marketplace facilitates a more vibrant developer ecosystem which can help the platform address the long-tail of use cases. While not a material contributor to revenue, the company may monetize the marketplace via a revenue share model further down the line (with the goal of emulating competitors like Atlassian with significant revenue contribution from its marketplace).

AI-enabled products

The key components of MNDY's AI strategy include increasing users' efficiency, increasing the company's own internal efficiency, and in the future, harnessing the power of the company's proprietary data spanning over 200 different business verticals. The introduction of incremental AI-driven functionality is likely to support the company's pricing power over the long-term, in our view.

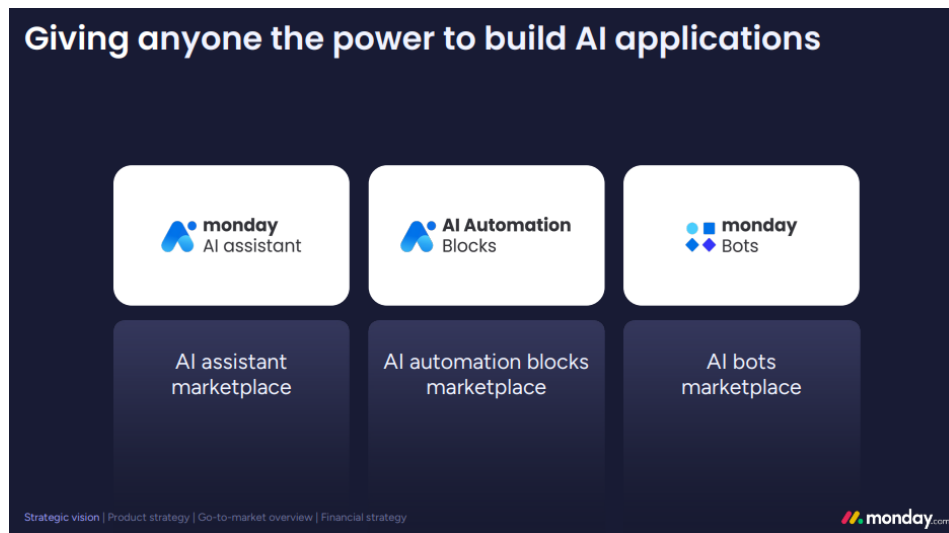
As an initial offering, monday.com will gradually release a collection of innovative apps built internally on the same monday AI Assistant infrastructure that external developers will soon be able to build on. In 2Q23, MNDY launched its AI Assistant in beta to a select group of users and introduced several new AI capabilities, including those listed below:

- **Automated Task Generation:** Accessible on any board, you can use this app to generate project plans based on your input and goals.

- **Summarize and rephrase:** Focus on what's important while monday AI summarizes complex topics, rephrases, and provides relevant action items.
- **monday Docs:** Use AI to generate a template to help you get started in your docs.
- **Formula Builder:** Describe a task or team objective to monday AI and it will generate a formula that will help complete those tasks more efficiently.
- **Updates creation and fast replies:** Use AI to write and reply in the updates section of any item.

Exhibit 33: The company has introduced several new AI-enabled offerings

monday.com AI offering summary



Source: BofA Global Research, company filings

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Exhibit 34: We expect MNDY to generate \$958mn in FY24 revenues, 3% above consensus

MNDY income statement

\$000 except EPS	YEAR FY20A	YEAR FY21A	YEAR FY22A	Mar 1Q23A	Jun 2Q23A	Sep 3Q23A	Dec 4Q23A	YEAR FY23A	Mar 1Q24E	Jun 2Q24E	Sep 3Q24E	Dec 4Q24E	YEAR FY24E	YEAR FY25E	YEAR FY26E
Revenue	161,123	308,150	519,029	162,256	175,679	189,190	202,570	729,695	213,711	228,671	246,965	269,192	958,539	1,240,448	1,575,682
Cost of Revenue	19,768	31,332	56,122	15,537	17,671	20,324	20,806	74,338	21,371	23,096	25,190	27,188	96,846	125,970	163,477
Gross Profit	141,355	276,818	462,907	146,719	158,008	168,866	181,764	655,357	192,340	205,575	221,774	242,003	861,693	1,114,478	1,412,205
Operating Expense															
Research & Development	31,338	51,907	94,090	28,519	27,908	28,051	33,285	117,763	36,331	36,587	37,045	40,379	150,342	213,730	255,694
Sales & Marketing	181,285	244,948	358,611	102,652	98,831	101,504	110,020	413,007	128,227	130,343	138,300	150,747	547,617	687,953	858,039
General & Administrative	14,924	32,559	57,301	15,841	14,652	15,234	17,259	62,986	19,234	18,294	19,757	20,189	77,474	102,089	129,640
Total operating expense	227,547	329,414	510,002	147,012	141,391	144,789	160,564	593,756	183,792	185,224	195,102	211,315	775,433	1,003,772	1,243,372
Operating income/(loss)	(86,192)	(52,596)	(47,095)	(293)	16,617	24,077	21,200	61,601	8,548	20,352	26,672	30,688	86,260	110,705	168,833
EBITDA	(84,304)	(49,850)	(38,528)	1,679	18,781	26,408	23,756	70,624	11,188	23,188	29,740	34,039	98,156	126,111	188,406
Financial income/(expense), net	526	(838)	22,554	9,883	7,612	11,555	12,861	41,911	6,936	6,936	6,936	6,936	27,743	27,743	27,743
Income/(loss) before income taxes	(85,666)	(53,434)	(24,541)	9,590	24,229	35,632	34,061	103,512	15,484	27,288	33,608	37,624	114,003	138,449	196,576
Income tax	(2,192)	(5,400)	(8,837)	(2,357)	(3,266)	(2,621)	(351)	(8,595)	(1,560)	(1,399)	(926)	(960)	(4,845)	(6,256)	(6,578)
Net income/(loss)	(87,858)	(58,834)	(33,378)	7,233	20,963	33,011	33,710	94,917	13,924	25,889	32,682	36,664	109,159	132,192	189,997
EPS, basic	(2.28)	(1.33)	(0.73)	0.15	0.43	0.68	0.69	1.96	0.28	0.52	0.66	0.73	2.20	2.60	3.66
EPS, diluted	(2.28)	(1.33)	(0.73)	0.14	0.41	0.64	0.65	1.85	0.27	0.50	0.62	0.69	2.08	2.47	3.47
Weighted-average shares outstanding, basic	38,489	44,221	45,805	47,912	48,209	48,536	48,796	48,366	49,096	49,396	49,696	49,996	49,546	50,746	51,946
Weighted-average shares outstanding, diluted	38,489	44,221	45,805	50,838	51,159	51,462	51,608	51,235	51,908	52,208	52,508	52,808	52,358	53,558	54,758

Source: BofA Global Research estimates, company filings

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Exhibit 35: MNDY ended 2023 with \$1.1bn in cash and cash equivalents

MNDY balance sheet

\$000 except EPS	YEAR FY20A	YEAR FY21A	YEAR FY22A	YEAR FY23A	Mar 1Q24E	Jun 2Q24E	Sep 3Q24E	Dec 4Q24E	YEAR FY24E	YEAR FY25E	YEAR FY26E
Current Assets											
Cash and cash equivalents	129,814	886,812	885,894	1,116,128	1,181,545	1,234,670	1,289,913	1,373,850	1,373,850	1,687,881	2,092,791
Short term deposits	10,000	-	-	-	-	-	-	-	-	-	-
Accounts receivable, net	3,911	8,509	13,226	17,911	23,269	20,458	24,890	27,524	27,524	40,344	60,773
Prepaid expense and other current assets	3,898	18,172	24,725	39,103	36,017	38,019	41,697	40,379	40,379	43,557	46,965
Total Current Assets	147,623	913,493	923,845	1,173,142	1,240,831	1,293,147	1,356,500	1,441,752	1,441,752	1,771,782	2,200,528
Long Term Assets											
Property and equipment, net	7,178	19,599	34,416	37,418	37,900	37,814	37,877	38,190	38,190	33,444	27,410
Operating lease right-of-use assets	-	-	80,197	62,280	62,280	62,280	62,280	62,280	62,280	62,280	62,280
Other long-term assets	2,619	100	585	2,816	1,277	1,509	1,835	2,282	2,282	2,564	3,222
Total long-term assets	9,797	19,699	115,198	102,514	101,457	101,603	101,992	102,752	102,752	98,288	92,912
Total assets	157,420	933,192	1,039,043	1,275,656	1,342,288	1,394,750	1,458,492	1,544,504	1,544,504	1,870,070	2,293,440
Current Liabilities											
Accounts payable	25,734	23,612	7,335	24,837	21,371	14,387	16,685	26,739	26,739	33,940	41,989
Accrued expenses and other current liabilities	22,967	70,135	73,706	106,691	116,892	120,475	127,667	147,921	147,921	187,630	233,115
Deferred revenue	70,719	134,438	198,099	266,284	307,069	329,907	344,291	355,793	355,793	473,269	621,924
Revolving credit facility	21,016	-	-	-	-	-	-	-	-	-	-
Operating lease liabilities, current	-	-	19,083	18,201	18,201	18,201	18,201	18,201	18,201	18,201	18,201
Total current liabilities	140,436	228,185	298,223	416,013	463,533	482,971	506,845	548,653	548,653	713,041	915,230
Long-Term Liabilities											
Operating lease liabilities, non-current	-	-	58,638	42,946	42,946	42,946	42,946	42,946	42,946	42,946	42,946
Deferred revenue, non-current	-	-	2,442	3,189	3,660	4,035	4,377	4,592	4,592	5,805	7,418
Other long-term liabilities	1,045	1,612	-	-	-	-	-	-	-	-	-
Total long-term liabilities	1,045	1,612	61,080	46,135	46,606	46,981	47,323	47,538	47,538	48,751	50,364
Convertible preferred shares	233,496	-	-	-	-	-	-	-	-	-	-
Shareholders' Equity											
Other comprehensive income/(loss)	-	594	(3,210)	9,804	9,804	9,804	9,804	9,804	9,804	9,804	9,804
Share capital and additional paid-in-capital	98,809	1,148,461	1,265,477	1,388,108	1,419,662	1,457,275	1,492,629	1,531,031	1,531,031	1,704,576	1,915,449
Accumulated deficit	(316,366)	(445,660)	(582,527)	(584,404)	(597,317)	(602,280)	(598,109)	(592,522)	(592,522)	(606,102)	(597,406)
Total shareholders' equity	(217,557)	703,395	679,740	813,508	832,149	864,799	904,324	948,312	948,312	1,108,278	1,327,847
Total liabilities and shareholders' equity	157,420	933,192	1,039,043	1,275,656	1,342,288	1,394,750	1,458,492	1,544,504	1,544,504	1,870,070	2,293,440

Source: BofA Global Research, company filings

Exhibit 36: We expect MNDY to generate \$249mn in CFO during 2024

MNDY cash flow statement

\$000 except EPS	YEAR FY20A	YEAR FY21A	YEAR FY22A	YEAR FY23A	Mar 1Q24E	Jun 2Q24E	Sep 3Q24E	Dec 4Q24E	YEAR FY24E	YEAR FY25E	YEAR FY26E
Net Income/(Loss)	(152,203)	(129,294)	(136,867)	(1,877)	(12,913)	(4,963)	4,171	5,587	(8,118)	(13,579)	8,696
Depreciation and amortization	1,888	2,746	8,567	9,023	2,640	2,836	3,068	3,351	11,895	15,406	19,573
Capital loss from sale of property and equipment	-	76	-	-	-	-	-	-	-	-	-
Share-based compensation	64,345	73,529	104,920	100,186	27,782	32,014	29,636	32,303	121,735	151,381	188,294
Change in accrued interest on revolving credit facility	(14)	(16)	-	-	-	-	-	-	-	-	-
Change in Working Capital											
Accounts receivable, net	(472)	(4,598)	(4,717)	(4,685)	(5,358)	2,811	(4,432)	(2,634)	(9,613)	(12,820)	(20,430)
Prepaid expenses and other assets	(1,828)	(13,335)	6,490	11,840	3,086	(2,002)	(3,678)	1,318	(1,276)	(3,178)	(3,408)
Accounts payable	6,773	(2,040)	(16,072)	17,397	(3,466)	(6,984)	2,298	10,053	1,902	7,201	8,049
Accrued expenses and other liabilities, net	14,598	25,568	326	14,588	10,201	3,583	7,192	20,254	41,230	39,710	45,485
Deferred revenue	29,738	63,719	64,491	68,932	41,256	23,213	14,726	11,717	90,912	118,690	150,267
Net cash provided by operating activities	(37,175)	16,355	27,138	215,404	63,228	50,508	52,981	81,949	248,668	302,810	396,527
Cash Flow from investing activities											
Purchase of property and equipment	(4,362)	(11,578)	(16,003)	(7,901)	(2,377)	(1,925)	(2,204)	(2,725)	(9,231)	(6,202)	(7,878)
Capitalized software development costs	(1,119)	(2,180)	(2,998)	(2,558)	(745)	(826)	(927)	(939)	(3,436)	(4,457)	(5,661)
Proceeds from sale of property and equipment	-	129	-	-	-	-	-	-	-	-	-
Changes in short-term deposits	(6,000)	10,000	-	-	-	-	-	-	-	-	-
Net cash used in investing activities	(11,481)	(3,629)	(19,001)	(10,459)	(3,122)	(2,750)	(3,131)	(3,665)	(12,667)	(10,660)	(13,539)
Cash flow from financing activities											
Proceeds from IPO/private placement/preferred shares, net	-	735,856	-	-	-	-	-	-	-	-	-
Payment in connection with deferred offering costs	-	-	-	-	-	-	-	-	-	-	-
Proceeds from exercise of share options	542	5,249	12,181	21,243	5,311	5,367	5,392	5,652	21,722	21,881	21,921
Receipt of revolving credit facility, net	8,000	-	-	-	-	-	-	-	-	-	-
Receipt of tax advance	-	(21,000)	-	4,046	-	-	-	-	-	-	-
Repayment of revolving credit facility, net	-	22,258	(21,152)	-	-	-	-	-	-	-	-
Capital lease payments	(72)	(91)	(84)	-	-	-	-	-	-	-	-
Net cash provided by (used in) financing activities	8,470	742,272	(9,055)	25,289	5,311	5,367	5,392	5,652	21,722	21,881	21,921
Increase/(Decrease) in cash, cash equivalents, and restricted cash	(40,186)	754,998	(918)	230,234	65,417	53,125	55,243	83,937	257,722	314,031	404,909
Cash, cash equivalents, and restricted cash - Beginning of period	172,000	131,814	886,812	885,894	1,116,128	1,181,545	1,234,670	1,289,913	1,116,128	1,373,850	1,687,881
Cash, cash equivalents, and restricted cash - End of period	131,814	886,812	885,894	1,116,128	1,181,545	1,234,670	1,289,913	1,373,850	1,373,850	1,687,881	2,092,791
Restricted cash	2,000	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	129,814	886,812	885,894	1,116,128	1,181,545	1,234,670	1,289,913	1,373,850	1,373,850	1,687,881	2,092,791

Source: BofA Global Research, company filings

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Appendix

Exhibit 37: monday.com trades below high growth peer averages for EV/CY2025 Sales

Comp table for high growth software

Ticker Company name	Mkt Cap (\$mn)	2023 Rev Growth	2024 Rev Growth	2025 Rev Growth	EV/2023 Sales	EV/2024 Sales	EV/2025 Sales	2023 EV/Rev/ Growth	2024 EV/Rev/ Growth	2025 EV/Rev/ Growth	2023 PF Op Margin	2024 PF Op Margin	2025 PF Op Margin	EV/2023 FCF	EV/2024 FCF	EV/2025 FCF
High growth																
APPF APPFOLIO INC - A	8,426	31%	23%	20%	13.3x	10.8x	9.0x	0.4x	0.5x	0.5x	12.2%	15.4%	18.5%	...	55.9x	41.2x
ASAN ASANA INC - CL A	3,970	20%	11%	13%	5.8x	5.2x	4.6x	0.3x	0.5x	0.4x	-10.8%	-7.7%	-2.1%	...	...	57.5x
BILL BILL HOLDINGS INC	6,534	39%	9%	21%	4.9x	4.5x	3.8x	0.1x	0.5x	0.2x	13.0%	13.9%	16.6%	26.9x	33.1x	22.5x
CFLT CONFLUENT INC	11,028	33%	22%	25%	13.2x	10.8x	8.6x	0.4x	0.5x	0.3x	-7.4%	0.0%	5.5%	...	...	...
CRWD CROWDSTRIKE	75,800	37%	29%	25%	24.6x	19.1x	15.2x	0.7x	0.7x	0.6x	20.3%	22.3%	23.6%	81.2x	61.4x	47.2x
DDOG DATADOG INC	46,273	27%	20%	25%	21.0x	17.4x	13.9x	0.8x	0.9x	0.6x	23.0%	21.3%	22.3%	70.5x	60.9x	46.8x
FROG JFROG LTD	4,826	25%	22%	22%	12.3x	10.1x	8.3x	0.5x	0.5x	0.4x	11.1%	13.3%	14.3%	59.6x	58.1x	44.9x
MAX MEDIAALPHA INC	937	(15%)	25%	16%	2.8x	2.3x	1.9x	-0.2x	0.1x	0.1x	-10.3%	-1.5%	0.4%	54.3x	41.0x	30.5x
MDB MONGODB INC	37,123	29%	22%	26%	22.0x	18.0x	14.3x	0.8x	0.8x	0.5x	14.4%	14.1%	16.8%	...	...	...
MNDY MONDAY.COM LTD	9,114	41%	28%	27%	11.0x	8.6x	6.8x	0.3x	0.3x	0.3x	8.4%	6.8%	8.2%	39.3x	39.5x	30.0x
NOW SERVICENOW INC	159,226	24%	22%	22%	17.5x	14.3x	11.8x	0.7x	0.7x	0.5x	27.7%	29.0%	30.2%	57.9x	46.3x	36.5x
PATH UIPATH INC	13,280	22%	23%	23%	9.0x	7.3x	5.9x	0.4x	0.3x	0.3x	15.6%	16.2%	17.6%	44.9x	40.2x	29.3x
PCOR PROCORE	11,108	...	20%	20%	11.1x	9.2x	7.7x	0.3x	0.5x	0.4x	2.0%	7.7%	10.2%	...	91.4x	58.6x
S SENTINELONE INC	7,817	50%	33%	31%	11.7x	8.8x	6.7x	0.2x	0.3x	0.2x	-22.0%	-3.4%	6.6%	...	...	60.8x
SHOP SHOPIFY INC	85,759	26%	24%	25%	11.6x	9.3x	7.4x	0.4x	0.4x	0.3x	11.1%	14.3%	17.3%	90.5x	75.1x	41.0x
SMAR SMARTSHEET	5,682	26%	20%	20%	5.5x	4.6x	3.8x	0.2x	0.2x	0.2x	8.3%	10.3%	13.3%	39.8x	30.1x	19.6x
SNOW SNOWFLAKE INC	81,908	35%	30%	31%	28.2x	21.6x	16.5x	0.8x	0.7x	0.5x	6.8%	10.6%	14.5%	...	75.0x	55.9x
SPT SPROUT SOCIAL INC	3,627	31%	28%	27%	10.6x	8.3x	6.6x	0.3x	0.3x	0.2x	1.4%	3.6%	6.4%	...	...	70.0x
U UNITY SOFTWARE	10,171	53%	14%	24%	5.4x	4.7x	3.8x	0.1x	0.3x	0.2x	18.0%	30.3%	34.5%	38.8x	18.3x	11.3x
ZS ZSCALER INC	33,385	41%	26%	25%	17.6x	14.0x	11.2x	0.4x	0.5x	0.4x	17.0%	17.7%	19.4%	69.2x	63.4x	46.0x
Average		30%	23%	23%	13.0x	10.4x	8.4x	0.4x	0.5x	0.4x	8.0%	11.7%	14.7%	56.1x	52.6x	41.6x
Median		31%	23%	24%	11.6x	9.3x	7.6x	0.4x	0.5x	0.4x	11.1%	13.6%	15.6%	56.1x	55.9x	43.0x

Source: BofA Global Research, Bloomberg

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Exhibit 38: monday.com trades relatively in line with the horizontal software peer average for EV/CY2025 Sales

Comp table for horizontal software

Ticker Company name	Mkt Cap (\$mn)	2023 Rev Growth	2024 Rev Growth	2025 Rev Growth	EV/2023 Sales	EV/2024 Sales	EV/2025 Sales	2023 EV/Rev Growth	2024 EV/Rev Growth	2025 EV/Rev Growth	2023 PF Op Margin	2024 PF Op Margin	2025 PF Op Margin	EV/2023 FCF	EV/2024 FCF	EV/2025 FCF
ADBE ADOBE INC	246,745	10%	10%	12%	12.5x	11.4x	10.1x	1.22x	1.11x	0.9x	46%	45%	46%	35.0x	26.5x	24.0x
AI C3.AI INC-A	3,160	10%	16%	14%	8.3x	7.1x	6.3x	0.81x	0.43x	0.4x	(41%)	(17%)	(0%)	...	...	49.5x
ALRM ALARM.COM	3,829	4%	5%	8%	4.2x	4.0x	3.7x	0.94x	0.87x	0.4x	13%	13%	16%	33.1x	66.4x	25.4x
ASAN ASANA INC - CL A	3,970	20%	11%	13%	5.8x	5.2x	4.6x	0.28x	0.46x	0.4x	(11%)	(8%)	(2%)	...	...	57.5x
APPN APPIAN CORP-A	2,418	17%	13%	14%	4.7x	4.1x	3.6x	0.28x	0.32x	0.2x	(10%)	(5%)	0%	...	...	...
BIGC BIGCOMMERCE	627	11%	7%	7%	2.3x	2.1x	2.0x	0.21x	0.30x	0.3x	(2%)	3%	5%	...	...	47.3x
BILL BILL HOLDINGS INC	6,534	39%	9%	21%	4.9x	4.5x	3.8x	0.13x	0.52x	0.2x	13%	14%	17%	26.9x	33.1x	22.5x
BL BLACKLINE INC	4,229	13%	9%	9%	7.1x	6.5x	6.0x	0.55x	0.72x	0.7x	17%	17%	18%	34.7x	30.5x	26.7x
BLKB BLACKBAUD INC	3,599	4%	7%	7%	4.0x	3.7x	3.5x	0.89x	0.51x	0.5x	27%	29%	30%	32.4x	16.6x	14.8x
BOX BOX INC - CLASS A	3,745	5%	5%	7%	3.7x	3.5x	3.3x	0.69x	0.76x	0.5x	25%	27%	29%	12.6x	12.6x	10.9x
CRWD CROWDSTRIKE	75,800	37%	29%	25%	24.6x	19.1x	15.2x	0.66x	0.65x	0.6x	20%	22%	24%	81.2x	61.4x	47.2x
CRM SALESFORCE INC	288,071	11%	12%	14%	8.3x	7.4x	6.6x	0.76x	0.62x	0.5x	31%	32%	34%	33.7x	26.7x	21.2x
DBX DROPBOX INC	7,999	8%	1%	1%	3.5x	3.4x	3.4x	0.5x	2.5x	2.6x	33%	32%	34%	11.4x	9.4x	8.7x
DDOG DATADOG INC	46,273	27%	20%	25%	21.0x	17.4x	13.9x	0.8x	0.9x	0.6x	23%	21%	22%	70.5x	60.9x	46.8x
DOCU DOCUSIGN INC	10,432	9%	6%	7%	3.5x	3.3x	3.1x	0.4x	0.5x	0.4x	25%	23%	24%	13.4x	12.6x	11.5x
DT DYNATRACE INC	14,831	24%	18%	19%	10.4x	8.7x	7.4x	0.4x	0.5x	0.4x	28%	26%	27%	41.6x	37.4x	29.5x
ESTC ELASTIC NV	13,074	17%	15%	17%	10.1x	8.7x	7.5x	0.6x	0.6x	0.4x	11%	11%	14%	...	67.6x	51.2x
EVBG EVERBRIDGE INC	1,243	4%	5%	6%	3.4x	3.2x	3.1x	0.9x	0.6x	0.5x	14%	17%	19%	56.4x	36.0x	25.4x
FIVN FIVE9 INC	4,348	17%	16%	18%	4.8x	4.2x	3.5x	0.3x	0.3x	0.2x	14%	15%	16%	50.1x	45.0x	24.6x
FROG JFROG LTD	4,826	25%	22%	22%	12.3x	10.1x	8.3x	0.5x	0.5x	0.4x	11%	13%	14%	59.6x	58.1x	44.9x
FRSH FRESHWORKS	6,505	20%	19%	19%	9.0x	7.6x	6.4x	0.5x	0.4x	0.3x	7%	8%	11%	63.0x	45.8x	34.6x
HUBS HUBSPOT INC	30,226	25%	18%	22%	13.7x	11.6x	9.5x	0.5x	0.7x	0.4x	15%	16%	18%	93.4x	69.7x	52.2x
INTU INTUIT INC	186,849	10%	12%	11%	12.7x	11.3x	10.2x	1.2x	0.9x	0.9x	39%	39%	39%	36.1x	37.9x	30.5x
JAMF JAMF HOLDING CORP	2,689	17%	13%	13%	5.1x	4.5x	4.0x	0.3x	0.3x	0.3x	8%	11%	14%	65.7x	43.1x	27.5x
LAW CS DISCO INC	475	2%	8%	13%	2.4x	2.2x	1.9x	1.4x	0.3x	0.1x	(26%)	(5%)	2%	...	...	...
MDB MONGODB INC	37,123	29%	22%	26%	22.0x	18.0x	14.3x	0.8x	0.8x	0.5x	14%	14%	17%	...	...	...
MONDAY MONDAY.COM LTD	9,114	41%	28%	27%	11.0x	8.6x	6.8x	0.3x	0.3x	0.3x	8%	7%	8%	39.3x	39.5x	30.0x
NOW SERVICENOW INC	159,226	24%	22%	22%	17.5x	14.3x	11.8x	0.7x	0.7x	0.5x	28%	29%	30%	57.9x	46.3x	36.5x
OKTA OKTA INC	13,529	22%	10%	12%	5.8x	5.3x	4.7x	0.3x	0.5x	0.4x	12%	17%	19%	30.6x	27.4x	23.5x
PAYC PAYCOM	10,399	23%	11%	12%	6.0x	5.4x	4.8x	0.3x	0.5x	0.4x	34%	31%	32%	34.8x	35.0x	27.2x
PCTY PAYLOCITY	9,793	29%	14%	14%	7.3x	6.4x	5.7x	0.3x	0.5x	0.4x	29%	29%	31%	35.8x	33.3x	27.7x
PD PAGERDUTY INC	2,228	16%	10%	13%	4.9x	4.5x	3.9x	0.3x	0.4x	0.3x	13%	15%	17%	30.0x	22.5x	18.1x
QLYS QUALYS INC	6,111	13%	10%	10%	10.3x	9.4x	8.5x	0.8x	1.0x	0.8x	42%	38%	38%	24.2x	26.0x	23.6x
SHOP SHOPIFY INC	85,759	26%	24%	25%	11.6x	9.3x	7.4x	0.4x	0.4x	0.3x	11%	14%	17%	90.5x	75.1x	41.0x
SMAR SMARTSHEET INC	5,682	26%	20%	20%	5.5x	4.6x	3.8x	0.2x	0.2x	0.2x	8%	10%	13%	39.8x	30.1x	19.6x
SNOW SNOWFLAKE INC	81,908	35%	30%	31%	28.2x	21.6x	16.5x	0.8x	0.7x	0.5x	7%	11%	15%	...	75.0x	55.9x
TEAM ATLISSIAN	53,124	22%	18%	23%	13.6x	11.5x	9.3x	0.6x	0.6x	0.4x	22%	20%	22%	49.4x	47.5x	36.2x
TWLO TWILIO INC - A	10,581	9%	4%	9%	1.8x	1.7x	1.6x	0.2x	0.4x	0.2x	13%	13%	13%	20.4x	17.0x	14.2x
WDAY WORKDAY	81,677	17%	17%	17%	10.8x	9.2x	7.9x	0.6x	0.5x	0.5x	24%	24%	25%	45.2x	37.6x	32.4x
ZI ZOOMINFO	7,091	13%	2%	5%	6.4x	6.2x	5.9x	0.5x	2.5x	1.2x	40%	39%	39%	19.4x	19.9x	18.9x
ZM ZOOM VIDEO	19,281	3%	3%	4%	2.9x	2.8x	2.7x	1.1x	0.9x	0.6x	39%	37%	37%	9.5x	8.4x	8.0x
ZS ZSCALER INC	33,385	41%	26%	25%	17.6x	14.0x	11.2x	0.4x	0.5x	0.4x	17%	18%	19%	69.2x	63.4x	46.0x
ZUO ZUORA INC	1,156	10%	9%	10%	2.5x	2.3x	2.1x	0.3x	0.3x	0.2x	4%	14%	18%	...	20.6x	NA
Average		18%	14%	15%	9.0x	7.7x	6.5x	0.5x	0.6x	0.4x	16%	18%	20%	42.6x	38.4x	30.6x
Median		17%	12%	14%	7.1x	6.4x	5.9x	0.4x	0.5x	0.4x	14%	17%	18%	35.9x	36.0x	27.5x

Source: BofA Global Research, company filings

BofA GLOBAL RESEARCH



Price objective basis & risk

Monday.com (MNDY)

Our PO is derived from a 10.7x 2025E EV/Revenue target multiple (0.3x growth adjusted). That is a premium to the high growth software and collaboration software peer groups at 8.4x and 5.1x, but in line on a growth-adjusted basis. We think that valuation is merited given MNDY's higher growth profile and margin expansion potential. Downside risks to our PO: 1) higher than expected user churn, 2) slower than expected incremental enterprise penetration, 3) weaker than expected adoption of recently introduced products, and 4) intensifying competition leading to pricing pressure.

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
	Datadog Inc	DDOG	DDOG US	Koji Ikeda, CFA
	DocuSign	DOCU	DOCU US	Brad Sills



US - Enterprise Software Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	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
	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
	Vertex, Inc.	VERX	VERX US	Brad Sills
RSTR				
	Splunk	SPLK	SPLK US	Brad Sills

iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity
Operating Margin
Earnings Growth
Free Cash Flow

Quality of Earnings

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

Valuation Toolkit

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

EV / EBITDA

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

Numerator

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

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

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

Denominator

Net Income
Depreciation
Pre-Tax Income
Total Equity
Interest Expense

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

Basic EBIT + Depreciation + Amortization

iQmethodSM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and valuations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

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Disclosures

Important Disclosures

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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