

Earnings Preview — October 25, 2023

Software

3Q23 (Sep) Preview: NET Best House in a Bad Neighborhood; Be Vigilant Heading into Q3 Earnings

Our Call

The on-calendar cybersecurity companies are set to start reporting Q3 results next week. We are cautious on nearly all the names heading into earnings, but believe NET has the least risk. We lowered estimates for FTNT and CHKP.

We are more cautious heading into the earnings cycle for all the on-calendar companies, given demand trends remained relatively similar to last quarter. We believe Cloudflare has arguably the least risk, as sentiment remains positive and management already reset estimates for the back half of the year. We lowered estimates for both FTNT and CHKP, as the out-year estimates looked aggressive relative to current and historical trends.

NET: Cloudflare reports 3Q23 earnings on **Thursday, November 2 at 5:00 PM ET**. We expect Q3 revenue modestly above the high-end of guide (\$330-331MM). While only 15% of sales are from the channel, we note that the results in our 3Q23 reseller survey have improved for 3 consecutive quarters. Investors remain bullish on the LT growth potential, and we believe the new AlaaS offering could quickly become the top growth driver. As such, we remain bullish into the print.

TENB: Tenable is scheduled to report 3Q23 earnings on **Wednesday, November 1 at 4:30 PM ET**. We were expecting stronger demand trends in our reseller survey, given the increasing number of breaches related to the MOVEit vulnerability. However, demand in the U.S. Federal sector was strong. We are concerned the consensus FY23 FCF estimate is not factoring in the impact of the Ermetic acquisition (\$14-16MM), though expectations remain relatively low. Therefore, we remain OW heading into the print.

FTNT: Fortinet is scheduled to report 3Q23 earnings on **Thursday, November 2 at 4:30 PM ET**. Checks in our reseller survey were strong (+22% net), but down from Q2 (+31% net). Investors are concerned the FY24 estimates are too high. Investors have also cited concerns with the Service Provider segment, which was problematic in 2Q23 and is still showing signs of weakness. We are lowering estimates for FY24 and our PT to \$70, but keeping an OW rating as the company's strong FCF margin remains intact.

CHKP: Check Point is scheduled to report 3Q23 earnings on **Monday, October 30 at 8:30 AM ET**. We expect Q3 Revenue at the midpoint of guidance (\$587.5MM), given checks remained positive (+11% net). We believe the consensus Product revenue estimate for Q4 is too high, as the Q/Q growth is well above the historical average. We lowered our Product revenue estimate, though Total Revenue could still be within the implied guidance for Q4 (\$597-767MM), given the close of the Perimeter 81 acquisition.

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Financials

\$ Company Name (Ticker)	Rating		Price 10/24/23	FY Rev. (MM)					FY EV/Revenue		Price Target	
				2022A	2023E	2023E	2024E	2024E				
	Curr.	Prior	Curr.	Prior	Curr.	Prior	2023	2024	To	From		
Software												
Check Point Software Technologies Ltd. (CHKP)*	EW	NC	\$136.28	1,057.9	1,066.1	1,058.0	1,119.9	1,129.4	14.0x	13.3x	\$132.00	NC
Cloudflare Inc. (NET)	OW	NC	\$59.63	974.6	1,285.0	NC	1,700.0	NC	15.3x	11.6x	\$80.00	NC
CyberArk Software Ltd. (CYBR)	EW	NC	\$167.15	591.7	731.0	NC	904.8	NC	10.0x	8.1x	\$155.00	NC
Fortinet, Inc. (FTNT)*	OW	NC	\$57.54	1,644.5	1,823.0	NC	2,028.0	2,307.2	23.5x	21.1x	\$70.00	\$85.00
Tenable Holdings, Inc. (TENB)	OW	NC	\$43.20	683.2	787.0	NC	920.5	NC	6.0x	5.1x	\$60.00	NC
Varonis Systems, Inc. (VRNS)	EW	NC	\$32.54	473.6	500.0	NC	556.9	NC	6.1x	5.5x	\$29.00	NC

* For CHKP estimates represent FCF (MM)

* For FTNT estimates represent FCF (MM)

Source: Company data and Wells Fargo Securities, LLC estimates, and Refinitiv.

OW = Overweight, EW = Equal Weight, UW = Underweight, NR = Not Rated, SR = Suspended

NA = Not Available, NC = No Change, NE = No Estimate, NM = Not Meaningful

Earnings Highlights

Expectations for the Quarter

We are more cautious heading into the earnings cycle for all the on-calendar companies, given demand trends remained relatively similar to last quarter. We believe Cloudflare has arguably the least risk, as sentiment remains positive and management already reset estimates for the back half of the year. We lowered estimates for both FTNT and CHKP, as the out-year estimates looked aggressive relative to current and historical trends.

What's Priced In

We are expecting more in-line quarters for TENB, CYBR and VRNS and left estimates unchanged.

Check Point (CHKP, Equal Weight, \$132 PT)

Check Point is scheduled to report 3Q23 (Sep) earnings results on **Monday, October 30 at 8:30 AM ET**. We expect Check Point to report Q3 Revenue at the midpoint of guidance (\$587.5MM), similar to prior quarters, given that our checks remained net positive (+11% net). That said, we are concerned the consensus Product revenue estimate for Q4 remains too high, as the sequential growth is well above the historical average (47% Q/Q for consensus vs. 34% historical average). As such, we lowered our Product revenue estimate for Q4, bringing it closer to the historical average. Total Revenue could still be within the implied guidance range for Q4 (\$597-767MM), given the close of the Perimeter 81 acquisition and its potential contribution to revenue. Nonetheless, we reiterate an Equal Weight rating and \$132 price target.

Check Point's Setup Into the Print

Shares of CHPK have outperformed the NASDAQ over the last 3 months (+5.4% vs. NASDAQ -7.0%), and short interest is somewhat high. Valuation is below average (12.9x EV/CY24E FCF vs. the peer group average of 22.0x). While short interest is somewhat high, shares are trading well below the peer group average, and we believe that expectations are low.

- Shares traded up 2.6% (NASDAQ -0.1%) the day the company reported 2Q23 (Jun) earnings on July 26.
- The stock has traded flat intra-quarter, trading up 0.2% from July 26 to October 23 (NASDAQ is -7.8% over the same period).
- Short interest is above the average of our coverage universe at 6.5% (4.6% average).
- Shares are now trading at 12.9x EV/CY24E FCF, which is a discount to the peer group average of 22.0x, with FCF growth expectations below the peer group average (4% Y/Y in CY24E vs. the peer group average of 26%).
- Our reseller checks were positive at +11% net, which is a downtick relative to last quarter (+21% net).

Key Topics for Check Point's 3Q23 (Sep) Earnings Call

- **4Q23 Product Revenue Estimates Likely Too High:** We believe the consensus estimate for Q4 product revenue is likely too high, given the historical sequential growth average over the last five years. On average, Q4 Product revenue has increased 34% Q/Q in Q4 over the last five years, though the current consensus estimate equates to 47% Q/Q growth. As such, **we lowered our Product revenue estimate to \$161.6MM (consensus \$170MM), which equates to 40% Q/Q growth.**
- **Expecting Modest Upside in Billings:** Check Point's Billings missed expectations last quarter due to a higher mix of Infinity deals, which have ratable payment terms and allow customers to not take possession of the hardware components for up to four quarters. Due to these trends, Billings is always a fairly volatile metric, though it is still important, and we note that Billings Growth has declined for two consecutive quarters. We expect Billings of \$558MM, which is flat Y/Y, and **given that checks remained net positive (+11% net), we would expect modest upside.**
- **Strong Traction with CloudGuard:** We believe Check Point is seeing strong demand for its cloud security solution called "CloudGuard". In our 3Q23 Reseller survey, 59% of resellers said CloudGuard was the top growth driver in the quarter. CloudGuard was also cited as the key product in a number of the largest deals we saw in the quarter. In addition, on September 22, Check Point announced that CloudGuard is eligible for purchase using Microsoft Azure Consumption commitments, which should help accelerate the growth of CloudGuard. In 2Q23, CloudGuard grew double digits, and we expect it to keep growing strong in this range.
- **Perimeter 81 Acquisition Now Part of Quantum SASE:** On September 13, Check Point completed the acquisition of the Secure Service Edge (SSE) solution Perimeter 81, which provides Zero Trust Network Access (ZTNA), Firewall-as-a-Service (FWaaS) and Secure Web Gateway (SWG) solutions. Following the close of this acquisition, Check Point then announced the availability of Quantum SASE on October 11, which includes the Perimeter 81 solutions. **Given they paid \$490MM for Perimeter 81, we would expect a modest revenue contribution in Q4, though management has not provided any guidance on it yet.**

Check Point's Historical Results Relative to Guidance and Consensus

Revenue Has Exceeded the Midpoint of Guidance by 0.7% Over the Last 4 Quarters

- Check Point has exceeded the midpoint of revenue guidance by 0.7% on average over the last four quarters as shown in the exhibit below.
 - From a dollar perspective, Check Point has exceeded the midpoint of revenue guidance by an average of \$3.9MM over the last four quarters.
 - Specifically in Q3, Check Point has exceeded the midpoint of revenue guidance by an average of 1.2% over the last five years.

Total Billings Has Missed Expectations in 5 of the Last 6 Quarters

- While Check Point does not provide total billings guidance, it is a key metric to measure, and the company has fallen short of the consensus estimate for total billings by an average of 3.0% over the last four quarters as shown in the exhibit below.
 - From a dollar perspective, Check Point has fallen short of the consensus estimate for total billings by an average of \$19.0MM over the last four quarters.
 - Specifically in Q3, Check Point has exceeded the consensus estimate for total billings by an average of 0.7% over the last five years.

Exhibit 1 - Check Point's Revenue Results Relative to Guidance
(\$ in millions)

Total Revenue					
Quarter	Guidance			Actual Results	% +/- vs Mid
	Low	Mid	High		
3Q23E	570	588	605		
2Q23	570	588	605	588.7	0.2%
1Q23	545	565	585	566.2	0.2%
4Q22	608	633	658	638.5	0.9%
3Q22	555	570	585	577.6	1.3%
2Q22	545	560	575	571.1	2.0%
1Q22	517	532	547	542.7	2.0%
4Q21	560	583	605	599.1	2.8%
3Q21	515	528	540	534.0	1.2%
2Q21	510	523	535	526.1	0.7%
1Q21	485	500	515	507.6	1.5%
4Q20	525	550	575	563.8	2.5%
3Q20	NA	NA	NA	509.0	NA
2Q20	NA	NA	NA	505.6	NA
1Q20	NA	NA	NA	486.5	NA
4Q19	527	542	557	543.8	0.3%
3Q19	480	490	500	490.9	0.2%
2Q19	474	487	500	488.1	0.2%
1Q19	460	470	480	471.8	0.4%
4Q18	NA	NA	NA	525.6	NA
3Q18	454	464	474	470.8	1.5%
2Q18	445	460	475	467.8	1.7%
1Q18	440	450	460	452.3	0.5%
4Q17	NA	NA	NA	506.0	NA
3Q17	430	448	465	454.6	1.6%
2Q17	440	453	465	458.6	1.3%
1Q17	420	430	440	435.5	1.3%
					vs Mid
Avg the last 4 quarters					0.7%
Avg 3Q the last 5yrs					1.2%

Source: Company filings, Factset and Wells Fargo Securities, LLC

Exhibit 2 - Check Point's Billings Results Relative to Consensus
(\$ in millions)

Total Billings			
Quarter	Consensus	Actual Results	% +/- vs Cons.
3Q23E	558.4		
2Q23	572.1	566.1	(1.0%)
1Q23	534.4	485.3	(9.2%)
4Q22	898.1	869.3	(3.2%)
3Q22	550.9	558.7	1.4%
2Q22	580.7	570.6	(1.7%)
1Q22	534.4	502.0	(6.1%)
4Q21	784.7	850.5	8.4%
3Q21	498.8	517.3	3.7%
2Q21	508.1	540.8	6.4%
1Q21	464.6	483.4	4.0%
4Q20	702	743.9	6.0%
3Q20	457.2	472.6	3.4%
2Q20	447.1	495.1	10.7%
1Q20	448.4	448.5	0.0%
4Q19	729.8	688.4	(5.7%)
3Q19	470.2	446.6	(5.0%)
2Q19	478.7	462.0	(3.5%)
1Q19	443.1	446.3	0.7%
4Q18	676.1	715.2	5.8%
3Q18	445.9	460.7	3.3%
2Q18	459.8	460.2	0.1%
1Q18	440.4	431.9	(1.9%)
4Q17	700	656.3	(6.2%)
3Q17	437.5	426.3	(2.6%)
2Q17	465.4	460.3	(1.1%)
1Q17	412.8	432.8	4.8%
			vs Consensus
Avg the last 4 quarters			(3.0%)
Avg 3Q the last 5yrs			0.7%

Source: Company filings, Factset and Wells Fargo Securities, LLC

Recap of Reseller Survey Results for Check Point

- Check Point's results downticked sequentially to +11% net (+21% net last quarter), with 25% of resellers Above Plan and 14% Below Plan.
 - This group of 34 resellers is cumulatively forecasting \$335MM in Check Point revenue in CY23, which equates to 14% of the consensus estimate (\$335MM out of the \$2.4B).
- There were 5 large resellers of Check Point in our survey, with 1 of the 5 reporting Above Plan results.

- The largest deal we saw in the quarter was an \$8MM 2-year new logo deal.
- The U.S. Federal sector likely had a minimal impact on the quarter, as we noted 5 deals totaling \$2.2MM, which equates to just 0.4% of the consensus estimate for 3Q23.
- See the link here for our full survey results: [3Q23 \(Sep\) Reseller Survey: +NET, +PANW, +CRWD, +ZS](#)

Check Point Valuation

We are reiterating our Equal Weight rating and \$132 price target (unchanged), which is based on 12.5x EV/CY24E FCF (unchanged). Our target multiple is a discount to the peer group average of 22.0x, but justified in our view due to lower Free Cash Flow growth assumptions (4% versus the peer group average of 26% in CY24).

Peer Group Valuations

Company	Ticker	Price	Wells Fargo Rating	Price Target	Market Value (\$MM)	Enterprise Value (\$MM)	EV/Revenue			FCF Growth			EV/FCF			FCF Margin 2023E	Rule of 40 2023E	FCF Margin 2024E	Rule of 40 2024E
							2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E				
Check Point Software Technologies Ltd.	CHKP	\$136.28	Equal Weight	\$132	\$16,245	\$14,659	6.3x	6.1x	5.8x	-9%	0%	4%	13.9x	13.8x	13.3x	44%	48%	44%	48%
Company	Ticker	Price	Wells Fargo Rating	Price Target	Market Value (\$MM)	Enterprise Value (\$MM)	Revenue Growth			FCF Growth			EV/FCF			FCF Margin 2023E	Rule of 40 2023E	FCF Margin 2024E	Rule of 40 2024E
							2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E				
Arista Networks, Inc.	ANET	\$190.49	Overweight	\$225	\$58,972	\$56,598	12.9x	9.8x	8.8x	-52%	257%	25%	127.2x	35.6x	28.4x	55%	87%	31%	42%
Cisco Systems, Inc.	CSCO	\$53.01	Equal Weight	\$57	\$214,719	\$200,680	3.7x	3.5x	3.4x	-1%	16%	1%	13.4x	11.5x	11.4x	61%	67%	30%	32%
Fortinet, Inc.	FTNT	\$57.54	Overweight	\$70	\$45,796	\$43,474	9.8x	8.0x	6.8x	20%	18%	23%	30.0x	25.3x	20.6x	63%	86%	33%	51%
Informatica, Inc. Class A	INFA	\$20.31	Overweight	\$25	\$5,862	\$6,901	4.6x	4.4x	4.1x	-13%	-30%	55%	23.9x	34.1x	22.0x	26%	31%	19%	25%
Splunk Inc.	SPLK	\$147.67	Equal Weight	\$157	\$28,167	\$29,597	8.1x	7.5x	6.7x	296%	104%	26%	69.3x	34.0x	26.9x	44%	52%	25%	37%
Palo Alto Networks, Inc.	PANW	\$252.07	Overweight	\$270	\$84,494	\$84,095	13.7x	11.2x	9.4x	76%	-2%	27%	30.9x	31.6x	24.9x	71%	93%	38%	57%
Mean							8.8x	7.4x	6.6x	54%	61%	26%	49.1x	28.7x	22.4x	53%	69%	29%	41%
Median							9.0x	7.8x	6.8x	10%	17%	26%	30.5x	32.8x	23.4x	58%	77%	31%	40%

Source: Company filings, FactSet and Wells Fargo Securities, LLC estimates

Note: All estimates reflect FactSet consensus as of 10/24/23

Cloudflare (NET, Overweight, \$80 PT)

Investment Conclusion

Cloudflare is scheduled to report 3Q23 (Sep) earnings results on **Thursday, November 2 at 5:00 PM ET**. We expect Cloudflare to report a solid quarter, highlighted by Total Revenue modestly above the high-end of guidance (\$330-331MM). While Cloudflare only derives 15% of total revenue through the channel, we note that the results in our 3Q23 reseller survey have improved for the third consecutive quarter (+27% net vs. +21% net in Q2). Investor sentiment toward NET remains positive, as investors are bullish on the long-term growth potential of the model. We believe the company is now well-positioned to capture more AI workloads via its AI-as-a-Service offering, which could quickly become the company's top growth driver. As such, we remain bullish into the print.

Cloudflare's Setup Into the Print

Shares of NET have underperformed the NASDAQ over the last 3 months (-11.3% vs. NASDAQ -7.0%). Short interest has increased to 6.8%, which is above the average (4.6%), though valuation remains relatively fair, as the stock is trading essentially in line with the peer group average (11.9x EV/CY24E Sales vs. the peer group average of 11.0x). That said, we believe investor sentiment on NET skews positive, as investors remain bullish on the long-term growth outlook.

- Shares traded up 6.9% (NASDAQ -0.4%) *the day after* the company reported 2Q23 (Jun) earnings on August 3.
 - The stock has traded lower intra-quarter, trading down 15.6% from August 4 to October 23 (NASDAQ is -6.4% over the same period).
- Shares are now trading at 11.9x EV/CY24E Sales, which is a premium to the peer group average of 11.0x, with revenue growth expectations above the peer group average (29% Y/Y in CY24E vs. the peer group average of 25%).
- Short interest is above the average of our coverage universe at 6.8% (4.6% average).
- Our reseller checks were positive at +27% net, which is an uptick relative to last quarter (+21% net).

Key Topics for Cloudflare's 3Q23 (Sep) Earnings Call

- **Revenue Growth Still the Key Metric to Watch:** Revenue is still the only metric that management guides to, as they do not guide to Billings and do not disclose ARR. Last quarter, total revenue of \$308.5MM exceeded the high-end of guidance (\$306MM), which equated to 32% Y/Y growth. Guidance for Q3 equates to a further deceleration in growth down to 30% at the midpoint, though recall that management said the macro environment stabilized in Q2. We saw a modest uptick in demand trends in our 3Q23 Reseller survey to +27% net (up from +21% net in 2Q23). As such, **we are expecting revenue to come in modestly above the high-end of guidance (\$330-331MM) again.**
- **Expecting NRR to Stabilize:** Investors will also watch the NRR trends in Q3, given that NRR has declined for five consecutive quarters, down to 115% in 2Q23. While management said NRR is a lagging indicator for the business, given that it is based on the trailing twelve months, we believe the stabilization of the macro and improving demand trends should enable NRR to stabilize.
- **Magic WAN Connector Should Help Drive SASE:** On 10/3, Cloudflare announced the general availability of Magic WAN Connector, a software solution pre-installed on Cloudflare-certified hardware to simplify connecting an organization's existing network hardware to Cloudflare's network. This is effectively a light-weight SD-WAN solution that can be set up in minutes to direct network traffic to Cloudflare and gain visibility into traffic flows on the network. Organizations can apply zero-trust security policies across public and private traffic, without needing other security tools such as VPNs, SD-WANs or firewalls. **We believe this will enable Cloudflare to be included in Gartner's Single Vendor SASE Magic Quadrant on the next iteration, and should also help drive near-term demand for Cloudflare One.**
- **Positive Feedback on New AI-as-a-Service Offering:** We have spoken with a number of AI experts and continue to hear positive feedback on the new AI-as-a-Service offering Cloudflare launched on September 27. The new offering is a one-stop-shop for building and running LLMs. **We believe the company is now well-positioned to capture more AI workloads, which could quickly become the company's top growth driver.** That said, investors have questioned how it will differ from

other offerings like those from Pinecone, MongoDB, etc. We believe small tech startups will likely leverage this service, though mid/large enterprises will likely defer to building their own stack.

Cloudflare's Historical Results Relative to Guidance and Consensus

Revenue Has Exceeded the High-End of Guidance by 0.4% Over the Last 4 Quarters

- Cloudflare has exceeded the high-end of revenue guidance by 0.4% on average over the last four quarters as shown in the exhibit below.
 - From a dollar perspective, Cloudflare has exceeded the high-end of revenue guidance by an average of \$1.2MM over the last four quarters.
 - Specifically in Q3, Cloudflare has exceeded the high-end of revenue guidance by an average of 5.1% over the last three years.

Total Billings Has Exceeded Consensus by 2.2% Over the Last 4 Quarters

- While Cloudflare does not provide total billings guidance, it is a key metric to measure, and the company has exceeded the consensus estimate for total billings by an average of 2.2% over the last four quarters as shown in the exhibit below.
 - From a dollar perspective, Cloudflare has exceeded the consensus estimate for total billings by an average of \$6.8MM over the last four quarters.
 - Specifically in Q3, Cloudflare has exceeded the consensus estimate for total billings by an average of 6.8% over the last three years.

Exhibit 3 - Cloudflare's Billings Results Relative to Consensus
(\$ in millions)

Total Billings			
Quarter	Consensus	Actual Results	% +/- vs Cons.
3Q23E	352.5		
2Q23	334.6	343.1	2.5%
1Q23	312.6	312.1	(0.2%)
4Q22	307.0	325.0	5.9%
3Q22	270.2	271.3	0.4%
2Q22	242.5	259.9	7.2%
1Q22	224.0	228.2	1.9%
4Q21	191.7	217.8	13.6%
3Q21	172.0	184.8	7.4%
2Q21	152.5	165.5	8.5%
1Q21	136.9	152.7	11.5%
4Q20	119.6	132.7	10.9%
3Q20	105.9	119.2	12.6%
2Q20	98.2	106.6	8.6%
1Q20	95.3	97.7	2.5%
4Q19	80.1	84.9	6.0%
vs Consensus			
Avg the last 4 quarters			2.2%
Avg 3Q the last 3yrs			6.8%

Source: Company filings, Factset and Wells Fargo Securities, LLC

Exhibit 4 - Cloudflare's Revenue Results Relative to Guidance
(\$ in millions)

Total Revenue					
Quarter	Guidance			Actual Results	% +/- vs High
	Low	Mid	High		
3Q23E	330	331	331		
2Q23	305	306	306	308.5	0.8%
1Q23	290	291	291	290.2	(0.3%)
4Q22	274	274	275	274.7	0.1%
3Q22	250	251	251	253.9	1.1%
2Q22	227	227	228	234.5	3.1%
1Q22	205	206	206	212.2	3.0%
4Q21	184	185	185	193.6	4.6%
3Q21	165	166	166	172.3	3.8%
2Q21	146	146	147	152.4	4.0%
1Q21	130	131	131	138.1	5.4%
4Q20	118	118	119	125.9	6.3%
3Q20	103	103	104	114.2	10.3%
2Q20	94	94	95	99.7	5.5%
1Q20	87	88	88	91.3	3.7%
4Q19	79	79	80	83.9	5.6%
vs High					
Avg the last 4 quarters					0.4%
Avg 3Q the last 3yrs					5.1%

Source: Company filings, Factset and Wells Fargo Securities, LLC

Recap of Reseller Survey Results for Cloudflare

- Cloudflare had the strongest net results in our survey, with 40% of resellers Above Plan and just 13% Below Plan (+27% net). We note this is the 3rd consecutive quarter that the results have improved.
 - Cloudflare only derives ~15% of total revenue from resellers, though this group of 21 resellers is cumulatively forecasting \$140MM in Cloudflare revenue in CY23, which equates to 11% of the consensus estimate (\$140MM out of \$1.29B).
- There were 9 large resellers of Cloudflare in our survey, and 4 of the 9 were Above Plan.
- Large deal activity was also strong this quarter, as we noted two deals in the \$5-7MM range and two deals in the \$2-3MM range.
- Demand from the U.S. Federal sector had a minimal impact on the quarter, as we only noted 7 deals totaling \$920K, which equates to 0.3% of the consensus estimate for 3Q23.

- See the link here for our full survey results: [3Q23 \(Sep\) Reseller Survey: +NET, +PANW, +CRWD, +ZS](#)

Cloudflare Valuation

We reiterate our Overweight rating and \$80 price target (unchanged), which is based on 16.0x EV/CY24E Sales (unchanged). Our target multiple is a premium to the peer group average of 11.0x, but justified, in our view, due to higher growth assumptions (29%+ in CY24 versus 25% for the peer group average).

Peer Group Valuations

Company	Ticker	Price	Wells Fargo Rating	Price Target	Market Value (\$MM)	Enterprise Value (\$MM)	Revenue Growth			EV/Revenue			EV/FCF			FCF Margin 2023E	Rule of 40 2023E	FCF Margin 2024E	Rule of 40 2024E
							2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E				
Cloudflare Inc Class A	NET	\$59.63	Overweight	\$80	\$20,484	\$20,191	49%	32%	29%	20.7x	15.7x	12.1x	NM	229.8x	171.4x	7%	39%	7%	36%
Company	Ticker	Price	Wells Fargo Rating	Price Target	Market Value (\$MM)	Enterprise Value (\$MM)	Revenue Growth			Revenue Growth			NM			FCF Margin 2023E	Rule of 40 2023E	FCF Margin 2024E	Rule of 40 2024E
							2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E				
CrowdStrike Holdings, Inc. Class A	CRWD	\$182.82	Overweight	\$200	\$44,269	\$41,843	54%	36%	28%	18.7x	13.8x	10.7x	61.8x	45.2x	33.7x	30%	66%	32%	60%
Datadog Inc Class A	DDOG	\$87.86	Overweight	\$120	\$30,624	\$29,179	63%	23%	22%	17.4x	14.2x	11.6x	82.5x	61.8x	47.7x	23%	46%	24%	47%
MongoDB, Inc. Class A	MDB	\$352.04	NR	NA	\$25,116	\$24,284	47%	27%	23%	19.4x	15.3x	12.5x	NM	234.5x	121.9x	7%	33%	10%	33%
ServiceNow, Inc.	NOW	\$554.39	Overweight	\$650	\$113,262	\$111,303	23%	23%	22%	15.4x	12.5x	10.3x	51.1x	41.5x	33.0x	30%	53%	31%	53%
Snowflake, Inc. Class A	SNOW	\$151.12	Overweight	\$200	\$49,824	\$46,023	71%	35%	31%	23.1x	17.1x	13.1x	99.0x	66.1x	48.1x	26%	61%	27%	58%
Atlassian Corp Class A	TEAM	\$190.60	Overweight	\$230	\$49,225	\$48,003	30%	21%	20%	15.1x	12.5x	10.4x	59.7x	51.8x	41.8x	24%	45%	25%	45%
Zscaler, Inc.	ZS	\$164.79	Overweight	\$200	\$25,924	\$23,824	57%	34%	27%	17.7x	13.2x	10.4x	86.0x	62.4x	45.8x	21%	55%	23%	50%
Mean							49%	28%	25%	18.1x	14.1x	11.3x	73.4x	80.5x	53.2x	23%	51%	25%	49%
Median							54%	27%	23%	17.7x	13.8x	10.7x	72.2x	61.8x	45.8x	24%	53%	25%	50%

Source: Company filings, FactSet and Wells Fargo Securities, LLC estimates

Note: (1) All estimates reflect FactSet consensus as of 10/24/23. (2) NOW, SNOW, and TEAM are covered by Wells Fargo Securities, LLC analyst Michael Turrin.

CyberArk (CYBR, Equal Weight, \$155 PT)

Investment Conclusion

CyberArk is scheduled to report 3Q23 (Sep) earnings results on **Thursday, November 2 at 8:30 AM ET**. We expect CyberArk to report at or slightly above the high-end of revenue guidance, similar to last quarter. Our 3Q23 Reseller survey results were still net negative (-5% net), though they were unchanged from the prior quarter. We believe the recent cyber attacks on Caesar's Palace and MGM highlight the importance of a strong PAM solution, though they likely did not have much of an impact on the Q3 results. However, those attacks likely did contribute to the pipeline for Q4. With the stock trading at 7.9x EV/Sales, the company would have to see a significant inflection in growth in order to warrant a double-digit multiple, which we believe is unlikely. As such, we believe valuation is fairly balanced heading into the print.

CyberArk's Setup Into the Print

Shares of CYBR have outperformed the NASDAQ over the last 3 months (+8.2% vs. NASDAQ -7.0%). Short interest has remained below average (4.1% versus 4.6% average), while valuation is above average (7.9x EV/CY24E Sales vs. the peer group average of 5.9x). We believe investor sentiment is skewed positive, as investors continue to highlight the company's 80%+ Y/Y growth in SaaS revenue, though we note that SaaS is still only 39% of total revenue.

- Shares traded up 13.0% (NASDAQ +0.1%) the day the company reported 2Q23 (Jun) earnings on August 10.
 - The stock has continued to trade higher intra-quarter, trading up 3.1% from August 10 to October 24 (NASDAQ is -4.5% over the same period).
- Shares are now trading at 7.9x EV/CY24E Sales, which is a premium to the peer group average of 5.9x, driven by higher revenue growth expectations relative to the peer group (24% Y/Y in CY24E vs. the peer group average of 17%).
- Short interest is slightly below the average of our coverage universe at 4.1% (4.6% average).
- Our reseller checks were -5% net, which is unchanged from last quarter (-5% net in 2Q23).

Key Topics for CyberArk's 3Q23 (Sep) Earnings Call

- **SaaS Revenue Growth the Key Metric to Watch:** CyberArk's SaaS revenue increased 82% Y/Y last quarter, accounting for 39% of total revenue. This is the key metric investors will likely be focused on, and **we expect the SaaS mix to continue increasing to the 40-41% range**, which would equate to roughly 70% Y/Y growth. We note management is pushing on-premise perpetual customers towards 1-year renewals as opposed to letting them renew for another 3 years. This should help accelerate the conversion of the Maintenance revenue stream, which is still over \$200MM.
- **Recent Attacks Highlight Need for PAM:** We believe the recent cyber attacks on MGM and Caesar's Palace highlight the need for a strong Privileged Access Management (PAM) solution, given that privileged escalation tactics were used in both attacks. **We believe this should contribute to the pipeline in Q4, but did not have much of an impact on the Q3 results.**
- **Subscription Net New ARR Estimates for Q3 Seem Reasonable:** Another key metric to watch is net new ARR, and more specifically, the Subscription Net New ARR. Management said they expect the Subscription Net New ARR in the back half of the year to be flat Y/Y, which seems reasonable considering our reseller checks were largely unchanged in Q3 relative to Q2. **To get upside in this metric, the company could benefit from the deals in Q1 that were downsized**, as management said those deals would likely come back in the back half of the year.
- **Solid Large Deal Activity:** We saw solid large deal activity for CyberArk in our 3Q23 (Sep) Reseller survey, including three deals in the \$5-9MM range. Last quarter, management said they saw better execution on large deals after a number of deals downsized in Q1. Management said they expect market stabilization and noted that some of the downsized deals are still in the pipeline. Given that 7-figure deals are fairly rare for CyberArk, **we believe the activity this quarter should contribute to the net new ARR growth.**

CyberArk's Historical Results Relative to Guidance and Consensus

Revenue Has Been Below the High-End of Guidance by 1.4% Over Last 4 Quarters

- CyberArk has fallen short of the high-end of revenue guidance by an average of 1.4% over the last four quarters as shown in the Exhibit below.
 - From a dollar perspective, CyberArk has fallen short of the high-end of revenue guidance by an average of \$2.4MM over the last four quarters.
 - Specifically in Q3, CyberArk has exceeded the high-end of revenue guidance by an average of 0.7% over the last six years.

Total ARR Has Exceeded Consensus by 2.4% Over Last 4 Quarters

- Management does not provide quarterly ARR guidance, but does provide annual ARR guidance.
- CyberArk has exceeded the consensus estimate for total ARR by an average of 2.4% over the last four quarters as shown in the exhibit below.
 - From a dollar perspective, CyberArk has exceeded the consensus estimate for total ARR guidance by an average of \$13.9MM over the last four quarters.
 - Specifically in Q3, CyberArk has exceeded the consensus estimate for total ARR by an average of 2.5% over the last two years.

Exhibit 5 - CyberArk's Revenue Results Relative to Guidance
(\$ in millions)

Total Revenue					
Quarter	Guidance			Actual Results	% +/- vs High
	Low	Mid	High		
3Q23E	181.5	184.0	186.5		
2Q23	170	173	175	175.8	0.5%
1Q23	160	162	164	161.7	(1.4%)
4Q22	170	173	177	169.2	(4.4%)
3Q22	147	150	153	152.7	(0.2%)
2Q22	135	138	141	142.3	0.9%
1Q22	125	129	133	127.6	(4.1%)
4Q21	140	144	148	151.3	2.2%
3Q21	116	120	124	121.6	(1.9%)
2Q21	111	115	119	117.2	(1.5%)
1Q21	106	109	112	112.8	0.7%
4Q20	125	130	135	144.5	7.1%
3Q20	107	111	115	106.6	(7.3%)
2Q20	95	100	105	106.5	1.4%
1Q20	106	108	110	106.8	(2.9%)
4Q19	125	126	127	129.7	2.1%
3Q19	102	103	104	108.1	3.9%
2Q19	96	97	98	100.2	2.2%
1Q19	91	92	93	95.9	3.1%
4Q18	95	96	96	109.1	13.2%
3Q18	78	79	79	84.7	6.8%
2Q18	72	73	74	77.7	5.7%
1Q18	68	69	70	71.8	2.8%
4Q17	75	76	76	80.4	5.7%
3Q17	62	63	63	64.8	2.9%
2Q17	57	57	58	57.5	(0.0%)
1Q17	57	58	58	59.0	1.8%
					vs High
Avg the last 4 quarters					(1.4%)
Avg 3Q the last 6yrs					0.7%

Company filings, Factset and Wells Fargo Securities, LLC

Exhibit 6 - CyberArk's ARR Results Relative to Consensus
(\$ in millions)

Quarter	Total ARR		% +/- vs Cons.
	Consensus	Actual Results	
3Q23E	693.0		
2Q23	638.0	653.0	2.3%
1Q23	591.7	604.0	2.1%
4Q22	555.3	570.0	2.6%
3Q22	498.5	512.0	2.7%
2Q22	451.7	465.0	2.9%
1Q22	412.5	427.0	3.5%
4Q21	375.3	393.0	4.7%
3Q21	336.3	344.0	2.3%
2Q21	313.5	315.0	0.5%
1Q21	290.9	288.0	(1.0%)
4Q20	NA	274.0	NA
3Q20	NA	250.0	NA
2Q20	NA	234.0	NA
1Q20	NA	205.0	NA
4Q19	NA	193.0	NA
3Q19			
2Q19			
1Q19			
4Q18			
3Q18			
2Q18			
1Q18			
4Q17			
3Q17			
2Q17			
1Q17			
			vs Consensus
Avg the last 4 quarters			2.4%
Avg 3Q the last 2yrs			2.5%

Source: Company filings, Factset and Wells Fargo Securities, LLC

Recap of Reseller Survey Results for CyberArk

- CyberArk's results were unchanged relative to last quarter, but still remained net negative (-5% vs -5% in 2Q23).
 - This group of 17 resellers is cumulatively forecasting \$165MM in CyberArk revenue in CY23, which equates to 22% of the consensus estimate (\$165MM out of \$731MM).
- There were 5 large resellers of CyberArk in our survey, with 4 In Line With Plan and 1 Below Plan.

- The U.S. Federal sector likely had a minimal impact on the quarter, as we noted 12 deals totaling \$1.2MM, which equates to just 0.6% of the consensus estimate for 3Q23.
- See the link here for our full survey results: [3Q23 \(Sep\) Reseller Survey: +NET, +PANW, +CRWD, +ZS](#)

CyberArk Valuation

We are reiterating an Equal Weight rating and \$155 price target (unchanged), which is based on 7.5x EV/CY24E Sales (unchanged). Our target multiple is a premium to the peer group average of 5.9x, which we believe is justified due higher long-term growth assumptions (mid-20s in CY24 vs. the peer group average of 17%), partially offset by lower profitability and Free Cash Flow.

Peer Group Valuations

Company	Ticker	Price	Wells Fargo Rating	Price Target	Market Value (\$MM)	Enterprise Value (\$MM)	Revenue Growth			EV/Revenue			EV/FCF			FCF Margin		Rule of 40	
							2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	2023E	2023E	2024E	2024E
CyberArk Software Ltd.	CYBR	\$167.15	Equal Weight	\$155	\$7,700	\$7,366	-42%	151%	24%	25.2x	10.1x	8.1x	198.0x	199.4x	79.0x	5%	156%	10%	35%
Company	Ticker	Price	Wells Fargo Rating	Price Target	Market Value (\$MM)	Enterprise Value (\$MM)	Revenue Growth			Revenue Growth			EV/FCF			FCF Margin		Rule of 40	
							2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	2023E	2023E	2024E	2024E
Elastic NV	ESTC	\$80.80	Equal Weight	\$70	\$8,188	\$8,122	28%	15%	18%	7.9x	6.8x	5.8x	4426.4x	81.0x	45.1x	8%	24%	13%	31%
Okta, Inc. Class A	OKTA	\$71.91	Overweight	\$95	\$12,584	\$11,929	43%	19%	16%	6.4x	5.4x	4.7x	183.5x	35.7x	28.0x	15%	34%	17%	32%
Qualys, Inc.	QLYS	\$157.26	NR	NA	\$5,773	\$5,573	19%	13%	12%	11.4x	10.1x	9.0x	30.4x	27.8x	25.1x	36%	49%	36%	48%
SentinelOne, Inc. Class A	S	\$16.30	Equal Weight	\$17	\$4,779	\$4,047	106%	43%	32%	9.6x	6.7x	5.1x	NM	NM	193.9x	-15%	28%	3%	34%
Tenable Holdings, Inc.	TENB	\$43.20	Overweight	\$60	\$5,186	\$4,902	26%	15%	16%	7.2x	6.2x	5.4x	38.3x	28.1x	22.0x	22%	38%	24%	40%
Varonis Systems, Inc.	VRNS	\$32.54	Equal Weight	\$29	\$4,142	\$3,638	21%	6%	10%	7.7x	7.3x	6.6x	7659.2x	84.9x	66.5x	9%	14%	10%	20%
Mean							41%	19%	17%	8.4x	7.1x	6.1x	2467.6x	51.5x	63.4x	13%	31%	17%	34%
Median							27%	15%	16%	7.8x	6.8x	5.6x	183.5x	35.7x	36.6x	12%	31%	15%	33%

Source: Company filings, FactSet and Wells Fargo Securities, LLC estimates

Note: All estimates reflect FactSet consensus as of 10/24/23

Fortinet (FTNT, Overweight, \$70 PT)

Investment Conclusion

Fortinet is scheduled to report 3Q23 (Sep) earnings results on **Thursday, November 2 at 4:30 PM ET**. Fortinet had the second best net results in our 3Q23 reseller survey (+22% net), but the results were a downtick from the prior quarter. Sentiment on the stock also continues to decline, as investors remain concerned that the FY24 estimates are too high. Investors have also cited concerns with weakness in the Service Provider segment, which was problematic last quarter, as it only increased 1% Y/Y. Based on these trends, we are lowering our estimates for FY24, which are now well below consensus. We are also lowering our price target to \$70 (previously \$85), but maintaining an Overweight rating, as we believe the company's strong Free Cash Flow growth and margin remain intact.

Fortinet's Setup Into the Print

Shares of FTNT have underperformed the NASDAQ over the last 3 months (-27.5% vs. NASDAQ -7.0%). Short interest is below average (1.8% vs 4.6% average) as is valuation (20.1x EV/CY24E FCF vs. the peer group average of 25.0x). While the stock has traded down significantly since the last earnings call and shares are trading below the peer group average, we believe that sentiment remains negative.

- Shares traded down 25.1% (NASDAQ -0.4%) *the day after* the company reported 2Q23 (Jun) earnings on August 3.
 - The stock has traded lower intra-quarter, trading down 1.2% from August 4 to October 23 (NASDAQ is -6.4% over the same period).
- Shares are now trading at 20.1x EV/CY24E FCF, which is a significant discount to the peer group average of 25.0x, despite FCF growth only slightly below the peer group average (23% Y/Y in CY24E vs. the peer group average of 26%).
- Short interest is below the average of our coverage universe at 1.8% (4.6% average).
- Our reseller checks were net positive at +22% net, though that was a downtick relative to last quarter (+31% net).

Key Topics for Fortinet's 3Q23 (Sep) Earnings Call

- **Billings the Key Metric to Watch:** Investors will likely remain focused on Total Billings in Q3, given the company missed guidance last quarter when Billings of \$1.54B came in below guidance of \$1.56-1.60B. Management attributed the miss to a modest 1.5 month decline in the average contract duration (28 months down from 29 months in 2Q22). Customers chose shorter contracts, particularly in the retail sector, where the macro has more of an impact. Management did apply lower close rate assumptions to the Q3 guidance, and guidance is essentially flat Q/Q. As such, **we would expect Billings to come in at or above the midpoint of guidance for Q3.**
- **Service Provider Weakness Could Continue:** Management said the Service Provider segment (15% of total revenue) was below expectations last quarter with growth of just 1% Y/Y. They attributed this weakness to slow adoption of FortiSASE by their service provider customers. This quarter, we saw a number of vendors with exposure to the service provider segment and some services providers including Ericsson negatively preannounce results. As such, **we would expect another headwind to Billings growth from this segment in Q3.**
- **Expecting Steep Deceleration in Product Revenue Growth:** We are expecting a steep deceleration in product revenue growth this quarter down to just 4% Y/Y (down from 18% in Q2). This is largely attributable to the decline in backlog, which management said fell to \$100MM in Q2. They expect it to reach normal levels in Q3, which is roughly \$50MM. As such, Product revenue growth will not get a boost from the draw down from backlog, like it has over the last two years.
- **New Google Partnership Should Accelerate FortiSASE:** Fortinet announced a new partnership with Google on October 18, whereby the FortiSASE solution would leverage the Google Cloud network. Google has 187 network edge locations, which is synonymous with PoPs (see link [HERE](#)). We note that Zscaler now has over 240 PoPs via their expanded partnership with Equinix. We believe Fortinet's partnership with Google should help accelerate the adoption of FortiSASE, and though we note that Fortinet's long-term strategy is still to own their PoPs. As such, we would not expect a change in the Capex outlook.

Fortinet's Historical Results Relative to Guidance and Consensus

Revenue Has Been in Line With the High-End of Guidance Over Last 4 Quarters

- Fortinet has been in line with the high-end of revenue guidance (+0.1% on average) over the last four quarters as shown in the exhibit below. Specifically, Fortinet has alternated between being above and below the high-end of revenue guidance over the last 8 quarters.
 - From a dollar perspective, Fortinet has been below the high-end of revenue guidance by an average of \$0.6MM over the last four quarters.
 - Specifically in Q3, Fortinet has exceeded the high-end of revenue guidance by an average of 1.7% over the last six years.

Total Billings Has Been Below the High-End of Guidance by 0.4% Over the Last 4 Quarters

- Fortinet has been below the high-end of total billings guidance by an average of 0.4% over the last four quarters as shown in the exhibit below.
 - From a dollar perspective, Fortinet has been below the high-end of total billings guidance by an average of \$26.6MM over the last four quarters.
 - Specifically in Q3, Fortinet has exceeded the high-end of total billings guidance by an average of 3.1% over the last six years.

Exhibit 7 - Fortinet's Revenue Results Relative to Guidance
(\$ in millions)

Quarter	Guidance			Actual Results	% +/- vs High
	Low	Mid	High		
3Q23E	1315	1345	1375		
2Q23	1,280	1,300	1,320	1,292.8	(2.1%)
1Q23	1,180	1,200	1,220	1,262.3	3.5%
4Q22	1,275	1,295	1,315	1,283.0	(2.4%)
3Q22	1,105	1,120	1,135	1,149.5	1.3%
2Q22	1,005	1,020	1,035	1,030.1	(0.5%)
1Q22	865	880	895	954.8	6.7%
4Q21	940	955	970	963.6	(0.7%)
3Q21	800	808	815	867.2	6.4%
2Q21	733	740	747	801.1	7.2%
1Q21	670	678	685	710.3	3.7%
4Q20	710	720	730	748.0	2.5%
3Q20	630	638	645	651.1	0.9%
2Q20	590	598	605	615.5	1.7%
1Q20	555	560	565	576.9	2.1%
4Q19	595	603	610	614.4	0.7%
3Q19	525	533	540	547.5	1.4%
2Q19	505	510	515	521.7	1.3%
1Q19	465	470	475	472.6	(0.5%)
4Q18	490	495	500	507.0	1.4%
3Q18	445	450	455	453.9	(0.2%)
2Q18	420	425	430	441.3	2.6%
1Q18	387	390	393	399.0	1.5%
4Q17	404	408	412	416.7	1.1%
3Q17	367	370	373	374.2	0.3%
2Q17	357	360	363	363.5	0.1%
1Q17	330	333	335	340.6	1.7%
					vs High
Avg the last 4 quarters					0.1%
Avg Q3 the last 6yrs					1.7%

Source: Company filings, FactSet and Wells Fargo Securities, LLC

Exhibit 8 - Fortinet's Billings Results Relative to Guidance
(\$ in millions)

Quarter	Guidance			Actual Results	% +/- vs High
	Low	Mid	High		
3Q23E	1560	1590	1620		
2Q23	1,560	1,580	1,600	1,540.5	(3.7%)
1Q23	1,415	1,440	1,465	1,502.9	2.6%
4Q22	1,165	1,443	1,720	1,719.0	(0.1%)
3Q22	1,385	1,400	1,415	1,411.0	(0.3%)
2Q22	1,225	1,245	1,265	1,304.2	3.1%
1Q22	1,050	1,070	1,090	1,159.8	6.4%
4Q21	1,165	1,190	1,215	1,305.8	7.5%
3Q21	940	950	960	1,064.1	10.8%
2Q21	860	870	880	960.9	9.2%
1Q21	765	773	780	850.6	9.1%
4Q20	890	905	920	960.9	4.4%
3Q20	705	718	730	749.8	2.7%
2Q20	700	713	725	711.5	(1.9%)
1Q20	635	645	655	667.8	2.0%
4Q19	750	758	765	802.3	4.9%
3Q19	600	608	615	626.6	1.9%
2Q19	585	595	605	622.4	2.9%
1Q19	515	525	535	551.6	3.1%
4Q18	620	628	635	649.2	2.2%
3Q18	500	508	515	527.5	2.4%
2Q18	485	490	495	513.4	3.7%
1Q18	449	453	457	463.2	1.4%
4Q17	510	518	525	534.0	1.7%
3Q17	417	422	427	431.7	1.1%
2Q17	425	429	432	426.9	(1.2%)
1Q17	380	384	388	403.3	3.9%
					vs High
Avg the last 4 quarters					(0.4%)
Avg Q3 the last 6yrs					3.1%

Source: Company filings, FactSet and Wells Fargo Securities, LLC

Recap of Reseller Survey Results for Fortinet

- Fortinet had the second best net results in the survey, with 35% of resellers Above Plan and just 13% Below Plan (+22% net). However, the results downticked relative to last quarter (+31% net).
 - This group of 32 resellers is cumulatively forecasting \$384MM in Fortinet revenue in CY23, which equates to 7% of the consensus estimate (\$384MM out of \$5.41B).

- There were 8 large resellers of Fortinet in our survey, with 3 of the 8 reporting Above Plan results. Interestingly, these large resellers did not account for all the large deals in the quarter, as we saw larger deals from some of the smaller resellers in our survey.
- The U.S. Federal sector likely had a minimal impact on the quarter, as we noted 18 deals totaling \$5.4MM, which equates to just 0.4% of the consensus estimate for 3Q23.
- See the link here for our full survey results: [3Q23 \(Sep\) Reseller Survey: +NET, +PANW, +CRWD, +ZS](#)

Fortinet Valuation

We reiterate our Overweight rating and lower our price target to \$70 (previously \$85), which is based on 26.3x EV/C24E Free Cash Flow (previously 28.3x). Our target multiple is a slight premium to the peer group average of 25.0x, which we view as justified due to modestly higher revenue growth assumptions (18%+ in CY24E vs 12% for the peer group).

Peer Group Valuations

Company	Ticker	Price	Wells Fargo Rating	Price Target	Market Value (\$MM)	Enterprise Value (\$MM)	EV/Revenue			FCF Growth			EV/FCF			FCF Margin 2023E	Rule of 40 2023E	FCF Margin 2024E	Rule of 40 2024E
							2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E				
Fortinet, Inc.	FTNT	\$57.54	Overweight	\$70	\$45,796	\$43,474	9.8x	8.0x	6.8x	20%	18%	23%	30.0x	25.3x	20.6x	32%	54%	33%	51%
Company	Ticker	Price	Wells Fargo Rating	Price Target	Market Value (\$MM)	Enterprise Value (\$MM)	Revenue Growth			FCF Growth			EV/FCF			FCF Margin 2023E	Rule of 40 2023E	FCF Margin 2024E	Rule of 40 2024E
							2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E				
Adobe Incorporated	ADBE	\$539.56	Overweight	\$650	\$245,662	\$244,238	13.8x	12.5x	11.1x	7%	6%	14%	32.7x	30.9x	27.1x	40%	51%	41%	53%
Akamai Technologies, Inc.	AKAM	\$104.27	NR	NA	\$15,819	\$18,493	5.1x	4.9x	4.6x	-3%	-23%	29%	22.2x	28.9x	22.4x	17%	21%	20%	27%
Salesforce, Inc.	CRM	\$204.22	Overweight	\$275	\$196,706	\$202,813	6.6x	5.9x	5.3x	20%	25%	28%	32.6x	26.1x	20.3x	23%	34%	26%	37%
Informatica, Inc. Class A	INFA	\$20.31	Overweight	\$25	\$5,862	\$6,901	4.6x	4.4x	4.1x	-13%	-30%	55%	23.9x	34.1x	22.0x	13%	18%	19%	25%
Microsoft Corporation	MSFT	\$330.53	Overweight	\$400	\$2,455,518	\$2,437,899	11.9x	10.9x	9.6x	4%	0%	16%	39.0x	38.8x	33.3x	28%	37%	29%	42%
Palo Alto Networks, Inc.	PANW	\$252.07	Overweight	\$270	\$84,494	\$84,095	13.7x	11.2x	9.4x	76%	-2%	27%	30.9x	31.6x	24.9x	36%	57%	38%	57%
Qualys, Inc.	QLYS	\$157.26	NR	NA	\$5,773	\$5,573	11.4x	10.1x	9.0x	4%	9%	11%	30.4x	27.8x	25.1x	36%	49%	36%	48%
Splunk Inc.	SPLK	\$147.67	Equal Weight	\$157	\$28,167	\$29,597	8.1x	7.5x	6.7x	296%	104%	26%	69.3x	34.0x	26.9x	22%	30%	25%	37%
Mean							9.4x	8.4x	7.5x	49%	11%	26%	35.1x	31.5x	25.2x	27%	37%	29%	41%
Median							9.7x	8.8x	7.8x	6%	3%	27%	31.8x	31.3x	25.0x	25%	36%	28%	39%

Source: Company filings, FactSet and Wells Fargo Securities, LLC estimates

Notes (1): All estimates reflect FactSet consensus as of 10/24/23. (2) ADBE, CRM and MSFT are covered by Wells Fargo Securities, LLC analyst Michael Turrin.

Tenable (TENB, Overweight, \$60 PT)

Investment Conclusion

Tenable is scheduled to report 3Q23 (Sep) earnings results on **Wednesday, November 1 at 4:30 PM ET**. Results from our reseller survey were modestly below expectations, as we were expecting stronger demand trends given the increasing number of breaches we have seen related to the MOVEit vulnerability. However, demand trends from the U.S. Federal sector were strong this quarter, which should offset some of the weaker trends we saw in the enterprise space. We are also concerned that the Free Cash Flow estimate for FY23 is not fully factoring in the impact of the Ermetic acquisition (\$14-16MM impact). That said, shares are trading well below the peer group average (5.3x vs 7.2x for the peer group) and therefore expectations are likely not high. As such, we remain Overweight heading into the earnings call next week.

Tenable's Setup Into the Print

Shares of TENB have outperformed the NASDAQ over the last 3 months (-1.1% vs. NASDAQ -7.0%). Short interest remains below average (2.7% vs 4.6% average) and valuation also remains below average (5.3x EV/CY24E Sales vs. the peer group average of 7.2x). That said, the results of our 3Q23 (Sep) reseller survey were slightly more negative than we expected, though we did note strong U.S. Federal demand trends.

- Shares traded up 10.2% (NASDAQ -0.1%) *the day after* the company reported 2Q23 (Jun) earnings on July 25.
 - Despite the positive reaction, the stock underperformed the market from July 26 to October 23, trading down 12.4% (NASDAQ -7.8% over the same period).
- Shares are now trading at 5.3x EV/CY24E Sales, which is a steep discount to the peer group average of 7.2x, despite having revenue growth expectations that are in line with the peer group average (16% Y/Y in CY24E vs. the peer group average of +16%).
- Short interest remains low at 2.7%, which is below the average of our coverage universe (4.6% average).
- Our reseller checks remained relatively weak at -24% net, which is similar to last quarter (-17% net).
 - We did note strong demand trends within the U.S. Federal sector where the company booked \$12.1MM in deals or 5% of the Current Billings estimate for 3Q23.

Key Topics for Tenable's 3Q23 (Sep) Earnings Call

- **FY23 Free Cash Flow Estimate Not Factoring in Ermetic Acquisition:** Now that the Ermetic acquisition has closed, we would expect the consensus estimates to reflect the additional costs related to this acquisition. However, the Free Cash Flow estimates for FY23 (*cons. \$176.5MM*) does not appear to be fully factoring in the \$14-16MM impact that management guided to. **The prior guidance of \$180-185MM should have been lowered to \$165-170MM, though the current consensus estimate is still \$176.5MM.**
- **Strong U.S. Federal Activity:** We noted strong U.S. Federal demand for Tenable this quarter, based on contracts posted to the Federal Procurement Data System website (see link [here](#)). While our 3Q23 reseller survey results for Tenable were relatively weak at -24% net, **we believe the strong U.S. Federal sector demand should help offset these results.**
- **Traction with Tenable One:** Last quarter, the new Tenable One platform accounted for "low double-digits" of total revenue, up from high single digits in Q1. It also accounted for 20% of new bookings, which was an increase from mid-teens in Q1. In our 3Q23 Reseller survey, we saw a strong uptick in demand for the Tenable One platform, 31% of resellers reporting Above Plan results (+17% net vs. +4% net in 2Q23). Given that the Tenable One platform provides roughly a 70% price uplift, **we believe the strong demand for the platform should provide a boost to Current Billings growth.**
- **New ExposureAI Augments Value Prop of Tenable One:** On August 9, Tenable launched ExposureAI on the Tenable One platform, which adds new Generative AI capabilities to the Tenable One platform. One of the key features is that it allows security teams to ask questions using

natural language search queries. **We believe this should increase the value proposition of the Tenable One platform and improve adoption rates.**

Tenable's Historical Results Relative to Guidance and Consensus

Revenue Has Exceeded High-End of Guidance by 1.6% Over Last 4 Quarters

- Tenable has exceeded the high-end of revenue guidance by an average of 1.6% over the last four quarters as shown in the Exhibit below.
 - From a dollar perspective, Tenable has been below the high-end of revenue guidance by an average of \$2.8MM over the last four quarters.
 - Specifically in Q3, Tenable has exceeded the high-end of revenue guidance by an average of 2.9% over the last five years.

Current Billings Has Exceeded Consensus by 0.5% Over Last 4 Quarters

- Management does not provide quarterly Current Billings guidance, but does provide annual Current Billings guidance.
- Tenable has exceeded the consensus estimate for Current Billings by an average of 0.5% over the last four quarters as shown in the exhibit below.
 - From a dollar perspective, Tenable has exceeded the consensus estimate for Current Billings guidance by an average of \$1.3MM over the last four quarters.
 - Specifically in Q3, Tenable has exceeded the consensus estimate for Current Billings by an average of 4.8% over the last five years.

Exhibit 9 - Tenable's Revenue Results Relative to Guidance
(\$ in millions)

Quarter	Total Revenue Guidance			Actual Results	% +/- vs High
	Low	Mid	High		
3Q23E	197	198	199		
2Q23	189	190	191	195.0	2.1%
1Q23	186	187	188	188.8	0.4%
4Q22	180	181	182	184.6	1.4%
3Q22	169	170	171	174.9	2.3%
2Q22	162	163	164	164.3	0.2%
1Q21	152	153	154	159.4	3.5%
4Q21	143	144	145	149.0	2.8%
3Q21	133	134	135	138.7	2.7%
2Q21	124	125	126	130.3	3.4%
1Q21	118	119	120	123.2	2.7%
4Q20	113	114	115	118.1	2.7%
3Q20	108	109	110	112.3	2.1%
2Q20	101	102	103	107.2	4.1%
1Q20	100	101	101	102.6	1.6%
4Q19	94	94	95	97.0	2.7%
3Q19	88	89	89	91.9	3.2%
2Q19	82	83	83	85.4	2.9%
1Q19	78	78	79	80.3	2.3%
4Q18	73	73	73	75.2	3.0%
3Q18	66	66	67	69.4	4.4%
					vs High
Avg the last 4 quarters					1.6%
Avg 3Q the last 5yrs					2.9%

Source: Company filings, Factset and Wells Fargo Securities, LLC

Exhibit 10 - Tenable's Billings Results Relative to Guidance
(\$ in millions)

Quarter	Current Billings		% +/- vs Cons.
	Consensus	Actual Results	
3Q23E	236.6		
2Q23	195.4	200.2	2.4%
1Q23	183.0	176.8	(3.4%)
4Q22	235.0	238.9	1.7%
3Q22	204.4	207.3	1.4%
2Q22	170.8	174.1	1.9%
1Q21	146.3	156.5	7.0%
4Q21	180.1	194.0	7.7%
3Q21	156.7	166.9	6.5%
2Q21	129.5	136.8	5.6%
1Q21	113.2	119.5	5.6%
4Q20	145.5	150.5	3.5%
3Q20	126.8	133.7	5.4%
2Q20	108.7	111.2	2.3%
1Q20	99.8	99.2	(0.6%)
4Q19	123.2	125.0	1.5%
3Q19	110.7	110.6	(0.1%)
2Q19	96.5	98.1	1.7%
1Q19	77.7	81.2	4.5%
4Q18	90.3	97.3	7.7%
3Q18	78.3	86.7	10.8%
			vs Consensus
Avg the last 4 quarters			0.5%
Avg 3Q the last 5yrs			4.8%

Source: Company filings, Factset and Wells Fargo Securities, LLC

Recap of Reseller Survey Results for Tenable

- Tenable's results remained relatively weak in 3Q23 at -24% net, which is similar to last quarter (-17% net).
 - This group of 17 resellers is cumulatively forecasting \$111MM in Tenable revenue in CY23, which equates to 14% of the consensus estimate (\$111MM out of \$789MM).
- There were 6 large resellers of Tenable in our survey, with 2 Below Plan and 4 In Line With Plan.

- Despite the weak results, we believe Tenable saw strong demand from the U.S. Federal sector, where we noted 43 deals totaling \$12.1MM, which equates to 6.1% of the consensus estimate for 3Q23.
- See the link here for our full survey results: [3Q23 \(Sep\) Reseller Survey: +NET, +PANW, +CRWD, +ZS](#)

Tenable Valuation

We reiterate an Overweight rating and \$60 price target (unchanged), which equates to 7.5x (unchanged) EV/CY24E Sales. Our target multiple is roughly in line with the peer group average and justified due to similar growth assumptions (16% vs 16% for the peer group).

Peer Group Valuations

Company	Ticker	Price	Wells Fargo Rating	Price Target	Market Value (\$MM)	Enterprise Value (\$MM)	Revenue Growth			EV/Revenue			EV/FCF			FCF Margin 2023E	Rule of 40 2023E	FCF Margin 2024E	Rule of 40 2024E
							2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E				
Tenable Holdings, Inc.	TENB	\$43.20	Overweight	\$60	\$5,186	\$4,902	26%	15%	16%	7.2x	6.2x	5.4x	38.3x	28.1x	22.0x	22%	36%	24%	40%
Company	Ticker	Price	Wells Fargo Rating	Price Target	Market Value (\$MM)	Enterprise Value (\$MM)	Revenue Growth			Revenue Growth			EV/FCF			FCF Margin 2023E	Rule of 40 2023E	FCF Margin 2024E	Rule of 40 2024E
							2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E				
CyberArk Software Ltd.	CYBR	\$167.15	Equal Weight	\$155	\$7,700	\$7,366	-42%	151%	24%	25.2x	10.1x	8.1x	198.0x	199.4x	79.0x	5%	156%	10%	35%
Fortinet, Inc.	FTNT	\$57.54	Overweight	\$70	\$45,796	\$43,474	32%	22%	18%	9.8x	8.0x	6.8x	30.0x	25.3x	20.6x	32%	54%	33%	51%
Okta, Inc. Class A	OKTA	\$71.91	Overweight	\$95	\$12,584	\$11,929	43%	19%	16%	6.4x	5.4x	4.7x	183.5x	35.7x	28.0x	15%	34%	17%	32%
Palo Alto Networks, Inc.	PANW	\$252.07	Overweight	\$270	\$84,494	\$84,095	27%	22%	19%	13.7x	11.2x	9.4x	30.9x	31.6x	24.9x	36%	57%	38%	57%
Qualys, Inc.	QLYS	\$157.26	NR	NA	\$5,773	\$5,573	19%	13%	12%	11.4x	10.1x	9.0x	30.4x	27.8x	25.1x	36%	49%	36%	48%
Varonis Systems, Inc.	VRNS	\$32.54	Equal Weight	\$29	\$4,142	\$3,638	21%	6%	10%	7.7x	7.3x	6.6x	7659.2x	84.9x	66.5x	9%	14%	10%	20%
Mean							17%	39%	16%	12.4x	8.7x	7.4x	1355.4x	67.5x	40.7x	22%	61%	24%	40%
Median							24%	20%	17%	10.6x	9.1x	7.5x	107.2x	33.7x	26.6x	23%	52%	25%	41%

Source: Company filings, FactSet and Wells Fargo Securities, LLC estimates

Note: All estimates reflect FactSet consensus as of 10/24/23

Varonis (VRNS, Equal Weight, \$29 PT)

Varonis is scheduled to report 3Q23 (Sep) earnings results on **Monday, October 30 at 4:30 PM ET**. While shares of VRNS have been a top performer in our sector over the last 3 months (+22% vs. NASDAQ -7%), we are expecting a more in-line quarter, as U.S. Federal demand did not appear as strong as it was last year. Our 3Q23 Reseller survey results also remained net negative (-18% vs -45% in 2Q23). The key metric to watch will be the SaaS mix (% of new/upsell ARR), which management expects to decline to 45% in Q3 due to a higher contribution of on-premise revenue from the U.S. Federal customers.

Varonis' Setup Into the Print

Shares of VRNS have significantly outperformed the NASDAQ over the last 3 months (+21.8% vs. NASDAQ -7.0%) and has been one of the top performers in our coverage universe over the last 3 months. As a result, short interest has increased to 5.2%, which is modestly above the average (4.6%). Valuation is also above average (6.5x EV/CY24E Sales vs. the peer group average of 5.8x).

- Shares traded up 11.2% (NASDAQ -0.4%) *the day after* the company reported 2Q23 (Jun) earnings on July 31.
 - The stock has traded flat intra-quarter, trading down 0.1% from August 1 to October 23 (NASDAQ is -8.9% over the same period).
- Shares are now trading at 6.5x EV/CY24E Sales, which is a premium to the peer group average of 5.8x, with revenue growth expectations below the peer group average (10% Y/Y in CY24E vs. the peer group average of 14%).
- Short interest is slightly above the average of our coverage universe at 5.2% (4.6% average).
- Our reseller checks were negative at -18% net, which is an uptick relative to last quarter (-45% net).

Key Topics for Varonis' 3Q23 (Sep) Earnings Call

- **SaaS Mix the Key Metric:** Varonis is going through a mix shift toward SaaS, similar to the transition that CyberArk is going through. As such, Total Revenue is less relevant to valuation now, whereas Total ARR and the mix of SaaS ARR are now the key metrics to focus on. The SaaS mix last quarter (as a percentage of new and upsell ARR) was 58% in Q2, though management expects it to decline to 45% in Q3. This is due to a higher mix of on-premise revenue related to the U.S. Federal budget flush. As such, we would look for a mix at or above 45% in Q3.
- **U.S. Federal Demand Was Strong, But Down 50% Y/Y:** As part of our 3Q23 Reseller survey, we analyzed the publicly available deals with the U.S. Federal sector that were won by Varonis. We noted \$3.8MM in total contract value across 13 deals, though that down 50% Y/Y. In 3Q22, we noted \$7.8MM in total contract value signed in the quarter. As such, **the U.S. Federal sector may not be as strong as expected, and therefore the SaaS mix should be at or above 45%.**
- **Net New ARR Has Declined for Four Straight Quarters:** Varonis has continued to face headwinds related to sales turnover and deals in-flight that switched from on-premise to SaaS. Management expects fewer interrupted in-flight deals in the second half of 2023, as the average sales cycle is 6-9 months. Nonetheless, **we would still expect net new ARR to decline on a Y/Y basis again in Q3, as we are modeling \$18.0MM (-16% Y/Y).**
- **Well-Positioned to Protect Generative AI Training Data:** On the 2Q23 earnings call, management noted that in the last few weeks of July, they saw a lot of interest related to protecting data used to train generative AI models. While management described the opportunity to protect the data of AI workloads as a "game-changer", we note that **Varonis is not yet integrated with MongoDB. As such, we remain cautious on the near-term impact from AI.**

Varonis' Historical Results Relative to Guidance and Consensus

Revenue Has Been Below the High-End of Guidance by 1.4% Over the Last 4 Quarters

- Varonis has fallen short of the high-end of revenue guidance by 1.4% on average over the last four quarters as shown in the exhibit below.
 - From a dollar perspective, Varonis has fallen short of the high-end of revenue guidance by an average of \$0.5MM over the last four quarters.

- Specifically in Q3, Varonis has fallen short of the high-end of revenue guidance by an average of 1.2% over the last five years.

Total ARR Has Exceeded Consensus by 0.5% Over the Last 4 Quarters

- Varonis does not provide quarterly total ARR guidance, but does provide annual ARR guidance. The company has exceeded the consensus estimate for total ARR by an average of 0.5% over the last four quarters as shown in the exhibit below.
 - From a dollar perspective, Varonis has exceeded the consensus estimate for total ARR by an average of \$2.4MM over the last four quarters.
 - Specifically in Q3, Varonis has exceeded the consensus estimate for total ARR by an average of 4.8% over the last four years.

Exhibit 11 - Varonis' Revenue Results Relative to Guidance
(\$ in millions)

Quarter	Guidance			Actual Results	% +/- vs High
	Low	Mid	High		
3Q23	124	125	127		
2Q23	118	119	120	115.4	(3.8%)
1Q23	106	107	108	107.3	(0.6%)
4Q22	139	141	142	142.6	0.4%
3Q22	123	124	126	123.3	(1.7%)
2Q22	111	111	112	111.4	(0.5%)
1Q22	95	96	97	96.3	(0.2%)
4Q21	120	122	123	126.6	2.9%
3Q21	96	97	98	100.4	2.4%
2Q21	83	83	84	88.4	5.3%
1Q21	68	69	70	74.8	7.6%
4Q20	82	84	85	95.2	12.0%
3Q20	68	70	71	76.8	8.1%
2Q20	56	57	58	66.6	14.8%
1Q20	54	54	54	54.2	(0.2%)
4Q19	71	72	74	72.6	(1.3%)
3Q19	61	62	63	65.6	5.0%
2Q19	62	62	63	59.6	(5.4%)
1Q19	59	59	60	56.4	(6.1%)
4Q18	87	87	88	87.5	(0.5%)
3Q18	64	65	65	67.1	3.2%
2Q18	62	62	63	62.2	(0.5%)
1Q18	49	50	50	53.5	7.1%
4Q17	66	66	67	73.2	9.3%
					vs High
Avg the last 4 quarters					(1.4%)
Avg 3Q the last 5yrs					3.4%

Source: Company filings, Factset and Wells Fargo Securities, LLC

Exhibit 12 - Varonis' Total ARR Relative to Consensus
(\$ in millions)

Quarter	Total ARR		% +/- vs Cons.
	Consensus	Actual Results	
3Q23	513.9		
2Q23	491.1	497.0	1.2%
1Q23	473.1	478.1	1.1%
4Q22	461.5	465.1	0.8%
3Q22	452.6	447.8	(1.1%)
2Q22	425.1	426.3	0.3%
1Q22	403.8	404.5	0.2%
4Q21	385.9	387.1	0.3%
3Q21	349.6	354.2	1.3%
2Q21	321.2	328.2	2.2%
1Q21	295.7	306.9	3.8%
4Q20	287.1	287.3	0.1%
3Q20	247.3	261.1	5.6%
2Q20	225.5	235.7	4.5%
1Q20	220.1	220.5	0.2%
4Q19	187.3	210.5	12.4%
3Q19	158.0	178.9	13.2%
2Q19	NA	155.2	NA
1Q19	NA	138.7	NA
4Q18	NA	130.3	NA
3Q18	NA	117.9	NA
2Q18	NA	111.9	NA
1Q18	NA	103.0	NA
4Q17			
			vs Consensus
Avg the last 4 quarters			0.5%
Avg 3Q the last 4yrs			4.8%

Source: Company filings, Factset and Wells Fargo Securities, LLC

Recap of Reseller Survey Results for Varonis

- Varonis' results significantly improved relative to last quarter, but still remained net negative (-18% vs -45% in 2Q23).
 - This group of 15 resellers is cumulatively forecasting \$107MM in Varonis revenue in CY23, which equates to 21% of the consensus estimate (\$500MM).
- There were 5 large resellers of Varonis in our survey, though 3 of the 5 were Below Plan.
- Despite the relatively weak results from resellers, we believe the U.S. Federal sector may have had a positive impact on the quarter, as we noted 13 deals totaling \$3.8MM, which equates to just 3.0% of the consensus estimate for 3Q23.
- See the link here for our full survey results: [3Q23 \(Sep\) Reseller Survey: +NET, +PANW, +CRWD, +ZS](#)

Varonis Valuation

We are reiterating our Equal Weight rating and \$29 price target (unchanged), which is based on 5.7x EV/CY24E Sales (unchanged). Our target multiple is in line with the peer group average of 5.8x, which we believe is justified due to similar long-term growth assumptions relative to the peer group.

Peer Group Valuations

Company	Ticker	Price	Wells Fargo Rating	Price Target	Market Value (\$MM)	Enterprise Value (\$MM)	Revenue Growth			EV/Revenue			EV/FCF			FCF Margin 2023E	Rule of 40 2023E	FCF Margin 2024E	Rule of 40 2024E
							2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E				
Varonis Systems, Inc.	VRNS	\$32.54	Equal Weight	\$29	\$4,142	\$3,638	21%	6%	10%	7.7x	7.3x	6.6x	7659.2x	84.9x	66.5x	9%	14%	10%	20%
Company	Ticker	Price	Wells Fargo Rating	Price Target	Market Value (\$MM)	Enterprise Value (\$MM)	Revenue Growth			Revenue Growth			EV/FCF			FCF Margin 2023E	Rule of 40 2023E	FCF Margin 2024E	Rule of 40 2024E
							2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E				
Elastic NV	ESTC	\$80.80	Equal Weight	\$70	\$8,188	\$8,122	28%	15%	18%	7.9x	6.8x	5.8x	4426.4x	81.0x	45.1x	8%	24%	13%	31%
Qualys, Inc.	QLYS	\$157.26	NR	NA	\$5,773	\$5,573	19%	13%	12%	11.4x	10.1x	9.0x	30.4x	27.8x	25.1x	36%	49%	36%	48%
Okta, Inc. Class A	OKTA	\$71.91	Overweight	\$95	\$12,584	\$11,929	43%	19%	16%	6.4x	5.4x	4.7x	183.5x	35.7x	28.0x	15%	34%	17%	32%
Rapid7 Inc.	RPD	\$49.24	NR	NA	\$3,002	\$3,599	28%	13%	13%	5.3x	4.7x	4.1x	88.5x	44.6x	22.6x	10%	23%	18%	31%
Splunk Inc.	SPLK	\$147.67	Equal Weight	\$157	\$28,167	\$29,597	37%	8%	12%	8.1x	7.5x	6.7x	69.3x	34.0x	26.9x	22%	30%	25%	37%
Tenable Holdings, Inc.	TENB	\$43.20	Overweight	\$60	\$5,186	\$4,902	26%	15%	16%	7.2x	6.2x	5.4x	38.3x	28.1x	22.0x	22%	38%	24%	40%
Mean							30%	14%	14%	7.7x	6.8x	5.9x	806.1x	41.9x	28.3x	19%	33%	22%	36%
Median							28%	14%	14%	7.5x	6.5x	5.6x	78.9x	34.9x	26.0x	19%	32%	21%	35%

Source: Company filings, FactSet and Wells Fargo Securities, LLC estimates

Note: All estimates reflect FactSet consensus as of 10/24/23.

Check Point Financials

Check Point Software

Income Statement

(\$ in millions, unless otherwise stated)																				
	Fiscal 2021				Fiscal 2022				Fiscal 2023				Fiscal 2024							
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	FY21	FY22	FY23E	FY24E
Revenue																				
Product and License	109.3	119.1	119.1	166.4	115.9	133.2	132.4	173.4	108.0	116.9	115.2	161.6	110.2	121.6	118.6	161.6	755.2	858.0	901.7	912.0
Subscriptions	177.4	183.7	190.0	204.1	201.6	209.9	215.5	231.0	228.2	238.9	238.1	256.4	251.0	260.4	266.7	284.6	897.7	917.0	936.7	952.6
Maintenance	220.9	223.3	224.9	228.6	225.2	228.0	229.7	234.1	230.0	232.9	234.6	239.1	233.9	236.9	238.6	243.2	2,166.8	2,325.9	2,400.0	2,527.3
Total revenue	507.6	526.1	534.0	599.1	542.7	571.1	577.6	638.5	566.2	588.7	588.0	657.1	595.1	618.8	624.0	689.4	2,168.8	2,329.9	2,400.0	2,527.3
Consensus revenue	502.4	523.8	529.3	585.8	535.4	560.3	571.8	636.1	569.1	589.7	591.9	669.8	593.1	615.5	618.5	693.6	2,151.1	2,321.0	2,400.0	2,521.1
Management Guidance - Revenue																				
Low	485.0	510.0	515.0	560.0	517.0	545.0	555.0	608.0	545.0	570.0	570.0	597.8					2,127.0	2,299.0	2,380.0	
Mid	500.0	522.5	527.5	582.5	532.0	560.0	570.0	633.0	565.0	587.5	587.5	682.6					2,149.5	2,324.0	2,425.0	
High	515.0	535.0	540.0	605.0	547.0	575.0	585.0	658.0	585.0	605.0	605.0	767.6					2,172.0	2,349.0	2,510.0	
Cost of Revenue																				
Cost of Product and License	21.5	23.1	25.8	39.8	31.3	36.6	35.3	42.0	26.1	22.5	23.0	33.9	23.1	24.3	23.7	33.9	110.3	145.2	105.6	105.1
Cost of Subscription	8.0	8.7	9.3	9.9	10.0	9.5	11.3	10.6	12.3	13.6	13.6	14.6	14.3	14.8	15.2	16.2	98.6	100.5	103.2	104.8
Cost of Maintenance	24.4	24.5	24.6	25.1	24.5	24.4	24.6	27.0	25.6	25.5	25.8	26.3	25.7	26.1	26.2	26.8	98.6	100.5	103.2	104.8
Amortization of technology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cost of revenue	53.9	56.3	59.7	74.9	65.8	70.5	71.2	79.6	64.0	61.6	62.4	74.8	63.2	65.2	65.2	76.9	244.8	287.1	262.8	270.4
Gross profit	453.7	469.8	474.3	524.2	476.9	500.6	506.4	558.9	502.2	527.1	525.5	582.3	531.9	553.6	558.8	612.5	1,922.0	2,042.8	2,137.2	2,256.9
Consensus gross profit	451.1	470.0	474.5	519.9	473.5	491.9	501.5	553.5	501.8	520.0	527.1	590.6	529.0	548.8	552.7	615.1	1,917.3	2,036.8	2,146.9	2,244.9
Operating expenses																				
Research and development	60.6	59.0	62.2	73.5	74.0	73.8	72.9	80.1	79.0	73.8	79.4	90.7	83.6	80.4	86.7	93.1	255.3	300.8	322.7	343.9
Sales and marketing	129.8	136.5	133.5	147.9	146.7	159.2	152.7	169.2	165.2	169.7	165.8	190.6	174.2	185.7	181.0	195.8	547.7	627.8	691.3	736.6
General and administrative	17.0	17.2	17.3	18.3	17.6	18.9	18.1	20.7	19.6	20.7	19.7	23.7	20.8	22.6	21.5	24.1	69.8	75.3	83.7	89.1
Total operating expenses	207.4	212.7	213.0	239.7	238.3	251.9	243.7	270.0	263.8	264.0	264.9	304.9	278.7	288.7	289.2	313.0	872.8	1,003.9	1,097.6	1,169.6
Operating income	246.3	257.1	261.3	284.5	238.6	248.7	262.7	288.9	238.4	263.1	260.7	277.4	253.3	264.9	269.6	299.5	1,049.2	1,038.9	1,039.6	1,080.3
Consensus operating income	237.1	246.4	251.0	275.3	233.6	242.6	248.8	283.7	233.2	247.9	250.4	285.8	251.3	265.9	267.2	301.5	1,042.2	1,033.3	1,045.0	1,082.1
EBITDA	251.0	262.6	266.1	296.1	243.6	254.2	268.8	295.0	245.3	268.4	263.6	280.6	256.2	267.0	272.7	302.0	1,060.8	1,061.6	1,057.9	1,099.7
Financial income, net	12.6	10.4	9.2	9.8	7.1	9.7	11.9	15.3	19.1	21.3	21.3	21.3	22.3	23.3	24.3	25.3	42.1	44.0	83.0	95.2
Pre-tax income	258.9	267.5	270.5	294.4	245.7	258.4	274.6	304.2	257.5	284.4	282.0	298.7	275.6	288.2	293.9	324.8	1,091.3	1,082.9	1,122.6	1,182.5
Provision for (benefit from) income taxes	47.7	50.5	50.7	0.4	42.1	49.1	53.6	3.2	39.6	46.1	42.3	29.9	42.4	46.7	44.1	32.5	143.3	148.0	157.9	165.7
Adjusted tax rate (non-GAAP)	18%	19%	19%	0%	17%	19%	20%	1%	16%	16%	16%	10%	16%	16%	16%	10%	14%	14%	14%	14%
Non-GAAP Net income	211.2	217.0	219.8	294.0	203.6	209.3	221.0	301.0	217.9	238.3	239.7	268.8	233.2	241.5	249.8	292.3	948.0	934.9	964.7	1,016.8
Non-GAAP EPS	\$1.54	\$1.61	\$1.65	\$2.25	\$1.57	\$1.64	\$1.77	\$2.45	\$1.80	\$2.00	\$2.02	\$2.28	\$1.99	\$2.08	\$2.17	\$2.56	\$7.02	\$7.40	\$8.09	\$8.80
Consensus non-GAAP EPS	\$1.50	\$1.56	\$1.60	\$2.14	\$1.54	\$1.61	\$1.67	\$2.36	\$1.74	\$1.90	\$2.02	\$2.37	\$2.01	\$2.14	\$2.18	\$2.61	\$6.93	\$7.31	\$8.17	\$8.92
Management Guidance - EPS																				
Low	\$1.45	\$1.50	\$1.54	\$2.02	\$1.48	\$1.55	\$1.60	\$2.22	\$1.68	\$1.85	\$1.97						\$6.81	\$7.20	\$7.70	
Mid	\$1.50	\$1.55	\$1.59	\$2.12	\$1.52	\$1.60	\$1.66	\$2.32	\$1.73	\$1.90	\$2.02						\$6.91	\$7.30	\$8.00	
High	\$1.55	\$1.60	\$1.64	\$2.22	\$1.58	\$1.65	\$1.72	\$2.42	\$1.78	\$1.95	\$2.07						\$7.01	\$7.40	\$8.30	
Basic shares outstanding	136.0	133.7	132.0	130.3	128.3	126.5	124.3	121.8	119.8	118.0	116.0	114.0	113.0	112.0	111.0	110.0	133.1	125.2	117.0	111.5
Diluted shares outstanding	137.3	134.8	133.4	130.9	129.8	127.7	125.0	122.9	121.1	119.2	118.5	118.0	117.0	116.0	115.0	114.0	134.1	126.4	119.2	115.5
Non-GAAP Reconciliation to GAAP Results																				
Adjustments																				
Share-based compensation	26.6	29.9	31.2	32.6	32.4	33.7	35.2	30.1	32.7	36.2	38.2	40.7	41.7	43.3	44.3	44.8	120.3	131.4	147.9	174.1
Cost of revenue	1.0	1.2	1.3	1.3	1.1	1.4	1.6	1.3	1.3	1.9	2.0	2.1	2.2	2.3	2.3	2.4	4.8	5.4	7.3	9.1
OpEx	25.6	28.7	29.9	31.3	31.3	32.3	33.6	28.8	31.4	34.3	36.2	38.6	39.5	41.0	42.0	42.5	115.5	126.0	140.5	165.0
Amortization of acquired intangible assets	4.9	4.9	5.6	6.0	6.0	6.2	6.2	4.8	5.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	21.4	23.2	22.4	22.9
Cost of revenue	1.7	1.7	2.2	2.9	3.2	2.9	2.9	2.9	2.8	2.4	2.4	2.4	2.4	2.4	2.4	2.4	6.5	11.9	10.0	9.6
OpEx	4.9	4.9	5.6	6.0	6.0	6.2	6.2	4.8	5.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	21.4	23.2	22.4	22.0
GAAP Gross Profit	451.0	466.9	470.8	520.0	472.6	496.3	501.9	554.7	498.1	522.8	521.1	577.8	527.3	546.9	554.1	607.8	1,908.7	2,026.5	2,119.8	2,238.2
GAAP Operating Income	214.8	222.3	224.5	245.9	200.2	208.8	221.3	254.0	199.8	221.4	217.0	231.1	206.1	216.1	219.8	249.2	907.5	884.3	869.3	861.2
GAAP Net income	182.8	186.0	187.0	259.7	169.4	173.6	184.0	269.0	194.1	202.0	199.0	217.6	196.0	206.7	213.0	247.0	815.6	796.5	802.6	860.7
GAAP EPS	\$1.33	\$1.38	\$1.40	\$1.98	\$1.31	\$1.36	\$1.47	\$2.20	\$1.52	\$1.60	\$1.58	\$1.84	\$1.68	\$1.78	\$1.85	\$2.17	\$6.08	\$6.31	\$6.73	\$7.47
Consensus GAAP EPS	\$1.29	\$1.36	\$1.36	\$1.81	\$1.30	\$1.31	\$1.38	\$2.00	\$1.46	\$1.60	\$1.70	\$2.05	\$1.69	\$1.82	\$1.86	\$2.19	\$5.97	\$6.13	\$6.95	\$7.58
Management Guidance - GAAP EPS																				
Low	\$1.30	\$1.35	\$1.36	\$1.76	\$1.31	\$1.32	\$1.38	\$1.91	\$1.37	\$1.54	\$1.62						\$5.87	\$5.98	\$6.48	
Mid	\$1.35	\$1.40	\$1.41	\$1.86	\$1.32	\$1.35	\$1.34	\$2.00	\$1.42	\$1.59	\$1.67						\$5.97	\$6.08	\$6.79	
High	\$1.40	\$1.45	\$1.46	\$1.96	\$1.34	\$1.36	\$1.40	\$2.11	\$1.47	\$1.68	\$1.72						\$6.07	\$6.18	\$7.08	
Basic shares outstanding	136.0	133.7	132.0	130.3	128.3	126.5	124.3	121.8	119.8	118.0	116.0	114.0	113.0	112.0	111.0	110.0	133.1	125.2	117.0	111.5
Diluted shares outstanding	137.3	134.8	133.4	130.9	129.8	127.7	125.0	122.9	121.1	119.2	118.5	118.0	117.0	116.0	115.0	114.0	134.1	126.4	119.2	115.5
YTD Growth																				
Total Revenue	4.3%	4.1%	4.9%	6.3%	6.9%	8.6%	8.2%	6.6%	4.3%	3.1%	1.8%	2.9%	5.1%	5.1%	6.1%	4.9%	4.9%	7.5%	3.0%	5.3%
Total cost of revenue	8.7%	9.3%	17.3%	18.1%	22.1%	25.2%	19.3%	6.3%	(2.7%)	(12.6%)	(12.4%)	(6.0%)	(1.3%)	5.8%	4.4%	2.7%	13.6%	17.3%	(8.4%)	2.9%
Gross profit	3.8%	3.5%	3.5%	4.9%	5.1%	6.6%	6.9%	6.6%	5.3%	5.3%	3.9%	4.2%	5.9%	5.0%	6.3%	5.2%	3.9%	6.3%	4.6%	6.6%
Research and development expenses	7.1%	5.4%	16.7%	23.9%	22.1%	25.1%	17.2%	9.0%	6.8%	(0.3%)	8.9%	13.2%	5.9%	9.3%	9.3%	2.6%	13.4%	17.8%	7.3%	6.6%
Sales and marketing expenses	(2.7%)	5.2%	7.8%	6.6%	13.0%	16.6%	14.4%	14.4%	12.8%	6.6%	8.8%	12.6%	5.5%	9.4%	9.1%	2.7%	4.2%	14.6%		

Check Point Software

Revenue Build

	Fiscal 2021				Fiscal 2022				Fiscal 2023				Fiscal 2024							
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	FY21	FY22	FY23E	FY24E
(\$ in millions, unless otherwise stated)																				
Total Revenue	507.6	526.1	534.0	599.1	542.7	571.1	577.6	638.5	566.2	588.7	588.0	607.1	595.1	618.8	624.0	689.4	2,166.8	2,329.9	2,400.0	2,527.3
Consensus revenue	502.4	523.8	529.3	585.8	535.4	560.3	571.8	636.1	569.1	589.7	591.9	609.8	593.1	615.5	618.5	693.6	2,153.6	2,327.3	2,413.6	2,521.1
Y/Y %		4%		5%	6%		8%	7%	4%	3%	2%	3%	5%	5%	8%	5%	5%	8%	3%	5%
Management Guidance																				
Low	485.9	510.0	515.0	560.0	517.8	545.0	555.0	608.0	545.0	570.0	570.0	597.8					2,127.0	2,299.0	2,340.0	
Mid	500.0	522.5	527.5	582.5	532.0	560.0	570.0	633.0	565.0	587.5	587.5	602.8					2,149.5	2,324.0	2,425.0	
High	515.0	535.0	540.0	605.0	547.0	575.0	585.0	658.0	585.0	605.0	605.0	627.6					2,172.0	2,349.0	2,510.0	
Revenue by Type																				
Product and License																				
Consensus product revenue	109.3	119.1	119.1	166.4	115.9	133.2	132.4	173.4	108.0	116.9	115.2	161.6	110.2	121.6	118.6	161.6	513.9	554.9	501.7	512.0
Y/Y %	110.0	120.0	117.5	157.9	110.3	123.9	126.6	173.4	116.3	122.7	115.5	169.9	105.2	115.3	114.1	166.6	505.4	555.0	510.8	503.8
Q/Q %	(1%)	(3%)	(1%)		6%	12%	11%	4%	(7%)	(12%)	(13%)	(7%)	2%	4%	3%	0%	0%	8%	(10%)	2%
% of total revenue	(22%)	9%	2%	40%	(20%)	15%	(1%)	31%	(26%)	8%	(1%)	40%	(32%)	10%	(2%)	36%	24%	24%	21%	20%
Subscriptions																				
Consensus subscription	177.4	183.7	190.0	204.1	201.6	209.9	215.5	231.0	228.2	238.9	238.1	256.4	251.0	260.4	266.7	284.6	755.2	858.0	961.6	1,062.7
Y/Y %	173.3	181.8	188.2	200.7	200.2	208.3	215.5	229.4	224.5	234.2	241.9	260.9	254.7	264.0	268.4	286.1	751.8	856.4	969.7	1,069.7
Q/Q %	(1%)	4%	3%	7%	(1%)	4%	3%	7%	(1%)	5%	(0%)	8%	(2%)	4%	2%	7%	13%	14%	12%	11%
% of total revenue	35%	35%	36%	34%	37%	37%	37%	36%	40%	41%	41%	39%	42%	42%	43%	41%	35%	37%	40%	42%
Maintenance																				
Consensus maintenance	220.9	223.3	224.9	228.6	225.2	228.0	229.7	234.1	230.0	232.9	234.6	239.1	233.9	236.9	238.6	243.2	897.7	917.0	936.7	952.6
Y/Y %	219.1	222.4	223.5	227.4	224.9	228.0	229.6	233.2	228.6	231.8	233.4	238.7	233.8	236.3	236.8	241.5	896.5	916.1	934.9	947.2
Q/Q %	(1%)	1%	1%	2%	(1%)	1%	1%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
% of total revenue	44%	42%	42%	38%	41%	40%	40%	37%	41%	40%	40%	39%	39%	38%	38%	35%	41%	39%	39%	38%
Billings & Bookings																				
Revenue	507.6	526.1	534.0	599.1	542.7	571.1	577.6	638.5	566.2	588.7	588.0	607.1	595.1	618.8	624.0	689.4	2,166.8	2,329.9	2,400.0	2,527.3
Beginning deferred revenue balance	1,481.9	1,457.7	1,472.4	1,455.7	1,707.1	1,666.4	1,665.9	1,647.0	1,977.8	1,796.9	1,774.3	1,745.0	1,965.9	1,890.1	1,877.0	1,839.6	1,681.0	1,707.1	1,877.8	1,965.9
Ending deferred revenue balance	1,457.7	1,472.4	1,455.7	1,707.1	1,666.4	1,665.9	1,647.0	1,877.8	1,796.9	1,774.3	1,745.0	1,965.9	1,890.1	1,877.0	1,839.6	2,063.3	1,707.1	1,877.8	1,965.9	2,063.3
Change in deferred revenue	(24.2)	14.7	(16.7)	251.4	(140.7)	(60.3)	(118.9)	233.8	(80.9)	(22.6)	(29.3)	220.8	(75.8)	(13.1)	(37.3)	223.7	226.2	170.7	88.1	97.4
Total Billings	483.4	540.8	517.3	850.5	502.0	570.6	558.7	869.3	485.3	566.1	558.7	879.0	519.3	605.7	586.6	913.1	2,392.0	2,500.6	2,488.1	2,624.7
Consensus Billings	464.6	508.1	498.8	784.7	532.4	580.7	550.9	899.8	454.5	572.1	558.4	877.7	524.9	605.2	590.1	901.0	2,326.5	2,525.1	2,493.0	2,610.1
Y/Y %	8%	9%	9%	14%	4%	6%	8%	2%	(3%)	(1%)	0%	1%	7%	7%	5%	4%	11%	5%	(1%)	5%
Revenue	507.6	526.1	534.0	599.1	542.7	571.1	577.6	638.5	566.2	588.7	588.0	607.1	595.1	618.8	624.0	689.4	2,166.8	2,329.9	2,400.0	2,527.3
Beginning deferred revenue (current) balance	1,108.6	1,078.8	1,087.3	1,058.5	1,257.4	1,222.8	1,210.7	1,180.0	1,363.4	1,315.1	1,307.2	1,285.6	1,448.4	1,392.5	1,382.8	1,355.3	1,108.6	1,257.4	1,363.4	1,448.4
Ending deferred revenue (current) balance	1,078.8	1,067.3	1,058.5	1,257.4	1,222.8	1,210.7	1,180.0	1,363.4	1,315.1	1,307.2	1,285.6	1,448.4	1,392.5	1,382.8	1,355.3	1,520.1	1,257.4	1,363.4	1,448.4	1,520.1
Change in deferred revenue (current)	(29.8)	8.5	(28.8)	198.9	(34.9)	(112.1)	(90.7)	183.4	(148.3)	(7.9)	(21.6)	162.7	(55.9)	(9.7)	(27.5)	164.8	148.8	106.0	85.0	71.8
Current Billings	477.8	534.6	505.2	798.0	508.1	559.0	546.9	821.9	517.9	580.8	566.4	819.9	539.2	609.2	596.5	654.2	2,315.6	2,435.9	2,485.0	2,599.1
Y/Y %	1%	9%	6%	10%	6%	5%	8%	3%	2%	4%	4%	(0%)	4%	5%	5%	4%	7%	5%	2%	5%
RPO																				
Y/Y %				2,013.6				2,146.1									2,013.6	2,146.1		
Current RPO				1,366.5				1,437.3									1,366.5	1,437.3		
Y/Y %				15%				5%									15%	5%		
Backlog (RPO - Deferred Rev)				67.0%				70.7%									68%	67%		
Y/Y %				76.2				79.7									76.2	79.7		
				32%				4%									32%	4%		
Bookings																				
total revenue																	2,166.8	2,329.9		
+ change in LCRDO																	(175.2)	(70.8)		
Total CRPO Bookings																	2,342.7	2,400.7		
Y/Y %																	8%	2%		

Source: Company data, FactSet, Wells Fargo Securities, LLC estimates

	Fiscal 2021				Fiscal 2022				Fiscal 2023				Fiscal 2024							
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	FY21	FY22	FY23E	FY24E
Product Metrics																				
Product and License revenue																				
Network security gateways																				
Y/Y %																				
Endpoint, Mobile and Security Management																				
Y/Y %																				
Infinity																				
Y/Y %				172%				45%												
CloudGuard and Harmony																				
Y/Y %				13%																

Source: Company data, FactSet, Wells Fargo Securities, LLC estimates

	Fiscal 2021				Fiscal 2022				Fiscal 2023				Fiscal 2024							
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	FY21	FY22	FY23E	FY24E
Geographic Mix																				
Americas	223.3	231.5	235.0	239.6	233.4	251.3	254.1	249.0	243.5	253.1			240.9	244.0	244.0	244.0	922.8	991.1		
Y/Y %	(0%)	(0%)	0%	(1%)	4%	9%	8%	4%	4%	1%							(1%)	7%		
% of total revenue	44%	44%	44%	40%	43%	44%	44%	39%	43%	43%							43%	43%		
EMEA	218.3	231.5	235.0	203.6	238.8	251.3	248.4	312.9	254.8	264.9							980.8	1,049.5		
Y/Y %		4%	9%	10%	16%	8%	6%	7%	7%	5%							10%	7%		
% of total revenue	43%	44%	44%	49%	44%	44%	43%	49%	45%	45%							45%	45%		
APAC	66.0	63.1	64.1	65.9	70.6	68.5	75.1	76.6	67.9	70.6							263.2	289.3		
Y/Y %	23%	4%	5%	(3%)	7%	9%	17%	16%	(4%)	3%							8%	10%		
% of total revenue	13%	12%	12%	11%	13%	12%	13%	12%	12%	12%							12%	12%		

Source: Company data, FactSet, Wells Fargo Securities, LLC estimates

Check Point Software

Balance Sheet

	Fiscal 2021				Fiscal 2022				Fiscal 2023				Fiscal 2024				FY21	FY22	FY23E	FY24E
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E				
(\$ in millions, unless otherwise stated)																				
Current assets																				
Cash & Cash equivalents	561.9	356.6	314.9	271.9	261.1	242.8	426.8	196.0	275.7	286.0	204.6	133.5	193.0	99.4	32.3	(46.2)	271.9	196.0	133.5	(46.2)
Short-term bank deposits	216.7	482.3	454.5	492.5	544.5	427.8	245.1	431.1	413.5	284.2	284.2	284.2	284.2	284.2	284.2	284.2	492.5	431.1	284.2	284.2
Marketable securities	1,097.4	1,040.5	967.2	929.3	936.9	1,001.0	942.4	1,010.5	997.2	1,015.2	1,015.2	1,015.2	1,015.2	1,015.2	1,015.2	1,015.2	929.3	1,010.5	1,015.2	1,015.2
Trade receivables, net	360.2	368.4	320.4	597.8	331.3	344.0	306.6	644.2	355.5	413.4	318.5	670.2	373.6	434.6	338.1	703.1	597.8	644.2	670.2	703.1
Other receivables and prepaid expenses	44.2	50.1	49.2	46.4	55.1	55.0	52.1	50.0	54.8	55.1	64.7	78.9	71.4	74.3	74.9	82.7	46.4	50.0	55.0	82.7
Total current assets	2,279.4	2,277.9	2,105.8	2,337.6	2,127.8	2,070.6	1,971.0	2,331.6	2,066.7	2,063.9	1,897.2	2,182.0	1,937.5	1,907.6	1,744.6	2,098.1	2,337.9	2,331.6	2,182.0	2,098.1
Long-term investments																				
Property, plant and Equipment, net	2,186.9	2,142.6	2,098.0	2,087.7	2,058.9	2,054.5	1,995.3	1,865.6	1,930.0	1,901.1	1,900.1	1,930.1	1,900.1	1,900.1	1,900.1	1,900.1	2,087.7	1,865.6	1,900.1	1,900.1
Goodwill	87.2	85.0	84.5	83.4	83.1	84.3	82.4	82.8	80.1	78.4	79.2	79.8	80.7	81.7	82.7	83.5	83.4	82.8	79.8	83.5
Intangible assets, net	36.4	34.3	89.0	61.0	68.9	65.4	62.0	58.9	55.5	52.6	47.1	41.6	36.1	30.6	25.1	19.6	61.0	58.9	41.6	19.6
Other assets	1,002.2	1,002.2	1,186.1	1,196.2	1,236.7	1,236.7	1,236.7	1,236.7	1,236.7	1,236.7	1,236.7	1,236.7	1,236.7	1,236.7	1,236.7	1,236.7	1,196.2	1,236.7	1,236.7	1,236.7
Severance pay fund	4.9	5.0	5.0	5.2	5.1	4.5	4.3	4.3	4.2	4.1	4.1	4.1	4.1	4.1	4.1	4.1	5.2	4.3	4.1	4.1
Deferred income taxes, net	40.2	40.6	38.6	51.7	64.2	70.2	81.7	77.6	71.5	68.1	70.8	85.4	77.4	80.4	81.1	89.6	51.7	77.6	85.4	89.6
Other assets	74.2	71.9	79.7	75.1	81.2	78.9	72.1	67.2	66.5	67.4	70.6	85.4	77.4	80.4	81.1	89.6	75.1	67.2	68.4	89.6
Total assets	5,762.4	5,659.5	5,676.7	5,606.1	5,725.8	5,613.1	5,467.8	5,724.8	5,444.2	5,491.3	5,326.5	5,445.1	5,379.5	5,391.7	5,188.6	5,493.1	5,900.2	5,724.8	5,461.1	5,493.1
Current liabilities																				
Short-term deferred revenues	1,078.8	1,057.3	1,058.5	1,067.1	1,222.8	1,210.7	1,180.0	1,364.4	1,315.1	1,307.2	1,285.6	1,448.4	1,392.5	1,382.8	1,355.3	1,520.1	1,257.4	1,363.4	1,448.4	1,520.1
Trade payables	14.8	18.4	18.1	9.8	26.6	48.7	29.7	29.6	31.7	42.4	43.0	51.9	31.3	44.9	44.9	52.9	9.8	29.6	51.5	52.9
Employees and payroll accruals	196.9	189.4	166.8	206.3	198.8	193.0	178.6	223.7	203.5	206.0	176.4	197.1	184.5	194.9	199.7	224.1	206.3	223.7	197.1	224.1
Tax Payable	19.5	22.7	20.3	28.1	13.4	14.9	21.2	34.3	22.1	25.6	25.6	25.6	25.6	25.6	25.6	25.6	28.1	34.3	25.6	25.6
Accrued expenses and other liabilities	186.5	204.1	208.0	210.5	188.5	200.7	197.6	186.2	180.8	179.7	176.4	197.1	184.5	194.9	199.7	224.1	210.5	188.2	197.1	224.1
Total current liabilities	1,496.5	1,521.9	1,471.7	1,712.1	1,650.1	1,668.0	1,607.1	1,839.2	1,753.2	1,760.9	1,707.0	1,919.8	1,818.3	1,843.2	1,825.1	2,046.8	1,712.1	1,839.2	1,919.8	2,046.8
Long-term liabilities																				
Long-term deferred revenues	378.9	385.1	397.2	449.7	443.6	452.2	467.0	514.4	481.8	467.1	459.4	517.9	497.6	484.1	484.3	543.2	449.7	514.4	517.5	543.2
Income tax accrual	426.9	452.1	473.0	454.9	457.3	440.2	466.5	419.7	416.7	416.2	399.8	512.6	468.2	492.7	411.8	468.8	454.9	419.7	512.6	468.8
Other long-term liabilities	30.8	29.8	28.8	28.4	28.8	26.2	22.3	22.2	21.0	20.7	20.7	23.1	20.9	21.8	21.9	24.2	28.4	22.2	23.1	24.2
Total liabilities	2,333.1	2,368.9	2,370.7	2,443.1	2,578.9	2,586.6	2,559.2	2,796.5	2,672.7	2,664.3	2,665.9	2,973.0	2,795.1	2,841.8	2,743.2	3,060.8	2,443.1	2,796.5	2,870.0	3,060.8
Stockholders' equity																				
Share capital	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Additional paid-in capital	2,078.0	2,106.0	2,243.2	2,276.7	2,353.6	2,405.6	2,457.8	2,500.7	2,554.3	2,621.6	2,621.6	2,621.6	2,621.6	2,621.6	2,621.6	2,621.6	2,276.7	2,500.7	2,621.6	2,621.6
Deferred stock-based compensation	(8,833.8)	(9,942.5)	(10,231.6)	(10,550.7)	(10,853.2)	(11,169.0)	(11,484.8)	(11,802.1)	(12,113.8)	(12,418.8)	(12,418.8)	(12,418.8)	(12,418.8)	(12,418.8)	(12,418.8)	(12,418.8)	(10,550.7)	(11,802.1)	(12,418.8)	(12,418.8)
Treasury shares at cost	28.1	22.1	16.4	(0.0)	(86.5)	(87.8)	(116.0)	(97.9)	(81.7)	(91.1)	(91.1)	(91.1)	(81.1)	(91.1)	(91.1)	(91.1)	(0.0)	(87.8)	(91.1)	(91.1)
Accumulated other comprehensive income (loss)	10,888.2	11,064.2	11,271.2	11,520.1	11,703.3	11,873.3	12,027.9	12,272.8	12,511.9	12,713.9	12,628.2	12,599.6	12,472.4	12,307.6	12,320.9	12,266.8	11,520.1	12,271.2	12,599.6	12,266.8
Retained earnings	3,369.3	3,270.6	3,300.0	3,257.1	3,466.0	3,524.5	3,514.6	3,529.3	3,671.5	3,698.4	3,738.7	3,672.1	3,594.5	3,510.0	3,442.4	3,409.3	3,257.1	3,259.9	3,257.1	3,409.3
Total liabilities and shareholders' equity	5,762.4	5,659.5	5,676.7	5,606.1	5,725.8	5,613.1	5,467.8	5,724.8	5,444.2	5,491.3	5,326.5	5,445.1	5,379.5	5,391.7	5,188.6	5,493.1	5,900.2	5,724.8	5,461.1	5,493.1
Net cash																				
Y/Y Growth	8%	7%	(7%)	(10%)	(7%)	(10%)	(7%)	(9%)	(6%)	(5%)	(7%)	(13%)	(12%)	(12%)	(11%)	(13%)	1,693.7	1,637.8	1,432.9	1,263.2
Net cash per diluted share	\$13.66	\$13.79	\$13.02	\$12.94	\$13.42	\$13.09	\$12.91	\$13.32	\$13.93	\$13.30	\$12.69	\$12.14	\$12.76	\$12.06	\$11.58	\$10.99	\$12.94	\$13.32	\$12.14	\$10.99
Y/Y Growth	14%	24%	14%	6%	(2%)	(2%)	(1%)	3%	4%	2%	(2%)	(9%)	(8%)	(9%)	(10%)	(9%)	6%	2%	(2%)	(9%)

Source: Company data, Wells Fargo Securities, LLC estimates

Check Point Software

Statement of Cash Flows

	Fiscal 2021				Fiscal 2022				Fiscal 2023				Fiscal 2024							
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E				
(\$ in millions, unless otherwise stated)																				
CASH FLOWS FROM OPERATING ACTIVITIES:																				
Net income (loss)	182.9	186.0	187.0	259.7	169.4	173.6	184.0	269.9	184.1	202.0	199.0	217.6	196.0	206.7	213.0	247.0	815.6	796.9	802.6	862.7
Depreciation	4.7	5.5	4.8	5.6	5.0	5.5	6.1	6.1	6.9	5.3	2.9	3.2	2.9	3.0	3.1	3.4	20.6	22.7	18.3	12.4
Amortization of intangible assets	2.1	2.1	2.6	3.3	3.3	3.4	3.4	3.4	3.3	2.9	5.5	5.5	5.5	5.5	5.5	5.5	10.1	13.5	17.2	22.0
Stock-based compensation expense	26.6	29.9	31.2	32.6	32.4	33.7	35.2	30.1	32.7	36.2	38.2	40.7	41.7	43.3	44.3	44.8	120.3	131.4	147.9	174.1
Realized gain on marketable securities	(1.3)	(0.2)	0.5	(0.4)	-	-	-	-	-	0.7	-	-	-	-	-	-	(1.4)	-	0.7	-
Changes to assets and liabilities																				
Decrease (increase) in trade and other receivables	200.2	(24.9)	44.5	(269.2)	263.4	(6.5)	41.0	(332.7)	285.1	(69.9)	82.1	(380.7)	312.1	(66.9)	95.2	(381.4)	(49.4)	(44.8)	(73.4)	(41.0)
Increase (decrease) in deferred revenues, trade payables & deferred income taxes, net	(39.3)	(61.7)	(63.3)	1.1	(66.8)	1.0	(26.7)	(23.3)	(127.1)	(2.2)	(6.7)	27.34	(123.6)	21.4	(77.9)	282.9	268.0	160.8	82.4	153.8
	(1.4)	1.9	3.2	(2.5)	1.3	1.0	(2.7)	(0.1)	0.6	6.0	(18.8)	9.7	(38.3)	21.4	(77.9)	48.5	1.2	0.5	85.6	48.8
Net cash provided by operating activities	374.5	263.6	265.0	244.2	398.0	211.7	240.3	230.0	365.5	191.9	247.2	257.6	388.3	235.3	261.8	258.6	1,163.0	1,060.0	1,081.4	1,136.1
CASH FLOWS FROM INVESTING ACTIVITIES:																				
Payments for acquisitions, net				(219.7)				(48.3)									(219.7)		(48.3)	
Purchases of property and equipment	(3.8)	(3.3)	(4.3)	(4.5)	(4.7)	(6.7)	(4.2)	(6.5)	(4.2)	(3.8)	(3.7)	(3.8)	(3.9)	(4.0)	(4.1)	(4.2)	(15.5)	(22.1)	(15.3)	(16.2)
Net cash used in investing activities	(3.8)	(3.3)	(224.0)	(4.5)	(53.9)	(6.7)	(4.2)	(6.5)	(4.2)	(3.6)	(3.7)	(3.8)	(3.9)	(4.0)	(4.1)	(4.2)	(235.9)	(70.4)	(115.3)	(116.2)
CASH FLOWS FROM FINANCING ACTIVITIES:																				
Proceeds from issuance of shares upon exercise of options	33.1	14.4	14.0	6.5	66.9	28.5	25.0	20.7	34.1	51.0	51.0	51.0	34.1	34.1	34.1	34.1	194.0	141.1	85.1	85.1
Purchase of treasury shares	(32.9)	(32.4)	(325.0)	(324.8)	(325.0)	(325.0)	(325.0)	(324.9)	(324.9)	(324.9)	(324.9)	(324.9)	(324.9)	(324.9)	(324.9)	(324.9)	(1,299.5)	(1,299.9)	(1,299.9)	(1,299.9)
Net cash related to share repurchases for treasury	(4.9)	(18.0)	(459.0)	(459.0)	(459.0)	(459.0)	(459.0)	(459.0)	(459.0)	(459.0)	(459.0)	(459.0)	(459.0)	(459.0)	(459.0)	(459.0)	(1,303.4)	(1,315.8)	(1,315.8)	(1,315.8)
Net cash provided by financing activities	(29.7)	(7.3)	(185.9)	(378.3)	(258.0)	(200.2)	(199.0)	(206.3)	(291.8)	(60.9)	(324.9)	(324.9)	(324.9)	(324.9)	(324.9)	(324.9)	(1,117.4)	(1,168.0)	(1,222.2)	(1,299.9)
Unrealized gain (loss) on marketable securities	(14.7)	(6.0)	(8.4)	(22.1)	(69.3)	(26.5)	(41.0)	15.4	26.6	(10.7)										
Net (decrease) increase in cash and equivalents	63.3	(60.9)	(163.4)	(415.6)	17.9	(124.2)	(106.5)	16.6	21.6	(103.9)	(81.4)	(71.1)	59.5	93.2	(67.1)	(78.5)	(216.2)	(280.2)	(404.2)	(336.3)
Beginning balance of cash and cash equivalents	3,999.6	4,062.9	4,002.2	3,634.6	3,783.4	3,800.3	3,767.1	3,666.6	3,503.2	3,619.4	3,515.5	3,434.1	3,363.0	3,325.3	3,328.9	3,261.8	3,999.6	3,783.4	3,503.2	3,363.0
Ending balance of cash and cash equivalents	4,062.9	4,002.0	3,834.8	3,783.4	3,800.3	3,676.1	3,569.6	3,503.2	3,619.4	3,515.5	3,434.1	3,363.0	3,422.5	3,328.9	3,261.8	3,183.3	3,783.4	3,503.2	3,363.0	3,183.3
Free Cash Flow																				
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	386.0	243.5	245.2	275.3	374.2	227.6	236.1	215.4	389.0	223.3	240.2	249.8	344.1	227.3	258.9	245.5	1,152.8	1,115.0	1,081.1	1,103.8
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
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Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
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Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	214.7	243.5	253.8	344.4	231.3	257.8	246.4	1,167.1	1,057.9	1,066.1	1,119.3
Free Cash Flow	376.0	260.3	264.4	289.7	393.3	205.1	231.1	223.5	384.1	2										

Cloudflare Financials

Cloudflare Inc. (NET)

Income Statement

	Fiscal 2021				Fiscal 2022				Fiscal 2023				Fiscal 2024							
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	FY21	FY22	FY23E	FY24E
<i>(\$ in millions, unless otherwise stated)</i>																				
Total revenue	138.1	152.4	172.3	193.6	212.2	234.5	253.9	274.7	290.2	308.5	330.5	355.8	385.9	407.2	437.9	468.9	656.4	975.2	1,285.0	1,700.0
Consensus revenue	131.0	146.1	165.7	184.8	205.7	227.3	250.6	274.1	290.8	305.6	330.5	356.3	375.3	400.3	429.1	462.5	647.6	974.5	1,285.2	1,693.3
Management Guidance - Total Revenue																				
Low	130.0	145.5	165.0	184.0	205.0	226.5	250.0	273.5	290.0	305.0	330.0						647.0	974.0	1,283.0	
Mid	138.5	148.0	165.5	184.5	205.5	227.0	250.5	274.0	290.5	305.5	330.5						647.5	974.5	1,285.0	
High	131.0	146.5	166.0	185.0	206.0	227.5	251.0	274.5	291.0	306.0	331.0						648.0	975.0	1,287.0	
Cost of Revenue	30.9	33.5	35.8	40.3	45.2	49.5	55.5	62.2	64.3	68.8	73.7	79.3	85.7	90.0	96.3	102.7	140.5	212.4	286.1	374.6
Gross profit	107.2	118.9	136.6	153.3	166.9	185.0	198.4	212.5	225.9	239.7	256.8	276.5	300.3	317.2	341.6	366.2	515.9	762.8	998.9	1,325.4
Consensus gross profit	101.9	113.2	128.4	145.1	161.1	178.0	196.9	214.5	225.9	237.4	256.9	276.9	292.2	312.3	335.8	363.3	507.7	764.8	998.3	1,298.2
Operating expenses																				
Sales and marketing	63.1	68.4	77.8	86.0	89.7	104.1	103.5	113.0	120.6	125.4	133.5	145.4	160.2	167.0	175.2	187.6	295.2	410.3	524.9	680.9
Research and development	28.5	30.1	32.8	37.0	40.3	47.0	46.4	49.4	51.3	53.0	59.8	64.0	68.7	71.3	78.8	83.5	128.4	183.1	228.2	302.3
General and administrative	23.1	24.4	23.9	28.0	32.0	34.8	33.6	33.3	34.6	41.0	43.0	44.2	46.3	52.9	54.7	57.7	98.4	133.7	162.8	211.7
Total operating expenses	114.7	122.9	134.5	151.0	162.0	185.9	183.5	195.7	206.5	219.4	236.3	253.7	275.2	291.2	308.7	328.7	523.0	727.2	915.9	1,203.8
Operating Income	(7.5)	(4.0)	2.2	2.3	4.9	(0.9)	14.8	16.8	19.4	20.3	20.5	22.8	25.1	26.1	32.9	37.5	(7.0)	35.7	83.0	121.6
Consensus operating income	(8.4)	(9.4)	(8.8)	(0.6)	1.1	(1.3)	0.6	13.1	12.1	14.6	20.6	22.9	26.0	28.9	33.2	38.6	(9.7)	31.9	83.3	124.1
Management Guidance - Operating Income																				
Low	(9.0)	(10.0)	(9.5)	(1.0)	0.5	(2.0)	-	12.0	11.5	14.0	20.0						(10.5)	31.0	81.0	
Mid	(8.5)	(9.5)	(8.0)	(0.5)	1.6	(1.5)	8.5	12.5	12.8	14.5	20.5						(10.0)	31.5	83.8	
High	(9.0)	(9.0)	(8.5)	-	1.5	(1.0)	1.0	13.0	12.5	15.0	21.0						(9.5)	32.0	85.0	
EBITDA	7.0	11.3	18.6	19.7	24.4	19.6	37.3	41.6	46.0	48.1	51.3	56.0	61.1	64.1	73.7	81.3	56.6	122.8	202.4	280.2
Interest income	0.5	0.4	0.4	0.7	1.1	1.6	3.9	8.3	13.5	16.5	19.0	18.0	18.3	18.5	18.8	19.0	2.0	14.9	67.0	74.5
Interest expense	(1.3)	(1.3)	(1.3)	(0.4)	(0.4)	0.1	(0.3)	0.3	(1.0)	(0.2)	(0.2)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(69.2)	(60.3)	(1.9)	(2.0)
Other income (expense), net	0.1	(0.9)	(71.9)	(0.4)	(0.5)	0.2	2.4	(1.6)	(0.9)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(73.0)	0.6	(5.4)	(6.1)
Pre-tax Income	(8.1)	(5.8)	2.9	2.1	5.1	1.1	20.8	23.8	31.0	35.1	37.7	38.8	41.3	42.6	49.6	54.5	(8.9)	50.8	142.6	188.0
Provision for (benefit from) income taxes	1.3	1.5	1.5	1.9	1.7	0.8	1.7	2.3	3.9	1.4	4.2	3.9	4.5	4.7	5.5	6.0	6.2	6.4	13.3	20.7
Adjusted tax rate (non-GAAP)	-16%	-26%	63%	84%	32%	72%	8%	9%	12%	4%	11%	10%	11%	11%	11%	11%	-70%	3%	9%	11%
Non-GAAP Net Income	(9.3)	(7.3)	1.4	0.1	3.4	0.3	19.1	21.6	27.2	33.7	33.6	34.9	36.8	37.9	44.1	48.5	(15.1)	44.4	129.4	167.3
Consensus non-GAAP net income	(9.4)	(10.8)	(11.0)	(1.7)	0.5	(2.0)	1.2	15.4	11.9	26.0	33.7	34.5	35.2	38.1	42.9	47.7	(16.9)	38.2	125.8	158.1
Non-GAAP EPS	(\$0.03)	(\$0.02)	\$0.00	\$0.00	\$0.01	\$0.00	\$0.06	\$0.06	\$0.08	\$0.10	\$0.10	\$0.10	\$0.10	\$0.11	\$0.12	\$0.13	(\$0.05)	\$0.11	\$0.37	\$0.47
Consensus non-GAAP EPS	(\$0.03)	(\$0.04)	(\$0.04)	(\$0.00)	\$0.00	(\$0.01)	\$0.00	\$0.05	\$0.03	\$0.07	\$0.10	\$0.10	\$0.10	\$0.11	\$0.12	\$0.13	(\$0.05)	\$0.11	0.36	0.45
Management Guidance - Non-GAAP EPS																				
Low	(\$0.03)	(\$0.04)	(\$0.04)	(\$0.01)	\$0.00	(\$0.01)	\$0.00	\$0.04	\$0.03	\$0.07	\$0.10						(\$0.06)	\$0.11	\$0.37	
Mid	(\$0.03)	(\$0.04)	(\$0.04)	(\$0.01)	\$0.01	(\$0.01)	\$0.01	\$0.05	\$0.04	\$0.08	\$0.10						(\$0.06)	\$0.12	\$0.37	
High	(\$0.02)	(\$0.03)	(\$0.03)	\$0.00	\$0.01	\$0.00	\$0.01	\$0.05	\$0.04	\$0.08	\$0.10						(\$0.05)	\$0.12	\$0.37	
Basic shares outstanding	305.9	308.3	314.5	320.3	323.3	325.2	326.6	328.3	330.4	332.3	334.3	336.3	338.3	340.3	342.3	344.3	312.3	326.3	333.3	341.3
Diluted shares outstanding	305.9	308.3	342.4	345.8	341.6	341.1	341.2	341.1	342.0	343.2	347.0	348.0	351.0	354.0	357.0	360.0	NA	341.7	345.0	355.5
Non-GAAP Reconciliation to GAAP Results																				
Share-based compensation	23.1	24.1	28.0	42.1	41.8	57.5	55.9	62.6	61.8	71.6	74.4	78.3	83.0	86.7	89.8	93.8	117.3	217.8	286.0	353.3
Cost of revenue	0.5	0.8	1.0	1.3	1.3	2.0	2.2	1.3	1.8	2.1	2.2	2.3	2.5	2.8	2.7	2.8	3.7	6.8	8.5	10.5
OpEx	22.5	23.3	27.0	40.8	40.5	55.5	53.7	61.3	59.9	69.5	72.2	76.0	80.5	84.2	87.1	91.0	113.6	211.0	277.5	342.8
Amortization of acquired intangible assets	0.7	0.7	0.7	0.8	0.5	4.9	4.9	4.9	4.9	4.9	5.3	5.3	5.4	5.3	5.5	5.6	2.9	15.2	20.4	21.8
Cost of revenue	0.7	0.7	0.7	0.8	0.5	4.3	4.3	4.3	4.3	4.3	4.7	4.7	4.8	4.7	4.8	5.0	2.9	13.4	18.0	19.2
OpEx	-	-	-	-	-	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	-	1.7	2.4	2.6
Acquisition related expenses	-	-	-	0.4	2.6	1.3	-	-	-	-	-	-	-	-	-	-	0.4	3.9	-	-
Cost of revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OpEx	-	-	-	0.4	2.6	1.3	-	-	-	-	-	-	-	-	-	-	0.4	3.9	-	-
Amortization of debt discount & issuance costs	9.0	9.2	84.6	15.7	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	118.4	4.7	5.1	5.2
Income tax effects and adjustments	(2.1)	(5.8)	(4.6)	18.6	(1.3)	(1.0)	(0.3)	(1.2)	(2.5)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	6.1	(3.7)	(2.3)	0.4
GAAP Gross Profit	106.0	117.4	134.8	151.1	165.1	178.7	191.9	206.9	219.7	233.3	250.0	269.5	293.0	310.0	334.1	358.5	509.3	742.6	972.4	1,295.6
GAAP Operating Income	(31.3)	(28.9)	(26.5)	(41.1)	(40.0)	(84.5)	(45.9)	(50.7)	(47.3)	(56.2)	(59.1)	(60.8)	(63.3)	(66.0)	(62.4)	(61.9)	(127.7)	(201.2)	(223.4)	(253.9)
GAAP Net Income	(60.0)	(56.5)	(107.3)	(77.5)	(61.4)	(83.5)	(42.5)	(45.9)	(38.1)	(44.2)	(47.5)	(50.1)	(53.0)	(55.8)	(52.5)	(52.3)	(280.3)	(193.4)	(179.8)	(213.4)
GAAP EPS	(\$0.13)	(\$0.12)	(\$0.34)	(\$0.24)	(\$0.13)	(\$0.20)	(\$0.13)	(\$0.14)	(\$0.12)	(\$0.13)	(\$0.14)	(\$0.15)	(\$0.10)	(\$0.16)	(\$0.15)	(\$0.15)	(\$0.83)	(\$0.59)	(\$0.54)	(\$0.63)
Consensus GAAP EPS	(\$0.13)	(\$0.13)	(\$0.14)	(\$0.11)	(\$0.14)	(\$0.13)	(\$0.16)	(\$0.14)	(\$0.15)	(\$0.13)	(\$0.10)	(\$0.11)	(\$0.10)	(\$0.13)	(\$0.13)	(\$0.12)	(\$0.70)	(\$0.58)	(\$0.55)	(\$0.42)
Basic shares outstanding	305.9	308.3	314.5	320.3	323.3	325.2	326.6	328.3	330.4	332.3	334.3	336.3	338.3	340.3	342.3	344.3	312.3	326.3	333.3	341.3
Diluted shares outstanding	305.9	308.3	314.5	320.3	323.3	325.2	326.6	328.3	330.4	332.3	334.3	336.3	338.3	340.3	342.3	344.3	NA	341.7	345.0	355.5
	Fiscal 2021				Fiscal 2022				Fiscal 2023				Fiscal 2024							
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	FY21	FY22	FY23E	FY24E
Y/Y Growth																				
Total Revenue	51.3%	52.9%	51.0%	53.7%	53.7%	53.9%	47.3%	41.9%	36.8%	31.5%	30.2%	29.5%	33.0%	32.0%	32.5%	31.8%	52.3%	48.6%	31.8%	32.3%
Total cost of revenue	56.0%	44.9%	37.9%	45.9%	46.5%	47.8%	55.1%	64.3%	42.2%	39.0%	32.8%	27.6%	33.2%	30.8%	30.7%	29.4%	45.6%	51.2%	34.7%	30.9%
Gross profit	50.0%	55.3%	54.8%	56.0%	55.7%	55.9%	45.3%	38.6%	35.3%	29.0%	29.5%	30.1%	32.9%	32.3%	33.0%	32.5%	54.2%	47.9%	30.9%	32.7%
Sales and marketing	45.5%	44.3%	51.5%	47.9%	42.0%	52.2%	33.4%	31.3%	34.4%	20.4%	29.0%	28.7%	32.9%	33.2%	31.2%	29.0%	47.5%	39.0%	27.9%	31.4%
Research and development	39.2%	41.4%	39.4%	44.2%	41.7%	56.2%	41.4%	33.5%	27.2%	12.9%	29.0%	29.6%	33.9%	34.4%	31.8%	30.3%	41.2%	42.7%	24.8%	32.4%

Cloudflare, Inc. (NET)

Revenue Build

(\$ in millions, unless otherwise stated)	Fiscal 2021				Fiscal 2022				Fiscal 2023				Fiscal 2024				FY21	FY22	FY23E	FY24E
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	656.4	975.2	1,285.0	1,700.0
Total Revenue	138.1	152.4	172.3	193.6	212.2	234.5	253.9	274.7	290.2	308.5	330.5	355.8	385.9	407.2	437.9	468.9	656.4	975.2	1,285.0	1,700.0
Consensus revenue	131.0	146.1	163.7	184.8	205.7	227.3	250.6	274.1	293.8	308.6	330.5	355.8	375.3	400.3	425.1	462.5	647.6	974.5	1,285.2	1,693.3
Y/Y Growth	51%	53%	51%	54%	54%	54%	47%	42%	37%	30%	30%	30%	33%	32%	30%	26%	52%	49%	32%	35%
Management Guidance - Total Revenue																				
Low	130.8	145.5	165.0	184.8	205.8	228.5	258.0	273.1	290.8	305.8	330.8	358.0					647.0	974.8	1,283.8	
Mid	130.5	146.0	165.5	184.5	205.5	227.0	250.5	274.0	290.5	305.5	330.5						647.5	974.5	1,285.0	
High	131.0	146.5	166.0	185.0	206.0	227.5	251.0	274.5	291.0	306.0	331.0						648.0	975.0	1,287.0	

(\$ in millions, unless otherwise stated)	Fiscal 2021				Fiscal 2022				Fiscal 2023				Fiscal 2024				FY21	FY22	FY23E	FY24E
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	656.4	975.2	1,285.0	1,700.0
Billings & RPO																				
Revenue	138.1	152.4	172.3	193.6	212.2	234.5	253.9	274.7	290.2	308.5	330.5	355.8	385.9	407.2	437.9	468.9	656.4	975.2	1,285.0	1,700.0
Beginning deferred revenue balance	56.8	71.5	84.6	97.0	121.2	137.2	162.7	180.1	230.4	252.3	286.8	311.7	378.4	398.1	433.5	457.5	56.8	121.2	230.4	378.4
Ending deferred revenue balance	71.5	84.6	97.0	121.2	137.2	162.7	180.1	230.4	252.3	286.8	311.7	378.4	398.1	433.5	457.5	458.4	121.2	230.4	378.4	528.4
Change in deferred revenue	14.6	13.1	12.4	24.3	16.0	25.4	17.4	50.3	21.9	34.6	24.9	66.7	19.7	35.4	24.1	71.9	64.4	109.2	148.0	151.0
Current Billings	153.7	165.9	184.8	210.7	228.2	259.9	271.3	325.0	318.1	341.1	355.4	422.9	406.7	442.6	465.9	540.8	728.8	1,084.4	1,433.8	1,851.9
Consensus Billings	150.8	152.9	172.0	191.7	222.5	242.5	270.2	307.0	313.0	334.8	352.8	410.2	403.5	441.6	461.9	537.7	684.3	1,057.5	1,420.9	1,843.0
Y/Y Growth	50%	55%	55%	61%	49%	57%	47%	49%	37%	32%	31%	30%	30%	29%	30%	28%	50%	50%	32%	29%
Revenue	138.1	152.4	172.3	193.6	212.2	234.5	253.9	274.7	290.2	308.5	330.5	355.8	385.9	407.2	437.9	468.9	656.4	975.2	1,285.0	1,700.0
Beginning deferred revenue (current) balance	54.9	66.4	78.8	92.4	116.5	131.7	155.8	171.4	218.6	238.8	268.0	291.2	353.5	371.9	405.0	427.5	54.9	121.2	230.4	378.4
Ending deferred revenue (current) balance	66.4	79.8	92.4	116.5	131.7	155.8	171.4	218.6	238.8	268.0	291.2	353.5	371.9	405.0	427.5	484.6	66.4	102.1	194.9	341.1
Change in deferred revenue (current)	11.5	13.4	12.6	24.1	15.1	24.2	15.6	47.2	20.1	29.2	23.2	62.3	18.4	33.0	22.5	67.2	61.6	102.1	134.9	141.1
Current Billings	146.5	165.8	184.5	217.7	227.3	258.7	269.4	321.9	316.3	337.7	353.8	418.1	404.4	440.2	468.4	536.1	718.0	1,077.3	1,415.9	1,841.1
Y/Y Growth	53%	56%	55%	64%	52%	56%	46%	48%	37%	31%	31%	30%	30%	30%	30%	28%	58%	50%	30%	30%
RPO																				
Revenue	438.8	483.9	545.4	623.9	688.4	760.4	830.8	906.5	958.9	1,036.2	1,121.6	1,205.6	1,256.2	1,347.1	1,446.8	1,531.2	623.9	906.5	1,205.6	1,531.2
Y/Y Growth	88%	77%	60%	63%	57%	57%	52%	45%	39%	36%	35%	33%	31%	30%	29%	27%	63%	45%	33%	27%
Current RPO	333.5	372.6	409.1	480.4	523.2	577.9	623.1	670.8	719.2	777.2	841.2	904.2	942.1	1,010.3	1,085.1	1,148.4	480.4	670.8	904.2	1,148.4
Y/Y Growth	70%	66%	57%	67%	57%	55%	52%	40%	37%	34%	36%	30%	31%	30%	29%	27%	67%	40%	35%	27%
Current RPO - % of total	76%	77%	70%	77%	76%	76%	70%	74%	75%	75%	75%	70%	75%	75%	75%	75%	77%	76%	76%	75%
Backlog (RPO - Deferred Rev)	367.3	399.3	446.4	502.7	551.2	597.7	658.7	676.1	706.6	748.4	809.9	827.3	858.0	913.6	969.3	1,001.7	502.7	676.1	827.3	1,001.7
Y/Y Growth	88%	74%	54%	54%	50%	50%	45%	35%	28%	25%	24%	22%	21%	22%	22%	21%	54%	35%	22%	21%
Bookings																				
Total Revenue	138.1	152.4	172.3	193.6	212.2	234.5	253.9	274.7	290.2	308.5	330.5	355.8	385.9	407.2	437.9	468.9	656.4	975.2	1,285.0	1,700.0
Change in CRDQ	45.8	36.1	36.4	71.4	62.8	54.7	65.2	67.7	48.4	56.0	54.0	63.0	37.8	88.2	74.8	63.2	132.8	190.6	233.6	264.1
Total CRDQ Bookings	183.9	191.5	208.8	264.9	254.9	289.2	299.1	322.4	338.5	366.5	394.6	418.9	423.8	475.4	512.8	532.1	849.2	1,165.6	1,518.4	1,944.1
Y/Y Growth	72%	44%	40%	72%	38%	51%	43%	23%	33%	27%	30%	30%	25%	30%	30%	27%	58%	37%	30%	28%

Source: Company data, FactSet, Wells Fargo Securities, LLC estimates

Customer Metrics	Fiscal 2021				Fiscal 2022				Fiscal 2023				Fiscal 2024				FY21	FY22	FY23E	FY24E
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	140,096	162,086	182,086	202,086
Paying Customers	119,208	126,735	132,390	140,096	148,164	151,803	156,600	162,086	166,159	174,129							140,096	162,086	182,086	202,086
Y/Y Growth	34%	32%	31%	29%	24%	20%	16%	16%	12%	15%							28%	89%	64%	46%
Net new additions	8,023	7,529	5,655	7,706	8,088	3,619	4,197	6,086	6,073	5,970							28,913	21,990	21,990	21,990
Y/Y Growth	58%	6%	16%	(25%)	7%	(52%)	(20%)	(21%)	(25%)	(25%)							7%	(24%)	(24%)	(24%)
Customers > \$100K	945	1,088	1,260	1,416	1,537	1,749	1,988	2,042	2,156.0	2,352.0							1,416	2,042	2,352.0	2,352.0
Y/Y Growth	70%	71%	71%	71%	63%	61%	51%	44%	40%	34%							71%	64%	49%	46%
Net new additions	117	143	172	156	121	212	159	134	114	196							588	626	626	626
Y/Y Growth	290%	77%	74%	70%	2%	40%	(60%)	(14%)	(6%)	(8%)							65%	6%	6%	6%
Revenue from Customers > \$100K	69.0			110.3	123.1	140.7	154.9	173.1									354.5	591.7		
% of Revenue	50%			57%	58%	60%	61%	63%									54%	61%		
Customers > \$500K				121	143		222										121	222		
Y/Y Growth				70%	68%		83%										70%	83%		
Customers > \$1MM				56	62		75	85									56	85		
Y/Y Growth				70%	72%		63%	50%									70%	52%		
Deliver-Based Retention Rate	123%	124%	124%	125%	127%	126%	124%	122%	117%	115%							125%	122%		

Source: Company data, FactSet, Wells Fargo Securities, LLC estimates

Other Metrics	Fiscal 2021				Fiscal 2022				Fiscal 2023				Fiscal 2024				FY21	FY22	FY23E	FY24E
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E				
Revenue from United States	71.2	79.9	90.7	100.7	111.4	124.3	135.3	144.8	152.9	161.7							342.6	515.7		
Y/Y Growth	61%	65%	63%	62%	56%	60%	49%	44%	37%	30%							57%	51%		
% of total revenue	52%	52%	53%	52%	52%	53%	53%	53%	53%	52%							52%	53%		
Revenue from EMEA	35.5	38.7	45.3	51.6	55.8	61.1	68.1	73.2	78.3	84.3							172.1	258.3		
Y/Y Growth	54%	53%	62%	60%	57%	54%	51%	42%	40%	38%							58%	50%		
% of total revenue	26%	26%	26%	27%	26%	26%	27%	27%	27%	27%							26%	26%		
Revenue from APAC	22.9	22.8	24.5	26.3	29.9	32.8	36.9	39.2	40.4								96.5	133.4		
Y/Y Growth	30%	23%	25%	29%	31%	43%	38%	40%	31%	23%							27%	38%		
% of total revenue	17%	15%	14%	14%	14%	14%	13%	13%	14%	13%							14.7%	13.7%		
Revenue from Other	8.4	8.9	11.8	15.0	15.1	16.4	16.6	19.8	19.7	22.1							45.2	67.9		
Y/Y Growth	32%	48%	62%	112%	79%	64%	47%	32%	31%	35%							65%	50%		
% of total revenue	6%	7%	7%	8%	7%	7%	7%	7%	7%	7%							6.9%	7.0%		
Headcount (reported)	1,831	2,050	2,240	2,439	2,751	3,063	3,181	3,220	3,394	3,389							2,439	3,220.0		
Y/Y Growth	47%	34%	32%	36%	42%	49%	42%	32%	23%	11%							36%	32%		
Revenue through Channel Partners	15.4	16.9	19.5	22.0	24.4	28.9	32.6	36.6	41.0	47.1							73.8	122.5		
Y/Y Growth	28%	60%	61%	55%	59%	51%	67%	68%	68%	63%							63%	68%		
% of sales influenced by partners	11.1%	11.1%	11.3%	11.4%	11.0%	12.3%	12.4%	12.3%	14.1%	11.2%							11.2%	12.8%		

Cloudflare Inc. (NET)

Balance Sheet

	Fiscal 2021				Fiscal 2022				Fiscal 2023				Fiscal 2024				FY21	FY22	FY23E	FY24E	
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E					
(\$ in millions, unless otherwise stated)																					
Current assets																					
Cash and Cash Equivalents	187.5	247.6	618.2	313.8	152.0	142.7	137.8	204.2	256.4	199.3	190.0	231.8	247.4	273.3	319.3	366.5	313.8	204.2	231.8	366.5	
Available-for-sale Securities	847.7	786.0	1,195.6	1,506.1	1,573.3	1,489.2	1,486.4	1,446.6	1,459.2	1,426.3	1,425.3	1,426.3	1,426.3	1,426.3	1,425.3	1,425.3	1,506.1	1,446.6	1,425.3	1,426.3	
Accounts Receivables, net	71.2	75.9	84.7	95.5	125.4	122.1	126.9	148.5	179.7	177.9	190.6	218.4	238.1	234.9	252.6	287.8	95.5	148.5	218.4	287.8	
Contract Assets	3.7	5.2	5.0	6.1	6.3	7.2	7.2	8.3	8.0	8.7	9.9	10.7	11.6	12.2	13.1	14.1	6.1	8.3	10.7	14.1	
Restricted cash	2.7	2.7	0.5	3.0	2.5	9.4	10.7	10.6	10.5	2.8	2.8	2.8	2.8	2.8	2.8	2.8	3.0	10.6	2.8	2.8	
Prepaid Expenses & Other Current Assets	27.1	28.7	26.5	29.4	35.4	33.5	34.7	70.8	40.5	44.1	52.9	56.9	77.2	81.4	96.3	103.2	29.4	70.8	56.9	103.2	
Total current assets	1,138.9	1,146.0	1,930.6	1,955.9	1,894.8	1,841.0	1,815.8	1,867.9	1,954.4	1,816.1	1,871.5	1,945.9	2,003.3	2,029.9	2,196.4	2,199.6	1,955.9	1,867.9	1,945.9	2,199.6	
Other Non-Current Assets																					
Property and Equipment, net	136.8	156.7	176.6	183.7	202.4	244.6	264.1	286.6	288.2	293.3	307.5	326.6	339.7	354.1	369.0	384.3	183.7	286.6	326.6	384.3	
Goodwill	17.2	17.2	17.2	23.5	28.5	149.1	141.1	148.0	148.0	148.0	148.0	148.0	148.0	148.0	148.0	148.0	23.5	148.0	148.0	148.0	
Intangible Assets	2.1	1.4	0.7	1.3	3.8	42.3	37.4	32.5	27.6	22.7	22.7	22.7	22.7	22.7	22.7	22.7	1.3	32.5	22.7	22.7	
Operating Lease right-of-use Assets	41.7	44.5	101.3	130.3	138.9	132.2	133.0	132.4	131.9	130.0	130.0	130.0	130.0	130.0	130.0	130.0	130.3	132.2	130.0	130.0	
Deferred Contract Acquisition Costs	48.0	56.6	61.6	70.3	76.3	80.7	87.3	93.1	98.4	107.5	122.3	131.7	146.7	154.7	166.4	178.2	70.3	93.1	131.7	178.2	
Restricted Cash	6.7	6.7	6.7	4.2	6.0	1.7	0.5	0.5	1.6	2.3	2.3	2.3	2.3	2.3	2.3	2.3	4.2	1.7	2.3	2.3	
Other Non-Current Assets	13.2	17.0	21.0	28.8	3.3	3.9	3.5	6.9	6.6	11.3	12.2	13.1	14.2	15.0	16.1	17.2	28.8	6.9	13.1	17.2	
Total assets	1,405.5	1,445.9	2,315.5	2,372.1	2,353.9	2,468.5	2,490.6	2,567.9	2,667.6	2,533.2	2,616.5	2,720.3	2,806.9	2,856.9	2,961.0	3,082.4	2,372.1	2,567.9	2,720.3	3,082.4	
Current liabilities																					
Accounts Payable	20.5	29.6	34.6	26.1	32.9	55.7	39.2	35.6	54.6	32.4	52.1	45.4	72.7	42.4	68.1	58.8	26.1	35.6	45.4	58.8	
Accrued Expenses & Other Current Liabilities	24.0	33.5	33.6	38.1	40.9	53.2	55.1	66.4	69.4	54.6	56.2	60.5	67.9	61.1	65.7	70.3	38.1	66.4	60.5	70.3	
Accrued Compensation	31.7	31.1	37.2	65.9	40.0	36.6	42.6	42.0	45.7	46.8	49.6	53.4	57.9	61.1	65.7	70.3	65.9	42.0	53.4	70.3	
Operating Lease Liabilities	18.0	20.0	23.5	25.2	27.3	28.3	28.5	33.3	34.8	35.4	35.4	35.4	35.4	35.4	35.4	35.4	25.2	33.3	35.4	35.4	
Liability for Early Exercise of Unvested Stock Options	7.5	6.5	5.5	4.7	3.9	3.2	2.5	1.9	1.3	0.7	0.7	0.7	0.7	0.7	0.7	0.7	4.7	1.9	0.7	0.7	
Deferred Revenue	66.4	79.8	92.4	116.5	137.1	155.8	171.4	218.6	238.8	268.0	291.2	353.5	371.9	405.0	427.5	494.6	116.5	218.6	353.5	494.6	
Current Portion of Long-term Debt	-	-	-	12.1	-	-	-	-	-	-	-	-	-	-	-	-	12.1	-	-	-	
Total current liabilities	181.1	200.5	227.0	286.6	216.7	332.8	339.3	397.9	444.5	473.1	520.5	564.2	631.8	640.9	696.3	785.5	286.6	397.9	564.2	785.5	
Long term liabilities																					
Convertible Senior Notes	392.2	401.4	1143.3	1,151.3	1,432.7	1,433.9	1,435.0	1,436.2	1,437.4	1,281.4	1,281.4	1,281.4	1,281.4	1,281.4	1,281.4	1,281.4	1,151.3	1,436.2	1,281.4	1,281.4	
Finance Obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Operating Lease Liabilities	25.6	26.9	81.1	109.0	114.6	105.3	104.0	107.6	108.8	107.0	107.0	107.0	107.0	107.0	107.0	107.0	109.0	107.6	107.0	107.0	
Deferred Revenue	5.1	4.7	4.6	4.7	5.6	6.8	8.7	11.7	13.5	18.9	20.5	24.9	26.2	28.5	30.1	34.8	4.7	11.7	24.9	34.8	
Other noncurrent liabilities	15.6	11.3	8.4	7.1	9.8	9.1	8.6	10.5	10.8	11.0	11.8	12.7	13.8	14.5	15.6	16.8	7.1	9.8	12.7	16.8	
Total liabilities	601.5	644.8	1,462.4	1,505.7	1,838.5	1,889.0	1,895.6	1,963.9	2,015.0	1,891.4	1,891.1	2,010.1	2,060.1	2,072.3	2,112.4	2,205.4	1,560.7	1,965.9	2,010.1	2,205.4	
Stockholders' equity																					
Redeemable Convertible Preferred Stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Common Stock	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
Additional Paid-In Capital	1,264.2	1,296.8	1,456.4	1,484.5	1,215.8	1,347.7	1,404.9	1,475.4	1,536.4	1,620.3	1,620.3	1,620.3	1,620.3	1,620.3	1,620.3	1,620.3	1,484.5	1,475.4	1,620.3	1,620.3	
Accumulated Other Comprehensive Income	0.0	(0.0)	(0.2)	(2.6)	(12.7)	(16.1)	(17.3)	(11.9)	(6.1)	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)	(2.6)	(11.9)	(6.3)	(6.3)	
Accumulated Deficit	(460.5)	(496.0)	(603.3)	(680.8)	(687.9)	(751.4)	(794.0)	(839.0)	(875.0)	(872.4)	(858.9)	(904.1)	(867.5)	(829.7)	(788.7)	(737.3)	(680.8)	(680.8)	(737.3)	(737.3)	
Total stockholders' equity	804.0	801.1	853.1	866.4	515.4	568.5	594.3	604.0	652.6	642.1	725.4	710.2	746.8	786.6	853.6	875.6	804.0	801.1	853.1	866.4	
Total liabilities and shareholders' equity	1,405.5	1,445.9	2,315.514	2,372.1	2,353.9	2,468.5	2,490.6	2,567.9	2,667.6	2,533.2	2,616.5	2,720.3	2,806.9	2,856.9	2,961.0	3,082.4	2,372.1	2,567.9	2,720.3	3,082.4	
Net cash																					
Y/Y Growth	62%	64%	41%	67%	67%	20%	21%	21%	22.8%	29.6%	27.3%	30.1%	24.5%	35.8%	38.4%	47.6%	47.7%	67.1%	22.8%	43.2%	47.6%
Net cash per diluted share	\$2.13	\$2.08	\$1.98	\$1.92	\$0.88	\$0.64	\$0.62	\$0.66	\$0.85	\$0.80	\$0.88	\$0.99	\$1.02	\$1.09	\$1.20	\$1.33	\$1.92	\$0.66	\$0.99	\$1.33	
Y/Y Growth	6%	(12%)	(13%)	(11%)	(59%)	(69%)	(69%)	(66%)	(4%)	24%	41%	51%	20%	37%	37%	34%	(11%)	(66%)	51%	34%	

Source: Company data, Wells Fargo Securities, LLC estimates

Cloudflare Inc. (NET)

Statement of Cash Flows

	Fiscal 2021				Fiscal 2022				Fiscal 2023				Fiscal 2024							
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	FY21	FY22	FY23E	FY24E
(\$ in millions, unless otherwise stated)																				
CASH FLOWS FROM OPERATING ACTIVITIES:																				
Net income (loss)	(40.0)	(35.5)	(107.3)	(77.5)	(41.4)	(83.5)	(42.5)	(45.9)	(38.1)	(94.5)	(47.5)	(50.1)	(53.0)	(55.6)	(52.5)	(52.3)	(260.3)	(193.4)	(230.1)	(213.4)
Depreciation and amortization	15.2	16.0	17.0	18.3	20.0	25.3	27.4	29.6	31.5	33.7	36.1	38.5	41.4	43.3	46.3	49.4	66.6	102.3	139.8	180.4
Non-cash operating leases costs	5.3	5.7	6.7	7.4	8.6	9.5	8.8	9.4	11.1	10.9	-	-	8.8	9.6	10.5	11.4	10.5	35.5	21.8	9.9
Amortization of deferred contract acquisition costs	6.1	6.9	7.8	8.6	9.7	10.6	11.8	13.1	14.1	14.9	-	-	-	-	-	-	29.3	45.1	29.0	-
Stock based compensation	18.0	20.5	23.0	28.5	34.0	54.8	53.8	60.2	57.4	68.4	74.4	78.3	83.0	86.7	89.8	93.8	90.1	202.8	278.4	353.3
Amortization of debt discount and insurance costs	9.0	9.2	12.3	15.7	1.2	1.2	1.2	1.2	-	1.3	1.3	1.3	1.3	1.3	1.3	1.3	46.2	4.7	5.1	5.2
Amortization of premiums on marketable securities	1.9	2.0	2.1	2.4	2.2	1.6	(0.1)	(3.9)	(82.0)	(10.8)	-	-	-	-	-	-	8.4	(0.3)	(19.1)	11.1
Other	(0.0)	(4.6)	39.7	20.7	0.1	(0.8)	1.7	3.2	1.4	54.8	-	-	-	-	-	-	55.9	5.3	56.2	-
Changes to assets and liabilities																				
Accounts receivable	(8.2)	(5.2)	(9.8)	(11.7)	(30.8)	3.8	(5.9)	(23.4)	(32.8)	(2.6)	(12.7)	(77.7)	(20.7)	4.2	(17.7)	(38.2)	(35.8)	(67.2)	(75.9)	(89.4)
Contract assets	(0.1)	(1.6)	0.1	0.1	(0.3)	(0.8)	(0.9)	(1.1)	(0.3)	(0.8)	(1.2)	(0.8)	(0.9)	(0.8)	(0.9)	(0.8)	(0.8)	(0.8)	(0.6)	(0.4)
Deferred contract acquisition costs	(10.9)	(14.5)	(12.8)	(17.3)	(15.6)	(15.0)	(18.4)	(16.0)	(19.4)	(24.0)	(14.8)	(9.4)	(15.0)	(8.1)	(17.1)	(11.8)	(55.4)	(67.9)	(67.5)	(46.5)
Prepaid expenses and other current assets	(0.6)	(2.1)	2.2	(3.1)	(6.8)	1.7	(2.3)	(0.3)	(9.8)	(5.1)	(8.8)	(4.0)	(20.3)	(4.3)	(14.9)	(8.6)	(2.4)	(7.7)	(20.9)	(46.2)
Other assets	(0.2)	(0.1)	0.1	0.1	0.1	0.5	1.0	(1.8)	(1.0)	(0.8)	(0.8)	(1.1)	(1.0)	(0.8)	(1.1)	(1.1)	1.5	(0.5)	(3.7)	(4.2)
Accounts payable	6.2	0.6	(0.9)	(3.4)	1.9	6.3	(7.5)	(10.3)	11.6	(15.0)	(6.7)	(6.7)	27.2	(30.3)	25.7	(9.3)	2.5	(9.6)	19.6	13.4
Accrued expenses & other current liabilities	10.1	0.8	11.2	36.8	(25.4)	(5.1)	6.8	18.3	0.7	0.8	4.4	9.3	1.9	6.4	9.2	9.3	58.9	5.4	(13.9)	25.8
Operating leases	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(5.4)	(23.7)	(23.7)	(23.7)	(23.7)
Deferred revenue	14.6	13.1	12.4	24.3	16.0	18.5	17.4	50.3	21.9	34.6	24.9	66.7	19.7	35.4	24.1	71.9	64.4	102.2	146.0	151.0
Other liabilities	(0.5)	(0.9)	(4.8)	(1.2)	(0.3)	0.7	0.3	(0.9)	0.4	0.2	0.8	0.9	1.1	0.8	1.1	0.8	(1.1)	(4.6)	(0.3)	2.3
Net cash provided by operating activities	55.5	7.5	(6.9)	(35.9)	(35.3)	42.7	36.4	46.5	75.7	94.2	66.7	74.4	66.7	74.4	66.6	109.3	148.1	126.6	279.7	351.9
CASH FLOWS FROM INVESTING ACTIVITIES:																				
Purchases of property and equipment	(22.3)	(13.8)	(28.8)	(28.3)	(24.5)	(37.1)	(41.9)	(40.1)	(17.5)	(38.7)	(39.0)	(46.0)	(42.5)	(45.5)	(48.5)	(51.5)	(93.0)	(143.8)	(141.3)	(188.0)
Capitalized software	(3.4)	(3.7)	(4.0)	(3.8)	(4.5)	(5.6)	(5.4)	(4.4)	(5.0)	(5.7)	(6.0)	(6.3)	(6.6)	(6.9)	(7.2)	(7.5)	(14.8)	(19.8)	(23.1)	(28.3)
Payments made for acquisitions	-	-	-	(5.6)	(7.7)	(82.6)	(1.2)	-	-	-	-	-	-	-	-	-	(5.6)	(88.2)	-	-
Purchases of proceeds from investments	73.4	59.7	(412.0)	(317.2)	-	-	-	-	38.2	0.3	-	-	-	-	-	-	(68.6)	14.6	82.6	14.6
Other investing activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	0.1	0.0	0.1	
Net cash used in investing activities	47.8	42.5	(444.6)	(354.9)	(110.9)	(56.9)	(48.9)	(20.9)	15.6	6.1	(45.6)	(52.3)	(48.1)	(52.4)	(55.7)	(59.9)	(709.3)	(235.7)	(81.7)	(214.3)
CASH FLOWS FROM FINANCING ACTIVITIES:																				
Proceeds from issuance of convertible senior notes	-	-	1,293.8	-	-	-	-	-	-	-	-	-	-	-	-	-	1,293.8	-	-	-
Payments for debt and stock options	-	-	(105.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	(105.1)	-	(172.2)	-
Repayment of notes payable	-	-	(370.6)	-	(16.6)	-	-	-	-	-	-	-	-	-	-	-	(370.6)	(16.6)	-	-
Proceeds from the exercise of stock options	8.1	3.6	5.3	4.6	3.1	3.0	2.2	1.9	3.3	3.8	-	-	3.1	2.5	-	-	21.5	-	7.1	-
Repurchases of unvested common stock	(0.2)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	-	-	-	(0.0)	-	-	-	-	-	-	(0.2)	(0.0)	(0.0)	
Proceeds from issuance of common stock tied to ESPP	(0.2)	7.2	7.8	7.8	-	-	8.7	(0.0)	6.6	-	-	-	-	-	-	-	15.0	15.3	-	
Payment of tax withholding on stock issued under ESPP	(0.5)	(0.6)	(0.9)	(1.6)	(0.7)	(0.9)	(0.7)	(0.5)	(2.1)	(1.3)	-	-	-	-	-	-	(3.6)	(2.5)	(4.0)	
Proceeds from issuance of preferred stock, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds from issuance of common stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other	-	-	(2.2)	(1.0)	-	-	-	-	-	-	-	-	-	-	-	-	(3.2)	-	10.5	
Net cash provided by financing activities	7.4	10.2	820.2	9.8	(14.3)	11.1	1.4	8.0	1.2	(68.6)	(52.3)	(48.1)	(52.4)	(55.7)	(59.9)	-	847.5	6.347	102.1	134.7
Foreign currency exchange rate impact on cash																				
Net (decrease) increase in cash and equivalents	78.6	60.1	368.5	(304.4)	(320.5)	(6.7)	(4.8)	66.2	53.2	(104.1)	36.4	14.8	15.6	26.0	24.9	50.3	228.2	(105.54)	21.7	134.7
Beginning balance cash and cash equivalents	118.1	196.8	256.9	625.4	641.0	160.4	153.8	149.0	215.2	268.4	164.4	195.0	236.9	252.4	278.4	321.3	118.1	321.0	215.2	296.9
Ending balance cash and cash equivalents	196.8	256.9	625.4	321.0	160.4	153.8	149.0	215.2	268.4	164.4	195.0	236.9	252.4	278.4	321.3	371.6	321.0	215.2	296.9	371.6
Free Cash Flow																				
Free cash flow	(2.2)	(8.8)	(39.7)	8.6	(64.4)	(4.4)	(4.6)	(3.7)	13.9	20.0	30.7	41.8	15.6	26.0	24.9	50.3	(43.1)	(39.8)	106.4	131.7
Consensus FCF	(1.6)	(6.4)	(13.3)	(6.9)	(11.9)	(0.4)	(2.2)	25.2	(10.1)	2.7	17.4	31.7	8.1	29.7	29.3	52.0	(62.7)	(45.6)	87.9	178.8
FCF Growth	5.0%	123%	33%	22%	(42%)	50%	29%	26%	(20%)	76%	64%	64%	32%	40%	40%	40%	30%	30%	30%	30%
Free cash flow margin	(0.6%)	(6.4%)	(23.1%)	4.5%	(20.0%)	(1.9%)	(1.8%)	(2.3%)	4.8%	6.5%	9.3%	11.8%	4.0%	6.4%	8.9%	10.6%	(6.6%)	(14.1%)	8.3%	11.7%

CyberArk Financials

CyberArk Software Ltd. (CYBR)

Income Statement

	2021				2022				2023				2024				2021	2022	2023E	2024E
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E				
(\$ in millions, unless otherwise stated)																				
Non-GAAP Income Statement																				
Revenue	24.7	27.1	35.3	47.6	52.0	66.0	74.2	88.5	92.7	106.2	115.7	139.8	137.2	151.8	163.1	190.0	134.6	280.6	454.3	642.1
Subscription	26.7	27.3	23.0	38.7	10.6	11.0	13.8	14.6	3.9	5.1	5.0	5.0	2.4	2.8	2.7	2.7	115.7	60.0	18.9	10.7
Perpetual License	61.3	62.5	63.3	65.1	65.1	65.3	64.6	66.1	65.1	64.6	63.3	64.8	63.8	63.3	62.1	62.9	202.6	261.1	257.8	202.9
Maintenance and Services	112.8	117.2	121.6	151.3	127.6	142.3	152.7	169.2	161.7	175.8	184.0	209.5	203.4	217.8	227.9	255.6	962.9	917.1	731.0	864.8
Gross profit	95.6	97.9	102.5	130.1	104.1	116.9	126.0	140.2	131.5	143.3	150.0	171.2	165.5	177.4	185.6	208.4	426.1	487.1	595.9	736.9
Consensus revenue	110.0	115.9	120.3	144.7	130.5	138.5	150.8	174.2	162.5	173.5	184.6	205.3	205.5	218.3	228.6	255.8	496.2	596.8	731.4	910.1
Management Guidance - Total Revenue																				
Low	106.9	111.0	116.0	140.0	128.9	135.9	147.0	169.9	160.0	170.8	181.5	204.5					481.8	592.5	728.0	
Mid	109.0	115.0	120.0	144.0	129.0	138.0	150.0	173.4	162.0	172.5	184.0	209.5					495.6	596.0	731.0	
High	112.0	119.0	124.0	148.0	131.0	141.0	153.0	176.8	164.0	175.0	186.5	214.5					499.6	599.5	736.0	
Cost of Revenue																				
Cost of subscription revenue	3.8	4.8	5.1	6.6	7.5	9.0	9.9	11.3	13.3	14.8	16.4	20.1	20.0	22.4	24.4	28.8	20.3	37.7	64.7	95.8
Cost of perpetual license revenue	0.8	0.8	0.7	0.8	0.8	0.4	0.6	0.8	0.2	0.3	0.3	0.3	0.2	0.2	0.2	0.2	3.0	2.6	1.2	0.8
Cost of maintenance and services revenue	12.6	13.8	13.3	13.8	15.2	16.1	16.2	16.8	16.7	17.4	17.3	17.9	17.8	17.8	17.7	18.1	63.5	64.3	69.3	71.4
Total cost of revenue	17.2	19.3	19.1	21.2	23.5	25.5	26.7	28.9	30.2	32.5	34.0	38.3	38.0	40.5	42.3	47.2	76.8	104.6	135.1	167.9
Gross profit	95.6	97.9	102.5	130.1	104.1	116.9	126.0	140.2	131.5	143.3	150.0	171.2	165.5	177.4	185.6	208.4	426.1	487.1	595.9	736.9
Consensus gross profit	90.5	96.3	99.2	122.2	106.9	112.4	123.4	144.3	130.9	140.5	150.6	171.8	167.4	178.3	186.9	209.9	418.1	491.3	598.8	742.8
Operating expenses																				
Research and development	25.4	28.7	32.4	35.1	37.4	40.2	41.5	44.2	45.5	46.5	45.9	50.1	51.1	51.4	54.2	58.8	121.6	163.2	188.0	215.5
Sales and marketing	53.8	56.4	58.6	66.5	65.9	74.3	75.5	78.9	84.7	87.4	84.8	87.5	93.0	100.7	102.3	102.2	235.2	239.8	244.3	266.2
General and administrative	10.9	10.9	11.4	12.2	12.6	13.0	12.0	15.0	13.9	15.0	17.0	17.0	15.5	16.6	15.3	19.2	45.4	62.7	59.1	66.5
Total operating expenses	90.1	95.9	102.4	113.8	115.9	127.5	130.0	136.1	144.1	148.8	144.0	154.5	159.5	168.7	169.8	180.2	402.2	505.5	591.4	678.1
Operating income	5.5	2.6	6.1	16.3	(11.8)	(10.7)	(4.0)	4.1	(12.6)	(5.6)	6.0	16.7	6.0	8.8	15.8	28.2	23.9	(24.4)	4.5	58.8
Consensus operating income	1.1	1.9	(1.9)	8.5	(12.1)	(12.1)	(8.5)	5.7	(13.2)	(8.0)	5.8	17.4	6.7	9.8	16.1	28.2	16.2	(20.8)	5.2	59.8
Management Guidance - Non-GAAP Operating Income																				
Low	(2.5)	(3.5)	(6.0)	8.5	(16.0)	(14.3)	(11.0)	2.9	(15.5)	(10.3)	4.8						13.1	(24.5)	-	
Mid	(0.9)	(2.5)	(5.0)	8.5	(12.3)	(12.0)	(8.5)	5.0	(14.0)	(8.0)	6.0						16.1	(21.5)	4.5	
High	2.9	3.5	6.0	11.5	(8.0)	(9.5)	(6.0)	8.0	(12.5)	(6.5)	8.0						19.1	(18.5)	10.0	
EBITDA																				
EBITDA	7.4	4.1	2.3	18.8	(9.4)	(8.4)	(1.6)	6.6	(10.0)	(3.1)	8.8	19.7	4.1	14.8	24.0	37.0	32.3	(12.8)	15.2	80.0
Interest income (expense)	(2.9)	(3.2)	(3.7)	(3.2)	1.1	1.6	3.6	9.2	9.6	11.9	10.0	10.5	10.7	10.9	11.1	11.3	(13.0)	15.4	42.0	44.0
Other income (expense), net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of debt discount and issuance costs & other	4.4	4.4	4.5	4.5	0.7	0.7	0.4	0.7	0.7	0.5	0.7	0.7	0.8	0.9	1.0	1.1	17.8	2.7	2.7	4.0
Pre-tax income	6.9	3.3	0.9	17.6	(10.0)	(8.4)	0.1	14.0	(2.2)	6.8	16.8	27.9	17.5	20.6	27.9	40.7	28.7	(4.3)	49.2	106.8
Provision for (benefit from) income taxes	3.1	3.0	6.3	3.8	1.9	2.4	2.4	6.9	4.7	5.5	6.0	5.8	5.8	6.2	8.3	9.8	15.3	16.3	16.3	16.3
Adjusted tax rate (non-GAAP)	45%	92%	367%	33%	-19%	-28%	3387%	49%	-211%	81%	36%	27%	47%	43%	33%	24%	53%	-315%	49%	34%
Non-GAAP Net Income	3.8	0.2	(2.4)	11.8	(11.9)	(10.7)	(2.3)	7.2	(6.9)	1.3	10.8	20.1	9.2	11.8	18.6	30.9	13.4	(17.8)	25.3	70.6
Consensus net income	1.5	0.7	(3.0)	5.9	(12.7)	(12.4)	(8.4)	5.6	(10.6)	(5.4)	10.9	20.4	8.9	13.5	19.4	29.9	8.0	(19.3)	25.0	70.0
Non-GAAP EPS																				
Non-GAAP EPS	\$0.09	\$0.01	(\$0.06)	\$0.28	(\$0.30)	(\$0.27)	(\$0.03)	\$0.16	(\$0.17)	\$0.03	\$0.23	\$0.43	\$0.19	\$0.25	\$0.39	\$0.64	\$0.33	(\$0.44)	\$0.54	\$1.48
Consensus non-GAAP EPS	\$0.03	\$0.02	(\$0.07)	\$0.15	(\$0.31)	(\$0.30)	(\$0.21)	\$0.15	(\$0.26)	(\$0.13)	\$0.23	\$0.41	\$0.20	\$0.28	\$0.40	\$0.60	\$0.20	(\$0.47)	\$0.55	\$1.43
Management Guidance - Non-GAAP EPS																				
Low	(\$0.03)	(\$0.11)	(\$0.19)	\$0.08	(\$0.42)	(\$0.39)	(\$0.27)	\$0.07	(\$0.30)	(\$0.19)	\$0.19						\$0.11	(\$0.54)	\$0.44	
Mid	\$0.02	(\$0.03)	(\$0.11)	\$0.14	(\$0.34)	(\$0.31)	(\$0.21)	\$0.14	(\$0.27)	(\$0.14)	\$0.23						\$0.18	(\$0.47)	\$0.54	
High	\$0.07	\$0.06	(\$0.02)	\$0.16	(\$0.25)	(\$0.23)	(\$0.14)	\$0.20	(\$0.23)	(\$0.10)	\$0.27						\$0.25	(\$0.39)	\$0.63	
Basic shares outstanding																				
Basic shares outstanding	39.2	39.6	39.8	40.0	40.2	40.5	40.8	40.9	41.2	41.6	41.8	42.0	42.3	42.6	42.9	43.2	39.8	40.6	41.6	42.7
Diluted shares outstanding	40.5	40.5	40.5	41.6	40.0	40.1	40.2	40.6	40.8	41.1	41.3	41.7	41.7	42.1	42.4	42.8	40.8	40.8	41.6	42.7
Non-GAAP Reconciliation to GAAP Results																				
Adjustments																				
Share-based compensation	19.3	23.2	26.4	26.7	27.4	29.7	31.8	32.3	31.7	32.5	34.4	36.0	37.6	39.0	40.3	41.7	95.7	121.2	134.6	158.6
Cost of revenue	2.4	2.7	3.0	3.2	3.3	3.8	4.1	4.2	4.1	4.5	4.7	4.9	5.1	5.3	5.5	5.6	11.4	15.4	18.1	21.5
OpEx	16.9	20.5	23.4	23.5	24.1	25.8	27.7	28.1	27.6	28.0	29.8	31.2	32.5	33.7	34.9	36.0	84.3	105.8	116.5	137.2
Amortization of acquired intangible assets	1.5	1.5	1.5	1.5	1.4	1.6	1.8	1.9	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	5.8	6.7	7.4	7.4
Cost of revenue	1.3	1.3	1.3	1.3	1.3	1.4	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	5.1	6.0	6.8	6.8
OpEx	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.7	0.6	0.5	0.5
Acquisition related expenses	-	-	-	-	0.5	0.1	1.7	-	-	-	-	-	-	-	-	-	-	2.2	-	-
Cost of revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OpEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring & other expenses	-	0.8	-	-	-	0.5	0.1	1.7	-	-	-	-	-	-	-	-	0.8	2.2	-	-
Intra-entity IP transfer tax effect, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of debt discount and issuance costs	4.4	4.4	4.5	4.5	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.9	1.0	1.1	17.8	3.0	3.0	4.0
Taxes related to non-GAAP adjustments	(6.2)	(6.8)	(6.7)	(4.0)	(4.1)	(5.2)	(5.3)	(5.6)	(6.2)	(7.7)	(8.2)	(8.6)	(8.9)	(9.3)	(9.6)	(9.9)	(22.7)	(20.2)	(30.7)	(37.7)
GAAP Gross Profit																				
GAAP Gross Profit	91.8	94.0	98.2	125.6	99.5	111.6	120.2	134.3	125.7	137.1	143.6	164.6	168.7	170.4	178.4	201.1	409.8	465.7	571.1	708.6
GAAP Operating Income	(15.3)	(23.4)	(27.7)	(11.8)	(41.1)	(40.0)	(39.3)	(30.1)	(46.1)	(39.9)	(30.2)	(21.2)	(33.5)	(32.1)	(26.4)	(15.3)	(78.3)	(152.5)	(173.7)	(102.1)
GAAP Net Income	(15.2)	(22.9)	(29.1)	(16.9)	(37.8)	(37.8)	(32.7)	(22.2)	(35.0)	(25.8)	(18.9)	(9.9)	(22.2)	(20.7)	(15.0)	(3.9)	(83.9)	(130.4)	(88.7)	(61.7)
Consensus GAAP EPS	(\$0.38)	(\$0.58)	(\$0.84)	(\$0.40)	(\$0.88)	(\$0.88)	(\$0.78)	(\$0.52)	(\$0.83)	(\$0.60)	(\$0.42)	(\$0.20)	(\$0.50)	(\$0.46)	(\$0.33)	(\$0.07)	(\$2.00)	(\$3.24)	(\$2.00)	(\$1.25)
Consensus GAAP EPS	(\$0.38)	(\$0.38)	(\$0.54)	(\$0.40)	(\$0.84)	(\$0.84)	(\$0.69)	(\$0.50)	(\$0.83)	(\$0.60)	(\$0.39)	(\$0.20)	(\$0.46)	(\$0.38)	(\$0.27)	(\$0.10)	(\$2.10)	(\$3.24)	(\$2.00)	(\$1.25)
Basic shares outstanding	39.2	39.6	39.8	40.0	40.2	40.5	40.8	40.9	41.2	41.6	41.8	42.0	42.3	42.6	42.9	43.2	39.8	40.6	41.6	42.7
Diluted shares outstanding	40.5	40.5	40.5	41.6	40.0	40.1	40.2	40.6	40.8	41.1	41.3	41.7	41.7	42.1	42.4	42.8	40.8	40.8	41.6	42.7
Management Guidance - GAAP Results																				
Adjustments																				
Share-based compensation	19.3	23.2	26.4	26.7	27.4	29.7	31.8	32.3	31.7	32.5	34.4	36.0	37.6	39.0	40.3	41.7	95.7	121.2	134.6	158.6
Cost of revenue	2.4	2.7	3.0	3.2	3.3	3.8	4.1	4.2	4.1	4.5	4.7	4.9	5.1	5.3	5.5	5.6	11.4	15.4	18.1	21.5
OpEx	16.9	20.5	23.4	23.5	24.1	25.8	27.7	28.1	27.6	28.0	29.8	31.2	32.5	33.7	34.9	36.0	84.3	105.8	116.5	137.2
Amortization of acquired intangible assets	1.5	1.5	1.5	1.5	1.4	1.6	1.8	1.9	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	5.8	6.7	7.4	7.4
Cost of revenue	1.3	1.3	1.3	1.3	1.3	1.4	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	5.1	6.0	6.8	6.8
OpEx	0.2	0.2	0.2	0.2																

Source: Company data, FactSet, Wells Fargo Securities, LLC estimates

CyberArk Software Ltd. (CYBR)																	
Statement of Cash Flows																	
	2021				2022				2023				2024				
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	
(\$ in millions, unless otherwise stated):																	
CASH FLOWS FROM OPERATING ACTIVITIES:																	
Net income	(15.2)	(22.8)	(29.1)	(16.9)	(37.8)	(37.6)	(32.7)	(22.2)	(35.0)	(25.8)	(18.0)	(0.9)	(22.2)	(20.7)	(15.0)	(3.9)	(83.9)
Depreciation and amortization	3.4	3.5	3.6	3.7	3.9	3.8	4.2	4.3	4.4	4.3	4.5	4.8	4.7	4.9	5.1	5.5	14.2
Amortization of premium on marketable securities	1.8	1.8	2.0	1.9	1.9	1.4	0.7	(0.1)	(0.5)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	7.5
Stock based compensation	19.3	23.1	26.3	26.7	23.4	28.6	31.7	32.2	32.2	34.4	36.0	37.2	38.0	37.3	41.7	45.4	120.8
Deferred income taxes	(5.1)	(4.1)	(2.8)	(0.0)	(4.2)	(6.1)	(3.9)	(1.4)	(5.5)	(3.0)	(6.0)	(12.3)	2.9	(2.6)	(9.2)	(8.2)	(12.0)
Amortization of debt discount and insurance costs	(4.5)	(4.4)	4.5	4.5	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.9	1.0	1.1	17.92
Change to assets and liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.992
Trade receivables	26.4	(9.2)	(5.5)	(31.8)	36.8	(11.5)	(1.5)	(3.1)	33.3	(18.0)	(2.2)	(2.2)	39.5	(20.8)	(2.6)	(49.2)	(20.1)
Prepaid expenses	0.4	(4.8)	(0.7)	(24.2)	(8.7)	(4.0)	(3.7)	(15.6)	(5.1)	(11.2)	(6.0)	(4.0)	(33.6)	(1.8)	(1.9)	(2.8)	(38.2)
Changes in operating lease right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3.9)
Trade payables	(1.8)	1.2	2.2	0.0	1.3	0.1	(0.9)	3.5	(0.4)	0.7	0.6	1.8	0.9	0.0	0.8	2.0	1.5
Accounts payable	24.2	15.3	25.4	21.8	21.8	24.5	24.5	34.3	6.2	0.1	20.2	22.1	74.9	91.2	91.2	91.2	228.7
Employees and payroll accounts	(12.3)	10.9	4.8	20.4	(21.4)	0.5	0.8	17.0	(27.9)	10.1	2.0	8.7	(10.2)	4.3	3.0	13.4	13.8
Accrued expenses and other current liabilities	(4.5)	(4.0)	2.6	(0.2)	(2.6)	(1.5)	(0.9)	1.0	3.2	(2.6)	0.2	4.6	(3.1)	2.5	1.7	7.3	(6.1)
Other liabilities	-	-	-	-	-	-	-	-	(2.0)	(2.0)	1.1	5.1	(1.2)	2.9	2.0	5.5	1.4
Severance pay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8.3
Net cash provided by operating activities	34.0	15.5	4.8	(2.4)	25.0	14.3	16.5	29.5	5.8	(6.9)	18.8	33.4	21.3	6.0	27.0	44.3	74.7
CASH FLOWS FROM INVESTING ACTIVITIES:																	
Proceeds from Sale of Short-term Securities	(11.3)	(229.8)	157.3	(31.2)	-	-	-	-	9.9	52.0	39.3	-	-	-	-	-	(105.1)
Investments in (Proceeds from) Marketable Securities	(21.2)	126.8	(156.5)	(63.4)	(34.6)	(3.4)	(23.7)	11.4	(44.9)	(1.8)	-	-	-	-	-	-	(84.2)
Purchase of PP&E	(2.7)	(1.7)	(2.9)	(1.7)	(2.0)	(2.1)	(4.6)	7.1	(3.7)	(1.8)	(1.7)	(3.9)	(5.4)	(2.1)	(2.0)	(4.2)	(5.7)
Payments for Business acquisitions, net of cash acquired	-	-	-	-	(13.0)	-	(28.3)	-	-	-	-	-	-	-	-	-	(41.3)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash used in investing activities	(25.2)	(104.6)	(2.1)	(66.3)	(33.6)	(37.8)	(72.4)	0.2	5.3	35.8	(3.9)	(5.4)	(2.1)	(2.0)	(4.2)	(5.7)	(228.2)
CASH FLOWS FROM FINANCING ACTIVITIES:																	
Proceeds from Issuance of Common Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(49.1)
Proceeds from Issuance of Preferred Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81.8
Proceeds from payment of withholding taxes for ESSP	1.4	(0.3)	3.4	(5.3)	(0.6)	3.9	(4.1)	0.6	0.7	4.5	-	-	-	-	-	-	11.7
Proceeds from Exercise of Options and ESSP	5.0	1.4	3.3	2.1	1.1	8.8	4.1	3.1	4.5	4.0	-	-	-	-	-	-	8.5
Proceeds from Issuance of debt/convertible notes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activities	-	-	-	-	-	-	(1.6)	(3.1)	-	-	-	-	-	-	-	-	(4.7)
Net cash provided by financing activities	6.4	1.1	6.6	(3.2)	8.5	12.8	11.6	0.6	3.2	8.5	-	-	-	-	-	-	10.8
Net (decrease) increase in cash and equivalents	15.2	(88.3)	8.9	(70.0)	(8.6)	33.7	(37.0)	29.8	15.7	32.5	14.9	28.0	19.2	5.9	22.8	38.6	(148.2)
Foreign currency exchange rate impact on cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Free Cash Flow	31.3	15.3	4.8	13.7	36.9	34.7	38.1	32.4	4.0	(12.6)	14.9	35.8	25.9	22.8	38.6	65.8	37.2
Y/Y Growth	(4%)	(23%)	(84%)	(44%)	(27%)	(218%)	(61%)	(20%)	(82%)	2%	7%	67%	375%	147%	53%	38%	(24%)
Consensus FCF	12.3	26.2	(2.2)	6.4	5.0	14.3)	24.5)	(10.4)	2.2	(8.8)	15.7	27.8	18.9	28.9	53%	39%	42%
Free cash flow margin	27.8%	11.8%	1.6%	12.2%	18.0%	(11.5%)	8.1%	9.9%	2.5%	(7.2%)	8.1%	13.4%	8.4%	2.7%	10.0%	15.1%	14.1%

Fortinet Financials

Fortinet, Inc. (FTNT)
Income Statement

	Fiscal 2021				Fiscal 2022				Fiscal 2023				Fiscal 2024							
(\$ in millions, unless otherwise stated)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	FY21	FY22	FY23E	FY24E
Non-GAAP Income Statement																				
Revenue																	1,255.0	1,780.5	2,020.1	2,106.5
Product	240.7	298.3	337.1	378.9	371.0	400.7	468.7	540.1	500.7	472.6	486.5	560.2	500.7	482.1	496.2	627.5				
Subscription Services	496.6	502.8	531.1	584.7	583.8	629.4	680.8	742.9	761.6	820.2	858.5	939.7	929.2	992.4	1,038.8	1,137.0	2,087.2	2,636.9	3,380.0	4,097.4
Total revenue	716.3	801.1	867.2	963.6	954.8	1,030.1	1,149.5	1,283.0	1,262.3	1,345.0	1,499.9	1,498.9	1,429.9	1,474.5	1,535.0	1,764.5	3,342.2	4,417.4	5,400.0	6,203.9
Consensus revenue	680.7	745.1	811.6	860.2	884.9	1,007.7	1,123.4	1,255.3	1,201.1	1,304.3	1,347.9	1,496.3	1,454.4	1,516.8	1,598.2	1,779.4	3,338.6	4,428.0	5,403.1	6,350.2
Management Guidance																				
Low	676.8	733.6	800.0	940.9	865.9	1,005.9	1,105.0	1,275.0	1,180.0	1,280.0	1,315.0						3,320.0	4,410.0	5,350.0	
Mid	677.5	740.0	807.5	955.0	880.0	1,020.0	1,120.0	1,295.0	1,200.0	1,300.0	1,345.0						3,335.0	4,430.0	5,400.0	
High	685.9	747.9	815.9	979.9	895.9	1,035.9	1,135.9	1,315.9	1,220.9	1,320.9	1,375.9						3,350.0	4,450.0	5,450.0	
Cost of Revenue																				
Cost of product revenue	90.0	114.2	132.4	143.7	158.2	152.7	183.0	187.9	191.4	172.3	194.6	229.7	202.8	192.8	196.0	244.7	480.3	681.8	788.0	836.3
Cost of service revenue	60.2	65.7	71.0	75.5	86.4	88.9	91.0	99.1	107.3	113.5	128.8	169.1	158.0	158.8	155.8	159.2	272.4	365.4	518.7	631.7
Total cost of revenue	150.2	179.9	203.4	219.2	244.6	241.6	274.0	287.0	298.7	285.8	323.4	398.8	360.7	351.6	351.8	403.9	752.7	1,047.2	1,306.7	1,468.1
Gross profit	566.1	621.2	663.8	744.4	710.2	788.5	875.5	996.0	963.6	1,061.7	1,171.3	1,091.1	1,069.1	1,122.9	1,183.2	1,360.6	2,589.5	3,370.2	4,093.3	4,735.8
Consensus gross profit	537.9	589.4	633.2	726.1	673.6	770.1	848.4	979.3	908.2	991.0	1,024.9	1,114.8	1,106.9	1,163.0	1,221.5	1,356.7	2,571.4	3,353.4	4,109.9	4,848.9
Operating expenses																				
Research and development	84.2	92.1	93.3	97.9	109.8	108.2	117.6	112.6	134.1	133.3	146.6	135.0	157.3	154.8	165.8	165.9	367.5	448.2	549.0	643.8
Sales and marketing	276.3	286.4	316.0	337.4	358.9	387.2	399.7	429.3	450.9	485.6	497.6	546.0	528.0	566.2	583.3	635.2	1,230.1	1,575.0	1,980.1	2,293.8
General and administrative	25.7	27.4	28.9	34.4	31.4	37.7	33.3	36.5	44.8	40.0	41.7	46.5	45.8	45.7	46.8	53.8	116.4	138.9	172.8	192.1
Total operating expenses	386.2	417.9	440.2	469.7	500.0	533.1	550.6	578.4	629.8	658.9	685.9	727.5	732.1	766.7	775.9	854.9	1,714.0	2,162.1	2,701.9	3,129.7
Operating income	179.9	203.3	223.6	274.7	210.2	255.4	324.9	417.6	334.0	348.1	335.7	373.6	337.0	356.1	407.2	505.7	875.5	1,208.1	1,391.4	1,606.1
Consensus operating income	167.8	189.6	204.7	261.8	176.9	235.6	286.0	390.8	283.9	327.5	337.7	379.9	359.0	386.3	417.7	492.8	863.1	1,181.9	1,402.7	1,661.3
EBITDA	187.8	218.7	241.7	293.2	229.3	274.5	346.1	439.2	356.8	371.0	359.5	400.2	362.4	382.3	434.4	537.8	941.4	1,289.1	1,487.5	1,693.0
Interest income																				
Interest income	-	1.2	1.2	1.0	1.3	2.4	4.6	9.1	20.6	31.6	31.0	33.0	33.3	33.5	33.8	34.0	3.4	17.4	116.2	134.5
Interest expense	(0.2)	(4.5)	(4.6)	(4.5)	(4.5)	(4.5)	(4.5)	(4.7)	(5.0)	(5.2)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(13.8)	(18.0)	(24.2)	(28.0)
Other income (expense), net	(2.0)	0.8	(6.3)	(4.1)	(9.1)	(9.3)	(9.0)	45.5	2.0	(6.2)	(8.0)	15.0	1.0	1.0	(6.8)	(12.0)	(11.0)	26.2	2.8	(15.0)
Pre-tax income	171.7	200.8	213.9	267.1	197.9	244.0	324.1	417.7	351.6	368.3	351.7	414.6	364.3	383.6	429.0	520.7	853.5	1,233.7	1,486.2	1,697.6
Provision for (benefit from) income taxes	36.1	42.1	44.9	56.1	33.8	41.5	55.1	72.8	59.8	62.6	59.8	70.5	61.9	65.2	72.9	88.5	179.2	203.0	252.7	289.6
Adjusted tax rate (non-GAAP)	21%	21%	21%	21%	17%	17%	17%	16%	17%	17%	17%	17%	17%	17%	17%	17%	21%	16%	17%	17%
Non-GAAP Net Income	135.6	158.7	165.9	205.8	155.1	194.1	262.7	349.7	269.7	300.4	291.9	344.1	302.4	318.4	356.1	432.2	666.0	961.6	1,206.1	1,409.0
Consensus net income									272.7	291.6	337.0		300.4	324.1	357.8	421.9			1,206.8	1,413.5
Non-GAAP EPS																				
Consensus non-GAAP EPS	\$0.16	\$0.19	\$0.20	\$0.25	\$0.19	\$0.24	\$0.33	\$0.44	\$0.34	\$0.38	\$0.38	\$0.42	\$0.37	\$0.39	\$0.43	\$0.52	\$0.80	\$1.19	\$1.51	\$1.71
Management Guidance - Non-GAAP EPS	\$0.15	\$0.18	\$0.19	\$0.23	\$0.16	\$0.22	\$0.27	\$0.39	\$0.29	\$0.34	\$0.36	\$0.42	\$0.38	\$0.41	\$0.44	\$0.52	\$0.78	\$1.15	\$1.51	\$1.75
Low	\$0.14	\$0.17	\$0.18	\$0.22	\$0.15	\$0.21	\$0.26	\$0.38	\$0.27	\$0.33	\$0.35						\$0.77	\$1.13	\$1.49	
Mid	\$0.15	\$0.18	\$0.19	\$0.23	\$0.16	\$0.22	\$0.27	\$0.39	\$0.28	\$0.34	\$0.36						\$0.78	\$1.14	\$1.51	
High	\$0.15	\$0.18	\$0.19	\$0.23	\$0.16	\$0.22	\$0.28	\$0.40	\$0.29	\$0.35	\$0.37						\$0.79	\$1.15	\$1.53	
Basic shares outstanding																				
Diluted shares outstanding	815.0	816.5	817.5	816.1	803.5	795.4	786.2	780.9	783.2	785.0	790.0	785.0	800.0	805.0	810.0	815.0	816.3	791.5	788.3	807.5
	832.0	835.4	838.6	835.0	820.8	810.1	798.6	791.8	793.4	795.9	800.0	810.6	815.5	820.6	825.5	830.1	835.3	805.3	800.0	823.0
Non-GAAP Reconciliation to GAAP Results																				
Adjustments																				
Share-based compensation																				
Cost of revenue	3.9	4.3	4.5	4.7	4.9	5.3	5.3	5.3	5.5	6.5	6.7	7.0	7.1	7.1	7.3	7.5	21.2	21.8	25.6	29.9
OpEx	46.1	49.2	49.0	49.5	49.0	50.2	50.0	50.1	51.5	59.2	60.6	63.5	64.4	65.1	66.4	68.4	193.8	199.3	234.8	264.3
Amortization of acquired intangible assets	3.4	3.5	4.8	6.8	6.4	6.0	5.2	5.7	4.7	4.5	4.7	5.2	5.0	5.1	5.3	6.1	18.5	23.3	19.1	21.6
Cost of revenue	2.5	2.7	3.3	4.4	4.3	4.1	3.7	5.1	3.8	3.5	3.6	4.1	3.9	4.0	4.2	4.8	12.9	17.2	14.8	16.8
OpEx	0.9	0.8	1.5	2.4	2.1	1.9	1.5	0.6	1.1	1.0	1.0	1.2	1.1	1.1	1.2	1.4	5.6	6.1	4.3	4.8
Acquisition related expenses	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)	(1.2)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(4.8)	(4.6)	(4.5)	(4.4)
Cost of revenue	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)	(1.2)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(4.6)	(4.6)	(4.5)	(4.4)
OpEx	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)	(1.2)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(4.6)	(4.6)	(4.5)	(4.4)
GAAP Gross Profit	553.7	614.2	656.0	735.3	701.0	779.3	866.5	895.7	954.5	997.0	1,011.3	1,090.1	1,058.2	1,111.7	1,171.7	1,348.3	2,559.2	3,332.5	4,052.9	4,690.0
GAAP Operating Income	121.8	147.5	166.4	214.9	151.0	195.3	265.5	357.8	273.5	279.0	264.8	299.0	261.7	279.9	329.3	424.8	650.4	869.6	1,116.3	1,295.6
GAAP Net income	107.2	137.5	163.1	199.0	138.4	173.5	231.6	313.8	247.9	266.3	256.1	304.5	262.0	277.1	313.1	386.3	606.8	857.3	1,074.6	1,238.5
GAAP EPS	\$0.13	\$0.16	\$0.19	\$0.24	\$0.17	\$0.21	\$0.29	\$0.40	\$0.31	\$0.33	\$0.32	\$0.38	\$0.32	\$0.34	\$0.38	\$0.47	\$0.73	\$1.06	\$1.34	\$1.50
Consensus GAAP EPS	\$0.10	\$0.63	\$0.19	\$1.03	\$0.55	\$0.17	\$0.23	\$0.34	\$0.23	\$0.29	\$0.31	\$0.36	\$0.31	\$0.34	\$0.37	\$0.44	\$0.70	\$1.01	\$1.33	\$1.49
Basic shares outstanding																				
Diluted shares outstanding	815.0	816.5	817.5	816.1	803.5	795.4	786.2	780.9	783.2	785.0	790.0	785.0	800.0	805.0	810.0	815.0	816.3	791.5	788.3	807.5
	832.0	835.4	838.6	835.0	820.8	810.1	798.6	791.8	793.4	795.9	800.0	810.6	815.5	820.6	825.5	830.1	835.3	805.3	800.0	823.0
Non-GAAP Reconciliation to GAAP Results																				
Adjustments																				
Share-based compensation																				
Cost of revenue	3.9	4.3	4.5	4.7	4.9	5.3	5.3	5.3	5.5	6.5	6.7	7.0	7.1	7.1	7.3	7.5	21.2	21.8	25.6	29.9
OpEx	46.1	49.2	49.0	49.5	49.0	50.2	50.0	50.1	51.5	59.2	60.6	63.5	64.4	65.1	66.4	68.4	193.8	199.3	234.8	264.3
Amortization of acquired intangible assets	3.4	3.5	4.8	6.8	6.4	6.0	5.2	5.7	4.7	4.5	4.7	5.2	5.0	5.1	5.3	6.1	18.5	23.3	19.1	21.6
Cost of revenue	2.5	2.7	3.3	4.4	4.3	4.1	3.7	5.1	3.8	3.5	3.6	4.1	3.9	4.0	4.2	4.8	12.9	17.2	14.8	16.8
OpEx	0.9	0.8	1.5	2.4	2.1	1.9	1.5	0.6	1.1	1.0	1.0	1.2	1.1	1.1	1.2	1.4	5.6	6.1	4.3	4.8
Acquisition related expenses	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)	(1.2)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(4.8)	(4.6)	(4.5)	(4.4)
Cost of revenue	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)	(1.2)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(4.6)	(4.6)	(4.5)	(4.4)
OpEx	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)	(1.1)	(1.2)	(1.2)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(4.6)	(4.6)	(4.5)	(4.4)
GAAP Gross Profit	553.7	614.2	656.0	735.3	701.0	779.3	866.5	895.7	954.5	997.0	1,011.3	1,090.1	1,058.2	1,111.7	1,171.7	1,348.3	2,559.2	3,332.5	4,052.9	4,690.0
GAAP Operating Income	121.8	147.5	166.4	214.9	151.0	195.3	265.5	357.8	273.5	279.0	264.8	299.0	261.7	279.9	329.3	424.8	650.4	869.6	1,116.3	1,295.6
GAAP Net income	107.2	137.5	163.1	199.0	138.4	173.5	231.6	313.8												

Fortinet, Inc. (FTNT)

Revenue Build																				
(\$ in millions, unless otherwise stated)																				
	Fiscal 2021				Fiscal 2022				Fiscal 2023				Fiscal 2024							
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	FY21	FY22	FY23E	FY24E
Total Revenue	710.3	801.1	867.2	963.6	954.8	1,030.1	1,149.5	1,283.0	1,262.3	1,292.8	1,345.0	1,499.9	1,429.9	1,474.5	1,535.0	1,764.5	3,342.2	4,417.4	5,400.0	6,203.9
Consensus revenue	686.7	745.1	811.6	902.0	884.9	1,020.7	1,124.3	1,261.0	1,201.3	1,233.1	1,307.0	1,458.9	1,444.4	1,516.8	1,588.2	1,779.4	3,342.2	4,417.4	5,400.0	6,203.9
YOY %	23%	30%	33%	29%	34%	29%	33%	33%	32%	26%	17%	17%	13%	14%	14%	18%	29%	32%	22%	15%
Management Guidance																				
YOY %	27%	33%	30%	28%	28%	30%	30%	32%	30%	26%	17%	17%	13%	14%	14%	18%	29%	32%	22%	15%
Mid	677.5	743.0	800.0	940.0	885.0	1,000.0	1,105.0	1,275.0	1,180.0	1,280.0	1,315.0						3,320.0	4,410.0	5,350.0	
High	677.5	743.0	807.5	955.0	885.0	1,020.0	1,120.0	1,295.0	1,200.0	1,300.0	1,345.0						3,335.0	4,430.0	5,400.0	
Low	685.0	747.0	815.0	970.0	890.0	1,030.0	1,135.0	1,315.0	1,220.0	1,320.0	1,375.0						3,350.0	4,450.0	5,450.0	
Revenue by Type																				
Product	240.7	298.3	337.1	378.9	371.0	400.7	468.7	540.1	500.7	472.6	486.5	560.2	500.7	482.1	496.2	627.5	1,255.0	1,708.0	2,020.1	2,106.5
Consensus product revenue	215.7	248.5	285.2	379.7	289.9	389.0	445.0	543.3	446.1	489.8	485.0	559.3	512.1	513.7	540.8	626.0	1,255.9	1,784.5	2,018.3	2,193.7
YOY %	25%	41%	54%	31%	54%	34%	39%	43%	35%	18%	4%	4%	0%	2%	2%	12%	30%	42%	16%	4%
Q/Q %	(17%)	24%	13%	12%	(2%)	8%	17%	15%	(7%)	(6%)	3%	15%	(11%)	(4%)	3%	26%	27%	27%	40%	41%
% of total revenue	34%	37%	39%	39%	39%	39%	41%	42%	40%	37%	36%	37%	35%	33%	32%	36%	38%	40%	37%	34%
Subscription Services	469.6	502.8	530.1	584.7	583.8	629.4	680.8	742.9	761.6	820.2	858.5	939.7	929.2	992.4	1,038.8	1,137.0	2,087.2	2,636.9	3,380.0	4,097.4
Consensus subscription revenue	464.7	494.3	525.7	579.6	595.1	637.0	677.7	754.8	755.5	813.1	844.8	919.0	920.2	978.8	1,031.1	1,126.9	2,087.2	2,636.9	3,380.0	4,097.4
YOY %	22%	24%	24%	27%	24%	29%	28%	27%	30%	30%	26%	26%	22%	21%	21%	21%	24%	26%	28%	21%
Q/Q %	2%	7%	5%	10%	(0%)	8%	8%	9%	3%	8%	5%	9%	(1%)	7%	5%	9%	67%	60%	63%	66%
% of total revenue	66%	63%	61%	61%	61%	61%	59%	58%	60%	63%	64%	63%	65%	67%	68%	64%	67%	60%	63%	66%
Management Guidance																				
Low								751.0									2,080.0	2,645.0	3,350.0	
Mid								756.0									2,085.0	2,650.0	3,360.0	
High								761.0									2,090.0	2,655.0	3,410.0	
Forticare Support	214.3	229.9	242.7	275.3	270.9	289.0	311.0	339.0	339.9	362.9	366.7	406.5	389.4	407.1	424.0	459.9	862.2	1,209.9	1,470.0	1,604.4
YOY %	23%	26%	29%	31%	28%	29%	28%	23%	32%	26%	28%	20%	32%	32%	32%	14%	27%	26%	22%	14%
% of Subscription Services	46%	46%	46%	47%	46%	46%	46%	45%	45%	44%	43%	43%	42%	41%	41%	40%	46%	46%	44%	41%
Fortiguard Subscriptions	255.3	272.9	287.4	309.4	312.9	340.4	369.8	403.9	421.7	457.3	491.8	533.1	539.8	585.3	614.8	677.1	1,125.0	1,427.0	1,904.0	2,417.0
YOY %	21%	23%	22%	24%	23%	25%	29%	31%	30%	34%	33%	30%	28%	29%	23%	27%	21%	27%	30%	27%
% of Subscription Services	54%	54%	54%	53%	54%	54%	54%	54%	55%	56%	57%	57%	58%	59%	59%	60%	64%	64%	66%	69%
Billings & RPO																				
Revenue	710.3	801.1	867.2	963.6	954.8	1,030.1	1,149.5	1,283.0	1,262.3	1,292.8	1,345.0	1,499.9	1,429.9	1,474.5	1,535.0	1,764.5	3,342.2	4,417.4	5,400.0	6,203.9
Beginning deferred revenue balance	2,605.3	2,745.0	2,904.4	3,106.4	3,452.9	3,657.9	3,932.0	4,193.5	4,603.0	4,880.9	5,128.6	5,373.6	5,780.3	6,018.6	6,284.9	6,578.4	9,779.9	12,943.2	15,740.0	18,184.0
Ending deferred revenue balance	2,745.6	2,905.4	3,106.4	3,452.9	3,657.9	3,932.0	4,193.5	4,603.0	4,880.9	5,128.6	5,373.6	5,780.3	6,018.6	6,284.9	6,578.4	7,063.7	10,044.6	12,943.2	15,740.0	18,184.0
Change in deferred revenue (current)	140.3	159.8	201.0	346.5	205.0	274.1	261.5	446.8	240.6	247.7	245.0	406.7	238.4	266.3	293.5	485.3	487.6	1,187.0	1,140.0	1,283.4
Less: Adjustments for acquisitions																	1,187.6	1,187.0	1,140.0	1,283.4
Total Billings	856.6	960.9	1,068.2	1,305.8	1,159.8	1,304.2	1,411.0	1,718.0	1,502.9	1,540.5	1,590.0	1,906.6	1,668.2	1,740.8	1,828.5	2,249.8	4,861.4	5,944.6	6,540.0	7,478.0
Consensus billings	710.9	812.0	854.9	1,106.1	1,077.1	1,248.1	1,400.8	1,680.0	1,404.0	1,501.2	1,526.1	1,862.3	1,655.0	1,741.9	1,825.3	2,255.5	4,077.2	5,070.4	6,539.1	7,510.4
YOY %	27%	35%	42%	36%	36%	36%	33%	32%	30%	18%	13%	11%	11%	13%	15%	18%	36%	34%	17%	14%
Management Guidance																				
Low	765.0	860.0	940.0	1,165.0	1,050.0	1,225.0	1,385.0	1,655.0	1,415.0	1,560.0	1,560.0						4,040.0	5,040.0	6,490.0	
Mid	772.5	870.0	950.0	1,190.0	1,070.0	1,245.0	1,400.0	1,692.5	1,448.0	1,580.0	1,590.0						4,050.0	5,050.0	6,500.0	
High	789.0	880.0	960.0	1,215.0	1,090.0	1,265.0	1,415.0	1,720.0	1,465.0	1,600.0	1,620.0						4,060.0	5,060.0	6,510.0	
Revenue	710.3	801.1	867.2	963.6	954.8	1,030.1	1,149.5	1,283.0	1,262.3	1,292.8	1,345.0	1,499.9	1,429.9	1,474.5	1,535.0	1,764.5	3,342.2	4,417.4	5,400.0	6,203.9
Beginning deferred revenue (current) balance	1,362.8	1,465.1	1,533.0	1,616.1	1,777.4	1,893.3	2,013.2	2,129.0	2,340.3	2,463.3	2,587.7	2,711.3	2,916.5	3,036.8	3,171.1	3,319.2	4,541.0	5,745.0	6,540.0	7,510.4
Ending deferred revenue (current) balance	72.3	67.0	63.1	161.3	115.9	119.9	115.9	220.3	114.0	124.4	123.0	205.2	120.3	124.4	148.1	244.9	384.6	571.9	567.2	647.6
Change in deferred revenue (current)	785.6	869.0	964.3	1,124.9	1,069.7	1,150.0	1,265.3	1,560.3	1,376.3	1,417.2	1,468.6	1,765.1	1,550.1	1,608.9	1,683.1	2,069.2	4,156.4	4,973.1	5,967.3	6,862.4
Current Billings	710.3	801.1	867.2	963.6	954.8	1,030.1	1,149.5	1,283.0	1,262.3	1,292.8	1,345.0	1,499.9	1,429.9	1,474.5	1,535.0	1,764.5	3,342.2	4,417.4	5,400.0	6,203.9
YOY %	23%	31%	41%	34%	37%	32%	33%	34%	29%	23%	16%	13%	13%	14%	15%	18%	36%	34%	20%	5%
Core Platform Billings	595.4	682.2	744.9	901.0	777.1	899.9	945.4	1,151.7									2,923.5	3,774.1		
YOY %	20%	30%+	39%	30%	30%	32%	27%	28%									30%	29%		
% of Total Billings	70%	71%	70%	69%	70%	69%	67%	67%									30%	29%		
Platform Extension Billings	255.2	278.7	319.2	404.8	382.7	404.3	465.6	567.3	523.8								1,257.9	1,819.9		
YOY %	50%	45%+	45%	42%	50%	44%	45%	40%									40%	40%		
% of Total Billings	30%	29%	30%	31%	33%	31%	33%	33%	34%								40%	40%		
Government Billings	161.6		169.9	208.9																
YOY %	60%		22%	26%																
% of Total Billings	19%		17%	16%																
SD-WAN Billings	118.1	134.5	149.0	208.9																
YOY %	123%	55%	52%	67%																
% of Total Billings	14%	14%	14%	16%																
Average Contract Term (months)	27	28	28	28	27	29	29	28	27	28							28	28	28	28
Bookings	851.6	967.9	1,083.8	1,427.8	1,278.2	1,375.8	1,461.1	1,619.0	1,402.9	1,440.5	1,555.0	1,891.6	1,668.2	1,740.8	1,828.5	2,249.8	4,331.1	5,732.1	6,290.0	7,487.3
YOY %	50%	42%	35%	45%	50%	45%	45%	12%	10%	9%	8%	17%	9%	21%	18%	19%	33%	32%	10%	1%
SD-WAN Bookings					54%	60%	45%										632.0	690.0		
OT Bookings					76%	75%	75%	>25%	>25%	>25%							69.0	69.0		
SD-WAN + OT Bookings (% of Total)																				

Fortinet, Inc. (FTNT)

Balance Sheet

	Fiscal 2021				Fiscal 2022				Fiscal 2023				Fiscal 2024							
Current assets, unless otherwise stated	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E				
Cash and Cash Equivalents	1,890.2	1,879.3	1,802.1	1,319.1	923.5	710.0	964.0	1,602.9	2,304.2	2,376.3	2,853.3	3,038.5	3,096.7	4,003.2	4,565.9	5,067.4	1,319.1	1,602.9	3,038.5	5,067.4
Short-Term Investments and Securities	1,076.7	1,233.9	1,268.9	1,232.0	1,218.1	1,044.9	766.4	526.1	574.9	807.2	837.2	837.2	837.2	837.2	837.2	837.2	1,232.6	528.1	937.2	807.2
Accounts Receivable, net	637.3	584.6	604.9	807.7	790.4	919.5	963.2	1,261.7	1,087.2	1,078.8	1,127.0	1,475.0	1,231.5	1,230.4	1,286.2	1,735.2	807.7	1,261.7	1,475.0	1,735.2
Inventory	148.6	148.8	177.9	175.8	184.6	195.2	215.8	264.6	302.7	376.3	254.7	367.7	365.6	403.0	277.1	372.4	168.7	264.6	367.7	372.4
Prepaid Expenses & Other Assets	57.4	60.6	56.7	65.4	91.7	83.3	72.8	73.1	89.7	109.5	113.9	127.0	121.1	132.7	138.2	158.8	65.4	73.1	127.0	158.8
Total current assets	3,781.2	3,968.2	3,965.5	3,600.0	3,208.3	2,952.9	2,982.2	3,810.4	4,358.7	4,678.1	5,286.1	5,946.5	6,252.1	6,766.5	7,204.6	8,271.0	3,600.6	3,810.4	5,946.5	8,271.0
Long-Term Investments	151.1	246.6	298.2	440.8	360.8	188.5	84.0	45.5	15.6	4.2	4.2	4.2	4.2	4.2	4.2	4.2	440.8	45.5	4.2	4.2
Property and Equipment, net	494.2	505.5	556.6	687.6	786.5	814.8	889.5	898.5	917.4	981.9	1,073.1	1,186.5	1,251.2	1,307.1	1,353.9	1,388.6	687.6	898.5	1,186.5	1,388.6
Deferred Contract Costs	320.2	347.8	376.8	423.3	437.5	456.9	480.5	518.2	536.9	558.8	645.0	675.0	686.3	781.5	875.0	882.3	423.3	518.2	675.0	882.3
Deferred Tax Assets	260.6	271.2	337.3	342.3	431.7	480.2	515.5	569.4	648.6	729.2	753.2	840.0	757.8	796.2	875.0	882.3	342.3	569.4	840.0	882.3
Goodwill and Other Intangible Assets	131.5	127.9	186.6	188.7	178.9	166.7	159.0	184.0	178.9	170.6	165.8	160.7	155.7	150.6	145.2	138.1	188.7	184.0	160.7	138.1
Other Assets	143.4	150.7	237.6	235.8	247.4	234.7	225.2	202.0	175.2	163.3	228.6	225.0	400.4	412.9	460.5	520.4	235.8	202.0	225.0	520.4
Total assets	5,282.2	5,558.9	5,970.6	5,919.1	5,651.1	5,294.5	5,335.9	6,228.0	6,832.3	7,486.1	8,156.7	9,037.8	9,507.7	10,216.9	10,918.3	12,096.8	5,919.1	6,228.0	9,037.8	12,096.8
Current liabilities																				
Accounts Payable	129.5	132.0	142.3	148.4	174.7	193.1	215.1	243.4	238.4	238.3	253.9	338.3	287.9	293.2	276.2	342.5	148.4	243.4	338.3	342.5
Accrued Liabilities	143.2	168.8	247.8	197.3	261.4	241.2	244.8	266.3	346.7	449.8	457.3	360.0	286.0	294.9	276.3	317.6	197.3	266.3	360.0	317.6
Accrued Payroll & Other	141.9	164.7	174.2	195.0	181.1	187.4	190.7	219.4	213.4	224.8	228.6	255.0	214.5	221.2	199.6	229.4	195.0	219.4	255.0	229.4
Current portion of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Revenue	1,465.1	1,533.0	1,616.1	1,777.4	1,893.3	2,013.2	2,129.0	2,349.3	2,463.3	2,587.7	2,711.3	2,916.5	3,036.8	3,171.1	3,319.2	3,564.1	1,777.4	2,349.3	2,916.5	3,564.1
Total current liabilities	1,879.7	1,998.5	2,198.0	2,316.1	2,510.5	2,634.9	2,779.6	3,078.4	3,261.8	3,500.6	3,651.1	3,969.7	3,625.1	3,980.4	4,071.3	4,453.6	2,316.1	3,078.4	3,869.7	4,453.6
Long-term liabilities																				
Deferred Revenue	1,280.5	1,372.4	1,490.3	1,075.5	1,764.6	1,918.8	2,064.5	2,291.0	2,417.6	2,540.9	2,662.3	2,863.8	2,981.9	3,113.8	3,259.2	3,499.9	1,075.5	2,291.0	2,863.8	3,499.9
Income Tax Liabilities	97.7	95.2	96.5	79.5	82.7	67.1	67.8	67.8	70.5	59.1	61.5	68.6	65.4	67.4	70.2	80.7	79.5	67.8	68.6	80.7
Long-term Debt	987.0	987.5	988.0	988.4	988.9	989.4	989.9	990.4	990.9	991.3	991.3	991.3	991.3	991.3	991.3	991.3	988.4	990.4	991.3	991.3
Other Liabilities	66.5	65.1	62.2	59.2	71.2	63.9	56.9	82.0	80.1	73.0	75.9	84.7	80.7	83.3	80.2	88.0	59.2	82.0	84.7	99.6
Total liabilities	4,301.4	4,568.7	4,835.0	4,520.7	5,417.9	5,674.1	5,958.7	6,509.6	6,820.9	7,164.9	7,442.1	7,878.1	7,844.4	8,236.1	8,478.6	9,124.8	5,120.7	6,509.6	7,878.1	9,124.8
Stockholders' equity																				
Common Stock	0.2	0.2	0.2	0.2	0.2	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.2	0.8	0.8	0.8
Additional Paid-In-Capital	1,225.2	1,248.8	1,257.7	1,254.2	1,236.3	1,237.3	1,250.2	1,284.2	1,327.4	1,375.9	1,375.9	1,375.9	1,375.9	1,375.9	1,375.9	1,375.9	1,254.2	1,248.8	1,257.7	1,254.2
Accumulated Other Comprehensive Income	0.3	(0.1)	(1.2)	(4.8)	(15.4)	(23.4)	(26.5)	(20.2)	(18.1)	(23.1)	(23.1)	(23.1)	(23.1)	(23.1)	(23.1)	(23.1)	(4.8)	(23.4)	(26.5)	(20.2)
Accumulated Deficit	(244.9)	(195.7)	(138.6)	(467.8)	(1,003.4)	(1,607.6)	(1,860.2)	(1,546.4)	(1,298.7)	(1,032.4)	(639.0)	(193.9)	(206.7)	(629.2)	(1,086.1)	(1,818.4)	(467.8)	(1,546.4)	(1,93.9)	1,818.4
Non-controlling Interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total stockholders' equity	880.8	1,050.2	1,133.6	788.4	233.2	(378.8)	(527.8)	(287.0)	11.4	321.2	714.6	1,159.7	1,563.3	1,982.8	2,439.7	2,972.0	788.4	(281.6)	1,159.7	2,972.0
Total liabilities and shareholders' equity	5,282.2	5,558.9	5,970.6	5,919.1	5,651.1	5,294.5	5,335.9	6,228.0	6,832.3	7,486.1	8,156.7	9,037.8	9,507.7	10,216.9	10,918.3	12,096.8	5,919.1	6,228.0	9,037.8	12,096.8
Net cash	1,949.9	2,125.7	2,115.4	1,563.3	1,152.7	765.5	740.5	1,220.6	1,888.2	2,322.2	2,799.2	2,985.4	3,542.6	3,949.1	4,511.8	5,013.3	1,563.3	1,220.6	2,985.4	5,013.3
Y/Y Growth	39%	39%	28%	(15)%	(41)%	(64)%	(60)%	(22)%	64%	203%	278%	145%	89%	70%	61%	68%	(15)%	(22)%	145%	68%
Net cash per diluted share	\$2.34	\$2.54	\$2.52	\$1.87	\$1.40	\$0.94	\$0.93	\$1.54	\$2.38	\$2.92	\$3.50	\$3.68	\$4.34	\$4.81	\$5.47	\$6.04	\$1.87	\$1.54	\$3.68	\$6.04
Y/Y Growth	46%	38%	26%	(16)%	(40)%	(62)%	(60)%	(18)%	69%	230%	277%	139%	83%	62%	56%	64%	(16)%	(16)%	139%	64%

Source: Company data, Wells Fargo Securities, LLC estimates

Fortinet, Inc. (FTNT)

Statement of Cash Flows

	Fiscal 2021				Fiscal 2022				Fiscal 2023				Fiscal 2024				FY21	FY22	FY23E	FY24E
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E				
(\$ in millions, unless otherwise stated)																				
CASH FLOWS FROM OPERATING ACTIVITIES:																				
Net income (loss)	107.2	137.5	163.2	198.8	138.3	173.4	231.1	313.8	247.7	266.3	256.1	304.5	262.0	277.1	313.1	386.3	606.7	856.6	1,074.6	1,238.5
Stock based compensation	48.5	52.6	52.7	53.1	53.2	54.7	54.7	54.7	56.3	65.0	67.2	70.5	71.5	72.3	73.7	75.9	175.8	223.3	259.0	293.3
Amortization of deferred contract costs	38.7	42.1	45.1	49.0	52.5	54.6	56.7	59.5	62.5	65.4	65.4	65.4	65.4	65.4	65.4	65.4	65.4	65.4	65.4	65.4
Depreciation and amortization	17.3	18.9	22.9	25.3	25.3	25.1	26.4	27.3	27.5	27.4	28.5	31.8	30.3	31.3	32.5	37.4	84.4	104.3	115.2	131.5
Amortization of investment premiums	1.2	1.7	1.9	2.1	1.7	1.1	0.8	0.8	(0.3)	(5.8)	(5.6)	(5.6)	(5.6)	(5.6)	(5.6)	(5.6)	6.9	4.4	(17.1)	(22.4)
Other	0.4	(0.1)	6.8	8.3	16.8	22.5	4.7	47.6	25.9	10.3	10.3	10.3	10.3	10.3	10.3	10.3	15.5	91.7	56.8	41.2
Changes to assets and liabilities																	(72.5)	(458.7)	(217.2)	(260.2)
Accounts receivable	82.5	53.1	(5.0)	(203.1)	15.4	(134.7)	(43.4)	(284.0)	171.1	7.9	(48.2)	(348.0)	243.5	1.1	(55.8)	(445.0)	(19.4)	(109.1)	(121.6)	(4.7)
Inventory	(14.7)	(5.4)	0.6	-	(13.5)	(17.7)	(28.5)	(49.0)	(45.3)	(84.9)	121.6	(113.0)	2.1	(97.4)	185.9	(85.3)	(17.7)	(77.7)	(52.9)	(31.8)
Prepaid expenses and other current assets	(13.4)	(3.0)	3.9	(5.2)	(26.0)	7.8	10.6	(0.1)	(16.0)	(19.4)	(4.4)	(13.1)	5.9	(11.6)	(5.4)	(20.7)	(17.7)	(7.7)	(52.9)	(31.8)
Deferred contract costs	(53.2)	(68.6)	(78.2)	(89.5)	(86.4)	(24.0)	(80.4)	(20.2)	(81.2)	(21.3)	(28.1)	(28.1)	(11.4)	(95.2)	(93.5)	(7.3)	(294.5)	(318.2)	(294.7)	(27.2)
Debt	(15.2)	(10.6)	(66.1)	(2.1)	(21.8)	(48.7)	(35.7)	(74.8)	(81.1)	(80.7)	(24.0)	(86.8)	82.1	(38.4)	(70.7)	(7.3)	(40.4)	(226.4)	(274.6)	(42.3)
Other assets	(4.8)	(7.0)	(3.3)	2.8	(2.8)	2.8	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	1.7	(175.4)	(12.5)	(8.9)	(6.3)	(6.3)	(6.3)	(6.3)
Accounts Payable	(12.4)	2.9	(2.3)	(13.1)	35.5	17.2	25.9	26.6	(4.1)	0.5	15.6	84.4	(50.3)	5.3	(17.0)	29.8	(13.1)	105.2	96.4	43.3
Accrued liabilities	(24.1)	(21.4)	(27.1)	(21.4)	(21.4)	(21.4)	(21.4)	(21.4)	(21.4)	(21.4)	(21.4)	(21.4)	(21.4)	(21.4)	(21.4)	(21.4)	(21.4)	(21.4)	(21.4)	(21.4)
Accrued payroll and compensation	(3.9)	22.6	4.4	20.9	(13.6)	6.8	3.6	28.2	(6.0)	12.0	3.8	26.3	(40.5)	6.7	(21.6)	29.8	44.0	25.0	36.2	(25.6)
Other liabilities	(0.2)	(1.4)	(2.0)	2.5	11.3	(5.6)	(8.2)	24.0	(4.7)	(5.0)	5.3	15.8	(7.2)	4.6	6.2	56.7	(1.9)	23.5	11.5	7.0
Other	(15.3)	(15.8)	(19.7)	(15.3)	(15.8)	(19.7)	(15.3)	(15.8)	(19.7)	(15.3)	(15.8)	(19.7)	(15.3)	(15.8)	(19.7)	(15.3)	(15.8)	(19.7)	(15.3)	(15.8)
Net cash provided by operating activities	315.9	418.2	398.8	366.8	396.1	323.4	430.8	528.1	677.5	515.1	592.0	328.2	647.2	488.5	636.5	567.5	1,499.7	1,730.6	1,810.8	2,340.0
CASH FLOWS FROM INVESTING ACTIVITIES:																				
Purchases of investments	(647.1)	(615.4)	(529.9)	(568.1)	(385.2)	(3.9)	-	-	(207.2)	(597.4)	-	-	-	-	-	-	(2,350.6)	(389.1)	(804.6)	-
Sales of investments	18.6	52.6	8.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8
Maturities of investments	292.4	307.9	428.7	441.3	459.4	337.9	385.6	379.1	195.0	250.1	-	-	1.4	470.3	148.2	445.1	-	-	-	-
Purchases of property and equipment	(51.2)	(23.5)	(69.0)	(151.3)	(22.8)	(39.9)	(87.8)	(20.9)	(30.3)	(76.8)	(115.0)	(44.0)	(90.0)	(82.0)	(74.0)	(86.0)	(295.9)	(281.2)	(362.1)	(312.0)
Investments in private held company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(160.0)	-	-	-
Payments made for acquisitions	(10.3)	-	(63.1)	1.5	-	-	-	(30.8)	-	-	-	-	-	-	-	-	(74.9)	(30.8)	8.4	6.1
Other	-	-	-	0.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash used in investing activities	(473.5)	(278.2)	207.5)	(265.9)	(45.4)	294.1	297.8	217.4	(42.4)	(424.1)	(115.0)	(140.0)	(90.0)	(82.0)	(74.0)	(86.0)	(1,325.1)	763.9	1,513.5)	(312.0)
CASH FLOWS FROM FINANCING ACTIVITIES:																				
Proceeds from long-term borrowings	989.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	989.4	-	-	-
Payments for debt issuance costs	(1.9)	(0.5)	(2.2)	2.2	-	-	-	-	-	-	-	-	-	-	-	-	(2.4)	-	-	-
Repurchases of common stock	(0.1)	(0.1)	(0.1)	57.1	(891.2)	(800.0)	(500.0)	-	-	-	-	-	-	-	-	-	(17.4)	(1,591.2)	-	-
Proceeds from issuance of common stock	8.9	5.9	4.2	5.9	5.3	11.0	4.9	5.8	4.4	21.2	8.1	-	-	-	-	-	26.0	26.1	29.3	-
Taxes paid related to equity awards	(41.4)	(34.0)	(42.9)	(40.4)	(64.8)	(35.1)	(32.2)	(28.3)	(34.8)	(25.2)	-	-	-	-	-	-	(167.9)	(160.0)	(159.7)	-
Other	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	-
Net cash provided by financing activities	956.0	(120.0)	(117.8)	(63.6)	(746.6)	(830.3)	(526.6)	(27.4)	(13.7)	(17.7)	-	-	-	-	-	-	82.8	(2,130.3)	(141.4)	-
Foreign currency exchange rate impact on cash	-	-	(0.2)	(0.3)	(0.3)	(0.1)	(0.2)	0.8	(0.1)	(0.1)	(1.2)	-	-	-	-	-	(0.1)	0.4	(1.3)	-
Net (decrease) increase in cash and cash equivalents	796.4	19.1	27.2	(53.0)	(895.4)	(213.5)	254.0	718.9	621.3	72.1	477.0	186.2	557.2	406.5	562.6	501.5	257.3	363.8	1,356.6	2,028.0
Beginning balance cash and cash equivalents	1,061.0	1,860.2	1,879.3	1,852.1	1,921.5	923.5	710.0	964.0	1,682.9	2,304.2	2,376.3	2,853.3	3,095.6	3,596.7	4,003.2	4,565.9	1,061.8	1,912.1	1,662.9	3,035.4
Ending balance cash and cash equivalents	1,862.0	1,879.3	1,852.1	1,819.1	923.5	710.0	964.0	1,682.9	2,304.2	2,376.3	2,853.3	2,853.3	3,095.6	3,596.7	4,003.2	4,565.9	1,319.1	1,629.3	3,039.5	5,067.4
Free Cash Flow																				
Operating	263.8	347.1	328.8	215.5	273.5	263.5	395.9	492.7	647.2	438.3	477.0	186.2	557.2	406.5	562.6	501.5	1,203.8	1,449.4	1,748.3	2,080.6
Capital expenditures	(20.2)	(25.2)	(20.9)	(37.2)	(20.2)	(45.2)	(29.8)	(59.8)	(20.8)	(45.4)	(21.9)	(23.9)	(57.4)	(40.8)	(41.9)	(39.8)	(14.5)	(14.5)	(14.5)	(14.5)
Adjusted Free Cash Flow	37.8	8.1	57.1	129.0	92.7	21.1	66.8	12.6	14.9	59.4	-	-	-	-	-	-	2,320.1	1,514.1	1,743.7	2,066.1
Adjusted Free Cash Flow	391.6	402.8	366.9	344.5	366.2	364.7	463.8	509.8	662.1	497.7	477.0	186.2	557.2	406.5	562.6	501.5	1,435.8	1,645.4	1,823.0	2,028.0
Operating	-10%	63%	70%	60%	60%	60%	20%	171%	171%	50%	21%	60%	14%	7%	16%	16%	40%	19%	17%	17%
Adjusted Free cash flow margin	37.1%	49.3%	38.6%	22.4%	28.6%	27.9%	34.4%	38.8%	51.3%	33.9%	35.5%	12.4%	39.0%	26.7%	36.7%	28.4%	36.0%	32.8%	32.4%	32.7%
Source: Company data, FactSet, Wells Fargo Securities, LLC estimates																				
Share Repurchases	-	91.8	78.4	57.1	53.1	63.2	800.0	500.0	-	-	-	-	-	-	-	-	741.8	1,917.2	-	-
Share Repurchases	-	30.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70.7	239.1	-	-
Total Share Repurchases	-	91.8	108.8	57.1	69.1	800.0	500.0	-	-	-	-	-	-	-	-	-	741.8	1,991.2	-	-
Total number of shares repurchased	-	2.5	1.5	9.0	11.5	14.4	10.2	-	-	-	-	-	-	-	-	-	13.0	36.1	-	-
% of total shares outstanding	0.0%	0.1%	0.3%	0.2%	1.1%	1.4%	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average price paid per share	-	\$402.58	\$183.1	\$63.50	\$68.83	\$55.45	\$55.45	-	-	-	-	-	-	-	-	-	\$57.06	\$55.16	-	-
Remaining Share Repurchase Authorization	0.010	92.11	812.3	1,650.9	929.6	1,029.6	529.6	529.6	529.6	-	-	-	-	-	-	-	1,620.9	829.6	-	-

Tenable Financials

Tenable Holdings, Inc. (TENB)

Income Statement

	2021				2022				2023				2024							
(\$ in millions, unless otherwise stated)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E				
Non-GAAP Income Statement																				
Revenue																				
Subscription	107.4	114.2	122.2	132.3	142.7	146.8	156.8	166.3	171.1	176.8	180.0	187.3	200.2	207.7	213.4	229.4	476.0	612.5	715.2	850.7
Perpetual License and Maintenance	12.4	12.6	12.7	12.6	12.9	12.7	12.7	12.5	12.2	12.2	12.0	11.9	11.6	11.5	11.4	11.3	50.3	50.7	48.2	45.8
Professional Services and Other	3.4	3.5	3.8	4.1	3.8	4.9	5.4	5.9	5.6	6.1	6.0	6.0	5.7	6.1	6.1	6.1	14.8	20.0	23.6	24.0
Total revenue	123.2	130.3	138.7	149.0	159.4	164.3	174.9	184.6	188.8	195.0	198.0	205.1	217.4	225.4	230.9	246.8	541.1	683.2	787.0	920.5
Consensus revenue	120.0	125.5	134.6	144.5	153.5	163.3	170.2	181.4	187.1	190.9	198.4	206.4	216.2	223.7	229.8	241.3	536.7	680.0	788.8	911.2
Management Guidance - Revenue																				
Low	118.0	124.0	133.0	143.0	152.0	162.0	169.0	180.0	186.0	189.9	197.9	201.1					535.1	678.6	783.0	
Mid	119.0	125.0	134.0	144.0	153.0	163.0	170.0	181.0	187.0	190.9	198.0	205.1					536.1	679.6	787.0	
High	120.0	126.0	135.0	145.0	154.0	164.0	171.0	182.0	188.0	191.9	199.0	209.1					537.1	680.6	791.0	
Cost of Revenue	20.6	23.8	24.1	27.0	31.0	31.1	33.2	39.8	39.8	37.5	39.6	41.0	43.1	44.2	44.8	47.4	95.5	135.0	158.0	179.4
Gross profit	102.6	106.4	114.5	122.0	128.4	133.2	141.7	144.9	149.0	157.5	158.4	164.1	174.4	181.2	186.1	199.4	445.6	548.1	629.0	741.1
Consensus gross profit	99.0	103.5	110.2	118.9	125.3	131.0	136.7	146.4	146.2	150.2	156.0	163.8	171.9	178.5	183.7	192.2	442.2	549.3	627.8	727.0
Operating expenses																				
Sales and marketing	52.3	58.1	60.7	69.5	71.5	75.7	74.5	78.3	82.8	81.4	83.0	90.7	95.2	97.8	97.2	104.2	240.6	300.0	337.8	394.4
Research and development	22.7	23.0	25.1	24.9	27.8	28.2	27.4	28.7	29.3	28.1	30.7	33.8	34.8	33.8	36.0	38.3	95.7	112.1	121.9	142.9
General and administrative	13.7	13.8	15.0	15.8	16.6	17.2	16.7	17.9	18.8	17.8	18.2	21.5	21.7	21.4	21.4	22.2	58.3	68.4	76.4	86.7
Total operating expenses	88.7	94.9	100.8	110.2	115.9	121.0	118.6	124.9	130.9	127.3	131.9	146.0	151.8	153.0	154.6	164.6	394.6	490.5	536.1	624.0
Operating income	13.9	11.5	13.7	11.9	12.5	12.2	23.1	19.9	18.1	30.2	26.5	18.0	22.6	28.2	31.5	34.8	51.0	67.7	92.9	117.1
Consensus operating income	9.1	7.6	7.6	8.1	10.6	6.5	9.6	15.8	9.5	20.7	26.7	19.8	24.1	28.6	31.6	34.2	47.3	63.3	95.1	120.8
Management Guidance - Operating Income																				
Low	7.9	7.9	7.9	7.9	10.9	6.9	9.9	15.9	9.9	20.9	26.9	21.1					46.1	62.7	96.0	
Mid	8.9	7.5	7.5	7.5	10.5	6.5	9.5	15.5	9.5	20.5	26.5	23.1					46.6	63.2	96.9	
High	9.9	8.0	8.0	8.0	11.9	7.0	10.0	16.0	10.0	21.9	27.9	25.1					47.1	63.7	100.0	
EBITDA	16.12	14.1	16.3	14.2	14.9	14.7	25.8	23.1	21.4	33.4	29.8	21.4	19.5	29.8	34.6	38.8	60.7	78.5	106.0	122.5
Interest income	0.1	0.1	0.1	0.3	0.3	0.7	1.8	3.5	5.1	6.6	6.5	4.0	4.1	4.2	4.3	4.4	0.6	6.3	22.2	17.0
Interest expense	(0.1)	(0.1)	(0.6)	(0.6)	(0.6)	(3.6)	(5.1)	(6.8)	(7.3)	(7.8)	(8.1)	(8.3)	(8.5)	(8.6)	(8.8)	(9.0)	(7.5)	(19.0)	(31.5)	(34.9)
Other income (expense), net	(0.1)	(0.5)	(0.9)	(0.6)	(0.9)	(1.9)	(2.1)	0.1	(0.5)	(0.9)	-	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(2.0)	(4.8)	(1.9)	(1.6)
Pre-tax income	13.8	11.0	9.4	7.9	8.2	7.4	17.7	16.8	15.4	28.1	24.9	13.4	17.9	23.3	26.6	29.8	42.1	50.2	81.8	97.6
Provision for (benefit from) income taxes	(1.0)	6.9	1.3	2.0	1.2	1.5	0.8	2.6	2.3	1.8	2.4	2.1	2.4	2.7	3.0	3.3	3.2	5.9	8.9	11.4
Adjusted tax rate (non-GAAP)	-7%	6%	14%	25%	15%	20%	5%	16%	15%	6%	10%	16%	13%	12%	11%	11%	8%	12%	11%	12%
Non-GAAP Net Income	14.7	10.2	8.1	5.9	7.0	6.0	17.2	14.2	13.1	26.3	22.5	11.3	15.5	20.6	23.6	26.5	38.9	44.3	73.1	86.2
Consensus net income	6.4	5.4	2.4	0.0	5.1	1.5	9.7	8.1	3.4	15.5	22.5	16.8	16.8	23.4	26.1	28.5	36.0	38.2	70.0	86.7
Management Guidance - Non-GAAP Net Income																				
Low	5.0	5.0	1.0	2.0	5.2	1.0	3.2	7.5	3.0	15.0	22.0	17.2					35.0	37.6	79.0	
Mid	6.5	5.5	2.0	2.5	5.7	1.5	3.7	8.0	3.5	15.5	22.5	18.2					35.5	38.1	81.0	
High	7.9	6.0	3.0	3.0	6.2	2.0	4.2	8.5	4.0	16.0	23.0	21.2					36.0	38.6	83.0	
Non-GAAP EPS	\$0.13	\$0.09	\$0.07	\$0.05	\$0.06	\$0.05	\$0.15	\$0.12	\$0.11	\$0.22	\$0.18	\$0.09	\$0.12	\$0.16	\$0.19	\$0.21	\$0.34	\$0.38	\$0.60	\$0.69
Consensus non-GAAP EPS	\$0.07	\$0.05	\$0.02	\$0.03	\$0.05	\$0.01	\$0.03	\$0.07	\$0.03	\$0.13	\$0.18	\$0.14	\$0.15	\$0.18	\$0.20	\$0.22	\$0.31	\$0.32	\$0.65	\$0.76
Management Guidance - Non-GAAP EPS																				
Low	\$0.04	\$0.04	\$0.01	\$0.02	\$0.04	\$0.01	\$0.03	\$0.04	\$0.02	\$0.12	\$0.18	\$0.14					\$0.30	\$0.32	\$0.65	
Mid	\$0.05	\$0.05	\$0.02	\$0.03	\$0.05	\$0.02	\$0.04	\$0.07	\$0.03	\$0.13	\$0.19	\$0.16					\$0.31	\$0.33	\$0.67	
High	\$0.06	\$0.05	\$0.03	\$0.03	\$0.05	\$0.02	\$0.04	\$0.07	\$0.03	\$0.13	\$0.19	\$0.18					\$0.31	\$0.33	\$0.68	
Basic shares outstanding	104.5	105.9	106.9	108.2	109.5	111.0	111.9	112.7	113.8	115.1	116.0	117.2	118.0	118.7	119.5	120.2	106.4	111.3	115.5	119.1
Pro forma Diluted shares outstanding	113.9	113.9	115.0	116.5	117.2	118.1	117.3	117.5	119.3	120.1	122.5	123.4	124.4	125.4	126.4	127.4	114.8	117.5	121.3	125.9
Non-GAAP Reconciliation to GAAP Results																				
Adjustments																				
Share-based compensation	17.0	20.5	20.9	21.1	25.4	31.9	32.6	30.7	34.1	37.9	37.0	37.0	39.1	40.1	41.1	42.0	79.4	120.6	146.0	162.3
Cost of revenue	0.9	1.2	1.2	1.1	1.5	2.1	2.3	2.4	2.6	2.9	2.8	2.8	3.0	3.1	3.2	3.2	4.4	8.4	11.2	12.5
CoId	16.0	19.3	19.7	20.0	23.9	29.8	30.3	29.3	31.5	35.0	34.2	34.2	36.1	37.0	37.9	38.7	75.0	112.3	134.8	149.8
Amortization of acquired intangible assets	0.6	1.4	1.7	2.7	2.4	2.8	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	6.4	11.4	12.3	12.4
Cost of revenue	0.6	1.4	1.7	2.7	2.4	2.8	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	6.4	11.4	12.3	12.4
CoId	2.2	1.5	2.3	0.9	2.2	0.7	0.3	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.9	3.5	0.2	0.1
Acquisition related expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CoId	2.2	1.5	2.3	0.9	2.2	0.7	0.3	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.9	3.5	0.2	0.1
Other items	2.8	(1.6)	(0.6)	(7.8)	1.5	(1.9)	(0.1)	1.7	0.9	1.3	1.2	1.3	1.4	1.5	1.6	1.7	(7.1)	1.1	4.7	6.3
Taxes impact of stock-based compensation	(0.0)	(0.5)	(0.0)	1.1	1.1	0.2	0.3	0.5	0.9	1.3	1.3	1.3	1.4	1.5	1.6	1.7	0.6	2.1	4.9	6.3
Tax impact of acquisitions	-	(1.1)	(0.5)	(8.9)	(0.4)	(2.9)	(1.0)	0.6	(0.1)	(0.1)	(0.1)	-	-	-	-	-	(10.6)	(3.7)	(0.2)	-
Tax impact from intra-equity asset transfers	2.8	-	-	-	-	0.8	0.8	0.5	0.5	-	-	-	-	-	-	-	2.8	2.7	-	-
Accretion from convertible preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GAAP Gross Profit	101.1	103.8	111.6	116.2	124.4	128.3	136.3	139.4	143.3	151.5	152.5	158.1	168.3	175.0	179.8	193.1	434.7	528.4	605.5	716.2
GAAP Operating Income	(5.8)	(11.9)	(12.9)	(12.9)	(17.5)	(23.2)	(13.0)	(14.1)	(19.2)	(10.7)	(13.6)	(22.1)	(19.7)	(15.1)	(12.7)	(10.3)	(41.8)	(67.8)	(85.6)	(57.7)
GAAP Net Income	(7.7)	(11.6)	(16.2)	(11.0)	(24.5)	(27.5)	(18.7)	(21.6)	(25.1)	(16.0)	(18.8)	(30.2)	(28.2)	(24.1)	(22.2)	(20.3)	(46.7)	(92.2)	(90.1)	(94.9)
GAAP EPS	(\$0.07)	(\$0.11)	(\$0.15)	(\$0.10)	(\$0.22)	(\$0.25)	(\$0.17)	(\$0.19)	(\$0.22)	(\$0.14)	(\$0.16)	(\$0.26)	(\$0.24)	(\$0.20)	(\$0.19)	(\$0.17)	(\$0.44)	(\$0.83)	(\$0.76)	(\$0.80)
Consensus GAAP EPS	(\$0.10)	(\$0.15)	(\$0.21)	(\$0.20)	(\$0.17)	(\$0.29)	(\$0.26)	(\$0.23)	(\$0.30)	(\$0.21)	(\$0.15)	(\$0.21)	(\$0.20)	(\$0.17)	(\$0.16)	(\$0.13)	(\$0.51)	(\$0.86)	(\$0.72)	(\$0.67)
Basic shares outstanding	104.5	105.9	106.9	108.2	109.5	111.0	111.9	112.7	113.8	115.1	116.0	117.2	118.0	118.7	119.5	120.2	106.4	111.3	115.5	119.1
Diluted shares outstanding	113.9	113.9	115.0	116.5	117.2	118.1	117.3	117.5	119.3	120.1	122.5	123.4								

Tenable Holdings, Inc. (TENB)

Revenue Build

(\$ in millions, unless otherwise stated)	2021				2022				2023				2024				CY21	CY22	CY23E	CY24E
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E				
Total Revenue	123.2	130.3	138.7	148.0	159.4	164.3	174.9	184.6	188.8	195.0	198.0	205.1	217.4	225.4	230.9	246.8	541.1	683.2	787.0	920.5
Consensus revenue	120.0	125.5	134.6	144.5	153.5	163.3	170.2	181.4	187.1	190.3	198.4	206.4	216.2	223.7	229.8	241.3	536.7	680.0	788.8	911.2
Y/Y Growth	20%	22%	23%	26%	29%	26%	26%	24%	18%	19%	13%	11%	16%	16%	17%	20%	23%	26%	15%	17%
Management Guidance - Revenue																				
Low	118.8	124.0	133.0	143.0	152.8	162.0	169.0	180.0	186.8	189.0	197.0						535.1	678.8	783.0	
Mid	119.0	125.0	134.0	144.0	153.0	163.0	170.0	181.0	187.0	190.0	198.0						536.1	679.8	787.0	
High	120.0	126.0	135.0	145.0	154.0	164.0	171.0	182.0	188.0	191.0	199.0						537.1	680.8	791.0	
Revenue by Type																				
Subscription	107.4	114.2	122.2	132.3	142.7	146.8	156.8	166.3	171.1	176.8	180.0	187.3	200.2	207.7	213.4	229.4	476.0	612.5	715.2	850.7
Consensus subscription revenue	103.7	110.0	118.7	127.8	136.9	146.8	153.6	164.1	169.7	172.9	180.5	187.9	198.9	206.3	212.5	223.3	471.6	610.4	716.2	839.4
Y/Y Growth	24%	24%	26%	29%	30%	29%	29%	26%	20%	20%	15%	13%	17%	18%	19%	23%	26%	29%	17%	19%
% of total revenue	87%	88%	88%	89%	90%	89%	90%	90%	91%	91%	91%	91%	92%	92%	92%	93%	88%	90%	91%	92%
Perpetual License and Maintenance	12.4	12.2	12.5	12.6	12.4	12.6	12.7	12.5	12.2	12.2	12.0	11.9	11.6	11.5	11.4	11.3	50.3	50.7	48.2	45.8
Consensus perpetual license and maintenance revenue	12.4	12.2	12.5	12.6	12.4	12.6	12.7	12.5	12.2	12.1	12.2	12.1	11.7	11.6	11.6	11.4	50.5	50.5	48.5	46.5
Y/Y Growth	(8%)	3%	2%	1%	4%	1%	(1%)	(1%)	(5%)	(4%)	(5%)	(5%)	(1%)	(5%)	(5%)	(5%)	(1%)	1%	(5%)	(5%)
% of total revenue	10%	10%	9%	8%	8%	8%	7%	7%	6%	6%	6%	6%	5%	5%	5%	5%	9%	7%	6%	5%
Professional Services and Other Revenue	3.4	3.5	3.8	4.1	3.8	4.9	5.4	5.9	5.6	6.1	6.0	6.0	5.7	6.1	6.1	6.1	14.8	20.0	23.6	24.0
Consensus professional services & other revenue	3.2	3.3	3.4	3.8	4.0	4.0	4.5	5.0	4.8	5.3	5.8	5.9	5.6	5.9	6.1	6.2	14.5	19.1	23.4	24.2
Y/Y Growth	19%	17%	24%	22%	13%	38%	44%	43%	46%	26%	10%	1%	2%	0%	2%	3%	20%	35%	18%	2%
% of total revenue	3%	3%	3%	3%	2%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%

(\$ in millions, unless otherwise stated)	2021				2022				2023				2024				CY21	CY22	CY23E	CY24E
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E				
Revenue	123.2	130.3	138.7	148.0	159.4	164.3	174.9	184.6	188.8	195.0	198.0	205.1	217.4	225.4	230.9	246.8	541.1	683.2	787.0	920.5
Beginning deferred revenue balance	434.5	428.9	444.9	477.0	530.9	527.5	548.1	593.7	664.6	642.1	650.2	699.1	785.3	770.0	783.3	845.1	1785.2	2200.2	2656.0	3183.7
Ending deferred revenue balance	429.8	444.0	477.0	530.9	527.5	548.1	593.7	664.6	642.1	650.2	699.1	785.3	770.0	783.3	845.1	944.9	1881.6	2333.9	2776.7	3343.3
Change in deferred revenue	(5.6)	15.0	32.1	53.9	(3.4)	20.5	45.7	70.9	(22.5)	8.1	48.9	86.2	(15.4)	13.4	61.8	99.8	96.4	133.7	120.7	159.6
Total Billings	117.5	146.3	170.7	202.9	156.9	184.9	220.5	255.5	166.3	203.2	247.0	291.3	202.1	238.7	292.7	346.8	673.5	816.9	907.7	1,089.1
Y/Y Growth	20%	28%	24%	25%	31%	26%	29%	25%	7%	10%	12%	14%	22%	18%	19%	19%	23%	26%	11%	19%
Revenue	123.2	130.3	138.7	148.0	159.4	164.3	174.9	184.6	188.8	195.0	198.0	205.1	217.4	225.4	230.9	246.8	541.1	683.2	787.0	920.5
Beginning deferred revenue (current) balance	328.8	325.1	334.1	362.3	407.6	405.6	415.4	447.9	502.1	480.1	495.2	532.5	598.1	586.4	596.6	643.6	1350.3	1676.5	2019.9	2424.7
Ending deferred revenue (current) balance	325.1	334.1	362.3	407.6	404.8	415.4	447.9	502.1	490.1	495.2	532.5	598.1	586.4	596.6	643.6	719.7	1429.0	1770.1	2115.9	2546.3
Less acquired deferred revenue	-	-	2.5	0.2	-	-	-	-	-	-	-	-	-	-	-	-	2.6	0.0	0.0	0.0
Change in deferred revenue (current)	(3.7)	6.5	28.2	45.0	(2.8)	9.8	32.5	54.3	(12.0)	5.1	37.3	65.6	(11.7)	10.2	47.1	76.0	76.0	93.7	96.0	121.6
Current Billings	119.5	136.8	166.9	194.0	156.5	174.1	207.3	238.9	176.8	200.2	235.3	270.7	205.7	235.5	277.9	322.8	617.2	776.9	883.0	1,042.0
Consensus Current Billings	113.2	126.5	159.7	181.1	146.3	170.8	204.4	231.3	161.9	184.5	218.5	273.1	204.7	234.0	275.8	318.3	604.5	775.0	886.2	1,033.0
Y/Y Growth	20%	23%	25%	29%	31%	27%	24%	23%	13%	15%	13%	13%	16%	18%	18%	19%	25%	26%	14%	18%
Management Guidance - Current Billings																				
Low																	602.0	768.0	875.0	
Mid																	603.5	772.0	883.0	
High																	605.0	775.0	887.0	
RPO	441.1	461.6	491.9	559.0	555.7	567.7	612.8	680.4	654.7	662.7							559.0	680.4		
Y/Y Growth	21%	22%	23%	26%	26%	23%	25%	23%	18%	17%							26%	22%		
Current RPO	330.8	346.2	373.8	424.8	422.3	425.8	459.6	510.3	497.6	503.7							424.8	510.3		
Y/Y Growth	21%	24%	23%	26%	26%	23%	23%	20%	18%	18%							26%	20%		
Current RPO - % of total	27%	26%	26%	28%	26%	25%	25%	27%	26%	25%							26%	26%		
Backlog (RPO - Deferred Rev)	12.2	16.7	14.9	28.1	28.2	19.6	19.1	15.8	12.6	12.5							28.1	15.8		
Y/Y Growth	111%	30%	57%	224%	130%	17%	28%	(44%)	(50%)	(36%)							224%	(44%)		
Bookings																				
Total Revenue	123.2	130.3	138.7	148.0	159.4	164.3	174.9	184.6	188.8	195.0										
+change in CRPO	-	-	15.4	27.6	51.4	(2.5)	34.4	33.8	50.7	(12.7)	8.1						88.0	85.5		
Total CRPO Bookings	117.2	145.6	166.3	200.0	156.9	167.8	208.7	235.3	176.1	201.1							629.1	768.7		
Y/Y Growth	17%	28%	22%	32%	34%	15%	25%	18%	12%	20%							25%	22%		

Source: Company data, FactSet, Wells Fargo Securities, LLC estimates

Customer Metrics	2021				2022				2023				2024				CY21	CY22	CY23E	CY24E
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E				
Total Customers																	40,000	43,000		
Y/Y Growth																	33%	8%		
% of Fortune 500																	-60%	-60%		
% of Global 2000																	-60%	-60%		
Total Enterprise Platform Customers	8,875	9,365	9,864	10,426	10,885	11,425	11,933	12,504	12,883	13,309							10,426	12,504		
Y/Y Growth	20%	21%	22%	22%	22%	22%	21%	20%	18%	16%							22%	20%		
Net new additions	331	400	499	562	459	540	508	571	379	426							1,882	2,078		
Y/Y Growth	4%	44%	49%	22%	39%	10%	2%	2%	(17%)	(21%)							29%	10%		
\$100K+ Customers	866	933	995	1,095	1,112	1,191	1,280	1,420	1,444	1,507							1,095	1,420		
Y/Y Growth	30%	30%	29%	31%	28%	28%	29%	30%	30%	27%							31%	30%		
Net new additions	29	67	62	100	17	79	89	140	24	63							258	325		
Y/Y Growth	21%	34%	11%	52%	(41%)	18%	44%	40%	41%	(20%)							32%	26%		
Dollar-Based Net Expansion Rate	>110%	>10%	113%	117%	>110%	>110%	118%	117%	113%	111%							117%	117%		

Source: Company data, FactSet, Wells Fargo Securities, LLC estimates

Other Metrics	2021				2022				2023				2024				CY21	CY22	CY23E	CY24E
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E				
Revenue from the Americas	80.6	84.5	88.8	93.9	89.5	105.0	111.2	117.0	119.3	122.2							347.7	432.7		
Y/Y Growth	16%	17%	19%	21%	23%	24%	24%	25%	25%	20%	16%						16%	24%		
Q/Q Growth	3%	5%	5%	6%	6%	6%	6%	6%	5%	2%							2%	5%		
% of total revenue	60%	65%	64%	63%	62%	64%	64%	63%	63%	63%							64%	63%		
Revenue from EMEA	29.3	31.9	34.9	39.0	43.1	41.5	44.1	47.0	48.3	50.8							135.2	175.8		
Y/Y Growth	24%	30%	33%	33%	41%	47%	43%	45%	42%	22%							26%	30%		
Q/Q Growth	5%	9%	9%	12%	10%	(4%)	(4%)	6%	7%	3%	5%						5%	12%		
% of total revenue	24%	22%	25%	26%	27%	25%	25%	25%	26%	26%							25%	26%		
Revenue from APAC	13.1	13.9	15.0	16.1	16.7	17.8	18.1	19.2	20.6	21.6							58.2	74.7		
Y/Y Growth	33%	30%	30%	30%	26%	29%	30%	28%	27%	24%							31%	28%		
Q/Q Growth	7%	4%	6%	6%	6%	4%	7%	9%	6%	4%							7%	6%		
% of total revenue	11%	11%	11%	11%	10%	11%	11%	11%	11%	11%							11%	11%		
Headcount				1,617				1,500									1,617	1,900		
Y/Y Growth				16%				16%									16%	18%		
US Heads				982				1,104									982	1,104		
International Heads				635				786									635	786		
% of Sales via Channel Partners	82%	80%	82%	82%	82%	80%	82%	82%	83%	83%							82%	80%		
Ingram Micro (% of Total)	41%	40%	40%	39%	37%	38%	38%	38%	37%	36%							41%	40%		

Tenable Holdings, Inc. (TENB)

Balance Sheet

	2021				2022				2023				2024							
(\$ in millions, unless otherwise stated)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	CY21	CY22	CY23E	CY24E
Current assets																				
Cash and Cash Equivalents	228.4	135.9	435.9	278.0	287.5	287.9	288.2	300.3	360.4	378.1	421.7	444.5	488.6	523.5	579.3	620.9	278.0	300.9	444.5	620.9
Short-Term Investments	111.9	126.1	216.0	234.3	238.6	243.0	259.8	266.6	266.3	289.5	289.5	289.5	289.5	269.5	269.5	261.3	234.3	269.6	269.5	269.5
Accounts Receivables, net	82.8	100.5	115.4	136.6	96.4	109.4	147.9	187.3	123.9	154.4	178.4	219.3	140.2	176.0	205.5	261.3	136.6	187.3	219.3	261.3
Deferred Commissions	31.9	32.7	34.2	40.3	40.3	40.7	41.3	44.3	44.0	45.0	45.5	49.2	58.7	56.3	62.3	65.4	40.3	44.3	49.2	65.4
Prepaid Expenses & Other Current Assets	42.6	42.3	45.2	60.2	59.4	49.4	48.6	58.1	66.5	54.7	55.5	59.5	71.8	65.4	69.3	71.6	60.2	58.1	59.5	71.6
Total current assets	497.7	436.5	846.8	748.4	722.2	710.4	785.8	857.2	851.1	899.7	970.6	1,042.0	1,038.8	1,090.7	1,184.8	1,297.7	749.4	857.2	1,042.0	1,297.7
Property and Equipment, net	38.9	37.4	36.1	36.8	39.6	43.4	45.8	46.7	45.1	44.8	44.6	44.8	45.0	45.2	45.6	46.0	36.8	46.7	44.8	46.0
Deferred Commissions	45.4	45.8	47.0	59.8	59.9	59.3	59.0	67.2	64.3	64.5	67.3	71.8	76.3	74.4	76.2	79.0	59.8	67.2	71.8	79.0
Operating Lease Right-of-use-Assets	38.4	37.3	36.7	38.5	37.5	36.9	38.6	38.5	37.4	37.1	37.1	37.1	37.1	37.1	37.1	37.1	38.5	38.5	37.1	37.1
Intangible Assets	12.6	42.6	40.9	71.5	73.2	81.5	78.5	75.4	72.3	69.2	66.2	63.1	60.0	56.9	53.8	50.7	71.5	75.4	63.1	50.7
Goodwill	54.4	126.7	126.7	201.6	200.6	316.8	316.8	316.5	316.5	316.5	316.5	316.5	316.5	316.5	316.5	316.5	201.6	316.5	316.5	316.5
Other Assets	13.5	18.5	22.4	31.2	25.8	26.7	23.3	38.0	36.6	33.9	39.6	43.7	46.7	48.5	46.2	49.4	31.2	38.0	43.7	49.4
Total assets	706.8	744.8	1,156.5	1,248.8	1,237.9	1,275.0	1,349.7	1,439.5	1,423.3	1,465.8	1,542.0	1,619.6	1,622.3	1,669.2	1,760.2	1,876.3	1,248.8	1,439.5	1,619.6	1,876.3
Current liabilities																				
Accounts Payable	9.6	12.0	16.0	16.3	17.1	16.9	26.2	18.7	21.9	24.9	31.3	19.3	23.7	29.2	35.4	22.3	16.3	18.7	19.3	22.3
Accrued Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Payroll & Benefits	26.8	35.9	33.3	54.1	36.2	41.2	37.2	52.6	36.8	45.2	47.5	43.1	45.7	56.3	60.0	66.6	54.1	52.6	43.1	66.6
Deferred Revenues	325.1	334.1	362.3	407.5	404.8	415.4	447.8	502.1	490.1	495.2	532.5	598.1	586.4	598.6	643.6	719.7	407.5	502.1	598.1	719.7
Operating Leases	4.3	5.4	6.9	2.3	3.6	5.0	5.6	5.8	6.0	5.6	5.6	5.6	5.6	5.6	5.6	5.6	2.3	5.8	5.6	5.6
Other Current Liabilities	1.1	0.3	1.9	3.8	3.2	4.6	4.1	4.9	5.3	6.2	6.3	6.5	6.9	7.9	8.1	8.6	3.8	4.9	6.5	8.6
Current Portion of Long-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	366.9	387.6	420.4	483.9	463.8	483.1	520.9	584.2	560.0	577.1	623.2	672.6	668.2	695.7	752.8	822.9	483.9	584.2	672.6	822.9
Long term liabilities																				
Deferred Revenues	103.7	110.8	114.6	123.4	122.7	132.7	145.8	162.5	152.0	155.0	166.7	187.2	183.5	186.7	201.5	225.3	123.4	162.5	187.2	225.3
Long-term Debt	53.2	52.0	52.9	55.0	53.7	52.2	53.7	52.6	51.1	51.0	51.0	51.0	51.0	51.0	51.0	51.0	55.0	52.6	51.0	51.0
Operating Leases	5.1	8.9	7.2	6.5	6.6	6.2	6.7	7.4	7.3	7.6	7.7	8.0	8.5	8.8	9.0	9.6	6.5	7.4	8.0	9.6
Total liabilities	528.9	548.3	960.4	1,033.5	1,019.9	1,037.5	1,089.9	1,166.7	1,131.6	1,151.3	1,209.2	1,279.4	1,271.9	1,302.8	1,374.9	1,469.4	1,033.5	1,166.7	1,279.4	1,469.4
Stockholders' equity																				
Convertible Preferred Stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common Stock	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.2	1.2
Additional Paid-In Capital	786.5	811.6	840.5	869.1	906.3	944.8	985.9	1,017.8	1,063.1	1,101.9	1,139.0	1,176.0	1,215.1	1,255.2	1,296.3	1,338.3	869.1	1,017.8	1,176.0	1,338.3
Accumulated Other Comprehensive Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulated Deficit	(815.6)	(627.2)	(643.5)	(654.5)	(679.0)	(706.5)	(725.3)	(746.8)	(771.8)	(787.8)	(806.7)	(836.9)	(865.1)	(889.2)	(911.5)	(931.8)	(654.5)	(746.8)	(836.9)	(931.8)
Total stockholders' equity	177.9	196.5	196.1	214.9	218.0	237.9	269.8	272.7	291.7	314.5	332.6	347.0	350.4	366.4	389.9	405.9	177.9	237.9	269.8	272.7
Total liabilities and shareholders' equity	706.8	744.8	1,156.5	1,248.8	1,237.9	1,275.0	1,349.7	1,439.5	1,423.3	1,465.8	1,542.0	1,619.6	1,622.3	1,669.2	1,760.2	1,876.3	1,248.8	1,439.5	1,619.6	1,876.3
Net cash	340.3	261.0	286.5	147.6	162.0	147.5	185.3	205.5	255.4	284.9	330.6	353.4	407.5	432.4	487.1	538.8	147.6	205.5	353.4	538.8
Y/Y Growth	50%	8%	6%	(49%)	(52%)	(43%)	(35%)	39%	68%	93%	78%	72%	60%	52%	47%	52%	(49%)	39%	72%	52%
Net cash per diluted share	\$2.99	\$2.29	\$2.49	\$1.27	\$1.38	\$1.25	\$1.58	\$1.75	\$2.14	\$2.37	\$2.70	\$2.86	\$3.28	\$3.45	\$3.85	\$4.23	\$1.27	\$1.75	\$2.86	\$4.23
Y/Y Growth	30%	3%	3%	(51%)	(54%)	(45%)	(37%)	35%	55%	90%	71%	64%	53%	45%	43%	48%	(51%)	35%	64%	48%

Source: Company data, Wells Fargo Securities, LLC estimates

Tenable Holdings, Inc. (TENB)

Statement of Cash Flows

	2021				2022				2023				2024							
(\$ in millions, unless otherwise stated)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	CY21	CY22	CY23E	CY24E
CASH FLOWS FROM OPERATING ACTIVITIES:																				
Net income (loss)	(7.7)	(11.6)	(16.2)	(11.0)	(24.5)	(27.5)	(18.7)	(21.5)	(25.1)	(16.0)	(18.8)	(30.2)	(28.2)	(24.1)	(22.2)	(20.3)	(46.7)	(92.2)	(90.1)	(94.9)
Deferred income taxes	-	-	-	(10.5)	-	-	-	(2.8)	-	-	-	-	-	-	-	-	(10.5)	(2.8)	-	-
Depreciation and amortization	2.8	4.0	4.3	5.0	4.9	5.2	5.8	6.3	6.4	6.3	6.3	6.5	6.7	6.8	6.9	7.1	16.2	22.2	25.4	27.4
Stock based compensation	17.0	20.5	20.9	21.1	25.4	31.9	32.6	30.7	34.1	37.9	37.0	37.0	39.1	40.1	41.1	42.0	79.4	120.6	146.0	162.3
Other	0.3	(0.6)	1.1	3.1	1.3	(0.7)	1.4	3.4	(1.6)	(1.2)	-	-	-	-	-	-	3.9	5.5	(2.8)	-
Changes to assets and liabilities																				
Accounts receivable	32.5	(13.5)	(15.0)	(21.2)	40.3	(12.7)	(38.4)	(40.5)	64.4	(30.4)	(24.0)	(40.9)	79.1	(35.8)	(29.5)	(55.8)	(17.2)	(51.3)	(30.9)	(41.9)
Prepaid expenses and other current assets	5.4	(0.4)	(10.4)	(40.9)	8.5	8.3	3.6	(23.3)	(2.8)	15.4	(0.7)	(4.0)	(12.3)	6.4	(3.9)	(2.3)	(46.2)	(2.9)	7.9	(12.1)
Deferred commissions	-	-	-	-	-	-	-	-	-	(3.3)	(8.1)	(16.0)	6.3	(7.8)	(5.9)	-	-	-	(11.4)	(23.4)
Other assets	-	-	-	-	-	-	-	-	-	(5.7)	(4.1)	(5.1)	(1.7)	2.3	(3.2)	-	-	(9.7)	(5.7)	-
Accounts payable and accrued expenses	(6.0)	7.0	3.0	20.3	(18.7)	4.5	5.4	9.2	(12.7)	11.4	6.5	(12.0)	4.3	5.6	6.2	(13.1)	24.3	0.4	(6.8)	3.0
Accrued compensation and other current liabilities	-	-	-	-	-	-	-	-	-	2.3	(4.5)	2.8	10.7	3.7	6.6	-	-	(2.7)	23.8	-
Deferred revenue	(5.6)	12.3	32.1	53.7	(3.5)	19.6	45.7	70.9	(22.5)	8.1	48.9	86.2	(15.4)	13.4	61.8	99.8	92.5	132.6	120.7	159.6
Other liabilities	0.1	(1.2)	(0.2)	2.4	(0.8)	1.8	(1.5)	(0.5)	(1.5)	(1.2)	0.2	0.5	0.9	1.3	0.4	1.2	1.0	(1.0)	(2.0)	3.8
Net cash provided by operating activities	38.6	16.5	19.6	22.9	32.9	30.5	35.9	31.9	38.7	36.3	48.7	24.3	57.8	28.9	58.9	56.1	96.8	131.2	144.8	201.7
CASH FLOWS FROM INVESTING ACTIVITIES:																				
Purchases of property and equipment	(1.1)	(1.5)	(1.2)	(2.8)	(4.8)	(4.8)	(4.3)	(5.2)	(1.4)	(2.5)	(3.1)	(3.5)	(3.7)	(4.0)	(4.2)	(4.4)	(6.8)	(19.1)	(10.5)	(16.3)
Purchases of short-term investments	(29.4)	(58.3)	(124.1)	(75.7)	(60.9)	(58.8)	(70.8)	(86.3)	(48.7)	(98.7)	-	-	-	-	-	-	(287.4)	(276.7)	(
Sales and maturities of short-term investments	31.0	45.0	33.0	51.9	55.1	53.7	54.5	71.2	61.3	87.5	-	-	-	-	-	-	160.9	234.6	148.8	-
Payments for business acquisitions, net of cash acq.	-	(98.3)	-	(186.0)	(23.0)	(54.8)	-	0.2	-	-	-	-	-	-	-	-	(258.5)	(66.8)	-	-
Net cash used in investing activities	0.6	(113.8)	(92.3)	(160.6)	(33.5)	(55.0)	(20.7)	(20.0)	11.1	(13.7)	(3.1)	(3.5)	(3.7)	(4.0)	(4.2)	(4.4)	(391.6)	(128.0)	8.2	(16.3)
CASH FLOWS FROM FINANCING ACTIVITIES:																				
Payments of term loans and debt	-	-	375.0	-	-	-	-	-	(0.9)	(0.9)	-	-	-	-	-	-	375.0	-	-	(1.9)
Proceeds from term loans and debt	-	-	-	-	(0.9)	(0.9)	(0.9)	(0.9)	-	0.4	-	-	-	-	-	-	-	(3.8)	0.4	-
Principal payments under finance leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from stock issued (including the ESPP)	8.0	-	5.7	-	8.9	-	5.9	-	9.9	-	-	-	-	-	-	-	13.7	14.8	9.9	-
Proceeds from exercise of stock options	4.0	4.7	2.2	7.3	2.6	6.1	2.0	1.1	0.9	0.6	-	-	-	-	-	-	18.3	11.7	1.5	-
Repurchases of common stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financing activities	(0.0)	(0.0)	(9.4)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	-	-	-	-	-	-	(9.4)	0.8	(0.1)	-
Net cash provided by financing activities	12.1	4.7	373.6	7.3	10.5	5.7	6.9	0.1	9.799	0.1	-	-	-	-	-	-	397.6	23.3	9.9	-
Foreign currency exchange rate impact on cash	(1.1)	(0.4)	(1.0)	(0.6)	(0.4)	(2.0)	(1.8)	0.4	(0.1)	(0.9)	-	-	-	-	-	-	(3.0)	(3.8)	(1.0)	-
Net (decrease) increase in cash and equivalents	50.2	(92.5)	299.9	(157.9)	9.5	(19.6)	20.3	1.2	59.6	15.6	45.6	22.8	54.1	24.9	54.7	51.7	99.8	22.6	143.6	188.5
Change Restricted Cash / Mkt Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Beginning balance cash and cash equivalents	178.5	228.7	136.2	436.1	278.3	287.7	268.1	288.4	300.9	360.4	376.1	421.7	444.5	498.6	523.5	578.2	578.2	578.3	300.9	444.5
Ending balance cash and cash equivalents	228.7	136.2	436.1	278.3	278.7	268.1	288.4	300.9	360.4	376.1	421.7	444.5	498.6	523.5	578.2	629.9	578.3	300.9	444.5	629.9
Unlevered Free Cash Flow Analysis																				
Free Cash Flow	37.6	15.0	18.5	19.2	38.1	25.8	31.5	26.7	37.3	27.7	45.6	22.8	54.1	24.9	54.7	51.7	90.2	112.0	133.5	185.4
Cash flow for interest and other	0.1	1.6	1.2	4.1	3.3	3.3	5.1	6.8	0.2	12.1	8.0	7.5	6.1	8.6	9.1	8.6	5.0	16.0	34.1	35.4
Unlevered Free Cash Flow	37.6	15.1	20.1	22.4	32.1	28.1	34.8	32.1	44.2	39.8	53.6	30.4	62.2	33.5	63.8	61.3	95.2	128.1	168.0	220.9
Consensus Unlevered FCF	-	-	-	-	41.8	47.3	34.1	28.4	26.0	51.2	35.1	47.2	36.5	62.0	33.2	62.9	60.2	114.9	122.1	174.7
Unlevered Free Cash Flow Margin	30.6%	11.6%	14.5%	15.0%	20.0%	17.0%	17.7%	19.4%	23.4%	20.4%	24.1%	18.4%	28.6%	14.9%	27.6%	24.8%	17.6%	18.7%	21.4%	22.2%
Low	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
					</															

Varonis Financials

Varonis Systems, Inc. (VRNS)

Income Statement

	2021				2022				2023				2024				2021	2022	2023E	2024E
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E				
(\$ in millions, unless otherwise stated)																				
Non-GAAP Income Statement																				
Revenue																	268.9	366.1	405.6	469.1
Subscription	44.8	58.1	70.0	96.0	69.0	84.4	96.1	116.7	83.0	91.1	102.4	129.2	92.9	107.5	120.8	147.9				
Perpetual License	0.3	0.3	0.3	0.9	-	-	-	-	-	-	-	-	-	-	-	-	119.3	107.5	94.4	87.7
Maintenance and Services	29.7	30.0	30.0	26.6	27.3	27.1	27.3	25.9	24.4	24.3	22.9	22.6	22.4	22.4	21.5	21.4	390.1	473.6	500.0	556.9
Total revenue	74.8	88.4	100.4	126.6	96.3	111.4	123.3	142.6	107.3	115.4	125.3	151.9	115.3	129.9	142.3	169.3	385.7	471.4	500.1	549.6
Consensus revenue	68.9	83.7	97.4	122.4	95.9	111.2	124.3	140.6	106.9	119.1	126.0	151.8	117.2	127.7	138.5	165.6				
Management Guidance - Total Revenue																				
Low	68.9	82.5	96.0	120.0	94.5	110.5	123.0	139.0	106.0	118.0	123.5						383.5	519.0	497.0	
Mid	68.8	83.3	97.0	121.5	95.5	111.3	124.3	140.5	107.0	119.0	125.3						385.0	496.0	500.0	
High	69.5	84.0	98.0	123.0	96.5	112.0	125.5	142.0	108.0	120.0	127.0						386.5	473.0	503.0	
Total cost of revenue	10.9	11.6	12.1	13.2	13.9	14.3	14.4	14.4	14.5	14.9	15.7	17.5	14.4	16.6	18.5	20.3	47.8	57.0	62.5	69.8
Gross profit	63.8	76.9	88.3	113.4	82.4	97.1	108.9	128.3	92.9	100.5	109.6	134.5	100.9	113.3	123.8	149.0	342.3	416.6	437.5	487.1
Consensus gross profit	59.6	72.5	84.6	107.1	82.8	96.5	108.0	124.8	92.3	103.5	109.0	133.5	100.1	110.4	120.9	146.6	336.1	413.1	436.3	476.4
Operating expenses																				
Research and development	21.4	23.0	24.6	27.2	30.3	30.8	31.4	32.3	31.7	32.0	34.5	35.4	34.6	34.8	36.0	38.4	96.2	124.5	133.6	143.9
Sales and marketing	40.5	44.3	46.9	54.0	49.6	54.8	57.2	59.0	54.2	56.1	62.1	64.9	59.2	61.0	64.9	70.3	185.6	220.6	237.4	255.4
General and administrative	8.1	8.5	8.7	9.9	10.3	10.1	10.5	11.0	11.2	11.4	11.5	11.9	12.3	12.3	12.1	12.7	35.2	42.0	46.0	49.5
Total operating expenses	70.1	75.8	80.2	91.0	90.3	95.5	99.1	102.3	97.1	99.6	108.1	112.1	106.1	108.2	113.0	121.4	517.1	587.1	417.9	468.7
Operating income	(6.3)	1.1	8.1	22.4	(7.9)	1.7	9.8	26.0	(4.3)	0.9	1.5	22.3	(5.2)	5.1	10.8	27.6	25.2	29.5	20.5	38.4
Consensus operating income	(11.5)	(2.0)	3.9	17.6	(9.6)	0.6	9.2	23.6	(6.5)	1.0	2.3	22.2	(7.1)	1.1	7.1	27.5	20.6	26.4	20.4	30.6
Management Guidance - Operating Income																				
Low	(12.8)	(2.5)	3.5	16.5	(10.5)	-	8.5	22.0	(7.0)	0.5	1.0						19.5	25.5	19.0	
Mid	(11.5)	(2.0)	4.0	17.5	(10.0)	0.5	9.3	23.0	(6.5)	1.0	1.5						20.5	26.5	20.5	
High	(11.0)	(1.5)	4.5	18.5	(9.5)	1.0	10.0	24.0	(6.0)	1.5	2.0						21.5	27.5	22.0	
EBITDA	(5.6)	2.5	9.2	23.3	(6.2)	3.2	11.8	29.2	(2.2)	3.0	3.9	25.4	(6.0)	7.7	14.2	33.1	29.3	38.0	30.1	49.0
Financial income (expenses), net	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.1)	2.5	5.2	7.2	7.6	7.8	8.0	8.0	8.0	8.0	8.0	(3.6)	6.8	30.6	32.0
Pre-tax income	(7.2)	0.1	7.2	21.5	(8.8)	1.6	12.3	31.1	2.9	8.5	9.3	30.4	2.8	13.1	18.8	35.6	28.8	22.8	(19.2)	70.4
Provision for (benefit from) income taxes	0.6	0.9	1.5	3.0	1.4	1.7	5.6	5.0	3.0	7.4	6.5	6.5	5.0	7.5	9.0	10.0	6.0	13.7	23.4	31.5
Adjusted tax rate (non-GAAP)	(7.8%)	635.4%	21.3%	14.0%	(16.2%)	106.7%	45.3%	16.1%	103%	87.2%	69.7%	21.4%	178%	57.5%	47.8%	28.1%	21%	60%	-230%	45%
Non-GAAP Net income	(7.7)	(0.8)	5.7	18.5	(10.2)	(0.1)	6.7	26.1	(0.1)	1.1	2.8	23.9	(2.2)	5.6	9.8	25.6	15.6	22.6	27.7	38.8
Consensus net income	(12.8)	(0.5)	2.2	15.4	(11.2)	(1.3)	7.4	21.6	(5.1)	2.6	3.3	23.7	(3.3)	3.3	8.7	28.1	12.6	18.2	28.1	36.6
Management Guidance - Non-GAAP Net Income																				
Low	(12.8)	(0.5)	2.2	15.4	(11.2)	(1.3)	7.4	21.6	(5.1)	2.6	3.3	23.7	(3.3)	3.3	8.7	28.1	12.6	18.2	28.1	36.6
Mid	(12.8)	(0.5)	2.2	15.4	(11.2)	(1.3)	7.4	21.6	(5.1)	2.6	3.3	23.7	(3.3)	3.3	8.7	28.1	12.6	18.2	28.1	36.6
High	(12.8)	(0.5)	2.2	15.4	(11.2)	(1.3)	7.4	21.6	(5.1)	2.6	3.3	23.7	(3.3)	3.3	8.7	28.1	12.6	18.2	28.1	36.6
Non-GAAP EPS																				
Non-GAAP EPS	(\$0.09)	(\$0.01)	\$0.05	\$0.16	(\$0.09)	(\$0.00)	\$0.05	\$0.21	(\$0.00)	\$0.01	\$0.02	\$0.19	(\$0.02)	\$0.04	\$0.08	\$0.20	\$0.13	\$0.10	\$0.22	\$0.31
Consensus non-GAAP EPS	(\$0.13)	(\$0.03)	\$0.02	\$0.13	(\$0.03)	(\$0.01)	\$0.06	\$0.17	(\$0.05)	\$0.02	\$0.03	\$0.16	(\$0.04)	\$0.02	\$0.06	\$0.21	\$0.11	\$0.14	\$0.22	\$0.30
Management Guidance - Non-GAAP EPS																				
Low	(\$0.14)	(\$0.04)	\$0.01	\$0.12	(\$0.11)	(\$0.02)	\$0.05	\$0.17	(\$0.05)	\$0.01	\$0.02						\$0.10	\$0.14	\$0.21	
Mid	(\$0.14)	(\$0.04)	\$0.02	\$0.13	(\$0.11)	(\$0.02)	\$0.06	\$0.16	(\$0.05)	\$0.02	\$0.03						\$0.11	\$0.15	\$0.22	
High	(\$0.13)	(\$0.03)	\$0.02	\$0.13	(\$0.10)	(\$0.01)	\$0.06	\$0.18	(\$0.04)	\$0.02	\$0.03						\$0.11	\$0.15	\$0.23	
Basic shares outstanding	100.2	106.4	107.0	107.4	108.2	108.7	110.0	108.2	108.4	109.7	108.6	108.9	109.4	109.9	110.4	110.9	105.3	109.3	109.2	110.2
Diluted shares outstanding	116.5	118.0	119.1	118.6	125.1	126.9	128.8	126.0	126.2	127.3	127.1	128.5	126.7	126.9	127.1	127.3	116.9	126.2	126.8	127.0
Non-GAAP Reconciliation to GAAP Results																				
Adjustments																				
Share-based compensation																				
Cost of revenue	21.4	25.9	24.4	38.1	36.0	37.8	34.3	34.8	35.8	39.4	40.7	42.5	43.3	45.5	48.4	50.8	109.8	142.9	158.5	167.9
OpEx	1.6	1.9	1.8	3.7	3.1	3.0	2.4	2.2	2.5	2.0	2.1	2.2	2.2	2.3	2.5	2.6	9.0	10.7	8.8	9.7
Taxes related to share based compensation	19.8	24.0	22.6	34.4	32.9	34.7	31.9	32.6	33.3	37.4	38.6	40.4	41.0	43.1	45.9	48.2	100.8	132.1	149.6	178.2
Cost of revenue	4.7	1.7	0.5	0.4	3.2	0.5	0.1	0.3	2.2	0.5	0.5	0.5	0.5	0.5	0.6	0.6	7.4	4.1	3.6	2.2
OpEx	0.6	0.4	0.0	0.1	0.4	0.1	0.0	0.1	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.6	0.4	0.1
Amortization of acquired intangible assets	4.2	1.3	0.5	0.3	2.8	0.4	0.1	0.3	1.9	0.4	0.4	0.5	0.5	0.5	0.5	0.6	6.3	3.5	3.2	2.0
Cost of revenue	1.7	1.7	1.7	1.7	1.0	1.0	1.0	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	6.8	3.8	3.2	3.2
OpEx	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	1.5	1.5	1.5	1.5
Other items	1.3	1.3	1.3	1.3	0.6	0.6	0.6	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	5.3	2.2	1.6	1.6
Foreign exchange rate differences, net	0.1	2.9	2.3	3.2	(1.6)	(3.0)	0.1	0.9	(0.0)	(0.0)	(0.0)	(0.0)	1.4	1.4	1.4	1.4	8.6	(3.7)	(3.1)	5.5
Amortization of debt discount and issuance cost	(1.8)	1.2	0.6	1.5	(2.0)	(3.4)	(0.3)	0.5	(1.0)	(1.2)	(1.2)	(1.2)	1.0	1.0	1.0	1.0	1.7	(5.1)	(4.6)	4.0
Acquisition-related taxes	1.7	1.7	1.7	1.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	6.9	1.5	1.5	1.5
GAAP Gross Profit	61.3	74.2	86.0	109.2	76.5	93.8	106.1	125.6	89.7	98.0	107.1	131.9	86.3	110.6	120.9	146.6	330.7	403.8	426.7	475.7
GAAP Operating Income	(34.1)	(28.2)	(18.6)	(17.8)	(48.1)	(37.6)	(25.6)	(10.0)	(49.7)	(41.6)	(40.5)	(21.5)	(49.7)	(41.6)	(38.9)	(24.6)	(96.7)	(121.2)	(144.8)	(154.9)
GAAP Net Income	(35.7)	(32.9)	(23.3)	(24.9)	(48.8)	(36.3)	(28.7)	(10.7)	(38.3)	(38.7)	(38.3)	(19.1)	(48.1)	(42.6)	(41.3)	(27.9)	(116.9)	(124.5)	(134.4)	(159.9)
GAAP EPS	(\$0.36)	(\$0.31)	(\$0.22)	(\$0.23)	(\$0.45)	(\$0.33)	(\$0.26)	(\$0.10)	(\$0.35)	(\$0.35)	(\$0.35)	(\$0.18)	(\$0.44)	(\$0.39)	(\$0.37)	(\$0.25)	(\$1.11)	(\$1.14)	(\$1.23)	(\$1.45)
Consensus GAAP EPS	(\$0.29)	(\$0.23)	(\$0.18)	(\$0.10)	(\$0.40)	(\$0.32)	(\$0.26)	(\$0.16)	(\$0.36)	(\$0.31)	(\$0.30)	(\$0.18)	(\$0.36)	(\$0.31)	(\$0.30)	(\$0.20)	(\$0.94)	(\$1.01)	(\$1.16)	(\$1.32)
Diluted shares outstanding	100.2	106.4	107.0	107.4	108.2	108.7	110.0	108.2	108.4	109.7	108.6	108.9	109.4	109.9	110.4	110.9	105.3	109.3	109.2	110.2
Diluted shares outstanding	100.2	106.4	107.0	107.4	108.2	108.7	110.0	108.2	108.4	109.7	108.6	108.9	109.4	109.9	110.4	110.9	105.3	109.3	109.2	110.2
Management Guidance - Diluted Shares Outstanding																				
Low	100.2	106.4	107.0	107.4	108.2	108.7	110.0	108.2	108.4	109.7	108.6	108.9	109.4	109.9	110.4	110.9	105.3	109.3	109.2	110.2
Mid	100.2	106.4	107.0	107.4	108.2	108.7	110.0	108.2	108.4	109.7	108.6	108.9	109.4	109.9	110.4	110.9	105.3	109.3	109.2	110.2
High	100.2	106.4	107.0	107.4	108.2	108.7	110.0	108.2	108.4	109.7	108.6	108.9	109.4	109.9	110.4	110.9	105.3	109.3	109.2	110.2
Management Guidance - Diluted Shares Outstanding																				
Low	100.2	106.4	107.0	107.4	108.2	108.7	110.0	108.2	108.4	109.7	108.6	108.9	109.4	109.9	110.4	110.9	105.3	109.3	109.2	110.2
Mid	100.2	106.4	107.0	107.4	108.2	108.7	110.0	108.2	108.4	109.7	108.6	108.9	109.4</							

Varonis Systems, Inc. (VRNS)

Revenue Build

(\$ in millions, unless otherwise stated)	2021				2022				2023				2024				2021	2022	2023E	2024E
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E				
Total Revenue	74.8	88.4	100.4	126.6	96.3	111.4	123.3	142.6	107.3	115.4	125.3	151.9	115.3	129.9	142.3	169.3	390.1	473.6	500.0	556.9
Consensus revenue	68.9	83.7	97.4	122.4	95.9	111.2	124.3	140.6	106.9	119.1	126.0	151.8	117.2	127.7	138.5	165.6	385.7	471.4	500.1	549.6
Y/Y Growth	38%	33%	31%	30%	29%	26%	23%	13%	12%	4%	2%	7%	7%	13%	14%	11%	33%	21%	6%	11%
Management Guidance - Total Revenue																				
Low	68.0	82.5	96.0	120.0	94.5	110.5	123.0	139.0	106.0	118.0	123.5						383.5	519.0	497.0	
Mid	68.8	83.3	97.0	121.5	95.5	111.3	124.3	140.5	107.0	119.0	125.3						385.0	496.0	500.0	
High	69.5	84.0	98.0	123.9	96.5	112.0	125.5	142.0	108.0	120.0	127.9						386.5	473.9	503.9	
Revenue by Type																				
Subscription																				
Consensus subscription revenue	44.8	58.1	70.0	96.0	69.0	84.4	96.1	116.7	83.0	91.1	102.4	129.2	92.9	107.5	120.8	147.9	268.9	366.1	405.6	469.1
Y/Y Growth	35.5	53.6	67.1	92.3	67.9	83.5	96.8	114.4	82.4	95.3	101.1	123.7	94.3	105.4	117.1	146.1	254.6	353.8	403.8	463.9
% of total revenue	120%	70%	69%	53%	54%	46%	37%	22%	20%	8%	7%	11%	22%	16%	16%	15%	67%	36%	11%	16%
Y/Y Growth	60%	66%	70%	76%	72%	76%	78%	82%	77%	79%	82%	85%	81%	83%	85%	87%	69%	77%	81%	84%
Perpetual License																				
Consensus perpetual license revenue	0.3	0.3	0.3	0.3													1.9			
Y/Y Growth	0%	0%	0%	0%													21%			
% of total revenue	0%	0%	0%	1%													0%			
Maintenance and Services																				
Consensus professional services revenue	29.7	30.0	30.0	29.8	27.3	27.1	27.3	25.9	24.4	24.3	22.9	22.8	22.4	22.4	21.5	21.4	119.3	107.5	94.4	87.7
Y/Y Growth	31.9	29.6	29.9	29.9	27.7	27.7	27.4	26.4	24.6	23.9	24.1	23.4	22.4	22.4	22.2	21.5	119.6	106.0	96.2	87.9
% of total revenue	(11%)	(7%)	(7%)	(8%)	(8%)	(10%)	(9%)	(13%)	(11%)	(10%)	(16%)	(12%)	(8%)	(8%)	(6%)	(6%)	(31%)	(23%)	(19%)	(16%)
	62%	34%	30%	23%	28%	24%	22%	18%	23%	21%	18%	12%	19%	17%	15%	13%				
Annual Recurring Revenue (ARR)																				
Total ARR	306.9	328.2	354.2	387.1	404.5	426.3	447.8	465.1	478.1	497.0	515.0	532.0	530.7	556.6	581.9	601.2	387.1	465.1	532.0	601.2
Consensus ARR	295.7	321.2	349.8	385.9	403.8	425.1	452.6	461.5	473.0	491.1	513.9	532.5	544.5	563.6	584.4	600.8	385.9	461.5	532.5	600.8
Y/Y Growth	39%	39%	36%	30%	32%	30%	26%	20%	16%	17%	15%	14%	11%	12%	13%	13%	35%	20%	14%	13%
Management Guidance - ARR																				
Low																	460.0			
Mid																	461.5			
High																	463.9			
Net New ARR	19.8	21.3	26.0	32.9	17.4	21.8	21.5	17.3	13.0	18.9	18.0	17.1	(1.3)	25.9	25.3	19.3	99.8	76.0	66.9	69.2
Consensus Net New ARR	8.4	14.3	21.4	31.7	16.7	20.6	20.3	13.7	7.9	13.0	16.9	18.6	12.0	19.1	20.8	24.4	98.6	74.4	67.4	76.3
Y/Y Growth	96%	40%	2%	26%	(11%)	2%	(17%)	(47%)	(25%)	(13%)	(16%)	(1%)	(110%)	37%	41%	13%	30%	(22%)	(14%)	3%
SaaS mix - % of New Business and Upsell ARR																				
SaaS ARR																				
% of Total ARR																				
Billings & RPO																				
Revenue																				
Beginning deferred revenue balance	101.4	93.7	88.5	88.1	106.8	101.1	100.6	96.3	112.1	110.7	131.4	148.9	186.9	193.5	218.8	237.7	101.4	106.8	112.1	836.9
Ending deferred revenue balance	83.7	88.5	89.1	106.8	101.1	100.6	96.3	112.1	110.7	131.4	148.9	186.9	193.5	218.8	237.7	261.3	106.8	112.1	186.9	831.2
Change in deferred revenue	(7.6)	(5.3)	(0.3)	18.7	(5.6)	(0.5)	(4.3)	15.7	(1.4)	20.7	17.5	38.1	6.6	25.3	19.0	43.5	5.4	5.3	74.9	94.3
Total Billings	67.2	83.1	100.0	145.2	96.6	111.9	119.0	156.4	106.0	126.1	142.8	190.0	121.0	155.2	161.3	212.8	395.6	476.9	514.9	651.2
Consensus Billings	67.1	83.1	100.0	145.2	96.6	111.9	119.0	156.4	106.0	126.1	142.8	190.0	121.0	155.2	161.3	212.8	395.6	476.9	514.9	651.2
Y/Y Growth	62%	37%	28%	30%	35%	33%	19%	9%	17%	23%	20%	20%	15%	14%	13%	12%	35%	21%	20%	13%
Revenue																				
Beginning deferred revenue (current) balance	74.8	88.4	100.4	126.6	96.3	111.4	123.3	142.6	107.3	115.4	125.3	151.9	115.3	129.9	142.3	169.3	390.1	473.6	500.0	556.9
Ending deferred revenue (current) balance	96.6	91.6	86.4	86.3	104.2	98.8	98.4	94.2	110.6	109.3	130.7	148.1	186.0	192.5	217.7	236.6	96.6	104.2	110.6	832.8
Change in deferred revenue (current)	(7.0)	(5.2)	(0.2)	18.0	(5.5)	(0.4)	(4.2)	16.4	(1.3)	21.4	17.4	37.9	6.5	25.2	18.9	43.3	5.6	6.3	75.5	93.9
Current Billings	67.8	83.2	100.2	144.5	90.8	111.1	119.1	159.0	106.1	126.8	142.7	189.8	121.8	155.0	161.2	212.6	395.8	480.0	575.5	656.7
Y/Y Growth	59%	36%	27%	28%	34%	32%	19%	10%	17%	23%	20%	19%	15%	13%	13%	12%	34%	21%	20%	13%
RPO																				
Y/Y Growth																				
Backlog (RPO - Deferred Rev)																				
Y/Y Growth																				
Bookings																				
Total revenue																				
± change in RPO																				
Total Bookings																				
Y/Y Growth																				

Source: Company data, FactSet, Wells Fargo Securities, LLC estimates

	2021				2022				2023				2024				2021	2022	2023E	2024E
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E				
Customer Metrics																				
Subscription Customers - in reported terms																	3,623	4,361		
Y/Y Growth																	42%	20%		
Net new additions																	1,079	738		
Y/Y Growth																	(11%)	(32%)		
Customers with 4+ Licenses	66%	68%	70%	73%	74%	75%	76%	78%									73%	78%		
Customers with 6+ Licenses	32%	35%	37%	41%	42%	45%	47%	50%									41%	50%		
Total ARR from Customers spending >\$100K																	252.0	335.0		
Y/Y Growth																	49%	33%		
% of Total ARR																	65%	72%		
Total ARR from Customers spending >\$1MM																	48.0	70.0		
Y/Y Growth																	71%	46%		
% of Total ARR																	12%	15%		
Net Retention Rate (NRR)																	>120%	115%		

Source: Company data, FactSet, Wells Fargo Securities, LLC estimates

Other Metrics	2021				2022				2023				2024				2021	2022	2023E	2024E
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E				
Revenue from North America	52.8	61.6	75.6	89.1	69.1	80.8	98.0	104.3	81.2	84.5							279.1	352.3		
Y/Y Growth	38%	34%	32%	34%	31%	31%	30%	17%	18%	2%							35%	28.2%		
% of total revenue	71%	70%	75%	70%	72%	73%	79%	73%	76%	73%							72%	74%		
Revenue from EMEA	20.2	24.5	22.8	34.2	24.2	27.2	22.9	34.4	19.7	22.2							107.7	131.7		
Y/Y Growth	38%	31%	28%	32%	20%	11%	(3%)	1%	(5%)	0%							32%	6%		
% of total revenue	27%	28%	23%	27%	25%	24%	18%	24%	21%	24%							28%	23%		
Revenue from Rest of World	1.7	2.3	1.9	3.3	2.9	3.5	3.2	3.9	2.7	3.9							17%	13.7%		
Y/Y Growth	3%	16%	26%	28%	27%	47%	63%	19%	9%	6%							15%	44%		
% of total revenue	2%	3%	2%	3%	3%	3%	3%	3%	3%	3%							2%	1%		
Headcount (in reported terms)	-1,900	-1,870	1,969	2,065	-2,127	2,181	2,270	2,143	-2,150	-2,150							2,065	2,143		
Y/Y Growth	13%	19%	21%	20%	18%	17%	15%	4%	1%	(1%)							20%	4%		
US Heads																				
International Heads																				

Varonis Systems, Inc. (VRNS)

Balance Sheet																	
(\$ in millions, unless otherwise stated)	2021				2022				2023				2024				
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	
Current assets																	
Cash and Cash Equivalents	753.6	781.4	803.1	805.8	775.7	753.2	754.2	367.8	248.6	388.2	382.4	391.5	423.5	425.0	421.2	423.8	805.8
Marketable Securities	28.1	20.0	8.0	-	28.4	28.7	25.2	254.3	280.8	277.4	277.4	277.4	277.4	277.4	277.4	277.4	298.3
Short-Term Bank Deposits	42.3	12.3	2.3	1.9	-	6.9	10.9	128.4	226.9	77.1	77.1	77.1	77.1	77.1	77.1	77.1	1.9
Trade Receivables, net	51.3	68.1	71.4	117.2	63.6	83.9	91.7	136.0	75.4	103.7	103.0	142.5	81.0	116.6	117.0	161.4	117.2
Prepaid Expenses & Other Current Assets	24.6	23.1	26.7	34.4	55.8	33.9	34.6	37.2	44.4	47.9	52.6	68.4	54.2	58.4	71.2	88.0	34.4
Total current assets	899.8	897.0	911.5	959.2	905.5	906.6	916.6	905.7	876.0	905.3	902.6	959.3	913.3	954.6	963.9	1,027.8	959.2
Operating Lease right-of-use Assets	54.0	52.6	65.2	63.7	61.4	60.5	58.8	56.8	55.7	53.9	62.6	80.5	61.1	63.6	74.0	88.0	63.7
Property and Equipment, net	35.9	34.6	34.2	38.3	35.5	35.6	38.2	39.0	37.6	36.6	36.9	36.9	37.4	37.5	37.4	36.7	36.3
Intangible Assets	5.5	5.1	4.7	4.3	3.9	3.6	3.2	2.8	2.4	2.0	1.6	1.1	0.7	0.3	(0.2)	(0.8)	4.3
Goodwill	23.1	23.1	23.1	23.1	23.1	23.1	23.1	23.1	23.1	23.1	23.1	23.1	23.1	23.1	23.1	23.1	23.1
Other Long-Term Assets	19.4	20.0	19.7	19.8	20.1	19.9	18.7	16.3	16.0	15.9	18.8	27.3	23.1	26.0	34.2	49.6	19.9
Total assets	1,037.8	1,022.3	1,056.5	1,108.5	1,051.6	1,052.3	1,058.5	1,043.7	1,011.3	1,036.9	1,045.6	1,128.3	1,058.7	1,105.2	1,132.5	1,215.5	1,108.5
Current liabilities																	
Trades Payable	0.6	3.2	3.4	5.3	4.8	4.8	6.0	3.0	0.7	0.7	0.7	0.8	0.7	0.8	0.8	0.9	5.3
Accrued Expenses & Other Current Liabilities	87.0	92.0	91.9	102.2	92.8	105.8	109.3	115.2	107.3	123.3	112.8	127.3	80.7	96.1	96.8	105.0	102.2
Deferred Revenues	91.6	86.4	86.3	104.2	88.8	98.4	94.2	110.6	109.3	130.7	148.1	180.0	192.5	217.7	236.6	279.9	104.2
Current Portion of Long-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	179.3	181.6	181.6	211.8	196.1	208.9	209.4	228.7	217.3	254.8	261.6	314.1	273.9	314.5	334.2	385.8	211.8
Long term liabilities																	
Convertible Senior Notes	220.1	221.9	223.6	225.3	247.8	248.2	248.6	249.0	249.3	249.7	249.7	249.7	249.7	249.7	249.7	249.7	225.3
Operating Lease Liability	54.4	52.7	70.3	68.7	65.8	62.0	58.9	57.6	56.0	53.6	56.4	65.3	47.3	53.2	56.9	67.7	68.7
Deferred Revenues	2.2	2.1	1.9	2.6	2.4	2.3	2.1	1.5	1.4	0.6	0.7	0.9	1.0	1.1	1.2	1.4	2.6
Other Liabilities	3.3	3.8	3.1	3.6	3.7	4.5	7.2	4.8	6.0	7.5	6.1	8.9	7.5	8.4	9.3	11.0	3.8
Total liabilities	459.2	461.9	481.5	511.9	515.8	525.9	526.2	541.6	530.0	566.2	576.6	649.0	579.4	627.6	651.3	715.6	511.9
Stockholders' equity																	
Common Stock	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Accumulated Other Comprehensive Income	4.2	3.1	2.5	6.1	2.9	(7.9)	(12.4)	(9.0)	(14.4)	(16.0)	(18.0)	(18.0)	(18.0)	(18.0)	(18.0)	(18.0)	6.1
Additional Paid-In Capital	920.7	946.5	977.0	1,018.0	1,005.0	1,038.3	1,077.3	1,056.0	1,077.3	1,109.1	1,109.1	1,109.1	1,109.1	1,109.1	1,109.1	1,109.1	1,018.0
Accumulated Deficit	(346.4)	(379.3)	(402.7)	(427.6)	(447.7)	(504.0)	(532.7)	(543.5)	(681.8)	(620.5)	(622.2)	(602.8)	(611.8)	(613.0)	(610.0)	(591.3)	(427.6)
Total stockholders' equity	578.6	565.4	570.0	596.6	535.8	530.4	532.4	502.1	481.9	479.2	469.9	469.3	479.4	487.6	481.2	499.9	596.6
Total liabilities and stockholders' equity	1,037.8	1,022.3	1,056.5	1,108.5	1,051.6	1,052.3	1,058.5	1,043.7	1,011.3	1,036.9	1,045.6	1,128.3	1,058.7	1,105.2	1,132.5	1,215.5	1,108.5
Net cash	683.8	591.8	585.8	582.3	556.2	540.5	541.8	483.5	506.5	504.0	497.3	496.3	528.4	529.8	528.0	528.6	582.3
Y/Y Growth	379%	433%	442%	630%	(8)%	(9)%	(8)%	(17)%	(9)%	(7)%	(8)%	3%	4%	5%	6%	6%	630%
Net cash per diluted share	\$5.18	\$5.02	\$4.95	\$4.91	\$4.45	\$4.26	\$4.27	\$3.84	\$4.02	\$3.96	\$3.91	\$3.92	\$4.17	\$4.18	\$4.14	\$4.15	\$4.91
Y/Y Growth	280%	327%	363%	556%	(14)%	(15)%	(14)%	(22)%	(10)%	(7)%	(8)%	2%	4%	5%	6%	6%	556%

Source: Company data, FactSet, Wells Fargo Securities, LLC estimates

Varonis Systems, Inc. (VRNS)

Statement of Cash Flows																	
(\$ in millions, unless otherwise stated)	2021				2022				2023				2024				
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23E	Dec-23E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	
CASH FLOWS FROM OPERATING ACTIVITIES:																	
Net income (loss)	(35.7)	(32.9)	(23.3)	(24.8)	(48.8)	(36.3)	(28.7)	(10.7)	(38.3)	(38.7)	(38.3)	(19.1)	(48.1)	(42.6)	(41.3)	(27.9)	(116.8)
Depreciation and amortization	2.3	3.1	2.8	2.6	2.7	2.5	2.9	4.1	2.9	2.9	3.2	3.8	2.9	2.9	3.3	3.6	4.3
Stock based compensation	21.4	25.9	24.4	38.1	36.0	37.8	34.3	34.8	35.8	39.4	40.7	42.5	43.3	45.5	46.4	50.8	109.8
Amortization of deferred commissions	4.2	3.9	3.4	2.6	6.1	5.8	5.3	5.1	3.5	9.1	9.1	9.1	9.1	9.1	9.1	9.1	14.1
Noncash operating lease cost	2.2	2.0	2.0	2.0	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	8.2
Amortization of debt discount and issuance costs	1.7	1.7	1.7	1.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	6.9
Other	-	-	-	-	-	-	-	(0.0)	(0.3)	(1.3)	(1.4)	(1.4)	(1.4)	(1.4)	(1.4)	(1.4)	-
Changes to assets and liabilities																	
Trade receivables	42.9	(8.8)	(11.2)	(45.8)	53.6	(20.3)	(7.8)	(44.3)	60.6	(28.3)	0.7	(41.9)	63.9	(35.6)	(0.3)	(44.4)	(23.0)
Prepaid expenses and other assets	(1.7)	2.5	(0.3)	(1.1)	(2.6)	(0.7)	(2.0)	(0.9)	(7.2)	(2.8)	(13.4)	(33.6)	33.6	(6.7)	(23.1)	(30.9)	(0.5)
Deferred commissions	(3.9)	(4.9)	(4.9)	(7.5)	(6.9)	(7.9)	(3.6)	(4.5)	(3.0)	(9.4)	(9.4)	(9.4)	(9.4)	(9.4)	(9.4)	(9.4)	(21.2)
Other long-term assets	0.9	(0.1)	0.1	0.6	0.4	0.7	0.2	(0.0)	(0.6)	(0.1)	(2.9)	(8.6)	4.3	(2.9)	(8.2)	(6.5)	1.4
Trade payables	(0.2)	2.5	0.3	1.9	(0.6)	(0.0)	1.2	(3.0)	(2.3)	(0.0)	0.0	0.1	(0.1)	0.1	0.1	0.1	4.5
Accrued expenses and other current liabilities	(5.0)	(0.7)	0.7	10.9	(17.5)	(0.0)	(4.7)	8.2	10.0	(10.6)	14.6	(46.6)	15.4	0.7	6.2	8.2	5.9
Deferred revenue	(7.6)	(5.3)	(0.3)	18.7	(5.6)	(0.5)	(4.3)	15.7	(1.4)	20.7	17.5	38.1	6.5	25.3	19.0	43.5	5.4
Other long-term liabilities	(1.2)	1.9	0.4	0.5	0.1	9.8	2.7	(2.2)	(2.2)	1.5	3.5	19.2	(20.4)	6.9	4.5	12.5	1.8
Net cash provided by operating activities	20.4	(9.3)	(4.3)	6.3	24.5	(14.5)	(7.6)	3.4	36.8	5.8	1.3	7.4	40.1	9.5	4.3	19.8	7.2
Management Guidance - Operating Cash Flow																	
Low	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48.0
Mid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	51.5
High	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55.0
CASH FLOWS FROM INVESTING ACTIVITIES:																	
Investments in (Proceeds from) short & long-term deposit	(9.8)	30.0	10.0	0.5	(0.0)	(5.1)	(4.0)	(117.5)	(98.5)	59.7	-	-	-	-	-	-	30.8
Investments in (Proceeds from) Marketable Securities	6.0	8.0	12.0	8.0	(28.4)	(0.4)	3.5	(211.0)	(42.8)	94.3	-	-	1.5	1.5	1.5	1.5	34.1
Purchase of PP&E	(1.1)	(1.0)	(2.0)	(6.4)	(3.5)	(2.6)	(1.5)	(3.8)	(1.1)	(1.5)	(3.0)	(3.4)	(3.0)	(3.0)	(3.0)	(3.0)	(10.5)
Payments for business acquisitions, net of cash acquired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-
Net cash used in investing activities	(4.8)	37.0	20.1	2.2	(31.9)	(8.1)	(2.6)	(332.3)	(142.5)	152.4	(3.6)	(8.4)	(3.9)	(3.6)	(3.9)	(3.6)	54.4
CASH FLOWS FROM FINANCING ACTIVITIES:																	
Proceeds from Issuance of Common Shares	500.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500.0
Proceeds (withholdings) from Employee Stock Plan	4.7	0.0	6.3	0.1	6.1	0.0	5.4	0.4	5.9	0.0	-	-	-	-	-	-	11.1
Taxes paid related to settlement of net equity awards	(0.7)	(0.1)	(0.2)	-	(28.8)	(0.0)	(0.7)	(1.6)	(16.9)	(2.6)	-	-	-	-	-	-	-
Proceeds from issuance of debt/convertible notes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repurchase of common stock	-	-	-	-	-	-	-	(56.4)	(2.5)	(5.1)	(5.1)	(5.1)	(5.1)	(5.1)	(5.1)	(5.1)	-
Other Financing Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by financing activities	584.8	(6.0)	6.8	6.1	(22.7)	(6.8)	4.7	(57.6)	(13.5)	(7.6)	(5.1)	(5.1)	(5.1)	(5.1)	(5.1)	(5.1)	518.1
Foreign currency exchange rate impact on cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net (decrease) increase in cash and equivalents	519.5	27.8	21.8	2.6	(30.0)	(22.5)	1.1	(386.4)	(119.2)	150.6	(6.8)	(6.8)	32.0	1.5	(3.8)	2.6	571.7
Change Restricted Cash / Mkt Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Beginning balance cash and cash equivalents	234.1	753.6	781.4	803.1	805.8	775.7	753.2	754.2	367.8	248.6	399.2	392.4	391.5	423.5	425.0	421.2	234.1
Ending balance cash and cash equivalents	753.6	781.4	803.1	805.8	775.7	753.2	754.2	367.8	248.6	399.2	392.4	391.5	423.5	425.0	421.2	423.8	805.8
Free Cash Flow	19.3	(10.1)	(6.3)	(6.0)	21.9	(13.1)	(5.4)	(0.3)	35.7	4.3	0.2	4.2	37.1	6.5	3.1	7.8	(3.3)
Management Guidance - Free Cash Flow																	
Low	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40.0
Mid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42.5
High	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45.0
Conservative FCF	15.0	(17.9)	(12.1)	1.3	25.8	(15.6)	3.5	2.7	25.3	(12.8)	0.6	2.2	36.6	9.7	3.7	8.9	3.7
FCF as % of sales	14.2%	38%	(18%)	(23%)	9%	(67%)	5%	95%	70%	(25%)	4%	(372%)	4%	5%	776%	83%	79%
Free cash flow margin	23.0	(11.6%)	(6.3%)	(4.8%)	21.9	(15.3%)	(2.5%)	(0.2)	33.3%	3.7%	(1.4%)	2.7%	32.2%	5.6%	3.9%	4.5%	(0.8%)
FCF as % of EBITDA	13.0	(11.6%)	(6.3%)	(4.8%)	21.9	(15.3%)	(2.5%)	(0.2)	33.3%	3.7%	(1.4%)	2.7%	32.2%	5.6%	3.9%	4.5%	(0.8%)

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