

**John DiFucci**

john.difucci@guggenheimpartners.com  
212 518 9670

**Howard Ma**

Howard.Ma@guggenheimpartners.com  
512 354 3458

**Tamjid Chowdhury**

tamjid.chowdhury@guggenheimpartners.com  
212 823 6739

**Joseph DiBartolomeo**

joseph.dibartolomeo@guggenheimpartners.com  
212 823 6709

**Alexa Rocha**

alexa.rocha@guggenheimpartners.com  
212 292 4704

**Jacob Smith**

jacob.smith@guggenheimpartners.com  
212 518 9286

**Lawrence Vensko**

lawrence.vensko@guggenheimpartners.com  
212 518 9548

## Software Reconsidered: Like Fighting Mike Tyson in His Prime

Mike Tyson: *"I just want them to keep bringing guys on and I'm going to strip them of their health. I bring pain, a lot of pain."*

**Key Message:** Over the last couple years, investing in Software feels like fighting Mike Tyson in his prime. You can do all the preparation work and planning with the talent you've honed over the years, ... but it's still really hard. Well, maybe investing in Software isn't **THAT** hard. It's been three months since we published our last "Software Reconsidered" report, "[A New Normal](#)" dated June 25. We believe many vendors realized numbers were too high for the second half of 2024 and gave up on assuming a ramp in corporate IT spending beyond seasonal trends, subsequently officially lowering annual guidance or softly encouraged a reduction in numbers into the second half during 2Q reports. In addition, 2Q was modestly better than 1Q (which was the worst in recent history), alleviating some of the pressure on 2H numbers. As a result, the portion of stocks in our coverage universe that looks to be at risk to numbers in either the second half or for 2025 has declined to about a third from over half. Importantly, corporate IT purchasers expect spending trends to remain modest with the preliminary results of ETR's October Survey anticipating a 3.4% increase in 2H24, down slightly from 3.7% in the July Survey. There is more optimism for 2025, as an early, first indication from the same IT purchasers that expect IT spending to accelerate in 2025 to 4.8%, but we caution investors that similar optimism was present at the end of 2023 into the beginning of 2024. Finally, we go through some math herein in an attempt to estimate when a return to normalized spending might happen, and we estimate late 2026, but a lot can happen between now and then. Stay tuned for our company-specific previews for more on field checks to help provide a more complete picture of the mosaic needed for investing in Software companies.

**IT Spending Backdrop.** It's similar to what it's been. Not bad, but perhaps about half the level it is in "normalized" periods. Preliminary results from ETR's October IT spending survey suggests 2024 corporate IT spending growth intentions remain at modest levels (+3.4%), similar to that over the last two years. This is supported by continued soft intentions for IT Consulting spending, with the net score staying stable at 3%, and Net Score for G2000 respondents (+1%) is still lower than it's been at any time in the last ten years other than during the COVID recession.

**Why and When?** We think that investors had become overly optimistic of the growth in IT spending driven by tremendous government stimuli in 2H20 and 2021 to offset COVID effects on the economy (and then some). ***We estimate current IT spending reflects the digestion of resulting excess spending, and normalized levels of New ARR (about 20%) may return in late 2026 from a rate of about half that since 2022.***

**It's Hard.** It may have been relatively easy for a decade after the Global Financial Crisis when secular tailwinds (that still exist) ruled the day, and those tailwinds were bolstered further post COVID when governments flooded the economy with cash and real interest rates dropped below 0%. Worthwhile endeavors are usually hard, and we'd put Software in that category, as we still see tremendous upside opportunities ... over time.

**Names Set Up Well** for this year and next include: BASE, CYBR, DT, ESTC, FTNT, INFA, MDB, OKTA, OS, PANW, PRGS, PSTG, RBRK, ZS.

**Names Set Up Well for This Reporting Cycle, But Next Year Presents Challenges** in a stable environment include: DDOG, NET, NOW.

**Names With Risk to Relevant Top Line Metrics:** CRM, CRWD, MSFT, TDC, WDAY.

**Names With Estimates That Look Challenging, But We Believe Have Idiosyncratic Factors to Offset the Backdrop:** AKAM, ORCL, SMAR, ARM, S.

## SOFTWARE

October 1, 2024

Ticker	Share Price	Market Cap (M)	Rating		Price Target		Current Revenue (M)			Previous Revenue (M)		
			Current	Previous	Current	Previous	2024	2025	2026	2024	2025	2026
AKAM	\$100.95	\$15,297	Buy	—	\$133.00	—	3,990E	4,275E	—	—	—	—
ARM	\$143.01	\$149,874	Buy	—	\$169.00	—	3,233	3,972E	4,894E	—	—	—
BASE	\$16.12	\$827	Buy	—	\$30.00	—	180.0	208.1E	243.1E	—	—	—
CFLT	\$20.38	\$6,588	Buy	—	\$32.00	—	955.5E	1,175.1E	1,425.0E	—	—	—
CHKP	\$192.81	\$21,206	Neutral	—	NA	—	2,566.5E	2,714.6E	—	2,563.8E	2,705.2E	—
CRM	\$273.71	\$261,667	Neutral	—	NA	—	34.9(B)	37.9E(B)	40.6E(B)	—	—	41.4E(B)
CRWD	\$280.47	\$68,770	Neutral	—	NA	—	3,056	3,896E	4,600E	—	—	—
CVLT	\$153.85	\$6,725	Buy	—	\$160.00	—	839.2	918.6E	1,039.7E	—	—	—
CYBR	\$291.61	\$12,339	Buy	—	\$323.00	\$300.00	939.3E	1,159.0E	—	937.0E	1,140.4E	—
DDOG	\$115.06	\$38,793	Neutral	—	NA	—	2,625E	3,176E	—	—	—	—
DT	\$53.47	\$15,929	Buy	—	\$64.00	—	1,431	1,651E	1,919E	—	—	—
ESTC	\$76.76	\$7,887	Buy	—	\$100.00	—	1,267.3	1,441.0E	1,639.7E	—	—	—
FTNT	\$77.55	\$59,319	Neutral	—	NA	—	5,851E	6,563E	—	—	—	—
INFA	\$25.28	\$7,658	Buy	—	\$37.00	—	1,664E	1,790E	1,940E	—	1,808E	1,977E
MDB	\$270.35	\$19,971	Neutral	—	NA	—	1,683.0	1,932.4E	2,311.9E	—	—	—
MSFT	\$430.30	\$3,198,436	Neutral	—	NA	—	245.1(B)	278.2E(B)	316.3E(B)	—	—	—
NET	\$80.89	\$27,695	Sell	—	\$57.00	—	1,658E	2,098E	—	—	—	—
NOW	\$894.39	\$184,244	Sell	—	\$716.00	\$640.00	10,924E	13,085E	15,265E	10,916E	13,207E	15,451E
OKTA	\$74.34	\$12,615	Buy	—	\$130.00	—	2,263	2,560E	2,859E	—	—	—
ORCL	\$170.40	\$472,189	Buy	—	\$200.00	—	53.0(B)	58.1E(B)	66.0E(B)	—	—	—
OS	\$33.90	\$7,948	Buy	—	\$35.00	—	478.2E	572.0E	—	—	—	—
PANW	\$341.80	\$111,290	Neutral	—	NA	—	8,028	9,125E	10,321E	—	—	—
PRGS	\$67.37	\$2,882	Buy	—	\$78.00	\$70.00	750E	769E	788E	—	—	—
PSTG	\$50.24	\$16,463	Buy	—	\$72.00	—	2,830.6	3,128.6E	3,556.4E	—	—	—
RBRK	\$32.15	\$6,225	Buy	—	\$48.00	—	628	837E	1,118E	—	—	—
S	\$23.92	\$7,588	Buy	—	\$27.00	—	621.2	815.0E	1,021.8E	—	—	—
SMAR	\$55.36	\$7,692	Buy	—	\$62.00	—	958	1,119E	1,302E	—	—	—
SNOW	\$114.86	\$38,501	Neutral	—	NA	—	2,807	3,522E	4,338E	—	—	—
TDC	\$30.34	\$2,916	Buy	—	\$50.00	—	1,745E	1,712E	1,782E	1,748E	1,751E	1,787E
WDAY	\$244.41	\$64,769	Sell	—	\$200.00	—	7,259	8,398E	9,532E	—	8,303E	9,203E
ZS	\$170.94	\$26,067	Neutral	—	NA	—	2,167.8	2,610.0E	3,196.0E	—	—	—

## Contents

Software Reconsidered: Like Fighting Mike Tyson in His Prime.....	5
Recent Corporate IT Spending Intentions Support New Normal Thesis.....	6
ETR October Survey Indicates 2H24 IT Spending to be Similar to Recent History.....	6
New ARR Table of Coverage Universe.....	8
Company Specific Numerical Setups in a New Normal.....	9
How to Measure Business Momentum.....	11
When Will IT Spending Improve?.....	11
The Equations.....	11
Recent Historical Perspective.....	12
The Math.....	12
Estimating N%.....	12
Estimating E%.....	13
Estimating D% and R%.....	14
Estimating Y = Years after 2024 Before Return to Normalized New ARR Growth. ..	14
Coverage Universe.....	15
AKAM – Not an Easy Setup.....	15
ARM – F2Q Achievable, But Some Risk Beyond.....	17
BASE: F2H25 Guidance Appropriately Set, Given Seasonality and Renewal Visibility.....	17
CFLT: Potential Modest Upside vs. Easy 2H24 Comps.....	19
CHKP – Set Up Well.....	21
CRM – Current Q and Future Consensus Estimates at Risk.....	25
CRWD – F2H25 Revenue Doable, but Risk to ARR for Foreseeable Future and FY26 Rev.....	27
CVLT: Expecting Upside to FY25 Total ARR.....	29
CYBR – Short-Term and Long-Term Upside.....	31
DDOG – 2H24 Estimates Achievable But CY25 Risk.....	34
DT – Upside to F2Q and Estimates Look Achievable for Foreseeable Future.....	35
ESTC: Reset Guidance Appropriately Bakes in GTM Disruption.....	39
FTNT – 3Q24 Billings Easily Attainable Driven by Large Renewal Cohort.....	41
INFA: Uptick in Migrations Lowers 2H Cloud New ARR Hurdle.....	45
MDB: The Worst Is Behind Us, How High Can Mongo Go?.....	47
MSFT - Risk in Consensus Estimates but Rev Reallocation Can Mask Some Softness.....	49
NET – Favorable 2024 Setup; Tough 2025.....	54
NOW – Estimates Seem Achievable IF Improved 2Q Business Momentum Continues.....	57
OKTA – Revenue to Beat and Raise; cRPO Shouldn't Matter but Unfortunately It Does.....	59

ORCL – Momentum Likely to Continue in FY25 and Beyond, Despite Tough Setup	62
OS – Attractive Setup, as it Should Be	64
PANW – Upside in New Focus Metrics	66
PRGS – Focused on its M&A Strategy	70
PSTG: Steady Eddy Near-Term; FY26 Will Be Binary Outcome	70
RBRK: Expect Hyper Growth to Continue; Favorable FY26 Setup	72
S – Some Risk to Numbers, Unless CRWD Benefit Plays Out	74
SMAR – To be Acquired	77
SNOW – Uninspiring F2H Setup, FY26 Guidance May Start Below Consensus	79
TDC: Still Risky Despite Lowered Guidance	81
WDAY – Challenging Setup	82
ZS – Upside to Revenue but Uncertainty Around Billings	85
Appendix A: Stock Valuation and Risks	88
Appendix B: Detailed View of Numerical Setups	96
Appendix C: Financial Models	97

## Software Reconsidered: Like Fighting Mike Tyson in His Prime

Over the last couple years, investing in Software feels like fighting Mike Tyson in his prime. You can do all the preparation work and planning with the talent you've honed over the years, ... but it's still really hard. Well, maybe investing in Software isn't **THAT** hard. We think Michael Spinks, Trevor Berbick, James "Bonecrusher" Smith, Tony Tucker, and Carl "The Truth" Williams (among others) would all probably rather be Software investors than to face Mike Tyson again in his prime. But Software has been hard. It may have been relatively easy for a decade after the Global Financial Crisis when secular tailwinds (that still exist) ruled the day, and those tailwinds were bolstered further post COVID when governments flooded the economy with cash and real interest rates dropped below 0%. Worthwhile endeavors are usually hard, and we'd put Software in that category, as we still see tremendous upside opportunities. It makes us think of a quote by Kara Lawson, Duke Women's Basketball Coach:

***"We all wait for things in life to get easier. It will never get easier. What happens is you handle hard better."***

It's been three months since we published our last "Software Reconsidered" report, "[A New Normal](#)" dated June 25. In that, we said "We believe investors should view the current backdrop as a new normal for the time being. As a result, we believe the majority of our coverage universe will likely have to either reduce 2024 numbers or risk disappointing investors with reported results along the way." Several investors have asked us where we are today relative to that prediction, and this report is about building on that piece. Our predictions relative to the numerical setups in that piece were correct for about half of our coverage universe, or a little better if we exclude the companies we inherited around that time. We've since corrected all the models we inherited, so we hope to be on a level playing field this quarter. We've heard investors say that if you get it right more than half the time, you're doing well, but frankly, it still doesn't feel good. Note that this is only part of the investment mosaic, as field data can provide indications of improving or deteriorating business momentum and results, so stay tuned for previews once we complete field checks.

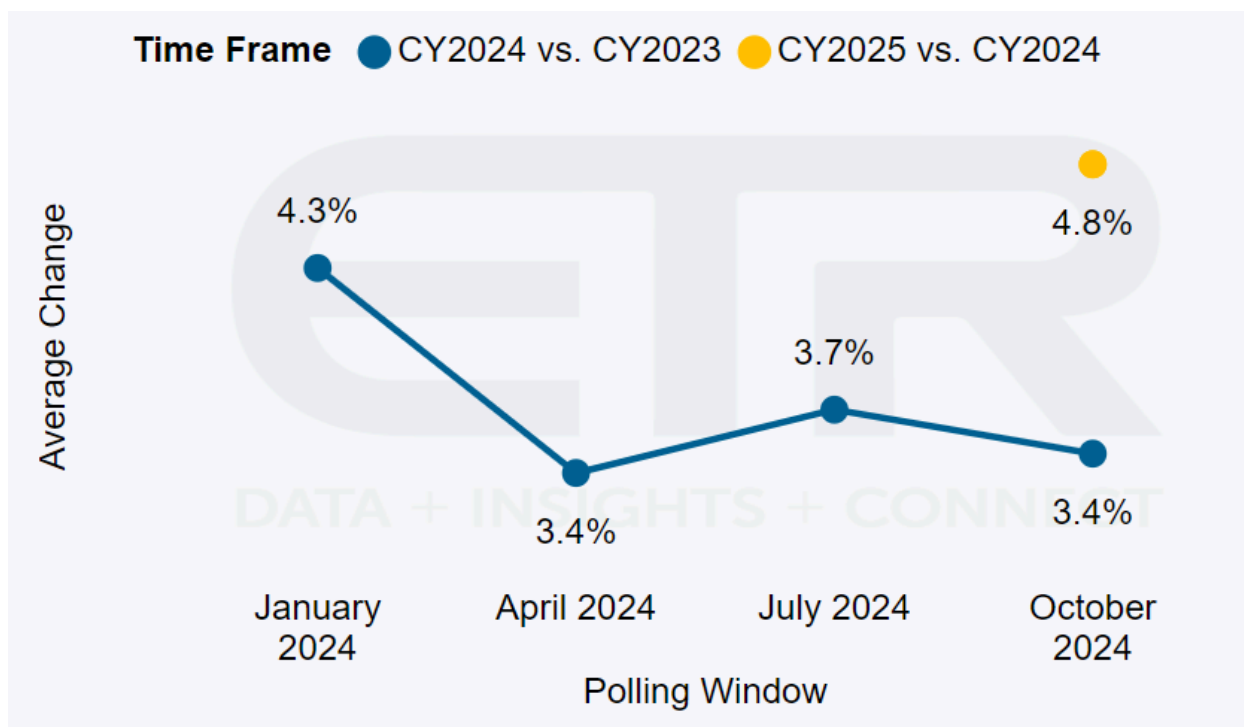
We believe many vendors realized numbers were too high for the second half of 2024 and gave up on assuming a ramp in corporate IT spending beyond seasonal trends, subsequently officially lowering annual guidance or softly encouraged a reduction in numbers into the second half during 2Q reports. In addition, 2Q was modestly better than 1Q (which was the worst in recent history), alleviating some of the pressure on 2H numbers. See Exhibit 4. As a result, the portion of stocks in our coverage universe that looks to be at risk to numbers in either the second half or for 2025 has declined to about a third from over half. See Exhibit 5. While investors might find some comfort with this, growth in New ARR for our coverage universe remains modest, though moderately better than the first quarter against a similar compare. Importantly, corporate IT purchasers expect spending trends to remain modest with the preliminary results of ETR's October Survey anticipating a 3.4% increase in 2H24, down slightly from 3.7% in the July Survey. There is more optimism for 2025, as an early, first indication from the same IT purchasers that expect IT spending to accelerate in 2025 to 4.8%, but we caution investors that similar optimism was present at the end of 2023 into the beginning of 2024. See Exhibit 1. Finally, we go through some math herein in an attempt to estimate when a return to normalized corporate IT spending might happen and we estimate late 2026, but a lot can happen between now and then.

## Recent Corporate IT Spending Intentions Support New Normal Thesis

### ETR October Survey Indicates 2024 IT Spending to be Similar to Recent History

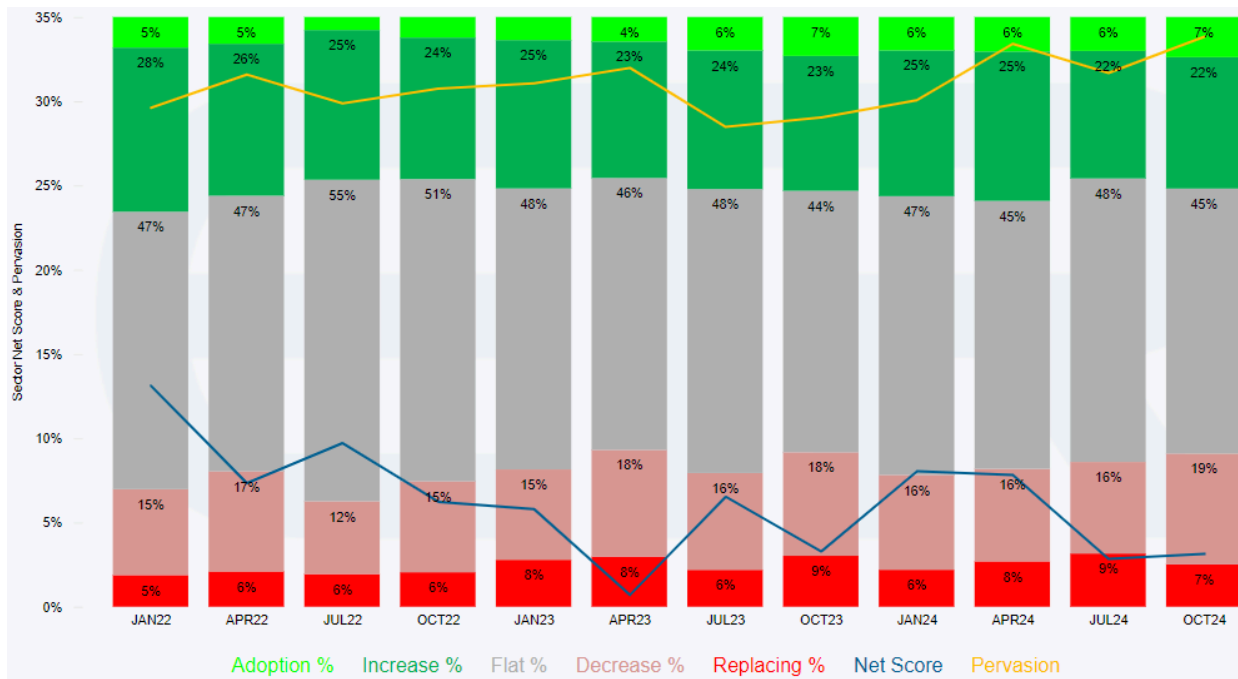
Recent early results from ETR’s October IT spending survey suggests 2024 corporate IT spending intentions remain at a relatively modest level of growth similar to that over the last couple years. A total of 1,679 respondents have participated so far, which is more than 90% of the 1800 or so that have participated in recent surveys. Participants anticipate their IT spending to increase 3.4% in 2024 from 2023, which is down from the 3.7% expected in the July survey. An early, first indication from the same IT purchasers expect their IT spending to accelerate in 2025 to 4.8%, but we caution investors that similar optimism was present at the end of 2023 into the beginning of 2024. See Exhibit 1. This is also supported by continued soft intentions for IT Consulting spending, with the net score staying stable at 3% (vs. 3% in the July survey), and while there’s slight improvement for G2000 respondents, a Net Score of 1% is still lower than it’s been at any time in the last ten years other than during the COVID recession. See Exhibits 2 and 3.

Exhibit 1: Change in IT Spending Expectations, N = 1,679



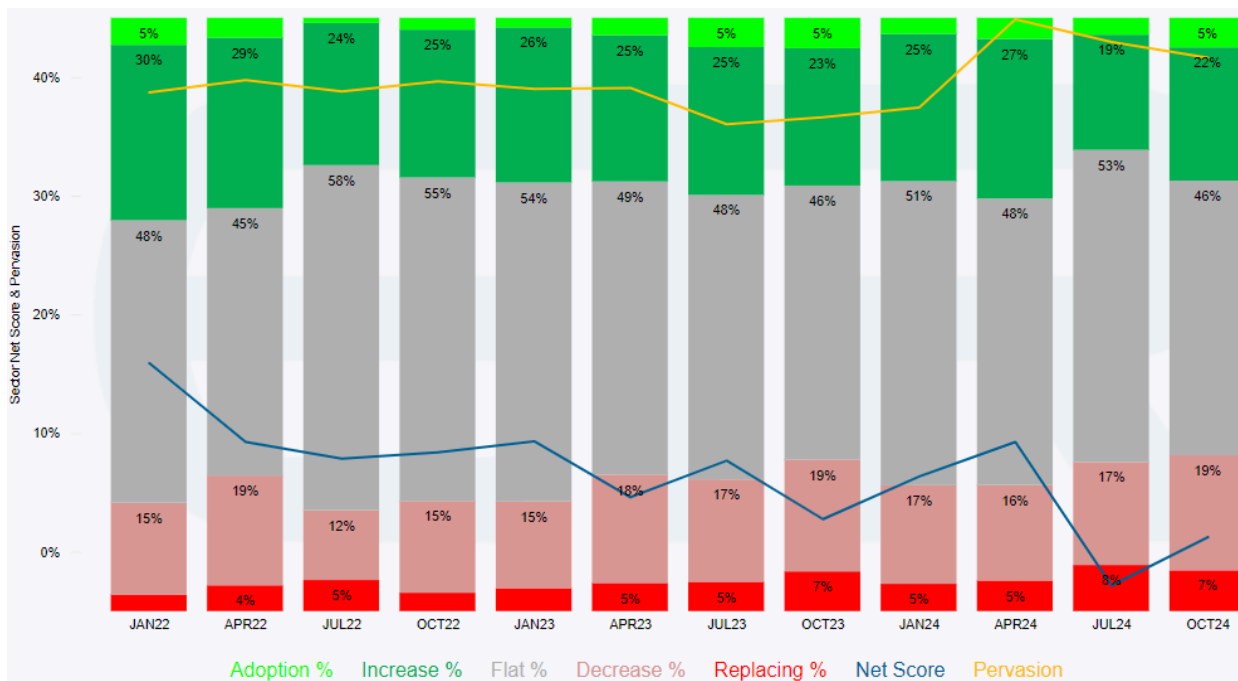
Source: ETR

Exhibit 2: 2H24 Spending Intentions on IT Consulting, N = 580



Source: ETR

Exhibit 3: 2H24 Global 2000 Spending Intentions on IT Consulting, N = 168



Source: ETR

## New ARR Table of Coverage Universe

While backwards looking for IT spending (but forward looking for revenue), this is supported by the New ARR growth posted by our coverage universe during 2Q24, as seen in Exhibit 4.

### Exhibit 4: Adjusted New ARR Growth, Guggenheim Software Coverage Universe

New ACV or ARR	C4Q21	C1Q22	C2Q22	C3Q22	C4Q22	C1Q23	C2Q23	C3Q23	C4Q23	C1Q24	C2Q24	C2020	C2021	C2022	C2023
AKAM	(9%)	(36%)	(30%)	(40%)	10%	145%	134%	54%	12%	(30%)	(26%)	N/A	5%	(25%)	73%
BASE	6%	164%	4%	(1%)	16%	26%	48%	25%	15%	(20%)	13%	N/A	10%	24%	31%
CFLT	N/A	43%	28%	15%	1%	(2%)	3%	2%	0%	14%	19%	N/A	N/A	20%	(0%)
CRM	9%	1%	(31%)	(9%)	(20%)	3%	16%	118%	(15%)	(32%)	12%	(24%)	19%	(16%)	11%
CRWD	51%	32%	43%	16%	4%	(4%)	(6%)	15%	29%	23%	11%	55%	52%	22%	9%
CVLT	32%	39%	24%	6%	27%	(5%)	(8%)	65%	19%	10%	69%	N/A	26%	25%	14%
CYBR	91%	108%	46%	55%	24%	9%	26%	16%	22%	12%	23%	N/A	46%	48%	19%
DDOG	101%	40%	4%	(28%)	(46%)	(44%)	(7%)	27%	36%	26%	22%	17%	126%	(14%)	(3%)
DT	26%	20%	24%	20%	(6%)	6%	(3%)	4%	(8%)	3%	13%	N/A	57%	12%	(1%)
ESTC	49%	(23%)	3%	(24%)	(21%)	(48%)	20%	53%	35%	49%	28%	N/A	32%	(17%)	14%
FTNT (Service)	35%	47%	64%	65%	76%	58%	26%	2%	(17%)	(31%)	(25%)	11%	40%	64%	13%
INFA	19%	13%	(7%)	(21%)	(21%)	(27%)	(31%)	(4%)	6%	9%	27%	20%	37%	(11%)	(13%)
MDB	87%	64%	18%	(10%)	(18%)	11%	22%	30%	21%	10%	19%	52%	95%	8%	21%
MSFT Azure	27%	13%	(11%)	(14%)	(10%)	(4%)	43%	79%	41%	14%	2%	35%	36%	1%	35%
NET	64%	54%	21%	6%	1%	(7%)	6%	8%	(8%)	(18%)	11%	47%	58%	17%	0%
NOW	14%	7%	(44%)	(38%)	14%	41%	NM ++	NM ++	8%	(22%)	18%	22%	30%	(10%)	59%
OKTA	82%	(14%)	(63%)	9%	(52%)	72%	58%	(30%)	16%	21%	(47%)	23%	61%	(37%)	13%
OS	N/A	12%	12%	31%	15%	4%	17%	(18%)	38%	(9%)	(6%)	N/A	N/A	17%	13%
PANW	20%	42%	23%	25%	23%	11%	7%	(8%)	(30%)	(9%)	2%	N/A	27%	27%	(3%)
PSTG	41%	37%	32%	18%	15%	(10%)	2%	9%	(8%)	19%	6%	N/A	30%	24%	(2%)
RBRK	N/A	N/A	91%	128%	19%	11%	6%	2%	(7%)	58%	8%	N/A	N/A	N/A	2%
S	99%	47%	56%	24%	9%	4%	(43%)	20%	10%	(3%)	(4%)	N/A	133%	30%	(9%)
SMAR	42%	38%	5%	14%	16%	(13%)	26%	9%	(2%)	17%	(4%)	26%	40%	18%	4%
SNOW	27%	41%	31%	(13%)	(15%)	(18%)	(14%)	11%	35%	5%	(15%)	98%	75%	10%	(0%)
TDC	(18%)	NM	(50%)	(30%)	39%	43%	NM	9%	(45%)	(90%)	NM	N/A	N/A	14%	(0%)
WDAY	9%	(19%)	(21%)	18%	(15%)	37%	6%	(10%)	7%	(48%)	(26%)	(11%)	34%	(11%)	8%
ZS	55%	42%	41%	4%	(14%)	29%	(9%)	15%	7%	(8%)	10%	98%	77%	17%	8%
<b>Average</b>	40%	32%	12%	8%	3%	12%	14%	19%	8%	(1%)	6%	33%	50%	10%	12%

Notes: New ACV/ARR Growth is calculated on an organic, constant currency basis

Excludes ORCL and CHKP as we continue to assess the models

Excludes PRGS as small adjusted New ARR levels skews our growth calculations

NET estimates exclude price increase realized in May 2023 to get a better idea of end product demand. The data with price increase would yield higher growth.

We calculate that BASE's New ARR increased approx. 160% in C1Q22 and exclude it to avoid skewing average in the quarter

Source: company reports, Guggenheim Securities, LLC estimates and analysis



## Company Specific Numerical Setups in a New Normal

While some companies have acknowledged the new normal of IT spending, others seem to continue to anticipate improvement just around the corner, and there are always idiosyncratic factors affecting each company that sometimes can weigh heavier than the macro backdrop (but not usually). We explore the numerical setups for the second half of 2024 for our coverage universe in this section. We believe BASE, CYBR, DT, ESTC, FTNT, INFA, MDB, OKTA, OS, PANW, PRGS, PSTG, RBRK, and ZS are set up well, while there is risk in consensus expectations for AKAM, CRM, CRWD, MSFT, SNOW, TDC, and WDAY. Names with consensus estimates that look challenging, but we believe have idiosyncratic factors to offset the sluggish backdrop include ORCL, SMAR, ARM, AKAM and S. See Exhibit 5. Note that we color code the left column of Exhibit 5. to identify if a company is set up well (green), there is risk to numbers (red), or set up to report similar to how they usually do (yellow). Also note that for a few names, there may be one color in the first half of the cell and another in the second half. This indicates that a company may be set up well for the ensuing report where they may report 3Q and guide to 4Q, but there is risk in 2025 numbers (which would likely be guided to when reporting 4Q results). DDOG, NET, NOW, ARM, and SMAR are examples of this.

Exhibit 5: Numerical Setup for Our Coverage Universe, Next Q, Current FY, Next FY

Company Ticker	Rating	Current Price (as of 9/30/24)	Price Target	Fiscal Year End Month	Current Q		Upcoming Q		Current FY		Next FY	
					Plausible in Excess of Consensus	Setup	Plausible in Excess of Consensus	Setup	Plausible in Excess of Consensus	Setup	Plausible In Excess of Consensus	Setup
AKAM (Total Rev)					1.4%	▲	0.2%	▬	0.4%	▬	0.6%	▬
AKAM (Compute Rev)	Buy	\$100.95	\$133	December	-0.9%	▼	-1.2%	▼	-0.6%	▼	-1.4%	▼
AKAM (Security Rev)					0.4%	▲	0.7%	▲	0.5%	▲	3.0%	▲
ARM (Total Rev)	Buy	\$143.01	\$169	March	-0.8%	▬	-2.6%	▼	0.1%	▬	-1.4%	▼
BASE (Total Rev)					2.6%	▲	3.1%	▲	1.4%	▲	3.2%	▲
BASE (ARR)	Buy	\$16.12	\$30	January	1.7%	▲	1.5%	▲	1.5%	▲	4.5%	▲
CFLT (Subscription Rev)	Buy	\$20.38	\$32	December	1.4%	▬	2.2%	▲	0.9%	▬	2.3%	▬
CHKP (Total Billings)					3.9%	▲	4.6%	▲	2.4%	▲	1.3%	▲
CHKP (Total Rev)	Neutral	\$192.81	NA	December	0.4%	▬	1.1%	▬	0.4%	▬	1.4%	▬
CRM (Total Rev)	Neutral	\$273.71	NA	January	-0.5%	▼	-1.9%	▼	-0.6%	▼	-2.3%	▼
CRWD (Total Rev)					2.8%	▲	0.0%	▼	0.7%	▬	-6.6%	▼
CRWD (ARR)	Neutral	\$280.47	NA	January	-1.5%	▼	-4.3%	▼	-4.3%	▼	-9.1%	▼
CVLT (Total Rev)					0.6%	▬	3.2%	▲	2.1%	▲	7.0%	▲
CVLT (ARR)	Buy	\$153.85	\$160	March	2.9%	▲	4.5%	▲	4.7%	▲	6.6%	▲
CYBR (Total Rev)					4.1%	▲	9.2%	▲	3.5%	▲	4.6%	▲
CYBR (ARR)	Buy	\$291.61	\$315	December	0.7%	▲	1.2%	▲	1.2%	▲	4.9%	▲
DDOG (Total Rev)	Neutral	\$115.06	NA	December	3.1%	▲	1.1%	▲	1.0%	▲	-2.0%	▼
DT (Total Rev)					1.7%	▲	4.6%	▲	2.9%	▲	4.6%	▲
DT (Subscription Rev)	Buy	\$53.47	\$64	March	1.8%	▲	4.4%	▲	2.9%	▲	4.7%	▲
DT (ARR)					1.6%	▲	3.1%	▲	3.5%	▲	4.8%	▲
ESTC (Total Rev)	Buy	\$76.76	\$100	April	1.9%	▲	2.8%	▲	1.5%	▲	2.2%	▲
FTNT (Total Billings)					8.1%	▲	0.5%	▲	2.1%	▲	3.1%	▲
FTNT (Total Rev)	Neutral	\$77.55	NA	December	1.2%	▲	2.4%	▲	1.0%	▲	3.1%	▲
INFA (Total Rev)					0.8%	▲	1.5%	▲	1.5%	▬	2.7%	▲
INFA (ARR)	Buy	\$25.28	\$37	December	1.0%	▲	1.1%	▲	1.1%	▲	4.1%	▲
INFA (Cloud ARR)					0.6%	▲	0.6%	▬	0.6%	▬	3.0%	▲
MDB (Total Rev)	Neutral	\$270.35	NA	January	3.2%	▲	7.4%	▲	2.8%	▲	7.2%	▲
MSFT (Total Rev) <sup>2</sup>	Neutral	\$430.30	NA	June	-0.5%	▼	-1.9%	▼	-1.5%	▼	-3.2%	▼
NET (Total Rev)	Sell	\$80.89	\$57	December	1.9%	▲	1.6%	▲	1.0%	▲	0.3%	▬
NOW (Subscription Rev)	Sell	\$894.39	\$716	December	1.4%	▲	1.1%	▲	0.7%	▲	0.8%	▬
OKTA (Total Rev)	Buy	\$74.34	\$130	January	3.2%	▲	7.3%	▲	2.7%	▲	6.0%	▲
ORCL (Total Rev)	Buy	\$170.40	\$200	May	0.0%	▬	-0.7%	▼	0.1%	▬	1.4%	▬
OS (Total Rev)	Buy	\$33.90	\$35	December	7.8%	▲	4.1%	▲	3.1%	▲	7.2%	▲
PANW (Total Rev) <sup>1</sup>					0.6%	▬	2.5%	▲	2.1%	▲	1.5%	▲
PANW (NGS ARR) <sup>1</sup>	Neutral	\$341.80	NA	July	3.3%	▲	3.5%	▲	3.0%	▲	2.6%	▲
PRGS (Total Rev)	Buy	\$67.37	\$70	November	0.4%	▬	NM	NM	0.1%	▬	NM	NM
PSTG (Total Rev)	Buy	\$50.24	\$72	January	2.1%	▲	5.1%	▲	1.9%	▲	8.4%	▲
RBRK (Total Rev)					2.1%	▲	6.3%	▲	2.2%	▲	10.0%	▲
RBRK (Subscription ARR)	Buy	\$32.15	\$48	January	2.1%	▲	3.8%	▲	3.5%	▲	7.0%	▲
S (Total Rev)					0.2%	▬	-0.2%	▼	0.0%	▼	-0.4%	▼
S (ARR)	Buy	\$23.92	\$27	January	-0.5%	▼	-0.9%	▼	-0.9%	▼	-0.9%	▼
SMAR (Total Rev)	Buy	\$55.36	\$62	January	0.0%	▬	-0.3%	▼	0.1%	▬	2.6%	▲
SMAR (Total ARR)					0.6%	▲	0.9%	▲	0.9%	▲	4.6%	▲
SNOW (Product Rev)	Neutral	\$114.86	NA	January	1.6%	▬	2.1%	▬	1.0%	▬	-0.4%	▼
TDC (Total Rev)					-0.1%	▼	-0.7%	▼	-0.2%	▼	-0.9%	▼
TDC (ARR)	Buy	\$30.34	\$50	December	-0.6%	▼	0.0%	▼	-4.0%	▼	0.1%	▬
TDC (Cloud ARR)					0.4%	▼	0.8%	▼	0.8%	▼	2.2%	▬
WDAY (Subscription Rev)	Sell	\$244.41	\$200	January	-0.2%	▼	-0.7%	▼	-0.2%	▼	-0.8%	▼
ZS (Total Rev) <sup>1</sup>					5.3%	▲	4.6%	▲	4.5%	▲	5.8%	▲
ZS (Total Billings) <sup>1</sup>	Neutral	\$170.94	NA	July	7.7%	▲	0.1%	▼	0.8%	▼	1.7%	▲

Notes:

1) MSFT, PANW, and ZS have June/July year-ends, therefore Current FQ = F1Q25, while "Current FY" and "Next FY" reflect FY25 and FY26, respectively.

2) MSFT Plausible case is evaluated based on prior revenue construct

Source: company reports, Guggenheim Securities, LLC estimates and analysis

## How to Measure Business Momentum

Before we detail each company, we identify how we judge the numerical setup for a company. We consider the “business momentum” of the company by looking at the two-year stack of New ARR growth in order to take into account the year-ago compare. However, that method may be less reliable at this point, as we have been in this new normal for 10 quarters now. Therefore, we also consider typical seasonal patterns of New ARR (i.e., the typical sequential growth for each quarter), in addition to the dollar amount of New ARR growth in any given quarter relative to that in the prior year’s period. We also realize determining what is “typical” can in itself be a challenge, but we have historical data that goes back several years for most names.

We provide company specific narratives after the next section of this report, which attempts to estimate the most pressing question at this time: when will corporate IT spending improve?

## When Will IT Spending Improve?

***We believe investors will have to wait until the end of 2026 for aggregate spending on Software to reaccelerate to normalized levels of about 20% New ARR growth, versus a rate of about half that since 2022.***

We think that investors had become overly optimistic on the back of growth in IT spending driven by tremendous government stimuli in 2H20 and 2021 to offset COVID effects on the economy, which led to thinking that this could be forecasted far into the future. It’s taken some time, but we believe that most investors now recognize that level of spending should be viewed as a black swan, ... though we think many still hold out hope for reacceleration by any means possible. Yes, there could be other black swan events, but by their nature, they’re difficult to predict. Some pundits like to put AI in that category, and while we believe AI will change our world and benefit us all (the users), it’s difficult to predict who is best positioned to monetize it beyond the Public Cloud vendors and perhaps some data preparation players. See our report “[AI: Universally Disruptive, But Not Universally Destructive ... or Monetizable](#)” dated July 1. At the same time, we do believe that IT spending has been suppressed from “normalized” levels precisely because of the outsized spending of 2020 through 2021. We see that spending as sort of a “pull forward” of corporate IT spending and we’re in the process of digesting that. If this presumption is valid, then ***we believe we could see improvement in the latter part of 2026, unless of course, another black swan event occurs.***

### The Equations

First, we have to assess whether this new normal is only temporary, or is a new normal forever – i.e., IT spending has run its course and will be a GDP grower from here. We do not believe that, as there is a myriad of tailwinds that should keep Software spending at 2x+ GDP growth on a normalized basis for years to come. In addition to a very attractive recurring revenue (and profit) business model, we believe that as the performance of core foundational technologies has improved significantly, while at the same time, price has declined, we can now do things we could only imagine previously, including management of unstructured data, AI/ML, Sales Engagement and Enablement, Customer Engagement, and Experience Management, to name a few. In essence, the practicality of these technologies breeched the threshold of promise, flipping the economics of the problems, i.e., the solutions to these problems could be solved efficiently and at a price where the solutions are more valuable than the cost. See our initiation on the Software sector, “[Easy](#)

[to Like Software; Probably Too Easy](#)” dated August 11, 2022. If our assessment is correct and we know what “normalized” IT Spending is, then we can estimate how much outperformance in corporate IT spending we experienced in 2020 and 2021 in the wake of COVID. Then, we can assess spending since then and identify when we will have absorbed all of that excess spending.

We believe the following equations help frame the problem. We recognize this is a rough estimate and believe there are likely several potential variables that could change this, but we believe that it’s still worth attempting. For instance, a percentage of any variable in 2022, when spending started to slow, is not equal to a percentage of spending in 2024 given inflation and foreign exchange translation effects, but it should be close enough.

- **Normalized New ARR Growth = N%**
- **Sum of Excess Growth in 2020 and 2021 above N% = E%**
- **Sum of Deficit of Growth Below N% in 2022, 2023, and likely 2024 = D%**
- **Remaining Excess Growth to be Absorbed = E% - D% = R%**
- **Expected Years for Remaining Absorption of Previous Excess Spending =  $R\%/(D\%/3) = Y = \text{Years following 2024 needed to absorb IT spending excess post COVID.}$**

Therefore, Y years from the end of 2024 is when we may see improvement. But before we get to the math of all this, it would be helpful to consider recent history.

### Recent Historical Perspective

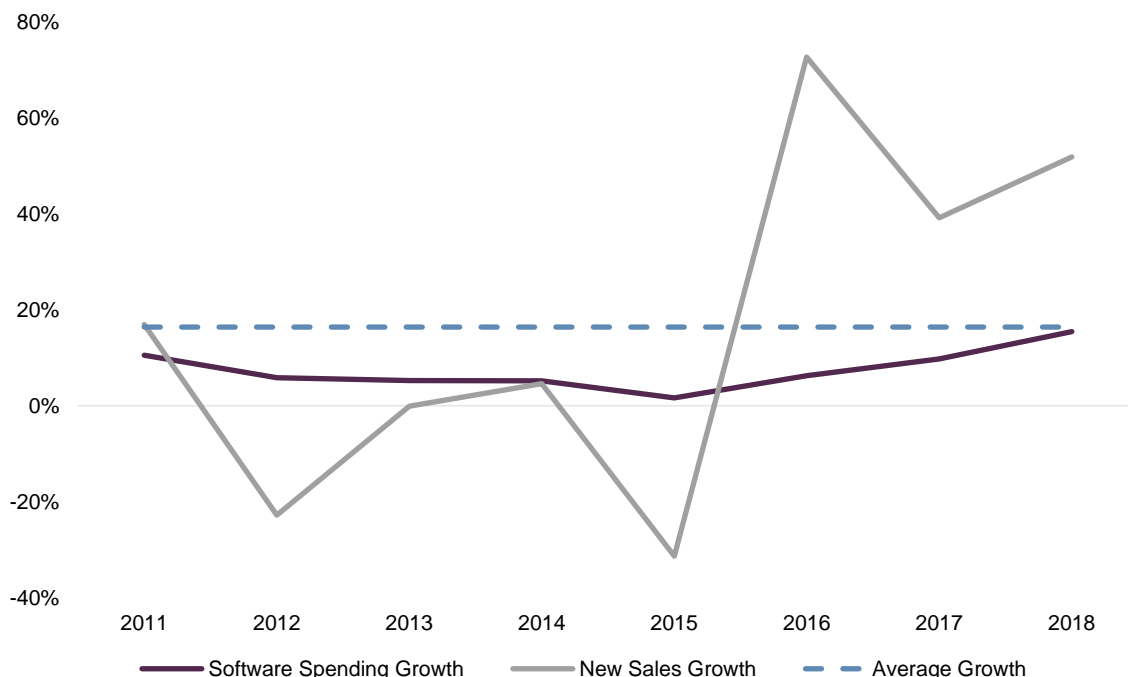
Our [“Software Reconsidered: A New Normal”](#) report from three months ago further supported our earlier pieces ([“Moving Forward to Where We Started”](#) published January 8, [“A Look into Future IT Spending: What if?”](#) dated March 13, and back through several other reports, including our Software sector initiation, [“Easy to Like Software; Probably Too Easy”](#) dated August 11, 2022). Those reports all predicted that we would not see a return to highly elevated corporate IT spending spawned by rampant government stimulus in the wake of COVID to offset potentially negative effects on the economy. As if that wasn’t enough, we believe politics outweighed economic theory and government stimulus likely grossly overshot its need. As a result, money was abundant and free (actually better than free, as real interest rates were negative), which led to a significant uptick in spending on IT projects in the second half of 2020 and throughout 2021. Some of these projects had to be done during that time to enable a “work from anywhere” structure, but others likely would have normally been done in future years. Digital Transformation was on steroids. In the wake of all that spending is only modest incremental spend on the base of largely recurring revenue for the Software sector – thank God for this recurring revenue and profit model! We believe this modest increase is to accommodate increases in capacity in some cases and some incremental modernization of operations in others, but this is partially offset by less employment growth (for seat-based models), mixed macro influence, and perhaps most important, the digestion of the massive IT spending of the second half of 2020 through all of 2021.

### The Math

**Estimating N%.** First, we have to estimate the normalized rate of New ARR growth for Software companies, realizing that this is not a constant number even in stable times, but an average normal growth is what we’re looking for. We first tried to go back several more years to determine the New ARR growth of our coverage universe similar to Exhibit 4, but

many of our names were not public at that time or did not present a good representation of the true growth of the industry given their nascent stage of development. So, we considered spending on Software as depicted in IDC's Black Book, which tracks sales (versus the revenue measured in its "trackers"). If we assume a 95% overall gross annual renewal rate, then average sales growth (i.e., new spending on Software) was 16% from 2011 (the year following a huge uptick on the heels of the Global Financial Crisis of 2008-2009) through 2018 (the year prior to the global acknowledgement of COVID, which caused a slowdown in spending in 2H19). See Exhibit 6. We recognize that this measurement is not necessarily equal to New ARR realized by vendors, which we believe may be higher as models continued to transition from perpetual (more upfront payments) to subscription. **Therefore, we assume a "normalized" rate of New ARR growth of approximately 20% = N%.** This also makes sense if we assume an aggregate renewal rate in the low 90s% for the industry, which would equate to a normalized Total ARR growth in the high single digits to low teens, which reflect industry analyst estimates for Software revenue growth for most years.

**Exhibit 6: Total Software Spending Growth and New Software Spending Growth, 2011 - 2018**



Source: IDC and Guggenheim Securities, LLC estimates and analysis

**Estimating E%.** Stimulus packages that started in mid-2020 and continued through 2021 had an immediate effect on Software (and IT overall) spending in those periods as seen in Exhibit 6 above. If the normalized growth of Software New ARR is approximately 20%, then the excess spending in these years can be estimated by subtracting N% from the growth of each of these two years ( $G_n$ )

$$E\% = G_{2020} - N\% + G_{2021} - N\%$$

$$E\% = 33\% - N\% + 51\% - N\%$$

Where N% is 20%

**Therefore: E% = 44% for N% = 20%**

**Estimating D% and R%.** We can now estimate the sum of the deficit of growth below N% in 2022, 2023, and (likely) 2024 as noted below. Since we're through three quarters of 2024 and expectations by IT purchasers are for only modest improvement, we assume the growth in 2024 ( $G_{2024}$ ) will be about 10%, or similar to  $G_{2022}$  and  $G_{2023}$ .

$$D\% = N\% - G_{2022} + N\% - G_{2023} + N\% - G_{2024E}$$

$$D\% = N\% - 11\% + N\% - 12\% + N\% - 10\%$$

Where N% is 20%

**Therefore: D% = 27%**

The remaining excess growth to be absorbed (R%) is:

$$R\% = E\% - D\%$$

**Therefore: R% = 44% - 27% = 17%**

**Estimating Y = Years after 2024 Before Return to Normalized New ARR Growth.**

Finally, we can estimate the expected years remaining after 2024 for absorption of previous excess spending:

$Y = R\% / (D\% / 3)$  where  $D\% / 3$  represents the average deficit of growth below N% in 2022-2024

**Therefore: Y = 17% / (27% / 3) = 1.9 years**

**Therefore, if the assumption of about 20% normalized historical growth is accurate and that normalized rate still holds into the future, investors will have to wait until the end of 2026 for aggregate spending on Software to reaccelerate to normalized levels.** This assumes that annual IT spending growth over the next two years remains consistent with the 10-12% rate in 2022-2024. The initial ETR survey data suggests modest acceleration in IT spending in 2025, although that could be a head fake like it was in 2024. Additionally, some names will grow at hyper-rates during this period, as they have since the slowdown started in 2022. Public Cloud vendors come to mind given recent incremental activity from AI workloads. Could this filter to other areas of Software? We think it could, but not necessarily to the application names some want to believe in. See our report "[AI: Universally Disruptive, But Not Universally Destructive...or Monetizable](#)" dated July 1. And there could be another black swan event that hits during this time, but anticipating that is very difficult, if not impossible.

## Coverage Universe

### ***AKAM – Not an Easy Setup***

**3Q24 Security and Delivery Should Exceed Street Estimates but 3Q Compute Requires Improved Business Momentum.** Akamai should exceed 3Q consensus total revenue of \$1,000M (+3.6% y/y), which reflects guidance of \$988M - \$1,008M. As a reminder, AKAM does not guide the three revenue segments quarterly, only annually. Starting with Security, 3Q consensus of \$519M (+13.9% y/y) implies new business is flat y/y, off a difficult comp from the year ago period. If Security new business grows in the mid-single digits, we see about 40bps of upside to consensus. Consensus 3Q Delivery estimate of \$319M implies a 3% sequential decline, a larger decline than the 10bps in 3Q23 but less than the 5.6% decline in 3Q22. The company expects the Summer Olympics to contribute between \$3 and \$4M in additional revenue in 3Q. With that said, we do see the potential for some upside to current Street Delivery expectations. 3Q Street Compute estimate of \$160.4M (+23% y/y) implies new business grows approx. 40% y/y, off an easy comp from the year ago period. Last year in 3Q, Akamai saw a benefit from its Linode price increase, which it is now lapping, and this year the company is seeing rapid growth from its enterprise compute business, which was over \$50M in 1Q. However, our plausible new business growth estimate of 15% brings our 3Q Compute revenue to \$158.8M, 90bps below consensus.

**Not Much Room to Raise 2024 Guidance Metrics.** Akamai guided 2024 total revenue at \$3,990M (+4.7% y/y), with Security growing between 15% - 17% and Compute growing 23% - 25% y/y. With the current numerical setup, we don't see room for the company to raise guidance across each segment. Specifically, within Security, guidance implies 2024 new ARR declines around 23% (vs. +97% in 2023) whereas our plausible case implies a 14% decline in new ARR (50bps above consensus). Within Compute, guidance implies 2024 new ARR grows approximately 10% y/y (approx. +40% y/y in both 3Q and 4Q). If new ARR grows 15% in both 3Q and 4Q, we get Compute revenue growth of 23% at the low end of guidance, which is 60bps below consensus. ***Management does expect the enterprise compute annualized revenue run rate to double from the \$50M last quarter to over \$100 million exiting 2024. If that happens, that could bring some upside to consensus Compute and guidance.*** Lastly, while Delivery continues to be de-emphasized, consensus Delivery estimates should be fine but are subject to risk due to the difficulty in predicting internet traffic. The Olympics are expected to add incremental dollars to Akamai, but the company does not expect US presidential elections to contribute much. However, the company has mentioned that 4Q seasonality plays a significant role on financial performance as there is typically higher than normal traffic from media customers and pick-up in seasonal online retail activity from e-commerce customers. ***All in all, we believe that with the current numerical setup, there may not be room for Akamai to raise Security, Compute, or total revenue guidance, unless business momentum accelerates in 2H24.***

**2025 Security Estimates Have Upside but Questions on Compute and Delivery.** If our 2024 plausible cases prove to be true for Security and 2024 new ARR declines in the mid-teens (Security revenue growth of 16.4% y/y, 50bps above the Street), FY25 consensus implies new ARR growth is flat to down 1% (vs. our FY25 plausible New ARR growth estimate of +24% y/y or 17% Security revenue growth, 300bps above consensus). If our 2024 plausible Compute scenario proves true and new ARR grows 15% (Compute revenue growth of 23% y/y, 60bps below the Street), FY25 consensus estimates may be too high. Our plausible FY25 Compute estimate of \$743M (+20% y/y) is 140bps below the Street. If

the CDN business continues to see market and idiosyncratic headwinds through 2025, we see risk in 2025 Street estimates for Delivery, but total revenue should be fine.

### Exhibit 7: AKAM Base Case

\$ in millions, except per share data

	2019 Full Year	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024E Full Year	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025E Full Year
<b>Revenue by solution category</b>															
<b>Security</b>	848.7	1,061.6	1,334.8	1,541.9	1,765.3	490.7	498.7	520.7	536.9	2,047.0	555.2	570.8	593.7	622.2	2,342.0
y/y growth	28.8%	25.1%	25.7%	15.5%	14.5%	21.0%	15.2%	14.2%	14.0%	16.0%	13.1%	14.5%	14.0%	15.9%	14.4%
CC y/y growth		25.0%	25.0%	19.7%	14.8%	21.0%	16.0%	14.3%	13.9%	16.2%					
q/q growth						4.2%	1.6%	4.4%	3.1%		3.4%	2.8%	4.0%	4.8%	
% of revenue	29.3%	33.2%	38.6%	42.6%	46.3%	49.7%	50.9%	52.2%	52.4%	51.3%	52.5%	54.0%	56.7%	55.9%	54.8%
<b>Consensus Estimate (VA)</b>								519	540	2,043	551	571	592	616	2,332
% difference (above consensus)		1.2%	0.6%	-0.5%	-0.1%	3.7%	-0.7%	0.3%	-0.5%	0.2%	0.8%	0.0%	0.3%	1.0%	0.4%
y/y growth								13.9%	14.6%	15.7%	12.3%	14.5%	14.0%	14.2%	14.2%
<b>Delivery</b>	1,864.0	1,929.8	1,873.2	1,669.3	1,542.4	351.8	329.4	316.9	319.6	1,317.7	325.6	304.5	262.0	293.1	1,185.2
y/y growth	-1.9%	3.5%	-2.9%	-10.9%	-7.6%	-10.8%	-13.2%	-16.4%	-17.8%	-14.6%	-7.4%	-7.6%	-17.3%	-8.3%	-10.1%
CC y/y growth		3.0%	-4.0%			-10.0%	-12.0%	-16.3%	-17.9%						
q/q growth						-9.6%	-6.4%	-3.8%	0.9%		1.9%	-6.5%	-13.9%	11.9%	
% of revenue	64.4%	60.3%	54.1%	46.2%	40.5%	35.6%	33.6%	31.8%	31.2%	33.0%	30.8%	28.8%	25.0%	26.3%	27.7%
<b>Consensus Estimate (VA)</b>								319	322	1,323	307	295	286	296	1,186
% difference (above consensus)				1.7%	-0.1%	-5.3%	0.5%	-0.8%	-0.7%	-0.4%	6.0%	3.3%	-8.2%	-0.9%	-0.1%
y/y growth								-15.8%	-17.2%	-14.2%	-12.7%	-10.5%	-10.6%	-8.2%	-10.3%
<b>Compute</b>	180.9	206.7	253.1	405.5	504.2	144.5	151.5	160.4	168.9	625.3	177.3	182.3	190.6	198.1	748.2
y/y growth	16.9%	14.3%	22.5%	60.2%	24.4%	24.9%	23.1%	23.0%	25.1%	24.0%	22.7%	20.3%	18.9%	17.2%	19.7%
CC y/y growth		14.0%	21.0%			25.0%	24.0%	23.1%	25.1%						
q/q growth						7.1%	4.8%	5.9%	5.3%		5.0%	2.8%	4.6%	3.9%	
% of revenue	6.3%	6.5%	7.3%	11.2%	13.2%	14.6%	15.5%	16.1%	16.5%	15.7%	16.8%	17.2%	18.2%	17.8%	17.5%
<b>Consensus Estimate (VA)</b>								160	167	624	176	183	192	200	754
% difference (above consensus)				0.4%	0.5%	3.4%	1.2%	0.0%	1.0%	0.3%	0.6%	-0.5%	-0.9%	-0.9%	-0.7%
y/y growth								23.0%	24.0%	23.7%	22.0%	20.9%	20.0%	19.5%	20.8%
<b>Total Revenue</b>	2,893.6	3,198.1	3,461.2	3,616.7	3,811.9	987.0	979.6	998.0	1,025.5	3,990.0	1,058.1	1,057.6	1,046.4	1,113.4	4,275.4
y/y growth	6.6%	10.5%	8.2%	4.5%	5.4%	7.8%	4.7%	3.4%	3.1%	4.7%	7.2%	8.0%	4.8%	8.6%	7.2%
CC y/y growth		11.0%	7.0%	8.1%	5.8%	8.0%	6.0%	3.5%	3.0%	5.0%					
q/q growth						-0.8%	-0.7%	1.9%	2.8%		3.2%	-0.1%	-1.1%	6.4%	
<b>Consensus Estimate (VA)</b>								1,000	1,029	3,995.0	1,042	1,049	1,072	1,111	4,279.3
% difference (above consensus)	0.8%	0.5%	0.1%	0.7%	-0.1%	-0.1%	0.2%	-0.2%	-0.3%	-0.1%	1.5%	0.9%	-2.4%	0.2%	-0.1%
y/y growth								3.6%	3.4%	4.8%	5.6%	7.0%	7.2%	8.0%	7.1%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

### Exhibit 8: AKAM Plausible Case

\$ in millions, except per share data

	2019 Full Year	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024E Full Year	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025E Full Year
<b>Revenue by solution category</b>															
<b>Security</b>	848.7	1,061.6	1,334.8	1,541.9	1,765.3	490.7	498.7	521.4	543.2	2,054.0	570.2	586.0	607.3	638.9	2,402.4
y/y growth	28.8%	25.1%	25.0%	15.5%	14.5%	21.0%	15.2%	14.4%	15.3%	16.4%	16.2%	17.5%	16.5%	17.6%	17.0%
CC y/y growth		25.0%	25.0%	19.7%	14.8%	21.0%	16.0%	14.5%	15.3%	16.6%					
q/q growth						4.2%	1.6%	4.5%	4.2%		5.0%	2.8%	3.6%	5.2%	
% of revenue	29.3%	33.2%	38.6%	42.6%	46.3%	49.7%	50.9%	51.4%	52.7%	51.2%	53.6%	55.4%	56.3%	57.8%	55.8%
<b>Consensus Estimate (VA)</b>								519	540	2,043	551	571	592	616	2,332
% difference (above consensus)		1.2%	0.6%	-0.5%	-0.1%	3.7%	-0.7%	0.4%	0.7%	0.5%	3.5%	2.6%	2.6%	3.7%	3.0%
y/y growth								13.9%	14.6%	15.7%	12.3%	14.5%	14.0%	14.2%	14.2%
<b>Delivery</b>	1,864.0	1,929.8	1,873.2	1,669.3	1,542.4	351.8	329.4	333.3	321.6	1,336.1	318.7	290.4	280.7	269.4	1,159.3
y/y growth	-1.9%	3.5%	-2.9%	-10.9%	-7.6%	-10.8%	-13.2%	-12.1%	-17.3%	-13.4%	-9.4%	-11.8%	-15.8%	-16.2%	-13.2%
CC y/y growth		3.0%	-4.0%			-10.0%	-12.0%	-12.0%	-17.4%						
q/q growth						-9.6%	-6.4%	1.2%	-3.5%		-0.9%	-8.9%	-3.4%	-4.0%	
% of revenue	64.4%	60.3%	54.1%	46.2%	40.5%	35.6%	33.6%	32.9%	31.2%	33.3%	30.0%	27.5%	26.0%	24.4%	26.9%
<b>Consensus Estimate (VA)</b>								319	322	1,323	307	295	286	296	1,186
% difference (above consensus)				1.7%	-0.1%	-5.3%	0.5%	4.4%	-0.1%	1.0%	3.8%	-1.4%	-1.7%	-8.9%	-2.3%
y/y growth								-15.8%	-17.2%	-14.2%	-12.7%	-10.5%	-10.6%	-8.2%	-10.3%
<b>Compute</b>	180.9	206.7	253.1	405.5	504.2	144.5	151.5	158.8	165.4	620.2	174.5	181.2	190.2	197.6	743.4
y/y growth	16.9%	14.3%	22.5%	60.2%	24.4%	24.9%	23.1%	21.8%	22.5%	23.0%	20.7%	19.6%	19.8%	19.5%	19.9%
CC y/y growth		14.0%	21.0%			25.0%	24.0%	21.9%	22.4%						
q/q growth						7.1%	4.8%	4.9%	4.1%		5.5%	3.8%	5.0%	3.9%	
% of revenue	6.3%	6.5%	7.3%	11.2%	13.2%	14.6%	15.5%	15.7%	16.1%	15.5%	16.4%	17.1%	17.6%	17.9%	17.3%
<b>Consensus Estimate (VA)</b>								160	167	624	176	183	192	200	754
% difference (above consensus)				0.4%	0.5%	3.4%	1.2%	-0.9%	-1.2%	-0.6%	-1.0%	-1.1%	-1.1%	-1.1%	-1.4%
y/y growth								23.0%	24.0%	23.7%	22.0%	20.9%	20.0%	19.5%	20.8%
<b>Total Revenue</b>	2,893.6	3,198.1	3,461.2	3,616.7	3,811.9	987.0	979.6	1,013.6	1,030.2	4,010.3	1,063.4	1,057.6	1,078.2	1,105.9	4,305.1
y/y growth	6.6%	10.5%	8.2%	4.5%	5.4%	7.8%	4.7%	5.0%	3.5%	5.2%	7.7%	8.0%	6.4%	7.3%	7.4%
CC y/y growth		11.0%	7.0%	8.1%	5.8%	8.0%	6.0%	5.1%	3.5%	5.5%					
q/q growth						-0.8%	-0.7%	3.5%	1.6%		3.2%	-0.5%	2.0%	2.6%	
<b>Consensus Estimate (VA)</b>								1,000	1,029	3,995.0	1,042	1,049	1,072	1,111	4,279.3
% difference (above consensus)	0.8%	0.5%	0.1%	0.7%	-0.1%	-0.1%	0.2%	1.4%	0.2%	0.4%	2.0%	0.9%	0.6%	-0.4%	0.6%
y/y growth								3.6%	3.4%	4.8%	5.6%	7.0%	7.2%	8.0%	7.1%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates



**ARM – F2Q Achievable, But Some Risk Beyond**

**F2Q25 Total Rev. Estimates Achievable but Likely due to Continued License Strength.** We believe Arm’s consensus total revenue growth of about 1% growth y/y is achievable but will probably be driven by continued beat in License and other revenue, while Royalty revenue will be somewhat dependent on end market shipments. IDC forecasts smartphone shipments will increase 2% y/y, versus 9% in the prior quarter, as comps get harder.

**FY25 Estimates Attainable but Depends on End-Market Health; FY26 Dependent on Mix and New Products Coming Online.** Royalty consensus of 20% y/y growth requires increases in royalty rates, which are largely under contract. Additionally, the company should benefit from higher Arm v9 penetration, which results in twice the royalty compared to Arm v8. However, end-market shipments will also need to deliver. IDC forecasts smartphone shipments during Arm’s FY25 to grow 2.8% y/y, which is about in line with what it grew in FY24 (+3.1% y/y). FY26 consensus look difficult at this time, but a more favorable mix of higher royalty v9 chips and production of new products over time could alleviate this risk. We view ARM as one of the few stocks we cover that most likely will see monetization of AI (the others being MSFT and ORCL). See Exhibit 9.

**Exhibit 9: ARM Base Case**

\$ in millions, except per share data

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2021	2022	2023	Jun-23	Sep-23	Dec-23	Mar-24	2024	Jun-24	Sep-24	Dec-24	Mar-25	2025E	Jun-25	Sep-25	Dec-25	Mar-26	2026E	
	Full Year	Full Year	Full Year	F1Q24	F2Q24	F3Q24	F4Q24	Full Year	F1Q25	F2Q25E	F3Q25E	F4Q25E	Full Year	F1Q26	F2Q26	F3Q26	F4Q26	Full Year	
<b>Revenue Breakdown</b>																			
Royalty revenue	1,313	1,562	1,675	400	418	470	514	1,802	467	514	565	621	2,168	645	685	764	795	2,890	
y/y growth	NA	NA	7.2%	-7.9%	-5.4%	10.6%	37.4%	7.6%	16.8%	22.9%	20.3%	20.9%	20.3%	38.2%	33.3%	35.1%	28.0%	33.3%	
q/q growth				6.9%	4.6%	12.4%	9.4%		-9.1%	10.0%	10.0%	9.9%		3.9%	6.2%	11.5%	4.1%		
% of total revenue	64.8%	57.8%	62.5%	59.2%	51.9%	57.0%	55.4%	55.7%	49.7%	63.8%	61.5%	47.5%	54.6%	54.3%	60.3%	62.4%	59.1%	59.1%	
<b>VA Consensus</b>				400					467	514	573	623	2,181	651	722	819	858	3,037	
Variance					0%	5%	2%	0%	-5%	0%	-1%	0%	-1%	-1%	-5%	-7%	-7%	-5%	
y/y growth									23%	22%	21%	21%	21%	39%	40%	43%	38%	39%	
License and other revenue	714	1,141	1,004	275	388	354	414	1,431	472	291	354	687	1,804	543	451	460	550	2,004	
y/y growth	NA	NA	-12.0%	6.7%	106.4%	18.4%	59.8%	42.6%	71.4%	-25.0%	0.0%	66.0%	26.0%	15.0%	55.0%	30.0%	-20.0%	11.1%	
q/q growth				6.3%	40.9%	-8.8%	16.9%		14.0%	-38.3%	21.6%	94.1%		-21.0%	-16.9%	2.0%	19.5%		
% of total revenue	35.2%	42.2%	37.5%	40.8%	48.1%	43.0%	44.6%	44.3%	50.3%	36.2%	38.5%	52.5%	45.4%	45.7%	39.7%	37.6%	40.9%	40.9%	
<b>VA Consensus</b>					1%	13%	10%	3%	12%	-2%	-4%	6%	1%	14%	4%	3%	4%	1,925	
Variance																		4%	
y/y growth																		8%	
<b>Total Revenue</b>	2,027	2,703	2,679	675	806	824	928	3,233	939	805	919	1,309	3,972	1,188	1,136	1,224	1,345	4,894	
y/y growth	NA	NA	-0.9%	-2.4%	27.9%	13.8%	46.6%	20.7%	39.1%	-0.1%	11.6%	41.0%	22.8%	26.5%	41.2%	33.2%	2.8%	23.2%	
<b>VA Consensus</b>										810	943	1,274	3,570	1,127	1,159	1,285	1,388	4,962	
Variance																		-1%	
y/y growth																		9%	
<b>NTM Stats</b>					7%	39%	43%												
Royalty revenue				1,869	1,965	2,060	2,168		2,346	2,517	2,718	2,890							
License and othe revenue				1,628	1,531	1,531	1,804		1,875	2,035	2,141	2,004							
Total revenue				3,497	3,496	3,591	3,972		4,221	4,552	4,857	4,894							
<b>Royalty Revenue Breakdown (only annuals provided by company)</b>				Estimated	Estimated	Estimated	Estimated		Estimated										
Client	919	1,008	978	224	230	276	324	1,055	277	334	374	414	1,398	449	477	533	552	2,012	
y/y growth	9.7%	9.7%	-3.0%	-16.0%	-13.9%	11.7%	61.9%	7.9%	23.4%	44.8%	35.4%	27.7%	32.5%	62.5%	43.0%	42.6%	33.4%	43.9%	
q/q growth				12.0%	2.8%	20.0%	17.3%		-73.8%	20.6%	12.1%	10.7%		8.5%	6.2%	11.8%	3.6%		
% of total royalty revenue	70.0%	64.5%	58.4%	56.1%	55.1%	58.8%	63.0%	58.5%	59.2%	64.9%	66.1%	66.6%	64.5%	69.6%	69.6%	69.8%	69.4%	69.6%	
Infrastructure	87	117	186	47	52	61	69	230	62	69	70	77	278	76	84	100	107	367	
y/y growth	35.5%	58.3%	58.3%	20.0%	20.0%	23.0%	28.0%	23.7%	30.0%	31.6%	15.2%	12.4%	21.1%	23.4%	22.4%	42.3%	38.2%	32.1%	
q/q growth				-11.8%	10.0%	16.5%	13.2%		-10.4%	11.4%	2.0%	10.4%		-1.6%	10.4%	18.7%	7.2%		
% of total royalty revenue	6.6%	7.5%	11.1%	11.9%	12.5%	13.0%	13.4%	12.7%	13.2%	13.4%	12.4%	12.5%	12.8%	11.8%	12.3%	13.1%	13.9%	12.7%	
Automotive	49	85	117	34	32	35	35	138	37	34	38	45	154	42	43	41	44	169	
y/y growth	73.5%	37.0%	37.0%	16.0%	20.0%	15.0%	15.0%	16.1%	10.0%	4.7%	8.3%	29.6%	13.3%	12.1%	26.9%	8.1%	-2.7%	10.0%	
q/q growth				11.3%	-3.9%	8.5%	-0.9%		6.5%	-8.6%	12.2%	18.6%		-7.9%	3.5%	-4.4%	6.7%		
% of total royalty revenue	3.8%	5.5%	7.0%	8.4%	7.7%	7.5%	6.8%	7.5%	7.9%	6.6%	6.7%	7.3%	7.1%	6.4%	6.3%	5.4%	5.5%	5.9%	
IoT	259	351	395	95	103	98	86	382	92	78	83	85	337	78	81	90	92	341	
y/y growth	35.8%	12.4%	12.4%	-4.5%	-1.0%	0.0%	-4.0%	-3.3%	-3.0%	-24.6%	-14.9%	-1.6%	-11.6%	-14.6%	4.2%	7.9%	8.8%	1.2%	
q/q growth				5.2%	9.1%	-5.2%	-11.8%		6.3%	-15.2%	7.1%	1.9%		-7.7%	3.4%	11.0%	2.8%		
% of total royalty revenue	19.7%	22.5%	23.6%	23.6%	24.7%	20.8%	16.8%	21.2%	19.6%	15.1%	14.7%	13.7%	15.6%	12.1%	11.8%	11.8%	11.6%	11.8%	
<b>Total Royalty Revenue</b>	1,313	1,562	1,675	400	418	470	514	1,802	467	514	565	621	2,168	645	685	764	795	2,890	
y/y growth	NA	NA	7.2%	-8.0%	-3.4%	10.6%	37.4%	7.6%	16.8%	22.9%	20.3%	20.9%	20.3%	38.2%	33.3%	35.1%	28.0%	33.3%	

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

**BASE: F2H25 Guidance Appropriately Set, Given Seasonality and Renewal Visibility**

**Expecting Upside to F3Q25 Guidance.** F3Q Total ARR consensus of \$220M (17%) is at the midpoint of guidance for \$218.5-221.5M (+16-17%). By our calculations, guidance is achievable with New ARR declining 10% and implies deceleration as measured by a 2-year growth stack. See Exhibit 10. In our plausible scenario, where New ARR accelerates



Exhibit 11: BASE Plausible Case

Revenue and Net New ARR Build
\$ in thousands, except per share data

Table with 20 columns representing quarters from Jan-21 to Jan-26 and rows for various financial metrics including Subscription Revenue, Capella Revenue, Services, Total Revenue, and Net New ARR.

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

CFLT: Potential Modest Upside vs. Easy 2H24 Comps

3Q24 Guidance Not a Layup. Consensus subscription revenue of \$233.7M (+23.5%) is in line with guidance of \$233-234M, including consensus Cloud revenue of \$125.5M (+37% y/y) and Platform revenue of \$108.3M (+11% y/y).

FY24 Guidance Prudently Set; Though Likely Limited Cloud Upside. Consensus FY24 subscription revenue is \$1M above guidance for approximately \$910M (+25%), while consensus Confluent Cloud revenue of \$484M is about in line with guidance for Cloud = 53% of Subscription revenue.





CHKP FY24 Total Revenue guidance of \$2.55B at the midpoint should also come in line. Assuming business momentum improves throughout the remainder of 2024, we estimate Security Subscription New ARR is flat y/y. In addition, Assuming New Workload Product business momentum improves throughout the 2H24, we estimate about 18% y/y growth. See Exhibit 16 and 17.

**Potential Upside to 2025 Billings.** If we assume our plausible case for 2024 plays out and assume typical seasonal growth in each quarter, which is in line with 3- and 5-year averages, we estimate 2025 Total Billings growth of 5% y/y and see 2% potential upside to current consensus estimates. See Exhibit 15.

#### Exhibit 14: CHKP Billings Base Case

\$ in millions, except per share data																	
	2021 Full Year	2022 Full Year	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024 (E) Full Year	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025 (E) Full Year
Current Billings	2,315.6	2,435.9	517.9	580.8	535.4	831.0	2,465.1	532.0	622.3	586.3	885.0	2,625.6	558.6	653.4	609.7	920.4	2,742.1
y/y growth	7.1%	5.2%	1.9%	3.9%	-2.1%	1.1%	1.2%	2.7%	7.1%	9.5%	6.5%	6.5%	5.0%	5.0%	4.0%	4.0%	4.4%
Two-year growth stack	13.8%	12.3%	8.3%	8.5%	6.2%	4.1%	6.4%	4.7%	11.0%	7.4%	7.6%	7.7%	7.7%	12.1%	13.5%	10.5%	10.9%
q/q growth			-37.0%	12.1%	-7.8%	55.2%		-36.0%	17.0%	-5.8%	51.0%		-36.9%	17.0%	-6.7%	51.0%	
Consensus Estimate (VA)										580.7	865.1	2,600.0	567.2	652.0	614.9	899.5	2,733.6
% difference (above consensus)		-1.2%	-4.4%	1.1%	-4.0%	1.7%	0.6%	0.0%	2.6%	1.0%	2.3%	1.0%	-1.5%	0.2%	-0.8%	2.3%	0.3%
Total Billings	2,392.0	2,500.6	485.3	566.1	530.9	862.3	2,444.6	517.0	619.9	590.4	919.9	2,647.2	533.3	650.4	588.8	982.6	2,755.1
y/y growth	10.7%	4.5%	-3.3%	-0.8%	-5.0%	-0.8%	-2.2%	6.5%	9.5%	11.2%	6.7%	8.3%	3.1%	4.9%	-0.3%	6.8%	4.1%
Two-year growth stack	16.4%	15.3%	0.5%	4.7%	3.0%	1.4%	2.3%	3.2%	8.7%	6.2%	5.9%	6.0%	9.7%	14.4%	10.9%	13.5%	12.4%
q/q growth			-44.2%	16.6%	-6.2%	62.4%		-40.0%	19.9%	-4.8%	55.8%		-42.0%	22.0%	-9.5%	66.9%	
% of revenue	110.4%	107.3%	85.7%	96.2%	89.0%	130.0%	101.2%	86.3%	98.8%	93.2%	130.6%	103.3%	84.5%	98.2%	88.0%	132.3%	101.8%
Consensus Estimate (VA)										573.1	908.1	2,618.1	546.4	648.2	609.3	948.2	2,752.1
% difference (above consensus)	2.9%	-1.2%	-7.2%	-1.3%	-4.4%	-0.6%	-0.2%	-0.2%	4.0%	3.0%	1.3%	1.1%	-2.4%	0.3%	-3.4%	3.6%	0.1%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

#### Exhibit 15: CHKP Billings Plausible Case

\$ in millions, except per share data																	
	2021 Full Year	2022 Full Year	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024 (E) Full Year	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025 (E) Full Year
Current Billings	2,315.6	2,435.9	517.9	580.8	535.4	831.0	2,465.1	532.0	622.3	590.0	907.5	2,651.8	558.6	653.4	613.6	943.8	2,769.4
y/y growth	7.1%	5.2%	1.9%	3.9%	-2.1%	1.1%	1.2%	2.7%	7.1%	10.2%	9.2%	7.6%	5.0%	5.0%	4.0%	4.0%	4.4%
Two-year growth stack	13.8%	12.3%	8.3%	8.5%	6.2%	4.1%	6.4%	4.7%	11.0%	8.1%	10.3%	8.8%	7.7%	12.1%	14.2%	13.2%	12.0%
q/q growth			-37.0%	12.1%	-7.8%	55.2%		-36.0%	17.0%	-5.2%	53.8%		-38.4%	17.0%	-6.1%	53.8%	
Consensus Estimate (VA)										580.7	865.1	2,600.0	567.2	652.0	614.9	899.5	2,733.6
% difference (above consensus)		-1.2%	-4.4%	1.1%	-4.0%	1.7%	0.6%	0.0%	2.6%	1.6%	4.9%	2.0%	-1.5%	0.2%	-0.2%	4.9%	1.3%
Total Billings	2,392.0	2,500.6	485.3	566.1	530.9	862.3	2,444.6	517.0	619.9	595.2	949.8	2,681.8	531.8	650.0	593.5	1,013.3	2,788.6
y/y growth	10.7%	4.5%	-3.3%	-0.8%	-5.0%	-0.8%	-2.2%	6.5%	9.5%	12.1%	10.1%	9.7%	2.9%	4.8%	-0.3%	6.7%	4.0%
Two-year growth stack	16.4%	15.3%	0.5%	4.7%	3.0%	1.4%	2.3%	3.2%	8.7%	7.1%	9.3%	7.5%	9.4%	14.4%	11.8%	16.8%	13.7%
q/q growth			-44.2%	16.6%	-6.2%	62.4%		-40.0%	19.9%	-4.0%	59.6%		-44.0%	22.2%	-8.7%	70.7%	
% of revenue	110.4%	107.3%	85.7%	96.2%	89.0%	130.0%	101.2%	86.3%	98.8%	93.8%	134.7%	104.5%	83.7%	98.0%	88.4%	136.1%	102.7%
Consensus Estimate (VA)										573.1	908.1	2,618.1	546.4	648.2	609.3	948.2	2,752.1
% difference (above consensus)	2.9%	-1.2%	-7.2%	-1.3%	-4.4%	-0.6%	-0.2%	-0.2%	4.0%	3.9%	4.6%	2.4%	-2.7%	0.3%	-2.6%	6.9%	7.3%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates







**CRM – Current Q and Future Consensus Estimates at Risk**

We see risk to Salesforce's numbers while the company (desperately) looks for its next big "act", especially with the recent announcement of Agentforce. Additionally, the company has made recent acquisitions (Own Company, Zoomin), which we believe is its attempt to buy growth.

**F3Q25 Estimates not a Low Bar:** Consensus estimates of 7.3% total revenue growth implies a material increase y/y in adjusted New ACV growth of 85%, along with a 25% y/y decline in New Term License (i.e., Tableau and MuleSoft). However, our plausible scenario assumes 25% y/y growth in adjusted New ACV (which is more in line with seasonal New ACV growth in F3Q) and similar growth in New Term License (relative to our base case assumption), which results in total revenue 50bps below Street estimates. CRM is one of the four companies in our coverage that guides quarterly cRPO, a metric we consider flawed since no one other than management has visibility into factors that can impact it (renewals, duration etc.). For that reason, we expect the company to meet its +9% y/y cRPO growth (+8.5% y/y cc), and guide in line for next quarter (+9% y/y). See Exhibit below.

**FY25 Estimates are a Stretch:** Consensus estimates of 8.6% total revenue y/y growth (and 9.7% y/y Subscription Revenue growth) seems like a stretch as it implies a combination of 1) FY25 adjusted New ACV increase of 17% y/y (vs. an estimated 11% growth y/y last year), and 2) FY25 New Term License decline of 20% y/y (vs. estimated 1% decline y/y last year). A more plausible scenario of 1) FY25 adjusted New ACV growth of 5% y/y, and 2) FY25 New Term License declines 20% y/y (unchanged from what's implied in Consensus) yields subscription and total revenue 60bps below consensus. See Exhibit 19.

**FY26 Estimates Present Potential Downside:** Assuming FY25 plays out in line with our plausible case, adjusted New ACV would need to grow about 10% y/y, along with a 33% y/y decline in New Term License, in order to meet consensus total revenue growth estimates of 9.1% y/y. However, if adjusted New ACV declines a plausible 28% y/y, it would result in total revenue growth of 7.2% y/y, which is about 230bps below estimates. See Exhibit 19.

Exhibit 18: CRM Base Case

\$ in millions, except per share data

	Jan-21 F2021	Jan-22 F2022	Jan-23 F2023	Jan-24 F2024	Apr-24 F1Q25	Jul-24 F2Q25	Oct-24 F3Q25E	Jan-25 F4Q25E	Jan-25 F2025E	Apr-25 F1Q26E	Jul-25 F2Q26E	Oct-25 F3Q26E	Jan-26 F4Q26E	Jan-26 F2026E	Jan-27 F2027E
<b>Revenue Segments</b>															
<b>Subscriptions and support</b>	19,976	24,657	29,021	32,537	8,585	8,764	8,821	9,536	35,707	9,416	9,362	9,711	10,028	38,517	40,482
q/q change					-1.9%	2.1%	0.7%	8.1%		-1.3%	-0.6%	3.7%	3.3%		
y/y change	24.5%	23.4%	17.7%	12.1%	12.3%	9.5%	8.4%	9.0%	9.7%	9.7%	6.8%	10.1%	5.2%	7.9%	5.1%
% of total revenue	94.0%	93.1%	92.6%	93.3%	94.0%	94.0%	94.3%	94.8%	94.3%	94.9%	94.9%	94.9%	94.9%	94.9%	95.0%
<b>Consensus Estimate (VA)</b>							8,820	9,536	35,705	9,363	9,566	9,709	10,441	39,079	42,994
% difference	0.7%	0.3%	1.2%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	-2.1%	0.0%	-4.0%	-1.4%	-5.8%
<b>Professional services</b>	1,276	1,835	2,331	2,320	548	561	529	524	2,163	508	506	524	542	2,080	2,146
q/q change					1.7%	2.4%	-5.7%	-0.9%		-3.1%	-0.6%	3.7%	3.3%		
y/y change	20.9%	43.8%	27.0%	-0.5%	-9.4%	-6.0%	-8.6%	-2.7%	-6.8%	-7.2%	-9.9%	-0.9%	3.2%	-3.8%	3.2%
% of Subscription revenue	6.4%	7.4%	8.0%	7.1%	6.4%	6.4%	6.0%	5.5%	6.1%	5.4%	5.4%	5.4%	5.4%	5.4%	5.3%
% of total revenue	6.0%	6.9%	7.4%	6.7%	6.0%	6.0%	5.7%	5.2%	5.7%	5.1%	5.1%	5.1%	5.1%	5.1%	5.0%
<b>Total revenue</b>	21,252	26,492	31,352	34,857	9,133	9,325	9,351	10,061	37,869	9,924	9,867	10,235	10,570	40,596	42,628
q/q change					-1.7%	2.1%	0.3%	7.6%		-1.4%	-0.6%	3.7%	3.3%		
y/y change	24.3%	24.7%	18.3%	11.2%	10.7%	8.4%	7.2%	8.3%	8.6%	8.7%	5.8%	9.5%	5.1%	7.2%	5.0%
y/y change, CC	24.0%	23.7%	21.9%	11.1%	11.0%	9.0%	7.1%	8.0%	8.8%	7.2%	4.1%	9.3%	5.1%	6.4%	5.0%
<b>Consensus Estimate (VA)</b>							9,352	10,053	37,864	9,916	10,132	10,260	10,985	41,293	45,378
% difference	0.7%	0.3%	1.2%	0.2%	-0.2%	0.0%	0.0%	0.1%	0.0%	0.1%	-2.6%	-0.2%	-3.8%	-1.7%	-6.1%
y/y change							7.3%	8.3%	8.6%	8.6%	#DIV/0!	9.7%	9.3%	9.1%	9.9%
<b>Total Billings and Subscription ACV, ex. Adjustments</b>															
Subscription Revenue	19,976	24,657	29,021	32,537	8,585	8,764	8,821	9,536	35,707	9,416	9,362	9,711	10,028	38,517	40,482
y/y growth	25%	23%	18%	12%	12%	9%	8%	9%	10%	10%	7%	10%	5%	8%	5%
Professional Services	1,276	1,835	2,331	2,320	548	561	529	524	2,163	508	506	524	542	2,080	2,146
y/y growth	21%	44%	27%	(0)%	(9)%	(6)%	(9)%	(3)%	(7)%	(7)%	(10)%	(1)%	3%	(4)%	3%
<b>Total Revenue</b>	21,252	26,492	31,352	34,857	9,133	9,325	9,351	10,061	37,869	9,924	9,867	10,235	10,570	40,596	42,628
y/y growth	24%	25%	18%	11%	11%	8%	7%	8%	9%	9%	6%	9%	5%	7%	5%
Current Unearned Revenue	12,607	15,628	17,376	19,003	16,061	15,222	14,914	21,470	21,470	17,962	16,752	16,229	22,165	22,165	23,090
Noncurrent Unearned Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Unearned Revenue	12,607	15,628	17,376	19,003	16,061	15,222	14,914	21,470	21,470	17,962	16,752	16,229	22,165	22,165	23,090
y/y growth	18%	24%	11%	9%	6%	7%	19%	13%	13%	12%	10%	9%	3%	3%	4%
q/q growth	0%	0%	0%	0%	(15)%	(5)%	(2)%	44%	0%	(16)%	(7)%	(3)%	37%	0%	0%
Q/Q Change in Current Unearned Revenue (Deferred Rev)	1,945	3,021	1,748	1,627	(2,942)	(839)	(308)	6,557	2,467	(3,508)	(1,210)	(523)	5,936	695	925
Q/Q Change in Noncurrent Unearned Revenue (Deferred Rev)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Q/Q Change in Total Unearned Revenue (Deferred Rev)	1,945	3,021	1,748	1,627	(2,942)	(839)	(308)	6,557	2,467	(3,508)	(1,210)	(523)	5,936	695	925
<b>Total Billings</b>	23,197	29,513	33,100	36,484	6,191	8,486	9,042	16,617	40,336	6,416	8,657	9,712	16,506	41,291	43,553
y/y growth	21%	27%	12%	10%	3%	10%	28%	6%	11%	4%	2%	7%	(1)%	2%	5%
<b>Consensus Estimate (VA)</b>							7,743	17,211	39,518	7,013	9,201	8,491	18,619	43,318	47,829
% difference	1.6%	0.6%	1.9%	-0.1%	-5.9%	1.3%	16.8%	-3.5%	2.1%	-8.5%	-5.9%	14.4%	-11.4%	-4.7%	-8.9%
y/y growth							9.9%	9.4%	8.3%	13.3%	8.4%	9.7%	8.2%	9.6%	10.4%
<b>New Subscription ACV, Adj. Only for Term License</b>	5,234	7,579	5,432	5,739	604	1,394	2,653	2,343	6,994	909	983	1,478	1,352	4,721	5,193
y/y growth	5.0%	45%	(28)%	6%	(33)%	8%	109%	3%	22%	51%	(29)%	(44)%	(42)%	(33)%	10%
<b>Total Subscription ACV, Adj. Only for Term License</b>	21,132	27,006	30,412	33,706	5,548	7,933	8,559	15,888	37,929	1,197	1,203	1,375	2,431	39,536	41,486
Adj. Acquisitions, FX, Other	(1,266)	(1,358)	116	207	(46)	22	(176)	(17)	(217)	6,013	8,281	9,352	15,889	(294)	0
<b>Total Adjusted Subscription ACV</b>	19,866	25,648	30,528	33,912	5,502	7,955	8,383	15,872	37,712	5,843	8,110	9,346	15,943	39,242	41,486
y/y growth	14%	21%	10%	10%	2%	12%	30%	5%	10%	4%	2%	10%	(1)%	3%	6%
Less: Renewals (Prior-Yr Total Adj. Sub ACV)	(15,898)	(19,426)	(24,980)	(27,964)	(4,944)	(6,540)	(5,906)	(13,546)	(30,934)	(5,104)	(7,299)	(7,874)	(14,538)	(34,813)	(36,292)
% Dollar Renewal Rate	90.8%	91.9%	92.5%	92.0%	92.0%	92.0%	92.0%	91.5%	91.8%	92.0%	92.0%	92.0%	91.5%	91.8%	91.8%
FX adjustment to Renewal ACV	(154)	10	785	106	60	34	(131)	(51)	(89)	(89)	(114)	(12)	0	(216)	0
FX y/y Impact to Renewal ACV	0.9%	0.0%			-1.1%	-0.5%	2.2%	0.4%	1.7%	1.6%	0.2%	0.0%	0.0%		
FX y/y Impact to Total Subscription ACV					-1.3%	-0.6%	2.9%	0.5%	2.2%	1.9%	1.3%	0.2%	0.0%		
<b>Adjusted New Subscription ACV</b>	3,814	6,232	6,333	6,052	618	1,450	2,346	2,275	6,688	649	697	1,459	1,406	4,211	5,193
y/y growth (vs. Prior-Yr New Sub ACV, Only Term Adj)	(24)%	19%	(16)%	11%	(32)%	12%	85%	0%	17%	8%	(50)%	(45)%	(40)%	(40)%	10%
q/q growth					(71)%	135%	62%	(3)%		(71)%	7%	109%	(4)%		
<b>Two-year Growth Stack</b>	(14)%	(4)%	3%	(5)%	(29)%	28%	203%	(15)%	28%	(24)%	(38)%	40%	(40)%	(23)%	(30)%
y/y growth, TTM (vs. Prior-Yr New Sub ACV, Only Term Adj.)					6%	5%	10%	17%	18%	24%	8%	(27)%	(40)%	11%	13%
% of Total Adjusted Subscription ACV	19%	24%	21%	18%	11%	18%	28%	14%	18%	11%	9%	16%	9%	11%	13%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 19: CRM Plausible Case

\$ in millions, except per share data

	Jan-21 F2021	Jan-22 F2022	Jan-23 F2023	Jan-24 F2024	Apr-24 F1Q25	Jul-24 F2Q25	Oct-24 F3Q25E	Jan-25 F4Q25E	Jan-25 F2025E	Apr-25 F1Q26E	Jul-25 F2Q26E	Oct-25 F3Q26E	Jan-26 F4Q26E	Jan-26 F2026E	Jan-27 F2027E
<b>Revenue Segments</b>															
<b>Subscriptions and support</b>	19,976	24,657	29,021	32,537	8,585	8,764	8,783	9,352	35,484	9,305	9,305	9,659	10,014	38,282	40,646
q/q change					-1.9%	2.1%	0.2%	6.5%		-0.5%	0.0%	3.8%	3.7%		
y/y change	24.5%	23.4%	17.7%	12.1%	12.3%	9.5%	7.9%	6.9%	9.1%	8.4%	6.2%	10.0%	7.1%	7.9%	6.2%
% of total revenue	94.0%	93.1%	92.6%	93.3%	94.0%	94.0%	94.3%	94.8%	94.3%	94.9%	94.9%	94.9%	94.9%	94.9%	95.0%
<b>Consensus Estimate (VA)</b>							8,820	9,536	35,705	9,363	9,566	9,709	10,441	39,079	42,994
% difference	0.7%	0.3%	1.2%	0.4%	0.0%	0.0%	-0.4%	-1.9%	-0.6%	-0.6%	-2.7%	-0.5%	-4.1%	-2.0%	-5.5%
<b>Professional services</b>	1,276	1,835	2,331	2,320	548	561	527	514	2,150	502	502	522	541	2,067	2,154
q/q change					1.7%	2.4%	-6.1%	-2.4%		-2.3%	0.0%	3.8%	3.7%		
y/y change	20.9%	43.8%	27.0%	-0.5%	-9.4%	-6.0%	-9.0%	-4.6%	-7.3%	-8.3%	-10.4%	-1.0%	5.1%	-3.9%	4.2%
% of Subscription revenue	6.4%	7.4%	8.0%	7.1%	6.4%	6.4%	6.0%	5.5%	6.1%	5.4%	5.4%	5.4%	5.4%	5.4%	5.3%
% of total revenue	6.0%	6.9%	7.4%	6.7%	6.0%	6.0%	5.7%	5.2%	5.7%	5.1%	5.1%	5.1%	5.1%	5.1%	5.0%
<b>Total revenue</b>	21,252	26,492	31,352	34,857	9,133	9,325	9,310	9,866	37,634	9,807	9,807	10,180	10,555	40,349	42,800
q/q change					-1.7%	2.1%	-0.2%	6.0%		-0.6%	0.0%	3.8%	3.7%		
y/y change	24.3%	24.7%	18.3%	11.2%	10.7%	8.4%	6.8%	6.2%	8.0%	7.4%	5.2%	9.3%	7.0%	7.2%	6.1%
y/y change, CC	24.0%	23.7%	21.9%	11.1%	11.0%	9.0%	6.6%	5.9%	8.1%	6.0%	3.5%	9.1%	7.0%	6.4%	6.1%
<b>Consensus Estimate (VA)</b>							9,352	10,053	37,864	9,916	10,132	10,260	10,985	41,293	45,378
% difference	0.7%	0.3%	1.2%	0.2%	-0.2%	0.0%	-0.5%	-0.6%	-0.6%	-1.1%	-3.2%	-0.8%	-3.9%	-2.3%	-5.7%
y/y change							7.3%	8.3%	8.6%	8.6%	8.7%	9.7%	9.3%	9.1%	9.9%
<b>Total Billings and Subscription ACV, ex. Adjustments</b>															
Subscription Revenue	19,976	24,657	29,021	32,537	8,585	8,764	8,783	9,352	35,484	9,305	9,305	9,659	10,014	38,282	40,646
y/y growth	25%	23%	18%	12%	12%	9%	8%	7%	9%	8%	6%	10%	7%	8%	6%
Professional Services	1,276	1,835	2,331	2,320	548	561	527	514	2,150	502	502	522	541	2,067	2,154
y/y growth	21%	44%	27%	(0%)	(9%)	(6%)	(9%)	(5%)	(7%)	(8%)	(10%)	(1%)	5%	(4%)	4%
<b>Total Revenue</b>	21,252	26,492	31,352	34,857	9,133	9,325	9,310	9,866	37,634	9,807	9,807	10,180	10,555	40,349	42,800
y/y growth	24%	25%	18%	11%	11%	8%	7%	6%	8%	7%	5%	9%	7%	7%	6%
Current Unearned Revenue	12,607	15,628	17,376	19,003	16,061	15,222	14,191	21,046	21,046	17,827	17,072	15,534	21,983	21,983	22,889
Noncurrent Unearned Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Unearned Revenue	12,607	15,628	17,376	19,003	16,061	15,222	14,191	21,046	21,046	17,827	17,072	15,534	21,983	21,983	22,889
y/y growth	18%	24%	11%	9%	6%	7%	15%	11%	11%	11%	12%	9%	4%	4%	4%
q/q growth	0%	0%	0%	0%	(15%)	(5%)	(7%)	-48%	0%	(15%)	(4%)	(9%)	-42%	0%	0%
Q/Q Change in Current Unearned Revenue (Deferred Rev)	1,945	3,021	1,748	1,627	(2,942)	(839)	(1,031)	6,855	2,043	(3,218)	(756)	(1,538)	6,449	938	906
Q/Q Change in Noncurrent Unearned Revenue (Deferred Rev)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Q/Q Change in Total Unearned Revenue (Deferred Rev)	1,945	3,021	1,748	1,627	(2,942)	(839)	(1,031)	6,855	2,043	(3,218)	(756)	(1,538)	6,449	938	906
<b>Total Billings</b>	23,197	29,513	33,100	36,484	6,191	8,486	8,279	16,721	39,677	6,589	9,052	8,642	17,004	41,287	43,706
y/y growth	21%	27%	12%	10%	3%	10%	17%	6%	9%	6%	7%	4%	2%	4%	6%
<b>Consensus Estimate (VA)</b>							7,743	17,211	39,518	7,013	9,201	8,491	18,619	43,318	47,829
% difference	1.6%	0.6%	1.9%	-0.1%	-5.9%	1.3%	6.9%	-2.8%	0.4%	-6.0%	-1.6%	1.8%	-8.7%	-4.7%	-8.6%
y/y growth							9.9%	9.4%	8.3%	13.3%	8.4%	9.7%	8.2%	9.6%	10.4%
<b>New Subscription ACV, Adj. Only for Term License</b>	5,234	7,579	5,432	5,739	604	1,394	1,893	2,456	6,347	1,045	1,331	1,059	1,666	5,101	5,356
y/y growth	5.0%	45%	(28%)	6%	(33%)	8%	49%	8%	11%	73%	(4%)	(44%)	(32%)	(20%)	5%
<b>Total Subscription ACV, Adj. Only for Term License</b>	21,132	27,006	30,412	33,706	5,548	7,933	7,798	16,002	37,282	6,149	8,203	8,234	16,307	39,320	41,449
Adj: Acquisitions, FX, Other	(1,266)	(1,358)	116	207	(46)	22	(176)	(17)	(217)	(171)	(171)	(6)	54	(294)	0
<b>Total Adjusted Subscription ACV</b>	19,866	25,648	30,528	33,912	5,502	7,955	7,622	15,985	37,065	5,979	8,458	8,228	16,361	39,026	41,449
y/y growth	14%	21%	10%	10%	2%	12%	18%	5%	8%	6%	7%	6%	1%	4%	6%
Less: Renewals (Prior-Yr Total Adj. Sub ACV)	(15,898)	(19,426)	(24,980)	(27,964)	(4,944)	(6,540)	(5,906)	(13,546)	(30,934)	(5,104)	(7,299)	(7,174)	(14,642)	(34,217)	(36,091)
% Dollar Renewal Rate	90.8%	91.9%	92.5%	92.0%	92.0%	92.0%	92.0%	91.5%	91.8%	92.0%	92.0%	92.0%	91.5%	91.8%	91.8%
FX adjustment to Renewal ACV	(154)	10	785	106	60	34	(131)	(51)	(89)	(89)	(114)	(13)	0	(216)	0
FX y/y Impact to Renewal ACV	0.9%	0.0%			-1.1%	-0.5%	2.2%	0.4%		1.7%	1.6%	0.2%	0.0%		
FX y/y Impact to Total Subscription ACV					-1.3%	-0.6%	2.9%	0.5%		2.2%	1.9%	0.2%	0.0%		
<b>Adjusted New Subscription ACV</b>	3,814	6,232	6,333	6,052	618	1,450	1,585	2,389	6,041	785	1,045	1,041	1,719	4,591	5,356
y/y growth (vs. Prior-Yr New Sub ACV, Only Term Adj.)	(24%)	19%	(16%)	11%	(32%)	12%	25%	5%	5%	30%	(25%)	(45%)	(30%)	(28%)	5%
q/q growth					(71%)	135%	9%	51%		(67%)	133%	(0%)	65%		
Two-year Growth Stack	(14%)	(4%)	3%	(5%)	(29%)	28%	143%	(10%)	17%	(2%)	(13%)	(20%)	(25%)	(22%)	(23%)
y/y growth, TTM (vs. Prior-Yr New Sub ACV, Only Term Adj.)					6%	5%	(3%)	5%	16%	14%	5%	(15%)	(28%)		
% of Total Adjusted Subscription ACV	19%	24%	21%	18%	11%	18%	21%	15%	16%	13%	12%	13%	11%	12%	13%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

**CRWD – F2H25 Revenue Doable, but Risk to ARR for Foreseeable Future and FY26 Rev**

**F3Q Revenue Doable, but Risk to ARR.** On the last earnings call, Management guided F3Q total revenue of \$982M at the midpoint (25% y/y) and stated that they expect headwinds from the outage to remain for about a year with acceleration picking back up in F2H26. Management also provided color on F2H25, stating that the Customer Commitment Packages (CCP) will impact Net New ARR by \$30M in F3Q and \$30M in F4Q, resulting in a \$60M impact to F2H25 subscription revenue, along with high-single digit millions of dollars impact to professional services in F2H25. With that said, in order to get to F3Q revenue guidance of \$982M at the midpoint, we have to assume that NO New Business is signed in the quarter and that the Gross Retention Rate drops by 1,200bps; and while we acknowledge what the impact of the outage to CRWD's business could be, this just seems very unlikely to us, especially after spending time at CRWD's Fal.Con Conference in mid-September. In a more plausible scenario, we assume a Gross Retention Rate of 94% and New Business declines 45% y/y, with linearity at more normalized levels.

This yields approximately 3% upside to F3Q Subscription and Total Revenue, but approximately 2% downside to ARR. See Exhibits 20 and 21.

**FY25 Revenue Appears Achievable, but Risk to ARR.** To hit the midpoint of Management's FY25 revenue guidance of \$3,896M at the midpoint (27.5% y/y) would require that New Business declines 1.4% y/y (after growing 9% in FY24). This would imply total revenue growth of 28% y/y and ARR growth of 21% y/y (2% downside to Street estimates). In a more plausible scenario where we assume things get worse in F2H25, we estimate FY25 New Business declines 19% y/y, which implies 28% y/y revenue growth and 18% y/y ARR growth (4% downside to Street estimates). In addition, as a reminder, on the F2Q earnings call Management pulled their FY25 FCF margin target of 31-33% given little visibility in the short term due to the outage but they reiterated their long-term target of 34-38% by FY29 during their Fal.Con Conference in mid-September. FY25 consensus FCF margin estimates are now at 27.7% (vs. our model at 28.2%). See Exhibits 20 and 21.

**FY26 Estimates at Risk.** If we assume our FY25 plausible estimates play out and business momentum begins to pick back up in F2H26 as per Management's commentary, we estimate FY26 New Business would have to grow 1% y/y, but still see significant risk to Revenue and ARR estimates throughout the entire year. See Exhibit 21.

## Exhibit 20: CRWD Base Case

\$ in millions, except per share data

	2021	2022	2023	Apr-23	Jul-23	Oct-23	Jan-24	2024	Apr-24	Jul-24	Oct-24	Jan-25	2025 (E)	2026 (E)	2027 (E)
	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25	2Q25	3Q25E	4Q25E	Full Year	Full Year	Full Year
<b>Revenue Summary</b>															
Subscription	804.7	1,359.5	2,111.7	651.2	690.0	733.5	795.9	2,870.6	872.2	918.3	930.9	980.1	3,701.5	4,380.6	5,123.2
y/y growth	84.4%	69.0%	55.3%	41.6%	36.3%	34.0%	33.0%	35.9%	33.9%	33.1%	26.9%	23.1%	28.9%	18.3%	17.0%
Consensus Estimate (VA)				639.6	684.3	733.9	788.9	2,863.5	854.8	907.8	933.6	979.8	3,703.8	4,529.3	5,557.0
% difference (above consensus)	1.7%	1.5%	0.4%	1.8%	0.8%	-0.1%	0.9%	0.2%	2.0%	1.1%	-0.3%	0.0%	-0.1%	-3.3%	-7.8%
Professional Services	69.8	92.1	129.6	41.4	41.7	52.6	49.4	185.0	48.9	45.6	51.2	49.0	194.7	219.5	244.0
y/y growth	54.7%	31.9%	40.8%	47.8%	43.9%	56.8%	26.3%	42.8%	18.0%	9.5%	-2.6%	-0.8%	5.2%	12.8%	11.1%
Total Revenue	874.4	1,451.6	2,241.2	692.6	731.6	786.0	845.3	3,055.6	921.0	963.9	982.1	1,029.2	3,896.2	4,600.1	5,367.1
y/y growth	81.6%	66.0%	54.4%	42.0%	36.7%	35.3%	32.6%	36.3%	33.0%	31.7%	24.9%	21.7%	27.5%	18.1%	16.7%
Consensus Estimate (VA)				676.9	724.7	777.4	840.0	3,050.2	904.6	957.6	982.3	1,028.8	3,896.1	4,738.8	5,789.6
% difference (above consensus)	1.7%	1.4%	0.6%	2.3%	1.0%	1.1%	0.6%	0.2%	1.8%	0.7%	0.0%	0.0%	0.0%	-2.9%	-7.3%
NTM Revenue				3,284.0	3,516.3	3,712.4	3,896.2		4,066.5	4,221.9	4,411.1	4,600.1			
NTM Subscription Revenue				3,091.6	3,319.8	3,517.3	3,701.5		3,865.2	4,015.8	4,197.8	4,380.6			
<b>Revenue Build via ARR</b>															
ARR	1,050.1	1,731.3	2,559.7	2,733.9	2,930.1	3,153.2	3,435.2	3,435.2	3,646.9	3,864.5	3,723.7	4,150.6	4,150.6	4,847.0	5,536.8
y/y growth	74.9%	64.9%	47.8%	42.3%	36.9%	34.9%	34.2%	34.2%	33.4%	31.9%	18.1%	20.8%	20.8%	16.8%	14.2%
Consensus Estimate (VA)				2,721.1	2,925.8	3,141.7	3,397.7	3,397.6	3,631.2	3,841.0	3,997.8	4,224.0	4,224.0	5,106.5	6,199.3
% difference (above consensus)	4.8%	3.3%	1.8%	0.5%	0.1%	0.4%	1.1%	1.1%	0.4%	0.6%	-6.9%	-1.7%	-1.7%	-5.1%	-10.7%
Gross Retention Rate				97.5%	97.5%	97.5%	97.5%		97.5%	98.0%	86.2%	96.0%			
Equivalent Quarterly Renewal Rate				99.4%	99.4%	99.4%	99.4%		99.4%	99.5%	96.4%	99.0%			
Quarterly Churn	17	30	37	16	17	18	20	72	22	18	141	38	219	143	129
Quarterly Renewals				2,544	2,717	2,912	3,133		3,413	3,629	3,724	3,686			
Net New ARR	450	681	828	174	196	223	282	875	212	218	(141)	427	715	696	
y/y growth	56.2%	51.5%	21.6%	-8.5%	-10.0%	12.6%	27.2%	5.7%	21.5%	10.9%	-163.1%	51.5%	-18.3%	-2.7%	-100.0%
q/q growth				-21%	13%	14%	26%		-25%	3%	-165%	-403%			
New ARR	467	711	865	190	213	242	302	947	233	236	0	465	934	839	818
y/y growth	56.8%	52.5%	21.6%	-4.0%	-5.7%	16.6%	29.3%	9.5%	22.6%	10.6%	-100.0%	54.0%	-1.4%	-10.2%	-2.5%
Adjustments															
Acquisitions	0.0	1.0	0	0.0	0.0	3.0	0.0	0	0.0	0.0	0.0	0.0			
Adjusted New ARR	460	707	865	190	213	239	302	944	233	236	0	465	934	839	818
y/y growth	54.6%	51.5%	21.6%	-4.0%	-5.7%	15.1%	29.3%	9.1%	22.6%	10.6%	-100.0%	54.0%	-1.4%	-10.2%	-2.5%
q/q growth				-18.4%	12.1%	11.8%	26.5%		-22.7%	1.1%	-100.0%	NM			
2yr stack growth				28%	37%	31%	33%		19%	5%	-85%	83%			
Subscription Revenue from Renewal				636	679	728	783		853	907	931	921			
Subscription Revenue from New ARR (adjusted for acquisitions)				15	11	6	13		11	11	0	59			
Assumed % of Rev in Q from New ARR				32%	20%	9%	17%		19%	19%	0%	51%			

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 21: CRWD Plausible Case

\$ in millions, except per share data

	2021	2022	2023	Apr-23	Jul-23	Oct-23	Jan-24	2024	Apr-24	Jul-24	Oct-24	Jan-25	2025 (E)	2026 (E)	2027 (E)
	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25	2Q25	3Q25E	4Q25E	Full Year	Full Year	Full Year
<b>Revenue Summary</b>															
Subscription	804.7	1,359.5	2,111.7	651.2	690.0	733.5	795.9	2,870.6	872.2	918.3	957.3	979.8	3,727.5	4,215.8	4,937.1
y/y growth	84.4%	69.0%	55.3%	41.6%	36.3%	34.0%	33.0%	35.9%	33.9%	33.1%	30.6%	23.1%	29.9%	13.1%	17.1%
Consensus Estimate (VA)				639.6	684.3	733.9	788.9	2,863.5	854.8	907.8	933.6	979.8	3,703.8	4,529.3	5,557.0
% difference (above consensus)	1.7%	1.5%	0.4%	1.8%	0.8%	-0.1%	0.9%	0.2%	2.0%	1.1%	2.5%	0.0%	0.6%	-6.9%	-11.2%
Professional Services	69.8	92.1	129.6	41.4	41.7	52.6	49.4	185.0	48.9	45.6	52.7	49.0	196.1	211.3	235.1
y/y growth	54.7%	31.9%	40.8%	47.8%	43.9%	56.8%	26.3%	42.8%	18.0%	9.5%	0.2%	-0.8%	6.0%	7.7%	11.2%
Total Revenue	874.4	1,451.6	2,241.2	692.6	731.6	786.0	845.3	3,055.6	921.0	963.9	1,009.9	1,028.8	3,923.6	4,427.1	5,172.2
y/y growth	81.6%	66.0%	54.4%	42.0%	36.7%	35.3%	32.6%	36.3%	33.0%	31.7%	28.5%	21.7%	28.4%	12.8%	16.8%
Consensus Estimate (VA)				676.9	724.7	777.4	840.0	3,050.2	904.6	957.6	982.3	1,028.8	3,896.1	4,738.8	5,789.6
% difference (above consensus)	1.7%	1.4%	0.6%	2.3%	1.0%	1.1%	0.6%	0.2%	1.8%	0.7%	2.8%	0.0%	0.7%	-6.6%	-10.7%
NTM Revenue				3,284.0	3,516.3	3,740.2	3,923.6		4,059.2	4,170.1	4,286.3	4,427.1			
NTM Subscription Revenue				3,091.6	3,319.8	3,543.7	3,727.5		3,858.3	3,966.3	4,079.0	4,215.8			
<b>Revenue Build via ARR</b>															
ARR	1,050.1	1,731.3	2,559.7	2,733.9	2,930.1	3,153.2	3,435.2	3,435.2	3,646.9	3,864.5	3,938.1	4,043.6	4,043.6	4,640.4	5,449.3
y/y growth	74.9%	64.9%	47.8%	42.3%	36.9%	34.9%	34.2%	34.2%	33.4%	31.9%	24.9%	17.7%	17.7%	14.8%	17.4%
Consensus Estimate (VA)				2,721.1	2,925.8	3,141.7	3,397.7	3,397.6	3,631.2	3,841.0	3,997.8	4,224.0	4,224.0	5,106.5	6,199.3
% difference (above consensus)	4.8%	3.3%	1.8%	0.5%	0.1%	0.4%	1.1%	1.1%	0.4%	0.6%	-1.5%	-4.3%	-4.3%	-9.1%	-12.1%
Gross Retention Rate				97.5%	97.5%	97.5%	97.5%		97.5%	98.0%	94.0%	94.0%			
Equivalent Quarterly Renewal Rate				99.4%	99.4%	99.4%	99.4%		99.4%	99.5%	98.5%	98.5%			
Quarterly Churn	17	30	37	16	17	18	20	72	22	18	59	60	160	180	124
Quarterly Renewals				2,544	2,717	2,912	3,133		3,413	3,629	3,805	3,878			
Net New ARR	450	681	828	174	196	223	282	875	212	218	74	106	608	597	
New ARR	467	711	865	190	213	242	302	947	233	236	133	166	768	777	932
y/y growth	56.8%	52.5%	21.6%	-4.0%	-5.7%	16.6%	29.3%	9.5%	22.6%	10.6%	-45.0%	-45.0%	-18.9%	1.1%	20.0%
Adjustments															
Acquisitions	0.0	1.0	0	0.0	0.0	3.0	0.0	0	0.0	0.0	0.0	0.0			
Adjusted New ARR	460	707	865	190	213	239	302	944	233	236	133	166	768	777	932
y/y growth	54.6%	51.5%	21.6%	-4.0%	-5.7%	15.1%	29.3%	9.1%	22.6%	10.6%	-45.0%	-45.0%	-18.9%	1.1%	20.0%
q/q growth				-18.4%	12.1%	11.8%	26.5%		-22.7%	1.1%	-43.7%	24.9%			
2yr stack growth				28%	37%	31%	33%		19%	5%	-30%	-16%			
Subscription Revenue from Renewal				636	679	728	783		853	907	951	969			
Subscription Revenue from New ARR (adjusted for acquisitions)				15	11	6	13		11	11	6	10			
Assumed % of Rev in Q from New ARR				32%	20%	9%	17%		19%	19%	18%	25%			

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## CVLT: Expecting Upside to FY25 Total ARR

**F2Q25 Expect Total ARR Upside; Revenue Sensitive to Renewal Timing.** Consensus estimates are near the midpoints of F2Q25 guidance for subscription revenue of \$120-124M (+25% at the midpoint) and total revenue of \$218-222M (+9.5% at the midpoint). By our calculations, total revenue guidance is achievable with Metallic New ARR growth of 10% y/y (following 67% in F1Q), along with flat new term license growth, vs. over 30% growth in F1Q, assuming stable contract duration, conservative in our view. See Exhibit 22. In a more plausible scenario, where Metallic New ARR decelerates modestly to +25%, while holding our organic new term license assumption the same, we see subscription revenue near the high end of guidance and total revenue slightly above. Note that there could be additional upside due to the timing of term subscription renewals. We estimate F2Q Total ARR growth of 16% in our plausible scenario vs. consensus of about 12% (no quarterly guidance—note that quarterly consensus estimates can be unreliable due to a limited sample size). See Exhibit 23.

**FY25 Guidance Prudently Set with Upside.** Consensus is in line with Total ARR guidance for 15% growth. By our estimates, consensus implies Metallic New ARR grows 12% vs. +40% in FY24 and new term license declines about 30% vs. +15% in FY24, conservative, in our view. See Exhibit 22. In a more plausible scenario, if Metallic New ARR decelerates modestly to +30% and new term license grows 8%, we see Total ARR of about \$900M (+17%), or 5% upside to consensus. We expect similar upside to full-year total revenue; our plausible scenario for 12% growth compares to guidance for about 9.5% at the midpoint (about 3% upside). See Exhibit 23.

**Expecting Upside to FY26 Targets.** The FY26 Total ARR target of \$1B (initially given during F4Q24 earnings) is slightly above consensus of \$992M. Assuming our FY25 plausible scenario plays out, if Metallic New ARR grows 20% and new term license accelerates to +10%, Total ARR would come in at \$1.057B, or about 6% upside to consensus. See Exhibit 23.

Exhibit 22: CVLT Base Case

\$ in millions, except per share data

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
	FY2022	FQ1Q23	FQ2Q23	FQ3Q23	FQ4Q23	FY2023	FQ1Q24	FQ2Q24	FQ3Q24	FQ4Q24	FY2024	FQ1Q25	FQ2Q25	FQ3Q25	FQ4Q25
<b>Revenue Breakdown</b>															
Subscription - reported starting F4Q23	268.4	87.6	78.2	87.4	94.5	347.8	97.9	97.8	114.2	119.9	429.2	124.1	122.8	133.1	144.3
y/y growth	NA	67.5%	50.3%	13.5%	8.8%	29.6%	11.0%	24.9%	30.7%	26.8%	23.4%	27.5%	25.6%	16.5%	20.4%
q/q growth		0.8%	-10.7%	11.7%	8.2%		2.9%	0.5%	16.9%	4.9%		3.5%	-1.0%	8.4%	8.4%
% of SW & Products revenue	75.3%	94.8%	94.5%	97.5%	104.8%	97.9%	115.3%	119.2%	121.3%	125.4%	120.5%	132.2%	139.8%	145.3%	146.2%
% of total revenue	34.9%	44.3%	41.6%	44.8%	46.5%	44.3%	49.1%	48.6%	52.7%	53.7%	51.1%	55.2%	55.8%	57.9%	59.1%
Subscription Consensus Estimates (VA)															
y/y growth							24.3%	23.6%	19.9%	21.5%	20.8%	25.1%	18.0%	20.2%	22.4%
% above/below							0.5%	5.6%	5.8%	1.6%	5.5%	0.4%	-1.3%	0.1%	-0.2%
Perpetual License	111.9	17.8	19.8	19.7	17.6	74.9	13.2	14.4	14.9	15.2	57.6	13.7	13.7	11.9	12.2
y/y growth	-17.5%	-45.5%	-28.3%	-30.0%	-24.9%	-33.0%	-26.1%	-27.4%	-24.6%	-13.5%	-23.1%	4.4%	-5.0%	-20.0%	-20.0%
q/q growth		-23.9%	11.4%	-0.5%	-11.0%		-25.1%	9.4%	3.4%	2.2%		-9.6%	-0.5%	-12.9%	2.2%
% of SW & Products revenue	31.4%	19.3%	23.9%	22.0%	19.5%	21.1%	15.6%	17.5%	15.8%	15.9%	16.2%	14.6%	15.6%	13.0%	12.3%
% of total revenue	14.5%	9.0%	10.5%	10.1%	8.6%	9.5%	6.6%	7.2%	6.9%	6.8%	6.9%	6.1%	6.2%	5.2%	5.0%
Customer Support	347.1	81.3	78.0	77.7	77.3	314.3	76.9	77.0	76.8	77.0	307.8	76.3	74.8	73.8	76.0
y/y growth	-3.0%	-8.6%	-10.8%	-9.7%	-8.7%	-9.4%	-5.4%	-1.3%	-1.1%	-0.4%	-2.1%	-0.8%	-2.9%	-4.0%	-1.3%
q/q growth		-4.0%	-4.1%	-0.4%	-0.4%		-0.5%	0.1%	-0.3%	0.3%		-1.0%	-2.0%	-1.4%	3.1%
% of total revenue	45.1%	41.1%	41.5%	39.8%	38.0%	40.1%	38.8%	38.3%	35.4%	34.5%	36.7%	34.0%	34.0%	32.1%	31.1%
Other Services (as restated starting F1Q22)	42.3	11.2	12.0	10.3	14.0	47.6	16.8	11.8	10.9	11.2	44.7	10.6	8.9	10.9	11.6
y/y growth	NA	19.2%	12.4%	-8.0%	28.1%	12.6%	-4.0%	-1.3%	5.6%	-20.3%	-6.1%	-2.1%	-25.0%	-0.6%	3.8%
q/q growth		2.5%	6.7%	-14.1%	36.3%		-23.2%	9.7%	-8.1%	3.0%		-5.6%	-16.0%	23.3%	6.9%
% of total revenue	5.5%	5.7%	6.4%	5.3%	6.9%	6.1%	5.4%	5.9%	5.0%	5.0%	5.3%	4.7%	4.0%	4.8%	4.6%
<b>Total Revenue</b>	<b>769.6</b>	<b>198.0</b>	<b>188.1</b>	<b>195.1</b>	<b>203.5</b>	<b>784.6</b>	<b>198.2</b>	<b>201.0</b>	<b>216.8</b>	<b>223.3</b>	<b>839.2</b>	<b>224.7</b>	<b>220.1</b>	<b>229.7</b>	<b>244.1</b>
y/y growth	6.4%	7.9%	5.7%	-3.6%	-1.2%	1.9%	0.1%	6.9%	11.1%	9.7%	7.0%	13.4%	9.5%	5.9%	9.3%
q/q growth	6.0%	12.7%	11.7%	1.2%	1.6%	6.5%	0.7%	5.5%	12.4%	9.9%	7.1%	12.8%	9.5%	5.9%	9.3%
FX adjustment	2.6	(8.7)	(10.6)	(9.8)	(5.7)	(34.8)	(1.2)	2.6	(2.4)	(0.3)	(1.3)	1.2	0.0	0.0	0.0
Revenue, CC	767.0	206.7	198.6	204.9	209.2	819.4	199.4	198.4	219.2	223.6	840.6	223.5	220.1	229.7	244.1
Total Revenue Consensus Estimates (VA)															
y/y growth							7.9%	-0.3%	3.7%	6.6%	4.4%	5.6%	8.8%	9.8%	7.4%
% above/below							0.0%	0.4%	3.1%	4.3%	5.1%	1.3%	4.2%	-0.3%	-1.4%
NTM Revenue	784.8	797.7	819.4	839.2			865.8	884.9	897.8	918.6		943.9	979.7	1,011.2	1,039.7
NTM Recurring	667.4	685.9	711.9	736.9			763.1	785.9	801.7	825.1		852.8	889.0	922.6	953.4
<b>Old Revenue Breakdown</b>															
<b>ARR</b>	<b>583.3</b>	<b>594.5</b>	<b>604.4</b>	<b>640.7</b>	<b>688.4</b>	<b>688.4</b>	<b>686.0</b>	<b>711.5</b>	<b>752.5</b>	<b>770.0</b>	<b>770.0</b>	<b>802.7</b>	<b>822.5</b>	<b>870.0</b>	<b>885.9</b>
y/y growth	12.6%	11.6%	11.4%	14.2%	14.6%	14.6%	15.4%	17.7%	17.4%	15.2%	15.2%	17.0%	15.6%	15.6%	15.1%
ARR FX Impact (not reported prior to 1Q23)	(25.0)	(35.0)	(21.5)	(14.0)			(4.0)	6.0	8.4	(9.0)					
FX Adjusted ARR	619.5	638.4	662.2	682.4			690.0	705.4	746.1	779.0					
y/y growth (constant currency)	16.3%	17.8%	18.0%	17.0%			16.1%	16.7%	16.4%	16.5%					
q/q growth	1.9%	1.7%	6.0%	4.3%			2.6%	3.7%	5.8%	2.3%		4.2%	2.5%	5.8%	1.8%
Total ARR Consensus Estimates (VA)															
y/y growth							6.7%	6.9%	7.1%	7.4%	7.5%	7.7%	7.8%	7.9%	8.1%
% above/below							14.6%	14.2%	12.6%	12.9%	12.9%	13.5%	12.3%	11.8%	12.1%
Net New ARR	65.3	11.2	9.9	36.3	27.7	85.2	17.6	25.5	41.0	17.5	101.6	32.7	19.8	47.5	15.9
y/y growth	-1.5%	-24.6%	2.0%	94.7%	25.8%	30.4%	56.3%	157.0%	12.9%	-36.8%	19.2%	86.3%	-22.3%	15.9%	-9.3%
Metallix New ARR	44.3	16.3	10.7	12.9	17.2	57.2	14.6	20.9	24.4	20.0	79.9	24.4	23.0	25.6	20.9
Term Subscription New ARR, ex. migrations	77.6	18.7	13.8	34.2	22.4	89.1	18.1	22.8	33.5	24.2	98.6	32.5	22.4	46.3	21.8
Perpetual Maintenance New ARR	20.1	3.2	3.6	3.6	3.2	13.5	2.4	2.6	2.7	2.7	10.4	2.5	2.5	2.1	2.2
New ARR	142.0	38.2	28.1	50.7	42.8	159.9	35.1	46.3	60.6	46.9	188.9	59.4	47.9	74.0	44.9
y/y growth	14.4%	24.3%	6.3%	27.4%	-4.9%	12.6%	-8.1%	64.7%	19.4%	9.5%	18.2%	69.2%	3.4%	22.2%	-4.2%
q/q growth, 2 year stack		13.5%	3.4%	59.7%	34.0%		16.2%	71.0%	46.8%	4.6%		61.1%	68.1%	41.7%	5.3%
		-15.2%	-26.4%	80.3%	-15.5%		-16.0%	32.0%	30.7%	-22.0%		26.0%	-19.3%	54.5%	-39.3%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates



490bps above the Street. Total revenue for 2025 also seems attainable as current 2025 consensus estimates imply total revenue growth of 21.8% y/y (vs. our plausible estimate of 23% y/y).

### Exhibit 24: CYBR Revenue – Base

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024E Full Year	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025E Full Year
<b>Revenues (2021 - Present)</b>														
Subscription	56.4	134.6	280.6	472.0	156.2	158.4	168.5	201.8	684.9	220.9	217.7	219.9	248.0	906.5
y/y growth	210.6%	138.6%	108.5%	68.2%	68.5%	49.2%	37.1%	34.3%	45.1%	41.4%	37.4%	30.5%	22.9%	32.4%
q/q growth					4.0%	1.4%	6.3%	19.8%		9.5%	-1.4%	1.0%	12.8%	
% of revenue	12.1%	26.8%	47.4%	62.8%	70.5%	70.5%	72.4%	77.5%	72.9%	77.3%	77.0%	77.8%	80.6%	78.2%
Consensus Estimate (VA)							169.5	193.1	677.3	202.1	212.1	225.6	256.0	895.8
% difference (above consensus)		3.1%	-0.1%	2.3%	5.4%	1.6%	-0.6%	4.5%	1.1%	9.3%	2.7%	-2.5%	-3.1%	1.2%
y/y growth							37.9%	28.5%	43.5%	29.3%	33.9%	33.1%	32.6%	32.3%
Perpetual License	176.1	115.7	50.0	21.0	3.0	3.6	3.2	2.0	11.8	2.3	3.0	2.4	1.5	9.2
y/y growth	-20.7%	-34.3%	-56.8%	-57.9%	-24.0%	-28.5%	-21.1%	-75.0%	-44.0%	-23.8%	-17.5%	-25.0%	-25.0%	-22.4%
q/q growth					-63.2%	23.2%	-12.0%	-37.5%		12.5%	33.3%	-20.0%	-37.5%	
% of revenue	37.9%	23.0%	8.4%	2.8%	1.3%	1.6%	1.4%	0.8%	1.3%	0.8%	1.1%	0.8%	0.5%	0.8%
Consensus Estimate (VA)							3.1	4.3	14.1	2.3	2.5	2.2	3.0	10.0
% difference (above consensus)		2.4%	-9.9%	15.9%	8.8%	24.8%	2.1%	-53.8%	-16.1%	-0.4%	19.1%	8.2%	-50.8%	-8.9%
y/y growth							-22.7%	-45.9%	-33.2%	-23.5%	-30.7%	-29.2%	-29.6%	-28.5%
Maintenance and professional services	231.9	252.6	261.1	258.8	62.4	62.7	61.1	56.5	242.7	62.4	62.1	60.4	58.4	243.3
y/y growth	19.7%	8.9%	3.4%	-0.9%	-4.2%	-3.0%	-5.0%	-12.8%	-6.2%	0.1%	-1.0%	-1.1%	3.2%	0.3%
q/q growth					-3.8%	0.5%	-2.5%	-7.5%		10.4%	-0.6%	-2.6%	-3.4%	
% of revenue	49.9%	50.2%	44.1%	34.4%	28.1%	27.9%	26.3%	21.7%	25.8%	21.9%	21.9%	21.4%	19.0%	21.0%
Consensus Estimate (VA)							70.3	73.3	277.2	67.8	72.9	74.3	77.0	280.5
% difference (above consensus)		-0.8%	10.3%	-5.2%	-7.5%	-7.4%	-13.1%	-22.9%	-12.4%	-7.8%	-14.9%	-18.7%	-24.2%	-13.3%
y/y growth							9.4%	13.1%	7.1%	8.7%	16.4%	5.7%	5.0%	1.2%
Total Revenue	464.4	502.9	591.7	751.9	221.6	224.7	232.8	260.3	939.3	285.6	282.8	282.7	307.9	1,159.0
y/y growth	7.0%	8.3%	17.7%	27.1%	37.0%	27.8%	21.7%	16.7%	24.9%	28.9%	25.8%	21.5%	18.3%	23.4%
q/q growth					-0.7%	1.4%	3.6%	11.8%		9.7%	-1.0%	0.0%	8.9%	
Consensus Estimate (VA)							233.9	259.1	939.3	263.8	274.0	287.0	318.9	1,143.7
% difference (above consensus)	3.4%	1.4%	-0.8%	1.8%	3.8%	2.5%	-0.5%	0.5%	0.0%	8.3%	3.2%	-1.5%	-3.4%	1.3%
y/y growth							22.3%	16.1%	24.9%	19.1%	21.9%	22.7%	23.1%	21.8%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

### Exhibit 25: CYBR Revenue – Plausible

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024E Full Year	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025E Full Year
<b>Revenues (2021 - Present)</b>														
Subscription	56.4	134.6	280.6	472.0	156.2	158.4	178.8	215.0	708.5	210.7	219.4	237.3	269.0	936.4
y/y growth	210.6%	138.6%	108.5%	68.2%	68.5%	49.2%	45.5%	43.1%	50.1%	34.9%	38.5%	32.7%	25.1%	32.2%
q/q growth					4.0%	1.4%	12.9%	20.3%		-2.0%	4.1%	8.1%	13.4%	
% of revenue	12.1%	26.8%	47.4%	62.8%	70.5%	70.5%	73.4%	76.0%	72.8%	76.6%	77.1%	78.8%	80.2%	78.3%
Consensus Estimate (VA)							169.5	193.1	677.3	202.1	212.1	225.6	256.0	895.8
% difference (above consensus)		3.1%	-0.1%	2.3%	5.4%	1.6%	5.5%	11.4%	4.6%	4.3%	3.5%	5.2%	5.1%	4.5%
y/y growth							37.9%	28.5%	43.5%	29.3%	33.9%	33.1%	32.6%	32.3%
Perpetual License	176.1	115.7	50.0	21.0	3.0	3.6	3.0	4.4	14.0	2.3	3.0	2.3	3.3	10.8
y/y growth	-20.7%	-34.3%	-56.8%	-57.9%	-24.0%	-28.5%	-26.0%	-45.1%	-33.5%	-23.8%	-17.5%	-25.0%	-25.0%	-22.8%
q/q growth					-63.2%	23.2%	-17.5%	46.7%		-48.9%	33.3%	-25.0%	46.7%	
% of revenue	37.9%	23.0%	8.4%	2.8%	1.3%	1.6%	1.2%	1.6%	1.4%	0.8%	1.1%	0.7%	1.0%	0.9%
Consensus Estimate (VA)							3.1	4.3	14.1	2.3	2.5	2.2	3.0	10.0
% difference (above consensus)		2.4%	-9.9%	15.9%	8.8%	24.8%	-4.3%	1.6%	-0.5%	-0.4%	19.1%	1.4%	8.2%	7.5%
y/y growth							-22.7%	-45.9%	-33.2%	-23.5%	-30.7%	-29.2%	-29.6%	-28.5%
Maintenance and professional services	231.9	252.6	261.1	258.8	62.4	62.7	61.7	63.4	250.1	61.9	62.3	61.6	63.0	248.8
y/y growth	19.7%	8.9%	3.4%	-0.9%	-4.2%	-3.0%	-4.0%	-2.2%	-3.4%	-0.7%	-0.6%	-0.2%	-0.7%	-0.5%
q/q growth					-3.8%	0.5%	-1.5%	2.7%		-2.3%	0.5%	-1.1%	2.3%	
% of revenue	49.9%	50.2%	44.1%	34.4%	28.1%	27.9%	25.3%	22.4%	25.7%	22.5%	21.9%	20.4%	18.8%	20.8%
Consensus Estimate (VA)							70.3	73.3	277.2	67.8	72.9	74.3	77.0	280.5
% difference (above consensus)		-0.8%	10.3%	-5.2%	-7.5%	-7.4%	-12.3%	-13.6%	-9.8%	-8.6%	-14.6%	-17.2%	-18.2%	-11.3%
y/y growth							9.4%	13.1%	7.1%	8.7%	16.4%	5.7%	5.0%	1.2%
Total Revenue	464.4	502.9	591.7	751.9	221.6	224.7	243.5	282.8	972.6	274.9	284.7	301.1	335.2	1,195.9
y/y growth	7.0%	8.3%	17.7%	27.1%	37.0%	27.8%	27.4%	26.8%	29.4%	24.1%	26.7%	23.6%	18.5%	23.0%
q/q growth					-0.7%	1.4%	8.4%	16.1%		-2.8%	3.6%	5.8%	11.3%	
Consensus Estimate (VA)							233.9	259.1	939.3	263.8	274.0	287.0	318.9	1,143.7
% difference (above consensus)	3.4%	1.4%	-0.8%	1.8%	3.8%	2.5%	4.1%	9.2%	3.5%	4.2%	3.9%	4.9%	5.1%	4.6%
y/y growth							22.3%	16.1%	24.9%	19.1%	21.9%	22.7%	23.1%	21.8%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates



## Exhibit 26: CYBR ARR – Base

\$ in millions, except per share data

	2020	2021	2022	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024E	Mar-25	Jun-25	Sep-25	Dec-25	2025E
	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	1Q25E	2Q25E	3Q25E	4Q25E	Full Year
<b>ARR Summary</b>														
Subscription ARR					621	677	731	808		851	903	959	1,040	
y/y growth					54.1%	50.1%	45.0%	38.8%		37.0%	33.3%	31.2%	28.7%	
q/q growth					6.7%	9.0%	8.0%	10.5%		5.3%	6.1%	6.2%	8.4%	
% of Total ARR					76.6%	78.0%	79.9%	81.6%		82.7%	83.6%	84.9%	86.9%	
SaaS ARR					418	460	506	560		604	648	697	754	
y/y growth					59.5%	55.4%	50.7%	48.1%		44.5%	40.9%	37.6%	34.6%	
q/q growth					10.6%	10.0%	10.1%	10.6%		7.9%	7.3%	7.5%	8.1%	
Self-hosted Subscription ARR					203	217	225	248		247	255	262	286	
y/y growth					44.0%	40.0%	33.5%	21.6%		21.5%	17.4%	16.8%	15.5%	
q/q growth					-0.5%	6.9%	3.5%	10.4%		-0.6%	3.3%	3.0%	9.2%	
Maintenance ARR					190	191	184	182		178	177	171	157	
y/y growth					-5.9%	-5.0%	-8.0%	-5.3%		-6.5%	-7.4%	-7.5%	-13.6%	
q/q growth					-1.0%	0.5%	-3.5%	-1.3%		-2.3%	-0.5%	-3.5%	-7.9%	
% of total ARR					23.4%	22.0%	20.1%	18.4%		17.3%	16.4%	15.1%	13.1%	
<b>Total ARR</b>	<b>274</b>	<b>393</b>	<b>570</b>	<b>774</b>	<b>811</b>	<b>868</b>	<b>915</b>	<b>990</b>	<b>990</b>	<b>1,028</b>	<b>1,080</b>	<b>1,130</b>	<b>1,197</b>	<b>1,197</b>
y/y growth	42.0%	43.4%	45.0%	35.8%	34.0%	33.1%	29.9%	27.9%	27.9%	26.8%	24.4%	23.4%	21.0%	21.0%
q/q growth					4.8%	7.0%	5.5%	8.1%		3.9%	5.0%	4.6%	6.0%	
<b>Consensus Estimate (VA)</b>							<b>921</b>	<b>991</b>		<b>1,026</b>	<b>1,081</b>	<b>1,138</b>	<b>1,212</b>	
% difference (above consensus)					0.4%	1.4%	-0.6%	-0.2%		0.2%	-0.1%	-0.7%	-1.2%	
							30.7%	28.1%		26.6%	24.5%	23.5%	22.2%	
Assumed Annual Renewal Rate	94%				94%	94%	94%	94%		94%	94%	94%	94%	
Equivalent Quarterly Renewal Rate					98%	98%	98%	98%		98%	98%	98%	98%	
Quarterly Churn					12	12	13	14		15	16	17	17	
Quarterly Renewals					762	799	855	901		975	1,012	1,063	1,112	
Net New ARR					37	57	47	74		38	51	50	68	
<b>New ARR</b>	<b>95</b>	<b>138</b>	<b>205</b>	<b>243</b>	<b>49</b>	<b>69</b>	<b>61</b>	<b>89</b>	<b>268</b>	<b>54</b>	<b>67</b>	<b>67</b>	<b>85</b>	<b>272</b>
y/y growth		45.7%	48.5%	18.7%	11.7%	23.4%	-3.1%	10.4%	10.2%	9.7%	-3.4%	10.0%	-4.2%	1.8%
q/q growth					-39.1%	42.1%	-12.7%	46.0%		-39.4%	25.1%	-0.5%	27.2%	
2 yr-stack		45.7%	94.2%	67.2%	21.0%	49.7%	12.5%	32.2%	28.9%	21.4%	20.0%	6.9%	6.2%	11.9%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 27: CYBR ARR – Plausible

\$ in millions, except per share data

	2020	2021	2022	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024E	Mar-25	Jun-25	Sep-25	Dec-25	2025E
	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	1Q25E	2Q25E	3Q25E	4Q25E	Full Year
<b>ARR Summary</b>														
Subscription ARR					621	677	743	822		868	933	1,009	1,102	
y/y growth					54.1%	50.1%	47.4%	41.2%		39.7%	37.9%	35.7%	34.1%	
q/q growth					6.7%	9.0%	9.8%	10.5%		5.6%	7.6%	8.1%	9.3%	
% of Total ARR					76.6%	78.0%	80.1%	81.9%		83.0%	84.0%	85.5%	86.7%	
SaaS ARR					418	460	509	561		608	658	717	778	
y/y growth					59.5%	55.4%	51.6%	48.3%		45.5%	43.1%	40.8%	38.9%	
q/q growth					10.6%	10.0%	10.8%	10.0%		8.5%	8.2%	9.0%	8.5%	
Self-hosted Subscription ARR					203	217	234	261		260	275	291	324	
y/y growth					44.0%	40.0%	39.1%	28.0%		27.8%	26.8%	24.5%	24.0%	
q/q growth					-0.5%	6.9%	7.8%	11.6%		-0.6%	6.1%	5.8%	11.1%	
Maintenance ARR					190	191	184	182		178	177	171	169	
y/y growth					-5.9%	-5.0%	-8.0%	-5.2%		-6.3%	-7.2%	-7.2%	-7.2%	
q/q growth					-1.0%	0.5%	-3.5%	-1.3%		-2.1%	-0.5%	-3.5%	-1.2%	
% of total ARR					23.4%	22.0%	19.9%	18.1%		17.0%	16.0%	14.5%	13.3%	
<b>Total ARR</b>	<b>274</b>	<b>393</b>	<b>570</b>	<b>774</b>	<b>811</b>	<b>868</b>	<b>928</b>	<b>1,004</b>	<b>1,004</b>	<b>1,046</b>	<b>1,111</b>	<b>1,179</b>	<b>1,271</b>	<b>1,271</b>
y/y growth	42.0%	43.4%	45.0%	35.8%	34.0%	33.1%	31.7%	29.7%	29.7%	28.9%	27.9%	27.1%	26.6%	26.6%
q/q growth					4.8%	7.0%	6.9%	8.2%		4.2%	6.2%	6.2%	7.8%	
<b>Consensus Estimate (VA)</b>							<b>921</b>	<b>991</b>		<b>1,026</b>	<b>1,081</b>	<b>1,138</b>	<b>1,212</b>	
% difference (above consensus)					0.4%	1.4%	0.7%	1.2%		1.9%	2.8%	3.6%	4.9%	
							30.7%	28.1%		26.6%	24.5%	23.5%	22.2%	
Assumed Annual Renewal Rate	94%				94%	94%	94%	94%		94%	94%	94%	94%	
Equivalent Quarterly Renewal Rate					98%	98%	98%	98%		98%	98%	98%	98%	
Quarterly Churn					12	12	13	14		15	16	17	18	
Quarterly Renewals					762	799	855	914		988	1,030	1,093	1,161	
Net New ARR					37	57	60	76		42	65	69	92	
<b>New ARR</b>	<b>95</b>	<b>138</b>	<b>205</b>	<b>243</b>	<b>49</b>	<b>69</b>	<b>73</b>	<b>90</b>	<b>282</b>	<b>58</b>	<b>81</b>	<b>86</b>	<b>110</b>	<b>334</b>
y/y growth		45.7%	48.5%	18.7%	11.7%	23.4%	16.7%	12.3%	15.9%	17.6%	16.4%	17.7%	21.7%	18.6%
q/q growth					-39.1%	42.1%	5.2%	23.3%		-36.2%	40.6%	6.4%	27.5%	
2 yr-stack		45.7%	94.2%	67.2%	21.0%	49.7%	32.4%	34.1%	34.6%	29.4%	39.8%	34.4%	34.0%	34.6%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

**DDOG – 2H24 Estimates Achievable But CY25 Risk**

**3Q24 Guidance Conservative.** 3Q24 revenue guidance of \$662M at the midpoint (21% y/y) implies that DDOG will sign NO New Business in the quarter and assumes gross retention rates drop by 1pt – unlikely, in our view. In a more plausible scenario where New Business declines 11%, which assumes stable business momentum on a 2-year stack at 15%, we see about 3% upside to consensus (\$685M total revenue, 25% y/y growth). See Exhibits 28-29.

**2024 Total Revenue Achievable.** Management's 2024 guidance of \$2,625M at the midpoint (23% y/y growth) also appears achievable, though we see less room for upside to 4Q estimates. If we assume our plausible case for 2Q24 New Business plays out and business momentum remains consistent throughout the year around 15-16%, 2024 guidance of \$2,625M at the midpoint implies New Business grows 3% y/y in 2024 after declining approximately 2% in 2023. This equates to approximately \$2.66B in revenue in 2024 (25% y/y growth), or about 1% upside to consensus estimates. While this would be a solid result (implying an exit rate of approximately 22%) and achievable, we do see less of a beat to total revenue in 4Q (we estimate 1% of upside to consensus) than the company normally puts up (approximately 3-4% each quarter over the last year). See Exhibits 28-29.

**Risk to CY25 Estimates.** Assuming our CY24 estimates prove accurate and business momentum continues to modestly improve throughout CY25, we see about 2% downside to full year 2025 total revenue estimates and risk to estimates in every quarter. See Exhibit 29.

**Exhibit 28: DDOG Base Case**

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024 (E) Full Year	2025 (E) Full Year
<b>Revenue</b>														
Total Revenue	603.5	1,028.8	1,675.1	481.7	509.5	547.5	589.6	2,128.4	611.3	645.3	662.0	706.5	2,625.0	3,176.3
y/y growth	66.3%	70.5%	62.8%	32.7%	25.4%	25.4%	25.6%	27.1%	26.9%	26.7%	20.9%	19.8%	23.3%	21.0%
q/q growth				2.6%	5.8%	7.5%	7.7%		3.7%	5.6%	2.6%	6.7%		
<b>Consensus Estimate (VA)</b>				469.2	501.5	524.3	567.6	2,106.8	591.7	624.8	664.7	710.8	2,634.1	3,224.2
% difference (above consensus)				2.7%	1.6%	4.4%	3.9%	1.0%	3.3%	3.3%	-0.4%	-0.6%	-0.3%	-1.5%
NTM Revenue				2,257.9	2,393.7	2,508.2	2,625.0		2,752.5	2,862.4	3,030.8	3,176.3		
NTM FCFE				563.2	555.7	589.0	639.7		665.7	733.7	789.2	802.5		
<b>Revenue Build (New ARR)</b>														
Average ARR in Q				1,926.9	2,037.8	2,190.1	2,358.6		2,445.0	2,581.1				
y/y change				32.7%	25.4%	25.4%	25.6%		26.9%	26.7%				
q/q change				2.6%	5.8%	7.5%	7.7%		3.7%	5.6%				
Estimated ARR at end of Q	752.2	1,378.5	1,902.2	1,982.3	2,114.0	2,274.4	2,401.8	2,401.8	2,513.1	2,676.6	2,648.1	2,917.3	2,917.3	3,462.5
y/y change	53.6%	83.3%	38.0%	28.9%	25.4%	25.5%	26.3%	26.3%	26.8%	26.6%	16.4%	21.5%	21.5%	18.7%
q/q change				4.2%	6.6%	7.6%	5.6%		4.6%	6.5%	-1.1%	10.2%		
% Estimated ARR > Average ARR				2.9%	3.7%	3.8%	1.8%		2.8%	3.7%				
EoM linearity				34.3%	34.6%	34.6%	33.9%		34.3%	34.6%	33.3%	34.4%		
Average ARR contribution from Acquisitions Not Included in the Qtr														
<b>Estimated ARR at end of Q - Including Acquisitions</b>	<b>752.2</b>	<b>1,378.5</b>	<b>1,902.2</b>	<b>1,982.3</b>	<b>2,114.0</b>	<b>2,274.4</b>	<b>2,401.8</b>	<b>2,401.8</b>	<b>2,513.1</b>	<b>2,676.6</b>	<b>2,648.1</b>	<b>2,917.3</b>	<b>2,917.3</b>	<b>3,462.5</b>
<b>Assumed Annual Renewal Rate</b>				97%	97%	97%	97%		97%	97%	96%	97%		
Equivalent Quarterly Renewal Rate				99%	99%	99%	99%		99%	99%	99%	99%		
Quarterly Churn				16.9	17.6	18.7	17.3		18.2	19.1	28.6	20.1		
Quarterly Renewals				1,885.4	1,964.8	2,095.2	2,257.1		2,383.6	2,494.0	2,648.1	2,628.0		
Net New ARR				80.1	131.6	160.4	127.4		111.3	163.6	(28.6)	269.3		
<b>New ARR</b>	<b>297.5</b>	<b>671.5</b>	<b>580.6</b>	<b>97.0</b>	<b>149.2</b>	<b>179.1</b>	<b>144.7</b>	<b>570.0</b>	<b>129.5</b>	<b>182.6</b>	<b>0.0</b>	<b>289.4</b>	<b>601.5</b>	<b>639.5</b>
y/y change	16.7%	125.7%	-13.5%	-43.6%	-7.1%	26.6%	35.9%	-1.8%	33.5%	22.4%	-100.0%	100.0%	5.5%	6.3%
q/q change				-8.9%	53.9%	20.0%	-19.2%		-10.5%	41.0%	-100.0%	NM		
<b>Adjustments</b>														
Acquisitions	-	-	-						6.87					
Other														
<b>Adjusted New ARR</b>	<b>297.5</b>	<b>671.5</b>	<b>580.6</b>	<b>97.0</b>	<b>149.2</b>	<b>179.1</b>	<b>144.7</b>	<b>570.0</b>	<b>122.6</b>	<b>182.6</b>	<b>0.0</b>	<b>289.4</b>	<b>601.5</b>	<b>639.5</b>
y/y change (off unadjusted base)	16.7%	125.7%	-13.5%	-43.6%	-7.1%	26.6%	35.9%	-1.8%	26.4%	22.4%	-100.0%	100.0%	5.5%	6.3%
q/q change				-8.9%	53.9%	20.0%	-19.2%		-15.3%	48.9%	-100.0%	NM		
2-yr stack				-3.3%	-3.4%	-1.5%	-10.1%		-17.2%	15.3%	-73.4%	135.9%		
Subscription Revenue from Prior Q ARR - Churn				471.3	491.2	523.8	564.3		595.9	623.5	662.0	657.0		
Subscription Revenue from New ARR (adjusted for acquisitions)				10.2	18.3	23.7	25.3		15.4	21.8	0.0	49.5		
Assumed % of Rev in Q from New ARR				42.0%	49.0%	53.0%	70.0%		47.5%	47.8%	50.0%	68.4%		

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 29: DDOG Plausible Case

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024 (E) Full Year	2025 (E) Full Year
<b>Revenue</b>														
Total Revenue	603.5	1,028.8	1,675.1	481.7	509.5	547.5	589.6	2,128.4	611.3	645.3	685.2	718.7	2,660.4	3,160.9
y/y growth	66.3%	70.6%	62.8%	32.7%	25.4%	25.4%	25.6%	27.1%	26.9%	26.7%	25.1%	21.9%	25.0%	18.8%
q/q growth				2.6%	5.8%	7.5%	7.7%		3.7%	5.6%	6.2%	4.9%		
Consensus Estimate (VA)				469.2	501.5	524.3	567.6	2,106.8	591.7	624.8	664.7	710.8	2,634.1	3,224.2
% difference (above consensus)				2.7%	1.6%	4.4%	3.9%	1.0%	3.3%	3.3%	3.1%	1.1%	1.0%	-2.0%
NTM Revenue				2,257.9	2,393.7	2,531.4	2,660.4		2,784.5	2,908.1	3,028.7	3,160.9		
NTM FCFE				563.2	555.7	594.5	648.8		674.0	740.4	789.2	798.7		
<b>Revenue Build (New ARR)</b>														
Average ARR in Q				1,926.9	2,037.8	2,190.1	2,358.6		2,445.0	2,581.1				
y/y change				32.7%	25.4%	25.4%	25.6%		26.9%	26.7%				
q/q change				2.6%	5.8%	7.5%	7.7%		3.7%	5.6%				
Estimated ARR at end of Q	752.2	1,378.5	1,902.2	1,982.3	2,114.0	2,274.4	2,401.8	2,401.8	2,513.1	2,676.6	2,815.7	2,910.1	2,910.1	3,459.7
y/y change	53.6%	83.3%	38.0%	28.9%	25.4%	25.5%	26.3%	26.3%	26.8%	26.6%	23.8%	21.2%	21.2%	18.9%
q/q change				4.2%	6.6%	7.6%	5.6%		4.6%	6.5%	5.2%	3.4%		
% Estimated ARR > Average ARR				2.9%	3.7%	3.8%	1.8%		2.8%	3.7%				
EoM linearity				34.3%	34.6%	34.6%	33.9%		34.3%	34.6%	34.2%	33.7%		
Average ARR contribution from Acquisitions Not Included in the Qtr														
Estimated ARR at end of Q - Including Acquisitions	752.2	1,378.5	1,902.2	1,982.3	2,114.0	2,274.4	2,401.8	2,401.8	2,513.1	2,676.6	2,815.7	2,910.1	2,910.1	3,459.7
<b>Assumed Annual Renewal Rate</b>														
Equivalent Quarterly Renewal Rate				97%	97%	97%	97%		97%	97%	97%	97%		
Quarterly Churn				16.9	17.6	18.7	17.3		18.2	19.1	20.3	21.4		
Quarterly Renewals				1,885.4	1,964.8	2,095.2	2,257.1		2,383.6	2,494.0	2,656.3	2,794.4		
Net New ARR				80.1	131.6	160.4	127.4		111.3	163.6	139.1	94.4		
New ARR	297.5	671.5	580.6	97.0	149.2	179.1	144.7	570.0	129.5	182.6	159.4	115.7	587.3	643.5
y/y change	16.7%	125.7%	-13.5%	-43.6%	-7.1%	26.6%	35.9%	-1.8%	33.5%	22.4%	-11.0%	-20.0%	3.0%	9.6%
q/q change				-8.9%	53.9%	20.0%	-19.2%		-10.5%	41.0%	-12.7%	-27.4%		
<b>Adjustments</b>														
Acquisitions	-	-	-						6.87					
Other														
Adjusted New ARR	297.5	671.5	580.6	97.0	149.2	179.1	144.7	570.0	122.6	182.6	159.4	115.7	587.3	643.5
y/y change (off unadjusted base)	16.7%	125.7%	-13.5%	-43.6%	-7.1%	26.6%	35.9%	-1.8%	26.4%	22.4%	-11.0%	-20.0%	3.0%	9.6%
q/q change				-8.9%	53.9%	20.0%	-19.2%		-15.3%	48.9%	-12.7%	-27.4%		
2-yr stack				-3.3%	-3.4%	-1.5%	-10.1%		-17.2%	15.3%	15.6%	15.9%		
Subscription Revenue from Prior Q ARR - Churn				471.3	491.2	523.8	564.3		595.9	623.5	664.1	698.6		
Subscription Revenue from New ARR (adjusted for acquisitions)				10.2	18.3	23.7	25.3		15.4	21.8	21.1	20.1		
Assumed % of Rev in Q from New ARR				42.0%	49.0%	53.0%	70.0%		47.5%	47.8%	53.0%	69.5%		

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

**DT – Upside to F2Q and Estimates Look Achievable for Foreseeable Future**

Note that we recently revised our model to better reflect Adjusted New ARR and to properly address several issues in our model.

**F2Q25 Guidance Likely Conservative.** F2Q25 consensus estimates for Subscription Revenue of \$389M (+16% y/y) and Total Revenue of \$406M (+15.5% y/y) are at the midpoint of guidance, while consensus Total ARR (no quarterly guidance) is at \$1.587B (+18%). We estimate that consensus implies Adjusted New ARR declines 13% y/y with revenue linearity below historical norms, which we view as unlikely. This also implies business momentum when measured on a two-year stack deteriorates to negative 9%, after stabilizing at 9% in F1Q25 and 10% in F4Q24, which also seems unlikely in our view. In a more plausible scenario, assuming business momentum remains stable, we estimate New ARR grows 5% y/y, yielding approximately 2% upside to Subscription Revenue, Total Revenue and ARR. Note that FX tailwinds due to a depreciating USD since guidance was given in early August could result in further upside to reported results. See Exhibits 30-31.

**Potential Upside to FY25 Guidance.** On the last earnings call, management reiterated FY25 Subscription Revenue, Total Revenue and ARR guidance (which they stated they would update on the F2Q earnings call). Management claims to have taken a prudent approach to guidance, which assumes moderating NRR throughout FY25 (with the goal to stabilize this year), muted contribution from DPS, minimal contribution from GTM changes in the balance of the year, and choppy macro trends. By our calculation, current consensus (informed by guidance) Total ARR of \$1.728B (+15% y/y) and total revenue of \$1.578B (+16% y/y) are achievable if business momentum (as measured by a 2-year stack) were to deteriorate slightly in the rest of FY25, coupled with below historical linearity in revenue recognition. In our plausible revenue scenario that assumes stable new business momentum throughout FY25 and more typical revenue recognition linearity, we see about 3% upside to both consensus Total Revenue and Total ARR. If business momentum

improves sequentially, we see more potential upside to FY25. Note that depreciation of the USD against major currencies (about 4% vs. EUR and GBP and 6% vs. JPY) since guidance in early August should be a tailwind to reported topline results and guidance. See Exhibit 30-31.

**FY26 Estimates Appear Achievable.** Assuming our plausible scenario proves accurate and business momentum improves throughout FY26 driven by a greater contribution from DPS and GTM changes, we estimate New Business grows 15% y/y, yielding ARR, Subscription, and Total Revenue growth of 18% y/y, or 5% upside to consensus estimates. See Exhibit 31.





***ESTC: Reset Guidance Appropriately Bakes in GTM Disruption***

**F2Q25 Guidance De-risked.** Consensus is near the high end of F2Q25 total revenue guidance of \$353-355M (17% growth at midpoint), which we estimate is achievable with Total New ARR declining over 50% y/y vs. 50% growth in F2Q24. This implies a significant deceleration as measured on a 2-year stack of New ARR growth, from nearly 50% in F1Q to flat in F2Q. See Exhibit 32. Therefore, we believe guidance appropriately takes into account continued disruption from the recent GTM change to better target larger accounts. In our plausible scenario where Total New ARR declines 26% y/y instead, including similar declines in both Cloud and Other Subscription New ARR, we see total revenue of \$361M (+16% y/y), or nearly 2% above consensus. See Exhibit 33.

**FY25 Guidance Appropriately Set.** Consensus is near the midpoint of reset FY25 total revenue guidance of \$1.436-1.444B (+13.6% y/y at the midpoint, both reported and in cc). We estimate consensus is achievable with Total New ARR declining 5% y/y in FY25 vs. 37% growth in FY24. See Exhibit 32. We don't view this as completely de-risked, although if our F2Q25 plausible scenario plays out, the F2H bar will be significantly lower. Therefore, we believe guidance is appropriately set and with room for upside. In our plausible scenario, where Total New ARR declines 1%, we see total revenue of \$1.463B (+15.5% y/y), or about 1.5% upside to consensus. See Exhibit 33. Note that Elastic lowered FY25 revenue guidance from 16.3% growth at the midpoint to 13.6% growth at the midpoint when it reported F1Q25 earnings in late August.

**FY26 Estimates Achievable; Acceleration Depends on Near-Term Execution.** Assuming our FY25 plausible scenario plays out, FY26 consensus revenue of \$1.644 (+14% vs. current consensus of \$1.4441B) is achievable with about flat Total New ARR. We believe ESTC will at least achieve this. In our plausible scenario, we assume about 20% Total New ARR growth (comprised of over 25% New ARR growth in Elastic Cloud and 10% New ARR growth in Self-Managed), which would result in 15% total revenue growth, about flat vs. FY25. Elastic could accelerate in FY26 if either FY25 or FY26 Total New ARR outperforms our expectations, which we believe really depends on GTM execution.





**FTNT – 3Q24 Billings Easily Attainable Driven by Large Renewal Cohort**

**3Q24 Billings Easily Achievable.** The midpoint of Total Billings guidance of \$1.565B (5% y/y) implies New Billings declines 47.6% y/y, which seems unlikely to us. In a more plausible scenario, New Billings declines 30% y/y, and we estimate Total Billings growth of 14% y/y, which yields 8% potential upside to consensus estimates. In our view, FTNT should easily exceed 3Q billings, as the renewals that should hit this quarter represent approximately 57% y/y growth - a large renewal cohort. See Exhibits 34 -35. In addition, we believe FTNT should be able to beat 3Q consensus Total Revenue estimates. In order to hit 3Q24 total revenue guidance of \$1.475B (10.5% y/y) at the midpoint, we have to assume that there is no New ARR within Security Subscription signed in the quarter and business momentum when measured on a two-year stack significantly declines, which seems unlikely, in our view. In a more plausible scenario, we estimate Security Subscription New ARR is flat y/y and New Product Workload declines about 9% (after declining 13% last quarter), yielding approximately 1% potential upside to 3Q consensus Total Revenue estimates. See Exhibits 36 - 37.

**Upside to 2024 Billings.** The midpoint of the 2024 Total Billings guidance of \$6.5B (2% y/y) implies New Billings declines 32% y/y, after growing 5% in 2023. In a more plausible scenario, we estimate New Billings declines 28% and see 2% upside to 2024 consensus Total Billings estimates, yielding Total Billings growth of 4% y/y. See Exhibits 34 - 35. Furthermore, in order to hit FY24 total revenue guidance of \$5.85B (10.3% y/y) at the midpoint, we have to assume Security Subscription New ARR declines 23% y/y, after growing 17% y/y in 2023. In a more plausible scenario, we estimate Security Subscription New ARR grows 7% y/y and New Product Workload declines 9%, yielding approximately 1% upside to consensus Total Revenue estimates. See Exhibits 36 - 37.

**2025 Billings Appear Doable.** Assuming our plausible scenario plays out for Total Billings growth, we estimate 2025 New Billings declines 14% y/y, which implies Total Billings growth of 13% y/y, or 3% upside to consensus estimates. See Exhibit 35.

**Exhibit 34: FTNT Billings Base Case**

	2020	2021	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024 (E)	2025 (E)	2026 (E)
	Full Year	Full Year	Full Year	1Q23	2Q23	3Q23	4Q23	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	Full Year	Full Year
Total Billings (GS Calculation)	3,063.2	4,181.4	5,594.0	1,502.9	1,540.5	1,491.3	1,864.8	6,399.5	1,407.2	1,540.6	1,565.4	1,987.5	6,500.6	7,112.0	8,324.0
y/y growth	17.4%	36.5%	33.8%	29.6%	18.1%	5.7%	8.5%	14.4%	-6.4%	0.0%	5.0%	6.6%	1.6%	9.4%	17.0%
q/q growth				-12.6%	2.5%	-3.2%	25.0%		-24.5%	9.5%	1.6%	27.0%			
Consensus Estimate (VA)										1,520.6	1,568.4	1,988.8	6,506.0	7,268.0	8,124.1
% difference (above consensus)	2.7%	2.4%	0.4%	4.2%	-2.8%	-6.4%	14.6%	3.8%	-1.3%	1.3%	-0.2%	-0.1%	-0.1%	-2.1%	2.5%
Renewals															
From 3-yr deals				310.5	356.9	360.1	549.2		455.8	549.2	646.2	746.4			
From 1-yr deals				413.2	361.4	391.0	544.4		535.4	487.8	531.3	442.9			
Total Renewals		2,199.4	2,623.5	723.7	718.3	751.1	1,093.6	3,286.6	991.2	1,037.1	1,177.5	1,189.3	4,395.0	5,507.9	6,217.8
y/y growth			19.3%	29.4%	12.4%	23.4%	33.9%	25.3%	37.0%	44.4%	56.8%	8.7%	33.7%	25.3%	12.9%
q/q growth				-11.4%	-0.7%	4.6%	45.6%		-9.4%	4.6%	13.5%	1.0%			
New Billings		1,982.0	2,970.5	779.2	822.2	740.2	771.2	3,112.9	416.0	503.5	387.9	798.2	2,105.6	1,604.1	2,106.3
y/y growth			49.9%	29.8%	23.6%	-7.8%	-14.5%	4.8%	-46.6%	-38.8%	-47.6%	3.5%	-32.4%	-23.8%	31.3%
q/q growth				-13.6%	5.5%	-10.0%	4.2%		-46.1%	21.0%	-23.0%	105.8%			
2-yr growth stack				103.2%	81.8%	48.0%	14.4%		-16.8%	-15.2%	-55.4%	-11.0%			

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 35: FTNT Billings Plausible Case

\$ in millions, except per share data															
	2020 Full Year	2021 Full Year	2022 Full Year	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024 (E) Full Year	2025 (E) Full Year	2026 (E) Full Year
<b>Total Billings (GS Calculation)</b>	3,063.2	4,181.4	5,594.0	1,502.9	1,540.5	1,491.3	1,864.8	6,399.5	1,407.2	1,540.6	1,695.6	1,999.0	6,642.5	7,491.8	8,442.4
y/y growth	17.4%	36.5%	33.8%	29.6%	18.1%	5.7%	8.5%	14.4%	-6.4%	0.0%	13.7%	7.2%	3.8%	12.8%	12.7%
q/q growth				-12.6%	2.5%	-3.2%	25.0%		-24.5%	9.5%	10.1%	17.9%			
<b>Consensus Estimate (VA)</b>										1,520.6	1,568.4	1,988.8	6,506.0	7,268.0	8,124.1
% difference (above consensus)	2.7%	2.4%	0.4%	4.2%	-2.8%	-6.4%	14.6%	3.8%	-1.3%	1.3%	8.1%	0.5%	2.1%	3.1%	3.9%
<b>Renewals</b>	95%														
From 3-yr deals				310.5	356.9	360.1	549.2		455.8	549.2	646.2	746.4			
From 1-yr deals				413.2	361.4	391.0	544.4		535.4	487.8	531.3	442.9			
<b>Total Renewals</b>		2,199.4	2,623.5	723.7	718.3	751.1	1,093.6	3,286.6	991.2	1,037.1	1,177.5	1,189.3	4,395.0	5,558.4	6,353.1
y/y growth			19.3%	29.4%	12.4%	23.4%	33.9%	25.3%	37.0%	44.4%	56.8%	8.7%	33.7%	26.5%	14.3%
q/q growth				-11.4%	-0.7%	4.6%	45.6%		-9.4%	4.6%	13.5%	1.0%			
<b>New Billings</b>		1,982.0	2,970.5	779.2	822.2	740.2	771.2	3,112.9	416.0	503.5	518.1	809.8	2,247.4	1,933.4	2,089.4
y/y growth	#DIV/0!		49.9%	29.8%	23.6%	-7.8%	-14.5%	4.8%	-46.6%	-38.8%	-30.0%	5.0%	-27.8%	-14.0%	8.1%
q/q growth				-13.6%	5.5%	-10.0%	4.2%		-46.1%	21.0%	2.9%	56.3%			
2-yr growth stack				103.2%	81.8%	48.0%	14.4%		-16.8%	-15.2%	-37.8%	-9.5%			

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates





**INFA: Uptick in Migrations Lowers 2H Cloud New ARR Hurdle**

**Expecting Modest Upside to 3Q24 Guidance.** Consensus Cloud ARR growth of \$744M (+36% y/y) is near the midpoint of guidance for \$738-748M. We estimate that guidance is achievable with about 20% organic New ARR growth excluding the impact of migrations, vs. an easy comp of down 5% in the year-ago period, which also implies material deceleration on a 2-year New ARR growth stack. See Exhibit 38. In a more plausible scenario, where organic Cloud New ARR grows 35%, which still implies deceleration on a 2-year stack, we see Cloud ARR of \$749M (+36% y/y), slightly above near the high end of guidance and Total ARR of \$1.695B (+7.5% y/y), or about 1% above consensus. We also see 3Q consensus total revenue growth of 3.2% (in line with guidance) as achievable, but note that revenue recognition timing for on-premise subscription deals can cause volatility in any given period. See Exhibit 39.

**F4Q/FY24 Not Easy.** Consensus Cloud ARR of \$837M is near the midpoint of guidance for \$829-843M (+35.5% at the midpoint). By our estimates, full-year Cloud ARR guidance is achievable with about 29% organic Cloud New ARR growth excluding migration benefit vs. +9% in FY23, and with about 29% of New ARR coming from migrations (in line with management expectations for migrations to increase vs. 25% of NNARR in FY23). By our estimates, Cloud ARR guidance is achievable with \$111M of Cloud New ARR growth ex. migrations in 2H24 vs. \$90M in 2H23, coupled with about \$50M of migrations in 2Hvs. \$40M in 2H23. See Exhibit 38. We believe this is achievable though not easy. In our plausible scenario, where Cloud New ARR ex. migrations grows slightly higher, at about 33% vs. +9% in FY23, coupled with acceleration in migrations, we see Cloud ARR of \$842M (+36%), at the high end of guidance. This leads to Total ARR of \$1.771B (+9%) and total revenue of \$1.682B (+5%), resulting in 1% upside to both metrics, respectively. See Exhibit 39.

**Potential Double Digit FY25 Total ARR Growth.** Assuming INFA achieves our plausible scenario in FY24, we believe consensus FY25 Cloud ARR of \$1.1B (+31% y/y) is achievable with about 20% organic New ARR growth ex. the migration impact and about 31% of New ARR coming from migrations. This is achievable in our view and should result in achieving consensus Total ARR of \$1.88B (+8% y/y). We see upside resulting in low teens Total ARR growth in FY25, or about 4% above current consensus, allowing INFA to give initial guidance at least in line with FY25 consensus to start (on F4Q24 earnings).

Exhibit 38: INFA Base Case

\$ in millions, except per share data

	Dec-22 2022	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	Dec-23 2023	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	Dec-24 2024E	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	Dec-25 2025E
<b>Cloud ARR (SaaS) Derivation</b>																
Cloud ARR	451	483	513	550	617	617	653	703	741	835	835	880	939	979	1,094	1,094
% of Total ARR		31.5%	33.1%	34.9%	37.9%	36.7%	39.9%	42.1%	44.3%	48.0%	35.3%	50.0%	52.6%	54.3%	57.8%	57.8%
y/y growth	42.3%	40.9%	37.4%	37.4%	36.7%		35.0%	37.1%	34.9%	35.3%		34.9%	33.7%	32.1%	31.1%	31.1%
q/q growth		7.1%	6.1%	7.2%	12.2%		5.8%	7.7%	5.5%	12.6%		5.4%	6.8%	4.3%	11.7%	
FX Impact		0	(1)	(2)			(1)	(1)								
Cloud ARR ex. FX		465	508	549	611		630	692	753	840		866	946	1,025	1,138	
y/y change, constant currency		35.5%	36.2%	37.1%	35.4%	(27)	35.6%	36.5%	37.2%	38.1%	(68)	37.7%	36.8%	36.2%	35.4%	
Gross Renewal rate	92%	92%	92%	92%	92%		92%	92%	92%	92%		92%	92%	92%	92%	
Equivalent Quarterly Renewal Rate		98%	98%	98%	98%		98%	98%	98%	98%		98%	98%	98%	98%	
Quarterly Churn		9	10	11	11		13	13	14	15		17	18	19	20	
Quarterly Renewals		442	473	502	538		604	640	688	726		818	862	920	959	
Net New ARR	134	32	29	37	67	166	36	50	39	93	218	45	59	40	115	259
y/y growth	49.1%	23.5%	-2.3%	36.6%	31.4%	23.4%	11.4%	70.7%	4.9%	38.8%	31.6%	26.7%	18.7%	3.4%	22.8%	19.1%
q/q growth		-37.3%	-8.7%	25.8%	82.4%		-46.9%	40.0%	-22.7%	141.3%		-51.5%	31.1%	-32.6%	186.7%	
<b>New ARR</b>	<b>164</b>	<b>41</b>	<b>39</b>	<b>47</b>	<b>79</b>	<b>207</b>	<b>48</b>	<b>63</b>	<b>53</b>	<b>109</b>	<b>273</b>	<b>63</b>	<b>78</b>	<b>59</b>	<b>135</b>	<b>334</b>
y/y growth	47.5%	27.3%	6.0%	36.8%	32.3%	26.3%	17.1%	59.8%	12.1%	38.3%	32.1%	29.0%	23.5%	11.6%	24.1%	22.4%
q/q growth		-30.3%	-5.1%	20.8%	65.6%		-38.3%	29.5%	-15.3%	104.3%		-42.5%	24.0%	-23.4%	127.2%	
Adjustments	14	2	3	18	20	43	6	5	18	33	63	11	9	17	44	82
Migrations from Mtn and Self-Managed ARR	14	2	3	18	20	43	6	5	18	33	63	11	9	17	44	82
% of New ARR		4%	8%	39%	26%	21%	12%	8%	34%	30%	23%	18%	11%	29%	33%	24%
% of Net New ARR		5%	10%	49%	30%	26%	16%	11%	47%	35%	29%	25%	14%	44%	39%	31%
% of TTM Net New ARR		8%	9%	18%	26%	26%	28%	26%	26%	29%	29%	30%	30%	30%	31%	31%
Acquisitions																
Other																
<b>Migration to Cloud (10-Q)</b>																
Migration to Cloud (cumulative)		20.2	24.9	27.7	48		53.9	59.1	69.9	90.6		96.9	101.7	111.3	135.9	
% of Total Mtn + Self-Managed ARR Base		3.7%	4.5%	5.0%	4.8%		5.5%	6.1%	7.5%	10.0%		11.0%	12.0%	13.5%	17.0%	
On-premise maintenance migrations (cume)		20	22	25	28		31.1	34.4	37.2	45.8		49.5	53.0	60.7	72.5	
% of Maintenance ARR Base		3.7%	4.0%	4.5%	5.0%		6.5%	7.3%	8.0%	10.0%		11.0%	12.0%	14.0%	17.0%	
Self-managed migrations (cume)		0	3	3	20		22.7	24.7	32.7	44.8		47.4	48.7	50.6	63.4	
% of Self-Managed ARR Base		0.0%	0.5%	0.5%	3.9%		4.5%	5.0%	7.0%	10.0%		11.0%	12.0%	13.0%	17.0%	
Equivalent Cloud ARR (cumulative)		31.0	34.0	55.3	100.8		107.7	118.3	139.7	181.1		193.8	203.3	222.7	271.8	
Implied ARR migration multiple		1.5	1.4	2.0	2.1		2.0	2.0	2.0	2.0		2.0	2.0	2.0	2.0	
New Cloud ARR Migration	14.0	1.6	3.0	21.3	45.5	71.4	6.9	10.6	21.5	41.4	80.3	12.7	9.5	19.4	49.1	90.7
% in quarter		100%	100%	85%	45%		85%	50%	85%	80%		90%	90%	90%	90%	
Remaining Mtn + Self-Managed ARR Base							983.9	965.6	931.7	905.7	905.7	880.9	847.1	823.1	799.5	799.5
% of Remaining Mtn + Self-Managed ARR Base							0.7%	1.1%	2.3%	4.6%	8.8%	1.4%	1.1%	2.4%	6.1%	11.2%
<b>Adjusted New ARR</b>	<b>150</b>	<b>40</b>	<b>36</b>	<b>29</b>	<b>58</b>	<b>163</b>	<b>43</b>	<b>58</b>	<b>35</b>	<b>76</b>	<b>211</b>	<b>51</b>	<b>69</b>	<b>42</b>	<b>91</b>	<b>253</b>
y/y growth	48.3%	39.5%	3.5%	-5.1%	4.9%	9.1%	7.0%	58.4%	20.0%	30.0%	28.9%	20.0%	20.0%	20.0%	20.0%	20.0%
2 Year Growth Stack		100.9%	24.6%	19.4%	91.4%		46.5%	61.9%	14.9%	34.9%		27.0%	78.4%	40.0%	50.0%	50.0%
q/q growth		-28.2%	-8.8%	-19.7%	99.6%		-26.7%	35.0%	-39.2%	116.2%		-32.4%	35.0%	-39.2%	116.2%	
Cloud Revenue from Renewal		110	118	126	135		151	160	172	182		204	215	230	240	
Cloud Revenue from New ARR (adjusted for acquisitions)		2	2	1	8		3	4	3	6		4	5	3	7	
Assumed % of Rev in Q from New ARR		20%	20%	20%	52%		30%	30%	30%	30%		30%	30%	30%	30%	
Calculated Cloud Revenue	359.0	112.5	120.1	127.0	142.1	501.7	154	164	175	187	680	208	221	233	247	909
Reported Cloud Revenue	359.4				140.3	499.9										
y/y growth	39.8%	41.8%	39.4%	36.2%	41.7%	39.7%	37.1%	36.7%	37.6%	31.7%	35.6%	35.0%	34.3%	33.5%	31.8%	33.6%
q/q growth		12.1%	6.8%	5.7%	11.9%		8.5%	6.5%	6.3%	7.2%		11.2%	6.0%	5.7%	5.8%	

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates









We examine Azure, Office 365 Commercial, and Windows (as prior to revenue rearrangement) below.

### Azure

**Risk to F1Q25 (Pre-Revenue Rearrangement) Guidance:** Prior to rearranging revenue, MSFT guided to 28-29% cc y/y growth, which, at the mid-point, implies a substantial increase in adjusted New ARR of about +40% y/y despite a tougher comparison from the year-ago period. In a more plausible scenario of about 15% decline in New ARR, Azure revenue would increase about 27.1% y/y, which is about 140bps below the mid-point of guidance. That said, the company can still (in theory) achieve its new guidance of 32.5% y/y reported growth (+33% y/y cc) as it moved other slower growth businesses (EMS + Power BI per user) to Office Commercial 365. See Exhibit 42.

**Risk to FY25 Estimates:** Assuming F1Q plays out in line with our plausible case, and rest of the year grows slightly better than typical New ARR seasonality (assuming some benefit from AI), Azure revenue (under the prior revenue construct) would have increased by 25% y/y, versus consensus of about 29% y/y growth. The consensus growth estimate implies about 38% in New ARR growth versus the 24% contemplated in our plausible scenario.

### Exhibit 42: Azure Revenue (Prior Revenue Construct) – Base Case

Units in K, \$ in M, except ASP data

	2021 Full Year	2022 Full Year	2023 Full Year	Sep-23 1Q24	Dec-23 2Q24	Mar-24 3Q24	Jun-24 4Q24	2024 Full Year	Sep-24 1Q25E	Dec-24 2Q25E	Mar-25 3Q25E	Jun-25 4Q25E	2025 (E) Full Year
<b>Intelligent Cloud</b>													
<b>Azure Revenue and New ARR Build</b>													
<b>Estimated Azure Revenue</b>	30,175	43,808	56,694	16,476	17,992	18,828	20,340	73,637	21,098	22,975	24,129	26,553	94,754
y/y growth	49.8%	45.2%	29.4%	29.4%	30.3%	31.1%	28.8%	29.9%	28.0%	27.7%	28.2%	30.5%	28.7%
y/y growth (cc)	47.3%	46.8%	33.4%	28.0%	28.0%	31.0%	30.0%	29.4%	28.5%	28.5%	29.0%	30.3%	29.1%
AI Contribution (%)				3%	6%	7%	8%						
<b>New ARR</b>													
Average ARR in Qtr				65,906	71,970	75,314	81,360						
<b>Estimated ARR at end of Qtr</b>				68,938	73,642	78,337	82,500		88,675	94,248	102,344	107,307	
y/y growth				30%	31%	30%	28%		29%	28%	31%	30%	
q/q growth				7%	7%	6%	5%		7%	6%	9%	5%	
Variance				5%	2%	4%	1%						
Estimated Annual Renewal Rate	90%			98%	98%	98%	98%		98%	98%	98%	98%	
Equivalent Qtrly Renewal Rate				99%	99%	99%	99%		99%	99%	99%	99%	
Quarterly Churn				325	347	371	395		416	447	475	516	
Quarterly Renewals				64,215	68,590	73,271	77,942		82,084	88,228	93,773	101,828	
Net New ARR				4,398	4,704	4,695	4,163		6,175	5,573	8,096	4,963	
<b>New ARR</b>	12,936	14,668	14,931	4,723	5,051	5,066	4,557	19,398	6,591	6,020	8,571	5,479	26,660
y/y growth	58%	13%	2%	81%	43%	19%	1%	30%	40%	19%	69%	20%	37%
q/q growth				4%	7%	0%	-10%		-66%	-9%	42%	-36%	
Two-year growth stack	86%	71%	15%	65%	33%	14%	43%		120%	62%	88%	21%	
<b>Adjustments</b>													
Other						21		214					
Estimated FX Impact	284	-264	-683	37	82	5	-55	68	-21	-42	-42	10	-95
<b>Constant Currency New ARR Growth Rate</b>	12,652	14,932	15,614	4,686	4,970	4,848	4,612	19,116	6,612	6,061	8,613	5,469	26,755
y/y growth	54%	15%	6%	79%	41%	14%	2%	28%	40%	20%	70%	20%	38%
q/q growth				2%	6%	-2%	-5%		43%	-6%	42%	-37%	
Two-year Stack		70%	22%	70%	38%	13%	47%	34%	119%	61%	84%	22%	66%
					42.0%					20.8%			
					57%		8%			30%		46%	
Subscription Revenue from Prior Q ARR - Churn				16,054	17,148	18,318	19,486		20,521	22,057	23,443	25,457	
Subscription Revenue from New ARR				413	770	405	911		577	918	688	1,096	
Assumed Linearity				35%	61%	32%	80%		35%	61%	32%	80%	
<b>Calculated Revenue</b>	30,170	43,833	56,845	16,467	17,918	18,723	20,397	73,505	21,098	22,975	24,129	26,553	94,754
Implied Revenue	30,175	43,808		16,476	17,992	18,828	20,340						
Variance	0.0%			-0.1%	-0.4%	-0.6%	0.3%						
<b>Azure Consensus - VA Growth</b>									28.7%	28.5%	29.8%	30.4%	29.4%
Difference			0.4%	3.2%	2.6%	2.6%	-1.8%	-0.3%	-0.7%	-0.8%	-1.6%	0.2%	-0.7%
<b>Azure Consensus - VA CC Growth</b>									29.6%	29.1%	30.1%	30.7%	28.9%
Difference	1.6%	-0.3%	1.0%	3.4%	1.1%	2.5%	-0.7%	-0.2%	-1.1%	-0.6%	-1.2%	-0.4%	0.3%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 43: Azure Revenue (Prior Revenue Construct) – Plausible Case

Units in K, \$ in M, except ASP data

	2020	2021	2022	2023	Sep-23	Dec-23	Mar-24	Jun-23	2024	Sep-24	Dec-24	Mar-25	Jun-25	2025 (E)
	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q23	Full Year	1Q25E	2Q25E	3Q25E	4Q25E	Full Year
<b>Intelligent Cloud</b>														
<b>Azure Revenue and New ARR Build</b>														
<b>Estimated Azure Revenue</b>	20,150	30,175	43,808	56,694	16,476	17,992	18,828	20,340	73,637	20,870	22,175	23,085	25,744	91,874
y/y growth	55.3%	49.8%	45.2%	29.4%	29.4%	30.3%	31.1%	28.8%	29.9%	26.7%	23.2%	22.6%	26.6%	24.8%
y/y growth (cc)	57.3%	47.3%	46.8%	33.4%	28.0%	28.0%	31.0%	30.0%	29.4%	27.1%	24.1%	23.4%	26.3%	25.2%
AI Contribution (%)					3%	6%	7%	8%						
<b>New ARR</b>														
Average ARR in Qtr					65,906	71,970	75,314	81,380						
<b>Estimated ARR at end of Qtr</b>					68,938	73,642	78,337	82,500		86,077	90,653	96,892	104,617	
y/y growth					30%	31%	30%	28%		25%	23%	24%	27%	
q/q growth					7%	7%	6%	5%		4%	5%	7%	8%	
Variance					4.6%	2.3%	4.0%	1.4%						
Estimated Annual Renewal Rate	98%				98%	98%	98%	98%		98%	98%	98%	98%	
Equivalent Qtrly Renewal Rate					99%	99%	99%	99%		99%	99%	99%	99%	
Quarterly Churn					325	347	371	395		416	434	457	488	
Quarterly Renewals					64,215	68,590	73,271	77,942		82,084	85,643	90,196	96,404	
Net New ARR					4,398	4,704	4,695	4,163		3,578	4,576	6,239	7,725	
<b>New ARR</b>	8,209	12,936	14,668	14,931	4,723	5,051	5,066	4,557	19,398	3,993	5,009	6,696	8,213	23,912
y/y growth	29%	58%	13%	2%	81%	43%	19%	7%	30%	-15%	-1%	32%	80%	23%
q/q growth					4%	7%	0%	-10%		-7%	25%	34%	23%	
Two-year growth stack	58%	86%	71%	15%	65%	33%	14%	43%		65%	42%	51%	81%	
<b>Adjustments</b>														
Other							214		214					
Estimated FX Impact	3,516	284	-264	-683	37	82	5	-55	68	-21	-42	-42	10	-95
<b>Constant Currency New ARR Growth Rate</b>	4,693	12,652	14,932	15,614	4,686	4,970	4,848	4,612	19,116	4,015	5,051	6,738	8,203	24,007
y/y growth	-26%	54%	15%	6%	79%	41%	14%	2%	28%	-15%	0%	33%	80%	24%
q/q growth					2%	6%	-2%	-5%		-13%	26%	33%	22%	
Two-year Stack			70%	22%	70%	38%	13%	47%	34%	64%	41%	47%	82%	52%
						42.0%					1.0%			
						57%		8%			-7%		55%	
Subscription Revenue from Prior Q ARR - Churn					16,054	17,148	18,318	19,486		20,521	21,411	22,549	24,101	
Subscription Revenue from New ARR					413	770	405	911		349	764	536	1,643	
Assumed Linearity					35%	61%	32%	80%				32%	80%	
<b>Calculated Revenue</b>	20,144	30,170	43,833	56,845	16,467	17,918	18,723	20,397	73,505	20,870	22,175	23,085	25,744	91,874
Implied Revenue	20,150	30,175	43,808		16,476	17,992	18,828	20,340						
Variance	0.0%	0.0%			-0.1%	-0.4%	-0.6%	0.3%						
<b>Azure Consensus - VA Growth</b>										28.7%	28.5%	29.8%	30.4%	29.4%
Difference				0.4%	3.2%	2.6%	2.6%	-1.8%	-0.3%	-2.1%	-5.2%	-7.2%	-3.8%	-4.7%
<b>Azure Consensus - VA CC Growth</b>										29.6%	29.1%	30.1%	30.7%	28.9%
Difference		1.6%	-0.3%	1.0%	3.4%	1.1%	2.5%	-0.7%	-0.2%	-2.4%	-5.1%	-6.7%	-4.3%	-3.6%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Office Commercial 365

**F1Q25 Estimates at Risk Unless M365 Copilot Gains Traction:** We believe F1Q25 Office Commercial 365 guidance (prior to the revenue rearrangement) of 14% constant currency growth is at risk as it implies a material improvement in business momentum (New ARR +45% y/y) despite tougher comparison. A more plausible 50% decline (in line with seasonal New ARR growth) in New ARR yields 12.6% cc y/y growth, which is 140bps below guidance.

Note that our official model (base case) does not include any potential M365 Copilot benefit (generally available since November 2023), so any additional traction would present upside to consensus estimates. That being said, given that M365 Copilot was available for all of the last two quarters, and MSFT came only in line with guidance, the traction in M365 Copilot has been lackluster, in our opinion. See Exhibit 44.

**FY25 Estimates Require M365 Copilot Upside:** Assuming F1Q25 is in line with our plausible case, and New ARR grew in line with typical seasonality for the remainder of the year (resulting in FY25 New ARR +2% y/y vs -7% last year), Office Commercial 365 revenue would increase 12.3% y/y, which is lower than consensus of 14.4%.

**Exhibit 44: Office Commercial Revenue (Prior Revenue Construct) – Base Case**

Units in K, \$ in M, except ASP data

	2021 Full Year	2022 Full Year	2023 Full Year	Sep-23 1Q24	Dec-23 2Q24	Mar-24 3Q24	Jun-24 4Q24	2024 Full Year	Sep-24 1Q25E	Dec-24 2Q25E	Mar-25 3Q25E	Jun-25 4Q25E	2025 (E) Full Year
<b>Productivity and Business Processes</b>													
<b>Office Commercial O365 Revenue and New ARR Build</b>													
<b>Estimated Commercial Office 365 Revenue</b>	29,350	34,814	39,299	10,867	10,980	11,636	12,023	45,506	12,346	12,486	13,221	13,654	51,706
y/y growth	20.5%	18.6%	12.9%	17.6%	17.4%	15.2%	13.4%	15.8%	13.6%	13.7%	13.6%	13.6%	13.6%
y/y growth (cc)				17.0%	16.0%	15.0%	14.0%	15.4%	14.0%	14.5%	14.4%	13.3%	14.1%
<b>New ARR</b>													
Average ARR in Qtr				43,469	43,918	46,544	48,093						
<b>Estimated ARR at end of Qtr</b>				43,694	45,231	47,319	48,574		49,692	51,449	53,724	55,172	
y/y growth				18%	16%	14%	13%		14%	14%	14%	14%	
q/q growth				2%	4%	5%	3%		2%	4%	4%	3%	
Variance				0.5%	3.0%	1.7%	1.0%						
Estimated Annual Renewal Rate	99%			99%	99%	99%	99%		99%	99%	99%	99%	
Equivalent Qtrly Renewal Rate				100%	100%	100%	100%		100%	100%	100%	100%	
Quarterly Churn				108	110	114	119		122	125	129	135	
Quarterly Renewals				42,836	43,584	45,118	47,200		48,452	49,567	51,320	53,589	
Net New ARR				750	1,538	2,087	1,255		1,118	1,757	2,274	1,448	
<b>New ARR</b>	6,583	4,574	6,363	858	1,647	2,201	1,374	6,080	1,240	1,882	2,404	1,583	7,108
y/y growth	41%	-31%	39%	180%	-9%	-16%	-16%	-4%	45%	14%	9%	15%	17%
q/q growth				-47%	92%	34%	-38%		-10%	52%	28%	-34%	
Two-year Stack	35%	11%	9%	118%	59%	29%	67%	35%	224%	5%	-6%	-1%	12%
<b>Adjustments</b>													
Other	0	0	0			129		129					0
Estimated FX Impact	18	-87	-208	2	26	5	-10	22	-4	-13	-17	3	-31
<b>Constant Currency New ARR Growth Rate</b>	6,565	4,661	6,571	856	1,621	2,067	1,384	5,928	1,244	1,894	2,421	1,580	7,139
y/y growth	41%	-29%	44%	179%	-11%	-21%	-15%	-7%	45%	15%	10%	15%	17%
q/q growth				-48%	89%	27%	-33%		-10%	52%	28%	-35%	
Two-year Stack		12%	14%	124%	64%	28%	70%	37%	224%	4%	-11%	0%	11%
<b>Calculated Revenue</b>													
Implied Revenue	29,346	34,805	39,288	10,870	10,978	11,637	12,023	45,509	12,346	12,486	13,221	13,654	51,706
Variance	0.0%			0.0%	0.0%	0.0%	0.0%						
<b>Total Revenue from M365 Copilot</b>													
% of Commercial Office 365 Revenue						0%	0%	0%	0%	0%	0%	0%	0%
% of Productivity and Business Processes Revenue						0%	0%	0%	0%	0%	0%	0%	0%
% of Total Revenue						0%	0%	0%	0%	0%	0%	0%	0%
<b>Commercial O365 Consensus - VA Growth</b>									13%	14%	14%	14%	14%
Variance %			0.0%	0.2%	0.7%	-0.1%	-0.2%	0.0%	0.2%	-0.1%	-0.3%	-0.3%	-0.2%
<b>Commercial O365 Consensus - VA CC Growth</b>									14.1%	14.3%	14.9%	14.7%	14.4%
Variance %				1.3%	0.3%	0.7%	0.0%	0.2%	-0.1%	0.2%	-0.5%	-1.4%	-0.4%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 45: Office Commercial Revenue (Prior Revenue Construct) – Plausible

Units in K, \$ in M, except ASP data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Sep-23 1Q24	Dec-23 2Q24	Mar-24 3Q24	Jun-23 4Q23	2024 Full Year	Sep-24 1Q25E	Dec-24 2Q25E	Mar-25 3Q25E	Jun-25 4Q25E	2025 (E) Full Year
<b>Productivity and Business Processes</b>														
<b>Office Commercial Q365 Revenue and New ARR Build</b>														
Estimated Commercial Office 365 Revenue	24,351	29,350	34,814	39,299	10,867	10,980	11,636	12,023	45,506	12,193	12,279	12,997	13,425	50,894
y/y growth	24.6%	20.5%	18.6%	12.9%	17.6%	17.4%	15.2%	13.4%	15.8%	12.2%	11.8%	11.7%	11.7%	11.8%
y/y growth (cc)					17.0%	16.0%	15.0%	14.0%	15.4%	12.6%	12.6%	12.5%	11.4%	12.3%
<b>New ARR</b>														
Average ARR in Qtr					43,469	43,918	46,544	48,093						
Estimated ARR at end of Qtr					43,694	45,231	47,319	48,574		48,877	50,554	52,831	54,240	
y/y growth					18%	16%	14%	13%		12%	12%	12%	12%	
q/q growth					2%	4%	5%	3%		1%	3%	5%	3%	
Variance					0.5%	3.0%	1.7%	1.0%						
Estimated Annual Renewal Rate	99%				99%	99%	99%	99%		99%	99%	99%	99%	
Equivalent Qtrly Renewal Rate					100%	100%	100%	100%		100%	100%	100%	100%	
Quarterly Churn					108	110	114	119		122	123	127	133	
Quarterly Renewals					42,836	43,584	45,118	47,200		48,452	48,755	50,427	52,698	
Net New ARR					750	1,538	2,087	1,255		303	1,677	2,277	1,409	
<b>New ARR</b>	<b>4,656</b>	<b>6,583</b>	<b>4,574</b>	<b>6,363</b>	<b>858</b>	<b>1,647</b>	<b>2,201</b>	<b>1,374</b>	<b>6,080</b>	<b>425</b>	<b>1,799</b>	<b>2,404</b>	<b>1,542</b>	<b>6,170</b>
y/y growth	-7%	41%	-31%	39%	180%	-9%	-16%	-16%	-4%	-50%	9%	9%	12%	1%
q/q growth					-47%	92%	34%	-38%		-69%	323%	34%	-36%	
Two-year Stack	-4%	35%	11%	9%	118%	59%	29%	67%	35%	129%	0%	-6%	-4%	-3%
<b>Adjustments</b>														
Other		0	0	0			129		129					0
Estimated FX Impact		18	-87	-208		2	26	5	22	-4	-13	-17	3	-31
<b>Constant Currency New ARR Growth Rate</b>	<b>6,565</b>	<b>4,661</b>	<b>6,571</b>	<b>6,571</b>	<b>856</b>	<b>1,621</b>	<b>2,067</b>	<b>1,384</b>	<b>5,928</b>	<b>429</b>	<b>1,812</b>	<b>2,421</b>	<b>1,539</b>	<b>6,201</b>
y/y growth		41%	-29%	44%	179%	-11%	-21%	-15%	-7%	-50%	10%	10%	12%	2%
q/q growth					-48%	89%	27%	-33%		-69%	323%	34%	-36%	
Two-year Stack			12%	14%	124%	64%	28%	70%	37%	129%	-1%	-11%	-3%	-5%
<b>Calculated Revenue</b>	<b>24,350</b>	<b>29,346</b>	<b>34,805</b>	<b>39,288</b>	<b>10,870</b>	<b>10,978</b>	<b>11,637</b>	<b>12,023</b>	<b>45,509</b>	<b>12,193</b>	<b>12,279</b>	<b>12,997</b>	<b>13,425</b>	<b>50,894</b>
Implied Revenue	24,351	29,350	34,814		10,867	10,980	11,636	12,023						
Variance	0.0%	0.0%			0.0%	0.0%	0.0%	0.0%						
<b>Total Revenue from M365 Copilot</b>									<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
% of Commercial Office 365 Revenue									0%	0%	0%	0%	0%	0%
% of Productivity and Business Processes Revenue									0%	0%	0%	0%	0%	0%
% of Total Revenue									0%	0%	0%	0%	0%	0%
<b>Commercial Q365 Consensus - VA Growth</b>										13%	14%	14%	14%	14%
Variance %				0.0%	0.2%	0.7%	-0.1%	-0.2%	0.0%	-1.2%	-2.0%	-2.3%	-2.2%	-2.0%
<b>Commercial Q365 Consensus - VA CC Growth</b>										14.1%	14.3%	14.9%	14.7%	14.4%
Variance %					1.3%	0.3%	0.7%	0.0%	0.2%	-1.5%	-1.7%	-2.5%	-3.3%	-2.2%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Windows

**F1Q25 At Least Achievable:** IDC's latest estimates call for a 2.7% decline y/y in global PC shipments in C3Q24 (MSFT's F1Q25). However, Windows PC shipments to developed regions of the world is forecasted to grow 2.0% and compares to MSFT Windows OEM guidance (prior to the rearrangement) of flat y/y. Assuming Windows OEM grows in line with IDC estimates of +2.0% y/y (along with a 10% y/y growth in VLA), Windows revenue would grow about 5.0%, which is about 390bps above consensus.

**FY25 Set up Well:** Assuming Windows OEM grows 5% in FY25, in line with IDC expectations, we estimate there is about 400bps upside to full-year Windows revenue.

## Exhibit 46: Windows Revenue (Prior Revenue Construct) - Base Case

Units in K, \$ in M, except ASP data

	2021 Full Year	2022 Full Year	2023 Full Year	Sep-23 1Q24	Dec-23 2Q24	Mar-24 3Q24	Jun-24 4Q24	2024 Full Year	Sep-24 1Q25E	Dec-24 2Q25E	Mar-25 3Q25E	Jun-25 4Q25E	2025 (E) Full Year
<b>More Personal Computing</b>													
<b>Windows Revenue Estimates</b>													
<b>Windows Revenue</b>	22,488	24,761	21,507	5,567	5,262	5,929	6,486	23,244	5,672	5,609	6,350	6,941	24,572
y/y growth (calc)	4.5%	10.1%	-13.1%	4.8%	9.4%	11.3%	7.1%	8.1%	1.9%	6.6%	7.1%	7.0%	5.7%
<b>Windows Consensus - VA</b>									<b>5,613</b>	<b>5,444</b>	<b>6,126</b>	<b>6,681</b>	<b>23,862</b>
Variance %	-3.0%	-1.6%	2.2%	11.9%	1.0%	5.4%	4.6%	1.6%	1.0%	3.0%	3.7%	3.9%	3.0%
<b>Windows Consensus - VA Growth</b>									<b>1.1%</b>	<b>3.9%</b>	<b>3.2%</b>	<b>3.4%</b>	<b>2.9%</b>
Variance %									0.8%	2.7%	3.9%	3.6%	2.8%
<b>Estimated OEM Revenue</b>	15,991	17,745	13,383	3,475	3,581	3,431	3,873	14,360	3,475	3,760	3,602	4,067	14,904
y/y growth (calc)	0%	11%	-25%	4%	11%	11%	4%	7%	0%	5%	5%	5%	4%
y/y growth (reported)				4%	11%	11%	4%						
% of windows revenue	71%	72%	62%	62%	68%	58%	60%	62%	61%	67%	57%	59%	61%
CY y/y growth					-8.1%					4.8%			
Gartner "actual" y/y in Windows End User Spending to DM													
<b>Estimated VLA</b>	6,497	7,016	8,124	2,092	1,681	2,498	2,613	8,884	2,197	1,849	2,748	2,874	9,668
y/y growth	16%	8%	16%	6%	6%	12%	12%	9%	5%	10%	10%	10%	9%
% of windows revenue	29%	28%	38%	38%	32%	42%	40%	38%	39%	33%	43%	41%	39%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 47: Window Revenue (Prior Revenue Construct) – Plausible Case

Units in K, \$ in M, except ASP data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Sep-23 1Q24	Dec-23 2Q24	Mar-24 3Q24	Jun-23 4Q23	2024 Full Year	Sep-24 1Q25E	Dec-24 2Q25E	Mar-25 3Q25E	Jun-25 4Q25E	2025 (E) Full Year
<b>More Personal Computing</b>														
<b>Windows Revenue Estimates</b>														
<b>Windows Revenue</b>	21,510	22,488	24,761	21,507	5,567	5,262	5,929	6,486	23,244	5,846	5,563	6,494	6,956	24,859
y/y growth (calc)	5.5%	4.5%	10.1%	-13.1%	4.8%	9.4%	11.3%	7.1%	8.1%	5.0%	5.7%	9.5%	7.3%	6.9%
<b>Windows Consensus - VA</b>										<b>5,613</b>	<b>5,444</b>	<b>6,126</b>	<b>6,681</b>	<b>23,862</b>
Variance %	-3.2%	-3.0%	-1.6%	2.2%	11.9%	1.0%	5.4%	4.6%	1.6%	4.2%	2.2%	6.0%	4.1%	4.2%
<b>Windows Consensus - VA Growth</b>										<b>1.1%</b>	<b>3.9%</b>	<b>3.2%</b>	<b>3.4%</b>	<b>2.9%</b>
Variance %										3.9%	1.8%	6.4%	3.9%	4.0%
<b>Estimated OEM Revenue</b>	15,912	15,991	17,745	13,383	3,475	3,581	3,431	3,873	14,360	3,544	3,714	3,746	4,082	15,087
y/y growth (calc)	9%	0%	11%	-25%	4%	11%	11%	4%	7%	2%	4%	9%	5%	5%
y/y growth (reported)					4%	11%	11%	4%						
% of windows revenue	74%	71%	72%	62%	62%	68%	58%	60%	62%	61%	67%	58%	59%	61%
CY y/y growth						-8.1%					5.0%			
Gartner "actual" y/y in Windows End User Spending to DM														
<b>Estimated VLA</b>	5,598	6,497	7,016	8,124	2,092	1,681	2,498	2,613	8,884	2,301	1,849	2,748	2,874	9,772
y/y growth	-3%	16%	8%	16%	6%	6%	12%	12%	9%	10%	10%	10%	10%	10%
% of windows revenue	26%	29%	28%	38%	38%	32%	42%	40%	38%	39%	33%	42%	41%	39%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

**NET – Favorable 2024 Setup; Tough 2025**

**Should Exceed 3Q By a Similar Beat as 2Q.** 3Q Street total revenue estimate of \$423.6M (+26.2% y/y) reflects company guidance, and we expect NET to exceed consensus by at least a similar magnitude as the 170bps in 2Q, if not more. Just to meet 3Q Street expectations, new ARR would decline 31.5% y/y, which implies a sharp decline in business momentum from 2Q levels, as measured by a 2-year growth stack of New ARR. See Exhibit 48 Looking at the setup from a seasonal perspective, the 5-year avg. of 3Q sequential growth is 13.3% vs. the sequential decline of 28.3% implied in consensus/guidance, an unlikely outcome in our view, despite sequential growth moderating in each 3Q. In a more plausible scenario where 3Q New ARR grows in the high single digits (around 9% y/y and 14% q/q), which implies similar business momentum as 2Q (around 17%), we see approximately 190bps of upside to consensus. Our plausible estimate of \$431.8M implies y/y growth of 28.7% and See Exhibit 49.

**2024 Guidance Should be Attainable Following a Better 2Q.** Markedly improved 2Q business momentum reduced 2H24 risk significantly. Despite the price increase benefit coming to an end in 2Q, the 2H24 numerical setup now seems favorable. For instance, if our 3Q plausible scenario comes to fruition, NET should be able to guide 4Q above the Street and slightly raise current 2024 revenue guidance of 28% y/y. However, we caveat this by reiterating that one quarter does not make a trend, and if the 2Q strength proves to **not be** an inflection point, then the numerical setup could pose some risk.

**2025 Street Estimates Are Challenging.** We believe the 2025 total revenue Street estimate of \$2,093M (+26.3% y/y) is not unreasonable, but also not a given. For instance, if our 2H24 plausible scenario proves to be true and 2024 new ARR grows around 8% y/y (adj. for the price increase), then 2025 Street estimates imply new ARR growth in mid-to-upper-teens (approx. 17%) which is about in line with our plausible 2025 New ARR growth estimate of 16% y/y, which leaves little to no upside, thus posing risk to the stock when 2025 guidance is given, in our view.

#### Exhibit 48: Cloudflare New Business – Base Case

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024 (E) Full Year	2025 (E) Full Year
Average ARR in Q				1,160.7	1,234.0	1,342.4	1,449.9		1,514.4	1,604.0				
<b>Estimated ARR at end of Q</b>				<b>1,197.3</b>	<b>1,288.2</b>	<b>1,396.2</b>	<b>1,482.2</b>		<b>1,559.2</b>	<b>1,676.2</b>	<b>1,731.6</b>	<b>1,875.0</b>		
y/y growth				34.0%	31.9%	32.1%	31.2%		30.2%	30.1%	24.0%	26.5%		
q/q growth				6.0%	7.6%	8.4%	6.2%		5.2%	7.5%	3.3%	8.3%		
% Estimated ARR > Average ARR				3.2%	4.4%	4.0%	2.2%		3.0%	4.5%				
<b>Assumed Annual Renewal Rate</b>				<b>91%</b>	<b>91%</b>	<b>91%</b>	<b>91%</b>		<b>91%</b>	<b>91%</b>	<b>91%</b>	<b>91%</b>		
Equivalent Quarterly Renewal Rate				98%	98%	98%	98%		98%	98%	98%	98%		
Quarterly Churn				26.3	27.9	30.0	32.5		34.5	36.3	39.1	40.3		
Quarterly Renewals				1,103.4	1,169.4	1,258.2	1,363.6		1,447.6	1,522.9	1,637.1	1,691.3		
Net New ARR				67.6	90.9	108.0	86.0		77.0	117.0	55.5	143.4		
<b>New ARR</b>	<b>215.8</b>	<b>341.6</b>	<b>405.3</b>	<b>93.9</b>	<b>118.8</b>	<b>138.0</b>	<b>118.5</b>	<b>469.2</b>	<b>111.6</b>	<b>153.3</b>	<b>94.5</b>	<b>183.7</b>	<b>543.1</b>	<b>727.5</b>
y/y growth	46.6%	58.3%	18.7%	-6.8%	14.0%	33.8%	21.9%	15.7%	18.8%	29.1%	-31.5%	55.0%	15.8%	34.0%
q/q growth				-3.4%	26.5%	16.2%	-14.1%		-5.9%	37.4%	-38.3%	94.4%		
Adjustments									4.3					
<b>Adjusted New ARR</b>	<b>215.8</b>	<b>341.6</b>	<b>400.3</b>	<b>93.9</b>	<b>118.8</b>	<b>138.0</b>	<b>118.5</b>	<b>469.2</b>	<b>107.3</b>	<b>153.3</b>	<b>94.5</b>	<b>183.7</b>	<b>538.9</b>	<b>727.5</b>
y/y growth	46.6%	58.3%	17.2%	-6.8%	14.0%	33.8%	21.9%	15.7%	14.3%	29.1%	-31.5%	55.0%	14.9%	34.0%
q/q growth				-3.4%	26.5%	16.2%	-14.1%		-9.5%	42.8%	-38.3%	94.4%		
2-yr stack	102.2%	104.9%	75.5%	47.5%	34.8%	39.6%	22.5%	32.9%	7.5%	43.1%	2.3%	76.9%	30.6%	48.8%
<b>Monthly Price Increase Effect</b>														
Assumed % of ARR affected					11%	11%	11%		11%	11%				
Assumed % Affected that Remains on Monthly Portion of Quarter Affected					75%	75%	75%		75%	75%				
Price Increase %					33%	100%	100%		100%	67%				
% Benefit to ARR from Price Increase					25%	25%	25%		25%	25%				
ARR Benefit from Price Increase					0.7%	2.1%	2.1%		2.1%	1.4%				
					8.1	26.6	28.8		30.6	21.5				
<b>Adjusted New ARR Excluding Price Increase</b>			<b>400.3</b>	<b>93.9</b>	<b>110.6</b>	<b>111.4</b>	<b>89.7</b>	<b>405.7</b>	<b>76.8</b>	<b>131.8</b>	<b>94.5</b>	<b>183.7</b>	<b>486.7</b>	
y/y growth			17.2%	-6.8%	6.2%	8.0%	-7.7%	0.1%	-18.3%	10.9%	-31.5%	55.0%	3.7%	
q/q growth				-3.4%	17.8%	0.7%	-19.5%		-14.5%	71.7%	-28.3%	94.4%		
2-yr stack				47.5%	26.9%	13.8%	-7.2%	17.3%	-25.1%	17.1%	-23.5%	47.3%	3.8%	
Subscription Revenue from Prior Q ARR - Churn				275.9	292.4	314.5	340.9		361.9	380.7	409.3	422.8		
Subscription Revenue from New ARR				14.3	16.1	21.1	21.6		16.7	20.3	14.2	32.2		
Assumed % of Rev in Q from New ARR				61%	54%	61%	73%		60%	53%	60%	70%		
<b>Calculated Revenue</b>	<b>431.5</b>	<b>656.4</b>	<b>975.2</b>	<b>290.2</b>	<b>308.5</b>	<b>335.6</b>	<b>362.5</b>	<b>1,296.7</b>	<b>378.6</b>	<b>401.0</b>	<b>423.5</b>	<b>455.0</b>	<b>1,658.0</b>	<b>2,097.6</b>
y/y growth	50.8%	52.1%	48.6%	36.8%	31.5%	32.2%	32.0%	33.0%	30.5%	30.0%	26.2%	25.5%	27.9%	26.5%
q/q growth				5.6%	6.3%	8.8%	8.0%		4.4%	5.9%	5.6%	7.4%		
<b>Reported Revenue</b>	<b>431.1</b>	<b>656.4</b>	<b>975.2</b>	<b>290.2</b>	<b>308.5</b>	<b>335.6</b>	<b>362.5</b>	<b>1,296.7</b>	<b>378.6</b>	<b>401.0</b>				
y/y growth	50.2%	52.3%	48.6%	36.8%	31.5%	32.2%	32.0%	33.0%	30.5%	30.0%				
% Delta Calculated vs Reported				0%	0%	0%	0%		0%	0%				
<b>Consensus Estimate (VA)</b>											<b>423.6</b>	<b>455.0</b>	<b>1,657.1</b>	<b>2,093.0</b>
% difference (above consensus)	1.8%	1.3%	0.1%	-0.2%	1.0%	1.6%	2.7%	0.7%	1.4%	1.7%	0.0%	0.0%	0.1%	0.2%
y/y growth											26.2%	25.5%	27.8%	26.3%
Low End	422.5	647.0	974.0	290.0	305.0	330.0	352.0	1,286.0	372.5	393.5	423.0		1,657.0	
High End	423.5	648.0	975.0	291.0	306.0	331.0	353.0	1,287.0	373.5	394.5	424.0		1,659.0	
Guidance Midpoint	423.0	647.5	974.5	290.5	305.5	330.5	352.5	1,286.5	373.0	394.0	423.5		1,658.0	
% Delta Calculated vs Guidance (midpoint)	1.9%	1.4%	0.1%	-0.1%	1.0%	1.5%	2.8%	0.8%	1.5%	1.8%	0.0%		0.0%	

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 49: Cloudflare New Business – Plausible Case

\$ in millions, except per share data

	2020	2021	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024 (E)	2025 (E)
	Full Year	Full Year	Full Year	1Q23	2Q23	3Q23	4Q23	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	Full Year
Average ARR in Q				1,160.7	1,234.0	1,342.4	1,449.9		1,514.4	1,604.0				
<b>Estimated ARR at end of Q</b>				<b>1,197.3</b>	<b>1,288.2</b>	<b>1,396.2</b>	<b>1,482.2</b>		<b>1,559.2</b>	<b>1,676.2</b>	<b>1,787.5</b>	<b>1,894.0</b>		
y/y growth				34.0%	31.9%	32.1%	31.2%		30.2%	30.1%	28.0%	27.8%		
q/q growth				6.0%	7.6%	8.4%	6.2%		5.2%	7.5%	6.6%	6.0%		
% Estimated ARR > Average ARR				3.2%	4.4%	4.0%	2.2%		3.0%	4.5%				
<b>Assumed Annual Renewal Rate</b>				<b>91%</b>	<b>91%</b>	<b>91%</b>	<b>91%</b>		<b>91%</b>	<b>91%</b>	<b>91%</b>	<b>91%</b>		
Equivalent Quarterly Renewal Rate				98%	98%	98%	98%		98%	98%	98%	98%		
Quarterly Churn				26.3	27.9	30.0	32.5		34.5	36.3	39.1	41.7		
Quarterly Renewals				1,103.4	1,169.4	1,258.2	1,363.6		1,447.6	1,522.9	1,637.1	1,745.8		
Net New ARR				67.6	90.9	108.0	86.0		77.0	117.0	111.3	106.5		
New ARR	215.8	341.6	405.3	93.9	118.8	138.0	118.5	469.2	111.6	153.3	150.4	148.2	563.4	654.8
y/y growth	46.6%	58.3%	18.7%	-6.8%	14.0%	33.8%	21.9%	15.7%	18.8%	29.1%	9.0%	25.0%	20.1%	16.2%
q/q growth				-3.4%	26.5%	16.2%	-14.1%		-5.9%	37.4%	-1.9%	-1.5%		
Adjustments									4.3					
<b>Adjusted New ARR</b>	<b>215.8</b>	<b>341.6</b>	<b>400.3</b>	<b>93.9</b>	<b>118.8</b>	<b>138.0</b>	<b>118.5</b>	<b>469.2</b>	<b>107.3</b>	<b>153.3</b>	<b>150.4</b>	<b>148.2</b>	<b>559.2</b>	<b>654.8</b>
y/y growth	46.6%	58.3%	17.2%	-6.8%	14.0%	33.8%	21.9%	15.7%	14.3%	29.1%	9.0%	25.0%	19.2%	16.2%
q/q growth				-3.4%	26.5%	16.2%	-14.1%		-9.5%	42.8%	-1.9%	-1.5%		
2-yr stack	102.2%	104.9%	75.5%	47.5%	34.8%	39.6%	22.5%	32.9%	7.5%	43.1%	42.8%	46.9%	34.9%	35.4%
<b>Monthly Price Increase Effect</b>														
Assumed % of ARR affected					11%	11%	11%		11%	11%				
Assumed % Affected that Remains on Monthly					75%	75%	75%		75%	75%				
Portion of Quarter Affected					33%	100%	100%		100%	67%				
Price Increase %					25%	25%	25%		25%	25%				
% Benefit to ARR from Price Increase					0.7%	2.1%	2.1%		2.1%	1.4%				
ARR Benefit from Price Increase					8.1	26.6	28.8		30.6	21.5				
<b>Adjusted New ARR Excluding Price Increase</b>			<b>400.3</b>	<b>93.9</b>	<b>110.6</b>	<b>111.4</b>	<b>89.7</b>	<b>405.7</b>	<b>76.8</b>	<b>131.8</b>	<b>150.4</b>	<b>148.2</b>	<b>507.1</b>	
y/y growth			17.2%	-6.8%	6.2%	8.0%	-7.7%	0.1%	-18.3%	10.9%	9.0%	25.0%	8.1%	
q/q growth				-3.4%	17.8%	0.7%	-19.5%		-14.5%	71.7%	14.1%	-1.5%		
2-yr stack				47.5%	26.9%	13.8%	-7.2%	17.3%	-25.1%	17.1%	17.0%	17.3%	8.2%	
Subscription Revenue from Prior Q ARR - Churn				275.9	292.4	314.5	340.9		361.9	380.7	409.3	436.5		
Subscription Revenue from New ARR				14.3	16.1	21.1	21.6		16.7	20.3	22.6	25.9		
Assumed % of Rev in Q from New ARR				61%	54%	61%	73%		60%	53%	60%	70%		
<b>Calculated Revenue</b>	<b>431.5</b>	<b>656.4</b>	<b>975.2</b>	<b>290.2</b>	<b>308.5</b>	<b>335.6</b>	<b>362.5</b>	<b>1,296.7</b>	<b>378.6</b>	<b>401.0</b>	<b>431.8</b>	<b>462.4</b>	<b>1,673.8</b>	<b>2,098.9</b>
y/y growth	50.8%	52.1%	48.6%	36.8%	31.5%	32.2%	32.0%	33.0%	30.5%	30.0%	28.7%	27.6%	29.1%	25.4%
q/q growth				5.6%	6.3%	8.8%	8.0%		4.4%	5.9%	7.7%	7.1%		
<b>Reported Revenue</b>	<b>431.1</b>	<b>656.4</b>	<b>975.2</b>	<b>290.2</b>	<b>308.5</b>	<b>335.6</b>	<b>362.5</b>	<b>1,296.7</b>	<b>378.6</b>	<b>401.0</b>				
y/y growth	50.2%	52.3%	48.6%	36.8%	31.5%	32.2%	32.0%	33.0%	30.5%	30.0%				
% Delta Calculated vs Reported				0%	0%	0%	0%		0%	0%				
<b>Consensus Estimate (VA)</b>											<b>423.6</b>	<b>455.0</b>	<b>1,657.1</b>	<b>2,093.0</b>
<b>% difference (above consensus)</b>	<b>1.8%</b>	<b>1.3%</b>	<b>0.1%</b>	<b>-0.2%</b>	<b>1.0%</b>	<b>1.6%</b>	<b>2.7%</b>	<b>0.7%</b>	<b>1.4%</b>	<b>1.7%</b>	<b>1.9%</b>	<b>1.6%</b>	<b>1.0%</b>	<b>0.3%</b>
y/y growth											26.2%	25.5%	27.8%	26.3%
Low End	422.5	647.0	974.0	290.0	305.0	330.0	352.0	1,286.0	372.5	393.5	423.0		1,657.0	
High End	423.5	648.0	975.0	291.0	306.0	331.0	353.0	1,287.0	373.5	394.5	424.0		1,659.0	
Guidance Midpoint	423.0	647.5	974.5	290.5	305.5	330.5	352.5	1,286.5	373.0	394.0	423.5		1,658.0	
% Delta Calculated vs Guidance (midpoint)	1.9%	1.4%	0.1%	-0.1%	1.0%	1.5%	2.8%	0.8%	1.5%	1.8%	2.0%		1.0%	

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates



***NOW – Estimates Seem Achievable IF Improved 2Q Business Momentum Continues***

***Setup for ServiceNow appears to be favorable if the uptick in business momentum (despite lackluster field checks) in 2Q continues, but we caution investors that a return to previous business trends could introduce risk to future numbers.*** Our last checks indicated below par traction in Generative AI product as well, although we continue to gather more information in this regard. Additionally, headlines about Department of Justice investigation into Carahsoft – ServiceNow's government reseller – will continue to be an overhang (at least until earnings). We reiterate our Sell rating, especially in light of the ***ultra-premium*** valuation at about 15.6x NTM recurring revenue.

We are raising our price target from \$640, to \$716 as a result of updating the risk-free rate since our prior target was established (which declined about 60bps).

**3Q24 Estimates Achievable:** 3Q24 Subscription revenue consensus growth of 20.3% implies a drastic decline in New ACV growth y/y (i.e., -90% y/y). In a more plausible scenario of 10% New ACV growth in the quarter (which is more in line with seasonal increased from F2Q to F3Q), Subscription Revenue would grow 1.4% above consensus, or about 22%. NOW is one of the four companies in our coverage that guides quarterly cRPO, a metric we consider flawed since no one other than management has visibility into factors that can impact it (renewals, duration, etc.). For that reason, we expect the company to meet its +22.5% y/y cRPO growth (+22.0% y/y cc), and guide at least in line for next quarter (+21.5% cc y/y). See Exhibit 50.

**2024 Estimates Also Achievable:** We believe that consensus subscription revenue growth of 22% is achievable, as it implies about 2% New ACV growth for the year, compared to an estimated 59% growth last year. Assuming reasonable seasonality in New ACV for F3Q and F4Q, our plausible scenario contemplates a 6% New ACV growth in FY24, which would result in FY24 Subscription revenue growth of 22.8%. See Exhibit 51.

**2025 Estimates within Range Barring any Hiccups:** If ServiceNow achieves estimates in the current fiscal year (i.e., 2024), then it can achieve 2025 consensus subscription revenue growth of 21.1% even if New ACV growth remains flat for the year. Outperformance in 2024 may make it incrementally easier for the company to achieve its 2025 targets.

## Exhibit 50: NOW Base Case

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024 (E) Full Year	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025 (E) Full Year
<b>Subscription Revenue</b>	<b>4,285.8</b>	<b>5,573.0</b>	<b>6,891.0</b>	<b>8,680.0</b>	<b>2,523.0</b>	<b>2,542.0</b>	<b>2,664.9</b>	<b>2,857.6</b>	<b>10,587.5</b>	<b>3,005.8</b>	<b>3,122.3</b>	<b>3,263.8</b>	<b>3,374.2</b>	<b>12,766.1</b>
y/y growth	31.7%	30.0%	23.6%	26.0%	24.7%	22.5%	20.3%	20.8%	22.0%	19.1%	22.8%	22.5%	18.1%	20.6%
Constant currency y/y growth	31.3%	28.2%	28.6%	25.5%	24.4%	23.0%	20.5%	20.2%	21.9%	17.5%	22.6%	21.9%	18.1%	20.0%
q/q growth					6.7%	0.8%	4.8%	7.2%		5.2%	3.9%	4.5%	3.4%	
<b>Consensus Estimate (VA)</b>							<b>2,664.8</b>	<b>2,857.5</b>	<b>10,587.3</b>	<b>3,042.7</b>	<b>3,084.7</b>	<b>3,234.0</b>	<b>3,455.7</b>	<b>12,817.1</b>
% difference	0.6%	0.1%	0.3%	0.5%	0.3%	0.5%	0.0%	0.0%	0.0%	(1.2%)	1.2%	0.9%	(2.4%)	(0.4%)
<b>Professional Services and Other Revenue</b>	<b>233.7</b>	<b>322.0</b>	<b>354.0</b>	<b>291.0</b>	<b>80.0</b>	<b>85.0</b>	<b>85.3</b>	<b>85.7</b>	<b>336.0</b>	<b>75.1</b>	<b>78.1</b>	<b>81.6</b>	<b>84.4</b>	<b>319.2</b>
y/y growth	13.8%	37.8%	9.9%	(17.8%)	11.1%	13.3%	18.4%	19.1%	15.5%	(6.1%)	(8.2%)	(4.3%)	(1.6%)	(5.0%)
Constant currency y/y growth	13.8%	35.2%	15.8%	(18.1%)	11.1%	13.3%	18.7%	18.5%	15.4%	(7.7%)	(8.4%)	(4.8%)	(1.6%)	(5.6%)
q/q growth					11.1%	6.3%	0.3%	0.5%		(12.3%)	3.9%	4.5%	3.4%	
PS and other Revenue as a % of Subscription Revenue	5.5%	5.8%	5.1%	3.4%	3.2%	3.3%	3.2%	3.0%	3.2%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>Total Revenue</b>	<b>4,519.5</b>	<b>5,895.0</b>	<b>7,245.0</b>	<b>8,971.0</b>	<b>2,603.0</b>	<b>2,627.0</b>	<b>2,750.2</b>	<b>2,943.3</b>	<b>10,923.5</b>	<b>3,080.9</b>	<b>3,200.4</b>	<b>3,345.4</b>	<b>3,458.6</b>	<b>13,085.3</b>
y/y growth	30.6%	30.4%	22.9%	23.8%	24.2%	22.2%	20.2%	20.8%	21.8%	18.4%	21.8%	21.6%	17.5%	19.8%
Constant currency y/y growth	30.2%	28.6%	27.9%	23.4%	23.9%	22.7%	20.4%	20.2%	21.7%	16.7%	21.6%	21.1%	17.5%	19.2%
q/q growth					6.8%	0.9%	4.7%	7.0%		4.7%	3.9%	4.5%	3.4%	
<b>Consensus Estimate (VA)</b>							<b>2,744.2</b>	<b>2,936.6</b>	<b>10,910.8</b>	<b>3,125.8</b>	<b>3,172.4</b>	<b>3,317.3</b>	<b>3,539.6</b>	<b>13,155.2</b>
% difference	0.7%	0.2%	(0.0%)	0.4%	0.5%	0.7%	0.2%	0.2%	0.1%	(1.4%)	0.9%	0.8%	(2.3%)	(0.5%)
<b>Billings and Bookings Analysis</b>														
<b>Deferred revenue, current</b>	<b>2,962.6</b>	<b>3,836.0</b>	<b>4,660.0</b>	<b>5,785.0</b>	<b>5,700.0</b>	<b>5,615.0</b>	<b>5,027.4</b>	<b>7,091.0</b>	<b>7,091.0</b>	<b>7,006.0</b>	<b>6,830.4</b>	<b>6,124.2</b>	<b>8,231.9</b>	<b>8,231.9</b>
y/y growth	35.5%	29.5%	21.5%	24.1%	20.2%	21.7%	13.2%	22.6%	22.6%	22.9%	21.6%	21.8%	16.1%	16.1%
% of total					98.3%	98.5%	98.5%	98.5%		98.5%	98.5%	98.5%	98.5%	
<b>New ACV Build</b>														
<b>Calculated Subscription ACV</b>	<b>4,978.7</b>	<b>6,475.8</b>	<b>7,730.6</b>	<b>9,802.7</b>	<b>2,468.9</b>	<b>2,446.8</b>	<b>2,077.6</b>	<b>4,900.3</b>	<b>11,893.5</b>	<b>2,947.8</b>	<b>2,917.4</b>	<b>2,560.1</b>	<b>5,476.3</b>	<b>13,901.6</b>
y/y growth	31.4%	30.1%	19.4%	26.8%	15.8%	26.3%	1.5%	32.9%	21.3%	19.4%	19.2%	23.2%	11.8%	16.9%
<b>Renewal Subscription ACV</b>	<b>3,708.5</b>	<b>4,876.5</b>	<b>6,359.6</b>	<b>7,621.0</b>	<b>2,089.3</b>	<b>1,898.4</b>	<b>2,026.2</b>	<b>3,650.2</b>	<b>9,664.0</b>	<b>2,444.2</b>	<b>2,422.3</b>	<b>2,056.8</b>	<b>4,851.3</b>	<b>11,774.6</b>
y/y growth	31.6%	31.5%	30.4%	19.8%	26.7%	29.0%	33.3%	22.5%	26.8%	17.0%	27.6%	1.5%	32.9%	21.8%
<b>New Subscription ACV</b>	<b>1,270.2</b>	<b>1,599.3</b>	<b>1,371.0</b>	<b>2,181.8</b>	<b>379.6</b>	<b>548.3</b>	<b>51.4</b>	<b>1,250.1</b>	<b>2,229.5</b>	<b>503.6</b>	<b>495.1</b>	<b>503.3</b>	<b>625.1</b>	<b>2,127.0</b>
y/y growth	31.0%	25.9%	-14.3%	59.1%	-21.4%	17.7%	-90.2%	77.0%	2.2%	32.7%	-9.7%	879.1%	-50.0%	-4.6%
<b>Adjustments to Subscription ACV and New Subscription ACV</b>														
<b>Total Adjustments</b>														
Current Subscription Billings (Subscription ACV)	(97.8)	(28.1)	274.1	(32.9)	(6.0)	10.0	5.4	0.0	9.4	(40.7)	(6.3)	(14.1)	0.0	(61.1)
New Subscription ACV	(85.0)	51.7	67.0	(7.7)	(1.5)	2.5	1.3	0.0	2.3	(10.1)	(1.6)	(3.3)	0.0	(15.0)
<b>Adjusted Subscription ACV and New Subscription ACV</b>														
<b>Adjusted Subscription ACV</b>	<b>4,880.9</b>	<b>6,447.7</b>	<b>8,004.7</b>	<b>9,769.8</b>	<b>2,462.9</b>	<b>2,456.8</b>	<b>2,083.0</b>	<b>4,900.3</b>	<b>11,902.9</b>	<b>2,907.1</b>	<b>2,911.0</b>	<b>2,546.0</b>	<b>5,476.3</b>	<b>13,840.5</b>
y/y growth (off Unadjusted Base)	28.9%	29.5%	23.6%	26.4%	15.5%	26.8%	1.8%	32.9%	21.4%	17.7%	19.0%	22.5%	11.8%	16.4%
<b>Adjusted New Subscription ACV</b>	<b>1,185.2</b>	<b>1,651.0</b>	<b>1,438.1</b>	<b>2,174.0</b>	<b>378.1</b>	<b>550.8</b>	<b>52.7</b>	<b>1,250.1</b>	<b>2,231.8</b>	<b>493.5</b>	<b>493.5</b>	<b>500.0</b>	<b>625.1</b>	<b>2,112.1</b>
y/y growth (off Unadjusted Base)	22.2%	30.0%	-10.1%	58.6%	-21.7%	18.3%	-90.0%	77.0%	2.3%	30.0%	-10.0%	NM	-50.0%	-5.3%
Two-year growth stack	45.2%	52.2%	19.9%	48.5%	19.4%	192.0%	65.8%	84.5%	60.9%	8.3%	8.3%	NM	27.0%	-3.0%
y/y growth, TTM (off Unadjusted Base)					36.8%	19.1%	-20.9%	2.3%		0.0%	6.0%	62.4%	-5.3%	
q/q growth					-45.8%	45.7%	-90.4%	2273.6%		-60.5%	0.0%	1.3%	25.0%	

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 51: NOW Plausible Case

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024 (E) Full Year	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025 (E) Full Year
<b>Subscription Revenue</b>	4,285.8	5,573.0	6,891.0	8,680.0	2,523.0	2,542.0	2,702.5	2,889.9	10,657.4	3,028.8	3,148.1	3,304.6	3,443.9	12,925.4
y/y growth	31.7%	30.0%	23.6%	26.0%	24.7%	22.5%	22.0%	22.2%	22.8%	20.0%	23.8%	22.3%	19.2%	21.3%
Constant currency y/y growth	31.3%	28.2%	28.6%	25.5%	24.4%	23.0%	22.2%	21.6%	22.7%	18.4%	23.6%	21.8%	19.2%	20.7%
q/q growth					6.7%	0.8%	6.3%	6.9%		4.8%	3.9%	5.0%	4.2%	
<b>Consensus Estimate (VA)</b>							2,664.8	2,857.5	10,587.3	3,042.7	3,084.7	3,234.0	3,455.7	12,817.1
% difference	0.6%	0.1%	0.3%	0.5%	0.3%	0.5%	1.4%	1.1%	0.7%	(0.5%)	2.1%	2.2%	(0.3%)	0.8%
<b>Professional Services and Other Revenue</b>	233.7	322.0	354.0	291.0	80.0	85.0	86.5	86.7	338.2	75.7	78.7	82.6	86.1	323.1
y/y growth	13.8%	37.8%	9.9%	(17.8%)	11.1%	13.3%	20.1%	20.4%	16.2%	(5.4%)	(7.4%)	(4.5%)	(0.7%)	(4.4%)
Constant currency y/y growth	13.8%	35.2%	15.8%	(18.1%)	11.1%	13.3%	20.4%	19.8%	16.1%	(7.0%)	(7.7%)	(5.0%)	(0.7%)	(5.0%)
q/q growth					11.1%	6.3%	1.7%	0.3%		(12.7%)	3.9%	5.0%	4.2%	
PS and other Revenue as a % of Subscription Revenue	5.5%	5.8%	5.1%	3.4%	3.2%	3.3%	3.2%	3.0%	3.2%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>Total Revenue</b>	4,519.5	5,895.0	7,245.0	8,971.0	2,603.0	2,627.0	2,788.9	2,976.6	10,995.6	3,104.5	3,226.8	3,387.2	3,530.0	13,248.6
y/y growth	30.6%	30.4%	22.9%	23.8%	24.2%	22.2%	21.9%	22.1%	22.6%	19.3%	22.8%	21.5%	18.6%	20.5%
Constant currency y/y growth	30.2%	28.6%	27.9%	23.4%	23.9%	22.7%	22.1%	21.5%	22.5%	17.6%	22.6%	20.9%	18.6%	19.9%
q/q growth					6.8%	0.9%	6.2%	6.7%		4.3%	3.9%	5.0%	4.2%	
<b>Consensus Estimate (VA)</b>							2,744.2	2,936.6	10,910.8	3,125.8	3,172.4	3,317.3	3,539.6	13,155.2
% difference	0.7%	0.2%	(0.0%)	0.4%	0.5%	0.7%	1.6%	1.4%	0.8%	(0.7%)	1.7%	2.1%	(0.3%)	0.7%
<b>Billings and Bookings Analysis</b>														
Deferred revenue, current	2,962.6	3,836.0	4,660.0	5,785.0	5,700.0	5,615.0	5,513.9	7,096.5	7,096.5	7,007.6	6,778.0	6,543.8	8,340.0	8,340.0
y/y growth	35.5%	29.5%	21.5%	24.1%	20.2%	21.7%	24.2%	22.7%	22.7%	22.9%	20.7%	18.7%	17.5%	17.5%
% of total					98.3%	98.5%	98.5%	98.5%		98.5%	98.5%	98.5%	98.5%	
<b>New ACV Build</b>														
Calculated Subscription ACV	4,978.7	6,475.8	7,730.6	9,802.7	2,468.9	2,446.8	2,604.2	4,462.4	11,982.3	2,966.8	2,890.0	3,072.9	5,230.0	14,159.6
y/y growth	31.4%	30.1%	19.4%	26.8%	15.8%	26.3%	27.2%	21.0%	22.2%	20.2%	18.1%	18.0%	17.2%	18.2%
Renewal Subscription ACV	3,708.5	4,876.5	6,359.6	7,621.0	2,089.3	1,898.4	2,026.2	3,650.2	9,664.0	2,444.2	2,422.3	2,578.2	4,417.8	11,862.5
y/y growth	31.6%	31.5%	30.4%	19.8%	26.7%	29.0%	33.3%	22.5%	26.8%	17.0%	27.6%	27.2%	21.0%	22.7%
New Subscription ACV	1,270.2	1,599.3	1,371.0	2,181.8	379.6	548.3	578.1	812.2	2,318.2	522.6	467.7	494.7	812.2	2,297.1
y/y growth	31.0%	25.9%	-14.3%	59.1%	-21.4%	17.7%	9.8%	15.0%	6.3%	37.7%	-14.7%	-14.4%	0.0%	-0.9%
<b>Adjustments to Subscription ACV and New Subscription ACV</b>														
<b>Total Adjustments</b>														
Current Subscription Billings (Subscription ACV)	(97.8)	(28.1)	274.1	(32.9)	(6.0)	10.0	5.4	0.0	9.4	(40.7)	(6.3)	(14.1)	0.0	(61.1)
New Subscription ACV	(85.0)	51.7	67.0	(7.7)	(1.5)	2.5	1.3	0.0	2.3	(10.1)	(1.6)	(3.3)	0.0	(15.0)
<b>Adjusted Subscription ACV and New Subscription ACV</b>														
Adjusted Subscription ACV	4,880.9	6,447.7	8,004.7	9,769.8	2,462.9	2,456.8	2,609.6	4,462.4	11,991.7	2,926.1	2,883.6	3,058.7	5,230.0	14,098.4
y/y growth (off Unadjusted Base)	28.9%	29.5%	23.6%	26.4%	15.5%	26.8%	27.5%	21.0%	22.3%	18.5%	17.9%	17.5%	17.2%	17.7%
Adjusted New Subscription ACV	1,185.2	1,651.0	1,438.1	2,174.0	378.1	550.8	579.3	812.2	2,320.5	512.5	466.1	491.4	812.2	2,282.2
y/y growth (off Unadjusted Base)	22.2%	30.0%	-10.1%	58.6%	-21.7%	18.3%	10.0%	15.0%	6.4%	35.0%	-15.0%	-15.0%	0.0%	-1.6%
Two-year growth stack	45.2%	52.2%	19.9%	48.5%	19.4%	192.0%	165.8%	22.5%	64.9%	13.3%	3.3%	-5.0%	15.0%	4.8%
y/y growth, TTM (off Unadjusted Base)					36.8%	19.1%	3.8%	6.4%		0.0%	9.7%	3.2%	-1.6%	
q/q growth					-45.8%	45.7%	5.2%	40.2%		-36.9%	-9.1%	5.4%	65.3%	

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

**OKTA – Revenue to Beat and Raise; cRPO Shouldn't Matter but Unfortunately It Does...**

**Upside to F3Q Revenue Setup.** Okta guided F3Q total revenue growth of 11% y/y which implies virtually no new ACV is signed in the quarter, a scenario we view as unlikely. In a more plausible scenario where New ACV grows 30%, off the easiest comp from the year ago period, we see upside of 330bps and 320bps to subscription and total revenue. See Exhibit 53. 3Q guidance for cRPO came in below consensus for a 2nd consecutive quarter, and implies high single digit growth (\$1,985M - \$1,990M, +9% y/y), a target we believe the company should exceed as it has in prior quarters. Okta is just one of four companies in our coverage universe that encourages investors to focus on cRPO as a measure of business momentum (we don't). Guidance for what we view as this flawed metric took a material toll on the stock, as it was down 18% the following day (vs. IGV +1.2%) leaving us (and investors) in disarray despite another strong quarter. **With all that said, OKTA should be able to guide F4Q above and raise FY25 revenue guidance once again,**

***but that won't matter if F4Q cRPO guidance is below current consensus of \$2,113M which implies growth of +8.3% y/y.***

**FY25 Guidance Setup Is Still Favorable.** Okta provided initial FY25 total revenue guidance of 10% y/y total revenue growth on the F3Q24 conference call, which the company has since raised three times. According to our model, revised total revenue guidance of \$2,555 - \$2,565M (+13% y/y) implies virtually no new ACV is signed in 2HFY25. See Exhibit 52. Okta has surpassed initial FY23 and FY24 total revenue guidance by at least 400bps, and we believe there is room for a similar outcome on initial FY25 guidance. Our plausible case implies New ACV declines 5.2% (vs. down approximately 65.7% y/y in our base case to meet guidance) and implies total revenue growth of 16% y/y, 270bps above current Street estimates and 670bps above initial guidance.

**Upside to FY26 Street Estimates.** Both subscription and total revenue consensus estimates imply FY26 growth of 10% y/y, which we believe is a low bar with solid upside. Our plausible FY26 scenario (flat New ACV growth) implies ample room to beat and raise throughout the year. However, the question remains where OKTA will start FY26 total revenue when and if it provides preliminary guidance on the F3Q25 conference call. It's typically eventually beat initial annual revenue guidance by about 500 bps, implying guidance of about 8.5% guidance if our Plausible 13.5% scenario is likely. Single digit guidance is probably not something investors would like to see, even if we (and they) don't expect the company to actually print that based on precedent.

## Exhibit 52: OKTA Base Case

\$ in millions, except per share data

	2021 Full Year	2022 Full Year	2023 Full Year	Apr-23 1Q24	Jul-23 2Q24	Oct-23 3Q24	Jan-24 4Q24	2024 Full Year	Apr-24 1Q25	Jul-24 2Q25	Oct-24 3Q25E	Jan-25 4Q25E	2025 (E) Full Year	2026 (E) Full Year
<b>Revenue Breakdown</b>														
Subscription	796.6	1,249.2	1,794.2	503.0	542.0	569.0	591.0	2,205.0	603.0	632.0	635.0	634.0	2,504.1	2,797.7
y/y growth	44.1%	56.8%	43.6%	26.4%	24.5%	22.1%	19.4%	22.9%	19.9%	16.6%	11.6%	7.3%	13.6%	11.7%
q/q growth				1.6%	7.8%	5.0%	3.9%		2.0%	4.8%	0.5%	-0.2%		
% of revenue	95.4%	96.1%	96.6%	97.1%	97.5%	97.4%	97.7%	97.4%	97.7%	97.8%	97.8%	97.8%	97.8%	97.8%
<b>Consensus Estimate (VA)</b>											634.8	635.6	2,505.4	2,760.5
% difference (above consensus)	1.8%	1.8%	1.2%	1.9%	4.7%	4.4%	3.5%	0.9%	2.3%	2.2%	0.0%	-0.3%	-0.1%	1.3%
y/y growth											11.6%	7.6%	13.6%	10.2%
Professional services and other	38.8	51.0	63.6	15.0	14.0	15.0	14.0	58.0	14.0	14.0	14.0	13.9	55.9	61.6
y/y growth	16.3%	31.4%	24.7%	-11.8%	-14.8%	-1.2%	-6.7%	-8.8%	-6.7%	0.0%	-6.9%	-0.4%	-3.6%	10.1%
q/q growth				0.0%	-6.7%	7.1%	-6.7%		0.0%	0.0%	-0.2%	-0.2%		
% of revenue	4.6%	3.9%	3.4%	2.9%	2.5%	2.6%	2.3%	2.6%	2.3%	2.2%	2.2%	2.2%	2.2%	2.2%
<b>Total Revenue</b>	<b>835.4</b>	<b>1,300.2</b>	<b>1,857.8</b>	<b>518.0</b>	<b>556.0</b>	<b>584.0</b>	<b>605.0</b>	<b>2,263.0</b>	<b>617.0</b>	<b>646.0</b>	<b>649.0</b>	<b>648.0</b>	<b>2,560.0</b>	<b>2,859.3</b>
y/y growth	42.5%	55.6%	42.9%	24.8%	23.1%	21.4%	18.6%	21.8%	19.1%	16.2%	11.1%	7.1%	13.1%	11.7%
q/q growth				1.6%	7.3%	5.0%	3.6%		2.0%	4.7%	0.5%	-0.2%		
<b>Consensus Estimate (VA)</b>											649.2	649.5	2,561.7	2,817.7
% difference (above consensus)	1.5%	1.8%	1.1%	1.5%	4.1%	4.4%	3.2%	0.8%	2.1%	2.1%	0.0%	-0.2%	-0.1%	1.5%
y/y growth											11.2%	7.4%	13.2%	10.0%
<b>Total Subscription Billings (unadjusted)</b>	<b>937.2</b>	<b>1,731.2</b>	<b>2,059.2</b>	<b>428.0</b>	<b>597.0</b>	<b>601.0</b>	<b>828.0</b>	<b>2,454.0</b>	<b>502.0</b>	<b>637.0</b>	<b>564.3</b>	<b>777.5</b>	<b>2,480.8</b>	<b>2,507.6</b>
y/y growth	39.8%	84.7%	18.9%	15.0%	25.7%	16.4%	19.0%	19.2%	17.3%	6.7%	-6.1%	-6.1%	1.1%	1.1%
q/q growth				-38.5%	39.5%	0.7%	37.8%		-39.4%	26.9%	-11.4%	37.8%		
Renewal Rate				94.0%	94.0%	94.0%	94.0%		94.0%	94.0%	94.0%	94.0%		
Subscription ACV Renewals	632.4	876.6	1,616.0	353.5	448.2	484.9	653.8	1,940.3	406.1	558.4	564.0	773.6	2,302.1	2,332.6
y/y growth	47.5%	38.6%	84.4%	6.8%	16.5%	38.2%	19.0%	20.1%	14.9%	24.6%	16.3%	18.3%	18.6%	1.3%
q/q growth				-35.7%	26.8%	8.2%	34.8%		-37.9%	37.5%	1.0%	37.2%		
New Subscription ACV (Calculated from reported numbers)	300.2	842.6	448.1	78.5	145.8	115.1	169.2	508.7	99.9	76.6	1.2	1.7	179.4	179.4
y/y growth	23.0%	180.7%	-46.8%	74.6%	58.3%	-30.2%	15.9%	13.5%	27.2%	-47.4%	-99.0%	-99.0%	-64.7%	0.0%
q/q growth				-46.2%	85.7%	-21.0%	47.0%		-41.0%	-23.3%	-98.5%	47.0%		
<b>Subscription Billings Adjustments:</b>														
Total Adjustments		359	(83)	1	0	0	0	1	5	0	0	0	5	0
<b>Adjusted Current Subscription ACV</b>	<b>932.5</b>	<b>1,360.2</b>	<b>2,147.0</b>	<b>431.0</b>	<b>594.0</b>	<b>600.0</b>	<b>823.0</b>	<b>2,448.0</b>	<b>501.1</b>	<b>635.0</b>	<b>565.2</b>	<b>775.3</b>	<b>2,476.6</b>	<b>2,512.0</b>
y/y growth	38.6%	45.9%	24.9%	14.6%	24.6%	16.3%	18.3%	18.6%	16.0%	6.9%	-5.8%	-5.8%	1.1%	1.2%
q/q growth				-37.8%	37.8%	1.0%	37.2%		-39.1%	26.7%	-11.0%	37.2%		
<b>Adj New Current Subs Billings (New Subs ACV)</b>	<b>300.2</b>	<b>483.6</b>	<b>531.0</b>	<b>77.5</b>	<b>145.8</b>	<b>115.1</b>	<b>169.2</b>	<b>507.7</b>	<b>95.0</b>	<b>76.6</b>	<b>1.2</b>	<b>1.7</b>	<b>174.5</b>	<b>179.4</b>
y/y growth	23.0%	61.1%	-37.0%	72.4%	58.3%	-30.2%	15.9%	13.3%	21.0%	-47.4%	-99.0%	-99.0%	-65.7%	0.0%
q/q growth				-46.1%	88.1%	-21.0%	47.0%		-43.9%	-19.3%	-98.5%	47.0%		
2-year stack	55.3%	84.1%	24.1%	58.0%	-4.7%	-20.8%	-36.1%	-23.7%	93.4%	10.9%	-129.2%	-83.1%	-52.4%	-65.7%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 53: OKTA Plausible Case

\$ in millions, except per share data

	2021 Full Year	2022 Full Year	2023 Full Year	Apr-23 1Q24	Jul-23 2Q24	Oct-23 3Q24	Jan-24 4Q24	2024 Full Year	Apr-24 1Q25	Jul-24 2Q25	Oct-24 3Q25E	Jan-25 4Q25E	2025 (E) Full Year	2026 (E) Full Year
<b>Revenue Breakdown</b>														
Subscription	796.6	1,249.2	1,794.2	503.0	542.0	569.0	591.0	2,205.0	603.0	632.0	655.6	681.9	2,572.5	2,923.3
y/y growth	44.1%	56.8%	43.6%	26.4%	24.5%	22.1%	19.4%	22.9%	19.9%	16.6%	15.2%	15.4%	16.7%	13.6%
q/q growth				1.6%	7.8%	5.0%	3.9%		2.0%	4.8%	3.7%	4.0%		
% of revenue	95.4%	96.1%	96.6%	97.1%	97.5%	97.4%	97.7%	97.4%	97.7%	97.8%	97.8%	97.8%	97.8%	97.9%
<b>Consensus Estimate (VA)</b>											634.8	635.6	2,505.4	2,760.5
% difference (above consensus)	1.8%	1.8%	1.2%	1.9%	4.7%	4.4%	3.5%	0.9%	2.3%	2.2%	3.3%	7.3%	2.7%	5.9%
y/y growth											11.6%	7.6%	13.6%	10.2%
Professional services and other	38.8	51.0	63.6	15.0	14.0	15.0	14.0	58.0	14.0	14.0	14.4	15.0	57.4	62.8
y/y growth	16.3%	31.4%	24.7%	-11.8%	-14.8%	-1.2%	-6.7%	-8.8%	-6.7%	0.0%	-3.8%	7.2%	-1.0%	9.4%
q/q growth				0.0%	-6.7%	7.1%	-6.7%		0.0%	0.0%	3.0%	4.0%		
% of revenue	4.6%	3.9%	3.4%	2.9%	2.5%	2.6%	2.3%	2.6%	2.3%	2.2%	2.2%	2.2%	2.2%	2.1%
<b>Total Revenue</b>	<b>835.4</b>	<b>1,300.2</b>	<b>1,857.8</b>	<b>518.0</b>	<b>556.0</b>	<b>584.0</b>	<b>605.0</b>	<b>2,263.0</b>	<b>617.0</b>	<b>646.0</b>	<b>670.0</b>	<b>696.9</b>	<b>2,629.9</b>	<b>2,986.1</b>
y/y growth	42.5%	55.6%	42.9%	24.8%	23.1%	21.4%	18.6%	21.8%	19.1%	16.2%	14.7%	15.2%	16.2%	13.5%
q/q growth				1.6%	7.3%	5.0%	3.6%		2.0%	4.7%	3.7%	4.0%		
<b>Consensus Estimate (VA)</b>											649.2	649.5	2,561.7	2,817.7
% difference (above consensus)	1.5%	1.8%	1.1%	1.5%	4.1%	4.4%	3.2%	0.8%	2.1%	2.1%	3.2%	7.3%	2.7%	6.0%
y/y growth											11.2%	7.4%	13.2%	10.0%
<b>Total Subscription Billings (unadjusted)</b>	<b>937.2</b>	<b>1,731.2</b>	<b>2,059.2</b>	<b>428.0</b>	<b>597.0</b>	<b>601.0</b>	<b>828.0</b>	<b>2,454.0</b>	<b>502.0</b>	<b>637.0</b>	<b>714.8</b>	<b>938.2</b>	<b>2,792.0</b>	<b>3,110.7</b>
y/y growth	39.8%	84.7%	18.9%	15.0%	25.7%	16.4%	19.0%	19.2%	17.3%	6.7%	18.9%	13.3%	13.8%	11.4%
q/q growth				-38.5%	39.5%	0.7%	37.8%		-39.4%	26.9%	12.2%	31.3%		
Renewal Rate				94.0%	94.0%	94.0%	94.0%		94.0%	94.0%	94.0%	94.0%		
Subscription ACV Renewals	632.4	876.6	1,616.0	353.5	448.2	484.9	653.8	1,940.3	406.1	558.4	564.0	773.6	2,302.1	2,621.7
y/y growth	47.5%	38.6%	84.4%	6.8%	16.5%	38.2%	19.0%	20.1%	14.9%	24.6%	16.3%	18.3%	18.6%	13.9%
q/q growth				-35.7%	26.8%	8.2%	34.8%		-37.9%	37.5%	1.0%	37.2%		
New Subscription ACV (Calculated from reported numbers)	300.2	842.6	448.1	78.5	145.8	115.1	169.2	508.7	99.9	76.6	149.7	160.8	487.0	486.2
y/y growth	23.0%	180.7%	-46.8%	74.6%	58.3%	-30.2%	15.9%	13.5%	27.2%	-47.4%	30.0%	-5.0%	-4.3%	-0.2%
q/q growth				-46.2%	85.7%	-21.0%	47.0%		-41.0%	-23.3%	95.3%	7.4%		
<b>Subscription Billings Adjustments:</b>														
Total Adjustments		359	(83)	1	0	0	0	1	5	0	0	0	5	0
<b>Adjusted Current Subscription ACV</b>	<b>932.5</b>	<b>1,360.2</b>	<b>2,147.0</b>	<b>431.0</b>	<b>594.0</b>	<b>600.0</b>	<b>823.0</b>	<b>2,448.0</b>	<b>501.1</b>	<b>635.0</b>	<b>713.7</b>	<b>934.4</b>	<b>2,784.2</b>	<b>3,107.9</b>
y/y growth	38.6%	45.9%	24.9%	14.6%	24.6%	16.3%	18.3%	18.6%	16.0%	6.9%	18.9%	13.5%	13.7%	11.4%
q/q growth				-37.8%	37.8%	1.0%	37.2%		-39.1%	26.7%	12.4%	30.9%		
<b>Adj New Current Subs Billings (New Subs ACV)</b>	<b>300.2</b>	<b>483.6</b>	<b>531.0</b>	<b>77.5</b>	<b>145.8</b>	<b>115.1</b>	<b>169.2</b>	<b>507.7</b>	<b>95.0</b>	<b>76.6</b>	<b>149.7</b>	<b>160.8</b>	<b>482.1</b>	<b>486.2</b>
y/y growth	23.0%	61.1%	-37.0%	72.4%	58.3%	-30.2%	15.9%	13.3%	21.0%	-47.4%	30.0%	-5.0%	-5.2%	-0.2%
q/q growth				-46.1%	88.1%	-21.0%	47.0%		-43.9%	-19.3%	95.3%	7.4%		
2-year stack	55.3%	84.1%	24.1%	58.0%	-4.7%	-20.8%	-36.1%	-23.7%	93.4%	10.9%	-0.2%	10.9%	8.1%	-5.4%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

**ORCL – Momentum Likely to Continue in FY25 and Beyond, Despite Tough Setup**

**FY25 Setup.** ORCL guided for Total Revenue to grow of double digits in FY25, with acceleration in each successive quarter. As for Total Cloud Services, F2Q25 guidance of 23-25% growth can be achieved with 130% growth in New IaaS ARR and 20% growth in New SaaS ARR. ORCL also reiterated expectations for IaaS growth in FY25 to be greater than in FY24 (50%). We estimate ORCL will have to grow New IaaS ARR 100% to achieve 50%+ growth in IaaS for the year, coupled with 27% growth in New SaaS ARR to achieve 10% total revenue growth which would be difficult for most companies, but we believe ORCL can deliver on these numbers by bringing online its massive backlog of AI, Sovereign Cloud, and Public Cloud deals (\$18B in RPO added in F4Q and grew RPO an incremental \$1B in F1Q). See Exhibit 54 and 55. It's clear to us that ORCL is seeing robust demand for OCI with even more in the pipeline, which should help fuel growth in FY25, and we believe that the company may have better predictability with deals going live from here now that they have the proper systems in place to manage these large deals.

**Strength Should Continue into FY26 and Beyond.** At the Financial Analyst Meeting on September 13<sup>th</sup>, Oracle raised its FY26 Total Revenue target to \$66B (vs. \$65B previously) which by our estimates requires 75% growth in New IaaS ARR and 10% growth in New SaaS ARR (following 100% and 27% growth y/y in FY25 respectively). While this is by no means an easy setup (it wasn't in FY24 either and they delivered, specifically within IaaS), no other company within our coverage has experienced such rapid build in backlog (we

recognize duration plays a part here) due to its technology advantages (with OCI specifically) that have primed ORCL to capitalize on one of the biggest secular forces (AI) seen in decades, perhaps ever. Oracle also introduced new long-term FY29 targets for \$104B in Total Revenue (16% CAGR from FY26-FY29), 20% EPS growth exiting this timeframe, and 45% operating margin in FY29. We believe the FY29 Total revenue target will likely be met with investor skepticism, just as the FY26 target was and is (consensus is below \$66B) but see little reason to doubt the company's confidence given that the three pillars of growth (cloud apps, IaaS, and database migration to cloud) are all materializing or set to begin. In addition, management is privy to the timing of the immense amount of contracted revenue (RPO), even if we're not.

**Exhibit 54: Oracle IaaS Estimated New ARR Build**

\$ in millions, except per share data

	May-21 F2021	May-22 F2022	May-23 F2023	May-24 F2024E	Aug-24 1Q25	Nov-24 2Q25E	Feb-25 3Q25E	May-25 4Q25E	May-25 F2025E	Aug-25 1Q26E	Nov-25 2Q26E	Feb-26 3Q26E	May-26 4Q26E	May-26 F2026E	May-27 F2027E	May-28 F2028E	May-29 F2029E
<b>Cloud Services Derivation</b>																	
Cloud services revenue (SaaS, IaaS/PaaS)	8,953.5	10,847.6	15,882.0	19,775.0	5,623.0	5,935.0	6,372.2	6,856.1	24,786.3	7,321.0	7,890.6	8,609.3	9,381.3	33,202.1	44,668.4	57,878.0	72,825.1
y/y growth	14%	21.2%	46.4%	25%	22%	24%	26%	29%	25%	30%	33%	35%	37%	34%	35%	30%	26%
y/y growth, CC	12%	22.6%	50.5%	24.0%	22%	24%	26%	29%	25%	30%	33%	35%	37%	34%	35%	30%	26%
y/y FX impact	2%	-1.5%	-4.1%	0.6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
q/q growth					6%	6%	7%	8%		7%	8%	9%	9%				
% of Cloud Services and License Support					6%	6%	7%	8%		7%	8%	9%	9%				
<b>IaaS Derivation</b>																	
IaaS Total (incl. PaaS) - OCI, C@C, Legacy Hosting	2,003.6	2,847.8	4,548.9	6,889.0	2,154.3	2,413.6	2,774.8	3,138.9	10,481.6	3,470.3	3,961.0	4,596.2	5,238.8	17,264.3	26,917.3	38,136.6	50,898.7
q/q \$ chg					174.9	259.4	361.1	364.2		331.4	490.6	635.3	640.5				
y/y growth		42%	60%	51%	45%	50%	53%	59%	52.2%	61%	64%	66%	67%	65%	56%	42%	33%
y/y growth, CC			59.7%	51.4%	46%	50%	53%	59%	52.2%	61%	64%	66%	67%	65%	56%	42%	33%
Consensus Estimate (VA)			4,562	6,913	2,143	2,351	2,738	3,179	10,412	3,343	3,645	4,164	4,738	15,891			
y/y growth			52.0%	52.0%	44.3%	46.4%	50.6%	60.6%	51.1%	55.2%	51.0%	50.1%	50.9%	51.6%			
% difference (above consensus)			-0.3%	-0.4%	0.5%	2.7%	1.3%	-1.3%	0.7%	3.8%	8.7%	10.4%	10.5%	8.6%			
Total OCI (including C@C, ex. Legacy hosting)	1,574.6	2,395.7	4,163.8	6,420.0	2,080.0	2,342.4	2,706.5	3,073.7	10,202.5	3,408.1	3,901.7	4,540.0	5,183.5	17,033.2	26,724.2	37,975.5	50,769.6
q/q growth					11.8%	12.6%	15.5%	13.6%		10.9%	14.5%	16.4%	14.2%				
y/y growth		52%	74%	54%	49.1%	57.2%	61.6%	65.3%	59%	63.8%	66.6%	67.7%	68.6%	67%	57%	42%	34%
Average ARR in Q					8,320.0												
q/q growth					11.8%												
y/y growth					49.1%												
Estimated ARR at end of Q					8,736.0	10,046.8	11,655.8	12,992.3		14,494.4	16,792.3	19,612.0	21,954.9				
q/q growth					10.9%	15.0%	16.0%	11.5%		11.6%	15.9%	16.8%	11.9%				
y/y growth					51.4%	58.7%	64.9%	64.9%		63.9%	67.1%	68.3%	69.0%				
% Estimated ARR > Average ARR					5.0%												
Assumed Annual Renewal Rate		98%			98.0%	98.0%	98.0%	98.0%		98.0%	98.0%	98.0%	98.0%				
Equivalent Quarterly Renewal Rate					99.5%	99.5%	99.5%	99.5%		99.5%	99.5%	99.5%	99.5%				
Quarterly Churn					39.7	44.0	50.6	58.7		65.5	73.0	84.6	98.8				
Quarterly Renewals					7,840.3	8,692.0	9,996.2	11,597.1		12,926.9	14,421.3	16,707.7	19,513.2				
Net New ARR					856.0	1,310.8	1,608.9	1,336.5		1,502.0	2,298.0	2,819.6	2,342.9				
New ARR		1,163.3	2,466.2	2,626.2	895.7	1,354.9	1,659.6	1,395.3	5,305.4	1,567.5	2,371.0	2,904.2	2,441.7	9,284.4	11,141.3	12,812.5	14,734.4
q/q growth					5.9%	51.3%	22.5%	-15.9%		12.3%	51.3%	22.5%	-15.9%				
y/y growth			112.0%	6.5%	113.5%	130.0%	115.0%	65.0%	102.0%	75.0%	75.0%	75.0%	75.0%	75.0%	20.0%	15.0%	15.0%
Adjustments																	
Adjusted New ARR		1,163.3	2,466.2	2,626.2	895.7	1,354.9	1,659.6	1,395.3	5,305.4	1,567.5	2,371.0	2,904.2	2,441.7	9,284.4	11,141.3	12,812.5	14,734.4
q/q growth					5.9%	51.3%	22.5%	-15.9%		12.3%	51.3%	22.5%	-15.9%				
y/y growth (off unadjusted base)			112.0%	6.5%	113.5%	130.0%	115.0%	65.0%	102.0%	75.0%	75.0%	75.0%	75.0%	75.0%	20.0%	15.0%	15.0%
2 Year Growth Stack					87.6%	128.5%	127.2%	102.7%									

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 55: Oracle SaaS Estimated New ARR Build

\$ in millions, except per share data

	May-21 F2021	May-22 F2022	May-23 F2023	May-24 F2024E	Aug-24 1Q25	Nov-24 2Q25E	Feb-25 3Q25E	May-25 4Q25E	May-25 F2025E	Aug-25 1Q26E	Nov-25 2Q26E	Feb-26 3Q26E	May-26 4Q26E	May-26 F2026E	May-27 F2027E	May-28 F2028E	May-29 F2029E
<b>Cloud Services Derivation</b>																	
Cloud services revenue (SaaS, IaaS/PaaS)	8,953.5	10,847.6	15,882.0	19,775.0	5,623.0	5,935.0	6,372.2	6,856.1	24,786.3	7,321.0	7,890.6	8,609.3	9,381.3	33,202.1	44,668.4	57,878.0	72,825.1
y/y growth	14%	21.2%	46.4%	25%	22%	24%	26%	29%	25%	30%	33%	35%	37%	34%	35%	30%	26%
y/y growth, CC	12%	22.6%	50.5%	24.0%	22%												
y/y FX impact	2%	-1.5%	-4.1%	0.6%	0%	0%	7%	8%		7%	8%	9%	9%				
q/q growth					6%	6%	7%	8%									
% of Cloud Services and License Support																	
<b>SaaS Derivation</b>																	
SaaS	6,950	8,000	11,333	12,886	3,469	3,521	3,597	3,717	14,305	3,851	3,930	4,013	4,144	15,938	17,751	19,741	21,926
q/q \$ chg					137	53	76	120		133	79	83	131				
y/y growth		15.1%	41.7%	13.7%	10%	11%	11%	12%	11%	11%	12%	12%	11%	11%	11%	11%	11%
y/y growth, CC		11.0%	45.1%	13.5%	10%												
y/y FX impact		4.1%	-3.4%	0.2%	0%												
q/q growth					4%	1.5%	2.2%	3.3%		3.6%	2.1%	2.1%	3.3%				
<b>Consensus Estimate (VA)</b>																	
			11,364	12,989	3,403	3,500	3,616	3,691	14,209	3,848	3,938	4,069	4,157	16,012	18,145		
y/y growth			14.6%	8.0%	10.4%	11.7%	10.8%	10.3%	10.3%	10.9%	11.8%	13.1%	11.8%	11.9%	13.8%		
% difference (above consensus)			0.2%	-0.7%	2.9%	0.6%	-0.5%	0.7%	0.9%	0.1%	-0.2%	-1.4%	-0.3%	-0.5%	-2.2%		
<b>Average ARR in Q</b>																	
q/q growth					13,874.9												
y/y growth					4.1%												
Estimated ARR at end of Q					14,013.7	14,227.6	14,623.4	15,187.7		15,640.8	15,874.9	16,309.2	16,928.9				
q/q growth					3.0%	1.5%	2.8%	3.9%		3.0%	1.5%	2.7%	3.8%				
y/y growth					10.9%	11.1%	11.3%	11.7%		11.6%	11.6%	11.5%	11.5%				
% Estimated ARR > Average ARR					1.0%												
<b>Assumed Annual Renewal Rate</b>																	
Assumed Annual Renewal Rate		98%			98.0%	98.0%	98.0%	98.0%		98.0%	98.0%	98.0%	98.0%				
Equivalent Quarterly Renewal Rate					99.5%	99.5%	99.5%	99.5%		99.5%	99.5%	99.5%	99.5%				
Quarterly Churn					68.5	70.6	71.7	73.7		76.5	78.8	80.0	82.2				
Quarterly Renewals					13,532.2	13,943.1	14,155.9	14,549.7		15,111.2	15,562.0	15,795.0	16,227.1				
Net New ARR					14,013.7	213.9	395.8	564.3		453.1	234.1	434.3	619.6				
New ARR		2,289.8	3,039.6	1,472.7	481.5	284.5	467.5	638.0	1,871.4	529.6	312.9	514.3	701.8	2,058.6	2,264.5	2,490.9	2,740.0
q/q growth					-9.4%	-40.9%	64.3%	36.5%		-17.0%	-40.9%	64.3%	36.5%				
y/y growth			32.7%	-51.5%	53.1%	20.0%	20.0%	20.0%	27.1%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
<b>Adjustments</b>																	
Adjusted New ARR		2,289.8	3,039.6	1,472.7	481.5	284.5	467.5	638.0	1,871.4	529.6	312.9	514.3	701.8	2,058.6	2,264.5	2,490.9	2,740.0
q/q growth					-9.4%	-40.9%	64.3%	36.5%		-17.0%	-40.9%	64.3%	36.5%				
y/y growth (off unadjusted base)			32.7%	-51.5%	53.1%	20.0%	20.0%	20.0%	27.1%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2 Year Growth Stack					-23.7%	-19.6%	-18.8%	1.5%									

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

**OS – Attractive Setup, as it Should Be**

**Strong Setup Headed into 3Q24.** OS guided for 3Q24 Total Revenue of \$123-125M and expects 3Q Subscription revenue growth to be greater than 35%, which was better than many expected. We estimate that OS needs to grow New ARR 24% y/y to hit the midpoint of 3Q Total Revenue guidance (implying a slight decrease in business momentum on a 2-year stack basis) and grow Subscription revenues >35%, which seems very reasonable to us. In a more plausible scenario, we see 3Q New ARR growing 30% y/y with stable business momentum on a 2-year stack basis, leading to \$134M in Total Revenue (8% above the midpoint of guidance) and 38% growth in Subscription revenues. See Exhibits 56 and 57. We continue to believe OS is well-positioned to continue to grow in the EPM market, driven by digital transformations within finance departments, which is still in the early innings. In addition, the OS platform provides CFOs with operational agility and a unified view across the enterprise to become more strategic and drive better execution.

**Attractive CY25 Setup.** Assuming our CY24 plausible estimates play out with New ARR being flat for the year, we estimate New ARR could grow about 20% in CY25, leading to 7% upside in Total revenues (\$620M vs. 578M consensus) and 6% upside in Subscription revenues (\$554M vs. \$524M consensus). See Exhibit 57. This was the fastest growing vendor in the top 25+ of this category last year for good reason, but we believe further expansion into Operational Planning and adoption of SensibleML (AI solution) will provide incremental upside. Looking even further out using reasonable assumptions that assume ARR growth gradually moderates with the law of large numbers (driven by New ARR), we believe it's not only possible, but likely that OS remains a 20+% grower over the next 5+ years.



Exhibit 56: OneStream Base Case New ARR Build

\$ in millions, except per share data

	Dec-20 2020	Dec-21 2021	Dec-22 2022	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	Dec-23 2023	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	Dec-24 2024E	Dec-25 2025E	Dec-26 2026E
<b>Revenue Breakdown</b>															
Subscription (Assume = SaaS + Cloud + Term Mtn + Perpetual Mtn)	60.3	109.1	195.1	64.1	71.8	79.4	87.6	302.9	95.7	103.1	107.7	111.5	418.1	517.2	643.2
q/q growth				10.9%	12.1%	10.5%	10.3%		9.3%	7.8%	4.4%	3.6%			
y/y growth		81.0%	78.8%	61.0%	56.8%	53.7%	51.5%	55.3%	49.3%	43.6%	35.6%	27.4%	38.0%	23.7%	24.4%
License Revenue	75.6	34.8	50.5	6.8	6.7	19.5	7.6	40.5	6.2	6.9	8.2	7.0	28.3	21.2	21.9
q/q growth				-45.8%	-2.1%	193.1%	-61.1%		-18.5%	11.7%	18.4%	-14.0%			
y/y growth		-54.0%	45.0%	-48.2%	-43.6%	49.6%	-39.5%	-19.7%	-9.0%	3.8%	-58.1%	-7.2%	-30.2%	-25.2%	3.4%
Software Revenue	135.9	143.9	245.5	70.9	78.5	98.9	95.2	343.4	101.9	110.0	115.9	118.6	446.4	538.3	665.1
q/q growth				0.8%	10.8%	26.0%	-3.8%		7.0%	8.0%	5.3%	2.3%			
y/y growth		5.9%	70.6%	33.9%	36.3%	52.9%	35.3%	39.9%	43.7%	40.2%	17.2%	24.6%	30.0%	20.6%	23.5%
Professional Services and Other	32.2	39.6	33.7	7.9	8.0	8.1	7.4	31.5	8.4	7.5	8.1	7.8	31.8	33.6	33.7
q/q growth				11.5%	0.9%	1.0%	-8.1%		13.4%	-11.4%	8.2%	-3.3%			
y/y growth		23.0%	-14.9%	-15.2%	-13.9%	1.7%	4.4%	-6.7%	6.2%	-6.8%	-0.1%	5.1%	1.0%	5.8%	0.2%
% of Subscription		36.3%	17.3%	12.4%	11.1%	10.2%	8.5%	10.4%	8.8%	7.2%	7.5%	7.0%	7.6%	6.5%	5.2%
<b>Total Revenue</b>	<b>168.1</b>	<b>183.5</b>	<b>279.2</b>	<b>78.8</b>	<b>86.5</b>	<b>107.0</b>	<b>102.6</b>	<b>374.9</b>	<b>110.3</b>	<b>117.5</b>	<b>124.0</b>	<b>126.4</b>	<b>478.2</b>	<b>572.0</b>	<b>698.8</b>
q/q growth				1.8%	9.8%	23.7%	-4.1%		7.5%	6.5%	5.5%	2.0%			
y/y growth		9.2%	52.2%	26.6%	29.3%	47.3%	32.5%	34.3%	40.0%	35.8%	15.9%	23.2%	27.5%	19.6%	22.2%
<b>ARR Summary</b>															
Perpetual		22.1	21.6	21.5	20.9	20.9	20.3	20.3	20.3	19.6	19.6	18.9	18.9	15.3	8.6
q/q growth				-0.5%	-2.6%	0.2%	-2.9%		0.1%	-3.5%	0.0%	-3.6%			
y/y growth			-2.2%	-2.3%	-4.6%	-3.9%	-5.7%	-5.7%	-5.2%	-6.0%	-6.2%	-6.8%	-6.8%	-19.3%	-43.9%
Term-Based License			76.0	75.4	73.5	73.7	70.3	70.3	68.1	66.3	64.4	62.6	62.6	53.4	42.4
q/q growth				-0.8%	-2.6%	0.3%	-4.7%		-3.1%	-2.7%	-2.8%	-2.8%			
y/y growth				3.3%	0.8%	-4.9%	-7.6%	-7.6%	-9.7%	-9.8%	-12.6%	-10.9%	-10.9%	-14.7%	-20.6%
SaaS			191.8	215.3	248.0	269.4	326.3	326.3	347.9	378.4	407.9	449.8	449.8	592.2	770.1
q/q growth				12.3%	15.2%	8.6%	21.1%		6.6%	8.8%	7.8%	10.3%			
y/y growth				101.6%	90.5%	75.1%	70.1%	70.1%	61.6%	52.5%	51.4%	37.8%	37.8%	31.7%	30.0%
Cloud			46.5	46.1	44.4	45.4	43.5	43.5	43.7	42.1	42.0	40.5	40.5	34.6	27.6
q/q growth				-0.8%	-3.8%	2.3%	-4.2%		0.4%	-3.6%	-0.1%	-3.7%			
y/y growth				4.2%	-2.6%	-1.2%	-6.5%	-6.5%	-5.3%	-5.2%	-7.4%	-6.9%	-6.9%	-14.5%	-20.4%
<b>Total ARR</b>	<b>127.3</b>	<b>224.0</b>	<b>335.9</b>	<b>358.4</b>	<b>386.8</b>	<b>409.5</b>	<b>460.4</b>	<b>460.4</b>	<b>480.0</b>	<b>506.0</b>	<b>534.0</b>	<b>571.8</b>	<b>571.8</b>	<b>695.5</b>	<b>848.7</b>
q/q growth				6.7%	7.9%	5.9%	12.4%		4.3%	5.4%	5.5%	7.1%			
y/y growth		76%	50%	46%	43%	37%	37%	37%	34%	31%	30%	24%	24%	22%	22%
New ARR Calculations															
Gross Annual Renewal Rate				98.0%	98.0%	98.0%	98.0%		98.0%	98.0%	98.0%	98.0%			
Equivalent Gross Quarterly Renewal Rate		98.0%		99.5%	99.5%	99.5%	99.5%		99.5%	99.5%	99.5%	99.5%			
ARR Renewals				334.2	356.6	384.9	407.4		458.1	477.6	503.5	531.3			
<b>New ARR</b>		<b>99.9</b>	<b>117.1</b>	<b>24.2</b>	<b>30.3</b>	<b>24.6</b>	<b>53.0</b>	<b>132.0</b>	<b>21.9</b>	<b>28.4</b>	<b>30.5</b>	<b>40.5</b>	<b>121.4</b>	<b>135.8</b>	<b>167.9</b>
q/q growth				-36.9%	25.2%	-18.7%	115.3%		-58.6%	29.4%	7.6%	32.7%			
y/y growth			17%	4%	17%	-18%	38%	13%	-9%	-6%	24%	-23%	-8%	12%	24%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 57: OneStream Plausible Case New ARR Build

\$ in millions, except per share data

	Dec-20 2020	Dec-21 2021	Dec-22 2022	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	Dec-23 2023	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	Dec-24 2024E	Dec-25 2025E
<b>Revenue Breakdown</b>														
Subscription (Assume = SaaS + Cloud + Term Mtn + Perpetual Mtn)	60.3	109.1	195.1	64.1	71.8	79.4	87.6	302.9	95.7	103.1	109.5	117.5	425.8	554.2
q/q growth				10.9%	12.1%	10.5%	10.3%		9.3%	7.8%	6.1%	7.3%		
y/y growth		81.0%	78.8%	61.0%	56.8%	53.7%	51.5%	55.3%	49.3%	43.6%	37.8%	34.1%	40.5%	30.2%
License Revenue	75.6	34.8	50.5	6.8	6.7	19.5	7.6	40.5	6.2	6.9	15.2	6.0	34.3	29.6
q/q growth				-45.8%	-2.1%	193.1%	-61.1%		-18.5%	11.7%	119.8%	-60.2%		
y/y growth		-54.0%	45.0%	-48.2%	-43.6%	49.6%	-39.5%	-19.7%	-9.0%	3.8%	-22.1%	-20.4%	-15.4%	-13.8%
Software Revenue	135.9	143.9	245.5	70.9	78.5	98.9	95.2	343.4	101.9	110.0	124.6	123.5	460.0	583.7
q/q growth				0.8%	10.8%	26.0%	-3.8%		7.0%	8.0%	13.3%	-0.9%		
y/y growth		5.9%	70.6%	33.9%	36.3%	52.9%	35.3%	39.9%	43.7%	40.2%	26.0%	29.8%	34.0%	26.9%
Professional Services and Other	32.2	39.6	33.7	7.9	8.0	8.1	7.4	31.5	8.4	7.5	9.3	8.2	33.4	36.0
q/q growth				11.5%	0.9%	1.0%	-8.1%		13.4%	-11.4%	24.7%	-11.6%		
y/y growth		23.0%	-14.9%	-15.2%	-13.9%	1.7%	4.4%	-6.7%	6.2%	-6.8%	15.0%	10.6%	6.2%	7.7%
% of Subscription		36.3%	17.3%	12.4%	11.1%	10.2%	8.5%	10.4%	8.8%	7.2%	8.5%	7.0%	7.8%	6.5%
<b>Total Revenue</b>	<b>168.1</b>	<b>183.5</b>	<b>279.2</b>	<b>78.8</b>	<b>86.5</b>	<b>107.0</b>	<b>102.6</b>	<b>374.9</b>	<b>110.3</b>	<b>117.5</b>	<b>133.9</b>	<b>131.7</b>	<b>493.5</b>	<b>619.7</b>
q/q growth				1.8%	9.8%	23.7%	-4.1%		7.5%	6.5%	14.0%	-1.6%		
y/y growth		9.2%	52.2%	26.6%	29.3%	47.3%	32.5%	34.3%	40.0%	35.8%	25.2%	28.4%	31.6%	25.6%
													79.0%	
<b>ARR Summary</b>														
Perpetual		22.1	21.6	21.5	20.9	20.9	20.3	20.3	20.3	19.6	19.6	18.9	18.9	16.6
q/q growth				-0.5%	-2.6%	0.2%	-2.9%		0.1%	-3.5%	0.0%	-3.6%		
y/y growth			-2.2%	-2.3%	-4.6%	-3.9%	-5.7%	-5.7%	-5.2%	-6.0%	-6.2%	-6.8%	-6.8%	-12.5%
Term-Based License			76.0	75.4	73.5	73.7	70.3	70.3	68.1	66.3	64.4	62.6	62.6	53.4
q/q growth				-0.8%	-2.6%	0.3%	-4.7%		-3.1%	-2.7%	-2.8%	-2.8%		
y/y growth				3.3%	0.8%	-4.9%	-7.6%	-7.6%	-9.7%	-9.8%	-12.6%	-10.9%	-10.9%	-14.7%
SaaS			191.8	215.3	248.0	269.4	326.3	326.3	347.9	378.4	409.2	459.9	459.9	623.8
q/q growth				12.3%	15.2%	8.6%	21.1%		6.6%	8.8%	8.2%	12.4%		
y/y growth				101.6%	90.5%	75.1%	70.1%	70.1%	61.6%	52.5%	51.9%	40.9%	40.9%	35.7%
Cloud			46.5	46.1	44.4	45.4	43.5	43.5	43.7	42.1	42.0	40.5	40.5	34.6
q/q growth				-0.8%	-3.8%	2.3%	-4.2%		0.4%	-3.6%	-0.1%	-3.7%		
y/y growth				4.2%	-2.6%	-1.2%	-6.5%	-6.5%	-5.3%	-5.2%	-7.4%	-6.9%	-6.9%	-14.5%
<b>Total ARR</b>	<b>127.3</b>	<b>224.0</b>	<b>335.9</b>	<b>358.4</b>	<b>386.8</b>	<b>409.5</b>	<b>460.4</b>	<b>460.4</b>	<b>480.0</b>	<b>506.0</b>	<b>535.3</b>	<b>581.9</b>	<b>581.9</b>	<b>728.4</b>
q/q growth				6.7%	7.9%	5.9%	12.4%		4.3%	5.4%	5.8%	8.7%		
y/y growth		76%	50%	46%	43%	37%	37%	37%	34%	31%	31%	26%	26%	25%
New ARR Calculations										32%				
Gross Annual Renewal Rate		98.0%		98.0%	98.0%	98.0%	98.0%		98.0%	98.0%	98.0%	98.0%		
Equivalent Gross Quarterly Renewal Rate		99.5%		99.5%	99.5%	99.5%	99.5%		99.5%	99.5%	99.5%	99.5%		
ARR Renewals		334.2	356.6	384.9	407.4				458.1	477.6	503.5	532.6		
<b>New ARR</b>		<b>99.9</b>	<b>117.1</b>	<b>24.2</b>	<b>30.3</b>	<b>24.6</b>	<b>53.0</b>	<b>132.0</b>	<b>21.9</b>	<b>28.4</b>	<b>31.9</b>	<b>49.3</b>	<b>131.5</b>	<b>159.1</b>
q/q growth				-36.9%	25.2%	-18.7%	115.3%		-58.6%	29.4%	12.3%	54.4%		
y/y growth			17%	4%	17%	-18%	38%	13%	-9%	-6%	30%	-7%	0%	21%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## PANW – Upside in New Focus Metrics

Note: We will address the metrics that PANW is focusing investors on (total revenue, NGS ARR, and RPO), but we will gauge its business momentum by our estimate of Total New ARR, which has declined in each of the last four quarters. On the positive side, this presents easy comps for the next year.

**F1Q Consensus Estimates Are Attainable with Less Upside to Total Revenue.** There are several important line items for Palo Alto Networks, but the company now focuses on just three as a gauge for health of the business. As of F4Q, PANW is focused on total revenue, NGS ARR and now RPO, which replaces total billings, a metric the company will no longer report. In addition to annual guidance, PANW now also provides quarterly guidance for both NGS ARR and RPO. As it relates to F1Q, PANW should exceed the NGS ARR consensus estimate of \$4,357M (+35% y/y), which reflects quarterly guidance of \$4,330 - \$4,380M (34% - 36% y/y). NGS ARR guidance implies new NGS ARR declines approx. 40% y/y and 61% q/q, significantly more than the typical seasonal F1Q pattern. For instance, in F1Q24 NGS New ARR grew 29% y/y and declined 24.4% q/q, in F1Q23 it grew triple digits and declined 21% q/q, and in F1Q22 it grew 30% y/y and declined 55% q/q. Similarly, using a 2-year stack of New NGS ARR growth as a gauge of business

momentum, F1Q guidance implies a significant decline in business momentum from F4Q. Our plausible F1Q NGS ARR growth estimate of 39.4% y/y is 330bps above consensus. Management guided F1Q RPO growth between 19% and 20%, and we assume the company should be able to exceed this target, but we don't model this metric as we do not have all the information needed (as is the case for cRPO for OKTA, NOW, CRM and WDAY who guide cRPO). Management did say it will give quarterly color on duration as a supporting factor for RPO. Lastly, we see limited upside to F1Q total revenue (around 60bps in our plausible case), which reflects guidance of 12% - 13% y/y growth. See Exhibits 58 – 61.

**FY25 Estimates Are Achievable.** Initial NGS ARR guidance of \$5,420 - \$5,470M (+28% - 30% y/y) implies New NGS ARR grows around 1.4% y/y after growing 22% in FY24 and 50% in FY23. Our plausible FY25 NGS ARR growth estimate of 33% y/y is 300bps above consensus and implies New ARR grows 13%. Related to RPO, we also expect Management will at least achieve its annual RPO guidance of 19% - 20% y/y. Although total billings will no longer be guided (or reported), RPO guidance, with no change in the mix between PAN-FS and billings programs, implies billings growth of 12% y/y. We also expect to see upside to initial total revenue guidance of 13% - 14% y/y as our plausible growth estimate is 210bps above consensus (which reflects the guide). Additionally, PANW guided FY2025 FCF Margins between 37% and 38%, which continue to be considered best-in-class when compared to the average 23% for a group of seven large cap security companies and the 28% for the average of ten large cap software companies. As has been the trend for a few quarters now, there has been a lot of financing of long-term contracts through Palo Alto, channel partners and/or third-party financial institutions. The ability to utilize Palo products free of charge for a set amount of a time via the "platformization" strategy, that could pose risk to FCF margins in FY25 and beyond, though it has had no effect so far.

**FY26 Consensus Estimates Appear Reasonable.** If PANW performs as we outlined in our plausible scenario in FY25, FY26 NGS ARR Street estimates appear reasonable with decent upside potential, whereas total revenue and RPO should be fine.

## Exhibit 58: PANW Base Case – Revenue

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Oct-23 1Q24	Jan-24 2Q24	Apr-24 3Q24	Jul-24 4Q24	2024 Full Year	Oct-24 1Q25E	Jan-25 2Q25E	Apr-25 3Q25E	Jul-25 4Q25E	2025 (E) Full Year	2026 (E) Full Year
<b>Revenue Breakdown</b>															
<b>Product</b>	1,064.2	1,120.3	1,363.1	1,578.4	341.1	390.7	391.0	480.5	1,603.3	371.0	388.0	402.9	516.7	1,678.7	1,729.3
y/y growth	-2.9%	5.3%	21.7%	15.8%	3.4%	10.7%	0.7%	-5.3%	1.6%	8.8%	-0.7%	3.1%	7.5%	4.7%	3.0%
q/q growth					-32.8%	14.5%	0.1%	22.9%		-22.8%	4.6%	3.9%	28.2%		
% of revenue	31.2%	26.3%	24.8%	22.9%	18.2%	19.8%	19.7%	21.9%	20.0%	17.5%	17.6%	17.6%	20.5%	18.4%	16.8%
<b>Consensus Estimate (VA)</b>										340.5	387.7	402.5	506.0	1,636.7	1,703.8
% difference (above consensus)	0.9%	3.4%	1.0%	0.5%	-1.7%	8.1%	0.9%	-2.6%	-0.8%	8.9%	0.1%	0.1%	2.1%	2.6%	1.5%
y/y growth										-0.2%	-0.8%	2.9%	5.3%	2.1%	4.1%
<b>Subscription</b>	1,405.3	1,898.8	2,539.0	3,335.8	988.3	1,027.1	1,045.6	1,127.5	4,188.5	1,180.7	1,240.6	1,299.7	1,388.6	5,109.6	6,141.4
y/y growth	36.1%	35.1%	33.7%	31.4%	29.3%	26.0%	24.8%	22.8%	25.6%	19.5%	20.8%	24.3%	23.2%	22.0%	20.2%
q/q growth					7.7%	3.9%	1.8%	7.8%		4.7%	5.1%	4.8%	6.8%		
% of revenue	41.2%	44.6%	46.2%	48.4%	52.6%	52.0%	52.7%	51.5%	52.2%	55.8%	56.2%	56.8%	55.2%	56.0%	59.5%
<b>Consensus Estimate (VA)</b>										1,170.0	1,222.2	1,252.9	1,354.7	4,951.5	6,137.2
% difference (above consensus)	0.7%	0.1%	-0.6%	0.1%	4.0%	-1.2%	1.9%	2.4%	1.0%	0.9%	1.5%	3.7%	2.5%	3.2%	0.1%
y/y growth										18.4%	19.0%	19.8%	20.2%	18.2%	23.9%
<b>NGS Subscription (GS Est)</b>	304.7	679.3	1,146.3	1,861.9	610.4	670.0	698.0	792.2	2,770.7	844.0	902.3	960.8	1051.0	3,758.1	4,785.5
y/y growth		122.9%	68.8%	62.4%	54.4%	49.0%	48.2%	45.1%	48.8%	38.3%	34.7%	37.6%	32.7%	35.6%	27.3%
q/q growth					11.8%	9.8%	4.2%	13.5%		6.5%	6.9%	6.5%	9.4%		
% of subscription revenue	21.7%	35.8%	45.1%	55.8%	61.8%	65.2%	66.8%	70.3%	66.1%	71.5%	72.7%	73.9%	75.7%	73.6%	77.9%
<b>Implied CGS Subscription</b>	1,100.6	1,219.5	1,392.7	1,473.9	377.9	357.1	347.6	335.3	1,417.8	336.7	338.2	338.9	337.6	1,351.5	1,355.9
y/y growth	6.6%	10.8%	14.2%	5.8%	2.4%	-2.4%	-5.3%	-9.9%	-3.8%	-10.9%	-5.3%	-2.5%	0.7%	-4.7%	0.3%
q/q growth					1.6%	-5.5%	-2.6%	-3.6%		0.4%	0.4%	0.2%	-0.4%		
% of subscription revenue	78.3%	64.2%	54.9%	44.2%	38.2%	34.8%	33.2%	29.7%	33.9%	28.5%	27.3%	26.1%	24.3%	26.4%	22.1%
<b>Support</b>	938.9	1,237.0	1,599.4	1,978.5	548.7	557.3	548.2	581.5	2,235.7	563.3	579.4	583.9	609.7	2,336.3	2,450.2
y/y growth	21.8%	31.7%	29.3%	23.7%	17.0%	14.5%	10.8%	10.1%	13.0%	2.7%	4.0%	6.5%	4.8%	4.5%	4.9%
q/q growth					3.9%	1.6%	-1.6%	6.1%		-3.1%	2.9%	0.8%	4.4%		
% of revenue	27.5%	29.1%	29.1%	28.7%	29.2%	28.2%	27.6%	26.6%	27.9%	26.6%	26.2%	25.5%	24.2%	25.6%	23.7%
<b>Consensus Estimate (VA)</b>										602.3	620.8	614.4	655.7	2,502.0	2,790.8
% difference (above consensus)	0.4%	0.2%	-0.5%	0.2%	-0.3%	-2.7%	-2.9%	1.0%	0.6%	-6.5%	-6.7%	-5.0%	-7.0%	-6.6%	-12.2%
y/y growth										9.8%	11.4%	12.1%	12.8%	11.9%	11.5%
<b>Total Revenue</b>	3,408.4	4,256.1	5,501.5	6,892.7	1,878.1	1,975.1	1,984.8	2,189.5	8,027.5	2,115.0	2,208.0	2,286.5	2,515.0	9,124.5	10,320.9
y/y growth	17.5%	24.9%	29.3%	25.3%	20.1%	19.3%	15.3%	12.1%	16.5%	12.6%	11.8%	15.2%	14.9%	13.7%	13.1%
q/q growth					-3.8%	5.2%	0.5%	10.3%		-3.4%	4.4%	3.6%	10.0%		
<b>Consensus Estimate (VA)</b>										2,118.5	2,228.5	2,271.1	2,504.7	9,122.7	10,477.1
% difference (above consensus)	0.8%	1.1%	0.1%	0.0%	1.8%	0.2%	0.8%	1.3%	0.4%	-0.2%	-0.9%	0.7%	0.4%	0.0%	-1.5%
y/y growth										12.8%	12.8%	14.4%	14.4%	13.6%	14.8%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 59: PANW Plausible Case – Revenue

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Oct-23 1Q24	Jan-24 2Q24	Apr-24 3Q24	Jul-24 4Q24	2024 Full Year	Oct-24 1Q25E	Jan-25 2Q25E	Apr-25 3Q25E	Jul-25 4Q25E	2025 (E) Full Year	2026 (E) Full Year
<b>Revenue Breakdown</b>															
<b>Product</b>	1,064.2	1,120.3	1,363.1	1,578.4	341.1	390.7	391.0	480.5	1,603.3	363.2	433.4	449.8	553.5	1,799.9	1,913.2
y/y growth	-2.9%	5.3%	21.7%	15.8%	3.4%	10.7%	0.7%	-5.3%	1.6%	6.5%	10.9%	15.0%	15.2%	12.3%	6.3%
q/q growth					-32.8%	14.5%	0.1%	22.9%		-24.4%	19.3%	3.8%	23.1%		
% of revenue	31.2%	26.3%	24.8%	22.9%	18.2%	19.8%	19.7%	21.9%	20.0%	17.0%	19.0%	19.3%	21.6%	19.3%	18.0%
<b>Consensus Estimate (VA)</b>										340.5	387.7	402.5	506.0	1,636.7	1,703.8
% difference (above consensus)	0.9%	3.4%	1.0%	0.5%	-1.7%	8.1%	0.9%	-2.6%	-0.8%	6.7%	11.8%	11.7%	9.4%	10.0%	12.3%
y/y growth										-0.2%	-0.8%	2.9%	5.3%	2.1%	4.1%
<b>Subscription</b>	1,405.3	1,898.8	2,539.0	3,335.8	988.3	1,027.1	1,045.6	1,127.5	4,188.5	1,204.3	1,268.3	1,290.3	1,388.9	5,151.8	6,169.4
y/y growth	36.1%	35.1%	33.7%	31.4%	29.3%	26.0%	24.8%	22.8%	25.6%	21.9%	23.5%	23.4%	23.2%	23.0%	19.8%
q/q growth					7.7%	3.9%	1.8%	7.8%		6.8%	5.3%	1.7%	7.6%		
% of revenue	41.2%	44.6%	46.2%	48.4%	52.6%	52.0%	52.7%	51.5%	52.2%	56.5%	55.5%	55.3%	54.1%	55.3%	58.0%
<b>Consensus Estimate (VA)</b>										1,170.0	1,222.2	1,252.9	1,354.7	4,951.5	6,137.2
% difference (above consensus)	0.7%	0.1%	-0.6%	0.1%	4.0%	-1.2%	1.9%	2.4%	1.0%	2.9%	3.8%	3.0%	2.5%	4.0%	0.5%
y/y growth										18.4%	19.0%	19.8%	20.2%	18.2%	23.9%
<b>NGS Subscription (GS Est)</b>	304.7	679.3	1,146.3	1,861.9	610.4	670.0	698.0	792.2	2,770.7	868.8	932.7	955.3	1,055.9	3,812.6	4,850.1
y/y growth		122.9%	68.8%	62.4%	54.4%	49.0%	48.2%	45.1%	48.8%	42.3%	39.2%	36.9%	33.3%	37.6%	27.2%
q/q growth					11.8%	9.8%	4.2%	13.5%		9.7%	7.4%	2.4%	10.5%		
% of subscription revenue	21.7%	35.8%	45.1%	55.8%	61.8%	65.2%	66.8%	70.3%	66.1%	72.1%	73.5%	74.0%	76.0%	74.0%	78.6%
<b>Implied CGS Subscription</b>	1,100.6	1,219.5	1,392.7	1,473.9	377.9	357.1	347.6	335.3	1,417.8	335.5	335.6	335.1	333.0	1,339.2	1,319.3
y/y growth	6.6%	10.8%	14.2%	5.8%	2.4%	-2.4%	-5.3%	-9.9%	-3.8%	-11.2%	-6.0%	-3.6%	-0.7%	-5.5%	-1.5%
q/q growth					1.6%	-5.5%	-2.6%	-3.6%		0.1%	0.0%	-0.2%	-0.6%		
% of subscription revenue	78.3%	64.2%	54.9%	44.2%	38.2%	34.8%	33.2%	29.7%	33.9%	27.9%	26.5%	26.0%	24.0%	26.0%	21.4%
<b>Support</b>	938.9	1,237.0	1,599.4	1,978.5	548.7	557.3	548.2	581.5	2,235.7	563.6	582.2	591.5	622.6	2,359.9	2,550.9
y/y growth	21.8%	31.7%	29.3%	23.7%	17.0%	14.5%	10.8%	10.1%	13.0%	2.7%	4.5%	7.9%	7.1%	5.6%	8.1%
q/q growth					3.9%	1.6%	-1.6%	6.1%		-3.1%	3.3%	1.6%	5.3%		
% of revenue	27.5%	29.1%	29.1%	28.7%	29.2%	28.2%	27.6%	26.8%	27.9%	26.4%	25.5%	25.4%	24.3%	25.3%	24.0%
<b>Consensus Estimate (VA)</b>										602.3	620.8	614.4	655.7	2,502.0	2,790.8
% difference (above consensus)	0.4%	0.2%	-0.5%	0.2%	-0.3%	-2.7%	-2.9%	1.0%	0.6%	-6.4%	-6.2%	-3.7%	-5.0%	-5.7%	-8.6%
y/y growth										9.8%	11.4%	12.1%	12.8%	11.9%	11.5%
<b>Total Revenue</b>	3,408.4	4,256.1	5,501.5	6,892.7	1,878.1	1,975.1	1,984.8	2,189.5	8,027.5	2,131.1	2,283.9	2,331.7	2,565.0	9,311.6	10,633.5
y/y growth	17.5%	24.9%	29.3%	25.3%	20.1%	19.3%	15.3%	12.1%	16.5%	13.5%	15.8%	17.5%	17.1%	16.0%	14.2%
q/q growth					-3.8%	5.2%	0.5%	10.3%		-2.7%	7.2%	2.1%	10.0%		
<b>Consensus Estimate (VA)</b>										2,118.5	2,228.5	2,271.1	2,504.7	9,122.7	10,477.1
% difference (above consensus)	0.8%	1.1%	0.1%	0.0%	1.8%	0.2%	0.8%	1.3%	0.4%	0.6%	2.5%	2.7%	2.4%	2.1%	1.5%
y/y growth										12.8%	12.8%	14.4%	14.4%	13.6%	14.8%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 60: PANW NGS ARR – Base

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Oct-23 1Q24	Jan-24 2Q24	Apr-24 3Q24	Jul-24 4Q24	2024 Full Year	Oct-24 1Q25E	Jan-25 2Q25E	Apr-25 3Q25E	Jul-25 4Q25E	2025 (E) Full Year	2026 (E) Full Year
<b>Next Gen (NGS) ARR Model</b>															
<b>Next-Gen Security (NGS) ARR</b>	651.0	1,180.0	1,893.0	2,955.0	3,230.0	3,490.0	3,790.0	4,220.0	4,220.0	4,354.8	4,637.8	4,963.1	5,444.4	5,444.4	6,760.5
y/y growth		81.3%	60.4%	56.1%	53.0%	49.8%	47.2%	42.8%	42.8%	34.8%	32.9%	31.0%	29.0%	29.0%	24.2%
q/q growth					9.3%	8.0%	8.6%	11.3%		3.2%	6.5%	7.0%	9.7%		
<b>Consensus Estimate (VA)</b>										4,356.7	4,629.6	4,952.5	5,444.2		
% difference (above consensus)										0.0%	0.2%	0.2%	0.0%		
Gross Retention Rate	95%				95.0%	95.0%	95.0%	95.0%		95.0%	95.0%	95.0%	95.0%		
Equivalent Quarterly Renewal Rate	98.7%				98.7%	98.7%	98.7%	98.7%		98.7%	98.7%	98.7%	98.7%		
Quarterly Churn					37.7	41.2	44.5	48.3		53.8	55.5	59.1	63.2		
Quarterly Renewals					2,917.3	3,188.8	3,445.5	3,741.7		4,166.2	4,299.3	4,578.8	4,899.8		
Net New ARR					275.0	260.0	300.0	430.0		134.8	283.0	325.2	481.3		
<b>New NGS ARR</b>	346.2	569.6	782.9	1,175.5	312.7	301.2	344.5	478.3	1,436.6	188.6	338.5	384.3	544.5	1,456.0	1,611.1
y/y growth	123.3%	64.5%	37.5%	50.2%	29.1%	22.5%	25.9%	15.6%	22.2%	-39.7%	12.4%	11.6%	13.9%	1.4%	10.7%
q/q growth					-24.4%	-3.7%	14.4%	38.8%		-60.6%	79.5%	13.5%	41.7%		
<b>Adjusted New NGS ARR</b>	320.9	517.7	782.2	1,175.5	312.7	301.2	344.5	478.3	1,436.6	188.6	338.5	384.3	544.5	1,456.0	1,611.1
y/y growth	184.1%	61.3%	51.1%	50.3%	29.1%	22.5%	25.9%	15.6%	22.2%	-39.7%	12.4%	11.6%	13.9%	1.4%	10.7%
q/q growth					-24.4%	-3.7%	14.4%	38.8%		-60.6%	79.5%	13.5%	41.7%		
2-year stack					172.8%	57.5%	66.8%	50.6%		-10.6%	34.9%	37.4%	29.4%		

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 61: PANW NGS ARR – Plausible

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Oct-23 1Q24	Jan-24 2Q24	Apr-24 3Q24	Jul-24 4Q24	2024 Full Year	Oct-24 1Q25E	Jan-25 2Q25E	Apr-25 3Q25E	Jul-25 4Q25E	2025 (E) Full Year	2026 (E) Full Year
<b>Next Gen (NGS) ARR Model</b>															
Next-Gen Security (NGS) ARR	651.0	1,180.0	1,893.0	2,955.0	3,230.0	3,490.0	3,790.0	4,220.0	4,220.0	4,501.1	4,793.7	5,105.2	5,608.3	5,608.3	6,978.1
y/y growth		81.3%	60.4%	56.1%	53.0%	49.8%	47.2%	42.8%	42.8%	39.4%	37.4%	34.7%	32.9%	32.9%	24.4%
q/q growth					9.3%	8.0%	8.6%	11.3%		6.7%	6.5%	6.5%	9.9%		
<b>Consensus Estimate (VA)</b>															
% difference (above consensus)					3.7%	2.1%	4.1%	4.0%		4,356.7	4,629.6	4,952.5	5,444.2		
										3.3%	3.5%	3.1%	3.0%		
										34.9%	32.7%	30.7%	29.0%		
Gross Retention Rate					95.0%	95.0%	95.0%	95.0%		95.0%	95.0%	95.0%	95.0%		
Equivalent Quarterly Renewal Rate	95%				98.7%	98.7%	98.7%	98.7%		98.7%	98.7%	98.7%	98.7%		
Quarterly Churn					37.7	41.2	44.5	48.3		53.8	57.4	61.1	65.0		
Quarterly Renewals					2,917.3	3,188.8	3,445.5	3,741.7		4,166.2	4,443.8	4,732.6	5,040.2		
Net New ARR					275.0	260.0	300.0	430.0		281.1	292.6	311.5	503.1		
<b>New NGS ARR</b>	<b>346.2</b>	<b>569.6</b>	<b>782.9</b>	<b>1,175.5</b>	<b>312.7</b>	<b>301.2</b>	<b>344.5</b>	<b>478.3</b>	<b>1,436.6</b>	<b>334.9</b>	<b>349.9</b>	<b>372.6</b>	<b>568.2</b>	<b>1,625.6</b>	<b>1,677.9</b>
y/y growth	123.3%	64.5%	37.5%	50.2%	29.1%	22.5%	25.9%	15.6%	22.2%	7.1%	16.2%	8.2%	18.8%	13.2%	3.2%
q/q growth					-24.4%	-3.7%	14.4%	38.8%		-30.0%	4.5%	6.5%	52.5%		
<b>Adjusted New NGS ARR</b>	<b>320.9</b>	<b>517.7</b>	<b>782.2</b>	<b>1,175.5</b>	<b>312.7</b>	<b>301.2</b>	<b>344.5</b>	<b>478.3</b>	<b>1,436.6</b>	<b>334.9</b>	<b>349.9</b>	<b>372.6</b>	<b>568.2</b>	<b>1,625.6</b>	<b>1,677.9</b>
y/y growth	184.1%	61.3%	51.1%	50.3%	29.1%	22.5%	25.9%	15.6%	22.2%	7.1%	16.2%	8.2%	18.8%	13.2%	3.2%
q/q growth					-24.4%	-3.7%	14.4%	38.8%		-30.0%	4.5%	6.5%	52.5%		
2-year stack					172.8%	57.5%	66.8%	50.6%		36.2%	38.7%	34.0%	34.4%		

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

**PRGS – Focused on its M&A Strategy**

PRGS reported better-than-expected F3Q results on Sept. 24<sup>th</sup> and guided F4Q well above the Street, which includes a one-month benefit of \$18-20M from its pending acquisition of ShareFile, expected to close by end of fiscal year (November). We re-built our model in an attempt to simplify the prior complexities that added no incremental value and have determined that it would be very difficult to make quarter on this company due to the inherent complexities in the model that we do not have enough information to model. However, we believe PRGS should be able to at least come in line with its newly issued guidance for the quarter and the year, as the company prepares for the integration of ShareFile. Frankly, this is a different kind of Software investment. We view Progress as a public proxy for our “[What Price is Right?](#)” weekly, adding incremental value through acquiring relevant assets and deriving more optimal free cash flow while still investing in the technology to keep customers satisfied

**PSTG: Steady Eddy Near-Term; FY26 Will Be Binary Outcome**

**F3Q25 Guidance Appropriately Set.** Consensus total revenue is in line with guidance of \$815M (+6.8% y/y). By our estimates, guidance is achievable with Total New ACV growth of about 2% vs. 9% in F3Q24, which implies slight acceleration on a 2-year growth stack, as well as a similar dollar amount of New ARR as in F2Q though below F1Q. See Exhibit 62. In our plausible view, where Total New ACV growth is slightly higher at 5%, we see total revenue of \$832M (+9%), or 2% upside to consensus. See Exhibit 63.

**Expecting Modest Upside to FY25 Guidance.** On the F2Q25 earnings call, management reiterated FY25 total revenue guidance of \$3.1B (+10.5% y/y), although guidance for aaS TCV bookings was lowered from \$600M (+50% y/y) to \$500M (+25% y/y). See Exhibit 62. By our calculations, guidance is achievable with Total New ACV growth of about 7% vs. a 1% decline in FY24 which also implies deceleration in the 2-year growth stack. In our plausible scenario, where Total New ACV grows 10%, we see total revenue of \$3.19B (+13%), or about 2% upside to consensus. See Exhibit 63.

**Hyperscaler Win Would Result in Massive FY26 Upside.** Our FY26 plausible revenue scenario, excluding a hyperscaler deal assumes Total New ACV growth of 11% vs. +10% in FY25 and total revenue of \$3.636B (+14%) or about 3% above consensus. However, we remain confident that management will announce a hyperscaler design win before the end of 2023. We continue to believe a deal could amount to at least \$500-750M of











to the full-year revenue guide unless things materially improve and see potential risk to numbers for the remainder of the year, especially ARR. See Exhibits 66 - 67.

**Risk to FY26 Total Revenue and ARR.** If we assume our FY25 plausible estimates play out and business momentum improves to approximately 12% and stays consistent throughout the year, New Business would have to grow 15% y/y, which suggests 40bps of downside risk to total revenue and 1% downside risk to ARR. Assuming the CRWD outage benefits do play out and business momentum improves to approximately 20% throughout the year, then we see about 2% upside to FY26 total revenue and ARR. See Exhibit 67.

### Exhibit 66: S Base Case

\$ in millions, except per share data

	2022 Full Year	2023 Full Year	Apr-23 1Q24	Jul-23 2Q24	Oct-23 3Q24	Jan-24 4Q24	2024 Full Year	Apr-24 1Q25	Jul-24 2Q25	Oct-24 3Q25E	Jan-25 4Q25E	2025 (E) Full Year	2026 (E) Full Year	2027 (E) Full Year
<b>Revenue Summary</b>														
Total Revenue	204.8	422.2	133.4	149.4	164.2	174.2	621.2	186.4	198.9	209.5	220.1	815.0	1,021.8	1,231.6
y/y growth	120.1%	106.1%	70.5%	45.8%	42.4%	38.1%	47.1%	39.7%	33.1%	27.6%	26.4%	31.2%	25.4%	20.5%
q/q growth			5.8%	12.0%	9.9%	6.1%		7.0%	6.8%	5.3%	5.1%			
Consensus Estimate (VA)			136.9	141.2	156.2	169.6	616.5	181.1	197.3	209.5	220.2	815.0	1,023.4	1,258.0
% difference (above consensus)	2.5%	0.3%	-2.6%	5.9%	5.1%	2.7%	0.7%	2.9%	0.9%	0.0%	0.0%	0.0%	-0.2%	-2.1%
<b>Revenue Build via ARR</b>														
Previously Reported ARR	292.3	548.7												
Restatement Amount														
Implied Consumption Overage ARR			5.6	28.2	10.6	10.9		7.6	8.1	8.5	9.2			
% of restated ARR			1.0%	8.0%	1.0%	1.9%		1.0%	1.0%	1.0%	1.0%			
Restated ARR (As of F4Q22)	277.7	522.0	563.6	612.2	663.9	724.4	724.4	762.0	806.0	850.5	919.0	919.0	1,117.7	1,337.0
y/y growth		88.0%	75.0%	46.8%	43.4%	38.8%	38.8%	35.2%	31.7%	28.1%	26.9%	26.9%	21.6%	19.6%
q/q growth			8.0%	8.6%	8.4%	9.1%		5.2%	5.8%	5.5%	8.1%			
Consensus Estimate (VA)			594.3	604.3	660.9	720.6	720.6	765.6	803.5	856.9	919.4	919.4	1,131.4	1,371.3
% difference (above consensus)			-5.2%	1.3%	0.4%	0.5%	0.5%	-0.5%	0.3%	-0.8%	0.0%	0.0%	-1.2%	-2.5%
Gross Retention Rate			95%	95%	95%	95%		95%	95%	95%	95%			
Equivalent Quarterly Renewal Rate			99%	99%	99%	99%		99%	99%	99%	99%			
Quarterly Churn	6	12	7	7	8	8	30	9	10	10	11	40	50	61
Quarterly Renewals			515	556	604	655		715	752	796	840			
Net New ARR	162	244	42	49	52	61	202	38	44	44	68	195	199	219
y/y growth	152%	51%	-6%	-49%	12%	3%	-17.1%	-10%	-9%	-14%	13%	-4%	2%	10%
q/q growth			-29%	17%	6%	17%		-38%	17%	1%	54%			
New ARR	167	256	48	56	60	69	232	47	54	55	79	235	249	280
y/y growth	148.7%	53.3%	4.0%	-42.8%	19.7%	10.3%	-9.2%	-2.9%	-3.7%	-8.0%	15.0%	0.9%	6.1%	12.5%
q/q growth			-22.8%	15.6%	6.7%	15.9%		-32.1%	14.7%	1.9%	44.9%			
Adjustments									-10%		1%			
Acquisitions	10.7	38.5												
Other														
Adjusted New ARR	156	218	48	56	60	69	232	47	54	55	79	235	249	280
y/y growth	132.8%	30.2%	4.0%	-42.8%	19.7%	10.3%	-9.2%	-2.9%	-3.7%	-8.0%	15.0%	0.9%	6.1%	12.5%
q/q growth			-22.8%	15.6%	6.7%	15.9%		-32.1%	14.7%	1.9%	44.9%			
2 yr stack growth			51.3%	12.9%	43.4%	19.1%		1.1%	-46.4%	11.7%	25.3%			
Revenue from Renewal			129	139	151	164		179	188	199	210			
Revenue from New ARR (adjusted for acquisitions)			3	3	10	8		4	9	8	8			
Assumed % of Rev in Q from New ARR			27%	85%	70%	44%		35%	66%	62%	40%			

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 67: S Plausible Case

\$ in millions, except per share data

	2022	2023	Apr-23	Jul-23	Oct-23	Jan-24	2024	Apr-24	Jul-24	Oct-24	Jan-25	2025 (E)	2026 (E)	2027 (E)
	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25	2Q25	3Q25E	4Q25E	Full Year	Full Year	Full Year
<b>Revenue Summary</b>														
Total Revenue	204.8	422.2	133.4	149.4	164.2	174.2	621.2	186.4	198.9	209.9	219.7	814.9	1,019.6	1,241.7
y/y growth	120.1%	106.1%	70.5%	45.8%	42.4%	38.1%	47.1%	39.7%	33.1%	27.9%	26.1%	31.2%	25.1%	21.8%
q/q growth			5.8%	12.0%	9.9%	6.1%		7.0%	6.8%	5.5%	4.6%			
Consensus Estimate (VA)			136.9	141.2	156.2	169.6	616.5	181.1	197.3	209.5	220.2	815.0	1,023.4	1,258.0
% difference (above consensus)	2.5%	0.3%	-2.6%	5.9%	5.1%	2.7%	0.7%	2.9%	0.9%	0.2%	-0.2%	0.0%	-0.4%	-1.3%
<b>Revenue Build via ARR</b>														
Previously Reported ARR	292.3	548.7												
Restatement Amount														
Implied Consumption Overage ARR			5.6	28.2	10.6	10.9		7.6	8.1	8.5	9.1			
% of restated ARR			1.0%	4.6%	1.6%	1.3%		1.0%	1.0%	1.0%	1.0%			
Restated ARR (As of F4Q22)	277.7	522.0	563.6	612.2	663.9	724.4	724.4	762.0	806.0	852.9	911.0	911.0	1,121.6	1,353.7
y/y growth		88.0%	75.0%	46.8%	43.4%	38.8%	38.8%	35.2%	31.7%	28.5%	25.8%	25.8%	23.1%	20.7%
q/q growth			8.0%	8.6%	8.4%	9.1%		5.2%	5.8%	5.8%	6.8%			
Consensus Estimate (VA)			594.3	604.3	660.9	720.6	720.6	765.6	803.5	856.9	919.4	919.4	1,131.4	1,371.3
% difference (above consensus)			-5.2%	1.3%	0.4%	0.5%	0.5%	-0.5%	0.3%	-0.5%	-0.9%	-0.9%	-0.9%	-1.3%
Gross Retention Rate			95%	95%	95%	95%		95%	95%	95%	95%			
Equivalent Quarterly Renewal Rate			99%	99%	99%	99%		99%	99%	99%	99%			
Quarterly Churn	6	12	7	7	8	8	30	9	10	10	11	40	50	61
Quarterly Renewals			515	556	604	655		715	752	796	842			
Net New ARR	162	244	42	49	52	61	202	38	44	47	58	187	211	232
y/y growth	152%	51%	-6%	-49%	12%	3%	-17.1%	-10%	-9%	-9%	-4%	-8%	13%	10%
q/q growth			-29%	17%	6%	17%		-38%	17%	6%	24%			
New ARR	167	256	48	56	60	69	232	47	54	57	69	227	261	293
y/y growth	148.7%	53.3%	4.0%	-42.8%	19.7%	10.3%	-9.2%	-2.9%	-3.7%	-4.0%	0.0%	-2.5%	15.0%	12.5%
q/q growth			-22.8%	15.6%	6.7%	15.9%		-32.1%	14.7%	6.3%	20.7%			
Adjustments														
Acquisitions	10.7	38.5												
Other														
Adjusted New ARR	156	218	48	56	60	69	232	47	54	57	69	227	261	293
y/y growth	132.8%	30.2%	4.0%	-42.8%	19.7%	10.3%	-9.2%	-2.9%	-3.7%	-4.0%	0.0%	-2.5%	15.0%	12.5%
q/q growth			-22.8%	15.6%	6.7%	15.9%		-32.1%	14.7%	6.3%	20.7%			
2 yr stack growth			51.3%	12.9%	43.4%	19.1%		1.1%	-46.4%	15.7%	10.3%			
Revenue from Renewal			129	139	151	164		179	188	199	211			
Revenue from New ARR (adjusted for acquisitions)			3	3	10	8		4	9	9	7			
Assumed % of Rev in Q from New ARR			27%	85%	70%	44%		35%	66%	62%	40%			

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 68: S New ARR Plausible CRWD Case

\$ in millions, except per share data

	2022 Full Year	2023 Full Year	Apr-23 1Q24	Jul-23 2Q24	Oct-23 3Q24	Jan-24 4Q24	2024 Full Year	Apr-24 1Q25	Jul-24 2Q25	Oct-24 3Q25E	Jan-25 4Q25E	2025 (E) Full Year	2026 (E) Full Year	2027 (E) Full Year
<b>Revenue Summary</b>														
Total Revenue	204.8	422.2	133.4	149.4	164.2	174.2	621.2	186.4	198.9	210.8	221.7	817.8	1,042.6	1,286.6
y/y growth	120.1%	106.1%	70.5%	45.8%	42.4%	38.1%	47.1%	39.7%	33.1%	28.4%	27.3%	31.7%	27.5%	23.4%
q/q growth			5.8%	12.0%	9.9%	6.1%		7.0%	6.8%	5.9%	5.2%			
Consensus Estimate (VA)			136.9	141.2	156.2	169.6	616.5	181.1	197.3	209.5	220.2	815.0	1,023.4	1,258.0
% difference (above consensus)	2.5%	0.3%	-2.6%	5.9%	5.1%	2.7%	0.7%	2.9%	0.9%	0.6%	0.7%	0.3%	1.9%	2.3%
<b>Revenue Build via ARR</b>														
Previously Reported ARR	292.3	548.7												
Restatement Amount														
Implied Consumption Overage ARR			5.6	28.2	10.6	10.9		7.6	8.1	8.6	9.2			
% of restated ARR			1.0%	4.6%	1.6%	1.5%		1.0%	1.0%	1.0%	1.0%			
Restated ARR (As of F4Q22)	277.7	522.0	563.6	612.2	663.9	724.4	724.4	762.0	806.0	858.2	923.1	923.1	1,154.8	1,409.6
y/y growth		88.0%	75.0%	46.8%	43.4%	38.8%	38.8%	35.2%	31.7%	29.3%	27.4%	27.4%	25.1%	22.1%
q/q growth			8.0%	8.6%	8.4%	9.1%		5.2%	5.8%	6.5%	7.6%			
Consensus Estimate (VA)			594.3	604.3	660.9	720.6	720.6	765.6	803.5	856.9	919.4	919.4	1,131.4	1,371.3
% difference (above consensus)			-5.2%	1.3%	0.4%	0.5%	0.5%	-0.5%	0.3%	0.1%	0.4%	0.4%	2.1%	2.8%
Gross Retention Rate			95%	95%	95%	95%		95%	95%	95%	95%			
Equivalent Quarterly Renewal Rate			99%	99%	99%	99%		99%	99%	99%	99%			
Quarterly Churn	6	12	7	7	8	8	30	9	10	10	11	40	51	63
Quarterly Renewals			515	556	604	655		715	752	796	847			
Net New ARR	162	244	42	49	52	61	202	38	44	52	65	199	232	255
y/y growth	152%	51%	-6%	-49%	12%	3%	-17.1%	-10%	-9%	1%	7%	-2%	17%	10%
q/q growth			-29%	17%	6%	17%		-38%	17%	19%	24%			
New ARR	167	256	48	56	60	69	232	47	54	62	76	239	283	318
y/y growth	148.7%	53.3%	4.0%	-42.8%	19.7%	10.3%	-9.2%	-2.9%	-3.7%	5.0%	10.0%	2.8%	18.3%	12.5%
q/q growth			-22.8%	15.6%	6.7%	15.9%		-32.1%	14.7%	16.3%	21.4%			
Adjustments									-10%		4%			
Acquisitions	10.7	38.5												
Other														
Adjusted New ARR	156	218	48	56	60	69	232	47	54	62	76	239	283	318
y/y growth	132.8%	30.2%	4.0%	-42.8%	19.7%	10.3%	-9.2%	-2.9%	-3.7%	5.0%	10.0%	2.8%	18.3%	12.5%
q/q growth			-22.8%	15.6%	6.7%	15.9%		-32.1%	14.7%	16.3%	21.4%			
2 yr stack growth			51.3%	12.9%	43.4%	19.1%		1.1%	-46.4%	24.7%	20.3%			
Revenue from Renewal			129	139	151	164		179	188	199	212			
Revenue from New ARR (adjusted for acquisitions)			3	3	10	8		4	9	10	8			
Assumed % of Rev in Q from New ARR			2%	85%	70%	44%		35%	66%	62%	40%			

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

**SMAR – To be Acquired**

On 09/24, Smartsheet announced that it had entered into a definitive agreement to be acquired by Blackstone and Vista Equity Partners. We don't think that its earnings results will matter for the next quarter as the company goes private. For completeness, we expect the company to at least meet its F3Q25 total revenue and ARR growth guidance of +15-16% y/y and 15.6% y/y, respectively.

## Exhibit 69: SMAR Base Case

\$ in millions, except per share data

	Jan-22	Apr-22	Jul-22	Oct-22	Jan-23	Jan-23	Apr-23	Jul-23	Oct-23	Jan-24	Jan-24	Apr-24	Jul-24	Oct-24	Jan-25	Jan-25 (E)
	F2022	F1Q23	F2Q23	F3Q23	F4Q23	F2023	F1Q24	F2Q24	F3Q24	F4Q24	F2024	F1Q25	F2Q25	F3Q25E	F4Q25E	F2025E
<b>Revenue Breakdown</b>																
Subscription Revenue	507.4	155.3	173.5	186.1	198.9	713.7	206.0	221.5	232.5	244.0	904.0	249.1	263.5	271.8	284.1	1,068.5
y/y growth	43.8%	43.8%	43.3%	40.3%	36.5%	40.7%	32.7%	27.7%	24.9%	22.7%	26.7%	20.9%	19.0%	16.9%	16.4%	18.2%
% of total revenue	92.1%	92.3%	93.0%	93.2%	93.7%	93.1%	93.7%	94.0%	94.5%	95.0%	94.3%	94.7%	95.3%	95.9%	95.9%	95.5%
Professional Services and Other	43.5	13.0	13.2	13.5	13.5	53.2	13.9	14.1	13.4	12.9	54.3	13.9	12.9	11.7	12.2	50.7
y/y growth	32.8%	43.7%	23.8%	12.3%	14.9%	22.4%	6.5%	6.9%	(0.4%)	(4.2%)	2.1%	0.0%	(8.4%)	(13.1%)	(5.4%)	(6.7%)
% of total revenue	7.9%	7.7%	7.0%	6.8%	6.3%	6.9%	6.3%	6.0%	5.5%	5.0%	5.7%	5.3%	4.7%	4.1%	4.1%	4.5%
<b>Total Revenue</b>	<b>550.8</b>	<b>168.3</b>	<b>186.7</b>	<b>199.6</b>	<b>212.3</b>	<b>766.9</b>	<b>219.9</b>	<b>235.6</b>	<b>245.9</b>	<b>256.9</b>	<b>958.3</b>	<b>263.0</b>	<b>276.4</b>	<b>283.5</b>	<b>296.3</b>	<b>1,119.2</b>
y/y growth	42.9%	43.8%	41.7%	38.0%	34.9%	39.2%	30.6%	26.2%	23.2%	21.0%	25.0%	19.6%	17.3%	15.3%	15.3%	16.8%
q/q growth		6.9%	10.9%	6.9%	6.4%		3.6%	7.1%	4.4%	4.5%		2.3%	5.1%	2.6%	4.5%	
Pro Services and Other as % of Sub Revenues	8.6%	8.4%	7.6%	7.3%	6.8%	7.5%	6.7%	6.3%	5.8%	5.3%	6.0%	5.6%	4.9%	4.3%	4.3%	4.7%
<b>Consensus Revenue</b>																
Variance	1.0%	3.4%	4.1%	2.9%	3.0%	0.8%	2.6%	2.6%	1.9%	0.8%	0.0%	1.8%	0.8%	0.2%	0.5%	0.4%
y/y growth														15.1%	14.8%	16.4%
<b>Revenue Build via ARR</b>																
<b>Total ARR - Actual Disclosed in Blue</b>	<b>638.0</b>	<b>688.5</b>	<b>736.0</b>	<b>792.0</b>	<b>854.0</b>	<b>854.0</b>	<b>886.0</b>	<b>933.0</b>	<b>981.0</b>	<b>1,031.0</b>	<b>1,031.0</b>	<b>1,056.0</b>	<b>1,093.0</b>	<b>1,134.5</b>	<b>1,179.7</b>	<b>1,179.7</b>
y/y growth	45.0%	43.3%	39.9%	37.1%	33.9%	33.9%	28.7%	26.8%	23.9%	20.7%	20.7%	19.2%	17.1%	15.6%	14.4%	14.4%
Two-year growth stack		88.1%	85.8%	81.1%	78.9%		72.0%	66.7%	60.9%	54.6%		47.9%	43.9%	39.5%	35.1%	
q/q growth		7.9%	6.9%	7.6%	7.8%		3.7%	5.3%	5.1%	5.1%		2.4%	3.5%	3.8%	4.0%	
<b>Consensus ARR</b>																
Variance					11.0%	11.0%	6.5%	4.0%	3.2%	1.7%	0.5%	1.9%	0.8%	0.3%	0.1%	0.1%
y/y growth														15.3%	14.4%	14.4%
<b>% Dollar Renewal Rate - logo churn</b>																
Adjustment to Gross Retention Rate to Account for downsell/reductions)		3.0%	3.0%	4.0%	6.0%		8.0%	8.0%	8.0%	8.0%		12.0%	8.0%	8.0%	8.0%	
Gross Revenue Retention Rate		93.0%	93.2%	92.0%	90.0%		88.0%	88.0%	88.0%	88.0%		84.0%	87.5%	87.5%	87.5%	
Equivalent Quarterly Renewal Rate		98.2%	98.3%	97.9%	97.4%		96.9%	96.9%	96.9%	96.9%		95.7%	96.7%	96.7%	96.7%	
Quarterly Churn	43.2	11.5	12.0	15.2	20.6	59.3	26.9	27.9	29.3	30.9	114.9	44.0	34.7	35.9	37.2	151.8
Quarterly Renewals		626.5	676.5	720.8	771.4		827.1	858.1	903.7	950.1		987.0	1,021.3	1,057.1	1,097.2	
Net New ARR	198.0	50.5	47.5	56.0	62.0	216.0	32.0	47.0	48.0	50.0	177.0	25.0	37.0	41.5	45.2	148.7
<b>New ARR</b>	<b>241.2</b>	<b>61.9</b>	<b>59.5</b>	<b>71.2</b>	<b>82.6</b>	<b>275.3</b>	<b>58.9</b>	<b>74.9</b>	<b>77.3</b>	<b>80.9</b>	<b>291.9</b>	<b>69.0</b>	<b>71.7</b>	<b>77.3</b>	<b>82.5</b>	<b>300.5</b>
y/y growth	40.4%	21.1%	5.5%	14.2%	15.9%	14.1%	-5.0%	25.7%	8.7%	-2.1%	6.1%	17.2%	-4.3%	0.0%	2.0%	2.9%
q/q growth		-13.1%	-3.9%	19.6%	16.0%		-28.7%	27.2%	3.3%	4.5%		-14.7%	3.9%	7.9%	6.6%	
<b>Adjusted New ARR</b>	<b>241.2</b>	<b>61.9</b>	<b>59.5</b>	<b>71.2</b>	<b>82.6</b>	<b>275.3</b>	<b>58.9</b>	<b>74.9</b>	<b>77.3</b>	<b>80.9</b>	<b>291.9</b>	<b>69.0</b>	<b>71.7</b>	<b>77.3</b>	<b>82.5</b>	<b>300.5</b>
y/y growth	40.4%	21.1%	5.5%	14.2%	15.9%	14.1%	-5.0%	25.7%	8.7%	-2.1%	6.1%	17.2%	-4.3%	0.0%	2.0%	2.9%
Two-year growth stack		95.1%	43.3%	35.9%	57.8%		16.1%	31.2%	22.9%	13.8%		12.2%	21.5%	8.7%	(0.1%)	
q/q growth		-13.1%	-3.9%	19.6%	16.0%		-28.7%	27.2%	3.3%	4.5%		-14.7%	3.9%	7.9%	6.6%	

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 70: SMAR Plausible Case

\$ in millions, except per share data

	Jan-22 F2022	Apr-22 F1Q23	Jul-22 F2Q23	Oct-22 F3Q23	Jan-23 F4Q23	Jan-23 F2023	Apr-23 F1Q24	Jul-23 F2Q24	Oct-23 F3Q24	Jan-24 F4Q24	Jan-24 F2024	Apr-24 F1Q25	Jul-24 F2Q25	Oct-24 F3Q25E	Jan-25 F4Q25E	Jan-25 (E) F2025E
<b>Revenue Breakdown</b>																
Subscription Revenue	507.4	155.3	173.5	186.1	198.9	713.7	206.0	221.5	232.5	244.0	904.0	249.1	263.5	271.4	281.9	1,065.9
y/y growth	43.8%	43.8%	43.3%	40.3%	36.5%	40.7%	32.7%	27.7%	24.9%	22.7%	26.7%	20.9%	19.0%	16.7%	15.5%	17.9%
Professional Services and Other	43.5	13.0	13.2	13.5	13.5	53.2	13.9	14.1	13.4	12.9	54.3	13.9	12.9	11.7	12.1	50.6
y/y growth	32.8%	43.7%	23.8%	12.3%	14.9%	22.4%	6.5%	6.9%	(0.4%)	(4.2%)	2.1%	0.0%	(8.4%)	(13.2%)	(6.1%)	(6.9%)
<b>Total Revenue</b>	<b>550.8</b>	<b>168.3</b>	<b>186.7</b>	<b>199.6</b>	<b>212.3</b>	<b>766.9</b>	<b>219.9</b>	<b>235.6</b>	<b>245.9</b>	<b>256.9</b>	<b>958.3</b>	<b>263.0</b>	<b>276.4</b>	<b>283.1</b>	<b>294.0</b>	<b>1,116.5</b>
y/y growth	42.9%	43.8%	41.7%	38.0%	34.9%	39.2%	30.6%	26.2%	23.2%	21.0%	25.0%	19.6%	17.3%	15.1%	14.4%	16.5%
q/q growth		6.9%	10.9%	6.9%	6.4%		3.6%	7.1%	4.4%	4.5%		2.3%	5.1%	2.4%	3.9%	
Pro Services and Other as % of Sub Revenues	8.6%	8.4%	7.6%	7.3%	6.8%	7.5%	6.7%	6.3%	5.8%	5.3%	6.0%	5.6%	4.9%	4.3%	4.3%	4.7%
<b>Consensus Revenue</b>																
Variance	1.0%	3.4%	4.1%	2.9%	3.0%	0.8%	2.6%	2.6%	1.9%	0.8%	0.0%	1.8%	0.8%	0.0%	-0.3%	0.1%
y/y growth														15.1%	14.8%	16.4%
<b>Revenue Build via ARR</b>																
<b>Total ARR - Actual Disclosed in Blue</b>	<b>638.0</b>	<b>688.5</b>	<b>736.0</b>	<b>792.0</b>	<b>854.0</b>	<b>854.0</b>	<b>886.0</b>	<b>933.0</b>	<b>981.0</b>	<b>1,031.0</b>	<b>1,031.0</b>	<b>1,056.0</b>	<b>1,093.0</b>	<b>1,138.3</b>	<b>1,189.5</b>	<b>1,189.5</b>
y/y growth	45.0%	43.3%	39.9%	37.1%	33.9%	33.9%	28.7%	26.8%	23.9%	20.7%	20.7%	19.2%	17.1%	16.0%	15.4%	15.4%
Two-year growth stack		88.1%	85.8%	81.1%	78.9%		72.0%	66.7%	60.9%	54.6%		47.9%	43.9%	39.9%	36.1%	
q/q growth		7.9%	6.9%	7.6%	7.8%		3.7%	5.3%	5.1%	5.1%		2.4%	3.5%	4.1%	4.5%	
<b>Consensus ARR</b>																
Variance					11.0%	11.0%	6.5%	4.0%	3.2%	1.7%	0.5%	1.9%	0.8%	0.6%	0.9%	0.9%
y/y growth														15.3%	14.4%	14.4%
<b>% Dollar Renewal Rate - logo churn</b>																
Adjustment to Gross Retention Rate to Account for downsell/reductions)		3.0%	3.0%	4.0%	6.0%		8.0%	8.0%	8.0%	8.0%		12.0%	8.0%	8.0%	8.0%	
Gross Revenue Retention Rate		93.0%	93.2%	92.0%	90.0%		88.0%	88.0%	88.0%	88.0%		84.0%	87.5%	87.5%	87.5%	
Equivalent Quarterly Renewal Rate		98.2%	98.3%	97.9%	97.4%		96.9%	96.9%	96.9%	96.9%		95.7%	96.7%	96.7%	96.7%	
Quarterly Churn	43.2	11.5	12.0	15.2	20.6	59.3	26.9	27.9	29.3	30.9	114.9	44.0	34.7	35.9	37.4	151.9
Quarterly Renewals		626.5	676.5	720.8	771.4		827.1	858.1	903.7	950.1		987.0	1,021.3	1,057.1	1,101.0	
Net New ARR	198.0	50.5	47.5	56.0	62.0	216.0	32.0	47.0	48.0	50.0	177.0	25.0	37.0	45.3	51.2	158.5
<b>New ARR</b>	<b>241.2</b>	<b>61.9</b>	<b>59.5</b>	<b>71.2</b>	<b>82.6</b>	<b>275.3</b>	<b>58.9</b>	<b>74.9</b>	<b>77.3</b>	<b>80.9</b>	<b>291.9</b>	<b>69.0</b>	<b>71.7</b>	<b>81.2</b>	<b>88.5</b>	<b>310.4</b>
y/y growth	40.4%	21.1%	5.5%	14.2%	15.9%	14.1%	-5.0%	25.7%	8.7%	-2.1%	6.1%	17.2%	-4.3%	5.0%	9.5%	6.3%
q/q growth		-13.1%	-3.9%	19.6%	16.0%		-28.7%	27.2%	3.3%	4.5%		-14.7%	3.9%	13.3%	9.0%	
<b>Adjusted New ARR</b>	<b>241.2</b>	<b>61.9</b>	<b>59.5</b>	<b>71.2</b>	<b>82.6</b>	<b>275.3</b>	<b>58.9</b>	<b>74.9</b>	<b>77.3</b>	<b>80.9</b>	<b>291.9</b>	<b>69.0</b>	<b>71.7</b>	<b>81.2</b>	<b>88.5</b>	<b>310.4</b>
y/y growth	40.4%	21.1%	5.5%	14.2%	15.9%	14.1%	-5.0%	25.7%	8.7%	-2.1%	6.1%	17.2%	-4.3%	5.0%	9.5%	6.3%
Two-year growth stack		95.1%	43.3%	35.9%	57.8%		16.1%	31.2%	22.9%	13.8%		12.2%	21.5%	13.7%	7.4%	
q/q growth		-13.1%	-3.9%	19.6%	16.0%		-28.7%	27.2%	3.3%	4.5%		-14.7%	3.9%	13.3%	9.0%	

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

**SNOW – Uninspiring F2H Setup, FY26 Guidance May Start Below Consensus**

**Expect Similar Upside in F3Q and F4Q.** Following what was a surprisingly modest 2.2% beat in F2Q, SNOW guided for F3Q Product revenue of \$850-\$85M (22% growth), slightly ahead of consensus expectations for \$847M (+21%). By our estimates, SNOW can meet the midpoint of F3Q guidance if New ARR growth declines 90% which is highly unlikely and thus de-risked in our view. We note that next quarter guidance given in F4Q24 and F1Q25 required a significant decline in renewal rate, which made the bar even lower and made higher-than-normal beats more likely whereas F3Q25 guidance does not, based on our calculations. See Exhibit 71. In a more Plausible scenario where New ARR growth declines 15% (implying modest improvement in business momentum on a 2-year stack basis, but normal seasonality), Product Revenue would be \$872M (+25%), or 2.3% above the midpoint of guidance. See Exhibit 72. However, when building off our Plausible case for F3Q, we estimate F4Q New ARR could decline 15% (on a tougher comp that implies improved business momentum on a 2-year stack basis), leading to Product revenues of \$911M (+23%), or 2.1% ahead of consensus estimates. This could make it more difficult for SNOW to raise FY25 guidance by more than the F3Q beat as the Street likely expects, though the company may have visibility into large customer ramps that we're not privy to.

**FY26 Numbers Seem Reasonable but Guidance May Start Lower:** If we assume our FY25 plausible estimates play out with New ARR declining 10% during the year (with minimal contribution from new product offerings and federal government contracts), we estimate New ARR trends could improve to 25% growth in FY26 (outpacing the estimated CY25 growth of 18% in the total Database Management Systems spend per Gartner) leading to Product revenues in-line with current consensus (\$4.152B vs. \$4.167B). Additionally, if New ARR were to grow 10% in FY26 (implying flat core business momentum

on a 2-year stack basis but little traction in new products), we estimate Product revenue would be 1% below consensus. And if this year is any indication, then we would expect the company to guide well below internal projections (given the short sample of historical trends around new product adoption and the impact of open-file formats such as Iceberg), meaning consensus numbers may have to come down for FY26, at least to start. We note that SNOW has hinted at incorporating Cortex and Iceberg Tables in FY26 guidance at a recent conference, which may be viewed positively as the company looks to show investors tangible results from its AI investments and a positive benefit from Iceberg. In our view, 1% contribution to FY26 Product revenues (\$40M) seems reasonable to start out, which would align with Snowpark's 1.3% contribution to Product revenue in FY24 (\$35M) when it was at a similar stage of product maturity (Cortex GA was in May 2024 and Iceberg Tables GA was in June 2024 vs. Snowpark for Python GA in November 2022).

### Exhibit 71: Snowflake Base Case

\$ in millions, except per share data

	Jan-21 FY21	Jan-22 FY22	Jan-23 FY23	Apr-23 1Q24	Jul-23 2Q24	Oct-23 3Q24	Jan-24 4Q24	Jan-24 FY24	Apr-24 1Q25	Jul-24 2Q25	Oct-24 3Q25E	Jan-25 4Q25E	Jan-25 FY25E
<b>Revenue Breakdown</b>													
Product Revenue	564.8	1,140.5	1,938.8	590.1	640.2	698.5	738.1	2,666.8	789.6	829.3	852.4	885.2	3,356.4
q/q growth				6.3%	8.5%	9.1%	5.7%		7.0%	5.0%	2.8%	3.8%	
y/y growth	123.9%	101.9%	70.0%	49.6%	37.3%	33.6%	32.9%	37.6%	33.8%	29.5%	22.0%	19.9%	25.9%
<b>Consensus Estimate (VA)</b>	<b>541.8</b>	<b>1,131.2</b>	<b>1,917.8</b>	<b>571.9</b>	<b>624.6</b>	<b>675.3</b>	<b>723.3</b>	<b>2,653.1</b>	<b>751.3</b>	<b>811.2</b>	<b>858.4</b>	<b>892.1</b>	<b>3,369.4</b>
y/y growth	114.8%	100.3%	68.2%	45.0%	34.0%	29.2%	30.2%	36.8%	27.3%	26.7%	22.9%	20.9%	27.0%
% difference (above consensus)	4.3%	0.8%	1.1%	3.2%	2.5%	3.4%	2.0%	0.5%	5.1%	2.2%	-0.7%	-0.8%	-0.4%
Professional Services and Other	38.3	78.9	126.9	33.5	33.8	35.7	36.6	139.6	39.1	39.6	42.6	44.3	165.6
q/q growth				-0.5%	0.8%	5.6%	2.6%		6.9%	1.2%	7.7%	3.8%	
y/y growth	207.0%	106.1%	60.9%	20.0%	9.1%	4.1%	8.7%	10.1%	16.7%	17.0%	19.4%	20.9%	18.6%
<b>Total Revenue</b>	<b>603.1</b>	<b>1,219.3</b>	<b>2,065.7</b>	<b>623.6</b>	<b>674.0</b>	<b>734.2</b>	<b>774.7</b>	<b>2,806.5</b>	<b>828.7</b>	<b>868.8</b>	<b>895.1</b>	<b>929.4</b>	<b>3,522.0</b>
y/y growth	127.8%	102.2%	69.4%	47.6%	35.5%	31.8%	31.5%	35.9%	32.9%	28.9%	21.9%	20.0%	25.5%
Average ARR in Q				2,360.3	2,560.8	2,793.9	2,952.4		3,158.3	3,317.0			
q/q growth				6.3%	8.5%	9.1%	5.7%		7.0%	5.0%			
y/y growth				49.6%	37.3%	33.6%	32.9%		33.8%	29.5%			
Estimated ARR at end of Q				2,460.6	2,677.4	2,873.1	3,055.4		3,237.7	3,416.5	3,420.2	3,678.4	
q/q growth				7.4%	8.8%	7.3%	6.3%		6.0%	5.5%	0.1%	7.5%	
y/y growth				42.9%	35.4%	33.3%	33.4%		31.6%	27.6%	19.0%	20.4%	
% Estimated ARR > Average ARR				4.2%	4.6%	2.8%	3.5%		2.5%	3.0%			
<b>Assumed Annual Renewal Rate</b>				98.0%	98.0%	98.0%	98.0%		98.0%	98.0%	98.0%	98.0%	
Equivalent Quarterly Renewal Rate				99.5%	99.5%	99.5%	99.5%		99.5%	99.5%	99.5%	99.5%	
Quarterly Churn				11.5	12.4	13.5	14.5		15.4	16.3	17.2	17.2	
Quarterly Renewals				2,279.3	2,448.2	2,663.9	2,858.7		3,040.0	3,221.4	3,399.3	3,403.0	
Net New ARR				169.8	216.8	195.8	182.2		182.3	178.8	3.7	258.1	
<b>New ARR</b>	<b>426.2</b>	<b>744.9</b>	<b>819.9</b>	<b>181.3</b>	<b>229.2</b>	<b>209.3</b>	<b>196.7</b>	<b>816.5</b>	<b>197.7</b>	<b>195.1</b>	<b>20.9</b>	<b>275.4</b>	<b>689.2</b>
q/q growth				24.6%	-72.0%	-8.7%	-6.0%		0.5%	-1.3%	-89.3%	1216.0%	
y/y growth	98.5%	74.8%	10.1%	-18.0%	-13.6%	11.3%	35.2%	-0.4%	9.1%	-14.9%	-90.0%	40.0%	-15.6%
<b>Adjusted New ARR</b>	<b>426.2</b>	<b>744.9</b>	<b>819.9</b>	<b>181.3</b>	<b>229.2</b>	<b>209.3</b>	<b>196.7</b>	<b>816.5</b>	<b>189.6</b>	<b>195.1</b>	<b>20.9</b>	<b>275.4</b>	<b>681.0</b>
q/q growth				24.6%	26.4%	-8.7%	-6.0%		-3.6%	2.9%	-89.3%	1216.0%	
y/y growth (off unadjusted base)	98.5%	74.8%	10.1%	-18.0%	-13.6%	11.3%	35.2%	-0.4%	4.6%	-14.9%	-90.0%	40.0%	-16.6%
2 Year Growth Stack				23.2%	17.7%	-1.5%	20.4%		-13.4%	-28.5%	-78.7%	75.2%	

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates



## Exhibit 72: Snowflake Plausible FY25, FY26 Case

\$ in millions, except per share data

	Jan-21	Jan-22	Jan-23	Jan-24	Apr-24	Jul-24	Oct-24	Jan-25	Jan-25	Apr-25	Jul-25	Oct-25	Jan-26	Jan-26
	FY21	FY22	FY23	FY24	1Q25	2Q25	3Q25E	4Q25E	FY25E	1Q26E	2Q26E	3Q26E	4Q26E	FY26E
<b>Revenue Breakdown</b>														
Product Revenue	564.8	1,140.5	1,938.8	2,666.8	789.6	829.3	872.1	910.7	3,401.6	954.7	1,014.2	1,067.2	1,115.6	4,151.7
q/q growth					7.0%	5.0%	5.2%	4.4%		4.8%	6.2%	5.2%	4.5%	
y/y growth	123.9%	101.9%	70.0%	37.6%	33.8%	29.5%	24.9%	23.4%	27.6%	20.9%	22.3%	22.4%	22.5%	22.1%
<b>Consensus Estimate (VA)</b>	<b>541.8</b>	<b>1,131.2</b>	<b>1,917.8</b>	<b>2,653.1</b>	<b>751.3</b>	<b>811.2</b>	<b>858.4</b>	<b>892.1</b>	<b>3,369.4</b>	<b>956.2</b>	<b>1,018.2</b>	<b>1,070.9</b>	<b>1,122.9</b>	<b>4,167.4</b>
y/y growth	115%	100%	68%	36.8%	27.3%	26.7%	22.9%	20.9%	27.0%	21.1%	22.8%	24.8%	25.9%	23.7%
% difference (above consensus)	4.3%	0.8%	1.1%	0.5%	5.1%	2.2%	1.6%	2.1%	1.0%	-0.2%	-0.4%	-0.3%	-0.7%	-0.4%
Professional Services and Other	38.3	78.9	126.9	139.6	39.1	39.6	43.6	45.5	167.8	47.7	50.7	53.4	55.8	207.6
q/q growth					6.9%	1.2%	10.2%	4.4%		4.8%	6.2%	5.2%	4.5%	
y/y growth	207.0%	106.1%	60.9%	10.1%	16.7%	17.0%	22.2%	24.4%	20.2%	22.0%	28.1%	22.4%	22.5%	23.7%
<b>Total Revenue</b>	<b>603.1</b>	<b>1,219.3</b>	<b>2,065.7</b>	<b>2,806.5</b>	<b>828.7</b>	<b>868.8</b>	<b>915.7</b>	<b>956.2</b>	<b>3,569.4</b>	<b>1,002.4</b>	<b>1,064.9</b>	<b>1,120.6</b>	<b>1,171.4</b>	<b>4,359.3</b>
y/y growth	127.8%	102.2%	69.4%	35.9%	32.9%	28.9%	24.7%	23.4%	27.2%	21.0%	22.6%	22.4%	22.5%	22.1%
Average ARR in Q					3,158.3	3,317.0								
q/q growth					7.0%	5.0%								
y/y growth					33.8%	29.5%								
Estimated ARR at end of Q					3,237.7	3,416.5	3,577.2	3,726.3		3,954.7	4,178.7	4,380.0	4,566.9	
q/q growth					6.0%	5.5%	4.7%	4.2%		6.1%	5.7%	4.8%	4.3%	
y/y growth					31.6%	27.6%	24.5%	22.0%		22.1%	22.3%	22.4%	22.6%	
% Estimated ARR > Average ARR					2.5%	3.0%								
Assumed Annual Renewal Rate					98.0%	98.0%	98.0%	98.0%		98.0%	98.0%	98.0%	98.0%	
Equivalent Quarterly Renewal Rate					99.5%	99.5%	99.5%	99.5%		99.5%	99.5%	99.5%	99.5%	
Quarterly Churn					15.4	16.3	17.2	18.0		18.8	19.9	21.1	22.1	
Quarterly Renewals					3,040.0	3,221.4	3,399.3	3,559.1		3,707.6	3,934.8	4,157.7	4,357.9	
Net New ARR					182.3	3,416.5	160.7	149.2		228.4	224.0	201.3	186.9	
<b>New ARR</b>	<b>426.2</b>	<b>744.9</b>	<b>819.9</b>	<b>816.5</b>	<b>197.7</b>	<b>195.1</b>	<b>177.9</b>	<b>167.2</b>	<b>737.9</b>	<b>247.1</b>	<b>243.9</b>	<b>222.3</b>	<b>209.0</b>	<b>922.4</b>
q/q growth					0.5%	-76.1%	-8.9%	-6.0%		47.8%	-1.3%	-8.9%	-6.0%	
y/y growth	98.5%	74.8%	10.1%	-0.4%	9.1%	-14.9%	-15.0%	-15.0%	-9.6%	25.0%	25.0%	25.0%	25.0%	25.0%
Adjustments					8.1	0.0	0.0	0.0		0.0	0.0	0.0	0.0	
<b>Adjusted New ARR</b>	<b>426.2</b>	<b>744.9</b>	<b>819.9</b>	<b>816.5</b>	<b>189.6</b>	<b>195.1</b>	<b>177.9</b>	<b>167.2</b>	<b>729.8</b>	<b>247.1</b>	<b>243.9</b>	<b>222.3</b>	<b>209.0</b>	<b>922.4</b>
q/q growth					-3.6%	2.9%	-8.9%	-6.0%		47.8%	-1.3%	-8.9%	-6.0%	
y/y growth (off unadjusted base)	98.5%	74.8%	10.1%	-0.4%	4.6%	-14.9%	-15.0%	-15.0%	-10.6%	25.0%	25.0%	25.0%	25.0%	25.0%
2 Year Growth Stack					-13.4%	-28.5%	-3.7%	20.2%						

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

**TDC: Still Risky Despite Lowered Guidance**

**3Q24 Cloud ARR Not Easy.** Management doesn't give quarterly guidance for Cloud ARR (the key metric). Consensus is at \$580M (+28% y/y), which implies \$38M of NNARR vs. \$40M in 3Q23, or \$56M of Adjusted New ARR (gross) vs. \$44M in 3Q23. By our estimates, this requires about \$34M from migrations (vs. our estimate of about \$28M in 3Q23) and about \$22M from expansions and net new logos (vs. our estimate of \$16M in 3Q23). We don't think this is a given. On the other hand, we view consensus Total ARR of \$1.461M (down 4% y/y) as achievable, while consensus total revenue of \$417M (down 5% y/y) seems achievable too although we don't have visibility into revenue recognition timing that can sway this number. See Exhibit 73.

**Lowered FY25 Cloud ARR Still a High Bar.** FY24 Cloud ARR guidance was lowered from 35-41% y/y growth to 28-32%. This implies \$145M of NNARR vs. \$114M in 2H23, or about \$170M in Adjusted New ARR vs. \$120M in 2H23 including significant contribution from both migrations and New ARR ex. migrations. Management attributed the guidance cut to elongated deal cycles that were exacerbated in 2Q due to heightened levels of budget scrutiny (250 bps of the full-year ARR cut), increased delays in on-premise expansions as customers assess cloud migrations (350 bps), and incremental on-premise churn that has already happened (100 bps). Even despite guidance baking in these headwinds, it still seems hard to achieve. Total ARR was also lowered significantly to 2-4% growth in CC as was total revenue, lowered to 0-2% growth in CC. These are probably appropriately set at this point, although it's hard to say if de-risked given the Cloud ARR risk.

**Consensus Below FY25 Targets; Implied Skepticism.** Management pushed its Cloud ARR target of \$1B out from 2025 into 2026, and now expects a similar Cloud growth rate in 2025 as 2024 (roughly 30%). This requires another \$250M of Adjusted New ARR in FY25, assuming FY24 guidance is achieved, which also requires significant contribution from both migrations and expansions. Consensus of \$867M (+26%) is below implied FY25 Cloud ARR guidance. Management also gave initial guidance for low to mid-single digits Total ARR growth, coupled with operating margin in the low 20% range and free cash flow of \$320-370M. We don't believe investors have much trust in these targets and will likely wait to see how the rest of FY24 plays out before evaluating FY25.

**Exhibit 73: TDC Base Case**

\$ in millions, except per share data

	2022 F2022	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	2023 F2023	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024E F2024E	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025E F2025E
<b>Cloud ARR to Revenue Bridge</b>																
Cloud ARR	357	388	414	454	528	528	525	542	583	685	685	703	732	774	886	886
y/y growth	76.7%	85.6%	76.9%	62.7%	47.9%	47.9%	35.3%	30.9%	28.4%	29.8%	29.8%	33.8%	35.1%	32.8%	29.3%	29.3%
q/q growth		8.7%	6.7%	9.7%	16.3%		-0.6%	3.2%	7.5%	17.6%		2.5%	4.2%	5.7%	14.5%	
Gross Retention Rate (est.)	92%	92.0%	92.0%	92.0%	92.0%		92.0%	92.0%	92.0%	92.0%		92.0%	92.0%	92.0%	92.0%	
Equivalent Quarterly Renewal Rate		97.9%	97.9%	97.9%	97.9%		97.9%	97.9%	97.9%	97.9%		97.9%	97.9%	97.9%	97.9%	
Quarterly Churn	19	7	8	9	9	33	11	11	11	12	45	14	14	15	16	60
Quarterly Renewals	905	350	380	405	445	1,580	517	514	531	571	2,133	671	688	717	758	2,834
Net New ARR	155	31	26	40	74	171	(3)	17	41	103	157	17	29	42	112	201
Cloud New ARR	174	38	34	49	83	204	8	28	52	115	202	31	44	57	128	260
y/y growth	63.2%	243.5%	16.0%	-2.6%	-0.5%	17.4%	-79.4%	-18.2%	7.3%	37.5%	-0.9%	295.1%	58.1%	9.5%	11.7%	28.6%
q/q growth		-54.2%	-11.4%	42.7%	71.7%		-90.5%	252.6%	87.1%	120.2%		-72.8%	41.1%	29.6%	124.7%	
Adjustments																
Acquisitions																
Other																
Estimated FX Tailwind/ (Headwind)	-9	-7	2	5	7	7	-3	-4	-3	0	0	5	1	3	0	0
<b>Adjusted Cloud New ARR</b>	<b>209</b>	<b>45</b>	<b>32</b>	<b>44</b>	<b>77</b>	<b>198</b>	<b>11</b>	<b>32</b>	<b>56</b>	<b>114</b>	<b>213</b>	<b>27</b>	<b>42</b>	<b>54</b>	<b>128</b>	<b>251</b>
y/y growth	103.7%	249.9%	-17.4%	-33.1%	-17.1%	-5.6%	-76.7%	1.5%	27.0%	49.1%	7.6%	152.3%	31.5%	-3.5%	12.2%	18.0%
q/q growth		-50.9%	-29.8%	37.3%	75.1%		-94.6%	205.6%	71.9%	105.6%		-76.6%	59.3%	26.2%	138.9%	
Large Deals - New ARR																
3Q22 8-fig TCV Migration				10												
3Q22 8-fig TCV Expansion				2	1											
1Q23 9-fig TCV / 8-fig ARR Migration+Expansion		23	7				1		1	1		1	1	1	1	
Other large deals (7-fig TCV Migrations+Expansions)		2	2	2	2		2	2	2	2						
<b>Total New ARR from Large Deals</b>	<b>17</b>	<b>26</b>	<b>4</b>	<b>14</b>	<b>3</b>	<b>47</b>	<b>3</b>	<b>3</b>	<b>13</b>	<b>3</b>	<b>22</b>					
<b>Cloud New ARR Required After Large Deals Benefit</b>	<b>192</b>	<b>19</b>	<b>28</b>	<b>30</b>	<b>74</b>	<b>150</b>	<b>8</b>	<b>29</b>								
y/y change		46%	-28%			-22%										
Est. Transition ARR from Perpetual	61	19	21	29	21	90	6	17	33	33	89	9	9	9	9	37
y/y growth	56.7%	33.1%	42.7%	22.5%	151.6%	47.3%	-65.5%	-20.9%	10.5%	59.2%	-1.5%	37.0%	-45.8%	-71.6%	-71.6%	-58.8%
% of Perpetual Transition ARR		100.0%	90.0%	90.0%	90.0%		20.0%	100.0%	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	
Est. Transition ARR from Subscription	42	0	0	0	0	0	0	0	3	3	7	10	15	20	25	70
y/y growth	N/A	N/A	-100.0%	-100.0%	N/A	-100.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	476.0%	629.9%	914.9%
% of Subscription Transition ARR		100.0%	100.0%	100.0%	100.0%		0.0%	100.0%	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	
Discount		15%	15%	15%	15%		15%	15%	15%	15%		15%	15%	15%	15%	
Uplift Assumption		10%	10%	10%	10%		10%	10%	10%	10%		10%	10%	10%	10%	
<b>Total Transition ARR (net of uplift and discount)</b>	<b>96</b>	<b>18</b>	<b>20</b>	<b>28</b>	<b>19</b>	<b>84</b>	<b>6</b>	<b>16</b>	<b>34</b>	<b>34</b>	<b>90</b>	<b>18</b>	<b>22</b>	<b>27</b>	<b>32</b>	<b>100</b>
y/y growth	189.2%	33.1%	-47.6%	-26.4%	151.6%	-12.2%	-65.5%	-20.9%	22.3%	75.6%	6.2%	191.2%	43.8%	-18.7%	-6.0%	11.3%
<b>Adjusted New ARR after Transition *Organic New Cloud ARR*</b>	<b>113</b>	<b>28</b>	<b>12</b>	<b>16</b>	<b>57</b>	<b>113</b>	<b>5</b>	<b>17</b>	<b>22</b>	<b>80</b>	<b>123</b>	<b>9</b>	<b>20</b>	<b>26</b>	<b>96</b>	<b>151</b>
Adjusted New ARR after Transition as % of Transition ARR	185%	148%	57%	55%	274%	125%	69%	100%	67%	241%	138%	101%	221%	284%	1019%	413%
Adjusted New ARR after Transition as % of Total Cloud New ARR	54%	61%	38%	37%	75%	57%	43%	52%	39%	70%	58%	34%	47%	49%	75%	60%
y/y growth	63%	NM	1384%	-42%	-33%	0%	-84%	38%	35%	40%	9%	100%	20%	20%	20%	23%

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

**WDAY – Challenging Setup**

**Top Line Guidance for F3Q and FY25 Look Tough.** Our model implies 150% New ACV growth is required to meet F3Q Subscription revenue guidance of \$1.955B (15.6% growth y/y) which seems incredibly difficult given the current challenges around customer purchasing dynamics, though it usually looks this way. Historical context around Unbilled Receivables (WDAY started reporting “Contract Assets”, or Unbilled Receivables, in F4Q24 that result from ramp deals but we’re unable to adjust for this in our model until we have a y/y comparison) and more color around renewal cycles could help us better decipher New ACV trends, but we’re not privy to those details as of now. We also note that WDAY lowered Subscription revenue expectations in F1Q when they guided F2Q below

consensus expectations and lowered FY25 guidance, but we believe numbers this year may still be at risk given the difficult setup and are not as derisked as many investors perceive. Investors also focus on cRPO for WDAY, and while we believe that this is a bad metric to gauge business momentum, we acknowledge that the company will likely meet F3Q guidance of 14-15% y/y. In addition, we remain slightly below the low end of subscription guidance for the year at 16.5% growth in our plausible scenario (assuming 2% growth in New ACV for FY25), vs. 16.8% consensus. Considering factors like early renewals and ramp deals along with WDAY's lumpy business, we continue to believe our New ACV calculations could be skewed on a quarterly basis, but we remain relatively confident in them on an annual basis. See Exhibits 74 – 75.

**FY26 Looks Even More Difficult.** At the recent Investor Day on 9/17, management reiterated its medium-term outlook provided on the F2Q25 earnings call, which includes a moderation of subscription revenue growth in the mid-teens (15%, including acquisitions) for FY26 and FY27 (from 17-19% previously) while expanding operating margins from 25% to 30% by FY27. Building off our guidance case for FY25, WDAY would have to grow New ACV 9% in FY26 and 5% in FY27 to meet consensus estimates (15.1% in FY26 and 14.8% in FY27), which we believe comes with material risk. In a more plausible case, we see New ACV growing 6% in FY26 and 5% in FY27 (about \$150M less in New ACV vs. our guidance case), leading to Subscription revenue growth of 14.5% and 13.7% respectively. New ACV weakness in FY24 is just now starting to reflect in numbers today and another challenging new business year in FY25 will only compound in futures FYs, in our view. See Exhibit 75. WDAY also updated FCF margin guidance for FY27 to 30% (vs. 25% previously) at the 2024 Investor Day. However, WDAY will likely increase its annual share repurchase cadence (per CFO Zane Rowe) from about \$500M recently, and we expect it will continue to purchase companies as well which will have an impact on the "real" FCF. If we assume \$600M in share repurchases to offset dilution and \$335M (the average over the last 5 years) in acquisitions annually, the 30% FCF margin becomes 21.7% in our model.

## Exhibit 74: WDAY Guidance Case

\$ in millions, except per share data

	Jan-22	Jan-23	Jan-24	Apr-24	Jul-23	Oct-24	Jan-25	Jan-25	Apr-25	Jul-25	Oct-25	Jan-26	Jan-26	Jan-27
	FY22	FY23	FY24	F1Q25	F2Q25	F3Q25E	F4Q25E	FY25E	F1Q26E	F2Q26E	F3Q26E	F4Q26E	F2026E	F2027E
<b>Total Billings and Subscription ACV, ex. Adjustments</b>														
Subscription Revenue	4,546.3	5,567.2	6,603.0	1,815.0	1,903.0	1,955.8	2,039.1	7,712.9	2,070.5	2,163.7	2,277.1	2,360.7	8,872.1	10,175.0
y/y growth	20.0%	22.5%	18.6%	18.8%	17.2%	15.6%	15.9%	16.8%	14.1%	13.7%	16.4%	15.8%	15.0%	14.7%
q/q growth				3.1%	4.8%	2.8%	4.3%		1.5%	4.5%	5.2%	3.7%		
% of revenue	88.5%	89.6%	91.0%	91.2%	91.3%	92.2%	92.6%	91.8%	91.7%	91.7%	91.7%	91.7%	91.7%	92.2%
<b>Consensus Estimate (VA)</b>	<b>4,535.9</b>	<b>5,567.2</b>	<b>6,600.4</b>	<b>1,811.0</b>	<b>1,896.1</b>	<b>1,955.8</b>	<b>2,037.2</b>	<b>7,711.0</b>	<b>2,086.6</b>	<b>2,187.6</b>	<b>2,255.2</b>	<b>2,344.7</b>	<b>8,874.1</b>	<b>10,183.1</b>
y/y growth				18.5%	16.8%	15.7%	15.8%	16.8%	15.2%	15.4%	15.3%	15.1%	15.1%	14.8%
% difference (above consensus)	0.2%	0.0%	0.0%	0.2%	0.4%	0.0%	0.1%	0.0%	-0.8%	-1.1%	1.0%	0.7%	0.0%	-0.1%
<b>Professional Services</b>	<b>592.5</b>	<b>648.6</b>	<b>655.8</b>	<b>175.0</b>	<b>182.0</b>	<b>166.2</b>	<b>163.1</b>	<b>686.4</b>	<b>186.3</b>	<b>194.7</b>	<b>204.9</b>	<b>212.5</b>	<b>798.5</b>	<b>864.9</b>
y/y growth	11.9%	9.5%	1.1%	11.9%	11.8%	-4.8%	0.7%	4.7%	6.5%	7.0%	23.3%	30.2%	16.3%	8.3%
q/q growth				8.0%	4.0%	-8.7%	-1.9%		14.2%	4.5%	5.2%	3.7%		
<b>Total Revenue</b>	<b>5,138.8</b>	<b>6,215.8</b>	<b>7,258.8</b>	<b>1,990.0</b>	<b>2,085.0</b>	<b>2,122.0</b>	<b>2,202.2</b>	<b>8,399.2</b>	<b>2,256.8</b>	<b>2,358.5</b>	<b>2,482.0</b>	<b>2,573.2</b>	<b>9,670.5</b>	<b>11,039.8</b>
y/y growth	19.0%	21.0%	16.8%	18.1%	16.7%	13.7%	14.6%	15.7%	13.4%	13.1%	17.0%	16.8%	15.1%	14.2%
Current Deferred Revenue				3,552.0	3,549.0	3,761.5	4,593.6		4,045.9	4,090.0	4,436.7	5,224.4		
Noncurrent Deferred Revenue				61.0	62.0	56.4	68.9		60.7	61.4	66.6	78.4		
Reported Total Unearned Revenue				3,613.0	3,611.0	3,818.0	4,662.5		4,106.6	4,151.4	4,503.3	5,302.8		
<b>Total Billings</b>	<b>5,684.5</b>	<b>6,667.3</b>	<b>7,751.8</b>	<b>1,476.0</b>	<b>2,083.0</b>	<b>2,329.0</b>	<b>3,046.7</b>	<b>8,934.7</b>	<b>1,700.9</b>	<b>2,403.2</b>	<b>2,834.0</b>	<b>3,372.7</b>	<b>10,310.8</b>	<b>11,677.0</b>
y/y growth	22.4%	17.3%	16.3%	10.1%	11.6%	32.7%	9.2%	15.3%	15.2%	15.4%	21.7%	10.7%	15.4%	13.2%
<b>Subscription Backlog</b>														
Subscription ACV (Annual Contract Value)	5,100.6	6,015.7	7,100.6	1,310.0	1,900.0	2,168.3	2,871.1	8,249.4	1,522.8	2,207.8	2,623.9	3,148.4	9,502.9	10,802.7
y/y growth	23.7%	17.9%	18.0%	9.5%	11.4%	37.3%	9.6%	16.2%	16.2%	16.2%	21.0%	9.7%	15.2%	13.7%
% Dollar Renewal Rate				98%	98%	98%	98%		98%	98%	98%	98%		
Less: Renewals (Prior-Year Subscription ACV)	4,039.5	4,998.6	5,895.3	1,172.1	1,671.3	1,547.2	2,567.9	6,958.6	1,283.8	1,862.0	2,125.0	2,813.7	8,084.4	9,312.8
<b>New Subscription ACV</b>	<b>1,061.2</b>	<b>1,017.0</b>	<b>1,205.2</b>	<b>137.9</b>	<b>228.7</b>	<b>621.1</b>	<b>303.2</b>	<b>1,290.9</b>	<b>239.0</b>	<b>345.8</b>	<b>498.9</b>	<b>334.7</b>	<b>1,418.5</b>	<b>1,489.9</b>
y/y growth	49.5%	-4.2%	18.5%	-41.2%	-23.3%	151.7%	-28.8%	7.1%	73.4%	51.2%	-19.7%	10.4%	9.9%	5.0%
y/y growth, TTM				1.7%	-8.4%	24.0%	7.1%		25.6%	45.2%	-1.9%	9.9%		
<b>Adjustments to Revenue, Total Billings, and Subscription ACV</b>														
Aggregate adjustments to Total Revenue	56.7	53.4	7.9	1.1	3.5	4.3	5.0	13.9	4.7	2.7	2.0	1.2	10.6	0.5
Aggregate adjustments to Total Billings	112.2	75.8	108.1	16.2	3.5	4.3	5.0	28.9	4.7	2.7	2.0	1.2	10.6	0.5
Aggregate adjustments to Total Subscription ACV	112.2	75.8	111.6	16.2	3.5	4.3	5.0	28.9	4.7	2.7	2.0	1.2	10.6	0.5
<b>Adjusted New Subscription ACV</b>	<b>949.0</b>	<b>941.2</b>	<b>1,093.6</b>	<b>121.7</b>	<b>225.2</b>	<b>616.9</b>	<b>298.2</b>	<b>1,261.9</b>	<b>234.4</b>	<b>343.1</b>	<b>496.9</b>	<b>333.5</b>	<b>1,407.8</b>	<b>1,489.4</b>
y/y growth	33.7%	-11.3%	7.5%	-48.1%	-24.4%	150.0%	-30.0%	4.7%	70.0%	50.0%	-20.0%	10.0%	9.1%	5.0%
2 Year Growth Stack				-11.2%	-18.3%	140.2%	-23.0%		21.9%	25.6%	130.0%	-20.0%		
y/y growth, TTM				-8.8%	0.3%	18.4%	4.7%		24.0%	43.6%	-2.9%	9.1%		
q/q growth				-68.5%	85.1%	173.9%	-51.7%		-21.4%	46.4%	44.8%	-32.9%		

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 75: WDAY Plausible Case

\$ in millions, except per share data

	Jan-22	Jan-23	Jan-24	Apr-24	Jul-23	Oct-24	Jan-25	Jan-25	Apr-25	Jul-25	Oct-25	Jan-26	Jan-26	Jan-27
	FY22	FY23	FY24	F1Q25	F2Q25	F3Q25E	F4Q25E	FY25E	F1Q26E	F2Q26E	F3Q26E	F4Q26E	F2026E	F2027E
<b>Total Billings and Subscription ACV, ex. Adjustments</b>														
Subscription Revenue	4,546.3	5,567.2	6,603.0	1,815.0	1,903.0	1,951.7	2,022.7	7,692.4	2,064.1	2,141.4	2,257.3	2,341.4	8,804.3	10,006.7
y/y growth	20.0%	22.5%	18.6%	18.8%	17.2%	15.4%	14.9%	16.5%	13.7%	12.5%	15.7%	15.8%	14.5%	13.7%
q/q growth				3.1%	4.8%	2.6%	3.6%		2.0%	3.7%	5.4%	3.7%		
% of revenue	88.5%	89.6%	91.0%	91.2%	91.3%	92.2%	92.6%	91.8%	93.0%	93.0%	93.0%	93.0%	93.0%	93.7%
<b>Consensus Estimate (VA)</b>	<b>4,535.9</b>	<b>5,567.2</b>	<b>6,600.4</b>	<b>1,811.0</b>	<b>1,896.1</b>	<b>1,955.8</b>	<b>2,037.2</b>	<b>7,711.0</b>	<b>2,086.6</b>	<b>2,187.6</b>	<b>2,255.2</b>	<b>2,344.7</b>	<b>8,874.1</b>	<b>10,183.1</b>
y/y growth				18.5%	16.8%	15.7%	15.8%	16.8%	15.0%	15.4%	15.3%	15.1%	15.1%	14.8%
% difference (above consensus)	0.2%	0.0%	0.0%	0.2%	0.4%	-0.2%	-0.7%	-0.2%	-1.1%	-2.1%	0.1%	-0.1%	-0.8%	-1.7%
<b>Professional Services</b>	<b>592.5</b>	<b>648.6</b>	<b>655.8</b>	<b>175.0</b>	<b>182.0</b>	<b>165.9</b>	<b>161.8</b>	<b>684.7</b>	<b>154.8</b>	<b>160.6</b>	<b>169.3</b>	<b>175.6</b>	<b>660.3</b>	<b>674.5</b>
y/y growth	11.9%	9.5%	1.1%	11.9%	11.8%	-5.0%	-0.1%	4.4%	-11.5%	-11.8%	2.1%	8.5%	-3.6%	2.1%
q/q growth				8.0%	4.0%	-8.8%	-2.6%		-4.3%	3.7%	5.4%	3.7%		
<b>Total Revenue</b>	<b>5,138.8</b>	<b>6,215.8</b>	<b>7,258.8</b>	<b>1,990.0</b>	<b>2,085.0</b>	<b>2,117.6</b>	<b>2,184.5</b>	<b>8,377.1</b>	<b>2,219.0</b>	<b>2,302.0</b>	<b>2,426.6</b>	<b>2,517.0</b>	<b>9,464.7</b>	<b>10,681.1</b>
y/y growth	19.0%	21.0%	16.8%	18.1%	16.7%	13.5%	13.7%	15.4%	11.5%	10.2%	14.6%	15.2%	13.0%	12.9%
Current Deferred Revenue				3,552.0	3,549.0	3,691.6	4,582.6		3,999.9	3,974.8	4,319.0	5,180.0		
Noncurrent Deferred Revenue				61.0	62.0	56.4	68.9		60.7	61.4	66.6	78.4		
Reported Total Unearned Revenue				3,613.0	3,611.0	3,748.0	4,651.5		4,060.6	4,036.1	4,385.5	5,258.3		
<b>Total Billings</b>	<b>5,684.5</b>	<b>6,667.3</b>	<b>7,751.8</b>	<b>1,476.0</b>	<b>2,083.0</b>	<b>2,254.6</b>	<b>3,088.0</b>	<b>8,901.6</b>	<b>1,628.1</b>	<b>2,277.6</b>	<b>2,776.0</b>	<b>3,389.9</b>	<b>10,071.5</b>	<b>11,313.6</b>
y/y growth	22.4%	17.3%	16.3%	10.1%	11.6%	28.5%	10.7%	14.8%	10.3%	9.3%	23.1%	9.8%	13.1%	12.3%
<b>Subscription Backlog</b>														
Subscription ACV (Annual Contract Value)	5,100.6	6,015.7	7,100.6	1,310.0	1,900.0	2,094.3	2,913.7	8,218.0	1,481.5	2,116.3	2,601.5	3,202.4	9,401.7	10,629.7
y/y growth	23.7%	17.9%	18.0%	9.5%	11.4%	32.7%	11.2%	15.7%	13.1%	11.4%	24.2%	9.9%	14.4%	13.1%
% Dollar Renewal Rate				98%	98%	98%	98%		98%	98%	98%	98%		
Less: Renewals (Prior-Year Subscription ACV)	4,039.5	4,998.6	5,895.3	1,172.1	1,671.3	1,547.2	2,567.9	6,958.6	1,283.8	1,862.0	2,052.4	2,855.4	8,053.6	9,213.7
<b>New Subscription ACV</b>	<b>1,061.2</b>	<b>1,017.0</b>	<b>1,205.2</b>	<b>137.9</b>	<b>228.7</b>	<b>547.1</b>	<b>345.8</b>	<b>1,259.4</b>	<b>197.7</b>	<b>254.3</b>	<b>549.1</b>	<b>347.0</b>	<b>1,348.1</b>	<b>1,416.0</b>
y/y growth	49.5%	-4.2%	18.5%	-41.2%	-23.3%	121.7%	-18.8%	4.5%	43.4%	11.2%	0.4%	0.4%	7.0%	5.0%
y/y growth, TTM				1.7%	9.9%	17.5%	4.5%		19.0%	29.4%	0.5%	7.0%		
<b>Adjustments to Revenue, Total Billings, and Subscription ACV</b>														
Aggregate adjustments to Total Revenue	56.7	53.4	7.9	1.1	3.5	4.3	5.0	13.9	4.7	2.7	2.0	1.2	10.6	0.5
Aggregate adjustments to Total Billings	112.2	75.8	108.1	16.2	3.5	4.3	5.0	28.9	4.7	2.7	2.0	1.2	10.6	0.5
Aggregate adjustments to Total Subscription ACV	112.2	75.8	111.6	16.2	3.5	4.3	5.0	28.9	4.7	2.7	2.0	1.2	10.6	0.5
<b>Adjusted New Subscription ACV</b>	<b>949.0</b>	<b>941.2</b>	<b>1,093.6</b>	<b>121.7</b>	<b>225.2</b>	<b>542.8</b>	<b>340.8</b>	<b>1,230.6</b>	<b>193.0</b>	<b>251.6</b>	<b>547.1</b>	<b>345.8</b>	<b>1,337.4</b>	<b>1,445.5</b>
y/y growth	33.7%	-11.3%	7.5%	-48.1%	-24.4%	120.0%	-20.0%	2.1%	40.0%	10.0%	0.0%	0.0%	6.2%	5.0%
2 Year Growth Stack				-11.2%	-18.3%	110.2%	-13.0%		-8.1%	-14.4%	120.0%	-20.0%		
y/y growth, TTM				-8.8%	-16.2%	11.9%	2.1%		17.4%	27.8%	-0.5%	6.2%		
q/q growth				-68.5%	85.1%	141.0%	-37.2%		-43.4%	30.4%	117.5%	-36.8%		

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

**ZS – Upside to Revenue but Uncertainty Around Billings**

**F1Q25 Revenue and Billings Are Achievable.** F1Q total revenue guidance of +22% y/y growth implies new ACV declines in the 30% range, with virtually no revenue recognition in the quarter, an unlikely outcome, in our view. See Exhibit 76. While Management did not specifically guide F1Q billings growth, the company provided the split between 1H25 vs. 2H25 billings growth, with F1Q representing 16.2% of FY25 total billings. The current F1Q total billings estimate of \$503.7M implies 10.3% y/y growth and a sequential decline of 44.7%, a steeper decline than prior F1Qs (-36.5% in F1Q24, -34.6% in F1Q23, -25.4% in F1Q22, and -25.7% in F1Q21). In our plausible scenario, where new ACV declines 15% y/y, which implies business momentum, as measured by a 2-year growth stack of ACV, remains in line with F4Q levels, we see 530bps of upside to Street revenue and 770bps of upside to Street billings estimates, a much larger beat than prior quarters (excluding F3Q24 Billings). See Exhibit 77.

**FY25 Estimates Still Achievable.** Management provided initial FY25 total revenue growth between 20% and 21%, which we believe is an attainable bar with decent upside, when compared to prior years. Our plausible FY25 total revenue estimate of \$2,730M (+26% y/y) is 450bps above the Street. See Exhibit 77. As we said above, the F1Q setup for revenue and billings seems achievable with upside potential that investors were used to seeing two years ago. Now, the question around annual billings stems from Managements commentary about slower growth in contracted non-cancellable billings in the 1<sup>st</sup> half (+7%) vs. the 2<sup>nd</sup> half (+23%) as well as the ramping of the recently hired quota carrying

salespeople in 2HFY25. Recall, in F3Q24, Management called out a few points of headwind to FY25 billings growth from the GTM changes, which brought the Street down to 20% y/y growth heading into the F4Q print. Well current FY25 billings guidance of 19% - 20% y/y growth implies flatish New ACV growth, after 5.5% growth in FY24. Although current guidance implies very prudent assumptions, the steep uptick in 2H growth seems to be somewhat of a leap of faith, but this Management team has proven that it has the ability to execute, and we view the space as very attractive. Our plausible FY25 billings estimate of \$3,150M (+20.1% y/y) is 80bps above the Street, but we question again if that will be enough for the stock to work.

**FY26 Estimates Should Be Fine, Especially Once GTM Ramps.** We do see upside to both total revenue and total billings in FY26, especially as the noise from the GTM and organizational changes subdues. If our FY25 plausible case proves to be true, then consensus FY26 revenue growth of 20.2% y/y and FY26 billings growth of 19% y/y implies New ACV growth of around 11% (vs. our plausible FY25 New ACV growth of 3.5%), which implies improved business momentum.

### Exhibit 76: ZS Base Case

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Oct-23 1Q24	Jan-24 2Q24	Apr-24 3Q24	Jul-24 4Q24	2024 Full Year	Oct-24 1Q25E	Jan-25 2Q25E	Apr-25 3Q25E	Jul-25 4Q25E	2025 (E) Full Year	2026 (E) Full Year
<b>Revenue</b>															
Subscription revenue	423.6	652.9	1,058.2	1,568.8	481.8	509.2	536.6	575.1	2,102.7	600.3	616.2	649.3	681.0	2,546.9	3,156.1
y/y growth	42.0%	54.1%	62.1%	48.3%	39.7%	35.4%	32.1%	30.2%	34.0%	24.6%	21.0%	21.0%	18.4%	21.1%	23.9%
q/q growth					9.1%	5.7%	5.4%	7.2%		4.4%	2.6%	5.4%	4.9%		
% of total	98.2%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%	99.2%	97.1%	97.1%	97.1%	97.6%	98.8%
Other revenue	7.7	20.2	32.7	48.1	14.9	15.7	16.6	17.8	65.0	4.7	18.5	19.5	20.4	63.1	39.9
y/y growth	70.3%	162.6%	62.1%	47.0%	39.7%	35.4%	32.1%	34.2%	35.2%	-68.6%	17.4%	17.4%	14.9%	-3.0%	-36.8%
q/q growth					12.4%	5.7%	5.4%	7.2%		-73.7%	294.8%	5.4%	4.9%		
% of total	1.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	0.8%	2.9%	2.9%	2.9%	2.4%	1.2%
<b>Total Revenue</b>	<b>431.3</b>	<b>673.1</b>	<b>1,090.9</b>	<b>1,617.0</b>	<b>496.7</b>	<b>525.0</b>	<b>553.2</b>	<b>592.9</b>	<b>2,167.8</b>	<b>605.0</b>	<b>634.7</b>	<b>668.8</b>	<b>701.4</b>	<b>2,610.0</b>	<b>3,196.0</b>
y/y growth	42.4%	56.1%	62.1%	48.2%	39.7%	35.4%	32.1%	30.3%	34.1%	21.8%	20.9%	20.9%	18.3%	20.4%	22.5%
q/q growth					9.2%	5.7%	5.4%	7.2%		2.0%	4.9%	5.4%	4.9%		
<b>Consensus Estimate (VA)</b>										<b>605.9</b>	<b>633.9</b>	<b>665.4</b>	<b>707.4</b>	<b>2,612.6</b>	<b>3,139.4</b>
% difference (above consensus)	0.0%	1.7%	1.1%	1.5%	4.8%	4.3%	3.4%	4.5%	1.2%	-0.1%	0.1%	0.5%	-0.8%	-0.1%	1.8%
y/y growth										22.0%	20.7%	20.3%	19.3%	20.5%	20.2%
<b>Billings and Bookings Analysis</b>															
<b>Total Billings (BS)</b>	<b>549.8</b>	<b>933.9</b>	<b>1,481.5</b>	<b>2,035.5</b>	<b>456.6</b>	<b>627.6</b>	<b>628.0</b>	<b>910.8</b>	<b>2,623.1</b>	<b>507.2</b>	<b>717.2</b>	<b>806.5</b>	<b>1,091.1</b>	<b>3,122.0</b>	<b>3,713.4</b>
y/y growth	41.0%	69.9%	58.6%	37.4%	34.2%	27.1%	30.2%	26.6%	28.9%	11.1%	14.3%	28.4%	19.8%	19.0%	18.9%
q/q growth					-36.5%	37.5%	0.1%	45.0%		-44.3%	41.4%	12.4%	35.3%		
<b>Consensus Estimate (VA)</b>										<b>503.7</b>	<b>723.2</b>	<b>778.2</b>	<b>1,120.5</b>	<b>3,125.6</b>	<b>3,720.2</b>
% difference (above consensus)	0.0%	6.4%	3.7%	2.9%	3.3%	3.8%	7.5%	1.9%	0.6%	0.7%	-0.8%	3.6%	-2.6%	-0.1%	-0.2%
y/y growth										10.3%	15.2%	23.9%	23.0%	19.2%	19.0%
<b>Current Subscription Billings (Total Subscription ACV)</b>	<b>539.5</b>	<b>886.9</b>	<b>1,410.7</b>	<b>1,926.2</b>	<b>445.2</b>	<b>581.1</b>	<b>596.9</b>	<b>842.3</b>	<b>2,465.5</b>	<b>515.1</b>	<b>687.8</b>	<b>768.7</b>	<b>1,019.0</b>	<b>2,990.6</b>	<b>3,596.2</b>
y/y growth	42.3%	64.4%	59.1%	36.5%	33.2%	25.5%	28.4%	26.9%	28.0%	15.7%	18.4%	28.8%	21.0%	21.3%	20.2%
q/q growth					-33.0%	30.5%	2.7%	41.1%		-38.8%	33.5%	11.8%	32.6%		
<b>Renewal Rate</b>					<b>98.0%</b>	<b>98.0%</b>	<b>98.0%</b>	<b>98.0%</b>		<b>98.0%</b>	<b>98.0%</b>	<b>98.0%</b>	<b>98.0%</b>		
Subscription ACV Renewals	371.5	528.7	869.2	1,382.5	327.6	454.0	455.5	650.7	1,887.7	436.3	569.5	584.9	825.5	2,416.2	2,930.8
y/y growth	55.7%	42.3%	64.4%	59.1%	41.2%	31.8%	44.3%	32.7%	36.5%	33.2%	25.5%	28.4%	26.9%	28.0%	21.3%
q/q growth					-33.2%	38.6%	0.3%	42.9%		-33.0%	30.5%	2.7%	41.1%		
<b>New Subscription ACV (Calculated from reported numbers)</b>	<b>168.0</b>	<b>358.3</b>	<b>541.5</b>	<b>543.8</b>	<b>117.6</b>	<b>127.2</b>	<b>141.4</b>	<b>191.6</b>	<b>573.5</b>	<b>78.8</b>	<b>118.3</b>	<b>183.8</b>	<b>193.5</b>	<b>574.4</b>	<b>665.4</b>
y/y growth	19.6%	113.3%	51.1%	0.4%	15.0%	7.1%	-5.1%	10.3%	6.3%	-33.0%	-7.0%	30.0%	1.0%	-0.6%	15.8%
q/q growth					-32.3%	8.1%	11.2%	35.5%		-58.9%	50.1%	55.4%	5.3%		
<b>Subscription Billings Adjustments:</b>															
<b>Total Adjustments</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Adjusted Current Subscription Billings (Subs ACV)</b>	<b>539.5</b>	<b>886.9</b>	<b>1,410.7</b>	<b>1,926.2</b>	<b>445.2</b>	<b>581.1</b>	<b>592.5</b>	<b>842.3</b>	<b>2,461.2</b>	<b>515.1</b>	<b>687.8</b>	<b>768.7</b>	<b>1,019.0</b>	<b>2,990.6</b>	<b>3,596.2</b>
y/y growth	42.3%	64.4%	59.1%	36.5%	33.2%	25.5%	27.5%	26.9%	27.8%	15.7%	18.4%	28.8%	21.0%	21.3%	20.2%
q/q growth					-33.0%	30.5%	2.0%	42.2%		-38.8%	33.5%	11.8%	32.6%		
<b>Adj New Current Subs Billings (New Subs ACV)</b>	<b>168.0</b>	<b>358.3</b>	<b>541.5</b>	<b>543.8</b>	<b>117.6</b>	<b>127.2</b>	<b>137.0</b>	<b>191.6</b>	<b>573.5</b>	<b>78.8</b>	<b>118.3</b>	<b>183.8</b>	<b>193.5</b>	<b>574.4</b>	<b>665.4</b>
y/y growth	19.6%	113.3%	51.1%	0.4%	15.0%	7.1%	-8.1%	10.3%	5.5%	-33.0%	-7.0%	30.0%	1.0%	-0.6%	15.8%
q/q growth					-32.3%	8.1%	7.8%	39.8%		-58.9%	50.1%	55.4%	5.3%		
<b>2-year stack</b>					<b>19.0%</b>	<b>-6.5%</b>	<b>20.8%</b>	<b>1.7%</b>		<b>-18.0%</b>	<b>0.1%</b>	<b>21.9%</b>	<b>11.3%</b>		

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Exhibit 77: ZS Plausible Case

\$ in millions, except per share data

	2020	2021	2022	2023	Oct-23	Jan-24	Apr-24	Jul-24	2024	Oct-24	Jan-25	Apr-25	Jul-25	2025 (E)	2026 (E)
	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25E	2Q25E	3Q25E	4Q25E	Full Year	Full Year
<b>Revenue</b>															
Subscription revenue	423.6	652.9	1,058.2	1,568.8	481.8	509.2	536.6	575.1	2,102.7	619.3	643.4	673.8	713.7	2,650.3	3,224.4
y/y growth	42.0%	54.1%	62.1%	48.3%	39.7%	35.4%	32.1%	30.2%	34.0%	28.5%	26.3%	25.6%	24.1%	26.0%	21.7%
q/q growth					9.1%	5.7%	5.4%	7.2%		7.7%	3.9%	4.7%	5.9%		
% of total	98.2%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%	97.1%	97.1%	97.1%	97.1%	97.1%	97.1%
Other revenue	7.7	20.2	32.7	48.1	14.9	15.7	16.6	17.8	65.0	18.6	19.3	20.2	21.4	79.5	96.7
y/y growth	70.3%	162.6%	62.1%	47.0%	39.7%	35.4%	32.1%	34.2%	35.2%	24.7%	22.6%	21.8%	20.4%	22.3%	21.7%
q/q growth					12.4%	5.7%	5.4%	7.2%		4.5%	3.9%	4.7%	5.9%		
% of total	1.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Total Revenue	431.3	673.1	1,090.9	1,617.0	496.7	525.0	553.2	592.9	2,167.8	637.9	662.7	694.1	735.2	2,729.8	3,321.1
y/y growth	42.4%	56.1%	62.1%	48.2%	39.7%	35.4%	32.1%	30.3%	34.1%	28.4%	26.2%	25.5%	24.0%	25.9%	21.7%
q/q growth					9.2%	5.7%	5.4%	7.2%		7.6%	3.9%	4.7%	5.9%		
<b>Consensus Estimate (VA)</b>															
% difference (above consensus)	0.0%	1.7%	1.1%	1.5%	4.8%	4.3%	3.4%	4.5%	1.2%	5.3%	4.6%	4.3%	3.9%	4.5%	5.8%
y/y growth										22.0%	20.7%	20.3%	19.3%	20.5%	20.2%
<b>Billings and Bookings Analysis</b>															
<b>Total Billings (BS)</b>															
Total Billings (BS)	549.8	933.9	1,481.5	2,035.5	456.6	627.6	628.0	910.8	2,623.1	542.6	724.1	787.2	1,096.0	3,149.9	3,782.4
y/y growth	41.0%	69.9%	58.6%	37.4%	34.2%	27.1%	30.2%	26.6%	28.9%	18.8%	15.4%	25.3%	20.3%	20.1%	20.1%
q/q growth					-36.5%	37.5%	0.1%	45.0%		-40.4%	33.5%	8.7%	39.2%		
<b>Consensus Estimate (VA)</b>															
% difference (above consensus)	0.0%	6.4%	3.7%	2.9%	3.3%	3.8%	7.5%	1.9%	0.6%	7.7%	0.1%	1.2%	-2.2%	0.8%	1.7%
y/y growth										10.3%	15.2%	23.9%	23.0%	19.2%	19.0%
<b>Current Subscription Billings (Total Subscription AC)</b>															
Current Subscription Billings (Total Subscription AC)	539.5	886.9	1,410.7	1,926.2	445.2	581.1	596.9	842.3	2,465.5	536.3	696.7	754.6	1,026.7	3,014.2	3,616.1
y/y growth	42.3%	64.4%	59.1%	36.5%	33.2%	25.5%	28.4%	26.9%	28.0%	20.5%	19.9%	26.4%	21.9%	22.3%	20.0%
q/q growth					-33.0%	30.5%	2.7%	41.1%		-36.3%	29.9%	8.3%	36.1%		
<b>Renewal Rate</b>															
Subscription ACV Renewals	371.5	528.7	869.2	1,382.5	327.6	454.0	455.5	650.7	1,887.7	436.3	569.5	584.9	825.5	2,416.2	2,953.9
y/y growth	55.7%	42.3%	64.4%	59.1%	41.2%	31.8%	44.3%	32.7%	36.5%	33.2%	25.5%	28.4%	26.9%	28.0%	22.3%
q/q growth					-33.2%	38.6%	0.3%	42.9%		-33.0%	30.5%	2.7%	41.1%		
<b>New Subscription ACV (Caclulated from reported number)</b>															
New Subscription ACV (Caclulated from reported number)	168.0	358.3	541.5	543.8	117.6	127.2	141.4	191.6	577.8	100.0	127.2	169.7	201.2	598.0	662.2
y/y growth	19.6%	113.3%	51.1%	0.4%	15.0%	7.1%	-5.1%	10.3%	6.3%	-15.0%	0.0%	20.0%	5.0%	3.5%	10.7%
q/q growth					-32.3%	8.1%	11.2%	35.5%		-47.8%	27.2%	33.4%	18.6%		
<b>Subscription Billings Adjustments:</b>															
Total Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Adjusted Current Subscription Billings (Subs ACV)</b>															
Adjusted Current Subscription Billings (Subs ACV)	539.5	886.9	1,410.7	1,926.2	445.2	581.1	592.5	842.3	2,461.2	536.3	696.7	754.6	1,026.7	3,014.2	3,616.1
y/y growth	42.3%	64.4%	59.1%	36.5%	33.2%	25.5%	27.5%	26.9%	27.8%	20.5%	19.9%	26.4%	21.9%	22.3%	20.0%
q/q growth					-33.0%	30.5%	2.0%	42.2%		-36.3%	29.9%	8.3%	36.1%		
<b>Adj New Current Subs Billings (New Subs ACV)</b>															
Adj New Current Subs Billings (New Subs ACV)	168.0	358.3	541.5	543.8	117.6	127.2	137.0	191.6	573.5	100.0	127.2	169.7	201.2	598.0	662.2
y/y growth	19.6%	113.3%	51.1%	0.4%	15.0%	7.1%	-8.1%	10.3%	5.5%	-15.0%	0.0%	20.0%	5.0%	3.5%	10.7%
q/q growth					-32.3%	8.1%	7.8%	39.8%		-47.8%	27.2%	33.4%	18.6%		
2-year stack					19.0%	-6.5%	20.8%	1.7%		0.0%	7.1%	11.9%	15.3%		

Source: Consensus via Visible Alpha, Company Reports, Guggenheim Securities, LLC estimates

## Appendix A: Stock Valuation and Risks

### **AKAM**

**Valuation.** At current prices, AKAM is trading at 5.1x EV/NTM recurring revenue and 18.8x EV/NTM uFCF. Our DCF-based price target of \$133 implies 6.7x EV/NTM recurring revenue, a discount to the average 11.6x EV/NTM recurring revenue for a group of edge/security/CDN software peers that have higher average consensus NTM revenue growth of 16% (vs. AKAM's 8%).

**Risks.** (1) Extra capacity from data center expansions take longer to generate incremental revenue; (2) Momentum in Akamai's Security business slows and growth proves unsustainable; and (3) Capital intensity to support Linode going forward is greater than we expect for longer.

### **ARM**

**Valuation.** We know of no better way to value a company than a rigorous, academic approach to a three-stage DCF. We also consider relative multiples to inform our valuation, such as EV/Revenue. Note that the hyper growth period in our DCF is 10 years versus our typical DCF for a software company with 5 years. We believe this change is warranted by the lifecycle of companies' revenue with inception in License revenue, translating to Royalty revenue in several years. We are maintaining our price target of \$169, which implies EV/NTM Revenue (our estimates) of 42x versus 35x at the current price (\$143.01).

**Risks** include 1) high customer (Arm China, Qualcomm (QCOM)) and end market (smartphone) concentration, 2) competition from alternative architecture such as x86 and RISC-V, and 3) outsized ownership by one entity.

### **BASE**

**Valuation.** Our \$30 price target is based on a 3-stage DCF analysis and implies 6.1x EV/NTM recurring revenue, slightly below what we calculate as the intrinsic value of a Software company that is run hyper-efficiently at scale and with no growth (6.2x for on-premise software and 5.4x for SaaS companies), vs. 2.9x currently.

**Risks include:** 1) Capella execution, 2) hyperscaler competition, 3) potential long path to profitability, and 4) prolonged macro uncertainty

### **CFLT**

**Valuation.** Our \$32 price target is based on a three-stage DCF analysis; it implies 9.9x EV/NTM recurring revenue and 8.5x EV/2025E total revenue. This compares to current multiples of 6.2x and 5.2x, respectively.

**Downside risks include:** 1) risk of consumption models, 2) prolonged macro uncertainty, 3) fragmented and emerging market, and 4) lack of profit support for valuation.



### **CHKP**

**Valuation.** At its current price, CHKP trades at 17x our NTM FCF and 9.5x EV/NTM recurring revenue, which is below the average of 12x EV/NTM recurring revenue for seven large cap security peers. We maintain our Neutral rating.

**Upside risks:** (1) Our product revenue estimates prove too conservative in 2023 given an improvement in the macro environment; and (2) an increase in investments drives a greater acceleration in revenue growth.

**Downside risks:** (1) Significant investments lead to margin compression while growth decelerates faster than expected; and (2) product growth rolls over at a more rapid pace than expected.

### **CRM**

**Valuation.** We know of no better way to value a Software company (or any company, for that matter) than a rigorous, academic approach to a 3-stage DCF analysis. We also consider relative multiples to inform our valuation, such as EV/Recurring Revenue (since recurring revenue is where all the FCF comes from for a typical Software company). CRM's current price of \$273.71, implies 7.1x EV/Subscription (on our plausible estimates). We calculate that the intrinsic value of Software Rec Rev that is run highly-efficiently at scale is approximately 5.4x EV/Rec Rev for a SaaS vendor assuming no growth (or decline).

**Upside and Downside Risks** Include: 1) significant improvement or deterioration in the macro backdrop, 2) potentially significant margin expansion or contraction, and 3) New ACV (organic cc) significantly outperforms or underperforms our estimates.

### **CRWD**

**Valuation.** CRWD is currently trading at 16.7x EV/NTM recurring revenue at the market close price, which is above the average of 11x EV/NTM recurring revenue for seven large cap security peers. We maintain our Neutral rating.

**Upside risks:** 1) Global IT outage proves to be less of a headwind than guidance suggests; 2) macro backdrop improves; and 3) competitive pricing as the company rolls out new pricing packages.

**Downside risks:** 1) Global IT outage is a greater headwind than guidance suggests; 2) competition from hybrid approaches in enterprise endpoint protection; 3) a larger negative impact to New Business than we expect from a longer and deeper recession; 4) competition; and 5) competitive pricing issues.

### **CVLT**

**Valuation.** Our price target of \$160 is based on a three stage DCF analysis and equates to 8.0x EV/NTM recurring, 6.5x EV/2025 Revenue, and 29.5x EV/2025 FCF, which accounts for SBC, vs. the current trading multiple of 7.9x, 6.5x, and 29.4x.

**Potential downside risks include:** 1) inherent volatility in the license model, 2) share losses due to competitive pressures, and 3) potential macro softness leading to downside in new business growth vs. our assumptions.

**CYBR**

**Valuation:** We are raising our DCF-based price target to \$323 from \$300 due to a lower risk-free rate and higher revenue estimates in the outer years. Our new price target implies 14.1x EV/NTM Recurring Revenue vs. CYBR currently trading at 12.6x. Our price target represents a premium to the average of 11.4x EV/NTM Recurring Revenue for ten cybersecurity peers that have lower average consensus NTM Revenue growth of 15%, but higher average FCF margin of 24%.

**Risks:** 1) PAM is more saturated than we expect; 2) Moving into adjacent areas of IAM proves more difficult than we anticipate; 3) Persistently soft macroeconomic environment catches up to CyberArk and hinders margin expansion and cash flow generation.

**DDOG**

**Valuation.** DDOG is currently trading at 13.2x EV/NTM Recurring Revenue, a premium to the average of 8.2x for a group of eight DevOps peers. We maintain our Neutral rating.

**Upside risks:** (1) cloud optimization trends stabilize faster than we expect; and (2) enterprise AI workloads drive more near-term spending on observability solutions than we expect.

**Downside risks:** (1) focus on costs in a weak macro environment drives both new and existing workloads to first party cloud solutions or open-source alternatives; and (2) cloud optimization and a weak macro environment proves to be more persistent than we expect.

**DT**

**Valuation.** We're maintaining our Buy rating and \$64 price target. Our DCF based price target implies 11x EV/NTM Recurring Revenue vs. the stock currently trading at 9x.

**Downside risks:** (1) macro environment weakens further; (2) competition proves more intense than we expect.

**ESTC**

**Valuation.** Our \$100 price target is based on a 3-stage DCF analysis using our plausible revenue scenario, and implies EV/NTM Rec Rev of 7.8x and EV/FY26E Total Rev of 6.1x (vs. 6.2x and 5.3x currently), still materially below peers with similar financial profiles.

**Risks include:** 1) competition in the GenAI search, observability, and SIEM markets, and 2) prolonged GTM challenges, which could pressure revenue growth and margins.

**FTNT**

**Valuation.** At its current price, FTNT trades at 28.6x our NTM FCF and 12.3x EV/NTM recurring revenue, which is above the average of 11.4x EV/NTM recurring revenue for seven large cap security peers. We maintain our Neutral rating.

**Risks include:** (1) New Product Workload declines more or less than we anticipate; (2) A prolonged weak macro environment has a larger or smaller impact than we anticipate.

**INFA**

**Valuation.** Our price target of \$37 is based on a 3-stage DCF. Our price target implies 7.5x EV/NTM Recurring Revenue, 6.8x EV/2025E Total Revenue, and 23.1x EV/2025E FCF, vs. the current share price implying 5.3x, 4.8x, and 16.4x, respectively.

**Downside risks include:** 1) potential recession impact, 2) increased cloud and hyperscaler competition, and 3) subscription license volatility.

**MDB**

**Valuation:** MDB shares trade at 10.1x EV/NTM recurring revenue and 9.5x EV/2025E total revenue based on consensus estimates (or 8.9x using our plausible scenario). We maintain our Neutral rating.

**Upside risks:** 1) Significant improvement in IT spending environment / macro conditions; 2) MongoDB's new products contribute meaningfully to revenue acceleration; 3) Profitability improves significantly, without sacrificing growth.

**Downside risks:** 1) IT spending environment / macro conditions deteriorate; 2) MongoDB's new products fail to gain traction; 3) MongoDB has to significantly reinvest for growth.

**MSFT**

**Valuation.** We know of no better way to value a Software company than a rigorous, academic approach to a three-stage DCF. We also consider relative multiples to inform our valuation, such as EV/recurring revenue (since recurring revenue is where all the FCF comes from for a typical Software company). That said, we have no price target on MSFT as we believe the stock is around a fair valuation. MSFT's current price implies 49x EV/NTM FCF our estimate (66x including finance leases) and compares to 37x for the average megacap software company.

**Risks.** 1) Azure growth is more or less durable than we anticipate; 2) Windows OEM revenue outperforms or underperforms industry analyst expectations for developed market PC shipments; 3) MSFT is able to generate revenue growth above or below investor expectations for the next couple of years.

**NET**

**Valuation.** Our DCF based price target of \$57 implies 10.6x EV/NTM Recurring Revenue (vs. NET currently trading at 15.2x) and represents a premium to average 6.3x EV/NTM Recurring Revenue for a group of Edge Security/CDN providers.

**Upside Risks** include 1) easing of elongated sales cycles, 2) cross-selling other Cloudflare products and solutions to the existing customer base, and 3) success moving upmarket.

**NOW**

**Valuation.** We know of no better way to value a Software company than a rigorous, academic approach to a 3-stage DCF. We also consider relative multiples, such as EV/recurring revenue (since recurring revenue is where all the FCF typically comes from). We are raising our price target to \$716, from \$640. Our \$716 price target implies EV/NTM recurring revenue of 12.4x our plausible estimates, versus a current multiple of 15.6x consensus. **Risks** include 1) unexpected macro trajectory could present upside risk versus

our estimates, 2) significant increase in federal spend could result in upside compared to our estimates, and 3) higher revenue contribution from Gen AI solutions than we anticipate

### **OKTA**

**Valuation.** Our DCF-based price target of \$130 implies 8.2x EV/our NTM recurring revenue (vs. OKTA currently trading at 4.5x at after-hour prices). Additionally, our price target represents a discount to CYBR, which is currently trading at 13.2x EV/NTM recurring revenue and has higher consensus NTM revenue growth of 20% (vs. OKTA's 10%), but lower consensus NTM FCF margin of 14% (vs. OKTA's 24%).

**Risks.** 1) Improvements in execution and sales force attrition do not hold throughout the rest of the year; 2) a worsening macro environment impacting security spending more than it has thus far, and 3) breaches impact the business more than expected.

### **ORCL**

**Valuation.** Our \$200 price target is based on a 3-stage DCF which implies 10.7x EV/NTM Revenue and 14.1x EV/NTM Recurring Revenue vs. 9.4x and 12.3x currently. These implied multiples would be lower if Oracle outperforms consensus revenue expectations.

**Risks** include: 1) potential decreased reliance of business applications on relational databases over time, 2) potential slower-than-expected support to cloud transition, and 3) debt burden.

### **OS**

**Valuation.** Based on our 3-stage DCF, and assuming a Plausible scenario where growth sustains in the 20s% longer than consensus likely assumes, we come to a price target of \$35. This represents EV/NTM recurring revenue of 16.2x vs. the current value of 15.9x.

**Risks** include intense competition from well-established software vendors (i.e., ORCL, WDAY, SAP, IBM); benefits from end-of-life from legacy Hyperion were greater than we estimate up to now and that benefit diminishes materially; dual-class equity structure limits shareholder influence.

### **PANW**

**Valuation.** We rate PANW Neutral with no price target. At current levels, PANW trades at 16.5x EV/NTM recurring revenue, a premium to the average 11.8x for a peer group of seven large cap security vendors with higher consensus NTM revenue growth of 19% (vs. PANW's 13%) but lower consensus NTM FCF margin of 23% (vs. PANW's 38%). At 34.2x EV/our NTM uFCF, PANW trades at a premium to FTNT, currently trading at 29.7x EV/NTM uFCF.

**Upside Risks:** 1) Product proves more durable than guidance suggests; and 2) NGS grows fast enough to offset declines in current-gen subscription and is enough to drive billings growth faster than we expect.

**Downside Risks:** 1) The macro backdrop deteriorates and large deals get delayed more than we expect; and 2) NGS revenue is not enough to offset declines in current-gen subscription, driving lower billings growth than expected.

**PRGS**

**Valuation.** PRGS currently trades at 5.7x EV/NTM Recurring Revenue. We are raising our DCF-based price target to \$78 from \$70 due to a lower risk-free rate and slightly higher FCF growth in the outer years. Our new PT implies 6.5x EV/NTM Recurring Revenue, a premium to an average EV/NTM Rec Rev 5.6x for three acquisitive software peers, but a discount to a peer group of 14 infrastructure software vendors trading at 8.8x EV/NTM Rec Rev with average NTM consensus revenue growth of 13% (vs. PRGS' 5%).

**Risks.** 1) Acquisition integration risk; 2) lack of stock catalysts; and 3) a weaker macro environment beginning to impact renewals.

**PSTG**

**Valuation.** Our \$72 price target is based on a 3-stage DCF analysis and implies 6.2x EV/CY25E revenue, 13.9x EV/NTM recurring revenue, and 36.0x EV/CY25E FCF (vs. 4.3x, 9.5x, and 24.5x currently), in line with large-cap peers with similar financial profiles. Outperformance relative to estimates could result in lower multiples.

**Downside risks include:** 1) enterprise customer inertia to change, 2) heightened hyperscaler competition, and 3) competitors copy Pure's design approach.

**RBRK**

**Valuation.** Our \$48 price target is based on a three-stage DCF and implies 8.5x EV/NTM recurring revenue and 7.1x EV/2025E total revenue (our plausible scenario estimates), vs. 5.9x and 5.0x currently.

**Downside Risks:** 1) potential worsening of macro conditions; 2) potential heightened competitive threats; and 3) lack of profit support.

**S**

**Valuation.** We're maintaining our Buy rating and \$27 price target. Our DCF-based price target implies 8.2x EV/our NTM revenue vs. S currently trading at 6.9x.

**Downside risks:** 1) a continued prolonged period of macro weakness has an outsized impact on New Business; 2) the company's move upmarket stalls while competition down market becomes more intense; and 3) the company is unable to scale margins as we expect.

**SMAR**

**Valuation.** We know of no better way to value a Software company (or any company, for that matter) than a rigorous, academic approach to a three-stage DCF. We also consider relative multiples to inform our valuation, such as EV/recurring revenue (since recurring revenue is where all the FCF comes from for a typical Software company). Our DCF-based price target of \$62 implies 7.5x EV/NTM Subscription revenue, vs. a current multiple of 6.6x (on our estimates, and 149M share count as accounted for in this transaction), which is what we believe is about the intrinsic value of the future FCF from the current recurring revenue if it was run hyper-efficiently.

**Risks** include: 1) potential recession impact resulting in IT spending reduction, and 2) potential competitive pressure from pure-play work management software providers.

**SNOW**

**Valuation.** SNOW currently trades at 10.4x EV/NTM Subscription revenue and 35x NTM FCF.

**Risks** include: 1) significant increases/decreases in consumption, 2) technological differentiation vs. competition, 3) becoming a one-stop shop for data management, and 4) better/worse profitability than modeled.

**TDC**

**Valuation.** Our DCF-based PT of \$50 implies 3.6x EV/NTM recurring revenue (and 10.6x EV/NTM FCF), which is below what we calculate to be the intrinsic value of Software recurring revenue that is run highly efficiently at scale, assuming the recurring revenue never grows (or declines) again, or 6.2x for on-premise and 5.4x for SaaS vendors. TDC shares currently trade at 2.3x EV/NTM recurring revenue (and 10.7x EV/2025E FCF).

**Key Risks include:** 1) Teradata is unable to improve customer retention, and instead continues to lose share to cloud competitors at the same, or even higher rate, than it has been; 2) VantageCloud (both the Enterprise and Lake editions) fails to be a viable alternative to competitive cloud-native solutions; and 3) economic conditions significantly improve later this year, resulting in IT budgets and prioritization of cloud transformation initiatives rebounding back to 2021-2022 levels, resulting in increased migration away from Teradata deployments.

**WDAY**

**Valuation.** Our price target of \$200 is based on a DCF analysis and implies 6.1x EV/NTM Subscription revenue (vs. WDAY currently trading at 7.5x).

**Risks** include: 1) significant outperformance in large enterprise deals, 2) success in international markets, and 3) significant outperformance in FINS+ portfolio.

**ZS**

**Valuation.** We rate ZS Neutral with no PT. At current prices, ZS shares trade at 10.3x EV/NTM recurring revenue, a discount to the average of 11.5x EV/NTM recurring revenue for seven large cap security peers that have lower consensus NTM revenue growth of 16% (vs. ZS's 21%), but higher NTM FCF margin of 25% (vs. ZS's 23%).

**Downside Risks:** 1) competition from emerging and legacy vendors intensifying, 2) macro concerns further impacting security spend, as well as elongating sales cycles.

**Upside Risks:** 1) GTM efforts result in increased upsell/platform expansion, 2) stronger-than expected signings in the Fed vertical.





## Appendix C: Financial Models

### AKAM

#### Exhibit 79: Akamai GAAP Income Statement

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024E Full Year	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025E Full Year
<b>GAAP Income Statement</b>														
<b>Total Revenue</b>	<b>3,198.1</b>	<b>3,461.2</b>	<b>3,616.7</b>	<b>3,811.9</b>	<b>987.0</b>	<b>979.6</b>	<b>998.0</b>	<b>1,025.5</b>	<b>3,990.0</b>	<b>1,058.1</b>	<b>1,057.6</b>	<b>1,046.4</b>	<b>1,113.4</b>	<b>4,275.4</b>
Cost of Revenue	1,132.7	1,269.0	1,383.8	1,511.1	394.7	402.9	404.7	420.0	1,622.3	429.3	434.8	427.3	447.6	1,739.0
<b>Gross Profit</b>	<b>2,065.5</b>	<b>2,192.3</b>	<b>2,232.8</b>	<b>2,300.9</b>	<b>592.2</b>	<b>576.7</b>	<b>593.3</b>	<b>605.5</b>	<b>2,367.7</b>	<b>628.8</b>	<b>622.8</b>	<b>619.0</b>	<b>665.8</b>	<b>2,536.5</b>
<i>Gross Margin</i>	64.6%	63.3%	61.7%	60.4%	60.0%	58.9%	59.4%	59.0%	59.3%	59.4%	58.9%	59.2%	59.8%	59.3%
<b>Operating expenses</b>														
Research and development	269.3	335.4	391.4	406.0	116.9	113.4	111.3	120.7	462.3	125.4	121.3	114.6	124.9	486.2
Sales and marketing	510.4	462.0	502.4	533.2	134.6	139.0	140.6	142.8	557.0	150.3	150.1	147.4	153.9	601.8
General and administrative	547.9	553.0	584.2	600.9	152.4	153.9	152.6	159.1	618.0	162.3	163.0	160.7	169.3	655.4
Amort. of acquired intangible assets	42.0	48.0	65.0	66.8	21.0	21.1	21.1	21.1	84.3	21.1	21.1	21.1	21.1	84.3
Restructuring charges	37.3	10.7	13.5	56.6	0.5	1.4			1.9					0.0
Total Operating Expenses	1,406.9	1,409.1	1,556.6	1,663.5	425.5	428.7	425.6	443.6	1,723.5	459.0	455.5	443.9	469.2	1,827.7
<b>Operating Income</b>	<b>658.5</b>	<b>783.1</b>	<b>676.3</b>	<b>637.3</b>	<b>166.7</b>	<b>148.0</b>	<b>167.6</b>	<b>161.9</b>	<b>644.2</b>	<b>169.8</b>	<b>167.2</b>	<b>175.1</b>	<b>196.6</b>	<b>708.8</b>
<i>Operating margin</i>	20.6%	22.6%	18.7%	16.7%	16.9%	15.1%	16.8%	15.8%	16.1%	16.0%	15.8%	16.7%	17.7%	16.6%
<b>Interest income (net)</b>														
Interest & marketable securities (loss) income	(40.0)	(56.7)	(7.8)	27.5	21.0	19.8	13.2	13.3	67.3	13.4	14.1	13.6	14.5	55.6
Interest expense	29.1	15.6	3.3	45.2	27.8	26.6	20.1	20.2	94.7	20.3	21.0	20.5	21.4	83.2
Other (expense) income, net	(69.1)	(72.3)	(11.1)	(17.7)	(6.8)	(6.8)	(6.9)	(6.9)	(27.4)	(6.9)	(6.9)	(6.9)	(6.9)	(27.6)
Other (expense) income, net	(2.5)	1.8	(10.4)	(12.3)	0.5	(0.9)	(0.9)	(0.9)	(2.3)	(0.9)	(0.9)	(0.9)	(0.9)	(3.8)
<b>Pre-tax Income</b>	<b>616.1</b>	<b>728.2</b>	<b>658.0</b>	<b>652.5</b>	<b>188.3</b>	<b>166.8</b>	<b>179.9</b>	<b>174.2</b>	<b>709.2</b>	<b>182.3</b>	<b>180.4</b>	<b>187.8</b>	<b>210.2</b>	<b>760.6</b>
Provision for income taxes	45.9	62.6	126.7	106.4	12.8	35.1	36.0	34.8	118.8	36.5	36.1	37.6	42.0	152.1
<i>Tax Rate</i>	7.5%	8.6%	19.3%	16.3%	6.8%	21.1%	20.0%	20.0%		20.0%	20.0%	20.0%	20.0%	
<b>GAAP Net income</b>	<b>557.1</b>	<b>651.6</b>	<b>523.7</b>	<b>547.6</b>	<b>175.4</b>	<b>131.7</b>	<b>143.9</b>	<b>139.3</b>	<b>590.4</b>	<b>145.8</b>	<b>144.3</b>	<b>150.2</b>	<b>168.1</b>	<b>608.5</b>
<i>GAAP Net Income Margin</i>	17.4%	18.8%	14.5%	14.4%	17.8%	13.4%	14.4%	13.6%	14.8%	13.8%	13.6%	14.4%	15.1%	14.2%
<b>GAAP EPS</b>														
<b>GAAP EPS</b>	<b>\$3.37</b>	<b>\$3.93</b>	<b>\$3.26</b>	<b>\$3.52</b>	<b>\$1.11</b>	<b>\$0.86</b>	<b>\$0.94</b>	<b>\$0.91</b>	<b>\$3.82</b>	<b>\$0.94</b>	<b>\$0.93</b>	<b>\$0.96</b>	<b>\$1.07</b>	<b>\$3.91</b>
<b>Shares Outstanding</b>														
Basic	162.5	162.7	159.1	152.5	151.6	152.3	153.0	153.8	152.7	154.6	155.3	156.1	156.9	155.7
<i>y/y growth</i>	-0.1%	0.1%	-2.2%	-4.1%	-2.6%	0.1%	1.1%	1.9%	0.1%	1.9%	2.0%	2.0%	2.0%	2.0%
<i>q/q growth</i>					0.4%	0.4%	0.5%	0.5%		0.5%	0.5%	0.5%	0.5%	
Diluted	165.2	165.8	160.5	155.4	157.5	153.6	153.0	153.8	154.5	154.6	155.3	156.1	156.9	155.7
<i>y/y growth</i>	0.4%	0.4%	-3.2%	-3.2%	0.9%	0.1%	-1.3%	-2.1%	-0.6%	-1.8%	1.1%	2.0%	2.0%	0.8%
<i>q/q growth</i>					0.3%	-2.5%	-0.4%	0.5%		0.5%	0.5%	0.5%	0.5%	
<i>% of basic</i>	101.7%	101.9%	100.9%	101.9%	103.9%	100.9%	100.0%	100.0%	101.2%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 80: Akamai Non-GAAP Income Statement

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024E Full Year	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025E Full Year
<b>Non-GAAP Income Statement</b>														
<b>Total Revenue</b>	<b>3,198.1</b>	<b>3,461.2</b>	<b>3,616.7</b>	<b>3,811.9</b>	<b>987.0</b>	<b>979.6</b>	<b>998.0</b>	<b>1,025.5</b>	<b>3,990.0</b>	<b>1,058.1</b>	<b>1,057.6</b>	<b>1,046.4</b>	<b>1,113.4</b>	<b>4,275.4</b>
y/y growth	10.5%	8.2%	4.5%	5.4%	7.8%	4.7%	3.4%	3.1%	4.7%	7.2%	8.0%	4.8%	8.6%	7.2%
q/q growth					-0.8%	-0.7%	1.9%	2.8%		3.2%	-0.1%	-1.1%	6.4%	
<b>Cost of Revenue</b>	<b>754.4</b>	<b>821.0</b>	<b>896.5</b>	<b>1,025.5</b>	<b>263.4</b>	<b>266.0</b>	<b>269.5</b>	<b>282.0</b>	<b>1,080.9</b>	<b>291.0</b>	<b>290.8</b>	<b>287.7</b>	<b>306.2</b>	<b>1,175.7</b>
% of revenue	23.6%	23.7%	24.8%	26.9%	26.7%	27.2%	27.0%	27.5%	27.1%	27.5%	27.5%	27.5%	27.5%	27.5%
<b>Gross Profit</b>	<b>2,443.8</b>	<b>2,640.2</b>	<b>2,720.1</b>	<b>2,786.4</b>	<b>723.5</b>	<b>713.6</b>	<b>728.5</b>	<b>743.5</b>	<b>2,909.1</b>	<b>767.1</b>	<b>766.7</b>	<b>758.6</b>	<b>807.2</b>	<b>3,099.7</b>
Gross Margin	76.4%	76.3%	75.2%	73.1%	73.3%	72.8%	73.0%	72.5%	72.9%	72.5%	72.5%	72.5%	72.5%	72.5%
<b>Operating Expenses</b>														
Research and development	220.5	269.4	310.5	281.4	78.9	76.4	76.8	82.6	314.7	84.6	81.4	78.5	83.5	328.0
% of revenue	6.9%	7.8%	8.6%	7.4%	8.0%	7.8%	7.7%	8.1%	7.9%	8.0%	7.7%	7.5%	7.5%	7.7%
Sales and marketing	445.1	415.6	452.5	465.4	115.8	120.1	122.8	124.1	482.7	130.2	129.6	128.7	133.6	522.1
% of revenue	13.9%	12.0%	12.5%	12.2%	11.7%	12.3%	12.3%	12.1%	12.1%	12.3%	12.3%	12.3%	12.0%	12.2%
General and administrative	380.7	394.2	427.5	432.0	111.7	108.3	109.8	114.9	444.6	119.8	116.9	116.1	122.5	475.3
% of revenue	11.9%	11.4%	11.8%	11.3%	11.3%	11.1%	11.0%	11.2%	11.1%	11.3%	11.1%	11.1%	11.0%	11.1%
Total Operating Expenses	1,046.3	1,079.3	1,190.4	1,178.9	306.3	304.8	309.4	321.5	1,242.0	334.5	328.0	323.3	339.6	1,325.4
% of revenue	32.7%	31.2%	32.9%	30.9%	31.0%	31.1%	31.0%	31.4%	31.1%	31.6%	31.0%	30.9%	30.5%	31.0%
<b>Adj. EBITDA</b>	<b>1,397.5</b>	<b>1,560.9</b>	<b>1,529.7</b>	<b>1,607.6</b>	<b>417.2</b>	<b>408.9</b>	<b>419.2</b>	<b>422.0</b>	<b>1,667.2</b>	<b>432.7</b>	<b>438.8</b>	<b>435.3</b>	<b>467.6</b>	<b>1,774.3</b>
EBITDA Margin	43.7%	45.1%	42.3%	42.2%	42.3%	41.7%	42.0%	41.2%	41.8%	40.9%	41.5%	41.6%	42.0%	41.5%
Depreciation	403.1	467.0	496.9	472.0	125.3	127.3	130.0	131.8	514.5	130.3	132.2	132.7	133.1	528.3
% of total D&A	84.3%	84.8%	83.8%	82.7%	80.3%	80.3%	80.5%	80.5%	80.4%	80.0%	80.0%	80.0%	80.0%	80.0%
<b>EBIT</b>	<b>994.3</b>	<b>1,093.9</b>	<b>1,032.8</b>	<b>1,135.5</b>	<b>291.9</b>	<b>281.5</b>	<b>289.2</b>	<b>290.2</b>	<b>1,152.7</b>	<b>302.4</b>	<b>306.6</b>	<b>302.6</b>	<b>334.5</b>	<b>1,246.1</b>
EBIT Margin	31.1%	31.6%	28.6%	29.8%	29.6%	28.7%	29.0%	28.3%	28.9%	28.6%	29.0%	28.9%	30.0%	29.1%
Interest income (expense)	22.8	9.3	(3.4)	32.8	22.7	21.5	15.1	15.2	74.4	15.3	16.0	15.5	16.4	63.2
Other income	(9.7)	(1.9)	(2.2)	(12.6)	0.5	(0.9)	(0.9)	(0.9)	(2.3)	(0.9)	(0.9)	(0.9)	(0.9)	(3.8)
<b>Pretax income</b>	<b>1,007.5</b>	<b>1,101.3</b>	<b>1,027.2</b>	<b>1,155.7</b>	<b>315.1</b>	<b>302.1</b>	<b>303.3</b>	<b>304.4</b>	<b>1,224.8</b>	<b>316.7</b>	<b>321.6</b>	<b>317.1</b>	<b>350.0</b>	<b>1,305.5</b>
Pro forma taxes	149.2	158.7	169.5	195.7	59.6	59.5	59.1	59.4	237.5	61.8	62.7	61.8	68.2	254.6
Effective tax rate	14.8%	14.4%	16.5%	17.5%	18.9%	19.7%	19.5%	19.5%	19.4%	19.5%	19.5%	19.5%	19.5%	19.5%
<b>Non-GAAP Net income</b>	<b>858.3</b>	<b>942.6</b>	<b>857.7</b>	<b>960.0</b>	<b>255.5</b>	<b>242.6</b>	<b>244.2</b>	<b>245.0</b>	<b>987.3</b>	<b>255.0</b>	<b>258.9</b>	<b>255.3</b>	<b>281.7</b>	<b>1,050.9</b>
Net income margin	26.8%	27.2%	23.7%	25.2%	25.9%	24.8%	24.5%	23.9%	24.7%	24.1%	24.5%	24.4%	25.3%	24.6%
<b>Non-GAAP Diluted EPS</b>	<b>\$5.22</b>	<b>\$5.74</b>	<b>\$5.37</b>	<b>\$6.20</b>	<b>\$1.64</b>	<b>\$1.58</b>	<b>\$1.59</b>	<b>\$1.60</b>	<b>\$6.41</b>	<b>\$1.65</b>	<b>\$1.67</b>	<b>\$1.64</b>	<b>\$1.80</b>	<b>\$6.75</b>
y/y growth	16.3%	9.9%	-6.5%	15.5%	17.6%	6.5%	-2.5%	-5.6%	3.4%	0.3%	5.4%	3.2%	12.4%	5.3%
Shares Outstanding														
Basic	162.5	162.7	159.1	152.5	151.6	152.3	153.0	153.8	152.7	154.6	155.3	156.1	156.9	155.7
y/y growth	-0.1%	0.1%	-2.2%	-4.1%	-2.6%	0.1%	1.1%	1.9%	0.1%	1.9%	2.0%	2.0%	2.0%	2.0%
q/q growth					0.4%	0.4%	0.5%	0.5%		0.5%	0.5%	0.5%	0.5%	
Diluted	164.3	164.2	159.7	154.8	155.4	153.4	154.0	153.4	154.0	154.6	155.3	156.1	156.9	155.7
y/y growth	-0.2%	-0.1%	-2.7%	-3.1%	-0.5%	0.0%	-0.3%	-1.2%	-0.5%	-0.5%	1.3%	1.4%	2.3%	1.1%
q/q growth					0.1%	-1.3%	0.4%	-0.4%		0.8%	0.5%	0.5%	0.5%	
% of basic					102.5%	100.7%	100.7%	99.8%		100.0%	100.0%	100.0%	100.0%	

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

**Exhibit 81: Akamai Balance Sheet**

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024E Full Year	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025E Full Year
<b>Balance Sheet</b>														
<b>Current assets</b>														
Cash and cash equivalents	352.9	536.7	542.3	489.5	467.7	448.0	500.7	566.8	566.8	633.5	717.8	816.1	911.5	911.5
Marketable securities	745.2	541.5	563.0	375.0	1,207.0	1,189.2	1,189.2	1,189.2	1,189.2	1,189.2	1,189.2	1,189.2	1,189.2	1,189.2
Account receivables, net	660.1	675.9	679.2	724.3	716.6	699.3	743.7	786.7	786.7	834.9	822.9	779.8	866.3	866.3
Prepaid expenses and other current assets	171.4	166.3	185.0	216.1	233.9	233.9	239.5	246.1	246.1	254.0	253.8	251.1	267.2	267.2
<b>Total current assets</b>	<b>1,929.5</b>	<b>1,920.4</b>	<b>1,969.6</b>	<b>1,804.9</b>	<b>2,625.2</b>	<b>2,570.5</b>	<b>2,673.2</b>	<b>2,788.8</b>	<b>2,788.8</b>	<b>2,911.6</b>	<b>2,983.7</b>	<b>3,036.2</b>	<b>3,234.2</b>	<b>3,234.2</b>
<b>Non-current assets</b>														
Property and equipment, net	1,478.3	1,534.3	1,540.2	1,825.9	1,864.3	1,911.0	1,940.2	1,948.8	1,948.8	1,960.4	1,968.9	1,975.9	1,992.0	1,992.0
Marketable securities	1,398.8	1,088.0	320.5	1,431.4	582.0	276.9	276.9	276.9	276.9	276.9	276.9	276.9	276.9	276.9
Operating lease right-of-use assets	793.9	815.8	813.4	908.6	947.0	988.5	988.5	988.5	988.5	988.5	988.5	988.5	988.5	988.5
Goodwill	1,674.4	2,156.3	2,763.8	2,850.5	2,846.5	3,146.4	3,146.4	3,146.4	3,146.4	3,146.4	3,146.4	3,146.4	3,146.4	3,146.4
Acquired intangible assets, net	234.7	313.2	441.7	536.1	512.6	633.0	611.9	590.8	590.8	569.8	548.7	527.6	506.5	506.5
Deferred income tax assets	106.9	168.3	337.7	418.3	430.4	428.2	428.2	428.2	428.2	428.2	428.2	428.2	428.2	428.2
Other assets	147.6	142.3	116.5	124.3	127.5	133.0	147.7	143.6	143.6	148.1	160.8	188.3	147.0	147.0
<b>Total assets</b>	<b>7,764.1</b>	<b>8,138.7</b>	<b>8,303.4</b>	<b>9,900.0</b>	<b>9,935.6</b>	<b>10,087.5</b>	<b>10,213.1</b>	<b>10,312.1</b>	<b>10,312.1</b>	<b>10,430.0</b>	<b>10,502.1</b>	<b>10,568.1</b>	<b>10,719.8</b>	<b>10,719.8</b>
<b>Current liabilities</b>														
Accounts payable	118.5	109.9	145.4	146.9	134.7	124.5	159.5	179.2	179.2	223.2	159.4	157.7	161.1	161.1
Accrued expenses	380.5	411.6	367.0	352.2	292.0	283.9	299.4	307.6	307.6	254.0	287.7	259.5	311.7	311.7
Deferred revenue	76.6	86.5	105.1	107.5	142.5	139.9	119.8	102.5	102.5	148.1	148.1	125.6	111.3	111.3
Revolving credit facility	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
Convertible senior notes	0.0	0.0	0.0	0.0	0.0	1,147.8	1,148.5	1,149.1	1,149.1	1,149.8	0.0	0.0	0.0	0.0
Operating lease liabilities	154.8	175.7	196.1	222.9	232.7	242.2	242.2	242.2	242.2	242.2	242.2	242.2	242.2	242.2
Other current liabilities	27.8	6.6	5.2	6.4	7.0	7.5	10.0	6.6	6.6	7.5	8.1	10.5	22.3	22.3
<b>Total current liabilities</b>	<b>758.2</b>	<b>790.3</b>	<b>818.9</b>	<b>836.0</b>	<b>808.9</b>	<b>1,945.9</b>	<b>1,979.3</b>	<b>1,987.4</b>	<b>1,987.4</b>	<b>2,024.8</b>	<b>845.4</b>	<b>795.4</b>	<b>848.6</b>	<b>848.6</b>
<b>Non-current liabilities</b>														
Deferred revenue	5.3	25.3	22.1	23.0	20.9	28.5	29.1	29.9	29.9	30.8	30.8	30.5	32.4	32.4
Deferred income tax liabilities	37.5	41.0	18.4	24.6	25.0	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4
Convertible senior notes	1,906.7	1,976.2	2,285.3	3,538.2	3,540.1	2,394.2	2,395.4	2,396.7	2,396.7	2,397.9	3,548.9	3,550.8	3,552.1	3,552.1
Operating lease liabilities	715.4	707.1	693.3	774.8	800.1	831.3	831.3	831.3	831.3	831.3	831.3	831.3	831.3	831.3
Other liabilities	89.8	68.7	105.3	106.2	106.8	106.6	111.8	114.9	114.9	97.3	97.3	117.2	89.1	89.1
<b>Total liabilities</b>	<b>3,512.8</b>	<b>3,608.7</b>	<b>3,943.2</b>	<b>5,302.9</b>	<b>5,301.8</b>	<b>5,332.9</b>	<b>5,373.3</b>	<b>5,386.5</b>	<b>5,386.5</b>	<b>5,408.6</b>	<b>5,380.2</b>	<b>5,351.6</b>	<b>5,379.9</b>	<b>5,379.9</b>
Total stockholders' equity	4,251.3	4,530.0	4,360.2	4,597.2	4,633.8	4,754.7	4,839.8	4,925.5	4,925.5	5,021.4	5,122.0	5,216.5	5,339.9	5,339.9
<b>Total liabilities and stockholders' equity</b>	<b>7,764.1</b>	<b>8,138.7</b>	<b>8,303.4</b>	<b>9,900.0</b>	<b>9,935.6</b>	<b>10,087.5</b>	<b>10,213.1</b>	<b>10,312.1</b>	<b>10,312.1</b>	<b>10,430.0</b>	<b>10,502.1</b>	<b>10,568.1</b>	<b>10,719.9</b>	<b>10,719.9</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 82: Akamai Cash Flow Statement

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024E Full Year	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025E Full Year
<b>Cash flows from operating activities</b>														
<b>Net income</b>	557.1	651.6	523.7	547.6	175.4	131.7	143.9	139.3	590.4	145.8	144.3	150.2	168.1	608.5
Depreciation and amortization	478.4	550.6	592.8	570.8	156.2	158.5	161.6	163.7	640.1	162.9	165.2	165.9	166.4	660.3
Stock-based compensation	197.4	202.8	217.2	328.5	93.3	98.5	89.9	96.4	378.1	100.0	106.3	94.3	104.7	405.3
(Benefit) Provision for deferred income taxes	(33.8)	(47.8)	(56.9)	(23.0)	(10.5)	13.9			3.5					0.0
Amortization of debt discount and issuance costs	62.8	66.0	4.4	5.3	1.7	1.7	1.9	1.9	7.1	1.9	1.9	1.9	1.9	7.6
(Gain) loss on investments	0.0	0.0	15.9	(0.3)		0.1			0.1					0.0
Other non-cash reconciling items, net	23.0	21.8	31.1	50.2	2.1	1.9			4.0					0.0
<b>Changes in op. assets and liabilities, net of effects of acquisition</b>	<b>(69.9)</b>	<b>(40.5)</b>	<b>(5.3)</b>	<b>(130.7)</b>	<b>(66.3)</b>	<b>24.7</b>	<b>(26.2)</b>	<b>(34.1)</b>	<b>(101.9)</b>	<b>(40.4)</b>	<b>(30.1)</b>	<b>(12.2)</b>	<b>(34.2)</b>	<b>(117.0)</b>
Accounts receivable	(90.4)	(24.1)	(21.2)	(49.2)	(0.7)	17.5	(44.4)	(43.0)	(70.6)	(48.2)	12.0	43.1	(86.6)	(79.6)
Prepaid expenses and other current assets	(25.4)	4.0	(20.1)	(18.7)	(26.0)	1.3	(5.6)	(6.6)	(36.9)	(7.8)	0.1	2.7	(16.1)	(21.1)
Accounts payable and accrued expenses	39.2	31.5	(26.5)	(39.8)	(66.9)	19.5	50.5	28.0	31.1	(9.7)	(30.2)	(29.9)	55.6	(14.1)
Deferred revenue	(1.3)	(2.9)	16.7	0.0	34.3	(11.6)	(19.6)	(16.4)	(13.4)	46.5	(0.1)	(22.8)	(12.3)	11.4
Other current liabilities	18.1	(20.4)	(5.3)	1.5	0.4	0.6	2.5	(3.3)	0.1	0.9	0.6	2.3	11.8	15.6
Other non-current assets and liabilities	(10.1)	(28.7)	51.1	(24.5)	(7.2)	(2.6)	(9.5)	7.2	(12.2)	(22.1)	(12.7)	(7.7)	13.3	(29.2)
<b>Net cash provided by operating activities</b>	<b>1,215.0</b>	<b>1,404.6</b>	<b>1,274.7</b>	<b>1,348.4</b>	<b>351.9</b>	<b>431.0</b>	<b>371.1</b>	<b>367.3</b>	<b>1,521.2</b>	<b>370.1</b>	<b>387.6</b>	<b>400.0</b>	<b>406.8</b>	<b>1,564.6</b>
<i>y/y growth</i>	15.2%	15.6%	-9.2%	5.8%	50.7%	17.6%	3.2%	-5.6%	12.8%	5.2%	-10.1%	7.8%	10.8%	2.9%
<i>% of revenue</i>	38.0%	40.6%	35.2%	35.4%	35.7%	44.0%	37.2%	35.8%	38.1%	35.0%	36.6%	38.2%	36.5%	36.6%
<b>Cash flow from investing activities</b>														
Cash paid for acquired businesses, net of cash required	(128.0)	(598.8)	(872.1)	(106.2)		(434.1)			(434.1)					0.0
Cash paid for asset acquisition	(36.4)	0.0	0.0	(121.0)		(4.8)			(4.8)					0.0
Cash paid for equity method investment	0.0	0.0	0.0	1.5					0.0					0.0
Purchases of PP&E and capitalization of internal-use software	(731.9)	(545.2)	(458.3)	(730.0)	(173.8)	(163.5)	(169.7)	(151.3)	(658.2)	(153.4)	(153.3)	(151.7)	(161.4)	(619.9)
Purchases of short and long term marketable securities	(1,782.8)	(932.6)	(18.0)	(1,846.9)	(170.0)	(16.1)			(186.1)					0.0
Proceeds from sales and maturities of short and long term marketable securities	1,628.0	1,434.1	732.2	961.9	182.3	337.2			519.5					0.0
Other non-current assets and liabilities	8.1	(4.3)	(6.1)	(7.5)	9.9	(5.4)			4.5					0.0
<b>Net cash (used in) provided by investing activities</b>	<b>(1,043.0)</b>	<b>(646.9)</b>	<b>(622.3)</b>	<b>(1,848.2)</b>	<b>(151.6)</b>	<b>(286.7)</b>	<b>(169.7)</b>	<b>(151.3)</b>	<b>(759.2)</b>	<b>(153.4)</b>	<b>(153.3)</b>	<b>(151.7)</b>	<b>(161.4)</b>	<b>(619.9)</b>
<b>Cash flow from financing activities</b>														
Proceeds from borrowings under revolving credit facility, Net	0.0	0.0	0.0	0.0					0.0					0.0
Proceeds from the issuance of common stock under stock plans	59.8	59.6	56.5	63.0	20.3	8.0			28.3					0.0
Employee taxes paid related to net share settlement of stock-based awards	(89.8)	(99.1)	(82.2)	(66.2)	(109.3)	(31.9)			(141.2)					0.0
Repurchases of common stock	(193.6)	(522.3)	(608.0)	(654.0)	(125.4)	(127.8)	(150.0)	(150.0)	(553.3)	(150.0)	(150.0)	(150.0)	(150.0)	(600.0)
Other non-current assets and liabilities	0.0	(0.3)	(0.4)	(0.4)	(1.5)	(8.7)			(10.2)					0.0
<b>Net cash used in financing activities</b>	<b>(223.6)</b>	<b>(562.0)</b>	<b>(634.2)</b>	<b>443.4</b>	<b>(216.0)</b>	<b>(160.4)</b>	<b>(150.0)</b>	<b>(150.0)</b>	<b>(676.4)</b>	<b>(150.0)</b>	<b>(150.0)</b>	<b>(150.0)</b>	<b>(150.0)</b>	<b>(600.0)</b>
Effects of exchange rates on cash and cash equivalents					(4.0)	(5.3)								
Cash and cash equivalents at beginning of period					490.5	470.8	449.3	500.7		566.8	633.5	717.8	816.1	
Net change in cash					(19.7)	(21.5)	51.4	66.0		66.7	84.2	98.3	95.4	
Cash and cash equivalents at end of period					470.8	449.3	500.7	566.8		633.5	717.8	816.1	911.5	

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 83: Akamai Discounted Cash Flow

\$ in millions, except per share data

## Assumptions and Inputs

Current risk-free rate	3.8%
Beta	0.8
Historical equity risk premium	6.5%
Terminal growth rate	5.0%
Market Value (\$M)	\$ 15,485
Debt Value (\$M)	\$ 3,540
Cost of equity	8.8%
Cost of debt	7.5%
Tax rate	20.0%
<b>WACC</b>	<b>8.3%</b>

Last earnings period end 6/30/2024

Next Fiscal Year End 12/31/2024

## Scenario: Plausible Case

Fiscal year	F2021	F2022	F2023	F2024E	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E	F2031E	F2032E	F2033E	Terminal	Perpetuity
Corresponding Calendar Year Period	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	F2034E	2034
Risk free rate			3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
Beta			0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9	1.0	1.0	1.0
Equity risk premium			6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Cost of equity			8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	9.1%	9.3%	9.6%	9.8%	10.1%	10.3%	10.3%
Cost of debt			7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Debt/Total Value			18.6%	18.6%	18.6%	18.6%	18.6%	18.6%	18.8%	19.1%	19.3%	19.5%	19.8%	20.0%	20.0%
<b>WACC</b>			<b>8.3%</b>	<b>8.3%</b>	<b>8.3%</b>	<b>8.3%</b>	<b>8.3%</b>	<b>8.3%</b>	<b>8.5%</b>	<b>8.7%</b>	<b>8.9%</b>	<b>9.1%</b>	<b>9.3%</b>	<b>9.4%</b>	<b>9.4%</b>
Discount factor				0.92	0.89	0.82	0.76	0.70	0.64	0.58	0.53	0.48	0.43	0.39	0.39
<b>Total Revenue</b>	<b>3,461</b>	<b>3,617</b>	<b>3,812</b>	<b>4,010</b>	<b>4,305</b>	<b>4,668</b>	<b>5,018</b>	<b>5,344</b>	<b>5,678</b>	<b>6,019</b>	<b>6,365</b>	<b>6,715</b>	<b>7,068</b>	<b>7,421</b>	<b>7,421</b>
y/y growth		4.5%	5.4%	5.2%	7.4%	8.4%	7.5%	6.5%	6.3%	6.0%	5.8%	5.5%	5.3%	5.0%	5.0%
<b>Free Cash Flow to Firm (FCFF)</b>	<b>50</b>	<b>(270)</b>	<b>194</b>	<b>(9)</b>	<b>89</b>	<b>233</b>	<b>301</b>	<b>374</b>	<b>615</b>	<b>883</b>	<b>1,178</b>	<b>1,500</b>	<b>1,849</b>	<b>2,226</b>	<b>2,226</b>
FCF margin	1.4%	-7.5%	5.1%	-0.2%	2.1%	5.0%	6.0%	7.0%	10.8%	14.7%	18.5%	22.3%	26.2%	30.0%	30.0%
y/y change		642.5%	-171.8%	-104.7%	1074.3%	161.8%	29.0%	24.3%	64.4%	43.5%	33.4%	27.4%	23.3%	20.4%	5.0%
Diluted Shares Outstanding	164	160	155	154	156	157	159	160	162	163	164	166	167	167	167
y/y change		-2.7%	-3.1%	-0.5%	1.1%	1.0%	1.0%	1.0%	0.9%	0.8%	0.8%	0.7%	0.6%	0.5%	0.5%
<b>FCFF per share</b>				<b>(0.06)</b>	<b>0.57</b>	<b>1.48</b>	<b>1.90</b>	<b>2.33</b>	<b>3.80</b>	<b>5.41</b>	<b>7.16</b>	<b>9.06</b>	<b>11.10</b>	<b>13.30</b>	<b>299.57</b>
<b>NPV of FCF per share</b>				(0.05)	0.51	1.22	1.43	1.63	2.43	3.15	3.79	4.33	4.79	5.16	116.19

NPV of FCF/Share, F2024-F2034E	\$28.38
Terminal Value FCF/Share	\$116.19
<b>Total NPV of FCF/Share</b>	<b>\$144.57</b>
<b>Net Cash per share</b>	<b>\$ (11.85)</b>
Net cash balance	(1,628)
Working Capital - 5% of revenue	190.6
Shares outstanding	153
<b>Implied Total NPV/Share</b>	<b>\$133</b>
Current Price	\$ 100.95
<b>Upside/(Downside) Potential</b>	<b>31%</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## ARM

## Exhibit 84 - Arm GAAP Income Statement

\$ in millions, except per share data

	Actual 2021 Full Year	Actual 2022 Full Year	Actual 2023 Full Year	Actual Jun-23 F1Q24	Actual Sep-23 F2Q24	Actual Dec-23 F3Q24	Actual Mar-24 F4Q24	Actual 2024 Full Year	Actual Jun-24 F1Q25	Forecast Sep-24 F2Q25E	Forecast Dec-24 F3Q25E	Forecast Mar-25 F4Q25E	Forecast 2025E Full Year	Forecast Jun-25 F1Q26	Forecast Sep-25 F2Q26	Forecast Dec-25 F3Q26	Forecast Mar-26 F4Q26	Forecast 2026E Full Year
<b>GAAP Income Statement</b>																		
Royalty revenue	1,313	1,562	1,675	400	418	470	514	1,802	467	514	565	621	2,168	645	685	764	795	2,890
y/y growth	NA	NA	7.2%	-7.9%	-5.4%	10.6%	37.4%	7.6%	16.8%	22.9%	20.3%	20.9%	20.3%	38.2%	33.3%	35.1%	28.0%	33.3%
% of total revenue	64.8%	57.8%	62.5%	59.2%	51.9%	57.0%	55.4%	55.7%	49.7%	63.8%	61.5%	47.5%	54.6%	54.3%	60.3%	62.4%	59.1%	59.1%
License and other revenue	714	1,141	1,004	275	388	354	414	1,431	472	291	354	687	1,804	543	451	460	550	2,004
y/y growth	NA	NA	-12.0%	6.7%	106.4%	18.4%	59.8%	42.6%	71.4%	-25.0%	0.0%	66.0%	26.0%	15.0%	55.0%	30.0%	-20.0%	11.1%
% of total revenue	35.2%	42.2%	37.5%	40.8%	48.1%	43.0%	44.6%	44.3%	50.3%	36.2%	38.5%	52.5%	45.4%	45.7%	39.7%	37.6%	40.9%	40.9%
<b>Total Revenue</b>	<b>2,027</b>	<b>2,703</b>	<b>2,679</b>	<b>675</b>	<b>806</b>	<b>824</b>	<b>928</b>	<b>3,233</b>	<b>939</b>	<b>805</b>	<b>919</b>	<b>1,309</b>	<b>3,972</b>	<b>1,188</b>	<b>1,136</b>	<b>1,224</b>	<b>1,345</b>	<b>4,894</b>
y/y growth	NA	NA	-0.9%	-2.4%	27.9%	13.8%	46.6%	20.7%	39.1%	-0.1%	11.6%	41.0%	22.8%	26.5%	41.2%	33.2%	2.8%	23.2%
Cost of sales	-145	-131	-106	-31	-46	-36	-41	-154	-33	-31	-36	-43	-143	-46	-43	-45	-47	-181
<b>Gross profit</b>	<b>1,882</b>	<b>2,572</b>	<b>2,573</b>	<b>644</b>	<b>760</b>	<b>788</b>	<b>887</b>	<b>3,079</b>	<b>906</b>	<b>774</b>	<b>884</b>	<b>1,265</b>	<b>3,829</b>	<b>1,143</b>	<b>1,094</b>	<b>1,179</b>	<b>1,298</b>	<b>4,713</b>
Gross margin	92.8%	95.2%	96.0%	95.4%	94.3%	95.6%	95.6%	95.2%	96.5%	96.1%	96.1%	96.7%	96.4%	96.2%	96.3%	96.3%	96.5%	96.3%
<b>Operating Expenses:</b>																		
Research and development	-814	-995	-1,133	-337	-626	-432	-584	-1,979	-485	-446	-462	-516	-1,909	-538	-611	-584	-503	-2,236
% of total revenue	40%	37%	42%	50%	78%	52%	63%	61%	52%	55%	50%	39%	48%	45%	54%	48%	37%	46%
y/y growth	22%	22%	14%	55%	152%	51%	53%	75%	44%	-29%	7%	-12%	-4%	11%	37%	26%	-3%	17%
Selling, general and administrative	-826	-897	-762	-196	-290	-216	-281	-983	-239	-229	-265	-252	-984	-295	-308	-330	-238	-1,171
% of total revenue	41%	33%	28%	29%	36%	26%	30%	30%	25%	28%	29%	19%	25%	25%	27%	27%	18%	24%
y/y growth	9%	-15%	28%	69%	33%	3%	29%	22%	-21%	23%	-10%	0%	23%	35%	25%	-6%	19%	
Impairment of long-lived assets	-3	-21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% of total revenue	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
y/y growth	600%	-100%	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Restructuring and related costs	0	-26	-7	0	0	-6	0	-6	0	0	0	0	0	0	0	0	0	0
% of total revenue	0%	1%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
y/y growth	NM	-73%	-100%	-100%	200%	-100%	-14%	NM	NM	NM	-100%	NM	-100%	NM	NM	NM	NM	NM
<b>Total operating expense</b>	<b>-1,643</b>	<b>-1,939</b>	<b>-1,902</b>	<b>-533</b>	<b>-916</b>	<b>-654</b>	<b>-865</b>	<b>-2,968</b>	<b>-724</b>	<b>-674</b>	<b>-727</b>	<b>-768</b>	<b>-2,893</b>	<b>-833</b>	<b>-919</b>	<b>-914</b>	<b>-741</b>	<b>-3,407</b>
Opex ratio	81%	72%	71%	79%	114%	79%	93%	92%	77%	84%	79%	59%	73%	70%	81%	75%	55%	70%
y/y growth	18%	-2%	43%	117%	45%	32%	56%	36%	-26%	11%	-11%	-3%	15%	36%	26%	-4%	18%	
<b>Operating Income</b>	<b>239</b>	<b>633</b>	<b>671</b>	<b>111</b>	<b>-156</b>	<b>134</b>	<b>22</b>	<b>111</b>	<b>182</b>	<b>99</b>	<b>157</b>	<b>497</b>	<b>935</b>	<b>309</b>	<b>175</b>	<b>265</b>	<b>557</b>	<b>1,306</b>
Operating Profit Margin	11.8%	23.4%	25.0%	16.5%	-19.4%	16.3%	2.4%	3.4%	19.4%	12.4%	17.0%	38.0%	23.5%	26.0%	15.4%	21.7%	41.4%	26.7%
<b>Non-operating items:</b>																		
Income from equity investments, net	476	141	-45	-7	-5	-1	-7	-20	24	0	0	0	24	0	0	0	0	0
Interest income, net	2	2	42	24	28	28	30	110	32	31	35	35	132	41	40	44	46	170
Other non-operating income (loss), net	-20	10	3	-1	14	-15	13	11	6	0	0	0	6	0	0	0	0	0
<b>Income from continuing operations before income taxes</b>	<b>697</b>	<b>786</b>	<b>671</b>	<b>127</b>	<b>-119</b>	<b>146</b>	<b>58</b>	<b>212</b>	<b>244</b>	<b>130</b>	<b>191</b>	<b>532</b>	<b>1,097</b>	<b>350</b>	<b>214</b>	<b>309</b>	<b>603</b>	<b>1,476</b>
Income tax expense	-153	-110	-147	-22	9	-59	166	94	-21	-28	-42	-88	-179	-63	-39	-56	-108	-266
GAAP effective tax rate	22%	14%	22%	17%	8%	40%	-286%	-44%	9%	21%	22%	16%	16%	18%	18%	18%	18%	18%
<b>Net income from continuing operations</b>	<b>544</b>	<b>676</b>	<b>524</b>	<b>105</b>	<b>-110</b>	<b>87</b>	<b>224</b>	<b>306</b>	<b>223</b>	<b>103</b>	<b>149</b>	<b>444</b>	<b>919</b>	<b>287</b>	<b>176</b>	<b>253</b>	<b>494</b>	<b>1,210</b>
NI margin	26.8%	25.0%	19.6%	15.6%	-13.6%	10.6%	24.1%	9.5%	23.7%	12.8%	16.2%	33.9%	23.1%	24.1%	15.5%	20.7%	36.7%	24.7%
<b>Discontinued operations:</b>																		
Loss from discontinued operations before income taxes	-194	-99	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Income tax (expense) benefit from discontinued operations	38	-28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net loss from discontinued operations	-156	-127	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net income</b>	<b>388</b>	<b>549</b>	<b>524</b>	<b>105</b>	<b>-110</b>	<b>87</b>	<b>224</b>	<b>306</b>	<b>223</b>	<b>103</b>	<b>149</b>	<b>444</b>	<b>919</b>	<b>287</b>	<b>176</b>	<b>253</b>	<b>494</b>	<b>1,210</b>
<b>GAAP EPS</b>	<b>\$0.38</b>	<b>\$0.54</b>	<b>\$0.51</b>	<b>\$0.10</b>	<b>\$(0.11)</b>	<b>\$0.08</b>	<b>\$0.21</b>	<b>\$0.29</b>	<b>\$0.21</b>	<b>\$0.10</b>	<b>\$0.14</b>	<b>\$0.40</b>	<b>\$0.85</b>	<b>\$0.26</b>	<b>\$0.16</b>	<b>\$0.22</b>	<b>\$0.43</b>	<b>\$1.07</b>

Source: Arm reports and Guggenheim Securities, LLC estimates and analysis

## Exhibit 85 - Arm Non-GAAP Income Statement

\$ in millions, except per share data

	Actual 2021 Full Year	Actual 2022 Full Year	Actual 2023 Full Year	Actual Jun-23 F1Q24	Actual Sep-23 F2Q24	Actual Dec-23 F3Q24	Actual Mar-24 F4Q24	Actual 2024 Full Year	Actual Jun-24 F1Q25	Forecast Sep-24 F2Q25E	Forecast Dec-24 F3Q25E	Forecast Mar-25 F4Q25E	Forecast 2025E Full Year	Forecast Jun-25 F1Q26	Forecast Sep-25 F2Q26	Forecast Dec-25 F3Q26	Forecast Mar-26 F4Q26	Forecast 2026E Full Year
<b>Non-GAAP Income Statement</b>																		
Royalty revenue	1,313	1,562	1,675	400	418	470	514	1,802	467	514	565	621	2,168	645	685	764	795	2,890
y/y growth		NA	7.2%	-7.9%	-5.4%	10.6%	37.4%	7.6%	16.8%	22.9%	20.3%	20.9%	20.3%	38.2%	33.3%	35.1%	28.0%	33.3%
% of total revenue	64.8%	57.8%	62.5%	59.2%	51.9%	57.0%	55.4%	55.7%	49.7%	63.8%	61.5%	47.5%	54.6%	54.3%	60.3%	62.4%	59.1%	59.1%
License and other revenue	714	1,141	1,004	275	388	354	414	1,431	472	291	354	687	1,804	543	451	460	550	2,004
y/y growth		NA	-12.0%	6.7%	106.4%	18.4%	59.8%	42.6%	71.4%	-25.0%	0.0%	66.0%	28.0%	15.0%	55.0%	30.0%	-20.0%	11.1%
% of total revenue	35.2%	42.2%	37.5%	40.8%	48.1%	43.0%	44.6%	44.3%	50.3%	36.2%	38.5%	52.5%	45.4%	45.7%	39.7%	37.6%	40.9%	40.9%
<b>Total Revenue</b>	<b>2,027</b>	<b>2,703</b>	<b>2,679</b>	<b>675</b>	<b>806</b>	<b>824</b>	<b>928</b>	<b>3,233</b>	<b>939</b>	<b>805</b>	<b>919</b>	<b>1,309</b>	<b>3,972</b>	<b>1,188</b>	<b>1,136</b>	<b>1,224</b>	<b>1,345</b>	<b>4,894</b>
y/y growth		NA	-0.9%	-2.4%	27.9%	13.8%	46.6%	20.7%	39.1%	-0.1%	11.6%	41.0%	22.8%	26.5%	41.2%	33.2%	2.8%	23.2%
Cost of sales	-133	-121	-100	-24	-26	-26	-26	-102	-24	-24	-28	-34	-110	-34	-33	-36	-39	-142
<b>Gross profit</b>	<b>1,894</b>	<b>2,582</b>	<b>2,579</b>	<b>651</b>	<b>780</b>	<b>798</b>	<b>902</b>	<b>3,131</b>	<b>915</b>	<b>781</b>	<b>892</b>	<b>1,275</b>	<b>3,862</b>	<b>1,154</b>	<b>1,103</b>	<b>1,189</b>	<b>1,306</b>	<b>4,752</b>
Gross margin	93.4%	95.5%	96.3%	96.4%	96.8%	96.8%	97.2%	96.8%	97.4%	97.0%	97.0%	97.4%	97.2%	97.1%	97.1%	97.1%	97.1%	97.1%
<b>Operating Expenses:</b>																		
Research and development	-790	-976	-1,094	-242	-281	-280	-326	-1,129	-298	-335	-334	-375	-1,341	-365	-461	-432	-372	-1,630
% of revenue	39.0%	36.1%	40.8%	35.8%	34.9%	34.0%	35.1%	34.9%	31.7%	41.6%	36.3%	28.6%	33.8%	30.7%	40.6%	35.3%	27.6%	33.3%
y/y growth		24%	12%	11%	12%	4%	-9%	3%	23%	19%	19%	15%	19%	23%	38%	29%	-1%	22%
Selling, general and administrative	-800	-877	-701	-136	-115	-157	-185	-593	-169	-169	-196	-176	-710	-202	-227	-249	-167	-846
% of revenue	39.5%	32.4%	26.2%	20.1%	14.3%	19.1%	19.9%	18.3%	18.0%	21.0%	21.4%	13.4%	17.9%	17.0%	20.0%	20.4%	12.4%	17.3%
y/y growth		10%	-20%	-11%	-28%	14%	-26%	-15%	24%	47%	25%	-5%	20%	19%	34%	27%	-5%	19%
Impairment of long-lived assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% of revenue	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%
y/y growth		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Restructuring and related costs	0	2	-1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% of revenue	0.0%	-0.1%	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%
y/y growth		NM	-150%	-100%	-100%	NM	NM	-100%	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
<b>Total operating expense</b>	<b>-1,590</b>	<b>-1,851</b>	<b>-1,796</b>	<b>-378</b>	<b>-396</b>	<b>-437</b>	<b>-511</b>	<b>-1,722</b>	<b>-467</b>	<b>-504</b>	<b>-530</b>	<b>-550</b>	<b>-2,051</b>	<b>-567</b>	<b>-689</b>	<b>-681</b>	<b>-539</b>	<b>-2,476</b>
Opex ratio	78.4%	68.5%	67.0%	55.9%	49.1%	53.0%	55.1%	53.2%	49.7%	62.6%	57.6%	42.1%	51.6%	47.7%	60.6%	55.6%	40.1%	50.6%
y/y growth		16%	-3%	2%	-3%	7%	-16%	-4%	24%	27%	21%	8%	19%	21%	37%	29%	-2%	21%
<b>Operating Income</b>	<b>304</b>	<b>731</b>	<b>783</b>	<b>273</b>	<b>384</b>	<b>361</b>	<b>391</b>	<b>1,409</b>	<b>448</b>	<b>277</b>	<b>362</b>	<b>724</b>	<b>1,811</b>	<b>587</b>	<b>414</b>	<b>508</b>	<b>767</b>	<b>2,276</b>
OP Margin	15.0%	27.0%	29.2%	40.4%	47.6%	43.8%	42.1%	43.6%	47.7%	34.4%	39.4%	55.3%	45.6%	49.4%	36.5%	41.5%	57.0%	46.5%
y/y growth		140%	7%	-8%	95%	25%	NM	80%	64%	-28%	0%	85%	28%	31%	50%	40%	6%	26%
<b>Non-operating items:</b>																		
Income from equity investments, net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest income, net	2	2	42	24	28	28	30	110	32	31	35	35	132	41	40	44	46	170
Other non-operating income (loss), net	-20	10	-1	-1	14	-15	13	11	6	0	0	0	6	0	0	0	0	0
<b>Income from continuing operations before income taxes</b>	<b>286</b>	<b>743</b>	<b>824</b>	<b>296</b>	<b>426</b>	<b>374</b>	<b>434</b>	<b>1,530</b>	<b>486</b>	<b>307</b>	<b>397</b>	<b>759</b>	<b>1,949</b>	<b>627</b>	<b>454</b>	<b>551</b>	<b>813</b>	<b>2,445</b>
Income tax expense	-79	-90	-167	-49	-43	-46	-58	-196	-67	-43	-56	-106	-272	-94	-68	-83	-122	-367
GAAP effective tax rate	27.6%	10.8%	20.3%	16.5%	10.1%	12.3%	13.4%	12.8%	13.8%	14.0%	14.0%	14.0%	13.9%	15.0%	15.0%	15.0%	15.0%	15.0%
<b>Net income from continuing operations</b>	<b>207</b>	<b>653</b>	<b>657</b>	<b>247</b>	<b>383</b>	<b>328</b>	<b>376</b>	<b>1,334</b>	<b>419</b>	<b>264</b>	<b>341</b>	<b>652</b>	<b>1,677</b>	<b>533</b>	<b>386</b>	<b>469</b>	<b>691</b>	<b>2,079</b>
NI margin	10.2%	24.5%	24.5%	36.6%	47.5%	39.8%	40.5%	41.3%	44.6%	32.8%	37.1%	49.9%	42.2%	44.9%	34.0%	38.3%	51.4%	42.5%
<b>Non-GAAP EPS</b>	<b>\$0.20</b>	<b>\$0.65</b>	<b>\$0.64</b>	<b>\$ 0.24</b>	<b>\$ 0.37</b>	<b>\$ 0.31</b>	<b>\$ 0.36</b>	<b>\$1.28</b>	<b>\$ 0.40</b>	<b>\$ 0.25</b>	<b>\$ 0.31</b>	<b>\$ 0.59</b>	<b>\$1.55</b>	<b>\$ 0.48</b>	<b>\$ 0.34</b>	<b>\$ 0.41</b>	<b>\$ 0.60</b>	<b>\$1.84</b>

Source: Arm reports and Guggenheim Securities, LLC estimates and analysis





## Exhibit 87 - Arm Cash Flow

\$ in millions, except per share data

	Actual 2021 Full Year	Actual 2022 Full Year	Actual 2023 Full Year	Actual Jun-23 F1Q24	Actual Sep-23 F2Q24	Actual Dec-23 F3Q24	Actual Mar-24 F4Q24	Actual 2024 Full Year	Actual Jun-24 F1Q25	Forecast Sep-24 F2Q25E	Forecast Dec-24 F3Q25E	Forecast Mar-25 F4Q25E	Forecast 2025E Full Year	Forecast Jun-25 F1Q26	Forecast Sep-25 F2Q26	Forecast Dec-25 F3Q26	Forecast Mar-26 F4Q26	Forecast 2026E Full Year
Cash flows provided by (used for) operating activities:																		
Net income	388	549	524	105	-110	87	224	306	223	103	149	444	919	287	176	253	494	1,210
Adjustments to reconcile net income to net cash provided by (used for) operating activities:																		
Depreciation and amortization	201	185	170	41	41	42	38	162	43	39	44	47	173	50	43	45	39	177
Deferred income taxes	-33	-76	-34	-13	-4	-9	-247	-273	2	0	0	0	2	0	0	0	0	0
Income from equity investments, net	-476	-141	45	7	5	1	7	20	-24	-24	-24	-24	-96	-24	-24	-24	-24	-96
Impairment losses on long-lived assets and loans receivable	26	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Share-based compensation expense	54	26	136	140	513	199	185	1,037	182	177	205	227	791	277	239	243	211	970
Operating lease expense	47	41	34	8	9	9	9	35	9	0	0	0	9	0	0	0	0	0
Other non-cash operating activities, net	16	19	-6	0	-3	1	0	-2	1	2	-23	7	-13	-59	2	-23	-3	-83
Changes in assets and liabilities:																		
Accounts receivable, net (including receivables from related parties)	19	-219	125	102	33	65	18	218	-23	-431	-276	120	-610	-562	85	-145	243	-378
Contract assets	-31	-158	-2	-32	-55	-67	-153	-307	-242	451	-60	-411	-261	144	94	-91	-386	-239
Prepaid expenses and other assets	-53	-41	-1	1	12	-32	-42	-61	6	0	0	0	6	0	0	0	0	0
Accrued compensation and benefits*	144	127	-195	-447	5	59	91	-292	-201	19	53	40	-89	-133	42	58	-15	-48
Contract liabilities (including contract liabilities from related parties)	950	-51	-37	24	-96	-76	-42	-190	9	64	126	37	237	208	-232	34	-165	-156
Tax liabilities	-50	112	35	12	-76	18	16	-30	-4	0	0	0	-4	0	0	0	0	0
Operating lease liabilities	40	-59	-58	-4	-13	-1	-10	-28	-11	0	0	0	-11	0	0	0	0	0
Other current liabilities (including payables to related parties)	-9	101	3	-58	-34	14	573	495	-260	0	0	0	-260	0	0	0	0	0
<b>Net cash provided by operating activities</b>	<b>1,233</b>	<b>458</b>	<b>739</b>	<b>-114</b>	<b>227</b>	<b>310</b>	<b>667</b>	<b>1,090</b>	<b>-290</b>	<b>400</b>	<b>194</b>	<b>488</b>	<b>792</b>	<b>187</b>	<b>426</b>	<b>350</b>	<b>394</b>	<b>1,357</b>
<i>y/y growth</i>		-63%	61%	-51%	199%	-25%	38%	48%	155%	76%	-37%	-27%	-27%	-164%	6%	80%	-19%	71%
Cash flows used for investing activities																		
Purchase of short-term investments	-235	-750	-1,111	-260	-125	-155	-225	-765	-50	0	0	0	-50	0	0	0	0	0
Proceeds from maturities of ST investments	110	245	1,081	120	126	105	74	425	50	0	0	0	50	0	0	0	0	0
Purchases of equity investments	-50	-8	-15	-11	0	-21	0	-32	-36	-36	-36	-36	-144	-36	-36	-36	-36	-144
Purchases of intangible assets	-61	-41	-29	0	-13	-30	-8	-51	-9	11	-28	-1	-28	-60	10	-18	-51	-118
Purchases of property and equipment	-104	-34	-64	-26	-34	-21	-11	-92	-29	-24	-37	-13	-103	-41	-17	-31	-7	-95
Investments in convertible loans and other	0	-31	0	0	0	-1	0	-1	0	0	0	0	0	0	0	0	0	0
<b>Net cash used for investing activities</b>	<b>-340</b>	<b>-619</b>	<b>-138</b>	<b>-177</b>	<b>-46</b>	<b>-123</b>	<b>-170</b>	<b>-516</b>	<b>-74</b>	<b>-49</b>	<b>-101</b>	<b>-51</b>	<b>-275</b>	<b>-137</b>	<b>-43</b>	<b>-84</b>	<b>-94</b>	<b>-357</b>
Cash flows provided by (used for) financing activities																		
Share repurchase	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash dividends declared and paid to shareholders	-750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payment of intangible asset obligations	-38	-37	-40	-10	-11	-8	-11	-40	-20	11	-28	-1	-39	-60	10	-18	-51	-118
Cash transfers associated with distribution and sale of Treasury D	0	-43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from equity offering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from short-term debt borrowing	0	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other financing activities, net	-1	-2	-2	-5	-13	-40	-110	-168	-76	-76	-76	-76	-304	-76	-76	-76	-76	-304
<b>Net cash provided by (used for) financing activities</b>	<b>-789</b>	<b>-32</b>	<b>-42</b>	<b>-15</b>	<b>-24</b>	<b>-48</b>	<b>-121</b>	<b>-208</b>	<b>-96</b>	<b>-65</b>	<b>-104</b>	<b>-77</b>	<b>-343</b>	<b>-136</b>	<b>-66</b>	<b>-94</b>	<b>-127</b>	<b>-422</b>
Effect of foreign exchange rate changes on cash and cash equivalents	1	-17	-9	0	1	6	-4	3	2	2	2	2	8	2	2	2	2	8
Net (decrease) increase in cash and cash equivalents	105	-210	550	-306	158	145	372	369	-458	288	-9	362	182	-83	320	174	175	586
Cash and cash equivalents at the beginning of the Period	1,109	1,214	1,004	1,554	1,248	1,406	1,551	1,923	1,923	1,465	1,753	1,744	2,105	1,923	2,105	2,022	2,342	2,516
<b>Cash and cash equivalents at the end of the Period</b>	<b>1,214</b>	<b>1,004</b>	<b>1,554</b>	<b>1,248</b>	<b>1,406</b>	<b>1,551</b>	<b>1,923</b>	<b>1,923</b>	<b>1,465</b>	<b>1,753</b>	<b>1,744</b>	<b>2,105</b>	<b>2,105</b>	<b>2,022</b>	<b>2,342</b>	<b>2,516</b>	<b>2,692</b>	<b>2,692</b>
Less cash from discontinued operations, end of the Period	-43	0	0	-	-	-	-	0	-	-	-	-	0	-	-	-	-	0
Cash and cash equivalents from continuing operations, end of the Period	1,171	1,004	1,554	1,248	1,406	1,551	1,923	1,923	1,465	1,753	1,744	2,105	2,105	2,022	2,342	2,516	2,692	2,692
Short-term investments																		
Beginning Balance					801	959	1,104	1,476	1,476	1,018	1,305	1,296	1,476	1,658	1,575	1,894	2,068	1,658
<b>Ending Balance</b>				<b>801</b>	<b>959</b>	<b>1,104</b>	<b>1,476</b>	<b>1,476</b>	<b>1,018</b>	<b>1,305</b>	<b>1,296</b>	<b>1,658</b>	<b>1,658</b>	<b>1,575</b>	<b>1,894</b>	<b>2,068</b>	<b>2,244</b>	<b>2,244</b>

Source: Arm reports and Guggenheim Securities, LLC estimates and analysis

Exhibit 88 - Arm Discounted Cash Flow

Assumptions and inputs	
Current risk-free rate	3.80%
Beta	3.14
Historical equity risk premium	6.5%
Terminal growth rate	5.0%
Market Value (\$M)	\$ 151,238
Debt Value (\$M)	\$ -
Cost of equity	24.2%
Cost of debt	6.3%
Tax rate	19.0%
<b>WACC</b>	<b>24.2%</b>

Last earnings period end 6/30/2024  
 Next Fiscal Year End 3/31/2025

Scenario 1: Base Case

Fiscal year	Historicals			Hyper Growth Period										Transitional Period				Terminal	Perpetuity		
	F2022	F2023	F2024	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E	F2031E	F2032E	F2033E	F2034E	F2035E	F2036E	F2037E	F2038E	F2039E		F2040E	
Corresponding Calendar Year Period	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	
Risk free rate	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	
Beta	3.14	3.14	3.14	3.14	3.14	3.14	3.14	3.14	3.14	3.14	3.14	3.14	3.14	2.78	2.43	2.07	1.71	1.36	1.00	0.5%	
Equity risk premium	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	
Cost of equity	24.2%	24.2%	24.2%	24.2%	24.2%	24.2%	24.2%	24.2%	24.2%	24.2%	24.2%	24.2%	24.2%	21.9%	19.8%	17.3%	14.9%	12.8%	10.3%	6.3%	
Cost of debt	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	
Debt/Total Value			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%	5.0%	7.5%	10.0%	12.5%	15.0%	5.0%	
<b>WACC</b>			<b>24.2%</b>	<b>24.2%</b>	<b>24.2%</b>	<b>24.2%</b>	<b>24.2%</b>	<b>24.2%</b>	<b>24.2%</b>	<b>24.2%</b>	<b>24.2%</b>	<b>24.2%</b>	<b>24.2%</b>	<b>21.5%</b>	<b>18.8%</b>	<b>16.3%</b>	<b>14.9%</b>	<b>11.7%</b>	<b>9.5%</b>	<b>5.0%</b>	
Discount factor			0.850	0.664	0.551	0.444	0.357	0.287	0.231	0.186	0.150	0.121	0.104	0.087	0.073	0.062	0.053	0.045	0.038	0.032	0.027
<b>Total Revenue</b>	<b>2,703</b>	<b>2,673</b>	<b>3,233</b>	<b>3,972</b>	<b>4,894</b>	<b>6,117</b>	<b>7,646</b>	<b>9,558</b>	<b>11,947</b>	<b>14,934</b>	<b>18,668</b>	<b>23,335</b>	<b>29,169</b>	<b>35,488</b>	<b>41,995</b>	<b>48,294</b>	<b>53,928</b>	<b>58,422</b>	<b>61,343</b>	<b>61.343</b>	
y/y change		-0.9%	20.7%	22.8%	23.2%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	21.7%	18.3%	15.0%	11.7%	8.3%	5.0%	5.0%	
<b>Free Cash Flow to Firm (FCFF) ex share repurchases to offset SBC</b>	<b>344</b>	<b>572</b>	<b>818</b>	<b>915</b>	<b>889</b>	<b>1,157</b>	<b>1,503</b>	<b>1,951</b>	<b>2,528</b>	<b>3,272</b>	<b>4,230</b>	<b>5,462</b>	<b>7,047</b>	<b>10,693</b>	<b>15,162</b>	<b>20,322</b>	<b>25,914</b>	<b>31,563</b>	<b>36,806</b>	<b>36.806</b>	
FCF margin	12.7%	21.4%	25.3%	13.0%	18.2%	18.6%	19.7%	20.4%	21.2%	21.0%	22.7%	23.4%	24.2%	30.1%	36.1%	42.1%	48.1%	54.0%	60.0%	60.0%	
y/y change		68.1%	43.0%	-37.0%	72.4%	30.2%	30.0%	20.8%	20.6%	20.4%	20.3%	20.1%	20.0%	51.8%	41.8%	34.0%	27.5%	21.8%	15.0%	5.0%	
<b>Free Cash Flow to Firm (FCFF)</b>	<b>344</b>	<b>572</b>	<b>818</b>	<b>915</b>	<b>889</b>	<b>1,157</b>	<b>1,503</b>	<b>1,951</b>	<b>2,528</b>	<b>3,272</b>	<b>4,230</b>	<b>5,462</b>	<b>7,047</b>	<b>10,693</b>	<b>15,162</b>	<b>20,322</b>	<b>25,914</b>	<b>31,563</b>	<b>36,806</b>	<b>36.806</b>	
FCF margin	12.7%	21.4%	25.3%	13.0%	18.2%	18.6%	19.7%	20.4%	21.2%	21.0%	22.7%	23.4%	24.2%	30.1%	36.1%	42.1%	48.1%	54.0%	60.0%	60.0%	
y/y change		68.1%	43.0%	-37.0%	72.4%	30.2%	30.0%	20.8%	20.6%	20.4%	20.3%	20.1%	20.0%	51.8%	41.8%	34.0%	27.5%	21.8%	15.0%	5.0%	
Diluted Shares Outstanding	1,025	1,029	1,058	1,101	1,152	1,169	1,167	1,204	1,222	1,241	1,259	1,278	1,298	1,315	1,330	1,343	1,355	1,364	1,370	1,370	
y/y change		0.4%	2.8%	4.1%	4.5%	1%	2%	2%	1%	1%	1%	1%	1%	1.3%	1.2%	1.0%	0.8%	0.7%	0.5%	0%	
<b>FCFF per share</b>	<b>0.47</b>	<b>0.77</b>	<b>0.99</b>	<b>1.27</b>	<b>1.62</b>	<b>2.07</b>	<b>2.64</b>	<b>3.36</b>	<b>4.27</b>	<b>5.43</b>	<b>8.13</b>	<b>11.40</b>	<b>15.13</b>	<b>19.13</b>	<b>23.15</b>	<b>26.86</b>	<b>31.56</b>	<b>36.81</b>	<b>41.84</b>	<b>41.84</b>	
<b>NPV of FCF per share</b>	<b>0.40</b>	<b>0.53</b>	<b>0.55</b>	<b>0.56</b>	<b>0.58</b>	<b>0.59</b>	<b>0.61</b>	<b>0.63</b>	<b>0.64</b>	<b>0.64</b>	<b>0.64</b>	<b>0.64</b>	<b>0.64</b>	<b>1.00</b>	<b>1.50</b>	<b>2.20</b>	<b>3.17</b>	<b>4.54</b>	<b>6.41</b>	<b>141.84</b>	

NPV of FCF/Share, F2025-F2038	\$24.56
Terminal Value FCF/Share	\$141.84
<b>Total NPV of FCF/Share</b>	<b>\$166.40</b>
<b>Net Cash per share</b>	<b>2.17</b>
Net cash balance	2,485
Working Capital- 5% of revenue	161.7
Shares outstanding	1,080
<b>Total Implied NPV/Share</b>	<b>169</b>
Current Price	\$ 143.01
Upside/(Downside) Potential	18%

Source: Arm reports and Guggenheim Securities, LLC estimates and analysis





## Exhibit 91: Couchbase Balance Sheet

\$ in millions, except per share data

	Jan-21	Jan-22	Apr-22	Jul-22	Oct-22	Jan-23	Jan-23	Apr-23	Jul-23	Oct-23	Jan-24	Jan-24	Apr-24	Jul-24	Oct-24	Jan-25	Jan-25	Apr-25	Jul-25	Oct-25	Jan-26	Jan-26
	FY21	FY22	1Q23	2Q23	3Q23	4Q23	FY23	1Q24	2Q24	3Q24	4Q24	FY24	1Q25	2Q25	3Q25E	4Q25E	FY25E	1Q26E	2Q26E	3Q26E	4Q26E	FY26E
<b>Assets</b>																						
<b>Current Assets</b>																						
Cash and cash equivalents	37.3	95.7	47.7	46.3	38.8	40.4	40.4	46.2	41.4	46.9	41.4	41.4	52.0	62.6	49.9	54.8	54.8	61.4	65.5	55.0	64.8	64.8
Short-term investments	19.5	110.3	153.4	145.8	138.5	127.9	127.9	117.4	124.4	109.7	112.3	112.3	108.2	93.5	93.5	93.5	93.5	93.5	93.5	93.5	93.5	93.5
Accounts receivable, net	35.9	36.7	24.6	29.0	22.5	39.8	39.8	42.2	32.5	30.5	44.8	44.8	34.6	31.3	28.2	42.8	42.8	39.0	35.8	32.4	46.8	46.8
Deferred commissions	8.4	11.8	11.5	11.5	12.2	13.1	13.1	12.8	12.8	12.9	15.4	15.4	13.2	13.2	16.0	18.8	18.8	18.1	19.0	19.2	22.2	22.2
Prepaid expenses and other	2.4	8.6	8.0	9.7	7.8	8.2	8.2	6.8	8.0	7.5	10.4	10.4	10.3	10.1	10.1	10.9	10.9	11.6	11.8	11.7	13.5	13.5
<b>Total Current Assets</b>	<b>103.5</b>	<b>263.0</b>	<b>245.3</b>	<b>242.3</b>	<b>219.7</b>	<b>229.5</b>	<b>229.5</b>	<b>225.5</b>	<b>219.1</b>	<b>207.4</b>	<b>224.3</b>	<b>224.3</b>	<b>218.3</b>	<b>210.7</b>	<b>197.7</b>	<b>220.8</b>	<b>220.8</b>	<b>223.5</b>	<b>225.8</b>	<b>211.8</b>	<b>240.9</b>	<b>240.9</b>
<b>Non-Current Assets</b>																						
Property and equipment, net	6.5	4.3	4.3	5.6	6.7	7.4	7.4	8.0	8.6	9.6	5.3	5.3	6.1	7.1	7.2	7.4	7.4	7.6	7.8	8.0	8.4	8.4
Operating lease right-of-use assets	0.0	0.0	7.7	7.7	7.0	6.9	6.9	6.2	5.6	5.3	4.8	4.8	4.1	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Deferred commissions, noncurrent	4.9	8.2	8.3	7.8	7.6	7.5	7.5	8.1	7.7	7.9	11.4	11.4	12.6	13.6	10.6	12.6	12.6	12.1	12.7	12.8	14.8	14.8
Other assets	2.2	1.2	1.5	1.3	1.2	1.7	1.7	1.6	2.6	1.8	1.9	1.9	1.4	1.1	1.8	2.1	2.1	1.9	2.5	2.2	2.6	2.6
<b>Total Assets</b>	<b>117.2</b>	<b>276.7</b>	<b>267.0</b>	<b>264.8</b>	<b>242.3</b>	<b>253.0</b>	<b>253.0</b>	<b>249.5</b>	<b>243.7</b>	<b>232.0</b>	<b>247.8</b>	<b>247.8</b>	<b>242.6</b>	<b>235.9</b>	<b>220.8</b>	<b>246.4</b>	<b>246.4</b>	<b>248.6</b>	<b>252.2</b>	<b>238.3</b>	<b>270.2</b>	<b>270.2</b>
<b>Current Liabilities</b>																						
Accounts payable	2.4	1.9	2.6	5.6	3.5	1.4	1.4	6.9	3.2	3.2	4.9	4.9	4.1	5.0	5.4	4.2	4.2	6.0	6.7	6.2	5.9	5.9
Accrued compensation and benefits	9.1	16.1	8.0	10.5	9.0	12.6	12.6	8.5	10.9	9.1	18.1	18.1	8.9	14.1	11.0	18.1	18.1	11.0	15.6	12.1	23.5	23.5
Other accrued expenses	0.0	0.0	2.9	4.1	0.0	6.1	6.1	4.8	4.9	3.4	4.6	4.6	3.8	3.4	1.9	6.5	6.5	5.5	5.3	3.2	7.1	7.1
Other accrued liabilities	4.2	3.2	0.0	3.1	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.2	0.0	0.0	0.0	0.0	1.3	0.0	0.0
Operating lease liabilities	0.0	0.0	2.7	0.0	3.0	3.1	3.1	3.1	3.0	3.0	3.2	3.2	3.1	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Deferred revenue	57.2	69.0	68.5	67.1	58.0	71.7	71.7	78.5	79.7	71.5	81.7	81.7	89.6	81.9	72.1	93.8	93.8	102.8	99.1	88.1	105.8	105.8
q/q growth			-0.8%	-1.9%	-13.6%	23.6%		9.5%	1.5%	-10.3%	14.3%		9.6%	-8.6%	-11.9%	30.0%		9.6%	-3.6%	-11.1%	20.0%	
y/y growth			34.3%	37.1%	20.3%	3.9%		14.7%	18.7%	23.2%	14.0%		14.1%	2.7%	0.9%	14.7%		14.7%	21.0%	22.2%	12.8%	
<b>Total Current Liabilities</b>	<b>72.9</b>	<b>90.3</b>	<b>84.8</b>	<b>90.4</b>	<b>77.0</b>	<b>95.0</b>	<b>95.0</b>	<b>101.8</b>	<b>101.6</b>	<b>90.2</b>	<b>112.5</b>	<b>112.5</b>	<b>109.5</b>	<b>107.1</b>	<b>95.2</b>	<b>125.2</b>	<b>125.2</b>	<b>128.0</b>	<b>129.3</b>	<b>113.6</b>	<b>145.0</b>	<b>145.0</b>
<b>Non-Current Liabilities</b>																						
Long-term debt	24.9	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	0.0
Operating lease liabilities, noncurrent	0.0	0.0	5.6	5.5	4.7	4.5	4.5	3.9	3.3	2.7	2.1	2.1	1.4	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Deferred revenue, noncurrent	4.5	2.7	2.3	2.5	2.6	3.3	3.3	2.9	3.2	3.8	2.7	2.7	2.6	1.0	1.1	1.1	1.1	1.0	0.8	0.9	0.8	0.8
			-15.6%	7.8%	4.5%	27.1%		-12.2%	12.0%	17.3%	-27.2%		-6.4%	-59.9%	10.9%	-0.1%		-9.3%	-24.0%	14.1%	-13.7%	
			-59.5%	-53.9%	-5.5%	20.7%		25.6%	30.5%	46.5%	-16.1%		-10.5%	-68.0%	-69.7%	-58.4%		-59.7%	-23.6%	-21.4%	-32.1%	
Other liabilities	1.4	0.5	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
<b>Total Liabilities</b>	<b>103.7</b>	<b>93.5</b>	<b>92.7</b>	<b>98.4</b>	<b>84.2</b>	<b>102.8</b>	<b>102.8</b>	<b>108.5</b>	<b>108.1</b>	<b>96.7</b>	<b>117.3</b>	<b>117.3</b>	<b>113.5</b>	<b>109.3</b>	<b>97.5</b>	<b>127.6</b>	<b>127.6</b>	<b>130.2</b>	<b>131.2</b>	<b>115.7</b>	<b>146.9</b>	<b>146.9</b>
Redeemable convertible preferred stock	259.8	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
Preferred stock	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
Common stock	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
Additional paid-in capital	37.4	525.4	537.0	544.6	553.3	561.5	561.5	573.8	588.8	604.6	621.0	621.0	640.9	658.2			0.0					0.0
Accumulated other comprehensive income	0.0	(0.2)	(0.9)	(1.0)	(1.4)	(0.8)	(0.8)	(0.5)	(0.3)	(0.1)	0.1	0.1	(0.2)	0.0			0.0					0.0
Accumulated deficit	(283.8)	(342.0)	(361.8)	(377.2)	(393.9)	(410.5)	(410.5)	(432.4)	(453.0)	(469.3)	(490.7)	(490.7)	(511.7)	(531.5)			0.0					0.0
<b>Stockholder's Equity</b>	<b>(246.3)</b>	<b>183.2</b>	<b>174.3</b>	<b>166.4</b>	<b>158.1</b>	<b>150.3</b>	<b>150.3</b>	<b>141.0</b>	<b>135.5</b>	<b>135.3</b>	<b>130.4</b>	<b>130.4</b>	<b>129.1</b>	<b>126.6</b>	<b>123.3</b>	<b>118.8</b>	<b>118.8</b>	<b>118.5</b>	<b>121.0</b>	<b>122.6</b>	<b>123.2</b>	<b>123.2</b>
<b>Total liabilities, Redeemable convertible</b>	<b>117.2</b>	<b>276.7</b>	<b>267.0</b>	<b>264.8</b>	<b>242.3</b>	<b>253.0</b>	<b>253.0</b>	<b>249.5</b>	<b>243.7</b>	<b>232.0</b>	<b>247.8</b>	<b>247.8</b>	<b>242.6</b>	<b>235.9</b>	<b>220.8</b>	<b>246.4</b>	<b>246.4</b>	<b>248.6</b>	<b>252.2</b>	<b>238.3</b>	<b>270.2</b>	<b>270.2</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 92: Couchbase Cash Flow Statement

\$ in millions, except per share data

	Jan-21 FY21	Jan-22 FY22	Apr-22 2Q23	Jul-22 2Q23	Oct-22 3Q23	Jan-23 4Q23	Jan-23 4Q23	Apr-23 1Q24	Jul-23 2Q24	Oct-23 3Q24	Jan-24 4Q24	Jan-24 FY24	Apr-24 1Q25	Jul-24 2Q25	Oct-24 3Q25	Jan-25 4Q25	Jan-25 FY25E	Apr-25 1Q26E	Jul-25 2Q26E	Oct-25 3Q26E	Jan-26 4Q26E	Jan-26 FY26E	
<b>CASH FLOW STATEMENT</b>																							
<b>OPERATING ACTIVITIES</b>																							
Net Loss	(40.0)	(58.2)	(19.8)	(15.4)	(16.7)	(16.6)	(68.5)	(21.9)	(20.7)	(16.3)	(21.4)	(80.2)	(21.0)	(19.9)	(14.7)	(16.6)	(72.2)	(12.5)	(9.8)	(10.6)	(13.3)	(46.2)	
Adjustments to reconcile net loss to net cash used in operating activities																							
Depreciation and Amortization	2.0	2.8	0.7	0.7	0.8	0.9	3.2	0.9	0.7	0.4	0.4	2.4	0.4	0.4	0.9	0.9	2.5	0.9	1.0	1.0	1.0	3.9	
Amortization of debt issuance costs	0.7	0.1	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	
Debt prepayment costs	1.0	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	0.0	0.0	
Stock-based compensation	4.7	10.8	5.5	6.7	6.8	6.9	25.8	9.3	12.1	11.8	12.6	45.8	14.6	16.2	10.1	10.9	51.8	10.4	10.6	10.5	12.2	43.8	
Amortization of deferred commissions	10.4	13.8	4.0	4.4	4.1	4.4	17.0	4.5	4.7	4.5	4.9	18.6	4.1	4.2	4.6	4.9	17.8	5.2	5.4	5.4	6.1	22.2	
Non-cash lease expense	0.0	0.0	0.6	0.8	0.8	0.8	2.9	0.8	0.8	0.8	0.8	3.1	0.8	0.8	0.8	0.8	1.5	0.0	0.0	0.0	0.0	0.0	
Impairment of capitalized internal-use software												5.2											
Foreign currency transaction losses	(0.9)	0.4	1.0	0.1	0.3	(0.8)	0.5	(0.1)	0.2	0.5	0.1	0.8	0.3	0.0			0.3					0.0	
Other	0.1	0.3	0.2	0.1	(0.1)	(0.6)	(0.4)	(0.7)	(1.0)	(0.8)	(1.0)	(3.6)	(0.8)	(0.6)			(1.4)					0.0	
<b>Changes in operating assets and liabilities</b>																							
Accounts receivable	(5.5)	(0.7)	11.8	(4.5)	6.1	(16.9)	(3.5)	(2.3)	9.8	1.6	(14.5)	(5.4)	10.2	3.1	3.1	(14.6)	1.7	3.8	3.2	3.4	(14.3)	(3.9)	
Deferred commissions	(13.5)	(20.5)	(3.8)	(3.9)	(4.6)	(5.3)	(17.6)	(4.8)	(4.3)	(4.7)	(10.9)	(24.8)	(3.1)	(5.2)	(4.4)	(9.7)	(22.4)	(3.9)	(7.0)	(5.6)	(11.2)	(27.8)	
Prepaid expenses and other assets	0.1	(6.2)	0.3	(1.5)	1.9	(0.9)	(0.2)	1.4	(1.5)	1.0	(3.1)	(2.3)	0.0	0.4	(0.7)	(1.1)	(1.4)	(0.5)	(0.8)	0.5	(2.3)	(3.1)	
Accounts payable	0.9	(0.5)	0.7	2.8	(2.1)	(2.0)	(0.5)	5.5	(3.7)	(0.0)	1.7	3.4	(0.8)	0.9	0.3	(1.2)	(0.7)	1.8	0.7	(0.5)	(0.2)	1.8	
Accrued compensation and benefits	0.3	7.0	(8.1)	2.5	(1.5)	3.6	(3.5)	(4.1)	2.3	(1.8)	9.0	5.5	(9.2)	5.2	(3.1)	7.1	0.0	(7.1)	4.5	(3.4)	11.4	5.4	
Accrued expenses and other liabilities	(0.3)	(0.5)	(0.1)	1.1	(0.7)	2.8	3.1	(1.3)	(0.6)	(1.1)	1.5	(1.5)	(0.8)	(0.3)	0.7	2.4	2.0	(0.9)	(0.3)	(0.8)	2.6	0.6	
Operating lease liabilities	0.0	0.0	(0.7)	(0.4)	(0.8)	(0.8)	(0.8)	(0.8)	(0.9)	(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)	
Deferred revenue	0.8	10.0	(1.0)	(1.1)	(9.0)	14.4	3.3	6.4	1.5	(7.6)	9.2	9.5	7.7	(9.3)	(9.6)	21.6	10.4	8.9	(3.9)	(10.9)	17.5	11.6	
<b>Net cash used in operating activities</b>	<b>(39.2)</b>	<b>(41.6)</b>	<b>(8.6)</b>	<b>(7.7)</b>	<b>(14.7)</b>	<b>(10.2)</b>	<b>(41.2)</b>	<b>(7.2)</b>	<b>(0.5)</b>	<b>(12.7)</b>	<b>(6.5)</b>	<b>(26.9)</b>	<b>1.6</b>	<b>(4.9)</b>	<b>(13.7)</b>	<b>3.9</b>	<b>(13.0)</b>	<b>5.3</b>	<b>2.9</b>	<b>(11.9)</b>	<b>8.7</b>	<b>4.9</b>	
y/y growth	80%	6%	170%	-52%	-25%	285%	-1%	-17%	-93%	-13%	-37%	-35%	-122%	834%	8%	-161%	-52%	237%	-159%	-13%	120%	-138%	
OCF margin	-38%	-34%	-25%	-19%	-38%	-25%	-27%	-18%	-1%	-28%	-13%	-15%	3%	-9%	-27%	7%	-6%	9%	5%	-20%	13%	2%	
<b>INVESTING ACTIVITIES</b>																							
Purchases of short-term investments	(20.5)	(112.5)	(53.6)	(15.8)	(41.2)	(34.0)	(144.6)	(7.8)	(56.5)	(26.1)	(40.7)	(131.2)	(19.5)	(18.4)			(37.8)					0.0	
Maturities of short-term investments	0.9	21.3	9.6	23.2	48.3	45.8	126.9	19.4	50.7	41.9	39.3	151.3	24.1	34.0			58.1					0.0	
Additions to property and equipment	(2.8)	(0.8)	(0.8)	(1.7)	(1.6)	(1.6)	(5.6)	(1.3)	(1.1)	(1.1)	(1.3)	(4.7)	(1.0)	(1.1)	(1.0)	(1.1)	(4.2)	(1.2)	(1.2)	(1.2)	(1.4)	(4.9)	
<b>Net cash used in investing activities</b>	<b>(22.4)</b>	<b>(92.0)</b>	<b>(44.8)</b>	<b>5.7</b>	<b>5.6</b>	<b>10.2</b>	<b>(23.4)</b>	<b>10.3</b>	<b>(6.9)</b>	<b>14.6</b>	<b>(2.7)</b>	<b>15.4</b>	<b>3.7</b>	<b>14.6</b>	<b>(1.0)</b>	<b>(1.1)</b>	<b>16.2</b>	<b>(1.2)</b>	<b>(1.2)</b>	<b>(1.2)</b>	<b>(1.4)</b>	<b>(4.9)</b>	
<b>FINANCING ACTIVITIES</b>																							
Payments of debt	(57.4)	(25.0)	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	0.0	
Proceeds from issuance of debt, net of issuance costs	31.4	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	0.0	
Proceeds from issuance of Series G redeemable convertible preferred stock	104.3	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	0.0	
Proceeds from exercise of stock options	2.2	7.5	2.6	0.8	0.7	1.2	5.2	1.9	2.7	2.7	3.6	10.9	3.3	0.8	2.0	2.0	8.1	2.5	2.5	2.5	2.5	10.0	
Proceeds from issuance of common stock under ESPP	0.0	0.0	3.5	0.0	1.0	0.0	4.5	0.8	0.0	1.2	0.0	2.0	1.8				1.8					0.0	
Proceeds from IPO, net of underwriting discounts and commissions	0.0	214.9	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	
Payment of fractional shares in reverse stock split	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	0.0	0.0	
Payments of deferred offering costs	0.0	(4.9)	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	
<b>Net cash provided by financing activities</b>	<b>80.5</b>	<b>192.4</b>	<b>6.1</b>	<b>0.8</b>	<b>1.6</b>	<b>1.2</b>	<b>9.7</b>	<b>2.8</b>	<b>2.7</b>	<b>3.9</b>	<b>3.6</b>	<b>12.9</b>	<b>5.1</b>	<b>0.8</b>	<b>2.0</b>	<b>2.0</b>	<b>9.9</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>10.0</b>	
FX Impact on cash and equivalents	0.2	(0.4)	(0.7)	(0.1)	(0.0)	0.5	(0.4)	(0.1)	(0.1)	(0.3)	(0.0)	(0.6)	(0.3)	0.1			(0.2)					0.0	
Cash balance, beginning of period	18.8	37.3	95.7	47.7	46.3	38.8	95.7	40.4	46.2	41.4	46.9	40.4	41.4	52.0	62.6	49.9	41.4	54.8	61.4	65.5	55.0	54.8	
Net change in cash	19.1	58.4	(48.0)	(1.3)	(7.6)	1.7	1.7	5.8	(4.8)	5.5	(5.6)	0.9	10.1	10.6	(12.7)	4.9	12.9	6.6	4.2	(10.5)	9.8	10.1	
Cash balance, end of period	37.8	95.7	47.7	46.3	38.8	40.4	40.4	46.2	41.4	46.9	41.4	41.4	51.4	62.6	49.9	54.8	54.8	61.4	65.5	55.0	64.8	64.8	

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

**Exhibit 93: Couchbase Discounted Cash Flow Analysis (DCF) - Base Case**

\$ in millions except per share data

**Assumptions and inputs**

Current risk-free rate	4.30%
Beta	1.50
Historical equity risk premium	6.6%
Terminal growth rate	5.0%
Market Value (\$M)	\$ 767
Debt Value (\$M)	\$ -
Cost of equity	14.1%
Cost of debt	
Tax rate	21.0%
<b>WACC</b>	<b>14.1%</b>

Last earnings period end 7/31/2024  
 Next Fiscal Year End 1/31/2025

**Scenario 1: Base Case**

Fiscal year	Historical			Hyper Growth Period					Transitional Period					Terminal	Perpetuity
	F2022	F2023	F2024	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E	F2031E	F2032E	F2033E	F2034E	F2035E	
Corresponding Calendar Year Period	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	10.5
Risk free rate	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Beta	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.42	1.33	1.25	1.17	1.08	1.00	
Equity risk premium	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	
Cost of equity	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	13.6%	13.0%	12.4%	11.8%	11.3%	10.8%	
Cost of debt	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%	
Debt/Total Value			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>WACC</b>			<b>14.1%</b>	<b>14.1%</b>	<b>14.1%</b>	<b>14.1%</b>	<b>14.1%</b>	<b>14.1%</b>	<b>13.6%</b>	<b>13.0%</b>	<b>12.4%</b>	<b>11.8%</b>	<b>11.3%</b>	<b>10.8%</b>	
Discount factor				0.966	0.821	0.720	0.631	0.553	0.498	0.453	0.415	0.385	0.360	0.341	
<b>Total Revenue</b>	<b>124</b>	<b>166</b>	<b>180</b>	<b>208</b>	<b>243</b>	<b>293</b>	<b>362</b>	<b>451</b>	<b>547</b>	<b>646</b>	<b>741</b>	<b>828</b>	<b>894</b>	<b>939</b>	
y/y change		26.3%	16.3%	16.6%	16.0%	20.6%	23.6%	24.6%	21.3%	18.0%	14.8%	11.6%	8.3%	6.0%	
<b>Free Cash Flow to Firm (FCFF)</b>	<b>(43)</b>	<b>(47)</b>	<b>(32)</b>	<b>(17)</b>	<b>0</b>	<b>6</b>	<b>22</b>	<b>38</b>	<b>88</b>	<b>110</b>	<b>169</b>	<b>216</b>	<b>273</b>	<b>329</b>	
FCF margin	-30.3%	-17.6%	-17.6%	-8.3%	0.0%	1.7%	6.0%	8.0%	12.6%	17.0%	21.6%	26.0%	30.6%	36%	
y/y change		9.4%	-32.6%	-45.6%	-100.4%	7292.3%	345.6%	66.0%	60.6%	60.6%	45.1%	34.9%	27.0%	6%	
Diluted Shares Outstanding	28	46	47	61	62	82	68	72	76	79	82	85	87	89	
y/y change		66%	6.6%	8.0%	2.6%	17.0%	-10.0%	0.0%	6.3%	4.7%	4.0%	3.3%	2.7%	2.0%	
<b>FCFF per share</b>	<b>(0.34)</b>	<b>0.00</b>	<b>0.08</b>	<b>0.32</b>	<b>0.60</b>	<b>0.32</b>	<b>0.50</b>	<b>0.90</b>	<b>1.39</b>	<b>1.93</b>	<b>2.62</b>	<b>3.12</b>	<b>3.89</b>	<b>83.61</b>	
<b>NPV of FCF per share</b>	<b>(0.32)</b>	<b>0.00</b>	<b>0.08</b>	<b>0.20</b>	<b>0.28</b>	<b>0.46</b>	<b>0.63</b>	<b>0.80</b>	<b>0.97</b>	<b>1.13</b>	<b>1.28</b>	<b>1.28</b>	<b>1.28</b>	<b>21.67</b>	

NPV of FCF/Share, F2023-F2033	\$5.46
Terminal Value FCF/Share	\$21.67
<b>Total NPV of FCF/Share</b>	<b>\$27.13</b>
<b>Net Cash per share</b>	<b>\$ 3.07</b>
Net cash balance	157
Working Capital - 5% of revenue	10.4
Shares outstanding	48
<b>Total NPV/Share</b>	<b>\$ 30.20</b>
Current Price	\$ 16.12
Upside(Downside) Potential	87%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis







**Exhibit 96: Confluent Balance Sheet**

\$ in millions, except per share data

	Dec-21 2021	Dec-22 2022	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	Dec-23 2023	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	Dec-24 2024E	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	Dec-25 2025E
<b>Assets</b>																	
<b>Current Assets</b>																	
Cash and cash equivalents	1,375.9	435.8	343.5	312.6	317.0	349.8	349.8	336.4	311.3	282.5	337.3	337.3	316.8	320.7	374.2	445.1	445.1
Marketable securities	640.1	1,491.0	1,506.4	1,534.9	1,555.7	1,551.0	1,551.0	1,570.6	1,619.9	1,619.9	1,619.9	1,619.9	1,619.9	1,619.9	1,619.9	1,619.9	1,619.9
Accounts receivable, net of allowance	137.5	178.2	169.7	188.7	183.2	230.0	230.0	199.8	257.5	228.4	229.1	229.1	248.8	321.8	277.5	295.1	295.1
Deferred contract acquisition costs	27.6	35.9	36.8	39.2	41.2	43.9	43.9	43.2	44.4	51.9	65.9	65.9	76.3	90.3	106.1	126.7	126.7
Prepaid expenses and other current assets	44.9	57.2	58.7	64.2	70.9	77.0	77.0	76.1	74.1	98.1	103.2	103.2	108.2	117.5	119.2	125.3	125.3
<b>Total Current Assets</b>	<b>2,226.1</b>	<b>2,198.1</b>	<b>2,115.0</b>	<b>2,139.7</b>	<b>2,168.1</b>	<b>2,251.7</b>	<b>2,251.7</b>	<b>2,226.1</b>	<b>2,307.2</b>	<b>2,280.7</b>	<b>2,355.3</b>	<b>2,355.3</b>	<b>2,369.9</b>	<b>2,470.0</b>	<b>2,496.8</b>	<b>2,612.0</b>	<b>2,612.0</b>
<b>Long-term assets</b>																	
Property and equipment, net	14.4	29.1	35.5	43.6	48.0	54.0	54.0	61.6	66.8	66.2	66.1	66.1	66.2	66.9	67.7	68.8	68.8
Operating lease right-of-use assets	37.3	29.5	12.6	11.9	10.9	10.1	10.1	9.2	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Goodwill and intangible assets, net			45.9	45.8	45.7	55.5	55.5	55.0	54.5			0.0					0.0
Deferred contract acquisition costs, non-current	51.2	68.4	67.1	67.5	69.2	75.8	75.8	73.5	74.3	96.4	122.3	122.3	141.7	167.6	197.1	235.2	235.2
Other assets, non-current	13.8	19.8	16.6	19.2	19.8	13.8	13.8	14.2	15.7	34.3	36.1	36.1	37.9	41.1	41.7	43.8	43.8
<b>Total long-term assets</b>	<b>116.7</b>	<b>146.7</b>	<b>177.8</b>	<b>188.0</b>	<b>193.6</b>	<b>209.2</b>	<b>209.2</b>	<b>213.5</b>	<b>221.2</b>	<b>206.9</b>	<b>234.5</b>	<b>234.5</b>	<b>255.8</b>	<b>285.7</b>	<b>316.5</b>	<b>357.8</b>	<b>357.8</b>
<b>Total Assets</b>	<b>2,342.7</b>	<b>2,344.8</b>	<b>2,292.8</b>	<b>2,327.6</b>	<b>2,361.7</b>	<b>2,460.8</b>	<b>2,460.8</b>	<b>2,439.6</b>	<b>2,528.5</b>	<b>2,487.7</b>	<b>2,589.8</b>	<b>2,589.8</b>	<b>2,625.7</b>	<b>2,755.7</b>	<b>2,813.3</b>	<b>2,969.8</b>	<b>2,969.8</b>
<b>Current Liabilities</b>																	
Accounts payable	7.6	21.4	10.4	2.5	2.0	6.7	6.7	1.9	14.0	2.6	13.6	13.6	2.6	19.9	3.2	16.5	16.5
Accrued expenses and other liabilities	99.0	102.8	87.7	112.5	125.1	141.8	141.8	96.7	166.8	147.1	154.8	154.8	135.2	176.2	178.7	187.9	187.9
Operating lease liabilities	9.2	7.4	7.3	7.6	7.7	7.9	7.9	10.1	10.6	9.8	10.3	10.3	10.8	11.7	11.9	12.5	12.5
Deferred revenue	220.9	290.2	295.7	300.8	300.6	330.6	330.6	330.5	328.8	335.4	369.0	369.0	376.3	376.3	376.3	414.0	414.0
Liability for early exercise of unvested stock	11.5	2.6	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
<b>Total current liabilities</b>	<b>348.2</b>	<b>424.3</b>	<b>401.2</b>	<b>423.4</b>	<b>435.5</b>	<b>487.0</b>	<b>487.0</b>	<b>439.2</b>	<b>520.2</b>	<b>495.0</b>	<b>547.7</b>	<b>547.7</b>	<b>525.0</b>	<b>584.1</b>	<b>570.2</b>	<b>630.9</b>	<b>630.9</b>
<b>Long term liabilities</b>																	
Operating lease liabilities, non-current	31.6	25.1	23.2	21.4	19.5	17.4	17.4	13.3	12.6	12.6	12.6	12.6	12.6	12.6	12.6	12.6	12.6
Deferred revenue, non-current	25.6	32.6	28.9	27.2	23.2	22.4	22.4	17.1	19.6	19.6	21.6	21.6	20.5	20.5	20.5	22.5	22.5
Other liabilities, non-current	6.4	8.8	9.2	7.9	7.2	35.2	35.2	35.5	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Convertible senior notes, net	1,080.7	1,084.5	1,085.4	1,086.4	1,087.4	1,088.3	1,088.3	1,089.3	1,090.2	1,070.3	1,069.3	1,069.3	1,068.4	1,067.5	1,066.5	1,065.6	1,065.6
<b>Total long term liabilities</b>	<b>1,144.3</b>	<b>1,151.0</b>	<b>1,146.8</b>	<b>1,142.9</b>	<b>1,137.2</b>	<b>1,163.4</b>	<b>1,163.4</b>	<b>1,155.2</b>	<b>1,134.4</b>	<b>1,114.5</b>	<b>1,115.5</b>	<b>1,115.5</b>	<b>1,113.5</b>	<b>1,112.5</b>	<b>1,111.6</b>	<b>1,112.7</b>	<b>1,112.7</b>
<b>Total Liabilities</b>	<b>1,492.4</b>	<b>1,575.4</b>	<b>1,548.0</b>	<b>1,566.3</b>	<b>1,572.6</b>	<b>1,650.4</b>	<b>1,650.4</b>	<b>1,594.4</b>	<b>1,654.6</b>	<b>1,609.5</b>	<b>1,663.2</b>	<b>1,663.2</b>	<b>1,638.5</b>	<b>1,696.7</b>	<b>1,681.8</b>	<b>1,743.6</b>	<b>1,743.6</b>
<b>Shareholder's equity</b>																	
Redeemable convertible preferred stock	0.0	0.0	0.0	0.0	0.0	0.0											
Preferred stock	0.0	0.0	0.0	0.0	0.0	0.0											
Common stock	0.0	0.0	0.0	0.0	0.0	0.0											
Convertible founder stock	0.0	0.0	0.0	0.0	0.0	0.0											
Class A common stock	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0								
Class B common stock	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0								
Additional paid-in capital	1,600.0	1,980.3	2,103.3	2,228.6	2,348.9	2,453.3		2,584.7	2,703.0								
Accumulated other comprehensive (loss) income	-0.8	-9.5	-4.5	-9.8	-9.8	1.3		-2.3	-2.1								
Accumulated deficit	-748.9	-1,201.4	-1,354.0	-1,457.4	-1,550.1	-1,644.2		-1,737.1	-1,827.0								
<b>Shareholder's equity</b>	<b>850.3</b>	<b>769.5</b>	<b>744.9</b>	<b>761.4</b>	<b>789.1</b>	<b>810.4</b>	<b>810.4</b>	<b>845.2</b>	<b>873.9</b>	<b>878.2</b>	<b>926.6</b>	<b>926.6</b>	<b>987.3</b>	<b>1,059.0</b>	<b>1,131.5</b>	<b>1,226.2</b>	<b>1,226.2</b>
<b>Total liabilities and shareholder's equity</b>	<b>2,342.7</b>	<b>2,344.8</b>	<b>2,292.8</b>	<b>2,327.6</b>	<b>2,361.7</b>	<b>2,460.8</b>	<b>2,460.8</b>	<b>2,439.6</b>	<b>2,528.5</b>	<b>2,487.7</b>	<b>2,589.8</b>	<b>2,589.8</b>	<b>2,625.7</b>	<b>2,755.7</b>	<b>2,813.3</b>	<b>2,969.8</b>	<b>2,969.8</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis



## Exhibit 98: Confluent Discounted Cash Flow Analysis (DCF) - Plausible Case

\$ in millions, except per share data

## Assumptions and Inputs

Current risk-free rate	4.00%
Beta	2.40
Historical equity risk premium	6.5%
Terminal growth rate	5%
Market Value (\$M)	\$ 5,707
Debt Value (\$M)	\$ 1,100
Cost of equity	19.6%
Cost of debt	0.0%
Tax rate	21.0%
<b>WACC</b>	<b>16.4%</b>
Last earnings period end	8/30/2024
Next Fiscal Year End	12/31/2024

## Scenario 2: Plausible Case

Fiscal year	Historicals			Hyper Growth Period					Transitionary Period					Terminal	
	2021	2022	2023	2024 E	2025 E	2026 E	2027 E	2028 E	2029 E	2030 E	2031 E	2032 E	2033 E	2034 E	Perpetuity
Corresponding Calendar Year Period	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
				0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	
Risk free rate	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%
Beta	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.17	1.93	1.70	1.47	1.23	1.00	
Equity risk premium	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Cost of equity	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	18.1%	16.0%	15.1%	13.5%	12.0%	10.5%	
Cost of debt	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%
Debt/Total Value				16.2%	16.2%	16.2%	16.2%	16.2%	15.1%	14.1%	13.1%	12.1%	11.0%	10.0%	
<b>WACC</b>				<b>16.4%</b>	<b>16.4%</b>	<b>16.4%</b>	<b>16.4%</b>	<b>16.4%</b>	<b>15.3%</b>	<b>14.2%</b>	<b>13.1%</b>	<b>11.9%</b>	<b>10.7%</b>	<b>9.5%</b>	
Discount factor				0.93	0.80	0.68	0.59	0.50	0.46	0.42	0.40	0.38	0.36	0.39	
<b>Total Revenue</b>	<b>388</b>	<b>586</b>	<b>777</b>	<b>965</b>	<b>1,204</b>	<b>1,476</b>	<b>1,799</b>	<b>2,155</b>	<b>2,111</b>	<b>2,425</b>	<b>2,726</b>	<b>2,997</b>	<b>3,221</b>	<b>3,382</b>	
y/y change		51.1%	32.0%	24.2%	24.6%	22.5%	21.0%	19.8%	17.3%	14.0%	12.4%	9.0%	7.5%	5%	
<b>Free Cash Flow to Firm (FCFF)</b>	<b>(114)</b>	<b>(172)</b>	<b>(123)</b>	<b>(3)</b>	<b>110</b>	<b>168</b>	<b>180</b>	<b>259</b>	<b>334</b>	<b>477</b>	<b>641</b>	<b>819</b>	<b>1,004</b>	<b>1,184</b>	
FCF margin	-29.4%	-29.3%	-15.0%	-0.3%	9.2%	11.4%	10.0%	12.0%	15.8%	19.7%	23.5%	27.3%	31.2%	35%	
y/y change		-50.7%	28.2%	-97.0%	-3,808.4%	52.5%	6.6%	43.8%	20.2%	42.7%	34.3%	27.0%	22.5%	5%	
Diluted Shares Outstanding	189	280	330	330	354	361	371	380	389	399	409	419	430	440	
y/y change		48.5%	17.8%	0.0%	7.2%	2.2%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
<b>FCFF per share</b>	<b>(0.60)</b>	<b>(0.61)</b>	<b>(0.37)</b>	<b>(0.01)</b>	<b>0.31</b>	<b>0.47</b>	<b>0.49</b>	<b>0.68</b>	<b>0.86</b>	<b>1.20</b>	<b>1.57</b>	<b>1.95</b>	<b>2.34</b>	<b>2.69</b>	<b>63.23</b>
<b>NPV of FCF per share</b>				<b>(0.01)</b>	<b>0.25</b>	<b>0.32</b>	<b>0.29</b>	<b>0.34</b>	<b>0.39</b>	<b>0.50</b>	<b>0.62</b>	<b>0.75</b>	<b>0.89</b>	<b>1.04</b>	<b>24.50</b>

NPV of FCF/share, 2023-2033	\$ 5.39
Terminal Value FCF/Share	\$ 24.50
<b>Total NPV of FCF/share</b>	<b>\$ 29.89</b>
<b>Net Cash per share</b>	<b>\$ 2.09</b>
Net cash & equivalents balance	812.5
Working Capital (10% of revenue)	96.5
Shares outstanding	342.3
<b>Total NPV/share</b>	<b>31.98</b>
Current Price	\$ 20.38
<b>Upside/(Downside) Potential</b>	<b>57%</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## CHKP

## Exhibit 99: Check Point GAAP Income Statement

\$ in millions, except per share data

	2017 Full Year	2018 Full Year	2019 Full Year	2020 Full Year	2021 Full Year	2022 Full Year	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024 (E) Full Year	2025 (E) Full Year
<b>GAAP Income Statement</b>																	
Products and Licenses	559.0	525.6	510.8	513.6	513.9	554.9	108.0	116.9	114.2	158.3	497.4	100.3	118.1	116.6	164.2	499.2	499.6
Security Subscriptions	480.4	542.3	610.2	671.1	755.2	858.0	228.2	238.9	248.3	265.8	981.2	263.4	271.7	279.5	296.0	1,110.6	1,239.9
Software Updates and Maintenance	815.3	848.6	873.6	880.2	897.7	917.0	230.0	232.9	233.8	239.4	936.1	235.1	237.6	238.7	245.3	956.6	975.1
<b>Total Revenue</b>	<b>1,854.7</b>	<b>1,916.5</b>	<b>1,994.7</b>	<b>2,064.9</b>	<b>2,166.8</b>	<b>2,329.9</b>	<b>566.2</b>	<b>588.7</b>	<b>596.3</b>	<b>663.5</b>	<b>2,414.7</b>	<b>598.8</b>	<b>627.4</b>	<b>634.7</b>	<b>705.5</b>	<b>2,566.5</b>	<b>2,714.6</b>
<b>Cost of Revenue</b>																	
Product and Licenses	104.2	91.9	90.8	96.8	110.7	145.6	26.2	22.6	22.5	28.0	99.3	19.9	24.0	22.8	31.3	98.0	95.4
Security Subscriptions	18.9	17.7	24.5	26.4	35.9	41.4	12.3	13.6	13.9	17.2	57.0	16.5	16.8	15.1	17.8	66.2	64.9
Software Updates and Maintenance	87.7	88.9	94.5	96.7	103.0	105.5	26.8	27.3	27.7	30.5	112.3	28.7	31.6	28.9	31.3	120.5	119.4
Amortization of Technology	2.2	2.8	5.6	6.6	8.5	11.9	2.8	2.4	3.0	5.8	14.0	5.8	5.8	6.5	6.1	24.2	27.1
<b>Total Cost of Revenue</b>	<b>213.0</b>	<b>201.4</b>	<b>215.4</b>	<b>226.5</b>	<b>258.1</b>	<b>304.4</b>	<b>68.1</b>	<b>65.9</b>	<b>67.1</b>	<b>81.5</b>	<b>282.6</b>	<b>70.9</b>	<b>78.2</b>	<b>73.4</b>	<b>86.4</b>	<b>308.9</b>	<b>306.8</b>
% of revenue	11.5%	10.5%	10.8%	11.0%	11.9%	13.1%	12.0%	11.2%	11.3%	12.3%	11.7%	11.8%	12.5%	11.6%	12.2%	12.0%	11.3%
<b>Gross Profit</b>																	
Product and Licenses	454.8	433.6	420.0	416.8	403.2	409.3	81.8	94.3	91.7	130.3	398.1	80.4	94.1	93.7	132.9	401.2	404.3
Security Subscriptions	461.5	524.6	585.7	644.7	719.3	816.6	215.9	225.3	234.4	248.6	924.2	246.9	254.9	264.4	278.2	1,044.5	1,175.0
Software Updates and Maintenance	727.6	759.7	779.1	783.5	794.7	811.5	203.2	205.6	206.1	208.9	823.8	206.4	206.0	209.7	214.0	836.1	855.7
<b>Total Gross Profit</b>	<b>1,641.7</b>	<b>1,715.1</b>	<b>1,779.2</b>	<b>1,838.4</b>	<b>1,908.7</b>	<b>2,025.5</b>	<b>498.1</b>	<b>522.8</b>	<b>529.2</b>	<b>582.0</b>	<b>2,132.1</b>	<b>527.9</b>	<b>549.2</b>	<b>561.3</b>	<b>619.2</b>	<b>2,257.6</b>	<b>2,407.8</b>
<b>Gross Margin</b>	<b>88.5%</b>	<b>89.5%</b>	<b>89.2%</b>	<b>89.0%</b>	<b>88.1%</b>	<b>86.9%</b>	<b>88.0%</b>	<b>88.8%</b>	<b>88.7%</b>	<b>87.7%</b>	<b>88.3%</b>	<b>88.2%</b>	<b>87.5%</b>	<b>88.4%</b>	<b>87.8%</b>	<b>88.0%</b>	<b>88.7%</b>
<b>Operating Expenses</b>																	
Research and Development	192.4	211.5	239.3	252.8	292.7	349.9	91.5	87.4	90.0	100.0	368.9	99.2	97.1	103.8	112.4	412.6	447.9
% of revenue	10.4%	11.0%	12.0%	12.2%	13.5%	15.0%	16.2%	14.8%	15.1%	15.1%	15.3%	16.6%	15.5%	16.4%	15.9%	16.1%	16.5%
Sales and Marketing	433.4	500.9	552.1	569.9	597.8	675.2	177.7	185.6	183.3	200.5	747.1	206.2	215.7	209.3	226.0	857.2	908.1
% of revenue	23.4%	26.1%	27.7%	27.6%	27.6%	29.0%	31.4%	31.5%	30.7%	30.2%	30.9%	34.4%	34.4%	33.0%	32.0%	33.4%	33.5%
General and Administrative	92.0	88.9	106.1	111.5	110.7	116.1	29.1	28.4	29.8	29.7	117.0	28.6	27.1	28.6	31.8	116.1	134.0
% of revenue	5.0%	4.6%	5.3%	5.4%	5.1%	5.0%	5.1%	4.8%	5.0%	4.5%	4.8%	4.8%	4.3%	4.5%	4.5%	4.5%	4.9%
<b>Total Operating Expenses</b>	<b>717.8</b>	<b>801.3</b>	<b>897.5</b>	<b>934.2</b>	<b>1001.2</b>	<b>1141.2</b>	<b>298.3</b>	<b>301.4</b>	<b>303.1</b>	<b>330.2</b>	<b>1233.0</b>	<b>334.0</b>	<b>339.9</b>	<b>341.8</b>	<b>370.3</b>	<b>1385.9</b>	<b>1490.0</b>
% of revenue	38.7%	41.8%	45.0%	45.2%	46.2%	49.0%	52.7%	51.2%	50.8%	49.8%	51.1%	55.8%	54.2%	53.8%	52.5%	54.0%	54.9%
<b>Operating Income</b>	<b>923.9</b>	<b>913.8</b>	<b>881.7</b>	<b>904.2</b>	<b>907.5</b>	<b>884.3</b>	<b>199.8</b>	<b>221.4</b>	<b>226.1</b>	<b>251.8</b>	<b>899.1</b>	<b>193.9</b>	<b>209.3</b>	<b>219.6</b>	<b>248.9</b>	<b>871.7</b>	<b>917.8</b>
<b>Operating Margin</b>	<b>49.8%</b>	<b>47.7%</b>	<b>44.2%</b>	<b>43.8%</b>	<b>41.9%</b>	<b>38.0%</b>	<b>35.3%</b>	<b>37.6%</b>	<b>37.9%</b>	<b>38.0%</b>	<b>37.2%</b>	<b>32.4%</b>	<b>33.4%</b>	<b>34.6%</b>	<b>35.3%</b>	<b>34.0%</b>	<b>33.8%</b>
Financial Income	47.0	65.1	80.6	66.6	42.1	44.0	19.1	21.3	17.7	18.4	76.5	22.6	23.7	25.8	26.9	98.9	105.7
<b>Total Interest and Other Income</b>	<b>47.0</b>	<b>65.1</b>	<b>80.6</b>	<b>66.6</b>	<b>42.1</b>	<b>44.0</b>	<b>19.1</b>	<b>21.3</b>	<b>17.7</b>	<b>18.4</b>	<b>76.5</b>	<b>22.6</b>	<b>23.7</b>	<b>25.8</b>	<b>26.9</b>	<b>98.9</b>	<b>105.7</b>
Income Before Taxes	970.9	978.8	962.3	970.8	949.6	928.3	218.9	242.7	243.8	270.2	975.6	216.5	233.0	245.3	275.8	970.6	1023.5
Income Tax Expense (Benefit)	168.0	157.5	136.7	124.2	134.0	131.4	34.8	40.7	38.8	21.0	135.3	32.6	35.6	39.0	21.4	128.7	135.5
Tax Rate	17.3%	16.1%	14.2%	12.8%	14.1%	14.2%	15.9%	16.8%	15.9%	7.8%	13.9%	15.1%	15.3%	15.9%	7.8%	13.3%	13.2%
<b>Net Income</b>	<b>802.9</b>	<b>821.3</b>	<b>825.6</b>	<b>846.6</b>	<b>815.6</b>	<b>796.9</b>	<b>184.1</b>	<b>202.0</b>	<b>205.0</b>	<b>249.2</b>	<b>840.3</b>	<b>183.9</b>	<b>197.4</b>	<b>206.3</b>	<b>254.3</b>	<b>841.9</b>	<b>888.0</b>
<b>GAAP EPS</b>	<b>\$4.82</b>	<b>\$5.15</b>	<b>\$5.43</b>	<b>\$5.96</b>	<b>\$6.08</b>	<b>\$6.31</b>	<b>\$1.52</b>	<b>\$1.70</b>	<b>\$1.75</b>	<b>\$2.15</b>	<b>\$7.10</b>	<b>\$1.60</b>	<b>\$1.74</b>	<b>\$1.84</b>	<b>\$2.29</b>	<b>\$7.44</b>	<b>\$8.21</b>
y/y growth	15.1%	6.8%	5.4%	9.8%	2.0%	3.7%	16.5%	24.7%	18.7%	-2.1%	12.6%	5.0%	2.5%	5.0%	6.3%	4.8%	10.3%
q/q growth							-30.8%	11.5%	3.1%	23.0%		-25.8%	8.9%	5.6%	24.5%		
Shares Outstanding																	
<b>Basic</b>	<b>162.7</b>	<b>156.6</b>	<b>150.6</b>	<b>140.5</b>	<b>133.2</b>	<b>125.2</b>	<b>119.8</b>	<b>118.0</b>	<b>116.0</b>	<b>114.0</b>	<b>116.9</b>	<b>112.3</b>	<b>111.1</b>	<b>109.9</b>	<b>108.8</b>	<b>110.5</b>	<b>106.1</b>
y/y growth	-4.4%	-3.7%	-3.9%	-6.7%	-5.2%	-6.0%	-6.6%	-6.7%	-6.7%	-6.4%	-6.6%	-6.3%	-5.8%	-5.3%	-4.6%	-5.5%	-4.0%
<b>Diluted</b>	<b>166.7</b>	<b>159.5</b>	<b>152.1</b>	<b>142.0</b>	<b>134.1</b>	<b>126.4</b>	<b>121.1</b>	<b>119.2</b>	<b>117.3</b>	<b>115.9</b>	<b>118.3</b>	<b>115.2</b>	<b>113.6</b>	<b>112.4</b>	<b>111.3</b>	<b>113.1</b>	<b>108.2</b>
y/y growth	-3.8%	-4.3%	-4.6%	-6.7%	-5.6%	-5.8%	-6.7%	-6.7%	-6.2%	-5.7%	-6.4%	-4.9%	-4.7%	-4.2%	-4.0%	-4.4%	-4.3%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis



**Exhibit 101: Check Point Balance Sheet**

\$ in millions, except per share data

	2017	2018	2019	2020	2021	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024 (E)	2025 (E)
	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	1Q23	2Q23	3Q23	4Q23	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	Full Year
<b>Balance Sheet</b>																	
<b>Current assets</b>																	
Cash and Cash Equivalents	245.0	303.6	279.2	255.7	271.9	196.0	275.7	286.0	294.4	537.7	537.7	536.6	572.5	482.9	411.5	411.5	-5.4
Marketable Securities and Short-Term Deposits	1,165.8	1,448.2	1,300.8	1,432.0	1,421.8	1,441.6	1,410.7	1,299.4	1,162.1	992.3	992.3	1,065.8	1,087.6	1,087.6	1,087.6	1,087.6	1,087.6
Trade Receivables, net	472.2	495.4	495.8	540.8	597.8	644.2	355.5	413.4	355.0	657.7	657.7	386.3	456.7	420.8	726.8	726.8	784.1
Other Receivables and Prepaid Expenses	81.4	74.7	58.4	50.1	46.4	50.0	54.8	55.1	53.4	70.0	70.0	79.1	75.5	56.8	74.4	74.4	78.6
<b>Total current assets</b>	<b>1,964.4</b>	<b>2,321.9</b>	<b>2,134.2</b>	<b>2,278.6</b>	<b>2,337.9</b>	<b>2,331.8</b>	<b>2,096.7</b>	<b>2,053.9</b>	<b>1,864.9</b>	<b>2,257.7</b>	<b>2,257.7</b>	<b>2,067.8</b>	<b>2,192.3</b>	<b>2,048.2</b>	<b>2,300.3</b>	<b>2,300.3</b>	<b>1,944.9</b>
<b>Non-current assets</b>																	
Long-Term Investments	2,437.3	2,287.3	2,368.8	2,311.9	2,089.7	1,865.6	1,933.0	1,930.1	1,532.2	1,429.7	1,429.7	1,432.9	1,397.8	1,397.8	1,397.8	1,397.8	1,397.8
Property, Plant and Equipment, net	77.8	78.5	87.7	88.1	83.4	82.8	80.1	78.4	81.5	80.4	80.4	79.6	80.8	89.8	88.7	88.7	89.1
Goodwill and Intangible Assets, net	830.4	991.6	1,024.7	1,040.7	1,257.2	1,295.5	1,292.2	1,289.3	1,760.8	1,748.5	1,748.5	1,735.0	1,721.5	1,717.5	1,709.9	1,709.9	1,678.1
Deferred Income Taxes, net	119.4	84.7	55.3	34.4	51.7	77.6	71.5	68.1	63.5	81.8	81.8	91.4	88.8	88.8	88.8	88.8	88.8
Other assets	33.6	64.2	94.2	85.5	80.3	71.5	70.7	71.5	99.0	97.4	97.4	99.9	100.2	123.2	123.3	123.3	151.1
<b>Total assets</b>	<b>5,462.9</b>	<b>5,828.2</b>	<b>5,764.9</b>	<b>5,839.2</b>	<b>5,900.2</b>	<b>5,724.8</b>	<b>5,544.2</b>	<b>5,491.3</b>	<b>5,401.9</b>	<b>5,695.5</b>	<b>5,695.5</b>	<b>5,506.6</b>	<b>5,581.4</b>	<b>5,465.3</b>	<b>5,708.8</b>	<b>5,708.8</b>	<b>5,349.9</b>
<b>Current liabilities</b>																	
Deferred Revenue, current	878.3	980.2	1,011.9	1,108.6	1,257.4	1,363.4	1,315.1	1,307.2	1,246.3	1,413.8	1,413.8	1,347.0	1,341.9	1,293.4	1,472.9	1,472.9	1,500.4
Trade Payables and Other Accrued Liabilities	328.6	351.7	384.8	435.2	454.7	475.8	438.1	453.7	475.2	502.3	502.3	433.9	445.0	505.8	534.1	534.1	564.2
<b>Total current liabilities</b>	<b>1,206.9</b>	<b>1,331.9</b>	<b>1,396.7</b>	<b>1,543.8</b>	<b>1,712.1</b>	<b>1,839.2</b>	<b>1,753.2</b>	<b>1,760.9</b>	<b>1,721.5</b>	<b>1,916.1</b>	<b>1,916.1</b>	<b>1,780.9</b>	<b>1,786.9</b>	<b>1,799.3</b>	<b>2,007.0</b>	<b>2,007.0</b>	<b>2,064.6</b>
<b>Long term liabilities</b>																	
Deferred Revenue, non-current	308.3	357.8	374.8	373.3	449.7	514.4	481.8	467.1	462.6	493.9	493.9	478.9	476.5	480.1	514.5	514.5	524.2
Income Tax Accrual	337.5	356.7	393.3	422.8	454.9	419.7	416.7	416.2	407.1	436.1	436.1	446.0	453.5	408.0	435.5	435.5	451.1
Other long-term liabilities	10.1	9.4	31.3	33.1	26.4	22.2	21.0	20.7	26.5	28.4	28.4	34.0	36.0	28.2	30.2	30.2	31.9
<b>Total Liabilities</b>	<b>1,862.8</b>	<b>2,055.8</b>	<b>2,196.1</b>	<b>2,373.0</b>	<b>2,643.1</b>	<b>2,795.5</b>	<b>2,672.7</b>	<b>2,664.9</b>	<b>2,617.7</b>	<b>2,874.5</b>	<b>2,874.5</b>	<b>2,739.8</b>	<b>2,752.9</b>	<b>2,715.5</b>	<b>2,987.3</b>	<b>2,987.3</b>	<b>3,071.8</b>
<b>Stockholders' equity</b>	<b>3,600.1</b>	<b>3,772.4</b>	<b>3,568.8</b>	<b>3,466.2</b>	<b>3,257.1</b>	<b>2,929.3</b>	<b>2,871.5</b>	<b>2,826.4</b>	<b>2,784.2</b>	<b>2,821.0</b>	<b>2,821.0</b>	<b>2,766.8</b>	<b>2,828.5</b>	<b>2,749.8</b>	<b>2,721.5</b>	<b>2,721.5</b>	<b>2,278.1</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,462.9</b>	<b>5,828.2</b>	<b>5,764.9</b>	<b>5,839.2</b>	<b>5,900.2</b>	<b>5,724.8</b>	<b>5,544.2</b>	<b>5,491.3</b>	<b>5,401.9</b>	<b>5,695.5</b>	<b>5,695.5</b>	<b>5,506.6</b>	<b>5,581.4</b>	<b>5,465.3</b>	<b>5,708.8</b>	<b>5,708.8</b>	<b>5,349.9</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis.

## Exhibit 102: Check Point Cash Flow Statement

\$ in millions, except per share data

	2017	2018	2019	2020	2021	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024 (E)	2025 (E)
	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	1Q23	2Q23	3Q23	4Q23	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	Full Year
<b>Cash Flow Statement</b>																	
<b>Cash from Operating Activities</b>																	
Net income (loss)	802.9	821.3	825.6	846.6	815.6	796.9	184.1	202.0	205.0	249.2	840.3	183.9	197.4	206.3	254.3	841.9	888.0
Depreciation of Property and Equipment	12.9	16.4	16.7	18.9	20.6	22.7	6.9	5.3	5.2	5.7	23.1	7.3	5.2	7.5	7.5	27.5	29.5
Amortization of Intangible Assets	3.8	4.4	7.1	8.2	10.1	13.5	3.3	2.9	4.6	13.5	24.3	13.5	13.5	14.0	17.6	58.6	71.8
Stock-based compensation	87.5	89.3	106.8	112.5	120.3	131.4	32.7	36.2	36.5	39.9	145.3	41.6	39.3	40.0	42.4	163.3	172.7
Realized Gain on Marketable Securities	0.2	1.8	(0.5)	(4.5)	(1.4)	0.0		0.7	6.0	0.0	6.7					0.0	0.0
<b>Working Capital:</b>	<b>182.4</b>	<b>196.9</b>	<b>146.6</b>	<b>169.9</b>	<b>217.8</b>	<b>115.5</b>	<b>158.6</b>	<b>(56.1)</b>	<b>(35.0)</b>	<b>(72.5)</b>	<b>(5.0)</b>	<b>114.7</b>	<b>(55.5)</b>	<b>(5.8)</b>	<b>(51.9)</b>	<b>1.4</b>	<b>(4.8)</b>
Decrease (Increase) in Trade and Other Receivables	11.9	(20.4)	21.0	(17.1)	(49.4)	(44.8)	285.1	(59.9)	38.1	(324.3)	(61.0)	265.4	(75.0)	54.5	(323.5)	(78.6)	(61.5)
Increase (Decrease) in Def Rev, Trade Payables and	105.9	174.5	112.8	172.3	266.0	160.8	(127.1)	(2.2)	(75.8)	270.6	65.5	(140.6)	18.9	15.9	242.2	136.5	67.2
Deferred Income Taxes, net	64.6	42.8	12.8	14.7	1.2	(0.5)	0.6	6.0	2.7	(18.8)	(9.5)	(10.1)	0.6	(45.5)	27.5	(27.5)	15.6
Other	0.0	0.0	0.0	0.0	0.0	0.0					0.0			(30.7)	1.8	(28.9)	(26.1)
<b>Net cash provided by operating activities</b>	<b>1,089.6</b>	<b>1,130.1</b>	<b>1,102.3</b>	<b>1,151.6</b>	<b>1,183.0</b>	<b>1,080.0</b>	<b>385.6</b>	<b>191.0</b>	<b>222.3</b>	<b>235.8</b>	<b>1,034.7</b>	<b>361.0</b>	<b>199.9</b>	<b>261.9</b>	<b>269.9</b>	<b>1,092.7</b>	<b>1,157.2</b>
y/y growth	18.1%	3.7%	-2.5%	4.5%	2.7%	-8.7%	-3.1%	-9.8%	-7.5%	2.5%	-4.2%	-6.4%	4.7%	17.8%	14.5%	5.6%	5.9%
q/q growth							67.7%	-50.5%	16.4%	6.1%		53.1%	-44.6%	31.0%	3.1%		
% of revenue	58.7%	59.0%	55.3%	55.8%	54.6%	46.4%	68.1%	32.4%	37.3%	35.5%	42.9%	60.3%	31.9%	41.3%	38.3%	42.6%	42.6%
<b>Cash from investing activities</b>																	
Acquisitions, net of Acquired Cash	0.0	(154.9)	(37.6)	(23.1)	(219.7)	(48.3)	0.0	0.0	(455.0)	(3.8)	(458.8)	0.0	0.0	(10.0)	(10.0)	(20.0)	(40.0)
Investment in Property and Equipment	(28.8)	(17.1)	(26.0)	(19.3)	(15.9)	(22.1)	(4.2)	(3.6)	(6.1)	(4.7)	(18.6)	(6.5)	(6.4)	(16.5)	(6.3)	(35.8)	(29.9)
Other	0.0	0.0	0.0	0.0	0.0	0.0					0.0					0.0	0.0
<b>Net cash used in investing activities</b>	<b>(28.8)</b>	<b>(172.1)</b>	<b>(63.6)</b>	<b>(42.4)</b>	<b>(235.6)</b>	<b>(70.4)</b>	<b>(4.2)</b>	<b>(3.6)</b>	<b>(461.1)</b>	<b>(8.5)</b>	<b>(477.4)</b>	<b>(6.5)</b>	<b>(6.4)</b>	<b>(26.5)</b>	<b>(16.3)</b>	<b>(55.8)</b>	<b>(69.9)</b>
<b>Cash from financing activities</b>																	
Proceeds from Issuance of Shares Upon Exercise of	127.5	182.4	95.3	217.5	194.0	141.1	34.1	51.0	32.6	16.0	133.7	45.6	158.6				
Purchase of Treasury Shares	(995.3)	(1,103.9)	(1,277.9)	(1,297.7)	(1,299.5)	(1,299.9)	(324.9)	(324.9)	(324.6)	(313.2)	(1,287.6)	(325.0)	(325.0)	(325.0)	(325.0)	(1,300.0)	(1,300.0)
Payments Related to Shares Withheld for Taxes	(5.4)	(4.6)	(6.1)	(6.1)	(6.9)	(9.2)	(1.0)	(6.7)	(2.1)	(1.2)	(11.0)	(1.1)	(12.1)			(13.2)	0.0
Exercise of Stock Options Plan	0.0	171.1	0.0	0.0	0.0	0.0					0.0					0.0	0.0
<b>Net cash provided by financing activities</b>	<b>(873.2)</b>	<b>(755.0)</b>	<b>(1,188.7)</b>	<b>(1,086.3)</b>	<b>(1,112.4)</b>	<b>(1,168.0)</b>	<b>(291.8)</b>	<b>(280.6)</b>	<b>(294.1)</b>	<b>(298.4)</b>	<b>(1,164.9)</b>	<b>(280.5)</b>	<b>(178.5)</b>	<b>(325.0)</b>	<b>(325.0)</b>	<b>(1,313.2)</b>	<b>(1,300.0)</b>
Unrealized Gain (loss) on Marketable Securities, net	(8.6)	(12.0)	59.6	28.0	(51.2)	(121.8)	26.6	(10.7)	6.1	42.1	64.1	1.6	7.6			9.2	0.0
Cash balance, beginning of period	3,669.0	3,848.0	4,039.1	3,948.7	3,999.6	3,783.4	3,503.2	3,619.4	3,515.5	2,988.7	3,503.2	2,959.7	3,035.3	3,057.9	2,968.3	2,959.7	2,692.7
Net change in cash	179.0	191.1	(90.4)	50.9	(216.2)	(280.2)	116.2	(103.9)	(526.8)	(29.0)	(543.5)	75.6	22.6	(89.6)	(71.4)	(267.0)	(212.7)
<b>Cash balance, end of period</b>	<b>3,848.0</b>	<b>4,039.1</b>	<b>3,948.7</b>	<b>3,999.6</b>	<b>3,783.4</b>	<b>3,503.2</b>	<b>3,619.4</b>	<b>3,515.5</b>	<b>2,988.7</b>	<b>2,959.7</b>	<b>2,959.7</b>	<b>3,035.3</b>	<b>3,057.9</b>	<b>2,968.3</b>	<b>2,896.9</b>	<b>2,692.7</b>	<b>2,480.0</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis



## CRM

## Exhibit 103 - Salesforce GAAP Income Statement

\$ in millions, except per share data

	Jan-20 F2020	Jan-21 F2021	Jan-22 F2022	Jan-23 F2023	Apr-23 F1Q24	Jul-23 F2Q24	Oct-23 F3Q24	Jan-24 F4Q24	Jan-24 F2024	Apr-24 F1Q25	Jul-24 F2Q25	Oct-24 F3Q25E	Jan-25 F4Q25E	Jan-25 F2025E	Jan-26 F2026E
<b>GAAP Income Statement</b>															
Subscriptions and support	16,043	19,976	24,657	29,021	7,642	8,006	8,141	8,748	32,537	8,585	8,764	8,821	9,536	35,707	38,517
y/y change	29.2%	24.5%	23.4%	17.7%	11.5%	12.1%	12.6%	12.3%	12.1%	12.3%	9.5%	8.4%	9.0%	9.7%	7.9%
Professional services	1,055	1,276	1,835	2,331	605	597	579	539	2,320	548	561	529	524	2,163	2,080
y/y change	21.4%	20.9%	43.8%	27.0%	9.0%	3.5%	-4.1%	-9.4%	-0.5%	-9.4%	-6.0%	-8.6%	-2.7%	-6.8%	-3.8%
<b>Total revenue</b>	<b>17,098</b>	<b>21,252</b>	<b>26,492</b>	<b>31,352</b>	<b>8,247</b>	<b>8,603</b>	<b>8,720</b>	<b>9,287</b>	<b>34,857</b>	<b>9,133</b>	<b>9,325</b>	<b>9,351</b>	<b>10,061</b>	<b>37,869</b>	<b>40,596</b>
y/y change	28.7%	24.3%	24.7%	18.3%	11.3%	11.4%	11.3%	10.8%	11.2%	10.7%	8.4%	7.2%	8.3%	8.6%	7.2%
Cost of subscription & support	3,198	4,154	5,059	5,821	1,510	1,515	1,571	1,581	6,177	1,560	1,556	1,671	1,699	6,487	7,052
Cost of services	1,037	1,284	1,967	2,539	615	598	584	567	2,364	602	603	545	556	2,306	2,276
<b>Total cost of revenue</b>	<b>4,235</b>	<b>5,438</b>	<b>7,026</b>	<b>8,360</b>	<b>2,125</b>	<b>2,113</b>	<b>2,155</b>	<b>2,148</b>	<b>8,541</b>	<b>2,162</b>	<b>2,159</b>	<b>2,216</b>	<b>2,256</b>	<b>8,793</b>	<b>9,328</b>
% of total revenue	24.8%	25.6%	26.5%	26.7%	25.8%	24.6%	24.7%	23.1%	24.5%	23.7%	23.2%	23.7%	22.4%	23.2%	23.0%
<b>Gross profit</b>	<b>12,863</b>	<b>15,814</b>	<b>19,466</b>	<b>22,992</b>	<b>6,122</b>	<b>6,490</b>	<b>6,565</b>	<b>7,139</b>	<b>26,316</b>	<b>6,971</b>	<b>7,166</b>	<b>7,134</b>	<b>7,805</b>	<b>29,076</b>	<b>31,268</b>
% gross margin	75.2%	74.4%	73.5%	73.3%	74.2%	75.4%	75.3%	76.9%	75.5%	76.3%	76.8%	76.3%	77.6%	76.8%	77.0%
Research and development	2,766	3,598	4,465	5,055	1,207	1,220	1,204	1,275	4,906	1,368	1,349	1,269	1,352	5,338	5,659
% of total revenue	16.2%	16.9%	16.9%	16.1%	14.6%	14.2%	13.8%	13.7%	14.1%	15.0%	14.5%	13.6%	13.4%	14.1%	13.9%
Sales and marketing	7,930	9,674	11,855	13,526	3,154	3,113	3,173	3,437	12,877	3,239	3,224	3,337	3,682	13,482	14,428
% of total revenue	46.4%	45.5%	44.7%	43.1%	38.2%	36.2%	36.4%	37.0%	36.9%	35.5%	34.6%	35.7%	36.6%	35.6%	35.5%
General and administrative	1,704	2,087	2,598	2,553	638	632	632	632	2,534	647	711	676	673	2,707	2,901
% of total revenue	10.0%	9.8%	9.8%	8.1%	7.7%	7.3%	7.2%	6.8%	7.3%	7.1%	7.6%	7.2%	6.7%	7.1%	7.1%
<b>Total Operating Expenses</b>	<b>12,566</b>	<b>15,359</b>	<b>18,918</b>	<b>21,962</b>	<b>5,710</b>	<b>5,014</b>	<b>5,064</b>	<b>5,517</b>	<b>21,305</b>	<b>5,262</b>	<b>5,383</b>	<b>5,301</b>	<b>5,722</b>	<b>21,668</b>	<b>22,988</b>
% of total revenue	73.5%	72.3%	71.4%	70.0%	69.2%	58.3%	58.1%	59.4%	61.1%	57.6%	57.7%	56.7%	56.9%	57.2%	56.6%
<b>Operating Income</b>	<b>297</b>	<b>455</b>	<b>548</b>	<b>1,030</b>	<b>412</b>	<b>1,476</b>	<b>1,501</b>	<b>1,622</b>	<b>5,011</b>	<b>1,709</b>	<b>1,783</b>	<b>1,833</b>	<b>2,083</b>	<b>7,408</b>	<b>8,280</b>
% operating margin	1.7%	2.1%	2.1%	3.3%	5.0%	17.2%	17.2%	17.5%	14.4%	18.7%	19.1%	19.6%	20.7%	19.6%	20.4%
Investment gains (losses)	427	2,170	1,211	(239)	(141)	(29)	(72)	(35)	(277)	37	(37)	30	40	70	160
Other income (expense)	(18)	(64)	(227)	(131)	55	45	58	58	216	121	91	(67)	(67)	79	(266)
Interest, net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Pretax income (loss)</b>	<b>706</b>	<b>2,561</b>	<b>1,532</b>	<b>660</b>	<b>326</b>	<b>1,492</b>	<b>1,487</b>	<b>1,645</b>	<b>4,950</b>	<b>1,867</b>	<b>1,837</b>	<b>1,797</b>	<b>2,056</b>	<b>7,557</b>	<b>8,174</b>
Income tax (expense) benefit	(580)	1,511	(88)	(452)	(127)	(225)	(263)	(199)	(814)	(334)	(408)	(422)	(452)	(1,617)	(1,839)
% tax rate	82.2%	-59.0%	5.7%	68.5%	39.0%	15.1%	17.7%	12.1%	16.4%	17.9%	22.2%	23.5%	22.0%	21.4%	22.5%
<b>Net income (loss)</b>	<b>126</b>	<b>4,072</b>	<b>1,444</b>	<b>208</b>	<b>199</b>	<b>1,267</b>	<b>1,224</b>	<b>1,446</b>	<b>4,136</b>	<b>1,533</b>	<b>1,429</b>	<b>1,375</b>	<b>1,604</b>	<b>5,941</b>	<b>6,335</b>
Income (loss) to noncontrolling in	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net income to CRM shareholder</b>	<b>126</b>	<b>4,072</b>	<b>1,444</b>	<b>208</b>	<b>199</b>	<b>1,267</b>	<b>1,224</b>	<b>1,446</b>	<b>4,136</b>	<b>1,533</b>	<b>1,429</b>	<b>1,375</b>	<b>1,604</b>	<b>5,941</b>	<b>6,335</b>
<b>EPS</b>	<b>0.15</b>	<b>4.38</b>	<b>1.48</b>	<b>0.21</b>	<b>0.20</b>	<b>1.28</b>	<b>1.25</b>	<b>1.47</b>	<b>4.20</b>	<b>1.56</b>	<b>1.47</b>	<b>1.41</b>	<b>1.64</b>	<b>6.08</b>	<b>6.38</b>
y/y change	-89.7%	2853.7%	-66.1%	-85.9%	620.1%	1791.6%	494.1%	-1577.0%	1913.2%	672.7%	14.3%	13.3%	11.7%	44.9%	4.9%
Share count, basic	829	908	955	992	980	975	972	970	974	970	964	960	962	964	960
y/y change	10.4%	9.5%	5.2%	3.9%	-1.1%	-2.2%	-2.5%	-1.4%	-1.8%	-1.0%	-1.1%	-1.3%	-0.8%	-1.1%	-0.4%
Share count, diluted	850	930	974	997	988	986	981	983	985	985	973	972	976	977	993
y/y change	9.7%	9.4%	4.7%	2.4%	-1.3%	-1.5%	-1.9%	-0.1%	-1.2%	-0.3%	-1.3%	-0.9%	-0.7%	-0.8%	1.7%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 104 - Salesforce Non-GAAP Income Statement

\$ in millions, except per share data

	Jan-20 F2020	Jan-21 F2021	Jan-22 F2022	Jan-23 F2023	Apr-23 F1Q24	Jul-23 F2Q24	Oct-23 F3Q24	Jan-24 F4Q24	Jan-24 F2024	Apr-24 F1Q25	Jul-24 F2Q25	Oct-24 F3Q25E	Jan-25 F4Q25E	Jan-25 F2025E	Jan-26 F2026E
<b>Non-GAAP Income Statement</b>															
Subscriptions and support y/y change	16,043 29.2%	19,976 24.5%	24,657 23.4%	29,021 17.7%	7,642 11.5%	8,006 12.1%	8,141 12.6%	8,748 12.3%	32,537 12.1%	8,585 12.3%	8,764 9.5%	8,821 8.4%	9,536 9.0%	35,707 9.7%	38,517 7.9%
Professional services y/y change	1,055 21.4%	1,276 20.9%	1,835 43.8%	2,331 27.0%	605 9.0%	597 3.5%	579 -4.1%	539 -9.4%	2,320 -0.5%	548 -9.4%	561 -6.0%	529 -8.6%	524 -2.7%	2,163 -6.8%	2,080 -3.8%
<b>Total revenue y/y change</b>	<b>17,098 28.7%</b>	<b>21,252 24.3%</b>	<b>26,492 24.7%</b>	<b>31,352 18.3%</b>	<b>8,247 11.3%</b>	<b>8,603 11.4%</b>	<b>8,720 11.3%</b>	<b>9,287 10.8%</b>	<b>34,857 11.2%</b>	<b>9,133 10.7%</b>	<b>9,325 8.4%</b>	<b>9,351 7.2%</b>	<b>10,061 8.3%</b>	<b>37,869 8.6%</b>	<b>40,596 7.2%</b>
Cost of subscription & support	2,848	3,633	4,348	4,995	1,314	1,316	1,376	1,394	5,400	1,370	1,370	1,491	1,520	5,750	6,205
Cost of services	743	902	1,395	1,831	460	435	425	412	1,732	435	426	388	401	1,651	1,587
<b>Total cost of revenue % of total revenue</b>	<b>3,591 21.0%</b>	<b>4,535 21.3%</b>	<b>5,743 21.7%</b>	<b>6,826 21.8%</b>	<b>1,774 21.5%</b>	<b>1,751 20.4%</b>	<b>1,801 20.7%</b>	<b>1,806 19.4%</b>	<b>7,132 20.5%</b>	<b>1,805 19.8%</b>	<b>1,796 19.3%</b>	<b>1,880 20.1%</b>	<b>1,921 19.1%</b>	<b>7,401 19.5%</b>	<b>7,792 19.2%</b>
<b>Gross profit % gross margin</b>	<b>13,507 79.0%</b>	<b>16,717 78.7%</b>	<b>20,749 78.3%</b>	<b>24,526 78.2%</b>	<b>6,473 78.5%</b>	<b>6,852 79.6%</b>	<b>6,919 79.3%</b>	<b>7,481 80.6%</b>	<b>27,725 79.5%</b>	<b>7,328 80.2%</b>	<b>7,529 80.7%</b>	<b>7,471 79.9%</b>	<b>8,140 80.9%</b>	<b>30,468 80.5%</b>	<b>32,805 80.8%</b>
Research and development % of total revenue	2,256 13.2%	2,895 13.6%	3,547 13.4%	3,919 12.5%	966 11.7%	964 11.2%	966 11.1%	1,038 11.2%	3,934 11.3%	1,108 12.1%	1,073 11.5%	1,003 10.7%	1,089 10.8%	4,273 11.3%	4,541 11.2%
Sales and marketing % of total revenue	6,726 39.3%	8,274 38.9%	10,024 37.8%	11,354 36.2%	2,668 32.4%	2,614 30.4%	2,675 30.7%	2,967 31.9%	10,924 31.3%	2,726 29.8%	2,692 28.9%	2,836 30.3%	3,184 31.6%	11,438 30.2%	12,219 30.1%
General and administrative % of total revenue	1,485 8.7%	1,782 8.4%	2,227 8.4%	2,185 7.0%	565 6.9%	553 6.4%	561 6.4%	556 6.0%	2,235 6.4%	566 6.2%	620 6.6%	569 6.1%	567 5.6%	2,322 6.1%	2,449 6.0%
<b>Total Operating Expenses % of total revenue</b>	<b>10,633 62.2%</b>	<b>12,951 60.9%</b>	<b>15,798 59.6%</b>	<b>17,458 55.7%</b>	<b>4,199 50.9%</b>	<b>4,131 48.0%</b>	<b>4,202 48.2%</b>	<b>4,561 49.1%</b>	<b>17,093 49.0%</b>	<b>4,400 48.2%</b>	<b>4,385 47.0%</b>	<b>4,408 47.1%</b>	<b>4,840 48.1%</b>	<b>18,033 47.6%</b>	<b>19,209 47.3%</b>
<b>Operating Income % operating margin</b>	<b>2,874 16.8%</b>	<b>3,766 17.7%</b>	<b>4,951 18.7%</b>	<b>7,068 22.5%</b>	<b>2,274 27.6%</b>	<b>2,721 31.6%</b>	<b>2,717 31.2%</b>	<b>2,920 31.4%</b>	<b>10,632 30.5%</b>	<b>2,928 32.1%</b>	<b>3,144 33.7%</b>	<b>3,063 32.8%</b>	<b>3,300 32.8%</b>	<b>12,435 32.8%</b>	<b>13,595 33.5%</b>
Investment gains (losses)	427	2,170	1,211	(239)	(141)	(29)	(72)	(35)	(277)	37	(37)	30	40	70	160
Other income (expense)	(18)	(64)	(227)	(131)	55	45	58	58	216	121	91	(67)	(67)	79	(266)
Interest, net															
<b>Pretax income (loss)</b>	<b>3,283</b>	<b>5,872</b>	<b>5,935</b>	<b>6,698</b>	<b>2,188</b>	<b>2,737</b>	<b>2,703</b>	<b>2,943</b>	<b>10,571</b>	<b>3,086</b>	<b>3,198</b>	<b>3,027</b>	<b>3,273</b>	<b>12,584</b>	<b>13,489</b>
Income tax (expense) benefit % tax rate	(739) 22.5%	(1,292) 22.0%	(1,276) 21.5%	(1,472) 22.0%	(514) 23.5%	(643) 23.5%	(635) 23.5%	(692) 23.5%	(2,484) 23.5%	(679) 22.0%	(703) 22.0%	(666) 22.0%	(720) 22.0%	(2,768) 22.0%	(2,968) 22.0%
<b>Net income (loss)</b>	<b>2,544</b>	<b>4,580</b>	<b>4,659</b>	<b>5,226</b>	<b>1,674</b>	<b>2,094</b>	<b>2,068</b>	<b>2,251</b>	<b>8,087</b>	<b>2,407</b>	<b>2,495</b>	<b>2,361</b>	<b>2,553</b>	<b>9,816</b>	<b>10,522</b>
<b>EPS y/y change</b>	<b>2.99 8.7%</b>	<b>4.92 64.5%</b>	<b>4.78 -2.9%</b>	<b>5.24 9.6%</b>	<b>1.69 72.7%</b>	<b>2.12 78.6%</b>	<b>2.11 50.8%</b>	<b>2.29 36.3%</b>	<b>8.22 56.8%</b>	<b>2.44 44.2%</b>	<b>2.56 20.7%</b>	<b>2.43 15.2%</b>	<b>2.61 14.2%</b>	<b>10.05 22.3%</b>	<b>10.59 5.4%</b>
Share count, basic y/y change	829 10.4%	908 9.5%	955 5.2%	992 3.9%	980 -1.1%	975 -2.2%	972 -2.5%	970 -1.4%	974 -1.8%	970 -1.0%	964 -1.1%	960 -1.3%	962 -0.8%	964 -1.1%	960 -0.4%
Share count, diluted y/y change	850 9.7%	930 9.4%	974 4.7%	997 2.4%	988 -1.3%	986 -1.5%	981 -1.9%	983 -0.4%	984 -1.3%	985 -0.3%	973 -1.3%	972 -0.9%	976 -0.7%	977 -0.7%	993 1.7%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 105 - Salesforce Balance Sheet

\$ in millions, except per share data

	Jan-20 F2020	Jan-21 F2021	Jan-22 F2022	Jan-23 F2023	Apr-23 F1Q24	Jul-23 F2Q24	Oct-23 F3Q24	Jan-24 F4Q24	Jan-24 F2024	Apr-24 F1Q25	Jul-24 F2Q25	Oct-24 F3Q25E	Jan-25 F4Q25E	Jan-25 F2025E	Jan-26 F2026E
<b>Assets</b>															
Cash and cash equivalents	4,145.0	6,195.0	5,464.0	7,016.0	9,155.0	6,772.0	6,453.0	8,472.0	8,472.0	9,958.0	7,682.0	8,159.6	10,711.5	10,711.5	14,311.1
Marketable securities	3,802.0	5,771.0	5,073.0	5,492.0	4,822.0	5,625.0	5,410.0	5,722.0	5,722.0	7,712.0	4,954.0	4,954.0	4,954.0	4,954.0	4,954.0
Accounts receivable, net	6,174.0	7,786.0	9,739.0	10,755.0	4,632.0	5,400.0	4,850.0	11,414.0	11,414.0	4,273.0	5,391.0	4,721.9	10,985.9	10,985.9	10,086.7
Costs capitalized to obtain revenue contracts, net (De	926.0	1,146.0	1,454.0	1,776.0	1,772.0	1,781.0	1,757.0	1,905.0	1,905.0	1,865.0	1,851.0	1,743.3	1,830.9	1,830.9	1,636.8
Prepaid expenses and other current assets	916.0	991.0	1,120.0	1,356.0	1,600.0	1,560.0	1,732.0	1,561.0	1,561.0	1,796.0	1,984.0	1,984.0	1,984.0	1,984.0	1,984.0
<b>Total current assets</b>	<b>15,963.0</b>	<b>21,889.0</b>	<b>22,850.0</b>	<b>26,395.0</b>	<b>21,981.0</b>	<b>21,138.0</b>	<b>20,202.0</b>	<b>29,074.0</b>	<b>29,074.0</b>	<b>25,604.0</b>	<b>21,862.0</b>	<b>21,562.9</b>	<b>30,466.3</b>	<b>30,466.3</b>	<b>32,972.7</b>
Property and equipment, net	2,375.0	2,459.0	2,815.0	3,702.0	3,695.0	3,876.0	3,807.0	3,689.0	3,689.0	3,506.0	3,580.0	3,578.7	3,592.3	3,592.3	3,626.2
Operating lease right-of-use assets	3,040.0	3,204.0	2,880.0	2,890.0	2,646.0	2,575.0	2,518.0	2,366.0	2,366.0	2,255.0	2,130.0	2,130.0	2,130.0	2,130.0	2,130.0
Noncurrent costs capitalized to obtain revenue contra	1,348.0	1,715.0	2,342.0	2,697.0	2,506.0	2,352.0	2,194.0	2,515.0	2,515.0	2,286.0	2,201.0	2,615.0	2,746.3	2,746.3	2,455.2
Strategic investments	1,963.0	3,909.0	4,784.0	4,672.0	4,633.0	4,778.0	4,774.0	4,848.0	4,848.0	4,978.0	5,017.0	5,017.0	5,017.0	5,017.0	5,017.0
Deferred tax assets and other assets, net	579.0	2,693.0	2,623.0	2,800.0	2,859.0	2,980.0	3,176.0	3,433.0	3,433.0	3,742.0	4,034.0	4,034.0	4,034.0	4,034.0	4,034.0
Goodwill	25,134.0	26,318.0	47,937.0	48,568.0	48,567.0	48,566.0	48,614.0	48,620.0	48,620.0	48,940.0	48,941.0	48,941.0	48,941.0	48,941.0	48,941.0
Intangible assets acquired through business combina	4,724.0	4,114.0	8,978.0	7,125.0	6,654.0	6,182.0	5,737.0	5,278.0	5,278.0	4,869.0	4,415.0	4,415.0	4,415.0	4,415.0	4,415.0
<b>Total assets</b>	<b>55,126.0</b>	<b>66,301.0</b>	<b>95,209.0</b>	<b>98,849.0</b>	<b>93,541.0</b>	<b>92,447.0</b>	<b>91,022.0</b>	<b>99,823.0</b>	<b>99,823.0</b>	<b>96,180.0</b>	<b>92,180.0</b>	<b>92,293.5</b>	<b>101,341.9</b>	<b>101,341.9</b>	<b>103,591.0</b>
<b>Liabilities + Stockholders Equity</b>															
Accounts payable, accrued expenses and other liabil	3,433.0	4,355.0	5,474.0	6,743.0	5,733.0	5,059.0	5,308.0	6,111.0	6,111.0	5,520.0	5,220.0	3,851.1	4,488.1	4,488.1	3,139.2
Operating lease liabilities, current	750.0	766.0	686.0	590.0	591.0	510.0	523.0	518.0	518.0	568.0	559.0	559.0	559.0	559.0	559.0
Deferred revenue	10,662.0	12,607.0	15,628.0	17,376.0	15,121.0	14,237.0	12,564.0	19,003.0	19,003.0	16,061.0	15,222.0	14,913.5	21,470.1	21,470.1	22,164.8
Current debt	-	-	-	1,182.0	181.0	999.0	999.0	999.0	999.0	1,000.0	-	-	-	-	-
<b>Total current liabilities</b>	<b>14,845.0</b>	<b>17,728.0</b>	<b>21,788.0</b>	<b>25,891.0</b>	<b>21,626.0</b>	<b>20,805.0</b>	<b>19,394.0</b>	<b>26,631.0</b>	<b>26,631.0</b>	<b>23,149.0</b>	<b>21,001.0</b>	<b>19,323.6</b>	<b>26,517.1</b>	<b>26,517.1</b>	<b>25,863.0</b>
Noncurrent debt	2,673.0	2,673.0	10,592.0	9,419.0	9,421.0	8,424.0	8,426.0	8,427.0	8,427.0	8,429.0	8,430.0	9,413.0	9,413.0	9,413.0	9,413.0
Noncurrent operating lease liabilities	2,445.0	2,842.0	2,703.0	2,897.0	2,880.0	2,867.0	2,764.0	2,644.0	2,644.0	2,519.0	2,404.0	2,404.0	2,404.0	2,404.0	2,404.0
Other noncurrent liabilities	1,278.0	1,565.0	1,995.0	2,283.0	2,202.0	2,269.0	2,348.0	2,475.0	2,475.0	2,400.0	2,712.0	2,712.0	2,712.0	2,712.0	2,712.0
<b>Total liabilities</b>	<b>21,241.0</b>	<b>24,808.0</b>	<b>37,078.0</b>	<b>40,490.0</b>	<b>36,129.0</b>	<b>34,365.0</b>	<b>32,932.0</b>	<b>40,177.0</b>	<b>40,177.0</b>	<b>36,497.0</b>	<b>34,547.0</b>	<b>33,852.6</b>	<b>41,046.1</b>	<b>41,046.1</b>	<b>40,392.0</b>
Common stock	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
Additional paid-in capital	32,116.0	35,601.0	50,919.0	55,047.0	56,026.0	57,345.0	58,149.0	59,841.0	59,841.0	60,946.0	62,143.0	60,913.9	60,502.4	60,502.4	54,153.6
Accumulated other comprehensive loss / income	(93.0)	(42.0)	(166.0)	(4,274.0)	(6,399.0)	(8,315.0)	(10,335.0)	(11,917.0)	(11,917.0)	(14,130.0)	(18,418.0)	(18,418.0)	(18,418.0)	(18,418.0)	(18,418.0)
Accumulated deficit / retained earnings	1,861.0	5,933.0	7,377.0	7,585.0	7,784.0	9,051.0	10,275.0	11,721.0	11,721.0	12,866.0	13,907.0	15,944.0	18,210.3	18,210.3	27,462.4
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total stockholders' equity</b>	<b>33,885.0</b>	<b>41,493.0</b>	<b>58,131.0</b>	<b>58,359.0</b>	<b>57,412.0</b>	<b>58,082.0</b>	<b>58,090.0</b>	<b>59,646.0</b>	<b>59,646.0</b>	<b>59,683.0</b>	<b>57,633.0</b>	<b>58,440.9</b>	<b>60,295.8</b>	<b>60,295.8</b>	<b>63,199.1</b>
<b>Total liabilities &amp; stockholders' equity</b>	<b>55,126.0</b>	<b>66,301.0</b>	<b>95,209.0</b>	<b>98,849.0</b>	<b>93,541.0</b>	<b>92,447.0</b>	<b>91,022.0</b>	<b>99,823.0</b>	<b>99,823.0</b>	<b>96,180.0</b>	<b>92,180.0</b>	<b>92,293.5</b>	<b>101,341.9</b>	<b>101,341.9</b>	<b>103,591.0</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 106 - Salesforce Cash Flow

\$ in millions, except per share data

	Jan-20 F2020	Jan-21 F2021	Jan-22 F2022	Jan-23 F2023	Apr-23 F1Q24	Jul-23 F2Q24	Oct-23 F3Q24	Jan-24 F4Q24	Jan-24 F2024	Apr-24 F1Q25	Jul-24 F2Q25	Oct-24 F3Q25E	Jan-25 F4Q25E	Jan-25 F2025E	Jan-26 F2026E
<b>CASH FLOW STATEMENT</b>															
<b>OPERATING ACTIVITIES</b>															
Net Income	126	4,072	1,444	208	199	1,267	1,224	1,446	4,136	1,533	1,429	1,375	1,604	5,941	6,335
Depreciation & amortization	2,135	2,846	3,298	3,786	1,254	890	862	953	3,959	879	907	860	860	3,506	3,695
Amortization of costs capitalized to obtain r	876	1,058	1,348	1,668	470	476	482	497	1,925	517	526	473	548	2,064	2,090
Stock comp & excess tax benefits	1,785	2,190	2,779	3,279	696	724	693	674	2,787	750	810	804	795	3,159	3,384
Other	(261)	(4,173)	(1,211)	239	141	29	72	35	277	(37)	37			0	0
<b>Changes in operating assets &amp; liabilities</b>															
Accounts receivable	(1,000)	(1,556)	(1,824)	(995)	6,123	(768)	550	(6,564)	(659)	7,162	(1,136)	669	(6,264)	431	899
Cost capitalized to obtain revenue contra	(1,130)	(1,645)	(2,283)	(2,345)	(275)	(331)	(300)	(966)	(1,872)	(248)	(427)	(779)	(767)	(2,221)	(1,605)
Prepaid expenses and other current asse	(119)	(133)	114	(302)	(291)	(52)	(403)	(93)	(843)	(514)	(477)	0	0	(991)	0
Other	239	(1,734)	(801)	(699)	(168)	(167)	(139)	(147)	(621)	(85)	(158)	0	0	(243)	0
Accounts payable, accrued expenses & d	15	2,004	507	528	(1,403)	(376)	172	1,129	(478)	(755)	220	(1,369)	637	(1,267)	(1,349)
Deferred revenue	1,665	1,872	2,629	1,744	(2,255)	(884)	(1,677)	6,439	1,623	(2,955)	(839)	(308)	6,557	2,454	695
<b>Net cash provided by operating activities</b>	<b>4,331</b>	<b>4,801</b>	<b>6,000</b>	<b>7,111</b>	<b>4,491</b>	<b>808</b>	<b>1,532</b>	<b>3,403</b>	<b>10,234</b>	<b>6,247</b>	<b>892</b>	<b>1,724</b>	<b>3,969</b>	<b>12,833</b>	<b>14,145</b>
y/y growth	27.5%	10.9%	25.0%	18.5%	22.2%	141.9%	389.5%	22.1%	43.9%	39.1%	10.4%	12.5%	16.6%	25.4%	10.2%
Operating cash flow margin	25.3%	22.6%	22.6%	22.7%	54.5%	9.4%	17.6%	36.6%	29.4%	68.4%	9.6%	18.4%	39.5%	33.9%	34.8%
<b>INVESTING ACTIVITIES</b>															
Business combinations or acquisition	(369)	(1,281)	(14,876)	(439)	0	0	(82)	0	(82)	(338)	0	0	0	(338)	0
Purchases of securities, net	(1,634)	(1,962)	574	(557)	686	(803)	217	(221)	(121)	(2,000)	2,830			830	0
Strategic investments, net	(334)	(18)	483	(195)	(96)	(169)	(23)	(100)	(388)	(150)	(52)			(202)	0
Capital expenditures	(643)	(710)	(717)	(798)	(243)	(180)	(166)	(147)	(736)	(163)	(137)	(196)	(211)	(708)	(812)
<b>Net cash used in investing activities</b>	<b>(2,980)</b>	<b>(3,971)</b>	<b>(14,536)</b>	<b>(1,989)</b>	<b>347</b>	<b>(1,152)</b>	<b>(54)</b>	<b>(468)</b>	<b>(1,327)</b>	<b>(2,651)</b>	<b>2,641</b>	<b>(196)</b>	<b>(211)</b>	<b>(418)</b>	<b>(812)</b>
<b>FINANCING ACTIVITIES</b>															
Proceeds from issuance of debt, net of iss	(150)	(20)	7,906	0											
Proceeds from employee stock plans	840	1,321	1,289	861	449	362	274	869	1,954	533	202	274	869	1,878	1,878
Repurchase of Common Stock				(4,000)	(2,054)	(1,949)	(1,925)	(1,692)	(7,620)	(2,133)	(4,335)	(1,925)	(1,692)	(10,085)	(10,085)
Principal payments on financing obligations	(173)	(103)	(156)	(419)	(110)	(282)	(114)	(123)	(629)	(120)	(285)			(405)	0
Repayments of debt	(353)	(4)	(1,201)	(4)	(1,001)	(181)	0	0	(1,182)	0	(1,000)	983	0	(17)	0
Payment of dividends										(388)	(384)	(382)	(383)	(1,537)	(1,526)
<b>Net cash provided by financing activities</b>	<b>164</b>	<b>1,194</b>	<b>7,838</b>	<b>(3,562)</b>	<b>(2,716)</b>	<b>(2,050)</b>	<b>(1,765)</b>	<b>(946)</b>	<b>(7,477)</b>	<b>(2,108)</b>	<b>(5,802)</b>	<b>(1,050)</b>	<b>(1,206)</b>	<b>(10,166)</b>	<b>(9,733)</b>
Effect of exchange rates	(39)	26	(33)	(8)	17	11	(32)	30		(2)	(7)				
<b>Increase (decrease) in cash &amp; equivalent</b>	<b>1,476</b>	<b>2,050</b>	<b>(731)</b>	<b>1,552</b>	<b>2,139</b>	<b>(2,383)</b>	<b>(319)</b>	<b>2,019</b>	<b>1,430</b>	<b>1,486</b>	<b>(2,276)</b>	<b>478</b>	<b>2,552</b>	<b>2,248</b>	<b>3,600</b>
Cash and equivalents, beginning of period	2,669	4,145	6,195	5,464	7,016	9,155	6,772	6,453	7,016	8,472	9,958	7,682	8,160	8,472	10,711
Cash and equivalents, end of period	4,145	6,195	5,464	7,016	9,155	6,772	6,453	8,472	8,472	9,958	7,682	8,160	10,711	10,711	14,311

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## CRWD

## Exhibit 107: CrowdStrike GAAP Income Statement

\$ in millions, except per share data

	2021	2022	2023	Apr-23	Jul-23	Oct-23	Jan-24	2024	Apr-24	Jul-24	Oct-24	Jan-25	2025 (E)	2026 (E)	2027 (E)
	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25	2Q25	3Q25E	4Q25E	Full Year	Full Year	Full Year
<b>GAAP Income Statement</b>															
Subscription	804.7	1,359.5	2,111.7	651.2	690.0	733.5	795.9	2,870.6	872.2	918.3	930.9	980.1	3,701.5	4,380.6	5,123.2
Professional Services	69.8	92.1	129.6	41.4	41.7	52.6	49.4	185.0	48.9	45.6	51.2	49.0	194.7	219.5	244.0
<b>Total Revenue</b>	<b>874.4</b>	<b>1,451.6</b>	<b>2,241.2</b>	<b>692.6</b>	<b>731.6</b>	<b>786.0</b>	<b>845.3</b>	<b>3,055.6</b>	<b>921.0</b>	<b>963.9</b>	<b>982.1</b>	<b>1,029.2</b>	<b>3,896.2</b>	<b>4,600.1</b>	<b>5,367.1</b>
<b>Cost of Revenue</b>															
Subscription Services	185.2	321.9	511.7	142.1	153.3	159.8	175.5	630.7	189.7	199.9	197.0	209.5	796.0	908.0	979.2
Professional Services	44.3	61.3	89.5	27.1	29.6	35.2	33.1	125.0	35.3	37.5	37.1	36.3	146.2	163.3	178.2
<b>Total Cost of Revenue</b>	<b>229.5</b>	<b>383.2</b>	<b>601.2</b>	<b>169.2</b>	<b>182.9</b>	<b>195.0</b>	<b>208.6</b>	<b>755.7</b>	<b>225.0</b>	<b>237.4</b>	<b>234.1</b>	<b>245.8</b>	<b>942.3</b>	<b>1,071.3</b>	<b>1,157.4</b>
<i>% of revenue</i>	26.3%	26.4%	26.8%	24.4%	25.0%	24.8%	24.7%	24.7%	24.4%	24.6%	23.8%	23.9%	24.2%	23.3%	21.6%
<b>Gross Profit</b>															
Subscription	619.5	1,037.6	1,600.0	509.1	536.7	573.6	620.4	2,239.8	682.5	718.3	733.9	770.7	2,905.4	3,472.6	4,143.9
<i>Gross Margin</i>	77.0%	76.3%	75.8%	78.2%	77.8%	78.2%	77.9%	78.0%	78.3%	78.2%	78.8%	78.6%	78.5%	79.3%	77.2%
Professional Services	25.4	30.7	40.0	14.3	12.0	17.4	16.3	60.0	13.5	8.1	14.1	12.7	48.5	56.2	65.7
<i>Gross Margin</i>	36.5%	33.4%	30.9%	34.5%	28.9%	33.1%	33.1%	32.4%	27.7%	17.8%	27.6%	25.9%	24.9%	25.6%	1.2%
<b>Total Gross Profit</b>	<b>644.9</b>	<b>1,068.4</b>	<b>1,640.0</b>	<b>523.4</b>	<b>548.7</b>	<b>591.0</b>	<b>636.8</b>	<b>2,299.8</b>	<b>696.0</b>	<b>726.5</b>	<b>748.0</b>	<b>783.4</b>	<b>2,953.9</b>	<b>3,528.9</b>	<b>4,209.7</b>
<i>Gross Margin</i>	73.7%	73.6%	73.2%	75.6%	75.0%	75.2%	75.3%	75.3%	75.6%	75.4%	76.2%	76.1%	75.8%	76.7%	78.4%
<b>Operating Expenses</b>															
Sales and Marketing	401.3	616.5	904.4	281.1	282.9	286.2	290.4	1,140.6	350.1	355.5	343.3	360.2	1,409.1	1,618.2	1,799.8
<i>% of revenue</i>	45.9%	42.5%	40.4%	40.6%	38.7%	36.4%	34.3%	37.3%	38.0%	36.9%	35.0%	35.0%	36.2%	35.2%	33.5%
Research and Development	214.7	371.3	608.4	179.1	179.4	196.1	214.0	768.5	235.2	250.9	265.9	279.4	1,031.4	1,204.5	1,312.6
<i>% of revenue</i>	24.5%	25.6%	27.1%	25.9%	24.5%	24.9%	25.3%	25.2%	25.5%	26.0%	27.1%	27.1%	26.5%	26.2%	24.5%
General and Administrative	121.4	223.1	317.3	82.6	101.8	105.6	102.7	392.8	103.7	106.4	156.8	159.4	526.4	659.7	731.1
<i>% of revenue</i>	13.9%	15.4%	14.2%	11.9%	13.9%	13.4%	12.2%	12.9%	11.3%	11.0%	16.0%	15.5%	13.5%	14.3%	13.6%
<b>Total Operating Expenses</b>	<b>737.4</b>	<b>1,210.9</b>	<b>1,830.1</b>	<b>542.8</b>	<b>564.1</b>	<b>587.8</b>	<b>607.1</b>	<b>2,301.8</b>	<b>689.1</b>	<b>712.8</b>	<b>766.0</b>	<b>799.0</b>	<b>2,966.9</b>	<b>3,482.5</b>	<b>3,843.4</b>
<i>% of revenue</i>	84.3%	83.4%	81.7%	78.4%	77.1%	74.8%	71.8%	75.3%	74.8%	74.0%	78.0%	77.6%	76.1%	75.7%	71.6%
<b>Operating Income</b>	<b>(92.5)</b>	<b>(142.5)</b>	<b>(190.1)</b>	<b>(19.5)</b>	<b>(15.4)</b>	<b>3.2</b>	<b>29.7</b>	<b>(2.0)</b>	<b>6.9</b>	<b>13.7</b>	<b>(17.9)</b>	<b>(15.7)</b>	<b>(13.0)</b>	<b>46.4</b>	<b>366.3</b>
<i>Operating Margin</i>	-10.6%	-9.8%	-8.5%	-2.8%	-2.1%	0.4%	3.5%	-0.1%	0.8%	1.4%	-1.8%	-1.5%	-0.3%	1.0%	6.8%
Interest Expense	(1.6)	(25.2)	(25.3)	(6.4)	(6.4)	(6.5)	(6.4)	(25.8)	(6.5)	(6.5)	(6.5)	(6.5)	(26.0)	(24.3)	(24.3)
Other Income (Expense), Net	6.2	7.8	12.3	0.2	(1.7)	(0.5)	3.6	1.6	7.7	(1.0)	(5.0)	(6.0)	(4.4)	0.0	0.0
<b>Total Interest and Other Income</b>	<b>4.7</b>	<b>(17.5)</b>	<b>30.2</b>	<b>24.4</b>	<b>28.5</b>	<b>33.1</b>	<b>38.9</b>	<b>124.8</b>	<b>47.0</b>	<b>43.9</b>	<b>41.0</b>	<b>41.1</b>	<b>173.1</b>	<b>224.8</b>	<b>291.2</b>
Income Before Taxes	(87.9)	(160.0)	(159.9)	4.9	13.1	36.3	68.6	122.8	53.9	57.6	23.1	25.5	160.1	271.2	657.4
Income Tax Expense (Benefit)	4.8	72.4	22.4	4.4	4.6	9.6	13.6	32.2	7.7	10.9	4.6	5.1	28.3	54.2	6.6
<i>Tax Rate</i>	-5.4%	-45.2%	-14.0%	89.8%	35.2%	26.5%	19.9%	26.2%	14.2%	18.9%	20.0%	20.0%	17.7%	20.0%	1.0%
Net income (loss) attributable to non-controlling interest	0.0	2.4	1.0	0.0	0.0	0.0	1.2	1.3	3.4	-0.3			3.1	0.0	
<b>Net Income</b>	<b>(92.6)</b>	<b>(234.8)</b>	<b>(183.2)</b>	<b>0.5</b>	<b>8.5</b>	<b>26.7</b>	<b>53.7</b>	<b>89.3</b>	<b>42.8</b>	<b>47.0</b>	<b>18.5</b>	<b>20.4</b>	<b>128.7</b>	<b>217.0</b>	<b>650.9</b>
<b>GAAP EPS</b>	<b>(\$0.43)</b>	<b>(\$1.03)</b>	<b>(\$0.79)</b>	<b>\$0.00</b>	<b>\$0.03</b>	<b>\$0.11</b>	<b>\$0.22</b>	<b>\$0.37</b>	<b>\$0.17</b>	<b>\$0.19</b>	<b>\$0.08</b>	<b>\$0.08</b>	<b>\$0.52</b>	<b>\$0.88</b>	<b>\$2.60</b>
Shares Outstanding															
<b>Basic</b>	<b>217.8</b>	<b>227.1</b>	<b>233.1</b>	<b>236.4</b>	<b>237.9</b>	<b>239.3</b>	<b>240.9</b>	<b>238.6</b>	<b>242.4</b>	<b>244.1</b>	<b>244.8</b>	<b>245.6</b>	<b>244.2</b>	<b>247.6</b>	<b>250.8</b>
<i>y/y growth</i>	47.1%	4.3%	2.6%	2.3%	2.3%	2.4%	2.5%	2.4%	2.5%	2.6%	2.3%	2.0%	2.3%	1.4%	1.3%
<b>Diluted</b>	<b>217.8</b>	<b>227.1</b>	<b>233.1</b>	<b>240.6</b>	<b>242.1</b>	<b>243.8</b>	<b>247.9</b>	<b>243.6</b>	<b>250.2</b>	<b>251.3</b>	<b>244.8</b>	<b>245.6</b>	<b>248.0</b>	<b>247.6</b>	<b>250.8</b>
<i>y/y growth</i>	47.1%	4.3%	2.6%	4.1%	4.1%	4.3%	5.5%	4.5%	4.0%	3.8%	0.4%	-0.9%	1.8%	-0.1%	1.3%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 108: CrowdStrike Non-GAAP Income Statement

\$ in millions, except per share data

	2021	2022	2023	Apr-23	Jul-23	Oct-23	Jan-24	2024	Apr-24	Jul-24	Oct-24	Jan-25	2025 (E)	2026 (E)	2027 (E)
	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25	2Q25	3Q25E	4Q25E	Full Year	Full Year	Full Year
<b>Non-GAAP Income Statement</b>															
Subscription	804.7	1,359.5	2,111.7	651.2	690.0	733.5	795.9	2,870.6	872.2	918.3	930.9	980.1	3,701.5	4,380.6	5,123.2
y/y growth	84.4%	69.0%	55.3%	41.6%	36.3%	34.0%	33.0%	35.9%	33.9%	33.1%	26.9%	23.1%	28.9%	18.3%	17.0%
Professional Services	69.8	92.1	129.6	41.4	41.7	52.6	49.4	185.0	48.9	45.6	51.2	49.0	194.7	219.5	244.0
y/y growth	54.7%	31.9%	40.8%	47.8%	43.9%	56.8%	26.3%	42.8%	18.0%	9.5%	-2.6%	-0.8%	5.2%	12.8%	11.1%
<b>Total Revenue</b>	<b>874.4</b>	<b>1,451.6</b>	<b>2,241.2</b>	<b>692.6</b>	<b>731.6</b>	<b>786.0</b>	<b>845.3</b>	<b>3,055.6</b>	<b>921.0</b>	<b>963.9</b>	<b>982.1</b>	<b>1,029.2</b>	<b>3,896.2</b>	<b>4,600.1</b>	<b>5,367.1</b>
y/y growth	81.6%	66.0%	54.4%	42.0%	36.7%	35.3%	32.6%	36.3%	33.0%	31.7%	24.9%	21.7%	27.5%	18.1%	16.7%
<b>Cost of Revenue</b>															
Subscription Services	172.5	289.1	465.7	129.6	139.6	144.8	157.4	571.3	170.7	177.8	179.1	188.9	716.5	826.0	908.2
Professional Services	38.3	51.3	73.9	22.5	23.9	29.5	26.8	102.7	29.1	30.1	30.7	29.4	119.3	134.3	147.5
<b>Total Cost of Revenue</b>	<b>210.8</b>	<b>340.4</b>	<b>539.5</b>	<b>152.1</b>	<b>163.5</b>	<b>174.3</b>	<b>184.2</b>	<b>674.0</b>	<b>199.8</b>	<b>207.9</b>	<b>209.8</b>	<b>218.3</b>	<b>835.8</b>	<b>960.3</b>	<b>1,055.6</b>
% of revenue	24.1%	23.4%	24.1%	22.0%	22.3%	22.2%	21.8%	22.1%	21.7%	21.6%	21.4%	21.2%	21.5%	20.9%	19.7%
<b>Gross Profit</b>															
Subscription Services	632.2	1,070.4	1,646.0	521.6	550.4	588.7	638.6	2,299.3	701.5	740.5	751.8	791.2	2,985.0	3,554.6	4,215.0
Subscription Gross Margin	78.6%	78.7%	77.9%	80.1%	79.8%	80.3%	80.2%	80.1%	80.4%	80.6%	80.8%	80.7%	80.6%	81.1%	82.3%
Professional Services	31.4	40.8	55.7	18.9	17.8	23.0	22.6	82.3	19.8	15.5	20.5	19.6	75.3	85.2	96.5
Professional Services Gross Margin	45.1%	44.3%	43.0%	45.7%	42.7%	43.8%	45.8%	44.5%	40.5%	33.9%	40.0%	40.0%	38.7%	38.8%	39.6%
<b>Total Gross Profit</b>	<b>663.7</b>	<b>1,111.2</b>	<b>1,701.7</b>	<b>540.5</b>	<b>568.2</b>	<b>611.7</b>	<b>661.2</b>	<b>2,381.6</b>	<b>721.3</b>	<b>755.9</b>	<b>772.3</b>	<b>810.8</b>	<b>3,060.4</b>	<b>3,639.8</b>	<b>4,311.5</b>
Gross Margin	75.9%	76.6%	75.9%	78.0%	77.7%	77.8%	78.2%	77.9%	78.3%	78.4%	78.6%	78.8%	78.5%	79.1%	80.3%
<b>Operating Expenses</b>															
Sales and Marketing	350.4	524.8	749.9	244.8	231.0	243.2	243.5	962.6	297.2	294.3	294.6	308.7	1,194.9	1,391.1	1,560.7
% of revenue	40.1%	36.2%	33.5%	35.4%	31.6%	30.9%	28.8%	31.5%	32.3%	30.5%	30.0%	30.0%	30.7%	30.2%	29.1%
Research and Development	174.4	269.3	433.7	134.3	132.4	142.9	151.8	561.3	168.0	173.9	206.2	211.0	759.2	912.9	1,003.7
% of revenue	19.9%	18.5%	19.3%	19.4%	18.1%	18.2%	18.0%	18.4%	18.2%	18.0%	21.0%	20.5%	19.5%	19.8%	18.7%
General and Administrative	76.5	121.0	162.5	45.5	49.2	50.0	52.7	197.4	57.3	61.0	103.1	106.0	327.4	448.1	507.3
% of revenue	8.8%	8.3%	7.2%	6.6%	6.7%	6.4%	6.2%	6.5%	6.2%	6.3%	10.5%	10.3%	8.4%	9.7%	9.5%
<b>Total Operating Expenses</b>	<b>601.3</b>	<b>915.1</b>	<b>1,346.1</b>	<b>424.6</b>	<b>412.5</b>	<b>436.1</b>	<b>448.1</b>	<b>1,721.3</b>	<b>522.5</b>	<b>529.1</b>	<b>604.0</b>	<b>625.7</b>	<b>2,281.4</b>	<b>2,752.1</b>	<b>3,071.6</b>
% of revenue	68.8%	63.0%	60.1%	61.3%	56.4%	55.5%	53.0%	56.3%	56.7%	54.9%	61.5%	60.8%	58.6%	59.8%	57.2%
<b>Operating Income</b>	<b>62.4</b>	<b>196.2</b>	<b>355.6</b>	<b>115.9</b>	<b>155.7</b>	<b>175.7</b>	<b>213.1</b>	<b>660.3</b>	<b>198.7</b>	<b>226.8</b>	<b>168.3</b>	<b>185.1</b>	<b>779.0</b>	<b>887.8</b>	<b>1,239.9</b>
Operating Margin	7.1%	13.5%	15.9%	16.7%	21.3%	22.3%	25.2%	21.6%	21.6%	23.5%	17.1%	18.0%	20.0%	19.3%	23.1%
Interest Income	0.0	0.0	43.3	30.5	36.6	40.1	41.7	148.9	45.9	51.5	52.5	53.6	203.5	249.1	315.4
Interest Expense	(1.2)	(23.0)	(23.1)	(5.8)	(5.9)	(6.0)	(5.9)	(22.5)	(6.0)	(6.0)	(6.0)	(6.0)	(22.5)	(22.5)	(22.5)
Other Income (Expense), Net	6.2	5.1	11.3	0.2	(1.8)	(0.4)	2.1	0.2	4.2	(1.0)	(5.0)	(6.0)	(7.8)	0.0	0.0
<b>Total Interest and Other Income</b>	<b>5.0</b>	<b>(18.0)</b>	<b>31.5</b>	<b>24.9</b>	<b>29.0</b>	<b>33.8</b>	<b>37.9</b>	<b>126.6</b>	<b>44.0</b>	<b>44.6</b>	<b>41.5</b>	<b>41.6</b>	<b>173.2</b>	<b>226.6</b>	<b>292.9</b>
Income Before Taxes	67.4	178.2	387.1	140.8	184.6	209.4	251.1	785.9	242.8	271.4	209.8	226.7	950.6	1114.4	1532.8
Income Tax Expense (Benefit)	4.8	15.1	17.7	4.4	4.6	10.2	13.6	32.8	7.7	10.9	6.5	9.1	34.2	44.6	61.3
Tax Rate	7.1%	8.5%	4.6%	3.1%	2.5%	4.9%	5.4%	4.2%	3.2%	4.0%	3.1%	4.0%	3.6%	4.0%	4.0%
Net income (loss) attributable to non-controlling interest	0.0	2.4	1.0	0.0	0.0	0.0	1.2	1.3	3.4	-0.3	0.0	0.0	3.1	0.0	0.0
<b>Net Income</b>	<b>62.6</b>	<b>160.7</b>	<b>368.4</b>	<b>136.4</b>	<b>180.0</b>	<b>199.2</b>	<b>236.2</b>	<b>751.8</b>	<b>231.7</b>	<b>260.8</b>	<b>203.3</b>	<b>217.6</b>	<b>913.3</b>	<b>1,069.8</b>	<b>1,471.5</b>
<b>Non-GAAP EPS</b>	<b>\$0.27</b>	<b>\$0.67</b>	<b>\$1.54</b>	<b>\$0.57</b>	<b>\$0.74</b>	<b>\$0.82</b>	<b>\$0.95</b>	<b>\$3.09</b>	<b>\$0.93</b>	<b>\$1.04</b>	<b>\$0.81</b>	<b>\$0.86</b>	<b>\$3.63</b>	<b>4.20</b>	<b>\$5.71</b>
Shares Outstanding															
Basic	217.8	227.1	233.1	240.6	237.9	239.3	240.9	238.6	250.2	244.1	244.8	245.6	244.2	247.6	250.8
y/y growth	47.1%	4.3%	2.6%	4.1%	2.3%	2.4%	2.5%	2.4%	4.0%	2.6%	2.3%	2.0%	2.3%	1.4%	1.3%
Diluted	234.4	238.1	239.1	240.6	242.1	243.8	247.9	243.6	250.2	251.3	252.1	254.2	251.9	254.8	257.9
y/y growth	58.3%	1.6%	0.4%	0.8%	1.4%	1.8%	3.5%	1.9%	4.0%	3.8%	3.4%	2.5%	3.4%	1.1%	1.2%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 109: CrowdStrike Balance Sheet

\$ in millions, except per share data

	2021	2022	2023	Apr-23	Jul-23	Oct-23	Jan-24	2024	Apr-24	Jul-24	Oct-24	Jan-25	2025 (E)	2026 (E)	2027 (E)
	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25	2Q25	3Q25E	4Q25E	Full Year	Full Year	Full Year
<b>Balance Sheet</b>															
<b>Current assets</b>															
Cash and cash equivalents	1,918.6	1,996.6	2,455.4	2,829.7	3,167.2	2,968.9	3,375.1	3,375.1	3,702.4	4,038.5	4,288.7	4,503.5	4,503.5	5,755.7	7,285.6
Marketable securities	0.0	0.0	250.0	100.0	0.0	197.5	99.6	99.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable, net	239.2	368.1	626.2	461.1	539.5	561.9	853.1	853.1	702.9	661.0	764.2	1,060.2	1,060.2	1,295.0	1,663.7
Deferred Costs	80.9	126.8	186.9	186.9	197.1	209.2	246.4	246.4	244.7	251.2	198.4	245.8	245.8	221.3	200.1
Prepaid expenses and other current assets	53.6	79.4	121.9	131.1	146.6	141.7	183.2	183.2	191.7	230.8	227.9	271.7	271.7	336.2	388.0
<b>Total current assets</b>	<b>2,292.3</b>	<b>2,571.0</b>	<b>3,640.3</b>	<b>3,708.8</b>	<b>4,050.4</b>	<b>4,079.1</b>	<b>4,757.3</b>	<b>4,757.3</b>	<b>4,841.6</b>	<b>5,181.6</b>	<b>5,479.1</b>	<b>6,081.2</b>	<b>6,081.2</b>	<b>7,608.1</b>	<b>9,537.3</b>
<b>Non-current assets</b>															
Strategic investments	2.5	23.6	47.3	57.9	59.5	59.5	56.2	56.2	58.4	58.2	58.2	58.2	58.2	58.2	58.2
Property and equipment, net	167.0	260.6	492.3	523.7	561.6	581.0	620.2	620.2	627.4	648.5	710.9	774.8	774.8	934.7	1,138.5
Operating lease right-of-use assets	36.5	31.7	39.9	50.5	46.2	50.9	48.2	48.2	48.6	45.9	45.9	45.9	45.9	45.9	45.9
Deferred Costs, non-current	117.9	192.4	260.2	254.4	261.6	273.9	335.9	335.9	330.0	341.5	278.0	350.4	350.4	335.9	324.8
Goodwill	83.6	416.4	430.6	430.8	430.7	637.7	638.0	638.0	722.0	722.0	722.0	722.0	722.0	722.0	722.0
Intangible assets, net	15.7	97.3	86.9	83.2	79.1	109.4	114.5	114.5	122.0	115.7	129.2	142.5	142.5	199.5	274.1
Other assets	17.1	25.3	29.0	28.7	31.4	39.4	76.1	76.1	92.0	89.0	81.6	94.0	94.0	110.1	126.5
<b>Total assets</b>	<b>2,732.5</b>	<b>3,618.4</b>	<b>5,026.5</b>	<b>5,137.9</b>	<b>5,520.5</b>	<b>5,831.1</b>	<b>6,646.5</b>	<b>6,646.5</b>	<b>6,842.0</b>	<b>7,202.5</b>	<b>7,505.0</b>	<b>8,269.0</b>	<b>8,269.0</b>	<b>10,014.4</b>	<b>12,227.3</b>
<b>Current liabilities</b>															
Accounts payable	12.1	47.6	45.4	16.9	37.1	57.0	28.2	28.2	21.3	21.1	27.6	12.0	12.0	13.8	14.8
Accrued expenses and other	51.1	83.4	137.9	91.5	122.4	146.1	125.9	125.9	102.1	101.3	157.1	164.7	164.7	194.9	179.9
Accrued payroll and benefits	71.9	104.6	168.8	151.1	138.5	169.8	234.6	234.6	216.7	205.4	259.3	312.9	312.9	389.8	421.7
Current portion of operating leases	9.0	9.8	13.0	16.2	16.1	14.4	14.2	14.2	16.0	17.0	17.0	17.0	17.0	17.0	17.0
Deferred revenue, current	702.0	1,136.5	1,727.5	1,788.3	1,894.0	1,942.8	2,270.8	2,270.8	2,309.3	2,348.5	2,348.5	2,721.4	2,721.4	3,231.0	3,750.9
Other current liabilities	17.5	24.9	16.5	16.1	21.4	20.5	23.7	23.7	18.2	35.0	27.0	28.7	28.7	34.7	48.2
<b>Total current liabilities</b>	<b>863.6</b>	<b>1,406.8</b>	<b>2,109.1</b>	<b>2,080.1</b>	<b>2,229.5</b>	<b>2,350.4</b>	<b>2,697.3</b>	<b>2,697.3</b>	<b>2,683.7</b>	<b>2,728.3</b>	<b>2,836.6</b>	<b>3,256.7</b>	<b>3,256.7</b>	<b>3,881.2</b>	<b>4,432.6</b>
<b>Long term liabilities</b>															
Long-term debt, net	738.0	739.5	741.0	741.4	741.8	742.1	742.5	742.5	742.9	743.2	744.3	744.7	744.7	746.5	748.3
Deferred revenue, less current	209.9	392.8	627.6	615.5	613.6	600.4	783.3	783.3	760.1	744.7	744.7	870.9	870.9	962.8	1,106.5
Operating lease liabilities, less current	32.0	25.4	29.6	36.8	32.7	38.4	36.2	36.2	34.1	31.7	31.7	31.7	31.7	31.7	31.7
Other liabilities	17.2	16.2	31.8	29.8	32.8	38.9	50.1	50.1	52.5	63.9	58.9	61.7	61.7	53.6	50.6
<b>Total Liabilities</b>	<b>1,860.7</b>	<b>2,580.7</b>	<b>3,539.1</b>	<b>3,503.5</b>	<b>3,650.4</b>	<b>3,770.2</b>	<b>4,309.4</b>	<b>4,309.4</b>	<b>4,273.2</b>	<b>4,311.9</b>	<b>4,416.2</b>	<b>4,965.7</b>	<b>4,965.7</b>	<b>5,675.9</b>	<b>6,369.7</b>
<b>Stockholders' equity</b>															
	871.9	1,037.6	1,487.4	1,634.4	1,870.1	2,060.8	2,337.1	2,337.1	2,568.8	2,890.6	3,088.8	3,303.2	3,303.2	4,338.6	5,857.6
<b>Total liabilities and shareholders' equity</b>	<b>2,732.5</b>	<b>3,618.4</b>	<b>5,026.5</b>	<b>5,137.9</b>	<b>5,520.5</b>	<b>5,831.1</b>	<b>6,646.5</b>	<b>6,646.5</b>	<b>6,842.0</b>	<b>7,202.5</b>	<b>7,505.0</b>	<b>8,269.0</b>	<b>8,269.0</b>	<b>10,014.4</b>	<b>12,227.3</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis.













**Exhibit 115: Commvault Discounted Cash Flow (DCF) – Plausible Case**

\$ in millions, except per share data

Assumptions and inputs		Current
Current risk-free rate	4.00%	4.67%
Market Value (\$M)	\$ 7,036	
Debt Value (\$M)	\$ -	
Cost of equity	10.5%	
Cost of debt	7.0%	
Tax rate	27.0%	
<b>WACC</b>	<b>10.5%</b>	
Last earnings period end	6/30/2024	
Next Fiscal Year End	3/31/2025	

Scenario 2: Plausible Case															
Fiscal year	Historicals			HyperGrowth Period					Transitional Period					Terminal	Perpetuity
	F2022	F2023	F2024	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E	F2031E	F2032E	F2033E	F2034E	F2036E	
Corresponding Calendar Year Period	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2036
Risk free rate	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%
Beta	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Equity risk premium	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Cost of equity	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Cost of debt	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Debt/Total Value	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%
<b>WACC</b>	<b>10.5%</b>	<b>10.5%</b>	<b>10.5%</b>	<b>10.5%</b>	<b>10.5%</b>	<b>10.5%</b>	<b>10.5%</b>	<b>10.5%</b>	<b>10.5%</b>	<b>10.5%</b>	<b>10.5%</b>	<b>10.5%</b>	<b>10.5%</b>	<b>10.5%</b>	<b>10.5%</b>
Discount factor				0.928	0.840	0.760	0.688	0.622	0.563	0.510	0.461	0.417	0.378	0.342	0.342
<b>Total Revenue</b>	<b>770</b>	<b>786</b>	<b>839</b>	<b>941</b>	<b>1,082</b>	<b>1,237</b>	<b>1,386</b>	<b>1,531</b>	<b>1,677</b>	<b>1,817</b>	<b>1,960</b>	<b>2,071</b>	<b>2,178</b>	<b>2,283</b>	
y/y change		1.2%	7.0%	12.1%	16.1%	14.3%	11.0%	10.6%	9.6%	8.4%	7.3%	6.2%	5.1%	4%	
<b>Free Cash Flow to Firm (FCFF)</b>	<b>70</b>	<b>75</b>	<b>107</b>	<b>128</b>	<b>150</b>	<b>190</b>	<b>249</b>	<b>306</b>	<b>377</b>	<b>454</b>	<b>538</b>	<b>621</b>	<b>707</b>	<b>792</b>	
FCF margin	9.0%	9.0%	9.0%	13.4%	12.0%	16.3%	18.0%	20.0%	22.6%	25.0%	27.6%	30.0%	32.6%	35%	
y/y change		7.9%	42.4%	17.6%	3.1%	49.2%	31.6%	22.9%	23.2%	20.4%	18.0%	15.9%	13.9%	6%	
Diluted Shares Outstanding	48	47	48	46	46	46	45	45	45	45	45	45	45	45	45
y/y change		-1.3%	-3.1%	-1.5%	0.2%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>FCFF per share</b>				<b>2.80</b>	<b>2.88</b>	<b>4.17</b>	<b>5.48</b>	<b>6.73</b>	<b>8.29</b>	<b>9.99</b>	<b>11.79</b>	<b>13.86</b>	<b>15.65</b>	<b>17.41</b>	<b>313.74</b>
<b>NPV of FCF per share</b>				<b>2.80</b>	<b>2.42</b>	<b>3.17</b>	<b>3.77</b>	<b>4.19</b>	<b>4.67</b>	<b>5.09</b>	<b>5.44</b>	<b>5.70</b>	<b>5.87</b>	<b>5.96</b>	<b>107.28</b>

NPV of FCF/Share, F2023-F2033	\$48.87
Terminal Value FCF/Share	\$107.26
<b>Total NPV of FCF/Share</b>	<b>\$158.12</b>
<b>Net Cash per share</b>	<b>\$ 4.21</b>
Net cash balance	283
Working Capital - 5% of revenue	94.1
Shares outstanding	45
<b>Implied Total NPV/Share</b>	<b>\$ 160</b>
Current Price	\$ 153.85
<b>Upside(Downside) Potential</b>	<b>4%</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## CYBR

## Exhibit 116: CyberArk GAAP Income Statement

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024E Full Year	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025E Full Year
<b>GAAP Income Statement</b>														
<b>Revenues</b>														
Subscription	56.4	134.6	280.6	472.0	156.2	158.4	168.5	201.8	684.9	220.9	217.7	219.9	248.0	906.5
Perpetual License	176.1	115.7	50.0	21.0	3.0	3.6	3.2	2.0	11.8	2.3	3.0	2.4	1.5	9.2
Maintenance and professional services	231.9	252.6	261.1	258.8	62.4	62.7	61.1	56.5	242.7	62.4	62.1	60.4	58.4	243.3
<b>Total Revenue</b>	<b>464.4</b>	<b>502.9</b>	<b>591.7</b>	<b>751.9</b>	<b>221.6</b>	<b>224.7</b>	<b>232.8</b>	<b>260.3</b>	<b>939.3</b>	<b>285.6</b>	<b>282.8</b>	<b>282.7</b>	<b>307.9</b>	<b>1,159.0</b>
<b>Cost of revenue</b>														
Subscription	17.5	25.8	46.2	74.6	21.0	22.6	24.8	29.6	98.0	32.4	32.0	31.7	35.6	131.8
Perpetual License	4.9	3.9	2.9	1.9	0.5	0.3	0.3	0.2	1.3	0.2	0.3	0.2	0.2	0.9
Maintenance and professional services	60.1	63.6	76.9	79.6	21.0	22.1	21.4	20.2	84.8	22.1	22.1	21.6	21.1	86.9
Total cost of revenue	82.6	93.3	126.0	156.1	42.4	45.0	46.5	50.0	184.0	54.7	54.4	53.6	56.9	219.6
% of total revenue	17.8%	18.6%	21.3%	20.8%	19.1%	20.0%	20.0%	19.2%	19.6%	19.2%	19.2%	19.0%	18.5%	18.9%
<b>Gross Profit</b>	<b>381.9</b>	<b>409.6</b>	<b>465.7</b>	<b>595.8</b>	<b>179.1</b>	<b>179.7</b>	<b>186.2</b>	<b>210.3</b>	<b>755.3</b>	<b>230.9</b>	<b>228.4</b>	<b>229.2</b>	<b>251.0</b>	<b>939.4</b>
<b>Gross Margin</b>	<b>82.2%</b>	<b>81.4%</b>	<b>78.7%</b>	<b>79.2%</b>	<b>80.9%</b>	<b>80.0%</b>	<b>80.0%</b>	<b>80.8%</b>	<b>80.4%</b>	<b>80.8%</b>	<b>80.8%</b>	<b>81.0%</b>	<b>81.5%</b>	<b>81.1%</b>
<b>Operating Expenses</b>														
Research and development	95.4	142.1	190.3	211.4	53.9	56.6	60.0	61.4	231.8	70.3	68.2	65.5	68.5	272.6
% of revenue	20.5%	28.3%	32.2%	28.1%	24.3%	25.2%	25.8%	23.6%	24.7%	24.6%	24.1%	23.2%	22.3%	23.5%
Sales and marketing	220.0	274.4	345.3	406.0	105.0	115.3	116.9	125.8	463.0	136.2	134.6	133.4	142.1	546.4
% of revenue	47.4%	54.6%	58.4%	54.0%	47.4%	51.3%	50.2%	48.3%	49.3%	47.7%	47.6%	47.2%	46.2%	47.1%
General and administrative	60.4	71.4	82.5	94.8	26.6	31.8	27.3	30.7	116.4	33.2	31.5	31.9	35.0	131.6
% of revenue	13.0%	14.2%	13.9%	12.6%	12.0%	14.1%	11.7%	11.8%	12.4%	11.6%	11.1%	11.3%	11.4%	11.4%
<b>Total Operating Expenses</b>	<b>375.9</b>	<b>487.9</b>	<b>618.1</b>	<b>712.2</b>	<b>185.5</b>	<b>203.7</b>	<b>204.1</b>	<b>217.8</b>	<b>811.1</b>	<b>239.8</b>	<b>234.4</b>	<b>230.8</b>	<b>245.7</b>	<b>950.6</b>
% of revenue	80.9%	97.0%	104.5%	94.7%	83.7%	90.6%	87.7%	83.7%	86.4%	84.0%	82.9%	81.6%	79.8%	82.0%
<b>Operating Income (loss)</b>	<b>6.0</b>	<b>(78.3)</b>	<b>(152.5)</b>	<b>(116.5)</b>	<b>(6.4)</b>	<b>(24.0)</b>	<b>(17.9)</b>	<b>(7.5)</b>	<b>(55.8)</b>	<b>(8.9)</b>	<b>(6.0)</b>	<b>(1.7)</b>	<b>5.3</b>	<b>(11.2)</b>
<b>Operating Margin</b>	<b>1.3%</b>	<b>-15.6%</b>	<b>-25.8%</b>	<b>-15.5%</b>	<b>-2.9%</b>	<b>-10.7%</b>	<b>-7.7%</b>	<b>-2.9%</b>	<b>-5.9%</b>	<b>-3.1%</b>	<b>-2.1%</b>	<b>-0.6%</b>	<b>1.7%</b>	<b>-1.0%</b>
Financial income, net	(6.4)	(13.0)	15.4	53.2	14.1	13.3	9.7	8.1	45.1	6.1	6.5	6.7	6.9	26.2
Income before taxes on income	(0.4)	(91.3)	(137.0)	(63.3)	7.7	(10.6)	(8.3)	0.6	(10.7)	(2.8)	0.5	5.0	12.2	15.0
Tax benefit (expense)	(5.4)	7.4	6.7	(3.2)	(2.2)	(2.3)	(4.7)	(9.2)	(18.4)	(3.9)	(4.0)	(4.0)	(3.3)	(15.1)
<b>GAAP Net Income</b>	<b>(5.8)</b>	<b>(83.9)</b>	<b>(130.4)</b>	<b>(66.5)</b>	<b>5.5</b>	<b>(12.9)</b>	<b>(13.0)</b>	<b>(8.6)</b>	<b>(29.1)</b>	<b>(6.7)</b>	<b>(3.5)</b>	<b>1.0</b>	<b>8.9</b>	<b>(0.2)</b>
<b>GAAP EPS</b>	<b>(\$0.15)</b>	<b>(\$2.12)</b>	<b>(\$3.21)</b>	<b>(\$1.60)</b>	<b>\$0.13</b>	<b>(\$0.30)</b>	<b>(\$0.30)</b>	<b>(\$0.20)</b>	<b>(\$0.68)</b>	<b>(\$0.15)</b>	<b>(\$0.08)</b>	<b>\$0.02</b>	<b>\$0.20</b>	<b>(\$0.00)</b>
Shares Outstanding														
Basic	38.6	39.6	40.6	41.7	42.4	42.9	43.2	43.4	43.0	43.6	43.8	44.0	44.3	43.9
y/y growth	2.8%	2.6%	2.4%	2.6%	3.1%	3.2%	3.0%	3.1%	3.2%	2.7%	2.0%	2.0%	2.0%	2.2%
q/q growth					0.9%	1.2%	0.5%	0.5%		0.5%	0.5%	0.5%	0.5%	
Diluted	38.6	39.6	40.6	41.7	47.7	42.9	43.2	43.4	44.3	43.6	43.8	44.0	44.3	43.9
y/y growth	-0.7%	2.6%	2.4%	2.6%	16.0%	3.2%	3.0%	-7.9%	6.4%	-8.7%	2.0%	2.0%	2.0%	-0.9%
q/q growth					1.3%	-10.0%	0.5%	0.5%		0.5%	0.5%	0.5%	0.5%	

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 117: CyberArk Non-GAAP Income Statement

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024E Full Year	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025E Full Year
<b>Non-GAAP Income Statement</b>														
<b>Revenue</b>														
Subscription	56.4	134.6	280.6	472.0	156.2	158.4	168.5	201.8	684.9	220.9	217.7	219.9	248.0	906.5
Perpetual License	176.1	115.7	50.0	21.0	3.0	3.6	3.2	2.0	11.8	2.3	3.0	2.4	1.5	9.2
Maintenance and professional services	231.9	252.6	261.1	258.8	62.4	62.7	61.1	56.5	242.7	62.4	62.1	60.4	58.4	243.3
<b>Total Revenue</b>	<b>464.4</b>	<b>502.9</b>	<b>591.7</b>	<b>751.9</b>	<b>221.6</b>	<b>224.7</b>	<b>232.8</b>	<b>260.3</b>	<b>939.3</b>	<b>285.6</b>	<b>282.8</b>	<b>282.7</b>	<b>307.9</b>	<b>1,159.0</b>
y/y growth	7.0%	8.3%	17.7%	27.1%	37.0%	27.8%	21.7%	16.7%	24.9%	28.9%	25.8%	21.5%	18.3%	23.4%
q/q growth					-0.7%	1.4%	3.6%	11.8%		9.7%	-1.0%	0.0%	8.9%	
<b>Total cost of revenue</b>	<b>65.6</b>	<b>77.0</b>	<b>104.9</b>	<b>131.7</b>	<b>35.9</b>	<b>37.8</b>	<b>39.9</b>	<b>42.8</b>	<b>156.4</b>	<b>47.0</b>	<b>46.6</b>	<b>46.3</b>	<b>49.3</b>	<b>189.2</b>
% of revenue	14.1%	15.3%	17.7%	17.5%	16.2%	16.8%	17.1%	16.4%	16.7%	16.5%	16.5%	16.4%	16.0%	16.3%
<b>Total Gross Profit</b>	<b>398.8</b>	<b>426.1</b>	<b>487.1</b>	<b>622.6</b>	<b>185.7</b>	<b>186.9</b>	<b>192.9</b>	<b>217.5</b>	<b>782.9</b>	<b>238.6</b>	<b>236.2</b>	<b>236.4</b>	<b>258.6</b>	<b>969.8</b>
<b>Gross Margin</b>	<b>85.9%</b>	<b>84.7%</b>	<b>82.3%</b>	<b>82.8%</b>	<b>83.8%</b>	<b>83.2%</b>	<b>82.9%</b>	<b>83.6%</b>	<b>83.3%</b>	<b>83.5%</b>	<b>83.5%</b>	<b>83.6%</b>	<b>84.0%</b>	<b>83.7%</b>
<b>Operating Expenses</b>														
Research and development	80.7	121.6	163.2	182.0	46.4	48.4	51.9	52.3	199.0	61.4	59.4	56.5	58.8	236.1
% of revenue	17.4%	24.2%	27.6%	24.2%	20.9%	21.5%	22.3%	20.1%	21.2%	21.5%	21.0%	20.0%	19.1%	20.4%
Sales and marketing	191.1	235.2	293.6	346.6	90.0	98.3	100.6	108.2	397.0	118.5	116.2	115.4	123.2	473.2
% of revenue	41.1%	46.8%	49.6%	46.1%	40.6%	43.7%	43.2%	41.6%	42.3%	41.5%	41.1%	40.8%	40.0%	40.8%
General and administrative	40.2	46.2	55.0	60.6	16.4	21.7	16.9	18.2	73.2	21.1	20.6	20.4	21.6	83.7
% of revenue	8.7%	9.2%	9.3%	8.1%	7.4%	9.7%	7.3%	7.0%	7.8%	7.4%	7.3%	7.2%	7.0%	7.2%
<b>Total Operating Expenses</b>	<b>307.4</b>	<b>403.0</b>	<b>509.5</b>	<b>589.2</b>	<b>152.7</b>	<b>163.1</b>	<b>169.3</b>	<b>178.7</b>	<b>669.2</b>	<b>201.1</b>	<b>196.2</b>	<b>192.3</b>	<b>203.5</b>	<b>793.1</b>
% of revenue	66.2%	80.1%	86.1%	78.4%	68.9%	72.6%	72.8%	68.7%	71.2%	70.4%	69.4%	68.0%	66.1%	68.4%
<b>Non-GAAP Operating Income</b>	<b>91.4</b>	<b>23.2</b>	<b>(22.4)</b>	<b>33.5</b>	<b>33.0</b>	<b>23.7</b>	<b>23.5</b>	<b>38.8</b>	<b>113.7</b>	<b>37.5</b>	<b>40.0</b>	<b>44.1</b>	<b>55.1</b>	<b>176.7</b>
<b>Operating Margin</b>	<b>19.7%</b>	<b>4.6%</b>	<b>-3.8%</b>	<b>4.4%</b>	<b>14.9%</b>	<b>10.6%</b>	<b>10.1%</b>	<b>14.9%</b>	<b>12.1%</b>	<b>13.1%</b>	<b>14.1%</b>	<b>15.6%</b>	<b>17.9%</b>	<b>15.2%</b>
Financial income, net	15.8	4.8	18.1	53.5	14.8	14.1	10.4	8.1	47.4	6.1	6.5	6.7	6.9	26.2
Income before taxes on income	107.3	28.7	(4.3)	86.9	47.8	37.8	33.9	46.9	166.5	43.6	46.4	50.8	62.0	202.8
Tax benefit (expense)	(26.2)	(15.3)	(13.5)	(34.9)	(12.0)	(11.8)	(12.0)	(17.3)	(53.0)	(12.0)	(12.0)	(12.0)	(12.0)	(48.0)
<b>Non-GAAP Net Income</b>	<b>81.1</b>	<b>13.4</b>	<b>(17.8)</b>	<b>52.0</b>	<b>35.9</b>	<b>26.1</b>	<b>21.9</b>	<b>29.6</b>	<b>113.5</b>	<b>31.6</b>	<b>34.4</b>	<b>38.8</b>	<b>50.0</b>	<b>154.8</b>
<b>Net Income Margin</b>	<b>17.5%</b>	<b>2.7%</b>	<b>-3.0%</b>	<b>6.9%</b>	<b>16.2%</b>	<b>11.6%</b>	<b>9.4%</b>	<b>11.4%</b>	<b>12.1%</b>	<b>11.1%</b>	<b>12.2%</b>	<b>13.7%</b>	<b>16.2%</b>	<b>13.4%</b>
<b>Non-GAAP EPS</b>	<b>\$ 2.05</b>	<b>\$ 0.33</b>	<b>\$ (0.44)</b>	<b>\$ 1.12</b>	<b>\$ 0.75</b>	<b>\$ 0.54</b>	<b>\$ 0.45</b>	<b>\$ 0.61</b>	<b>\$ 2.36</b>	<b>\$ 0.65</b>	<b>\$ 0.71</b>	<b>\$ 0.79</b>	<b>\$ 1.02</b>	<b>\$ 3.18</b>
Shares Outstanding														
Basic	38.6	39.6	40.6	41.7	42.4	42.9	43.2	43.4	43.0	43.6	43.8	44.0	44.3	43.9
y/y growth	2.8%	2.6%	2.4%	2.6%	3.1%	3.2%	3.0%	3.1%	3.2%	2.7%	2.0%	2.0%	2.0%	2.2%
q/q growth					0.9%	1.2%	0.5%	0.5%		0.5%	0.5%	0.5%	0.5%	
Diluted	39.6	40.8	40.6	46.4	47.7	47.9	48.2	48.8	48.2	48.4	48.6	48.9	49.1	48.8
y/y growth	1.7%	3.2%	-0.5%	14.3%	16.0%	4.0%	3.4%	3.6%	3.9%	1.4%	1.5%	1.4%	0.7%	1.2%
q/q growth					1.3%	0.3%	0.7%	1.2%		-0.8%	0.5%	0.5%	0.5%	
% of basic					112.5%	111.5%	111.7%	112.5%		111.0%	111.0%	111.0%	111.0%	

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

**Exhibit 118: CyberArk Balance Sheet**

\$ in millions, except per share data

	2020	2021	2022	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024E	Mar-25	Jun-25	Sep-25	Dec-25	2025E
	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	1Q25E	2Q25E	3Q25E	4Q25E	Full Year
<b>Balance Sheet</b>														
<b>Current assets</b>														
Cash and cash equivalents	500.0	356.9	347.3	355.9	440.5	641.0	648.2	98.7	98.7	154.1	181.9	210.9	278.7	278.7
Short-term bank deposits	256.1	369.6	305.8	354.5	344.8	231.0	231.0	231.0	231.0	231.0	231.0	231.0	231.0	231.0
Marketable securities	196.9	199.9	301.1	283.0	293.2	528.1	528.1	528.1	528.1	528.1	528.1	528.1	528.1	528.1
Trade receivables	93.1	113.2	120.8	186.5	139.3	156.0	165.5	219.7	219.7	165.9	185.9	192.1	242.6	242.6
Prepaid expenses and other current assets	15.3	22.2	22.5	31.6	33.9	35.0	37.2	39.6	39.6	37.1	39.6	45.2	49.3	49.3
<b>Total current assets</b>	<b>1,061.4</b>	<b>1,061.9</b>	<b>1,097.6</b>	<b>1,211.4</b>	<b>1,251.7</b>	<b>1,591.2</b>	<b>1,610.2</b>	<b>1,117.1</b>	<b>1,117.1</b>	<b>1,116.2</b>	<b>1,166.5</b>	<b>1,207.3</b>	<b>1,329.7</b>	<b>1,329.7</b>
<b>Long-term assets</b>														
Marketable securities	202.2	300.7	227.7	324.5	304.6	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9
Property and equipment, net	18.5	20.2	23.5	16.5	16.1	16.5	18.8	21.4	21.4	22.7	23.8	24.8	25.9	25.9
Intangible assets, net	23.7	17.9	27.5	20.2	18.4	16.7	14.8	12.7	12.7	10.6	8.5	6.5	4.5	4.5
Goodwill	123.7	123.7	153.2	153.2	153.2	153.2	158.2	163.2	163.2	168.2	173.2	178.2	183.2	183.2
Other long-term assets	100.0	121.7	217.0	214.8	218.3	227.1	232.8	261.4	261.4	276.5	280.5	265.8	296.8	296.8
Deferred tax asset	32.8	47.2	72.8	81.5	84.5	85.0	85.0	85.0	85.0	85.0	85.0	85.0	85.0	85.0
<b>Total assets</b>	<b>500.9</b>	<b>631.3</b>	<b>721.8</b>	<b>810.8</b>	<b>795.2</b>	<b>529.4</b>	<b>540.5</b>	<b>574.6</b>	<b>574.6</b>	<b>593.9</b>	<b>601.9</b>	<b>591.1</b>	<b>626.4</b>	<b>626.4</b>
<b>Total assets</b>	<b>1,562.4</b>	<b>1,693.2</b>	<b>1,819.4</b>	<b>2,022.2</b>	<b>2,046.9</b>	<b>2,120.6</b>	<b>2,150.7</b>	<b>1,691.8</b>	<b>1,691.8</b>	<b>1,710.1</b>	<b>1,768.4</b>	<b>1,798.5</b>	<b>1,956.1</b>	<b>1,956.1</b>
<b>Current liabilities</b>														
Trade payables	8.3	10.1	13.6	11.0	3.5	6.2	13.1	14.5	14.5	4.9	6.1	13.7	16.1	16.1
Employees and payroll accruals	52.2	75.4	77.3	95.5	66.1	75.9	82.9	102.1	102.1	91.4	101.8	101.8	123.2	123.2
Accrued expenses and other current liabilities	24.9	23.6	33.6	36.6	33.9	38.0	36.3	41.7	41.7	45.7	45.2	45.2	49.3	49.3
Convertible senior notes, net				572.3	573.1	573.8	573.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred revenues	161.7	230.9	327.9	409.2	425.0	442.2	430.2	471.0	471.0	465.1	472.3	454.1	519.1	519.1
<b>Total current liabilities</b>	<b>247.0</b>	<b>340.0</b>	<b>452.5</b>	<b>1,124.6</b>	<b>1,101.6</b>	<b>1,136.1</b>	<b>1,136.3</b>	<b>629.4</b>	<b>629.4</b>	<b>607.1</b>	<b>625.4</b>	<b>614.8</b>	<b>707.6</b>	<b>707.6</b>
<b>Long-term liabilities</b>														
Convertible senior notes, net	502.3	520.1	569.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred revenues	80.8	86.4	80.5	71.4	76.3	75.9	73.8	80.8	80.8	79.8	81.0	77.9	89.1	89.1
Other long-term liabilities	24.9	20.2	38.9	33.8	32.1	31.6	36.3	41.7	41.7	45.7	44.1	43.0	40.0	40.0
<b>Total LT liabilities</b>	<b>608.1</b>	<b>626.7</b>	<b>688.8</b>	<b>105.3</b>	<b>108.4</b>	<b>107.5</b>	<b>110.1</b>	<b>122.5</b>	<b>122.5</b>	<b>125.5</b>	<b>125.2</b>	<b>120.9</b>	<b>129.1</b>	<b>129.1</b>
<b>Total liabilities</b>	<b>855.1</b>	<b>966.7</b>	<b>1,141.3</b>	<b>1,229.9</b>	<b>1,210.0</b>	<b>1,243.6</b>	<b>1,246.4</b>	<b>751.8</b>	<b>751.8</b>	<b>732.6</b>	<b>750.6</b>	<b>735.7</b>	<b>836.7</b>	<b>836.7</b>
<b>Shareholders' equity</b>	<b>707.3</b>	<b>726.5</b>	<b>678.1</b>	<b>792.3</b>	<b>837.0</b>	<b>877.0</b>	<b>904.3</b>	<b>940.0</b>	<b>940.0</b>	<b>977.6</b>	<b>1,017.9</b>	<b>1,062.8</b>	<b>1,119.4</b>	<b>1,119.4</b>
<b>Total liabilities and stockholders' equity</b>	<b>1,562.4</b>	<b>1,693.2</b>	<b>1,819.4</b>	<b>2,022.2</b>	<b>2,046.9</b>	<b>2,120.6</b>	<b>2,150.7</b>	<b>1,691.8</b>	<b>1,691.8</b>	<b>1,710.2</b>	<b>1,768.5</b>	<b>1,798.5</b>	<b>1,956.1</b>	<b>1,956.1</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis



## Exhibit 119: CyberArk Cash Flow Statement

\$ in millions, except per share data

	2020	2021	2022	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024E	Mar-25	Jun-25	Sep-25	Dec-25	2025E
	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	1Q25E	2Q25E	3Q25E	4Q25E	Full Year
<b>Quarterly Cash Flow Statement</b>														
<b>Cash flows from operating activities</b>														
<b>Net Income</b>	(5.8)	(83.9)	(130.4)	(66.5)	5.5	(12.9)	(13.0)	(8.6)	(29.1)	(6.7)	(3.5)	1.0	8.9	(0.2)
Depreciation and Amortization	15.5	14.2	16.2	19.3	4.0	4.0	4.2	4.7	16.9	5.1	5.3	5.3	5.4	21.1
Amortization of premium and accretion on marketable securities	3.1	7.5	3.9	(4.6)	(1.9)	(1.8)			(3.6)					0.0
Impairment of available for sale marketable securities	0.0	0.0	0.0	0.0	0.0	2.7			2.7					0.0
Share-based compensation	71.8	95.4	120.8	140.1	37.5	40.5	39.6	44.3	161.9	44.3	43.8	43.8	47.7	179.6
Deferred incomes taxes, net	(2.0)	(12.0)	(15.6)	(7.9)	(1.1)	0.7			(0.3)					0.0
<b>Change in Working Capital</b>	<b>24.1</b>	<b>53.5</b>	<b>54.8</b>	<b>(24.2)</b>	<b>24.6</b>	<b>11.1</b>	<b>(13.8)</b>	<b>(5.8)</b>	<b>16.0</b>	<b>21.9</b>	<b>(8.6)</b>	<b>(12.0)</b>	<b>15.4</b>	<b>16.7</b>
Trade receivables	(17.3)	(20.1)	(7.6)	(65.7)	47.2	(16.7)	(9.5)	(54.1)	(33.2)	53.8	(20.0)	(6.2)	(50.5)	(22.9)
Amortization of debt discount and issuance costs	17.2	17.8	3.0	3.0	0.8	0.8	0.8	0.0	2.3	0.0	0.0	0.0	0.0	0.0
Prepaid expenses and other current and LT assets	(20.5)	(44.4)	(37.1)	(45.0)	(5.8)	(10.8)	(7.9)	(30.9)	(55.4)	(12.6)	(6.5)	9.1	(35.1)	(45.1)
Changes in operating lease right-of-use assets		6.2	4.6	6.6	1.9	1.4			3.3					0.0
Trade payables	0.6	1.5	4.1	(2.7)	(7.3)	2.7	6.9	1.4	3.7	(9.6)	1.2	7.6	2.4	1.6
Short term and long term deferred revenues	45.4	74.8	91.2	72.2	20.7	16.8	(14.1)	47.9	71.2	(6.9)	8.4	(21.3)	76.1	56.3
Employees and payroll accruals	7.8	23.8	0.7	7.0	(28.0)	15.6	7.0	19.3	13.8	(10.8)	10.4	(0.0)	21.4	21.0
Accrued expenses and other current & LT liabilities	(9.1)	(0.1)	4.8	7.5	(2.4)	3.1	3.0	10.7	14.4	8.1	(2.0)	(1.1)	1.1	6.0
Changes in operating lease liabilities	0.0	(6.0)	(8.7)	(7.1)	(2.4)	(1.8)			(4.2)					0.0
<b>Net cash provided by operating activities</b>	<b>106.8</b>	<b>74.7</b>	<b>49.7</b>	<b>56.2</b>	<b>68.6</b>	<b>44.3</b>	<b>16.9</b>	<b>34.5</b>	<b>164.4</b>	<b>64.6</b>	<b>37.1</b>	<b>38.2</b>	<b>77.5</b>	<b>217.4</b>
<i>y/y growth</i>	-24.7%	-30.0%	-33.5%	13.1%	1079.1%	-508.0%	17.7%	-26.4%	192.5%	-5.9%	-16.4%	126.2%	124.4%	32.2%
<i>Operating Cash Flow Margin</i>	23.0%	14.9%	8.4%	7.5%	31.0%	19.7%	7.3%	13.3%	17.5%	22.6%	13.1%	13.5%	25.2%	18.8%
<b>Cash flow from investing activities</b>														
Proceeds from (Investment in) short and long term deposits	(123.1)	(105.1)	35.7	(337.8)	(156.4)	(335.6)			(492.0)					0.0
Proceeds (Investment) in short and long term deposits	0.0	0.0	0.0	319.5	164.8	449.1			613.9					0.0
Investment in marketable securities	(403.3)	(357.2)	(375.7)	(406.6)	(92.3)	(37.1)			(129.5)					0.0
Proceeds from maturities of marketable securities	189.7	243.0	325.5	344.0	102.7	78.8			181.5					0.0
Purchase of property and equipment	(7.2)	(8.9)	(12.5)	(4.9)	(1.9)	(2.6)	(4.7)	(5.2)	(14.3)	(4.3)	(4.2)	(4.2)	(4.6)	(17.4)
Payments for business acquisitions, net of cash acquired	(68.6)	0.0	(41.3)	0.0	0.0	0.0	(5.0)	(5.0)	(10.0)	(5.0)	(5.0)	(5.0)	(5.0)	(20.0)
<b>Net cash provided by investing activities</b>	<b>(412.4)</b>	<b>(228.2)</b>	<b>(68.4)</b>	<b>(85.8)</b>	<b>16.9</b>	<b>152.5</b>	<b>(9.7)</b>	<b>(10.2)</b>	<b>149.5</b>	<b>(9.3)</b>	<b>(9.2)</b>	<b>(9.2)</b>	<b>(9.6)</b>	<b>(37.4)</b>
<b>Cash flow from financing activities</b>														
Proceeds from withholding tax related to employee stock plans	1.1	(0.8)	(0.2)	11.2	(6.3)	(1.0)			(7.4)					0.0
Proceeds from the issuance of convertible senior notes, net of	0.0	0.0	0.0	0.0	0.0	0.0	(573.8)		(573.8)					0.0
Purchase of capped calls	0.0	0.0	0.0	0.0	0.0	0.0			0.0					0.0
Payments of contingent consideration related to acquisitions	0.0	0.0	(4.7)	0.0	0.0	0.0			0.0					0.0
Proceeds in connection with employee stock purchase plan	0.0	0.0	15.1	15.8	3.4	0.5			3.8					0.0
Proceeds from exercise of stock options	12.2	11.7	2.0	11.1	4.8	4.9			9.8					0.0
<b>Net cash provided by financing activities</b>	<b>13.2</b>	<b>10.9</b>	<b>12.2</b>	<b>38.1</b>	<b>1.9</b>	<b>4.4</b>	<b>0.0</b>	<b>(573.8)</b>	<b>(567.6)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Increase (decrease) in cash and cash equivalents					87.4	201.2	7.2	(549.5)		55.3	27.8	29.0	67.9	
Effects of exchange rate diff on cash, cash equiv, and restricted cash					(2.8)	(0.7)	0.0	0.0		0.0	0.0	0.0	0.0	
Cash and cash equivalents at the beginning of the period					355.9	440.5	641.0	648.2		98.7	154.1	181.9	210.9	
<b>Cash and cash equivalents at the end of the period</b>					<b>440.5</b>	<b>641.0</b>	<b>648.2</b>	<b>98.7</b>		<b>154.1</b>	<b>181.9</b>	<b>210.9</b>	<b>278.7</b>	

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

**Exhibit 120: CyberArk Discounted Cash Flow (DCF) – Plausible**

\$ in millions, except per share data

**Assumptions and Inputs**

Current risk-free rate	3.8%
Beta	1.2
Historical equity risk premium	6.5%
Terminal growth rate	5.0%

Market Value (\$M)	\$	13,968
Debt Value (\$M)	\$	574
Cost of equity		11.5%
Cost of debt		5.0%
Tax rate		21.0%
<b>WACC</b>		<b>11.2%</b>

Last earnings period end	6/30/2024
Next Fiscal Year End	12/31/2024

**Scenario: Plausible Case**

Fiscal year	Historicals			Hyper Growth Period					Transitionary Period				Terminal	Perpetuity	
	F2021	F2022	F2023	F2024E	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E	F2031E	F2032E	F2033E		F2034E
Corresponding Calendar Year Period	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2032	2034	
				0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	
Risk free rate			3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	
Beta			1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.0	
Equity risk premium			6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	
Cost of equity			11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	
Cost of debt			5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Debt/Total Value			3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	6.6%	9.3%	12.0%	14.6%	17.3%	20.0%	
<b>WACC</b>			<b>11.2%</b>	<b>11.2%</b>	<b>11.2%</b>	<b>11.2%</b>	<b>11.2%</b>	<b>11.2%</b>	<b>11.0%</b>	<b>10.8%</b>	<b>10.6%</b>	<b>10.4%</b>	<b>10.2%</b>	<b>10.0%</b>	
Discount factor				0.9	0.9	0.8	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.4	
<b>Total Revenue</b>	<b>502.9</b>	<b>591.7</b>	<b>751.9</b>	<b>972.6</b>	<b>1,195.9</b>	<b>1,493.2</b>	<b>1,829.1</b>	<b>2,249.7</b>	<b>2,699.7</b>	<b>3,158.6</b>	<b>3,600.9</b>	<b>3,997.0</b>	<b>4,316.7</b>	<b>4,196.8</b>	
y/y change		17.7%	27.1%	29.4%	23.0%	24.9%	22.5%	23.0%	20.0%	17.0%	14.0%	11.0%	8.0%	5.0%	
<b>Free Cash Flow to Firm (FCFF)</b>	<b>76.2</b>	<b>(16.4)</b>	<b>8.7</b>	<b>107.6</b>	<b>164.1</b>	<b>313.6</b>	<b>493.8</b>	<b>742.4</b>	<b>899.9</b>	<b>1,063.4</b>	<b>1,224.3</b>	<b>1,372.3</b>	<b>1,496.5</b>	<b>1,468.9</b>	
FCF margin	15%	-3%	1%	11%	14%	21.0%	27.0%	33.0%	33.3%	33.7%	34.0%	34.3%	34.7%	35%	
y/y change		-121.6%	-152.8%	1139.1%	52.5%	91.1%	57.5%	50.3%	21.2%	18.2%	15.1%	12.1%	9.0%	5.0%	
Diluted Shares Outstanding	41	41	46	48	49	49	49	49	50	50	50	50	51	51	
y/y change		-1%	14%	4%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	
<b>FCFF per share</b>				<b>\$2.23</b>	<b>\$3.37</b>	<b>\$6.40</b>	<b>\$10.03</b>	<b>\$15.00</b>	<b>\$18.09</b>	<b>\$21.27</b>	<b>\$24.37</b>	<b>\$27.18</b>	<b>\$29.49</b>	<b>\$28.81</b>	<b>\$578.65</b>
<b>NPV of FCF per share</b>				\$2.12	\$2.87	\$4.91	\$6.92	\$9.31	\$10.20	\$10.93	\$11.46	\$11.74	\$11.74	\$10.61	\$213.16

NPV of FCF/Share, F2024-F2034	92.8
Terminal Value FCF/Share	\$213.16
<b>Total NPV of FCF/Share</b>	<b>\$305.97</b>
<b>Net Cash per share</b>	<b>\$ 17.11</b>
Net cash balance	857
Working Capital - 5% of revenue	37.6
Shares outstanding	48
<b>Implied Total NPV/Share</b>	<b>\$323</b>
Current Price	\$ 291.61
<b>Upside/(Downside) Potential</b>	<b>11%</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## DDOG

## Exhibit 121: Datadog GAAP Income Statement

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024 (E) Full Year	2025 (E) Full Year
<b>GAAP Income Statement</b>														
Total Revenue	603.5	1,028.8	1,675.1	481.7	509.5	547.5	589.6	2,128.4	611.3	645.3	662.0	706.5	2,625.0	3,176.3
<i>y/y growth</i>	66.3%	70.5%	62.8%	32.7%	25.4%	25.4%	25.6%	27.1%	26.9%	26.7%	20.9%	19.8%	23.3%	21.0%
Cost of Revenue	130.2	234.2	346.7	99.9	101.8	103.3	104.8	409.9	110.1	123.5	142.2	151.8	527.6	678.6
<i>% of revenue</i>	21.6%	22.8%	20.7%	20.7%	20.0%	18.9%	17.8%	19.3%	18.0%	19.1%	21.5%	21.5%	20.1%	21.4%
Gross Profit	473.3	794.5	1,328.4	381.8	407.6	444.2	484.8	1,718.5	501.2	521.8	519.8	554.7	2,097.4	2,497.7
<b>Gross Margin</b>	<b>78.4%</b>	<b>77.2%</b>	<b>79.3%</b>	<b>79.3%</b>	<b>80.0%</b>	<b>81.1%</b>	<b>82.2%</b>	<b>80.7%</b>	<b>82.0%</b>	<b>80.9%</b>	<b>78.5%</b>	<b>78.5%</b>	<b>79.9%</b>	<b>78.6%</b>
<b>Operating Expenses</b>														
Research and Development	210.6	419.8	752.4	229.5	239.5	240.2	253.3	962.4	270.0	274.6	284.5	307.2	1,136.3	1,324.3
<i>% of revenue</i>	34.9%	40.8%	44.9%	47.6%	47.0%	43.9%	42.9%	45.2%	44.2%	42.6%	43.0%	43.5%	43.3%	41.7%
Sales and Marketing	213.7	299.5	495.3	145.0	147.5	156.9	160.0	609.3	173.9	187.0	200.7	214.1	775.7	899.4
<i>% of revenue</i>	35.4%	29.1%	29.6%	30.1%	28.9%	28.7%	27.1%	28.6%	28.4%	29.0%	30.3%	30.3%	29.5%	28.3%
General and Administrative	62.8	94.4	139.4	42.3	42.7	51.4	43.8	180.2	45.3	47.6	41.9	44.7	179.4	187.3
<i>% of revenue</i>	10.4%	9.2%	8.3%	8.8%	8.4%	9.4%	7.4%	8.5%	7.4%	7.4%	6.3%	6.3%	6.8%	5.9%
Total Operating Expenses	487.0	813.7	1,387.1	416.8	429.6	448.4	457.1	1,751.9	489.2	509.2	527.1	566.0	2,091.4	2,410.9
<i>% of revenue</i>	80.7%	79.1%	82.8%	86.5%	84.3%	81.9%	77.5%	82.3%	80.0%	78.9%	79.6%	80.1%	79.7%	75.9%
Operating Income	(13.8)	(19.2)	(58.7)	(35.0)	(22.0)	(4.2)	27.7	(33.5)	12.0	12.6	(7.3)	(11.3)	6.0	86.8
<b>Operating Margin</b>	<b>-2.3%</b>	<b>-1.9%</b>	<b>-3.5%</b>	<b>-7.3%</b>	<b>-4.3%</b>	<b>-0.8%</b>	<b>4.7%</b>	<b>-1.6%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>-1.1%</b>	<b>-1.6%</b>	<b>0.2%</b>	<b>2.7%</b>
<b>Other Income:</b>														
Interest Expense	(29.7)	(21.1)	(16.5)	(2.2)	(1.5)	(1.3)	(1.3)	(6.3)	(1.4)	(1.5)	(1.0)	(1.0)	(4.9)	(4.4)
Interest Income and other income, net	21.3	21.8	37.2	16.7	22.6	29.8	30.8	100.0	35.6	36.7	25.2	27.5	124.8	127.6
Other Income, net	(8.4)	0.7	20.6	14.5	21.1	28.5	29.5	93.7	34.2	35.2	24.1	26.4	119.9	123.2
Income (Loss) Before Taxes	(22.2)	(18.4)	(38.1)	(20.4)	(0.9)	24.3	57.3	60.2	46.2	47.8	16.8	15.1	125.9	210.0
Income Tax Expense (Benefit)	2.3	2.3	12.1	3.7	3.1	1.7	3.3	11.7	3.6	4.0	3.9	3.5	14.9	48.3
<i>Tax Rate</i>	NM	NM	NM	NM	NM	6.9%	5.7%	19.4%	7.7%	8.3%	23.0%	23.0%	11.8%	23.0%
Net Income	(24.5)	(20.7)	(50.2)	(24.1)	(4.0)	22.6	54.0	48.6	42.6	43.8	13.0	11.6	111.1	161.7
<b>GAAP EPS</b>														
Shares Outstanding														
Basic	300.4	309.0	315.4	319.3	322.2	325.6	328.9	324.0	331.8	334.9	338.3	341.7	336.7	350.3
<i>y/y growth</i>	114.7%	2.9%	2.1%	1.9%	2.4%	3.0%	3.6%	2.7%	3.9%	3.9%	3.9%	3.9%	3.9%	4.0%
Diluted	300.4	309.0	315.4	319.3	322.2	351.6	352.9	336.5	356.0	356.7	338.3	341.7	348.2	350.3
<i>y/y growth</i>	114.7%	2.9%	2.1%	-7.6%	2.4%	11.3%	11.2%	6.7%	11.5%	10.7%	-3.8%	-3.2%	3.5%	0.6%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 122: Datadog Non-GAAP Income Statement

\$ in millions, except per share data

	2020	2021	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024 (E)	2025 (E)
	Full Year	Full Year	Full Year	1Q23	2Q23	3Q23	4Q23	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	Full Year
<b>Non-GAAP Income Statement</b>														
<b>Total Revenue</b>	603.5	1,028.8	1,675.1	481.7	509.5	547.5	589.6	2,128.4	611.3	645.3	662.0	706.5	2,625.0	3,176.3
<i>y/y growth</i>	66.3%	70.5%	62.8%	32.7%	25.4%	25.4%	25.6%	27.1%	26.9%	26.7%	20.9%	19.8%	23.3%	21.0%
<b>Cost of Revenue</b>	127.3	225.5	328.9	94.1	95.5	96.7	97.6	383.9	102.4	115.8	132.4	141.3	491.8	635.3
<i>% of revenue</i>	21.1%	21.9%	19.6%	19.5%	18.7%	17.7%	16.6%	18.0%	16.7%	17.9%	20.0%	20.0%	18.7%	20.0%
<b>Gross Profit</b>	476.2	803.2	1,346.2	387.6	413.9	450.9	492.0	1,744.4	508.9	529.5	529.6	565.2	2,133.2	2,541.1
<b>Gross Margin</b>	78.9%	78.1%	80.4%	80.5%	81.3%	82.3%	83.4%	82.0%	83.3%	82.1%	80.0%	80.0%	81.3%	80.0%
<b>Operating Expenses</b>														
Research and Development	169.8	309.7	504.8	150.2	158.4	155.8	163.5	627.9	170.8	180.9	185.4	201.3	738.4	888.8
<i>% of revenue</i>	28.1%	30.1%	30.1%	31.2%	31.1%	28.5%	27.7%	29.5%	27.9%	28.0%	28.0%	28.5%	28.1%	28.0%
Sales and Marketing	189.6	257.5	415.0	121.0	120.1	127.5	132.0	500.6	143.0	157.0	168.2	179.4	647.6	757.3
<i>% of revenue</i>	31.4%	25.0%	24.8%	25.1%	23.6%	23.3%	22.4%	23.5%	23.4%	24.3%	25.4%	25.4%	24.7%	23.8%
General and Administrative	47.9	71.0	100.1	30.1	29.0	36.8	29.9	125.7	30.7	34.1	27.8	29.7	122.2	125.2
<i>% of revenue</i>	7.9%	6.9%	6.0%	6.2%	5.7%	6.7%	5.1%	5.9%	5.0%	5.3%	4.2%	4.2%	4.7%	3.9%
<b>Total Operating Expenses</b>	407.3	638.2	1,019.9	301.2	307.5	320.1	325.4	1,254.2	344.4	372.0	381.3	410.5	1,508.2	1,771.3
<i>y/y growth</i>	48.6%	56.7%	59.8%	44.8%	26.3%	17.2%	10.2%	23.0%	14.3%	21.0%	19.1%	26.2%	20.3%	20.3%
<i>% of revenue</i>	67.5%	62.0%	60.9%	62.5%	60.4%	58.5%	55.2%	58.9%	56.3%	57.6%	57.6%	58.1%	57.5%	55.8%
<b>Operating Income</b>	68.9	165.1	326.3	86.4	106.5	130.8	166.7	490.2	164.5	157.5	148.3	154.7	625.0	769.7
<b>Operating Margin</b>	11.4%	16.0%	19.5%	17.9%	20.9%	23.9%	28.3%	23.0%	26.9%	24.4%	22.4%	21.9%	23.8%	24.2%
<b>Other Income:</b>														
Interest Expense	(11.0)	(17.7)	(13.2)	(1.3)	(0.7)	(0.5)	(0.4)	(2.9)	(0.5)	(0.6)	(0.2)	(0.2)	(1.6)	(0.5)
Interest Income and other income, net	21.3	21.8	37.2	16.7	22.6	29.8	30.8	100.0	35.6	36.7	25.2	27.5	124.8	127.6
<b>Other Income, net</b>	10.3	4.1	24.0	15.4	21.9	29.4	30.4	97.1	35.0	36.1	24.9	27.2	123.3	127.1
Income Before Taxes	79.2	169.1	350.3	101.8	128.4	160.1	197.0	587.3	199.5	193.6	173.2	181.9	748.3	896.8
Income Tax Expense (Benefit)	7.9	2.3	73.6	21.4	27.0	33.6	41.4	123.3	41.9	40.7	32.9	41.8	157.3	188.3
<i>Tax Rate</i>	10.0%	1.4%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	19.0%	23.0%	21.0%	21.0%
<b>Net Income</b>	71.3	166.8	276.7	80.4	101.4	126.5	155.7	464.0	157.6	153.0	140.3	140.1	591.0	708.5
<b>Non-GAAP EPS</b>														
Shares Outstanding														
<b>Basic</b>	300.4	309.0	315.4	319.3	322.2	325.6	328.9	324.0	331.8	334.9	338.3	341.7	336.7	350.3
<i>y/y growth</i>	114.7%	2.9%	2.1%	1.9%	2.4%	3.0%	3.6%	2.7%	3.9%	3.9%	3.9%	3.9%	3.9%	4.0%
<b>Diluted</b>	331.9	344.0	345.7	345.9	348.6	351.3	352.9	349.7	356.0	356.7	360.3	367.3	360.1	376.6
<i>y/y growth</i>	137.3%	3.6%	0.5%	0.1%	1.1%	1.8%	2.3%	1.1%	2.9%	2.3%	2.6%	4.1%	3.0%	4.6%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 123: Datadog Balance Sheet

\$ in millions, except per share data

	2020	2021	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024 (E)	2025 (E)
	Full Year	Full Year	Full Year	1Q23	2Q23	3Q23	4Q23	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	Full Year
<b>Balance Sheet</b>														
<b>Current assets</b>														
Cash and cash equivalents	224.9	271.0	339.0	222.5	291.3	261.3	330.3	330.3	282.2	411.0	588.1	817.9	817.9	1,663.2
Marketable securities	1,292.5	1,283.5	1,545.3	1,795.3	1,894.1	2,080.4	2,252.6	2,252.6	2,499.2	2,549.1	2,549.1	2,549.1	2,549.1	2,549.1
Accounts receivable, net	163.4	268.8	399.6	367.0	333.1	400.6	509.3	509.3	451.1	533.3	565.9	696.8	696.8	868.4
Deferred contract costs, current	13.6	23.2	33.1	34.9	37.5	39.8	44.9	44.9	46.4	49.5	50.3	50.6	50.6	58.4
Prepaid expenses and other current assets	23.6	24.4	27.3	43.2	44.1	37.3	41.0	41.0	54.8	49.2	47.9	41.1	41.1	49.6
<b>Total current assets</b>	<b>1,718.1</b>	<b>1,870.9</b>	<b>2,344.2</b>	<b>2,463.0</b>	<b>2,600.1</b>	<b>2,819.5</b>	<b>3,178.1</b>	<b>3,178.1</b>	<b>3,333.7</b>	<b>3,592.1</b>	<b>3,801.4</b>	<b>4,155.6</b>	<b>4,155.6</b>	<b>5,188.8</b>
<b>Non-current assets</b>														
Property and equipment, net	47.2	75.2	125.3	138.4	145.1	157.7	171.9	171.9	182.4	198.9	209.6	221.3	221.3	275.2
Operating lease assets	57.8	61.4	87.6	94.7	122.2	121.9	126.6	126.6	173.3	166.9	166.9	166.9	166.9	166.9
Goodwill	17.6	292.2	348.3	348.5	350.0	348.7	352.7	352.7	351.4	350.9	350.9	350.9	350.9	350.9
Intangible assets, net	2.1	15.7	16.4	14.2	12.4	10.1	9.6	9.6	7.3	5.8	7.5	9.0	9.0	13.1
Deferred contract costs, non-current	26.8	42.1	55.3	56.6	60.5	63.0	73.7	73.7	73.1	77.0	79.6	83.1	83.1	95.9
Restricted cash	3.8	3.5	3.3	-	-	-	-	-	-	-	-	-	-	-
Other assets	17.0	19.9	24.4	24.3	21.9	22.4	23.5	23.5	20.3	20.7	26.5	28.3	28.3	44.2
<b>Total assets</b>	<b>1,890.3</b>	<b>2,380.8</b>	<b>3,004.9</b>	<b>3,139.7</b>	<b>3,312.2</b>	<b>3,543.3</b>	<b>3,936.1</b>	<b>3,936.1</b>	<b>4,141.5</b>	<b>4,412.4</b>	<b>4,642.4</b>	<b>5,014.9</b>	<b>5,014.9</b>	<b>6,134.9</b>
<b>Current liabilities</b>														
Accounts payable	21.3	25.3	23.5	41.6	48.0	85.4	87.7	87.7	64.3	116.0	116.1	123.9	123.9	149.4
Accrued expenses and other current liabilities	55.4	111.3	171.2	148.5	127.0	101.8	127.6	127.6	117.4	104.8	79.4	113.0	113.0	102.2
Operating lease liabilities, current	16.3	20.2	22.1	20.4	18.9	18.8	22.0	22.0	23.6	24.6	24.6	24.6	24.6	24.6
Convertible Senior Notes										744.0			-	-
Deferred revenue, current	204.8	372.0	543.0	562.4	567.5	636.5	765.7	765.7	767.5	801.6	879.4	1,042.8	1,042.8	1,398.1
<b>Total current liabilities</b>	<b>297.8</b>	<b>528.7</b>	<b>759.7</b>	<b>773.0</b>	<b>761.4</b>	<b>842.5</b>	<b>1,003.1</b>	<b>1,003.1</b>	<b>972.8</b>	<b>1,790.9</b>	<b>1,099.5</b>	<b>1,304.3</b>	<b>1,304.3</b>	<b>1,674.3</b>
<b>Long term liabilities</b>														
Operating lease liabilities, non-current	51.4	52.1	76.6	86.2	125.7	127.8	138.1	138.1	190.9	193.8	193.8	193.8	193.8	193.8
Convertible senior notes, net	575.9	735.5	738.8	739.7	740.5	741.4	742.2	742.2	743.1	-	740.2	741.0	741.0	687.3
Deferred revenue, non-current	3.5	13.9	12.9	22.5	27.5	17.5	21.2	21.2	26.2	14.0	24.2	28.9	28.9	33.6
Other liabilities	4.3	9.4	6.2	6.3	7.7	7.7	6.1	6.1	6.2	6.3	14.2	9.4	9.4	11.3
<b>Total Liabilities</b>	<b>932.9</b>	<b>1,339.6</b>	<b>1,594.3</b>	<b>1,627.6</b>	<b>1,662.8</b>	<b>1,736.8</b>	<b>1,910.7</b>	<b>1,910.7</b>	<b>1,939.1</b>	<b>2,005.1</b>	<b>2,072.0</b>	<b>2,277.4</b>	<b>2,277.4</b>	<b>2,600.3</b>
<b>Stockholders' equity</b>	<b>957.4</b>	<b>1,041.2</b>	<b>1,410.5</b>	<b>1,512.1</b>	<b>1,649.4</b>	<b>1,806.5</b>	<b>2,025.4</b>	<b>2,025.4</b>	<b>2,202.4</b>	<b>2,407.3</b>	<b>2,570.5</b>	<b>2,737.6</b>	<b>2,737.6</b>	<b>3,534.6</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,890.3</b>	<b>2,380.8</b>	<b>3,004.9</b>	<b>3,139.7</b>	<b>3,312.2</b>	<b>3,543.3</b>	<b>3,936.1</b>	<b>3,936.1</b>	<b>4,141.5</b>	<b>4,412.4</b>	<b>4,642.5</b>	<b>5,015.0</b>	<b>5,015.0</b>	<b>6,134.9</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 124: Datadog Cash Flow Statement

\$ in millions, except per share data

	2020	2021	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024 (E)	2025 (E)
	Full Year	Full Year	Full Year	1Q23	2Q23	3Q23	4Q23	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	Full Year
<b>Cash Flow Statement</b>														
<b>Cash from Operating Activities</b>														
<b>Net income (loss)</b>	<b>(24.5)</b>	<b>(20.7)</b>	<b>(50.2)</b>	<b>(24.1)</b>	<b>(4.0)</b>	<b>22.6</b>	<b>54.0</b>	<b>48.6</b>	<b>42.6</b>	<b>43.8</b>	<b>13.0</b>	<b>11.6</b>	<b>111.1</b>	<b>161.7</b>
Depreciation and amortization	15.5	22.9	34.6	10.3	10.6	11.6	12.0	44.5	12.9	12.4	15.7	16.6	57.7	75.8
Amortization of discounts or premiums on marketable securities	9.8	16.2	4.7	(5.2)	(8.1)	(13.0)	(15.4)	(41.6)	(14.1)	(12.6)			(26.7)	-
Amortization of issuance costs	18.7	3.3	3.4	0.8	0.8	0.8	0.8	3.4	0.9	0.9	0.8	0.8	3.4	3.9
Amortization of deferred contract costs	10.4	17.9	28.0	8.6	9.3	10.2	11.0	39.2	11.8	12.5	13.2	13.9	51.4	58.8
Stock-based compensation, net of amounts capitalized	74.4	163.7	363.2	112.7	118.3	123.1	128.1	482.3	135.0	134.7	145.6	155.4	570.8	635.3
Non-cash lease expense	14.1	17.2	21.4	5.9	6.3	7.1	7.1	26.4	6.8	6.8			13.6	-
Allowance for credit losses on accounts receivable	3.3	2.3	5.2	3.7	2.6	2.8	2.8	11.9	2.7	3.8			6.6	-
Loss on disposal of property and equipment	0.0	0.3	1.7	0.1	0.3	(0.0)	0.3	0.7	0.0	0.3			0.3	-
Other	-	-	-	-	-	-	-	-	-	-			-	-
<b>Working Capital:</b>	<b>(12.5)</b>	<b>63.4</b>	<b>6.4</b>	<b>20.8</b>	<b>17.0</b>	<b>(12.6)</b>	<b>19.4</b>	<b>44.6</b>	<b>13.6</b>	<b>(38.2)</b>	<b>17.0</b>	<b>61.1</b>	<b>53.5</b>	<b>101.2</b>
Accounts receivable, net	(64.2)	(107.1)	(135.7)	28.8	31.4	(70.3)	(111.5)	(121.7)	55.5	(86.1)	(32.6)	(130.9)	(194.1)	(171.6)
Deferred contract costs	(25.1)	(42.8)	(51.1)	(11.8)	(15.9)	(15.0)	(26.9)	(69.5)	(12.6)	(19.5)	(16.6)	(17.7)	(66.4)	(79.4)
Prepaid expenses and other current assets	(4.4)	(0.7)	(6.6)	(15.8)	(1.0)	6.5	(3.2)	(13.5)	(14.1)	5.6	1.2	6.8	(0.4)	(8.5)
Other assets	1.0	(2.6)	(5.2)	0.2	2.1	(1.0)	(0.2)	1.0	2.6	(0.4)	(5.7)	(1.8)	(5.3)	(16.0)
Accounts payable	6.5	3.1	(1.3)	18.5	6.4	32.4	0.5	57.8	(17.1)	48.7	0.1	7.8	39.5	25.5
Accrued expenses and other liabilities	4.0	37.3	37.6	(28.1)	(16.0)	(24.2)	27.8	(40.5)	(7.4)	(8.4)	(17.5)	28.8	(4.6)	(8.9)
Deferred revenue	69.8	176.3	168.6	29.0	10.1	59.0	132.9	231.0	6.7	21.9	88.0	168.1	284.7	360.0
<b>Net cash provided by operating activities</b>	<b>109.1</b>	<b>286.5</b>	<b>418.4</b>	<b>133.8</b>	<b>153.2</b>	<b>152.8</b>	<b>220.2</b>	<b>660.0</b>	<b>212.3</b>	<b>164.4</b>	<b>205.3</b>	<b>259.5</b>	<b>841.5</b>	<b>1,036.7</b>
<i>y/y growth</i>	350%	163%	46%	-9%	110%	83%	92%	58%	59%	7%	34%	18%	28%	23%
<i>% of revenue</i>	18%	28%	25%	28%	30%	28%	37%	31%	35%	25%	31%	37%	32%	33%
<b>Cash from investing activities</b>														
Purchase of marketable securities	(1,791.9)	(1,125.5)	(1,413.7)	(757.8)	(632.5)	(621.5)	(546.2)	(2,558.0)	(637.4)	(603.0)	-	-	(1,240.3)	-
Maturities of marketable securities	503.9	1,046.6	1,137.7	497.6	520.7	449.7	396.6	1,864.6	401.7	564.3	-	-	966.0	-
Proceeds from sale of marketable securities	163.6	67.7	2.1	21.3	15.3	(0.2)	0.6	37.0	-	0.0	-	-	0.0	-
Purchases of property and equipment	(5.4)	(10.0)	(35.3)	(8.7)	(2.3)	(6.1)	(10.4)	(27.6)	(14.2)	(4.4)	(9.9)	(10.6)	(39.1)	(47.3)
Capitalized software development costs	(20.5)	(26.1)	(29.6)	(8.7)	(9.1)	(8.5)	(8.5)	(34.8)	(11.4)	(16.2)	(13.2)	(14.1)	(55.0)	(66.5)
Cash paid for acquisition of businesses, net of cash acquired	(2.4)	(226.5)	(45.9)	-	(2.0)	(4.3)	(6.1)	(12.5)	-	(0.4)	(5.0)	(5.0)	(10.4)	(20.0)
Other	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-
<b>Net cash used in investing activities</b>	<b>(1,152.6)</b>	<b>(273.7)</b>	<b>(384.7)</b>	<b>(256.2)</b>	<b>(110.0)</b>	<b>(191.0)</b>	<b>(174.0)</b>	<b>(731.4)</b>	<b>(261.2)</b>	<b>(59.7)</b>	<b>(28.2)</b>	<b>(29.7)</b>	<b>(378.8)</b>	<b>(133.8)</b>
<b>Cash from financing activities</b>														
Proceeds from exercise of stock options	16.0	14.9	10.0	2.1	5.4	9.9	3.5	20.9	2.2	1.8			3.9	-
Proceeds from issuance of common stock under ESPP	15.2	20.3	26.0	-	20.0	-	17.4	37.4	-	22.5			22.5	-
Employee payroll taxes paid related to net share settlement under	(1.0)	(0.2)	-	-	-	-	-	-	-	0.0			-	-
Proceeds from issuance of convertible senior notes, net of issuance	730.2	-	-	-	-	-	-	-	-	0.0			-	685.5
Purchase of capped call related to convertible senior notes	(89.6)	-	-	-	-	-	-	-	-	0.0			-	-
Repayments of convertible senior notes	-	-	(0.0)	-	-	-	-	-	-	(0.0)			(0.0)	(743.1)
Other	(0.4)	-	-	-	-	-	-	-	-	0.0			-	-
<b>Net cash provided by financing activities</b>	<b>670.3</b>	<b>34.9</b>	<b>36.0</b>	<b>2.1</b>	<b>25.4</b>	<b>9.9</b>	<b>20.9</b>	<b>58.3</b>	<b>2.2</b>	<b>24.2</b>	<b>-</b>	<b>-</b>	<b>26.4</b>	<b>(57.6)</b>
FX Impact on cash and equivalents	0.8	(2.0)	(1.9)	0.6	0.2	(1.6)	2.0	1.2	(1.4)	(0.2)			(1.6)	-
Cash balance, beginning of period	601.2	228.7	274.5	342.3	222.5	291.3	261.3	342.3	330.3	282.2	411.0	588.1	330.3	817.9
Net change in cash	(372.5)	45.8	67.8	(119.7)	68.8	(30.0)	69.0	(11.9)	(48.1)	128.7	177.2	229.8	487.6	845.3
<b>Cash balance, end of period</b>	<b>228.7</b>	<b>274.5</b>	<b>342.3</b>	<b>222.5</b>	<b>291.3</b>	<b>261.3</b>	<b>330.3</b>	<b>330.3</b>	<b>282.2</b>	<b>411.0</b>	<b>588.1</b>	<b>817.9</b>	<b>817.9</b>	<b>1,663.2</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## DT

## Exhibit 125: Dynatrace GAAP Income Statement

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Jun-23 1Q24	Sep-23 2Q24	Dec-23 3Q24	Mar-24 4Q24	2024 Full Year	Jun-24 1Q25	Sep-24 2Q25E	Dec-24 3Q25E	Mar-25 4Q25E	2025 (E) Full Year	2026 (E) Full Year	2027 (E) Full Year
<b>GAAP Income Statement</b>																
Subscription	487.8	655.2	870.4	1,083.3	316.5	334.5	348.3	360.1	1,359.4	381.6	389.1	396.3	411.3	1,578.3	1,839.3	2,125.7
Service	45.3	46.9	59.0	75.2	16.4	17.2	16.8	20.7	71.2	17.6	17.1	18.3	19.7	72.8	79.4	88.6
<b>Total Revenue</b>	<b>545.8</b>	<b>703.5</b>	<b>929.4</b>	<b>1,158.5</b>	<b>332.9</b>	<b>351.7</b>	<b>365.1</b>	<b>380.8</b>	<b>1,430.5</b>	<b>399.2</b>	<b>406.1</b>	<b>414.6</b>	<b>431.1</b>	<b>1,651.0</b>	<b>1,918.7</b>	<b>2,214.3</b>
<i>y/y growth</i>	26.6%	28.9%	32.1%	24.6%	24.5%	25.9%	22.7%	21.1%	23.5%	19.9%	15.5%	13.6%	13.2%	15.4%	16.2%	15.4%
<b>Total Cost of Revenue</b>	<b>128.9</b>	<b>127.7</b>	<b>172.9</b>	<b>222.9</b>	<b>62.3</b>	<b>64.4</b>	<b>67.9</b>	<b>71.9</b>	<b>266.5</b>	<b>74.8</b>	<b>71.7</b>	<b>72.1</b>	<b>77.0</b>	<b>295.7</b>	<b>334.1</b>	<b>383.4</b>
<i>% of revenue</i>	23.6%	18.2%	18.6%	19.2%	18.7%	18.3%	18.6%	18.9%	18.6%	18.7%	17.7%	17.4%	17.9%	17.9%	17.4%	17.3%
<b>Gross Profit</b>																
Subscription	414.6	577.7	758.7	938.9	273.6	289.7	301.4	309.9	1,174.6	328.0	333.1	341.0	352.3	1,354.4	1,578.7	1,824.7
<i>Subscription Gross Margin</i>	85.0%	88.2%	87.2%	86.7%	86.4%	86.6%	86.5%	86.1%	86.4%	86.0%	85.6%	86.0%	85.7%	85.8%	85.8%	85.8%
Service	6.0	12.0	13.3	12.3	0.9	1.5	0.1	3.3	5.8	0.8	3.2	3.5	3.8	11.3	15.1	16.8
<i>Service Gross Margin</i>	13.3%	25.6%	22.5%	16.4%	5.4%	8.9%	0.3%	15.8%	8.1%	4.8%	19.0%	19.0%	19.0%	15.6%	19.0%	19.0%
<b>Total Gross Profit</b>	<b>416.9</b>	<b>575.8</b>	<b>756.6</b>	<b>935.6</b>	<b>270.5</b>	<b>287.3</b>	<b>297.2</b>	<b>309.0</b>	<b>1,164.1</b>	<b>324.5</b>	<b>334.4</b>	<b>342.5</b>	<b>354.0</b>	<b>1,355.4</b>	<b>1,584.6</b>	<b>1,830.9</b>
<i>Total Gross Margin</i>	<b>76.4%</b>	<b>81.8%</b>	<b>81.4%</b>	<b>80.8%</b>	<b>81.3%</b>	<b>81.7%</b>	<b>81.4%</b>	<b>81.1%</b>	<b>81.4%</b>	<b>81.3%</b>	<b>82.3%</b>	<b>82.6%</b>	<b>82.1%</b>	<b>82.1%</b>	<b>82.6%</b>	<b>82.7%</b>
<b>Operating Expenses</b>																
Research and Development	119.3	111.4	156.3	218.3	66.3	74.1	80.1	84.3	304.7	87.6	85.9	82.4	89.2	345.1	382.8	441.8
<i>% of revenue</i>	21.9%	15.8%	16.8%	18.8%	19.9%	21.1%	21.9%	22.1%	21.3%	21.9%	21.1%	19.9%	20.7%	20.9%	20.0%	20.0%
Sales and Marketing	266.2	245.5	362.1	448.0	125.1	127.6	132.7	148.8	534.2	145.1	146.3	146.6	154.3	592.3	676.8	781.1
<i>% of revenue</i>	48.8%	34.9%	39.0%	38.7%	37.6%	36.3%	36.4%	39.1%	37.3%	36.3%	36.0%	35.4%	35.8%	35.9%	35.3%	35.3%
General and Administrative	162.0	92.2	126.6	150.0	39.1	44.7	43.2	47.3	174.4	45.0	44.4	43.8	47.7	180.9	210.4	242.8
<i>% of revenue</i>	29.7%	13.1%	13.6%	13.0%	11.7%	12.7%	11.8%	12.4%	12.2%	11.3%	10.9%	10.6%	11.1%	11.0%	11.0%	11.0%
Amortization of Other Intangibles	40.3	34.7	30.2	26.3	5.8	5.6	5.5	5.5	22.3	4.8	2.1	2.2	2.2	11.3	10.0	11.6
<i>% of revenue</i>	7.4%	4.9%	3.2%	2.3%	1.7%	1.6%	1.5%	1.4%	1.6%	1.2%	0.5%	0.5%	0.5%	0.7%	0.5%	0.5%
Restructuring and Other	1.1	0.0	0.0	0.1	0.0	(0.0)	(0.0)	-	(0.0)	-	1.4	0.0	0.0	1.4	0.9	0.2
<i>% of revenue</i>	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.1%	0.0%	0.0%
<b>Total Operating Expenses</b>	<b>588.8</b>	<b>483.9</b>	<b>675.3</b>	<b>842.8</b>	<b>236.3</b>	<b>252.1</b>	<b>261.5</b>	<b>285.9</b>	<b>1,035.7</b>	<b>282.4</b>	<b>280.1</b>	<b>275.0</b>	<b>293.4</b>	<b>1,130.9</b>	<b>1,280.9</b>	<b>1,477.5</b>
<i>% of revenue</i>																
<b>Operating Income</b>	<b>(171.9)</b>	<b>91.9</b>	<b>81.3</b>	<b>92.8</b>	<b>34.3</b>	<b>35.3</b>	<b>35.7</b>	<b>23.1</b>	<b>128.4</b>	<b>42.0</b>	<b>54.3</b>	<b>67.5</b>	<b>60.6</b>	<b>224.4</b>	<b>303.7</b>	<b>353.4</b>
<i>Operating Margin</i>	<b>-31.5%</b>	<b>13.1%</b>	<b>8.7%</b>	<b>8.0%</b>	<b>10.3%</b>	<b>10.0%</b>	<b>9.8%</b>	<b>6.1%</b>	<b>9.0%</b>	<b>10.5%</b>	<b>13.4%</b>	<b>16.3%</b>	<b>14.1%</b>	<b>13.6%</b>	<b>15.8%</b>	<b>16.0%</b>
Interest Income (Expense), net	(45.4)	(14.2)	(10.2)	(3.4)	7.1	8.5	10.6	11.0	37.3	12.8	8.3	8.3	7.4	36.8	37.7	56.9
Other Income, net	(1.2)	0.2	0.5	0.6	0.3	(3.1)	(3.9)	(4.0)	(10.8)	(2.0)	-	-	-	(2.0)	-	-
Income (Loss) Before Taxes	(218.5)	77.9	71.7	90.0	41.7	40.7	42.4	30.1	154.9	52.8	62.6	75.8	68.0	259.2	341.4	410.4
Income Tax (Expense) Benefit	(195.3)	(2.1)	(19.2)	18.0	(3.5)	(4.9)	0.3	7.8	(0.3)	(14.1)	(20.7)	(25.0)	(22.4)	(82.3)	(64.9)	(78.0)
<i>Tax Rate</i>	NM	2.7%	26.8%	NM	8.4%	12.0%	NM	NM	0.2%	26.8%	33.0%	33.0%	33.0%	31.7%	19.0%	19.0%
<b>Net Income</b>	<b>(413.8)</b>	<b>75.7</b>	<b>52.5</b>	<b>108.0</b>	<b>38.2</b>	<b>35.8</b>	<b>42.691</b>	<b>37.9</b>	<b>154.6</b>	<b>38.6</b>	<b>41.9</b>	<b>50.8</b>	<b>45.6</b>	<b>176.9</b>	<b>276.5</b>	<b>332.4</b>
<b>GAAP EPS</b>	<b>(\$1.56)</b>	<b>\$0.26</b>	<b>\$0.18</b>	<b>\$0.37</b>	<b>\$0.13</b>	<b>\$0.12</b>	<b>\$0.14</b>	<b>\$0.13</b>	<b>\$0.52</b>	<b>\$0.13</b>	<b>\$0.14</b>	<b>\$0.17</b>	<b>\$0.15</b>	<b>\$0.59</b>	<b>\$0.92</b>	<b>\$1.09</b>
Shares Outstanding																
Basic	264.9	280.5	284.2	287.7	291.3	293.7	294.9	296.3	294.0	297.4	298.0	298.5	299.1	298.3	300.6	303.8
<i>y/y growth</i>	12.3%	5.9%	1.3%	1.2%	1.8%	2.3%	2.4%	2.2%	2.2%	2.1%	1.5%	1.2%	1.0%	1.4%	0.8%	1.1%
Diluted	264.9	286.5	290.9	291.6	296.4	297.8	299.2	300.9	298.6	301.0	298.0	298.5	299.1	299.2	300.6	303.8
<i>y/y growth</i>	12.3%	8.1%	1.5%	0.2%	2.2%	2.5%	2.8%	2.4%	2.4%	1.5%	0.1%	-0.2%	-0.6%	0.2%	0.5%	1.1%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 126: Dynatrace Non-GAAP Income Statement

\$ in millions, except per share data

	2020	2021	2022	2023	Jun-23	Sep-23	Dec-23	Mar-24	2024	Jun-24	Sep-24	Dec-24	Mar-25	2025 (E)	2026 (E)	2027 (E)
	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25	2Q25E	3Q25E	4Q25E	Full Year	Full Year	Full Year
<b>Non-GAAP Income Statement</b>																
Subscription Revenue	487.8	655.2	870.4	1,083.3	316.5	334.5	348.3	360.1	1,359.4	381.6	389.1	396.3	411.3	1,578.3	1,839.3	2,125.7
y/y growth	39.4%	34.3%	32.8%	24.5%	26.8%	28.0%	24.8%	22.8%	25.5%	20.6%	16.3%	13.8%	14.2%	16.1%	16.5%	15.6%
cc y/y growth	42.0%	33.0%	32.0%	29.0%	27.0%	26.0%	23.0%	22.0%	21.0%	21.0%						
% of total revenue	89.4%	93.1%	93.6%	93.5%	95.1%	95.1%	95.4%	94.6%	95.0%	95.6%	95.8%	95.6%	95.4%	95.6%	95.9%	96.0%
Service Revenue	45.3	46.9	59.0	75.2	16.4	17.2	16.8	20.7	71.2	17.6	17.1	18.3	19.7	72.8	79.4	88.6
y/y growth	11.1%	3.5%	25.9%	27.4%	-7.2%	-4.5%	-8.2%	-2.0%	-5.4%	7.4%	-0.8%	9.1%	-4.8%	2.2%	9.1%	11.5%
% of total revenue	8.3%	6.7%	6.3%	6.5%	4.9%	4.9%	4.6%	5.4%	5.0%	4.4%	4.2%	4.4%	4.6%	4.4%	4.1%	4.0%
<b>Total Revenue</b>	<b>545.8</b>	<b>703.5</b>	<b>929.4</b>	<b>1,158.5</b>	<b>332.9</b>	<b>351.7</b>	<b>365.1</b>	<b>380.8</b>	<b>1,430.5</b>	<b>399.2</b>	<b>406.1</b>	<b>414.6</b>	<b>431.1</b>	<b>1,651.0</b>	<b>1,918.7</b>	<b>2,214.3</b>
y/y growth	26.6%	28.9%	32.1%	24.6%	24.5%	25.9%	22.7%	21.1%	23.5%	19.9%	15.5%	13.6%	13.2%	15.4%	16.2%	15.4%
cc y/y growth	29.0%	28.0%	32.0%	29.0%	25.0%	24.0%	21.0%	21.0%	21.0%	21.0%						
<b>Gross Profit</b>																
Subscription Gross Profit	428.0	583.2	767.3	952.1	278.1	294.7	306.2	315.0	1,194.0	333.9	340.4	346.7	359.9	1,381.0	1,609.4	1,860.0
Subscription Gross Margin	87.7%	89.0%	88.2%	87.9%	87.9%	88.1%	87.9%	87.5%	87.8%	87.5%	87.5%	87.5%	87.5%	87.5%	87.5%	87.5%
Service Gross Profit	11.4	14.5	18.7	18.7	2.8	4.0	2.5	5.7	15.0	3.5	3.2	3.5	3.8	14.0	15.1	16.8
Service Gross Margin	25.2%	31.0%	31.6%	24.9%	17.0%	23.4%	14.8%	27.5%	21.1%	20.0%	19.0%	19.0%	19.0%	19.2%	19.0%	19.0%
<b>Total Gross Profit</b>	<b>452.1</b>	<b>599.1</b>	<b>786.0</b>	<b>970.8</b>	<b>280.9</b>	<b>298.7</b>	<b>308.7</b>	<b>320.7</b>	<b>1,209.0</b>	<b>337.5</b>	<b>343.7</b>	<b>350.2</b>	<b>363.7</b>	<b>1,395.0</b>	<b>1,624.5</b>	<b>1,876.9</b>
<b>Total Gross Margin</b>	<b>82.8%</b>	<b>85.2%</b>	<b>84.6%</b>	<b>83.8%</b>	<b>84.4%</b>	<b>84.9%</b>	<b>84.6%</b>	<b>84.2%</b>	<b>84.5%</b>	<b>84.5%</b>	<b>84.6%</b>	<b>84.5%</b>	<b>84.4%</b>	<b>84.5%</b>	<b>84.7%</b>	<b>84.8%</b>
<b>Operating Expenses</b>																
Research and Development	80.4	98.4	133.1	175.2	50.8	55.0	60.2	63.8	229.7	63.6	65.4	66.3	68.1	263.4	297.4	343.2
% of revenue	14.7%	14.0%	14.3%	15.1%	15.2%	15.6%	16.5%	16.7%	16.1%	15.9%	16.1%	16.0%	15.8%	16.0%	15.5%	15.5%
Sales and Marketing	181.0	219.7	323.9	393.2	109.6	108.2	115.9	129.6	463.3	127.6	131.2	134.7	138.8	532.3	614.0	708.6
% of revenue	33.2%	31.2%	34.8%	33.9%	32.9%	30.8%	31.8%	34.0%	32.4%	32.0%	32.3%	32.5%	32.2%	32.2%	32.0%	32.0%
General and Administrative	59.9	73.8	95.2	110.5	28.5	29.2	27.9	32.2	117.8	32.0	32.9	34.8	36.2	136.0	163.1	188.2
% of revenue	11.0%	10.5%	10.2%	9.5%	8.5%	8.3%	7.6%	8.5%	8.2%	8.0%	8.1%	8.4%	8.4%	8.2%	8.5%	8.5%
<b>Total Operating Expenses</b>	<b>321.3</b>	<b>391.9</b>	<b>552.2</b>	<b>679.0</b>	<b>188.8</b>	<b>192.3</b>	<b>204.1</b>	<b>225.6</b>	<b>810.8</b>	<b>223.2</b>	<b>229.5</b>	<b>235.9</b>	<b>243.1</b>	<b>931.7</b>	<b>1,074.5</b>	<b>1,240.0</b>
y/y growth	19.2%	22.0%	40.9%	22.9%	15.4%	20.2%	20.6%	21.2%	19.4%	18.2%	19.3%	15.6%	7.8%	14.9%	15.3%	15.4%
% of revenue	58.9%	55.7%	59.4%	58.6%	56.7%	54.7%	55.9%	59.2%	56.7%	55.9%	56.5%	56.9%	56.4%	56.4%	56.0%	56.0%
<b>Operating Income</b>	<b>130.8</b>	<b>207.3</b>	<b>233.8</b>	<b>291.8</b>	<b>92.1</b>	<b>106.4</b>	<b>104.6</b>	<b>95.1</b>	<b>398.2</b>	<b>114.3</b>	<b>114.2</b>	<b>114.3</b>	<b>120.5</b>	<b>463.3</b>	<b>550.0</b>	<b>636.8</b>
<b>Operating Margin</b>	<b>24.0%</b>	<b>29.5%</b>	<b>25.2%</b>	<b>25.2%</b>	<b>27.7%</b>	<b>30.3%</b>	<b>28.7%</b>	<b>25.0%</b>	<b>27.8%</b>	<b>28.6%</b>	<b>28.1%</b>	<b>27.6%</b>	<b>28.0%</b>	<b>28.1%</b>	<b>28.7%</b>	<b>28.8%</b>
Interest Income (Expense), net	(39.6)	(12.5)	(8.4)	3.8	5.5	9.0	10.1	10.9	35.5	11.8	8.3	8.3	7.4	35.8	37.7	56.9
Other Income, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income Before Taxes	91.2	194.8	225.4	295.6	97.6	115.4	114.7	106.0	433.7	126.0	122.5	122.7	127.9	499.1	587.7	693.8
Income Tax Benefit (Expense)	(7.4)	(14.7)	(27.9)	(13.4)	(18.5)	(21.9)	(18.5)	(16.6)	(75.6)	(27.1)	(25.1)	(28.2)	(30.1)	(110.5)	(129.3)	(152.6)
Tax Rate	8.1%	7.6%	12.4%	4.5%	19.0%	19.0%	16.1%	15.7%	17.4%	21.5%	20.5%	23.0%	23.5%	22.1%	22.0%	22.0%
<b>Net Income</b>	<b>83.8</b>	<b>180.1</b>	<b>197.5</b>	<b>282.2</b>	<b>79.0</b>	<b>93.5</b>	<b>96.2</b>	<b>89.4</b>	<b>358.1</b>	<b>98.9</b>	<b>97.4</b>	<b>94.4</b>	<b>97.9</b>	<b>388.6</b>	<b>458.4</b>	<b>541.1</b>
<b>Non-GAAP EPS</b>																
	\$0.31	\$0.63	\$0.68	\$0.97	\$0.27	\$0.31	\$0.32	\$0.30	\$1.20	\$0.33	\$0.32	\$0.31	\$0.32	\$1.28	\$1.49	\$1.74
<b>Shares Outstanding</b>																
Basic	264.9	280.5	284.2	287.7	291.3	293.7	294.9	296.3	294.0	297.4	298.0	298.5	299.1	298.3	300.6	303.8
y/y growth	12.3%	5.9%	1.3%	1.2%	1.8%	2.3%	2.4%	2.2%	2.2%	2.1%	1.8%	1.2%	1.0%	1.4%	0.8%	1.1%
Diluted	268.0	286.5	290.9	291.6	296.4	297.8	299.2	300.9	298.6	301.0	302.4	306.0	306.6	304.0	308.2	311.4
y/y growth	13.2%	6.9%	1.5%	0.2%	2.2%	2.5%	2.8%	2.4%	2.4%	1.5%	1.6%	2.3%	1.9%	1.8%	1.4%	1.1%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis



## Exhibit 127: Dynatrace Balance Sheet

\$ in millions, except per share data

	2020	2021	2022	2023	Jun-23	Sep-23	Dec-23	Mar-24	2024	Jun-24	Sep-24	Dec-24	Mar-25	2025 (E)	2026 (E)	2027 (E)
	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25	2Q25E	3Q25E	4Q25E	Full Year	Full Year	Full Year
<b>Balance Sheet</b>																
<b>Current assets</b>																
Cash and cash equivalents	213.2	325.0	463.0	555.3	700.7	701.5	782.6	779.0	779.0	930.3	818.6	727.8	718.3	718.3	1,192.9	1,766.6
Accounts receivable, net	157.1	242.1	350.7	442.5	238.3	262.7	361.7	602.7	602.7	245.0	320.5	436.2	727.5	727.5	919.8	1,111.3
Deferred commissions, current	38.5	49.0	62.6	83.0	83.0	84.2	90.1	98.9	98.9	99.5	97.5	99.5	111.2	111.2	129.7	149.5
Prepaid expenses and other current assets	79.0	64.3	72.2	37.3	52.4	53.1	52.3	66.7	66.7	67.4	89.3	99.5	113.8	113.8	144.7	166.9
Short-term Investments	-	-	-	-	-	-	-	57.9	57.9	82.2	82.2	82.2	82.2	82.2	82.2	82.2
<b>Total current assets</b>	<b>487.8</b>	<b>680.3</b>	<b>948.4</b>	<b>1,118.2</b>	<b>1,074.4</b>	<b>1,101.6</b>	<b>1,286.7</b>	<b>1,605.3</b>	<b>1,605.3</b>	<b>1,424.4</b>	<b>1,408.1</b>	<b>1,445.2</b>	<b>1,753.0</b>	<b>1,753.0</b>	<b>2,469.3</b>	<b>3,276.5</b>
<b>Non-current assets</b>																
Long-term Investments	-	-	-	-	-	-	-	46.4	46.4	54.7	54.7	54.7	54.7	54.7	54.7	54.7
Property and equipment, net	31.5	36.9	45.3	53.6	54.4	46.9	49.4	53.3	53.3	51.2	57.6	62.0	68.1	68.1	87.4	107.3
Operating lease right-of-use asset, net	-	43.0	58.8	68.1	71.2	67.4	65.9	61.4	61.4	71.5	71.5	71.5	71.5	71.5	71.5	71.5
Goodwill	1,270.7	1,271.2	1,281.9	1,281.8	1,282.1	1,309.5	1,312.7	1,335.5	1,335.5	1,335.0	1,335.0	1,335.0	1,335.0	1,335.0	1,335.0	1,335.0
Intangible assets, net	201.6	149.5	105.7	63.6	53.9	52.1	54.1	51.0	51.0	41.2	37.1	33.0	28.6	28.6	9.5	-
Deferred tax assets, net	7.4	16.8	28.1	79.8	99.1	113.8	129.1	138.8	138.8	160.5	160.5	160.5	160.5	160.5	160.5	160.5
Deferred commissions, non-current	39.7	48.6	63.4	86.2	78.1	74.6	79.7	93.3	93.3	89.4	86.1	90.5	105.6	105.6	123.1	142.0
Other assets	8.1	9.9	9.6	14.0	14.1	16.2	21.6	24.8	24.8	29.8	18.7	24.5	28.1	28.1	50.3	57.9
<b>Total assets</b>	<b>2,046.9</b>	<b>2,256.2</b>	<b>2,541.3</b>	<b>2,765.3</b>	<b>2,727.3</b>	<b>2,782.2</b>	<b>2,999.2</b>	<b>3,409.8</b>	<b>3,409.8</b>	<b>3,257.7</b>	<b>3,229.2</b>	<b>3,276.8</b>	<b>3,605.0</b>	<b>3,605.0</b>	<b>4,361.2</b>	<b>5,205.4</b>
<b>Current liabilities</b>																
Accounts payable	11.1	9.6	22.7	22.0	6.1	15.8	13.2	21.4	21.4	3.9	12.3	17.6	26.6	26.6	38.1	43.5
Accrued expenses, current	95.0	119.5	141.6	188.4	156.1	146.8	171.9	233.7	233.7	169.9	178.7	165.8	224.2	224.2	241.2	278.1
Deferred revenue, current	384.1	509.3	688.6	811.1	721.8	677.8	757.1	988.0	988.0	862.1	830.3	936.8	1,215.4	1,215.4	1,488.0	1,689.9
Operating lease liabilities, current	-	9.5	12.8	15.7	15.9	15.9	16.3	15.5	15.5	15.4	15.4	15.4	15.4	15.4	15.4	15.4
Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>490.2</b>	<b>647.9</b>	<b>865.6</b>	<b>1,037.0</b>	<b>900.0</b>	<b>856.4</b>	<b>958.6</b>	<b>1,258.6</b>	<b>1,258.6</b>	<b>1,051.2</b>	<b>1,036.7</b>	<b>1,135.6</b>	<b>1,481.5</b>	<b>1,481.5</b>	<b>1,782.7</b>	<b>2,026.9</b>
<b>Long term liabilities</b>																
Deferred revenue, non-current	60.7	47.5	25.8	34.4	28.7	33.6	38.5	62.3	62.3	52.2	52.4	28.1	36.5	36.5	22.3	25.3
Accrued expenses, non-current	20.3	16.1	19.4	29.2	30.7	30.4	29.9	18.4	18.4	19.6	35.7	41.5	43.1	43.1	20.1	23.2
Operating lease liabilities, non-current	-	38.2	52.1	59.5	62.7	59.9	58.0	54.0	54.0	66.1	66.1	66.1	66.1	66.1	66.1	66.1
Deferred tax liabilities	-	1.0	0.1	0.3	0.3	0.3	0.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Long-term debt, net	510.0	391.9	273.9	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>1,081.2</b>	<b>1,142.6</b>	<b>1,236.9</b>	<b>1,160.5</b>	<b>1,022.4</b>	<b>980.5</b>	<b>1,085.3</b>	<b>1,394.3</b>	<b>1,394.3</b>	<b>1,190.0</b>	<b>1,191.9</b>	<b>1,272.2</b>	<b>1,628.1</b>	<b>1,628.1</b>	<b>1,892.2</b>	<b>2,142.5</b>
<b>Stockholders' equity</b>	<b>965.7</b>	<b>1,113.6</b>	<b>1,304.4</b>	<b>1,604.9</b>	<b>1,704.9</b>	<b>1,801.7</b>	<b>1,913.9</b>	<b>2,015.5</b>	<b>2,015.5</b>	<b>2,067.6</b>	<b>2,037.4</b>	<b>2,004.6</b>	<b>1,976.9</b>	<b>1,976.9</b>	<b>2,469.0</b>	<b>3,062.9</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,046.9</b>	<b>2,256.2</b>	<b>2,541.3</b>	<b>2,765.3</b>	<b>2,727.3</b>	<b>2,782.2</b>	<b>2,999.2</b>	<b>3,409.8</b>	<b>3,409.8</b>	<b>3,257.7</b>	<b>3,229.2</b>	<b>3,276.8</b>	<b>3,605.0</b>	<b>3,605.0</b>	<b>4,361.2</b>	<b>5,205.4</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 128: Dynatrace Cash Flow Statement

\$ in millions, except per share data

	2020	2021	2022	2023	Jun-23	Sep-23	Dec-23	Mar-24	2024	Jun-24	Sep-24	Dec-24	Mar-25	2025 (E)	2026 (E)	2027 (E)
	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25	2Q25E	3Q25E	4Q25E	Full Year	Full Year	Full Year
<b>Cash Flow Statement</b>																
<b>Cash from Operating Activities</b>																
<b>Net income (loss)</b>	<b>(413.8)</b>	<b>75.7</b>	<b>52.5</b>	<b>108.0</b>	<b>38.2</b>	<b>35.8</b>	<b>42.7</b>	<b>37.9</b>	<b>154.6</b>	<b>38.6</b>	<b>41.9</b>	<b>50.8</b>	<b>45.6</b>	<b>176.9</b>	<b>276.5</b>	<b>332.4</b>
Depreciation	7.9	9.0	10.6	12.5	3.9	4.0	3.9	3.7	15.5	4.3	3.7	4.8	4.7	17.5	23.5	29.6
Amortization	58.5	51.9	46.2	42.1	9.7	9.5	9.9	10.4	39.4	9.7	4.1	4.1	4.3	22.2	19.2	22.1
Stock-based compensation	222.5	57.8	99.5	146.9	40.5	58.0	54.8	55.6	208.9	57.7	52.8	41.5	51.7	203.6	215.6	248.8
Deferred income taxes	(46.2)	(7.0)	(12.4)	(53.5)	(19.3)	(15.8)	(14.4)	(10.3)	(59.9)	(22.6)	0.0	0.0	0.0	(22.6)	-	-
Loss on extinguishment of debt	-	-	-	5.9	0.0	0.0	0.0	0.0	-	0.0	-	-	-	-	-	-
Other	6.1	1.8	1.5	1.0	(0.2)	3.2	4.0	4.2	11.2	1.6	-	-	-	1.6	-	-
<b>Working Capital:</b>	<b>22.7</b>	<b>31.2</b>	<b>53.0</b>	<b>92.1</b>	<b>61.1</b>	<b>(57.7)</b>	<b>(25.2)</b>	<b>30.2</b>	<b>8.3</b>	<b>141.5</b>	<b>(79.1)</b>	<b>(57.9)</b>	<b>19.9</b>	<b>24.6</b>	<b>(17.3)</b>	<b>(9.7)</b>
Accounts receivable	(44.0)	(82.0)	(108.8)	(94.9)	204.2	(26.5)	(94.2)	(245.3)	(161.9)	355.4	(75.5)	(115.7)	(291.3)	(127.1)	(192.3)	(191.5)
Deferred commissions	(20.1)	(16.3)	(29.5)	(45.2)	8.5	0.4	(8.1)	(24.4)	(23.5)	2.1	5.3	(6.4)	(26.8)	(25.8)	(36.0)	(38.7)
Prepaid expenses and other assets	(57.6)	5.7	(8.1)	26.8	(16.4)	(6.5)	(4.5)	(20.0)	(47.4)	(8.1)	(10.8)	(16.0)	(17.8)	(52.7)	(53.1)	(29.8)
Accounts payable and accrued expenses	53.0	26.6	35.9	58.7	(39.6)	6.4	9.2	61.9	37.9	(78.3)	33.4	(1.8)	68.9	22.2	5.6	45.4
Operating leases, net	-	0.7	1.4	1.2	0.3	1.1	(0.1)	(0.2)	1.0	1.8	0.0	0.0	0.0	1.8	-	-
Deferred revenue	91.4	96.5	162.2	145.5	(95.9)	(32.6)	72.5	258.2	202.2	(131.5)	(31.6)	82.1	287.0	206.1	258.5	204.9
<b>Net cash provided by operating activities</b>	<b>(142.5)</b>	<b>220.4</b>	<b>250.9</b>	<b>354.9</b>	<b>133.9</b>	<b>36.9</b>	<b>75.7</b>	<b>131.7</b>	<b>378.1</b>	<b>230.7</b>	<b>23.5</b>	<b>43.3</b>	<b>126.2</b>	<b>423.8</b>	<b>517.5</b>	<b>623.2</b>
<i>y/y growth</i>	<i>NM</i>	<i>NM</i>	14%	41%	-6.4%	25.4%	22.1%	9.3%	7%	72.3%	-36.3%	-42.8%	-4.1%	12%	22%	20%
<i>% of revenue</i>	-26.1%	31.3%	27.0%	30.6%	40.2%	10.5%	20.7%	34.6%	26.4%	57.8%	5.8%	10.4%	29.3%	25.7%	27.0%	28.1%
<b>Cash from investing activities</b>																
Purchases of property and equipment	(19.7)	(14.1)	(17.7)	(21.5)	(10.3)	(2.8)	(3.6)	(9.8)	(26.5)	(3.4)	(10.2)	(9.1)	(10.8)	(33.4)	(42.9)	(49.5)
Acquisitions, net of cash acquired	-	-	(13.2)	-	0.0	(32.4)	0.1	(24.8)	(57.1)	(0.1)	-	-	-	(0.1)	-	-
Capitalized software additions	(0.9)	0.2	-	-	-	-	(4.7)	(0.6)	(5.3)	-	-	-	-	-	-	-
Purchases of Investments	-	-	-	-	-	-	-	(104.2)	(104.2)	(40.9)	-	-	-	(40.9)	-	-
Proceeds from sales and maturities of investments	-	-	-	-	-	-	-	-	-	8.8	-	-	-	8.8	-	-
<b>Net cash used in investing activities</b>	<b>(20.6)</b>	<b>(13.9)</b>	<b>(30.9)</b>	<b>(21.5)</b>	<b>(10.3)</b>	<b>(35.1)</b>	<b>(8.2)</b>	<b>(139.4)</b>	<b>(193.0)</b>	<b>(35.6)</b>	<b>(10.2)</b>	<b>(9.1)</b>	<b>(10.8)</b>	<b>(65.6)</b>	<b>(42.9)</b>	<b>(49.5)</b>
<b>Cash from financing activities</b>																
Proceeds (Repayments) of term loans	(515.2)	(120.0)	(120.0)	(281.1)	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-
Debt issuance costs	(0.9)	-	-	(1.9)	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-
Proceeds from employee stock purchase plan	-	9.2	13.9	17.8	9.6	0.0	9.9	0.0	19.5	10.4	-	-	-	10.4	-	-
Proceeds from exercise of stock options	-	13.1	25.5	32.9	13.2	3.4	7.6	7.0	31.2	4.2	-	-	-	4.2	-	-
Equity repurchases	(0.2)	(0.0)	(0.1)	(0.0)	0.0	0.0	0.0	0.0	-	(48.6)	(125.0)	(125.0)	(125.0)	(423.6)	-	-
Other	845.6	-	-	-	-	0.0	0.0	0.0	-	(0.6)	-	-	-	(0.6)	-	-
Taxes paid related to net share settlement of equity awards	-	-	-	-	-	-	-	-	-	(8.3)	-	-	-	(8.3)	-	-
<b>Net cash provided by financing activities</b>	<b>329.4</b>	<b>(97.8)</b>	<b>(80.7)</b>	<b>(232.3)</b>	<b>22.8</b>	<b>3.4</b>	<b>17.5</b>	<b>7.0</b>	<b>50.7</b>	<b>(42.8)</b>	<b>(125.0)</b>	<b>(125.0)</b>	<b>(125.0)</b>	<b>(417.8)</b>	<b>-</b>	<b>-</b>
FX Impact on cash and equivalents	(4.5)	3.0	(1.4)	(8.6)	(1.1)	(4.3)	(3.8)	(2.9)	(12.1)	(1.0)	-	-	-	(1.0)	-	-
Cash balance, beginning of period	51.3	213.2	325.0	463.0	555.3	700.7	701.5	782.6	555.3	779.0	930.3	818.6	727.8	779.0	718.3	1,192.9
Net change in cash	161.9	111.8	138.0	92.4	145.4	0.8	81.1	(3.7)	223.6	151.3	(111.7)	(90.8)	(9.6)	(60.7)	474.7	573.7
<b>Cash balance, end of period</b>	<b>213.2</b>	<b>325.0</b>	<b>463.0</b>	<b>555.3</b>	<b>700.7</b>	<b>701.5</b>	<b>782.6</b>	<b>779.0</b>	<b>779.0</b>	<b>930.3</b>	<b>818.6</b>	<b>727.8</b>	<b>718.3</b>	<b>718.3</b>	<b>1,192.9</b>	<b>1,766.6</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

**Exhibit 129: Dynatrace Discounted Cash Flow (DCF) – Plausible**

\$ in millions, except per share data

**Assumptions and Inputs**

Current risk-free rate	3.7%
Beta	0.9
Historical equity risk premium	6.5%
Terminal growth rate	5.0%
Market Value (\$M)	\$ 15,593
Debt Value (\$M)	\$ -
Cost of equity	9.6%
Cost of debt	5.0%
Tax rate	20.0%
<b>WACC</b>	<b>9.6%</b>

Last Reported Quarter End	6/30/2024
Full Year End	3/31/2025

**Scenario 2: Plausible Case**

Fiscal year	Historicals			Hyper Growth Period					Transitionary Period					Terminal	
	F2022	F2023	F2024	F2025E	2026E	F2027E	F2028E	F2029E	F2030E	F2031E	F2032E	F2033E	F2034E	F2035E	Perpetuity
Corresponding Calendar Year Period	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
				0.8	1.8	2.8	3.8	4.8	5.8	6.8	7.8	8.8	9.8	10.8	
Risk free rate			3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Beta			0.90	0.90	0.90	0.90	0.90	0.90	0.92	0.93	0.95	0.97	0.98	1.00	1.00
Historical equity risk premium			6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Cost of equity			9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.7%	9.8%	9.9%	10.0%	10.1%	10.2%	10.2%
Cost of debt			5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Debt/Total Value			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%
<b>WACC</b>			<b>9.6%</b>	<b>9.6%</b>	<b>9.6%</b>	<b>9.6%</b>	<b>9.6%</b>	<b>9.6%</b>	<b>9.7%</b>	<b>9.8%</b>	<b>9.9%</b>	<b>10.0%</b>	<b>10.1%</b>	<b>10.2%</b>	<b>10.2%</b>
Discount factor				0.93	0.85	0.78	0.71	0.65	0.59	0.53	0.48	0.43	0.39	0.35	0.35
<b>Total Revenue / Implied Total Revenue</b>	<b>929.4</b>	<b>1,158.5</b>	<b>1,430.5</b>	<b>1,700.9</b>	<b>1,998.4</b>	<b>2,343.1</b>	<b>2,737.3</b>	<b>3,188.5</b>	<b>3,653.0</b>	<b>4,115.3</b>	<b>4,557.4</b>	<b>4,959.7</b>	<b>5,302.6</b>	<b>5,567.7</b>	<b>5,567.7</b>
y/y change		24.6%	23.5%	18.9%	17.5%	17.3%	16.8%	16.5%	15%	13%	11%	9%	7%	5%	5%
<b>Free Cash Flow to Firm (FCFF) ex share repurchases to offset !</b>	<b>227.3</b>	<b>333.9</b>	<b>259.9</b>	<b>-61.2</b>	<b>445.3</b>	<b>529.3</b>									
FCF margin	24.5%	28.8%	18.2%	-3.6%	22.3%	22.6%									
y/y change		46.9%	-22.2%	-123.5%	-827.6%	18.9%									
<b>Free Cash Flow to Firm (FCFF)</b>	<b>227.4</b>	<b>333.9</b>	<b>259.9</b>	<b>373.3</b>	<b>463.8</b>	<b>560.1</b>	<b>903.3</b>	<b>1,084.1</b>	<b>1,248.1</b>	<b>1,412.9</b>	<b>1,572.3</b>	<b>1,719.3</b>	<b>1,847.1</b>	<b>1,948.7</b>	<b>1,948.7</b>
FCF margin	24.5%	28.8%	18.2%	21.9%	23.2%	23.9%	33.0%	34.0%	34%	34%	35%	35%	35%	35%	35%
y/y change		46.9%	-22.2%	43.7%	24.2%	20.8%	61.3%	20.0%	15.1%	13.2%	11.3%	9.4%	7.4%	5.5%	5%
Diluted Shares Outstanding	291	292	299	304	308	311	315	317	319	322	324	326	327	329	329
y/y change		0.2%	2.4%	1.8%	1.4%	1.1%	1.0%	0.8%	0.8%	0.7%	0.7%	0.6%	0.6%	0.5%	0.5%
<b>FCFF per share</b>	<b>\$0.78</b>	<b>\$1.15</b>	<b>\$0.87</b>	<b>\$1.23</b>	<b>\$1.50</b>	<b>\$1.80</b>	<b>\$2.87</b>	<b>\$3.42</b>	<b>\$3.91</b>	<b>\$4.39</b>	<b>\$4.86</b>	<b>\$5.28</b>	<b>\$5.64</b>	<b>\$5.92</b>	<b>\$113.21</b>
NPV of FCF per share				\$1.15	\$1.28	\$1.40	\$2.04	\$2.21	\$2.30	\$2.34	\$2.34	\$2.29	\$2.20	\$2.08	\$39.73

Cumulative NPV of FCFF/share	\$21.62
Terminal Value FCF/Share	\$39.73
<b>Total NPV of FCF/Share</b>	<b>\$61.36</b>
<b>Net Cash per share</b>	<b>\$ 2.85</b>
Net cash balance	930
Working Capital - 5% of revenue	71.53
Shares outstanding	301
<b>Total NPV/Share</b>	<b>\$64</b>
Current Price	\$ 53.47
<b>Upside/(Downside) Potential</b>	<b>20%</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis





## Exhibit 132: Elastic Balance Sheet

\$ in millions, except per share data

	FY22 Full Year	FY23 Full Year	Jul-23 F1Q24	Oct-23 F2Q24	Jan-24 F3Q24	Apr-24 F4Q24	FY24 Full Year	Jul-24 F1Q25	Oct-24 F2Q25E	Jan-25 F3Q25E	Apr-25 F4Q25E	FY25E Full Year	Jul-25 F1Q26E	Oct-25 F2Q26E	Jan-26 F3Q26E	Apr-26 F4Q26E	FY26E Full Year
<b>Balance Sheet</b>																	
<b>Current assets</b>																	
Cash and cash equivalents	860.9	644.2	630.6	589.7	526.9	540.4	540.4	594.9	596.5	653.2	724.9	724.9	786.9	814.0	891.7	977.6	977.6
Restricted cash	2.7	2.5	2.7	2.8	2.8	2.7	2.7	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Short term marketable securities	-	271.0	326.5	376.7	488.1	544.0	544.0	552.5	552.5	552.5	552.5	552.5	552.5	552.5	552.5	552.5	552.5
Accounts receivable, net	215.2	260.9	185.4	232.3	229.9	323.0	323.0	196.5	268.0	264.3	376.8	376.8	239.3	303.3	300.7	429.3	429.3
Deferred contract acquisition costs, current	43.6	55.8	60.2	62.7	68.9	78.0	78.0	76.3	74.7	84.9	95.7	95.7	100.3	97.9	104.7	115.3	115.3
Prepaid expenses and other current assets	41.2	39.9	35.0	37.6	45.4	42.8	42.8	42.6	42.9	50.6	47.7	47.7	48.7	48.6	57.6	54.4	54.4
<b>Total current assets</b>	<b>1,163.7</b>	<b>1,274.3</b>	<b>1,240.4</b>	<b>1,301.8</b>	<b>1,362.1</b>	<b>1,530.9</b>	<b>1,530.9</b>	<b>1,466.1</b>	<b>1,538.1</b>	<b>1,608.9</b>	<b>1,800.9</b>	<b>1,800.9</b>	<b>1,731.1</b>	<b>1,819.7</b>	<b>1,910.6</b>	<b>2,132.4</b>	<b>2,132.4</b>
<b>Non-current assets</b>																	
Property and equipment, net	7.2	5.1	5.0	5.0	5.5	5.4	5.4	5.0	5.9	6.7	7.4	7.4	8.2	8.8	9.3	9.9	9.9
Goodwill	303.9	303.6	303.8	303.5	319.5	319.4	319.4	319.4	319.4	319.4	319.4	319.4	319.4	319.4	319.4	319.4	319.4
Operating lease right-of-use asset, net	25.4	20.0	17.4	18.2	23.1	20.5	20.5	17.8	17.8	17.8	17.8	17.8	17.8	17.8	17.8	17.8	17.8
Intangible assets, net	45.8	29.1	24.9	21.0	23.8	20.6	20.6	17.3	13.8	10.1	6.4	6.4	2.4	(1.6)	(5.7)	(10.0)	(10.0)
Deferred contract acquisition costs, non-current	74.4	95.9	95.4	95.6	100.4	114.5	114.5	107.5	113.9	123.6	140.4	140.4	141.3	149.3	152.5	169.2	169.2
Deferred tax assets, net	5.8	7.4	7.1	6.8	218.7	225.5	225.5	210.8	210.8	210.8	210.8	210.8	210.8	210.8	210.8	210.8	210.8
Other assets	16.6	8.1	7.4	5.9	5.7	5.7	5.7	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
<b>Total assets</b>	<b>1,642.9</b>	<b>1,743.5</b>	<b>1,701.4</b>	<b>1,757.8</b>	<b>2,058.9</b>	<b>2,242.6</b>	<b>2,242.6</b>	<b>2,150.5</b>	<b>2,226.3</b>	<b>2,303.9</b>	<b>2,509.7</b>	<b>2,509.7</b>	<b>2,437.6</b>	<b>2,530.8</b>	<b>2,621.3</b>	<b>2,856.0</b>	<b>2,856.0</b>
<b>Current liabilities</b>																	
Accounts payable	28.4	35.2	16.0	35.4	10.9	26.1	26.1	9.3	39.6	11.8	28.5	28.5	10.3	44.9	13.4	32.3	32.3
Accrued expense and other liabilities	41.9	63.4	64.4	63.9	64.8	75.3	75.3	72.4	71.4	70.1	82.3	82.3	80.0	81.1	79.3	93.3	93.3
Accrued compensation and benefits	68.0	76.5	72.7	65.4	78.0	93.7	93.7	76.1	73.1	84.4	102.5	102.5	84.0	83.1	95.5	116.1	116.1
Operating lease liabilities, current	11.2	12.7	11.6	11.6	12.8	12.2	12.2	11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1
Deferred revenue, current	431.8	528.7	506.9	511.0	561.7	663.8	663.8	599.3	604.0	653.1	760.6	760.6	679.0	677.6	725.9	838.2	838.2
<b>Total current liabilities</b>	<b>581.3</b>	<b>716.5</b>	<b>671.7</b>	<b>687.2</b>	<b>728.3</b>	<b>871.1</b>	<b>871.1</b>	<b>768.2</b>	<b>799.3</b>	<b>830.5</b>	<b>985.1</b>	<b>985.1</b>	<b>864.5</b>	<b>897.9</b>	<b>925.3</b>	<b>1,090.9</b>	<b>1,090.9</b>
<b>Long term liabilities</b>																	
Deferred revenue, non-current	33.5	34.2	27.2	25.1	23.5	30.3	30.3	27.7	27.9	30.2	35.2	35.2	31.4	31.4	33.6	38.8	38.8
Long-term debt, net	566.5	567.5	567.8	568.1	568.3	568.6	568.6	568.9	569.1	569.4	569.6	569.6	569.9	570.1	570.4	570.6	570.6
Operating lease liabilities, non-current	16.5	13.9	12.0	12.2	15.3	12.9	12.9	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7
Other liabilities, non-current	17.6	12.2	10.9	10.2	15.7	21.5	21.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5
<b>Total Liabilities</b>	<b>1,215.5</b>	<b>1,344.5</b>	<b>1,289.7</b>	<b>1,302.7</b>	<b>1,351.1</b>	<b>1,504.4</b>	<b>1,504.4</b>	<b>1,391.1</b>	<b>1,422.5</b>	<b>1,456.3</b>	<b>1,616.1</b>	<b>1,616.1</b>	<b>1,492.0</b>	<b>1,525.6</b>	<b>1,555.4</b>	<b>1,726.6</b>	<b>1,726.6</b>
<b>Stockholders' equity</b>	<b>415.4</b>	<b>398.9</b>	<b>411.7</b>	<b>455.1</b>	<b>707.8</b>	<b>738.2</b>	<b>738.2</b>	<b>759.4</b>	<b>803.7</b>	<b>847.6</b>	<b>893.6</b>	<b>893.6</b>	<b>945.6</b>	<b>1,005.2</b>	<b>1,065.9</b>	<b>1,129.5</b>	<b>1,129.5</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,630.9</b>	<b>1,743.4</b>	<b>1,701.4</b>	<b>1,757.8</b>	<b>2,058.9</b>	<b>2,242.6</b>	<b>2,242.6</b>	<b>2,150.5</b>	<b>2,226.3</b>	<b>2,303.9</b>	<b>2,509.7</b>	<b>2,509.7</b>	<b>2,437.6</b>	<b>2,530.8</b>	<b>2,621.3</b>	<b>2,856.0</b>	<b>2,856.0</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 133: Elastic Cash Flow Statement

\$ in millions, except per share data

	FY22	FY23	Jul-23	Oct-23	Jan-24	Apr-24	FY24	Jul-24	Oct-24	Jan-25	Apr-25	FY25E	Jul-25	Oct-25	Jan-26	Apr-26	FY26E
	Full Year	Full Year	F1Q24	F2Q24	F3Q24	F4Q24	Full Year	F1Q25	F2Q25E	F3Q25E	F4Q25E	Full Year	F1Q26E	F2Q26E	F3Q26E	F4Q26E	Full Year
<b>Cash Flow Statement</b>																	
<b>Cash from Operating Activities</b>																	
Net income (loss)	(203.8)	(236.2)	(48.5)	(24.8)	176.1	(41.1)	61.7	(49.2)	(20.2)	(27.7)	(26.7)	(123.8)	(23.4)	(11.4)	(18.7)	(17.1)	(70.6)
Depreciation and amortization	19.8	20.2	5.1	4.7	4.1	4.1	18.0	4.2	4.4	4.7	4.9	18.1	5.2	5.4	5.7	5.8	22.1
Amortization of discounts or premiums on marketable securities	-	(0.8)	(2.5)	(1.2)	(2.8)	(2.4)	(8.8)	(2.2)				(8.8)					(2.2)
Amortization of deferred contract acquisition costs	60.7	68.9	17.6	18.4	20.4	22.2	78.5	23.2	23.4	24.1	24.7	95.4	26.2	26.5	27.4	28.1	108.2
Amortization of debt issuance costs	0.7	1.0	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.3	0.3	1.0	0.3	0.3	0.3	0.3	1.0
Non-cash operating lease cost	8.6	10.9	2.7	2.6	2.9	2.9	11.0	2.8				2.8					-
Asset impairment charges	-	6.2										-					
Stock-based compensation	140.6	204.0	57.1	56.5	62.8	62.8	239.1	63.5	64.5	71.5	72.8	272.4	75.2	71.0	79.3	80.8	306.3
Deferred income taxes	(2.4)	(2.0)	0.4	0.0	(210.7)	(6.9)	(217.2)	14.7	0.0	0.0	0.0	14.7	0.0	0.0	0.0	0.0	-
Foreign currency transaction loss (gain)	2.0	(1.4)	1.2	(0.8)	1.8	(0.3)	1.9	(0.2)				(0.2)					-
Other	0.1	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0				-					-
<b>Working Capital:</b>	<b>(20.8)</b>	<b>(35.4)</b>	<b>4.6</b>	<b>(58.2)</b>	<b>(2.5)</b>	<b>19.5</b>	<b>(36.7)</b>	<b>(4.4)</b>	<b>(69.0)</b>	<b>(14.3)</b>	<b>(2.3)</b>	<b>(89.9)</b>	<b>(19.7)</b>	<b>(62.6)</b>	<b>(14.2)</b>	<b>(9.8)</b>	<b>(106.4)</b>
Accounts receivable	(62.2)	(46.4)	75.9	(48.9)	4.1	(94.6)	(63.5)	127.2	(71.6)	3.7	(112.5)	(53.1)	137.5	(64.0)	2.6	(128.6)	(52.5)
Deferred contract acquisition costs	(96.8)	(102.0)	(21.1)	(22.3)	(30.7)	(45.7)	(119.8)	(13.9)	(28.4)	(43.9)	(52.3)	(138.4)	(31.8)	(32.1)	(37.4)	(55.4)	(156.6)
Prepaid expenses and other current assets	(3.4)	1.3	4.9	(2.7)	(7.7)	2.6	(2.9)	0.2	(0.3)	(7.7)	2.9	(4.9)	(1.0)	0.1	(9.0)	3.3	(6.6)
Other assets	0.7	8.5	0.7	0.9	(0.9)	1.3	1.9	(1.9)	0.0	0.0	0.0	(1.9)	0.0	0.0	0.0	0.0	-
Accounts payable	21.0	6.3	(19.2)	19.4	(25.3)	15.2	(10.0)	(16.4)	30.2	(27.7)	16.7	2.8	(18.2)	34.6	(31.6)	18.9	3.8
Accrued expenses and other liabilities	27.2	4.3	(0.4)	(1.0)	2.8	16.7	18.1	(9.0)	(1.0)	(1.3)	12.3	0.9	(2.4)	1.1	(1.8)	13.9	10.9
Accrued compensation and benefits	17.8	8.3	(3.9)	(6.9)	12.3	15.8	17.4	(17.8)	(3.0)	11.2	18.1	8.6	(18.4)	(1.0)	12.4	20.6	13.6
Operating lease liabilities	(8.9)	(11.4)	(3.1)	(3.1)	(2.9)	(3.3)	(12.4)	(3.4)	0.0	0.0	0.0	(3.4)	0.0	0.0	0.0	0.0	-
Deferred revenue	83.8	95.6	(29.1)	6.4	45.8	111.4	134.5	(69.3)	5.0	51.4	112.5	99.5	(85.4)	(1.5)	50.5	117.5	81.1
<b>Net cash provided by operating activities</b>	<b>5.6</b>	<b>35.6</b>	<b>37.8</b>	<b>(2.5)</b>	<b>52.4</b>	<b>60.9</b>	<b>148.6</b>	<b>52.8</b>	<b>3.4</b>	<b>58.6</b>	<b>73.5</b>	<b>188.4</b>	<b>63.8</b>	<b>29.1</b>	<b>79.8</b>	<b>88.0</b>	<b>260.7</b>
<i>Op. cash flow margin</i>	<i>0.6%</i>	<i>3.3%</i>	<i>12.9%</i>	<i>-0.8%</i>	<i>16.0%</i>	<i>18.2%</i>	<i>11.7%</i>	<i>15.2%</i>	<i>0.9%</i>	<i>16.0%</i>	<i>19.7%</i>	<i>13.1%</i>	<i>16.1%</i>	<i>7.2%</i>	<i>19.2%</i>	<i>20.7%</i>	<i>15.9%</i>
<i>y/y growth</i>	<i>-75%</i>	<i>542%</i>	<i>489.6%</i>	<i>-123.4%</i>	<i>631.7%</i>	<i>121.2%</i>	<i>317%</i>	<i>39.5%</i>	<i>234.6%</i>	<i>11.8%</i>	<i>20.7%</i>	<i>27%</i>	<i>21.0%</i>	<i>766.0%</i>	<i>36.3%</i>	<i>19.6%</i>	<i>38%</i>
<b>Consensus Estimate (VA)</b>			<b>15</b>	<b>0</b>	<b>42</b>	<b>52</b>	<b>141.5</b>	<b>42</b>	<b>4</b>	<b>56</b>	<b>78</b>	<b>190.2</b>	<b>67</b>	<b>20</b>	<b>70</b>	<b>89</b>	<b>250.5</b>
<b>Consensus margin</b>			<b>5.4%</b>	<b>0.1%</b>	<b>13.2%</b>	<b>15.8%</b>	<b>11.2%</b>	<b>12.2%</b>	<b>1.0%</b>	<b>15.3%</b>	<b>20.8%</b>	<b>13.2%</b>	<b>17.0%</b>	<b>5.0%</b>	<b>16.7%</b>	<b>20.7%</b>	<b>15.2%</b>
<b>Cash from investing activities</b>																	
Purchases of property and equipment	(2.5)	(2.7)	(0.6)	(0.9)	(1.1)	(0.8)	(3.5)	(0.7)	(1.8)	(1.8)	(1.9)	(6.2)	(2.0)	(2.0)	(2.1)	(2.1)	(8.2)
Purchases of marketable securities	-	(270.3)	(83.6)	(94.7)	(180.0)	(178.6)	(536.8)	(95.2)				(95.2)					-
Maturities of marketable securities	-	-	29.1	46.2	74.9	121.2	271.4	92.4				92.4					-
Capitalization of internal-use software	(4.9)	-	-	-	-	-	-	-				-					-
Business acquisitions, net of cash acquired	(119.9)	-	-	-	(19.0)	(0.1)	(19.1)	0.0				-					-
Other	-	-	-	-	-	-	-	-				-					-
<b>Net cash used in investing activities</b>	<b>(127.3)</b>	<b>(273.0)</b>	<b>(55.1)</b>	<b>(49.4)</b>	<b>(125.1)</b>	<b>(58.4)</b>	<b>(288.0)</b>	<b>(3.5)</b>	<b>(1.8)</b>	<b>(1.8)</b>	<b>(1.9)</b>	<b>(9.0)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(2.1)</b>	<b>(2.1)</b>	<b>(8.2)</b>
<b>Cash from financing activities</b>																	
Proceeds from the issuance of debt	575.0	-	-	-	-	-	-	-				-					-
Proceeds from issuance of ordinary shares under ESPP	-	-	-	9.1	0.0	10.0	19.1	-				-					-
Proceeds from issuance of ordinary shares upon exercise	36.4	17.5	3.8	6.8	8.8	1.4	20.9	4.7				4.7					-
Payments of debt issuance costs	(9.3)	-	-	-	-	-	-	-				-					-
Repurchase of common stock	-	-	-	-	-	-	-	-				-					-
Other	-	-	-	-	-	-	-	-				-					-
<b>Net cash provided by financing activities</b>	<b>602.1</b>	<b>17.5</b>	<b>3.8</b>	<b>15.9</b>	<b>8.8</b>	<b>11.5</b>	<b>40.1</b>	<b>4.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
FX Impact on cash and equivalents	(20.6)	2.8	0.0	(4.8)	1.0	(0.6)	(4.4)	1.2				1.2					-
Cash balance, beginning of period	403.7	863.6	646.6	633.2	592.5	529.7	646.6	543.1	598.3	599.9	656.6	543.1	728.5	790.3	817.4	895.1	728.5
Net change in cash	459.8	(217.0)	(13.4)	(40.8)	(62.8)	13.4	(103.6)	55.2	1.6	56.8	71.7	185.4	61.9	27.1	77.7	85.9	252.5
<b>Cash balance, end of period</b>	<b>863.5</b>	<b>646.6</b>	<b>633.2</b>	<b>592.5</b>	<b>529.7</b>	<b>543.1</b>	<b>543.1</b>	<b>598.3</b>	<b>599.9</b>	<b>656.6</b>	<b>728.3</b>	<b>728.5</b>	<b>790.3</b>	<b>817.4</b>	<b>895.1</b>	<b>981.0</b>	<b>981.0</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

Exhibit 134: Elastic Discounted Cash Flow Analysis- Plausible Case

\$ in millions, except per share data

Assumptions and Inputs	
Current risk-free rate	4.0%
Beta	1.70
Historical equity risk premium	6.5%
Terminal growth rate	5.0%
Market Value (\$M)	\$7,939.31
Debt Value (\$M)	\$ 569
Cost of equity	15.1%
Cost of debt	4.5%
Tax rate	20.0%
<b>WACC</b>	<b>14%</b>
Last Reported Quarter End	7/31/2024
Ful Year End	4/30/2025

Scenario 2: Plausible Case																
Fiscal year	Historicals			Hyper Growth Period					Transitionary Period					Terminal		
	F2022	F2023	F2024	F2025E	2026E	F2027E	F2028E	F2029E	F2030E	F2031E	F2032E	F2033E	F2034E	F2035E	Perpetuity	
Corresponding Calendar Year Period	2021	2022	2023	0.8	1.8	2.8	3.8	4.8	5.8	6.8	7.8	8.8	9.8	10.8		
Risk free rate			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%	
Beta			1.70	1.70	1.70	1.70	1.70	1.70	1.58	1.47	1.35	1.23	1.12	1.00		
Historical equity risk premium			6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	
Cost of equity			15.1%	15.1%	15.1%	15.1%	15.1%	15.1%	14.3%	13.8%	12.8%	12.0%	11.3%	10.8%		
Cost of debt			4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	
Debt/Total Value			6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.4%	6.1%	5.6%	5.0%	4.3%	3.8%		
<b>WACC</b>			<b>14.3%</b>	<b>14.3%</b>	<b>14.3%</b>	<b>14.3%</b>	<b>14.3%</b>	<b>14.3%</b>	<b>13.8%</b>	<b>12.9%</b>	<b>12.2%</b>	<b>11.5%</b>	<b>10.9%</b>	<b>10.2%</b>		
Discount factor				0.90	0.79	0.69	0.61	0.53	0.48	0.44	0.41	0.38	0.37	0.35		
<b>Total Revenue / Implied Total Revenue</b>	<b>982.4</b>	<b>1,088.0</b>	<b>1,287.3</b>	<b>1,463.2</b>	<b>1,676.7</b>	<b>1,941.2</b>	<b>2,234.2</b>	<b>2,660.6</b>	<b>2,893.6</b>	<b>3,223.4</b>	<b>3,638.4</b>	<b>3,828.8</b>	<b>4,062.4</b>	<b>4,288.6</b>		
y/y change		24.0%	18.3%	15.5%	14.0%	15.2%	15.1%	14.6%	13.0%	11.4%	9.5%	8.2%	6.8%	6.0%		
<b>Free Cash Flow to Firm (FCFF)</b>	<b>(125.7)</b>	<b>44.0</b>	<b>147.5</b>	<b>255.7</b>	<b>276.0</b>	<b>341.5</b>	<b>448.8</b>	<b>663.3</b>	<b>666.3</b>	<b>848.8</b>	<b>1,006.7</b>	<b>1,174.4</b>	<b>1,340.4</b>	<b>1,500.3</b>		
FCF margin	-14.0%	4.1%	11.0%	14.1%	16.0%	17.6%	20.0%	22.0%	24.0%	26.3%	28.6%	30.7%	32.0%	33.0%		
y/y change		136.0%	236.0%	39.6%	36.0%	22.4%	30.0%	26.1%	34.1%	21.4%	15.0%	16.4%	14.1%	11.0%	8.0%	
Diluted Shares Outstanding	99	96	103	107	112	116	119	122	125	128	130	133	135	137		
y/y change		3.4%	8.0%	3.9%	4.2%	3.6%	3.0%	2.6%	2.3%	2.2%	2.0%	1.6%	1.7%	1.6%		
<b>FCFF per share</b>	<b>(\$1.36)</b>	<b>\$0.46</b>	<b>\$1.43</b>	<b>\$1.92</b>	<b>\$2.49</b>	<b>\$2.96</b>	<b>\$3.75</b>	<b>\$4.81</b>	<b>\$6.68</b>	<b>\$6.64</b>	<b>\$7.74</b>	<b>\$8.84</b>	<b>\$9.93</b>	<b>\$10.96</b>	<b>\$212.38</b>	
NPV of FCF per share				\$1.75	\$1.97	\$2.04	\$2.27	\$2.44	\$2.68	\$2.92	\$3.16	\$3.40	\$3.64	\$3.87	\$75.09	

Cumulative NPV of FCF/Share	\$30.13
Terminal Value FCF/Share	\$75.09
<b>Total NPV of FCF/Share</b>	<b>\$106.22</b>
<b>Net Cash per share</b>	<b>\$ (5.52)</b>
Net cash balance	(518)
Working Capital - 5% of revenue	63.37
Shares outstanding	105
<b>Total NPV Share</b>	<b>\$100</b>
Current Price	\$ 76.76
Upside/(Downside) Potential	30%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis



## FTNT

## Exhibit 135: Fortinet GAAP Income Statement

\$ in millions, except per share data

	2020	2021	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024 (E)	2025 (E)
	Full Year	Full Year	Full Year	1Q23	2Q23	3Q23	4Q23	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	Full Year
<b>GAAP Income Statement</b>														
Product	916.4	1,255.0	1,780.5	500.7	472.6	465.9	488.1	1,927.3	408.9	451.9	468.2	521.3	1,850.4	1,992.3
Service	1,678.0	2,087.2	2,636.9	761.6	820.2	868.7	927.0	3,377.5	944.4	982.4	1,007.7	1,065.9	4,000.3	4,570.2
<b>Total Revenue</b>	<b>2,594.4</b>	<b>3,342.2</b>	<b>4,417.4</b>	<b>1,262.3</b>	<b>1,292.8</b>	<b>1,334.6</b>	<b>1,415.1</b>	<b>5,304.8</b>	<b>1,353.3</b>	<b>1,434.3</b>	<b>1,475.9</b>	<b>1,587.2</b>	<b>5,850.7</b>	<b>6,562.6</b>
<b>Cost of Revenue</b>														
Product	352.4	487.7	691.3	193.6	174.5	198.3	197.2	763.6	182.8	155.1	184.3	211.3	733.5	780.4
Service	217.6	295.3	393.6	114.2	121.3	119.4	118.7	473.6	121.9	119.9	129.2	136.6	507.6	577.9
<b>Total Cost of Revenue</b>	<b>570.0</b>	<b>783.0</b>	<b>1,084.9</b>	<b>307.8</b>	<b>295.8</b>	<b>317.7</b>	<b>315.9</b>	<b>1,237.2</b>	<b>304.7</b>	<b>275.0</b>	<b>313.5</b>	<b>347.9</b>	<b>1,241.1</b>	<b>1,358.3</b>
% of revenue	22.0%	23.4%	24.6%	24.4%	22.9%	23.8%	22.3%	23.3%	22.5%	19.2%	21.2%	21.9%	21.2%	20.7%
<b>Gross Profit</b>														
Product	564.0	767.3	1,089.2	307.1	298.1	267.6	290.9	1,163.7	226.1	296.8	283.9	310.1	1,116.9	1,212.0
Service	1,460.4	1,791.9	2,243.3	647.4	698.9	749.3	808.3	2,903.9	822.5	862.5	878.5	929.2	3,492.7	3,992.3
<b>Total Gross Profit</b>	<b>2,024.4</b>	<b>2,559.2</b>	<b>3,332.5</b>	<b>954.5</b>	<b>997.0</b>	<b>1,016.9</b>	<b>1,099.2</b>	<b>4,067.6</b>	<b>1,048.6</b>	<b>1,159.3</b>	<b>1,162.4</b>	<b>1,239.3</b>	<b>4,609.6</b>	<b>5,204.2</b>
<b>Gross Margin</b>	<b>78.0%</b>	<b>76.6%</b>	<b>75.4%</b>	<b>75.6%</b>	<b>77.1%</b>	<b>76.2%</b>	<b>77.7%</b>	<b>76.7%</b>	<b>77.5%</b>	<b>80.8%</b>	<b>78.8%</b>	<b>78.1%</b>	<b>78.8%</b>	<b>79.3%</b>
<b>Operating Expenses</b>														
Research and Development	341.4	424.2	512.4	151.1	153.3	156.9	152.5	613.8	173.0	165.4	182.8	194.2	715.4	777.0
Sales and Marketing	1071.9	1345.7	1686.1	478.3	515.9	504.4	507.4	2006.0	501.1	501.3	535.0	591.9	2129.4	2514.8
General and Administrative	119.5	143.5	169.0	52.8	49.9	53.5	55.1	211.3	54.4	56.6	58.3	65.4	234.7	261.2
Restructuring Charges & Gain on IP matter	-40.2	-4.6	-4.6	(1.2)	(1.1)	(1.1)	(1.2)	-4.6	(1.1)	(1.2)			-2.3	0.0
<b>Total Operating Expenses</b>	<b>1492.6</b>	<b>1908.8</b>	<b>2362.9</b>	<b>681.0</b>	<b>718.0</b>	<b>713.7</b>	<b>713.8</b>	<b>2826.5</b>	<b>727.4</b>	<b>722.1</b>	<b>776.2</b>	<b>851.6</b>	<b>3077.2</b>	<b>3553.0</b>
% of revenue	57.5%	57.1%	53.5%	53.9%	55.5%	53.5%	50.4%	53.3%	53.8%	50.3%	52.6%	53.7%	52.6%	54.1%
<b>Operating Income</b>	<b>531.8</b>	<b>650.4</b>	<b>969.6</b>	<b>273.5</b>	<b>279.0</b>	<b>303.2</b>	<b>385.4</b>	<b>1241.1</b>	<b>321.2</b>	<b>437.2</b>	<b>386.2</b>	<b>387.7</b>	<b>1532.4</b>	<b>1651.2</b>
<b>Operating Margin</b>	<b>20.5%</b>	<b>19.5%</b>	<b>21.9%</b>	<b>21.7%</b>	<b>21.6%</b>	<b>22.7%</b>	<b>27.2%</b>	<b>23.4%</b>	<b>23.7%</b>	<b>30.5%</b>	<b>26.2%</b>	<b>24.4%</b>	<b>26.2%</b>	<b>25.2%</b>
<b>Interest and Other Income</b>														
Interest Income (Expense)	17.7	(10.4)	3.9	20.6	31.6	37.0	30.5	119.7	32.2	38.3	35.3	32.7	138.5	145.5
Other Income (Expense), Net	(7.8)	(11.6)	(13.5)	2.0	(6.2)	(7.0)	5.1	(6.1)	(2.9)	(2.2)	(2.2)	(2.2)	(9.5)	0.0
<b>Total Interest and Other Income</b>	<b>9.9</b>	<b>(22.0)</b>	<b>(14.1)</b>	<b>17.6</b>	<b>20.2</b>	<b>24.6</b>	<b>30.2</b>	<b>92.6</b>	<b>24.2</b>	<b>31.1</b>	<b>27.6</b>	<b>25.0</b>	<b>107.9</b>	<b>123.5</b>
<b>Income Before Taxes</b>														
Income Before Taxes	541.7	628.4	955.5	291.1	299.2	327.8	415.6	1333.7	345.4	468.3	413.9	412.7	1640.3	1774.7
Income Tax Expense (Benefit)	53.2	14.1	30.8	21.3	27.6	(0.3)	95.2	143.8	39.5	76.5	20.7	20.6	157.3	124.2
<b>Tax Rate</b>	<b>9.8%</b>	<b>2.2%</b>	<b>3.2%</b>	<b>7.3%</b>	<b>9.2%</b>	<b>-0.1%</b>	<b>22.9%</b>	<b>10.8%</b>	<b>11.4%</b>	<b>16.3%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>9.6%</b>	<b>7.0%</b>
<b>Loss from equity method investment &amp; Net Loss attributable to non-</b>														
Loss from equity method investment & Net Loss attributable to non-	(7.5)	(67.4)	-22.1	-5.3	-5.2	-9.5	(42.1)	-6.6	-12.0				(18.6)	0.0
<b>Net Income</b>	<b>488.5</b>	<b>606.8</b>	<b>857.3</b>	<b>247.7</b>	<b>266.3</b>	<b>322.9</b>	<b>310.9</b>	<b>1,147.8</b>	<b>299.3</b>	<b>379.8</b>	<b>393.2</b>	<b>392.1</b>	<b>1,464.4</b>	<b>1,650.5</b>
<b>GAAP EPS</b>														
<b>Basic</b>	<b>\$0.74</b>	<b>\$0.73</b>	<b>\$1.07</b>	<b>\$0.31</b>	<b>\$0.33</b>	<b>\$0.41</b>	<b>\$0.40</b>	<b>\$1.46</b>	<b>\$0.39</b>	<b>\$0.49</b>	<b>\$0.51</b>	<b>\$0.51</b>	<b>\$1.90</b>	<b>\$2.20</b>
Shares Outstanding														
<b>Basic</b>	<b>164.2</b>	<b>163.2</b>	<b>791.5</b>	<b>783.2</b>	<b>785.0</b>	<b>781.2</b>	<b>764.9</b>	<b>778.6</b>	<b>762.4</b>	<b>763.8</b>	<b>760.0</b>	<b>752.4</b>	<b>759.6</b>	<b>739.3</b>
y/y growth	-4.0%	-0.6%		-2.5%	-1.3%	-0.6%	-2.0%	-1.6%	-2.7%	-2.7%	-2.7%	-1.6%	-2.4%	-2.7%
<b>Diluted</b>	<b>664.2</b>	<b>835.3</b>	<b>805.3</b>	<b>793.4</b>	<b>795.9</b>	<b>791.2</b>	<b>772.3</b>	<b>788.2</b>	<b>770.5</b>	<b>769.9</b>	<b>772.1</b>	<b>775.0</b>	<b>771.9</b>	<b>750.4</b>
y/y growth	279.6%	25.8%	-3.6%	-3.3%	-1.8%	-0.9%	-2.5%	-2.1%	-2.9%	-3.3%	-2.4%	0.3%	-2.1%	-2.8%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 136: Fortinet Non-GAAP Income Statement

\$ in millions, except per share data

	2020	2021	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024 (E)	2025 (E)
	Full Year	Full Year	Full Year	1Q23	2Q23	3Q23	4Q23	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	Full Year
<b>Non-GAAP Income Statement</b>														
<b>Product</b>	916.4	1,255.0	1,780.5	500.7	472.6	465.9	488.1	1,927.3	408.9	451.9	468.2	521.3	1,850.4	1,992.3
<i>y/y growth</i>	16.2%	36.9%	41.9%	35.0%	17.9%	-0.6%	-9.6%	8.2%	-18.3%	-4.4%	0.5%	6.8%	-4.0%	7.7%
<i>q/q growth</i>				-7.3%	-5.6%	-1.4%	4.8%		-10.5%	10.5%	3.6%	11.3%		
<b>Service</b>	1,678.0	2,087.2	2,636.9	761.6	820.2	868.7	927.0	3,377.5	944.4	982.4	1,007.7	1,065.9	4,000.3	4,570.2
<i>y/y growth</i>	22.1%	24.4%	26.3%	30.5%	30.3%	27.6%	24.8%	28.1%	24.0%	19.8%	16.0%	15.0%	18.4%	14.2%
<i>q/q growth</i>				2.5%	7.7%	5.9%	6.7%		1.9%	4.0%	2.6%	5.8%		
<b>Total Revenue</b>	2,594.4	3,342.2	4,417.4	1,262.3	1,292.8	1,334.6	1,415.1	5,304.8	1,353.3	1,434.3	1,475.9	1,587.2	5,850.7	6,562.6
<i>y/y growth</i>	19.9%	28.8%	32.2%	32.2%	25.5%	16.1%	10.3%	20.1%	7.2%	10.9%	10.6%	12.2%	10.3%	12.2%
<i>q/q growth</i>				-1.6%	2.4%	3.2%	6.0%		-4.4%	6.0%	2.9%	7.5%		
<b>Cost of Revenue</b>														
Product	346.1	480.3	681.8	191.4	172.3	196.3	194.7	754.7	181.3	153.5	182.1	208.5	725.5	771.5
Service	200.3	272.4	365.4	107.3	113.5	111.5	110.2	442.5	114.6	112.2	120.9	127.9	475.6	543.3
<b>Total Cost of Revenue</b>	546.4	752.7	1,047.2	298.7	285.8	307.8	304.9	1,197.2	295.9	265.7	303.1	336.4	1,201.1	1,314.9
<i>% of revenue</i>	21.1%	22.5%	23.7%	23.7%	22.1%	23.1%	21.5%	22.6%	21.9%	18.5%	20.5%	21.2%	20.5%	20.0%
<b>Gross Profit</b>														
Product	570.3	774.7	1,098.7	309.3	300.3	269.6	293.4	1,172.6	227.6	298.4	286.1	312.8	1,124.9	1,220.8
<i>Gross Margin</i>	62.2%	61.7%	61.7%	61.8%	63.5%	57.9%	60.1%	60.8%	55.7%	66.0%	61.1%	60.0%	60.8%	61.3%
Service	1,477.7	1,814.8	2,271.5	654.3	706.7	757.2	816.8	2,935.0	829.8	870.2	886.8	938.0	3,524.7	4,026.9
<i>Gross Margin</i>	88.1%	86.9%	86.1%	85.9%	86.2%	87.2%	88.1%	86.9%	87.9%	88.6%	88.0%	88.0%	88.1%	88.1%
<b>Total Gross Profit</b>	2,048.0	2,589.5	3,370.2	963.6	1,007.0	1,026.8	1,110.2	4,107.6	1,057.4	1,168.6	1,172.8	1,250.8	4,649.6	5,247.7
<i>Gross Margin</i>	78.9%	77.5%	76.3%	76.3%	77.9%	76.9%	78.5%	77.4%	78.1%	81.5%	79.5%	78.8%	79.5%	80.0%
<b>Operating Expenses</b>														
Research and Development	293.8	367.5	448.2	134.1	133.3	136.9	132.7	537.0	153.2	144.1	162.3	174.6	634.2	689.9
<i>% of revenue</i>	11.3%	11.0%	10.1%	10.6%	10.3%	10.3%	9.4%	10.1%	11.3%	10.0%	11.0%	11.0%	10.8%	10.5%
Sales and Marketing	959.3	1,230.1	1,575.0	450.9	485.6	474.9	478.8	1,890.2	473.5	474.5	504.8	563.5	2,016.2	2,393.4
<i>% of revenue</i>	37.0%	36.8%	35.7%	35.7%	37.6%	35.6%	33.8%	35.6%	35.0%	33.1%	34.2%	35.5%	34.5%	36.5%
General and Administrative	96.9	116.4	138.9	44.6	40.0	43.6	45.2	173.4	44.6	46.4	48.2	55.6	194.8	218.4
<i>% of revenue</i>	3.7%	3.5%	3.1%	3.5%	3.1%	3.3%	3.2%	3.3%	3.3%	3.2%	3.3%	3.5%	3.3%	3.3%
<b>Total Operating Expenses</b>	1,350.0	1,714.0	2,162.1	629.6	658.9	655.4	656.7	2,600.6	671.3	665.0	715.3	793.6	2,845.2	3,301.7
<i>% of revenue</i>	52.0%	51.3%	48.9%	49.9%	51.0%	49.1%	46.4%	49.0%	49.6%	46.4%	48.5%	50.0%	48.6%	50.3%
<b>Operating Income</b>	698.0	875.5	1,208.1	334.0	348.1	371.4	453.5	1,507.0	386.1	503.6	457.5	457.2	1,804.4	1,946.0
<i>Operating Margin</i>	26.9%	26.2%	27.3%	26.5%	26.9%	27.8%	32.0%	28.4%	28.5%	35.1%	31.0%	28.8%	30.8%	29.7%
Interest Income (Expense)	17.7	(10.4)	3.9	20.6	31.6	37.0	30.5	119.7	32.2	38.3	35.8	33.2	139.5	147.5
Interest Expense	0.0	0.0	(4.5)	(5.0)	(5.2)	(5.4)	(5.4)	(21.0)	(5.1)	(5.0)	(5.5)	(5.5)	(21.1)	(22.0)
Other Income (Expense), Net	(3.5)	(11.6)	(13.5)	2.0	(6.2)	(7.0)	5.1	(6.1)	(2.9)	(2.2)	(2.2)	(2.2)	(9.5)	-
<b>Total Interest and Other Income</b>	14.2	(22.0)	(14.1)	17.6	20.2	24.6	30.2	92.6	24.2	31.1	28.1	25.5	108.9	125.5
Income Before Taxes	712.2	853.5	1,194.0	351.6	368.3	396.0	483.7	1,599.6	410.3	534.7	485.6	482.7	1,913.3	2,071.5
Income Tax Expense (Benefit)	149.6	179.2	203.0	59.8	62.6	67.3	82.2	271.9	69.8	90.8	82.5	82.0	325.0	351.8
<i>Tax Rate</i>	21.0%	21.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
Loss on equity method investment	0.0	(8.3)		-22.1	-5.3	-5.2	-9.5		-6.6	-4.0				
<b>Net Income</b>	562.6	666.0	961.6	269.7	300.4	323.5	392.0	1,285.6	333.9	439.9	403.2	400.7	1,577.7	1,719.7
<b>Non-GAAP EPS</b>	\$0.85	\$0.80	\$1.19	\$0.34	\$0.38	\$0.41	\$0.51	\$1.63	\$0.43	\$0.57	\$0.52	\$0.52	\$2.04	\$2.29
Shares Outstanding														
<b>Basic</b>	164.2	163.2	791.5	783.2	785.0	781.2	764.9	778.6	762.4	763.8	760.0	752.4	759.6	739.3
<i>y/y growth</i>	-4.0%	-0.6%		-2.5%	-1.3%	-0.6%	-2.0%	-1.6%	-2.7%	-2.7%	-2.7%	-1.6%	-2.4%	-2.7%
<b>Diluted</b>	664.2	835.3	805.3	793.4	795.9	791.4	772.3	788.3	770.5	769.9	772.1	775.0	771.9	750.4
<i>y/y growth</i>	279.6%	25.8%	-3.6%	-3.3%	-1.8%	-0.9%	-2.5%	-2.1%	-2.9%	-3.3%	-2.4%	0.3%	-2.1%	-2.8%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 137: Fortinet Balance Sheet

\$ in millions, except per share data

	2018	2019	2020	2021	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024 (E)	2025 (E)
	Full Year	Full Year	Full Year	Full Year	Full Year	1Q23	2Q23	3Q23	4Q23	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	Full Year
<b>Balance Sheet</b>																
<b>Current Assets</b>																
Cash and Cash Equivalents	1,112.4	1,222.5	1,061.8	1,319.1	1,682.9	2,304.2	2,376.3	2,186.8	1,397.9	1,397.9	1,926.3	2,203.2	2,606.2	2,619.8	2,619.8	3,095.1
Short-Term Investments	537.2	843.1	775.5	1,194.0	502.6	548.8	915.1	962.2	1,021.5	1,021.5	1,075.4	1,114.9	1,114.9	1,114.9	1,114.9	1,114.9
Marketable Equity Securities	0.0	0.0	0.0	38.6	25.5	26.1	22.1	19.8	21.0	21.0	21.4	21.2	21.2	21.2	21.2	21.2
Accounts Receivable, Net	444.5	544.3	720.0	807.7	1,261.7	1,087.2	1,078.8	1,013.8	1,402.0	1,402.0	996.2	1,083.4	921.9	1,565.5	1,565.5	1,744.8
Inventory	90.0	117.9	139.8	175.8	264.6	302.7	376.3	467.5	484.8	484.8	439.5	383.2	601.7	575.8	575.8	360.3
Deferred Tax Assets	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
Prepaid Expenses & Other Current Assets	36.8	41.2	43.3	65.4	73.1	89.7	109.5	102.6	101.1	101.1	100.9	113.4	118.1	127.0	127.0	138.4
Deferred Cost of Revenues	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
<b>Total Current Assets</b>	<b>2,220.9</b>	<b>2,769.0</b>	<b>2,740.4</b>	<b>3,600.6</b>	<b>3,810.4</b>	<b>4,358.7</b>	<b>4,878.1</b>	<b>4,752.7</b>	<b>4,428.3</b>	<b>4,428.3</b>	<b>4,559.7</b>	<b>4,919.3</b>	<b>5,384.0</b>	<b>6,024.1</b>	<b>6,024.1</b>	<b>6,474.7</b>
<b>Non-Current Assets</b>																
Long-Term Investments	67.0	144.3	118.3	440.8	45.5	15.6	4.2	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property and Equipment - Net	271.4	344.3	448.0	687.6	898.5	917.4	981.9	1,038.0	1,044.4	1,044.4	1,247.4	1,242.7	1,267.1	1,294.7	1,294.7	1,431.9
Deferred Contract Costs	182.6	237.0	304.8	423.3	518.2	536.9	558.8	569.9	605.6	605.6	600.0	596.9	598.1	611.5	611.5	685.9
Deferred Tax Assets - Noncurrent	255.0	232.6	245.2	342.3	569.4	649.6	729.2	788.5	868.8	868.8	942.5	998.5	1,054.9	1,111.3	1,111.3	1,354.4
Goodwill & Intangibles	60.3	98.3	124.6	188.7	184.0	178.9	170.6	165.0	161.8	161.8	163.1	158.1	165.7	172.3	172.3	203.2
Other Assets	20.8	60.0	63.2	235.8	202.0	175.2	163.3	163.7	150.0	150.0	149.4	137.4	132.8	127.0	127.0	138.4
<b>Total Assets</b>	<b>3,078.0</b>	<b>3,885.5</b>	<b>4,044.5</b>	<b>5,919.1</b>	<b>6,228.0</b>	<b>6,832.3</b>	<b>7,486.1</b>	<b>7,479.3</b>	<b>7,258.9</b>	<b>7,258.9</b>	<b>7,662.1</b>	<b>8,052.9</b>	<b>8,602.6</b>	<b>9,340.9</b>	<b>9,340.9</b>	<b>10,288.6</b>
<b>Current Liabilities</b>																
Accounts Payable	86.4	96.4	141.6	148.4	243.4	238.4	238.3	253.9	204.3	204.3	135.2	132.1	132.8	129.0	129.0	135.5
Accrued Liabilities	77.5	101.8	149.2	197.3	266.3	346.7	266.8	317.2	360.1	360.1	538.7	400.6	531.3	571.4	571.4	692.2
Accrued Payroll and Compensation	98.4	101.8	145.9	195.0	219.4	213.4	224.8	210.5	242.3	242.3	214.5	217.3	206.6	254.0	254.0	242.3
Current portion of LT debt	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
Deferred Revenue - Current	965.9	1,173.6	1,392.8	1,777.4	2,349.3	2,463.3	2,587.7	2,647.3	2,848.7	2,848.7	2,912.0	2,975.3	2,998.1	3,172.0	3,172.0	3,445.0
Income Tax Payable	28.2	0.0	0.0	0.0	0.0	0.0	183.0	220.1	63.6	63.6	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total current liabilities</b>	<b>1,256.4</b>	<b>1,473.6</b>	<b>1,829.5</b>	<b>2,318.1</b>	<b>3,078.4</b>	<b>3,261.8</b>	<b>3,500.6</b>	<b>3,649.0</b>	<b>3,719.0</b>	<b>3,719.0</b>	<b>3,800.4</b>	<b>3,725.3</b>	<b>3,868.9</b>	<b>4,126.4</b>	<b>4,126.4</b>	<b>4,515.0</b>
<b>Long term liabilities</b>																
Deferred Revenue - Noncurrent	720.9	962.3	1,212.5	1,675.5	2,291.0	2,417.6	2,540.9	2,638.0	2,886.3	2,886.3	2,877.9	2,920.9	2,987.6	3,213.9	3,213.9	3,490.4
Income Tax Liabilities	77.5	82.8	90.3	79.5	67.8	70.5	59.1	61.8	61.9	61.9	0.0	0.0	0.0	0.0	0.0	0.0
Long Term Debt	0.0	0.0	0.0	988.4	990.4	990.9	991.3	991.8	992.3	992.3	992.8	993.3	993.9	994.4	994.4	0.0
Other Non-current liabilities	13.0	44.9	56.2	59.2	82.0	80.1	73.0	64.6	62.8	62.8	128.5	125.2	147.6	88.9	88.9	17.3
<b>Total Liabilities</b>	<b>2,067.8</b>	<b>2,563.6</b>	<b>3,188.5</b>	<b>5,120.7</b>	<b>6,509.6</b>	<b>6,820.9</b>	<b>7,164.9</b>	<b>7,405.2</b>	<b>7,722.3</b>	<b>7,722.3</b>	<b>7,799.6</b>	<b>7,764.7</b>	<b>7,998.0</b>	<b>8,423.6</b>	<b>8,423.6</b>	<b>8,022.7</b>
<b>Stockholders' equity</b>	<b>1,010.2</b>	<b>1,321.9</b>	<b>856.0</b>	<b>798.4</b>	<b>-281.6</b>	<b>11.4</b>	<b>321.2</b>	<b>74.1</b>	<b>-463.4</b>	<b>-463.4</b>	<b>-137.5</b>	<b>288.2</b>	<b>604.7</b>	<b>917.3</b>	<b>917.3</b>	<b>2,265.8</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,078.0</b>	<b>3,885.5</b>	<b>4,044.5</b>	<b>5,919.1</b>	<b>6,228.0</b>	<b>6,832.3</b>	<b>7,486.1</b>	<b>7,479.3</b>	<b>7,258.9</b>	<b>7,258.9</b>	<b>7,662.1</b>	<b>8,052.9</b>	<b>8,602.6</b>	<b>9,340.9</b>	<b>9,340.9</b>	<b>10,288.6</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 138: Fortinet Cash Flow Statement

\$ in millions, except per share data

	2018	2019	2020	2021	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024 (E)	2025 (E)
	Full Year	Full Year	Full Year	Full Year	Full Year	1Q23	2Q23	3Q23	4Q23	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	Full Year
<b>Cash Flow Statement</b>																
<b>Cash from Operating Activities</b>																
<b>Net income (loss)</b>	<b>332.2</b>	<b>331.7</b>	<b>488.5</b>	<b>606.7</b>	<b>856.6</b>	<b>247.7</b>	<b>266.3</b>	<b>322.9</b>	<b>310.9</b>	<b>1,147.8</b>	<b>299.3</b>	<b>379.8</b>	<b>393.2</b>	<b>392.1</b>	<b>1,464.4</b>	<b>1,650.5</b>
Stock-based Compensation	162.9	174.1	191.7	207.9	217.3	56.3	65.0	64.3	63.4	249.0	62.3	63.9	66.4	63.5	256.1	275.7
Amortization of Deferred Costs	90.9	107.9	137.4	175.9	223.3	62.5	65.4	68.0	70.4	266.3	72.0	72.7	72.6	73.9	291.2	312.3
Depreciation and Amortization	55.7	61.6	68.8	84.4	104.3	27.5	27.4	28.3	30.2	113.4	28.6	29.2	30.7	32.3	120.7	177.3
Amortization of Investment Premiums	(0.6)	(6.0)	1.3	6.9	4.4	(0.3)	(5.6)	(10.2)	(11.6)	(27.7)	(12.2)	(12.7)			(24.9)	0.0
Loss from Equity Method Investment	0.0	0.0	0.0	7.6	68.1	22.1	5.3	5.2	9.5	42.1	6.6	12.0	0.0	0.0	18.6	0.0
Other	(0.9)	5.7	6.0	7.9	23.6	3.8	5.0	4.9	4.8	18.5	3.3	3.7	0.5	0.5	8.0	0.0
<b>Working Capital:</b>	<b>(1.3)</b>	<b>133.0</b>	<b>190.0</b>	<b>402.4</b>	<b>233.0</b>	<b>257.9</b>	<b>86.3</b>	<b>67.8</b>	<b>(285.9)</b>	<b>126.1</b>	<b>370.5</b>	<b>(206.6)</b>	<b>45.3</b>	<b>(339.2)</b>	<b>(130.0)</b>	<b>(23.1)</b>
Accounts Receivable	(82.0)	(96.7)	(176.4)	(72.5)	(456.7)	171.1	7.9	64.4	(389.8)	(146.4)	405.6	(86.7)	161.5	(643.5)	(163.2)	(179.4)
Inventory	(33.4)	(48.5)	(42.2)	(19.4)	(109.1)	(45.3)	(84.9)	(100.8)	(22.5)	(253.5)	36.5	48.7	(218.5)	25.9	(107.4)	215.6
Prepaid Expenses and Other Assets	4.2	(2.1)	(2.8)	(17.7)	(7.7)	(16.0)	(19.4)	6.1	1.7	(27.6)	(0.1)	(12.2)	(4.7)	(8.9)	(25.9)	(11.5)
Deferred Contract Costs	(136.4)	(162.3)	(205.1)	(294.5)	(318.2)	(81.2)	(87.3)	(79.0)	(106.0)	(353.5)	(66.5)	(69.5)	(73.8)	(87.3)	(297.1)	(386.7)
Deferred Tax Assets	(127.8)	19.4	(10.5)	(94.0)	(226.4)	(81.1)	(80.7)	(59.9)	(80.2)	(301.9)	(73.9)	(56.4)	(56.4)	(56.4)	(243.1)	(243.1)
Other Assets	(3.8)	(1.3)	(4.6)	(19.0)	(35.3)	4.5	6.3	2.7	4.2	17.7	(6.2)	(1.4)	4.6	5.9	2.8	(11.5)
Accounts Payable	14.6	7.7	37.4	(13.1)	105.2	(4.1)	0.5	14.0	(53.5)	(43.1)	(61.6)	(5.6)	0.7	(3.8)	(70.3)	6.5
Accrued Liabilities	14.5	(20.2)	45.8	49.9	55.2	80.0	(68.6)	45.5	40.2	97.1	105.0	(129.9)	130.7	40.1	145.9	120.9
Accrued Payroll and Compensation	3.5	(2.7)	43.1	44.0	25.0	(6.0)	12.0	(14.0)	31.4	23.4	(27.4)	3.1	(10.7)	47.3	12.4	(11.7)
Other Liabilities	(0.8)	(0.2)	9.7	(0.7)	23.5	(4.7)	161.6	(174.6)	(4.0)	(21.7)	4.3	(3.6)	22.4	(58.7)	(35.6)	(71.6)
Deferred Revenue	352.1	439.9	495.6	839.4	1,177.5	240.7	248.6	156.9	449.1	1,095.3	54.8	106.9	89.5	400.3	651.4	549.4
Income Taxes Payable	(6.0)	0.0	0.0	0.0	0.0	0.0	(9.7)	206.5	(156.5)	40.3	0.0		0.0	0.0	0.0	0.0
<b>Net cash provided by operating activities</b>	<b>638.9</b>	<b>808.0</b>	<b>1,083.7</b>	<b>1,499.7</b>	<b>1,730.6</b>	<b>677.5</b>	<b>515.1</b>	<b>551.2</b>	<b>191.7</b>	<b>1,935.5</b>	<b>830.4</b>	<b>342.0</b>	<b>608.7</b>	<b>223.0</b>	<b>2,004.1</b>	<b>2,392.6</b>
y/y growth	7.5%	26.5%	34.1%	38.4%	15.4%	71.0%	59.3%	14.1%	-63.7%	11.8%	22.6%	-33.6%	10.4%	16.3%	3.5%	19.4%
<b>Cash from investing activities</b>																
Purchase of Investments	(681.8)	(1,332.3)	(1,079.0)	(2,308.0)	(389.1)	(207.2)	(597.4)	(523.0)	(528.2)	(1,855.8)	(436.1)	(538.2)	0.0	0.0	(974.3)	0.0
Proceeds from Sales of Investments	42.8	31.3	152.2	85.5	3.0	0.0		4.0		4.0					0.0	0.0
Proceeds from Maturities of Investments	578.8	925.5	1,018.8	1,470.3	1,462.0	195.0	250.1	486.4	483.3	1,414.8	393.4	511.2			904.6	0.0
Purchases of Property and Equipment	(53.0)	(92.2)	(125.9)	(295.9)	(281.2)	(30.3)	(76.8)	(70.1)	(26.9)	(204.1)	(221.9)	(23.1)	(50.2)	(54.0)	(349.1)	(295.3)
Purchase of Investment in Privately Held Company	0.0	0.0	0.0	(160.0)	0.0	0.0		(8.5)		(8.5)					0.0	0.0
Acquisitions, Net of Cash	(21.7)	(34.6)	(40.2)	(74.9)	(30.8)	0.0		0.0	0.0	0.0	(5.7)	0.0	(12.5)	(12.5)	(30.7)	(50.0)
Purchases of Marketable Equity Securities	0.0	0.0	0.0	(42.5)	0.0	0.0				0.0					0.0	0.0
Other	0.0	0.0	1.3	0.4	0.0	0.1	0.0	0.0	0.2	0.3					0.0	0.0
<b>Net cash used in investing activities</b>	<b>(134.9)</b>	<b>(502.3)</b>	<b>(72.8)</b>	<b>(1,325.1)</b>	<b>763.9</b>	<b>(42.4)</b>	<b>(424.1)</b>	<b>(111.2)</b>	<b>(71.6)</b>	<b>(649.3)</b>	<b>(270.3)</b>	<b>(50.1)</b>	<b>(62.7)</b>	<b>(66.5)</b>	<b>(449.5)</b>	<b>(345.3)</b>
<b>Cash from financing activities</b>																
Proceeds from LT Borrowings, net of Discount and U	0.0	0.0	0.0	989.4	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0	(1,000.0)
Payment for Debt Issuance Costs	0.0	0.0	0.0	(2.4)	0.0	0.0		0.0	0.0	0.0					0.0	0.0
Payments of Debt Assumed in Connection with Busin	(10.1)	(3.7)	(4.1)	(19.5)	0.0	0.0				0.0					0.0	0.0
Repurchase and Retirement of Common Stock	(211.8)	(145.1)	(1,080.1)	(741.8)	(1,991.2)	0.0		(604.3)	(896.2)	(1,500.5)			(143.0)	(143.0)	(286.0)	(572.0)
Proceeds from Issuance of Common Stock	86.5	49.5	22.1	26.0	26.1	21.2	8.1	6.7	7.8	43.8	13.4	6.2			19.6	0.0
Taxes Paid Related to Net Share Settlement of Equity	(67.2)	(96.0)	(108.2)	(167.9)	(160.4)	(34.5)	(25.2)	(31.1)	(21.7)	(112.5)	(42.9)	(20.2)			(63.1)	0.0
Other	0.0	(0.3)	(1.3)	(1.0)	(4.8)	(0.4)	(0.6)	(0.2)	0.0	(1.2)	(0.8)	0.0			(0.8)	0.0
<b>Net cash provided by financing activities</b>	<b>(202.6)</b>	<b>(195.6)</b>	<b>(1,171.6)</b>	<b>82.8</b>	<b>(2,130.3)</b>	<b>(13.7)</b>	<b>(17.7)</b>	<b>(628.9)</b>	<b>(910.1)</b>	<b>(1,570.4)</b>	<b>(30.3)</b>	<b>(14.0)</b>	<b>(143.0)</b>	<b>(143.0)</b>	<b>(330.3)</b>	<b>(1,572.0)</b>
FX Impact on cash and equivalents	0.0	0.0	0.0	(0.1)	(0.4)	(0.1)	(1.2)	(0.6)	1.1	(0.8)	(1.4)	(1.0)			(2.4)	0.0
Cash balance, beginning of period	811.0	1,112.4	1,222.5	1,061.8	1,319.1	1,682.9	2,304.2	2,376.3	2,186.8	1,682.9	1,397.9	1,926.3	2,203.2	2,606.2	1,397.9	2,619.8
Net change in cash	301.4	110.1	(160.7)	257.3	363.8	621.3	72.1	(189.5)	(788.9)	(285.0)	528.4	276.9	403.0	13.5	1,221.9	475.3
<b>Cash balance, end of period</b>	<b>1,112.4</b>	<b>1,222.5</b>	<b>1,061.8</b>	<b>1,319.1</b>	<b>1,682.9</b>	<b>2,304.2</b>	<b>2,376.3</b>	<b>2,186.8</b>	<b>1,397.9</b>	<b>1,397.9</b>	<b>1,926.3</b>	<b>2,203.2</b>	<b>2,606.2</b>	<b>2,619.8</b>	<b>2,619.8</b>	<b>3,095.1</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis











## Exhibit 143: Informatica Discounted Cash Flow Analysis

\$ in millions, except per share data

## Assumptions and Inputs

Current risk-free rate	4.00%
Beta	1.00
Historical equity risk premium	6.5%
Terminal growth rate	5.0%
Market Value (\$M)	\$ 7,220
Debt Value (\$M)	\$ 1,829
Cost of equity	10.5%
Cost of debt	8.0%
Tax rate	21.0%
<b>WACC</b>	<b>9.7%</b>
Last earnings period end	6/30/2024
Next Fiscal Year End	12/31/2024

## Scenario 1: Base Case

Fiscal year	Historicals			Hyper Growth Period					Transitional Period					Terminal	Perpetuity
	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	
Corresponding Calendar Year Period	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	10.5
Risk free rate	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%
Beta	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Equity risk premium	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Cost of equity	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%
Cost of debt	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%
Debt/Total Value			20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%
<b>WACC</b>			<b>9.7%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.7%</b>
Discount factor				0.955	0.871	0.794	0.724	0.660	0.602	0.549	0.501	0.457	0.417	0.380	
<b>Total Revenue</b>	<b>1,444</b>	<b>1,606</b>	<b>1,696</b>	<b>1,887</b>	<b>1,792</b>	<b>1,842</b>	<b>2,176</b>	<b>2,476</b>	<b>2,776</b>	<b>3,068</b>	<b>3,336</b>	<b>3,673</b>	<b>3,788</b>	<b>3,911</b>	
y/y change		4.2%	5.0%	4.6%	7.6%	5.4%	12.0%	13.0%	12.1%	10.6%	5.0%	7.1%	6.6%	3.0%	
<b>Free Cash Flow to Firm (FCFF)</b>	<b>188</b>	<b>325</b>	<b>280</b>	<b>607</b>	<b>628</b>	<b>688</b>	<b>888</b>	<b>817</b>	<b>826</b>	<b>1,002</b>	<b>1,184</b>	<b>1,227</b>	<b>1,308</b>	<b>1,388</b>	
FCF margin	13.1%	21.0%	16.3%	30.4%	29.4%	30.0%	32.0%	33.0%	33.3%	33.7%	34.0%	34.3%	34.7%	35%	
y/y change		72.1%	-20.0%	95.2%	3.5%	13.0%	16.3%	17.3%	13.3%	11.6%	0.0%	5.0%	6.6%	4%	
Diluted Shares Outstanding	247	266	288	288	313	324	334	342	360	368	366	372	378	384	
y/y change		11.0%		2.6%	7.0%	3.4%	3.0%	2.6%	2.3%	2.2%	2.0%	1.6%	1.7%	1.6%	
<b>FCFF per share</b>	<b>1.78</b>	<b>1.88</b>	<b>1.86</b>	<b>2.08</b>	<b>2.08</b>	<b>2.08</b>	<b>2.39</b>	<b>2.39</b>	<b>2.84</b>	<b>2.88</b>	<b>3.11</b>	<b>3.30</b>	<b>3.48</b>	<b>3.67</b>	<b>60.88</b>
<b>NPV of FCF per share</b>				<b>1.86</b>	<b>1.48</b>	<b>1.47</b>	<b>1.61</b>	<b>1.58</b>	<b>1.88</b>	<b>1.88</b>	<b>1.68</b>	<b>1.61</b>	<b>1.44</b>	<b>1.38</b>	<b>23.18</b>

NPV of FCF/Share, F2023-F2033	\$16.70
Terminal Value FCF/Share	\$23.16
<b>Total NPV of FCF/Share</b>	<b>\$39.86</b>
Net Cash per share	\$ (3.00)
Net cash balance	(832)
Working Capital - 5% of revenue	83.3
Shares outstanding	305
<b>Total Implied NPV/Share</b>	<b>\$ 36.86</b>
Current Price	\$ 25.28
Upside/Downside Potential	48%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis



**Exhibit 145: MongoDB Non-GAAP Income Statement**

\$ in millions, except per share data

	Jan-21 FY21	Jan-22 FY22	Jan-23 FY23	Apr-23 1Q24	Jul-23 2Q24	Oct-23 3Q24	Jan-24 4Q24	Jan-24 FY24	Apr-24 1Q25	Jul-24 2Q25	Oct-24 3Q25E	Jan-25 4Q25E	Jan-25 FY25E	Apr-25 1Q26E	Jul-25 2Q26E	Oct-25 3Q26E	Jan-26 4Q26E	Jan-26 FY26E
<b>Non-GAAP Income Statement</b>																		
<b>Subscription</b>	565.3	842.0	1,235.1	354.7	409.3	418.3	444.9	1,627.3	436.9	463.8	481.5	493.2	1,875.5	503.5	549.4	585.4	605.7	2,244.0
y/y growth	41.4%	48.9%	46.7%	29.2%	40.4%	30.4%	27.8%	31.8%	23.2%	13.3%	15.1%	10.9%	15.2%	15.2%	18.5%	21.6%	22.8%	19.6%
q/q growth				1.9%	15.4%	2.2%	6.4%		-1.8%	6.2%	3.8%	2.4%		2.1%	9.1%	6.5%	3.5%	
<b>Services</b>	25.0	31.7	48.9	13.6	14.5	14.6	13.1	55.7	13.7	14.3	14.3	14.7	57.0	15.2	16.7	17.7	18.2	67.9
y/y growth	14.3%	26.8%	54.1%	24.8%	19.9%	13.5%	-0.5%	13.8%	0.7%	-1.1%	-2.0%	12.5%	2.3%	11.5%	16.9%	24.0%	24.1%	19.2%
q/q growth				3.3%	6.6%	1.0%	-10.5%		4.6%	4.7%	0.0%	2.7%		3.7%	9.7%	6.1%	2.8%	
<b>Total Revenue</b>	590.4	873.8	1,284.0	368.3	423.8	432.9	458.0	1,683.0	450.6	478.1	495.9	507.9	1,932.4	518.7	566.1	603.1	623.9	2,311.9
y/y growth	40.0%	48.0%	47.0%	29.0%	39.6%	29.8%	26.8%	31.1%	22.3%	12.8%	14.5%	10.9%	14.8%	15.1%	18.4%	21.6%	22.8%	19.6%
q/q growth				-71.3%	15.1%	2.2%	5.8%		-73.2%	6.1%	3.7%	2.4%		2.1%	9.1%	6.5%	3.4%	
<b>Cost of Revenue</b>																		
Subscription	135.3	202.1	264.1	72.5	78.5	81.8	87.7	320.4	94.3	99.3	110.8	113.4	417.8	115.8	126.4	134.6	139.3	516.1
Services	24.0	33.2	53.9	15.9	16.4	15.9	16.7	64.8	18.5	18.0	15.7	16.2	68.4	16.8	18.4	19.5	20.1	74.7
<b>Total Cost of Revenue</b>	159.3	235.2	318.0	88.4	94.8	97.7	104.4	385.2	112.7	117.3	126.5	129.6	486.2	132.6	144.8	154.2	159.4	590.8
% of revenue	27.0%	26.9%	24.8%	24.0%	22.4%	22.6%	22.8%	22.9%	25.0%	24.5%	25.5%	25.5%	25.2%	25.6%	25.6%	25.6%	25.5%	25.6%
<b>Gross Profit</b>																		
Subscription	430.0	640.0	971.0	282.2	330.9	336.6	357.2	1,306.9	342.6	364.5	370.8	379.8	1,457.7	387.7	423.0	450.8	466.4	1,727.9
Gross Margin	76.1%	76.0%	78.6%	79.6%	80.8%	80.5%	80.3%	80.3%	78.4%	78.6%	77.0%	77.0%	77.7%	77.0%	77.0%	77.0%	77.0%	77.0%
Services	1.1	(1.4)	(5.0)	(2.3)	(1.9)	(1.3)	(3.6)	(9.1)	(4.8)	(3.7)	(1.4)	(1.5)	(11.4)	(1.5)	(1.7)	(1.8)	(1.8)	(6.8)
Gross Margin	4.3%	-4.5%	-10.2%	-17.1%	-13.2%	-9.0%	-27.6%	-16.4%	-35.1%	-26.1%	-10.0%	-10.0%	-20.1%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
<b>Total Gross Profit</b>	431.1	638.5	966.0	279.9	329.0	335.3	353.6	1,297.8	337.8	360.8	369.4	378.3	1,446.3	386.2	421.4	449.0	464.6	1,721.1
Gross Margin	73.0%	73.1%	75.2%	76.0%	77.6%	77.4%	77.2%	77.1%	75.0%	75.5%	74.5%	74.5%	74.8%	74.4%	74.4%	74.4%	74.5%	74.4%
<b>Operating Expenses</b>																		
Sales and Marketing	256.3	359.3	546.4	141.6	147.2	149.9	165.3	604.0	177.2	180.7	186.5	203.6	748.1	198.8	208.3	220.8	243.9	871.9
% of revenue	43.4%	41.1%	42.6%	38.5%	34.7%	34.6%	36.1%	35.9%	39.3%	37.8%	37.6%	40.1%	38.7%	38.3%	36.8%	36.6%	39.1%	37.7%
Research and Development	132.7	185.2	250.2	69.6	73.1	74.0	82.1	298.7	85.7	92.4	89.3	91.4	358.8	98.7	109.4	108.6	112.3	429.0
% of revenue	22.5%	21.2%	19.5%	18.9%	17.2%	17.1%	17.9%	17.7%	19.0%	19.3%	18.0%	18.0%	18.6%	19.0%	19.3%	18.0%	18.0%	18.6%
General and Administrative	65.1	81.6	107.5	25.0	29.6	32.9	37.1	124.6	42.1	35.1	34.7	35.6	147.5	34.8	37.9	40.4	41.8	154.9
% of revenue	11.0%	9.3%	8.4%	6.8%	7.0%	7.6%	8.1%	7.4%	9.3%	7.4%	7.0%	7.0%	7.6%	6.7%	6.7%	6.7%	6.7%	6.7%
<b>Total Operating Expenses</b>	454.1	626.0	904.1	236.2	249.9	256.8	284.5	1,027.4	305.0	308.3	310.5	330.6	1,254.4	332.3	355.7	369.8	398.0	1,455.8
% of revenue	76.9%	71.6%	70.4%	64.1%	59.0%	59.3%	62.1%	61.0%	67.7%	64.5%	62.6%	65.1%	64.9%	64.1%	62.8%	61.3%	63.8%	63.0%
<b>Operating Income</b>	(23.0)	12.5	62.0	43.7	79.1	78.5	69.2	270.4	32.8	52.5	58.9	47.7	191.9	53.9	65.7	79.2	66.5	265.2
Operating Margin	-3.9%	1.4%	4.8%	11.9%	18.7%	18.1%	15.1%	16.1%	7.3%	11.0%	11.9%	9.4%	9.9%	10.4%	11.6%	13.1%	10.7%	11.5%
<b>Interest and Other Income</b>																		
Interest Income	4.6	0.9	9.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.6	22.4	45.1	22.1	24.7	24.9	24.4	96.2
Interest Expense	(7.0)	(7.3)	(4.0)	0.8	0.8	0.8	0.9	3.4	0.9	0.9	0.9	0.9	3.4	0.9	0.9	0.9	0.9	3.4
Other Income (Expense), Net	(1.9)	(3.1)	9.7	14.6	15.9	19.6	18.9	68.9	19.7	20.4	0.0	0.0	40.1	0.0	0.0	0.0	0.0	0.0
<b>Total Interest and Other Income</b>	(4.3)	(9.5)	14.9	15.4	16.8	20.4	19.7	72.3	20.5	21.3	23.5	23.3	88.6	23.0	25.5	25.8	25.3	99.6
<b>Income Before Taxes</b>	(27.3)	3.0	76.9	59.1	95.9	98.9	88.9	342.7	53.3	73.8	82.4	71.0	280.5	76.9	91.2	105.0	91.8	364.9
<b>Income Tax Expense (Benefit)</b>	4.3	4.0	12.1	13.8	19.2	19.8	17.8	70.5	10.7	14.8	16.5	14.2	56.1	15.4	18.2	21.0	18.4	73.0
Tax Rate	-15.6%	132.9%	15.8%	23.4%	20.0%	20.0%	20.0%	20.6%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
<b>Net Income</b>	(31.6)	(1.0)	64.7	45.3	76.7	79.1	71.1	272.2	42.7	59.0	65.9	56.8	224.4	61.5	73.0	84.0	73.4	291.9
<b>Non-GAAP EPS</b>	(\$0.54)	(\$0.02)	\$0.85	\$0.56	\$0.93	\$0.96	\$0.86	\$3.30	\$0.51	\$0.70	\$0.68	\$0.54	\$2.43	\$0.71	\$0.83	\$0.94	\$0.82	\$3.30
<b>Shares Outstanding</b>																		
Basic	59.0	64.5	68.6	70.2	70.9	71.6	72.3	71.2	73.0	73.5	74.3	75.0	74.0	75.8	76.5	77.3	78.1	76.9
y/y growth		9.4%	6.3%	3.7%	3.7%	3.8%	4.1%	3.8%	4.0%	3.8%	3.8%	3.7%	3.8%	3.8%	4.1%	4.1%	4.1%	4.0%
Diluted	59.0	70.5	76.6	81.5	82.5	82.7	82.9	82.4	83.2	83.8	96.6	105.0	92.1	87.1	88.0	88.9	89.8	88.5
y/y growth		19.5%	8.7%	5.8%	20.7%	2.9%	2.6%	7.5%	2.1%	1.6%	16.8%	26.7%	11.8%	4.7%	5.0%	-7.9%	-14.5%	-4.0%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

**Exhibit 146 - MongoDB Balance Sheet**

(\$ in millions, except per share data)

	Jan-21 FY21	Jan-22 FY22	Apr-22 1Q23	Jul-22 2Q23	Oct-22 3Q23	Jan-23 4Q23	Jan-23 FY23	Apr-23 1Q24	Jul-23 2Q24	Oct-23 3Q24	Jan-24 4Q24	Jan-24 FY24	Apr-24 1Q25	Jul-24 2Q25	Oct-24 3Q25E	Jan-25 4Q25E	Jan-25 FY25E	Apr-25 1Q26E	Jul-25 2Q26E	Oct-25 3Q26E	Jan-26 4Q26E	Jan-26 FY26E	
<b>Current assets</b>																							
Cash and cash equivalents	429.7	473.9	456.3	651.4	999.7	455.8	455.8	721.8	607.2	477.7	803.0	803.0	815.7	1,290.9	1,268.5	1,239.2	1,239.2	1,494.0	1,520.8	1,470.0	1,456.1	1,456.1	
Short-term investments	528.0	1,352.0	1,372.4	1,144.2	787.9	1,380.8	1,380.8	1,181.6	1,293.9	1,447.0	1,212.4	1,212.4	1,258.3	973.9	973.9	973.9	973.9	973.9	973.9	973.9	973.9	973.9	973.9
Accounts receivable, net	135.2	195.4	164.9	213.3	231.3	285.2	285.2	211.6	272.4	271.7	325.6	325.6	266.0	311.2	445.6	595.6	595.6	391.5	430.5	608.1	745.3	745.3	
Deferred commissions, current	36.6	63.5	66.8	72.1	77.4	83.6	83.6	82.9	84.1	87.2	92.5	92.5	93.4	97.6	87.2	92.5	92.5	93.4	97.6	87.2	92.5	92.5	
Prepaid expenses and other current assets	12.4	32.6	36.0	27.6	26.0	31.2	31.2	34.4	37.3	37.0	50.1	50.1	218.9	48.4	49.6	50.8	50.8	51.9	56.6	60.3	62.4	62.4	
<b>Total current assets</b>	<b>1,141.9</b>	<b>2,117.4</b>	<b>2,096.3</b>	<b>2,108.5</b>	<b>2,122.3</b>	<b>2,236.6</b>	<b>2,236.6</b>	<b>2,232.3</b>	<b>2,295.0</b>	<b>2,320.6</b>	<b>2,483.6</b>	<b>2,483.6</b>	<b>2,652.3</b>	<b>2,722.0</b>	<b>2,824.8</b>	<b>2,952.0</b>	<b>2,952.0</b>	<b>3,004.8</b>	<b>3,079.5</b>	<b>3,199.6</b>	<b>3,330.2</b>	<b>3,330.2</b>	
<b>Non-current assets</b>																							
Property and equipment, net	62.6	62.6	62.8	61.6	59.5	57.8	57.8	55.2	53.9	54.9	53.0	53.0	50.2	48.4	49.9	51.4	51.4	52.9	54.8	56.9	59.1	59.1	
Operating lease right-of-use assets	34.6	41.7	45.2	46.4	43.5	41.2	41.2	40.1	42.2	39.2	37.4	37.4	34.8	36.9	36.9	36.9	36.9	36.9	36.9	36.9	36.9	36.9	
Goodwill	55.8	57.8	57.8	57.8	57.8	57.8	57.8	57.8	57.8	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	
Acquired intangible assets, net	26.3	20.6	18.3	16.0	13.7	11.4	11.4	9.1	6.8	7.1	4.0	4.0	1.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	
Deferred tax assets	1.0	1.9	2.0	2.2	1.7	2.6	2.6	3.0	3.6	3.8	4.1	4.1	4.5	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	
Other assets	85.6	147.5	152.2	159.1	168.8	181.5	181.5	183.0	189.0	198.7	217.8	217.8	221.6	248.3	239.2	248.4	248.4	256.4	273.3	283.9	300.9	300.9	
<b>Total assets</b>	<b>1,407.8</b>	<b>2,449.6</b>	<b>2,434.5</b>	<b>2,451.6</b>	<b>2,467.2</b>	<b>2,588.9</b>	<b>2,588.9</b>	<b>2,580.5</b>	<b>2,648.2</b>	<b>2,694.0</b>	<b>2,869.6</b>	<b>2,869.6</b>	<b>3,034.4</b>	<b>3,131.2</b>	<b>3,226.4</b>	<b>3,364.2</b>	<b>3,364.2</b>	<b>3,426.6</b>	<b>3,520.0</b>	<b>3,652.8</b>	<b>3,802.7</b>	<b>3,802.7</b>	
<b>Current liabilities</b>																							
Accounts payable	4.1	5.2	6.2	7.3	7.7	8.3	8.3	8.0	8.2	9.3	9.9	9.9	9.3	10.1	11.5	11.8	11.8	11.5	12.7	14.2	15.4	15.4	
Accrued compensation and benefits	70.2	112.6	87.7	83.8	84.4	90.1	90.1	78.3	91.3	100.6	112.6	112.6	110.2	112.1	120.1	123.9	123.9	132.2	137.0	111.5	115.0	115.0	
Operating lease liabilities	2.3	8.1	8.7	9.2	8.6	8.7	8.7	8.6	9.4	9.6	9.8	9.8	9.9	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	
Other accrued liabilities	56.4	48.8	49.2	73.9	52.8	52.7	52.7	50.5	55.0	66.7	74.8	74.8	84.1	100.8	100.8	100.8	100.8	100.8	100.8	100.8	100.8	100.8	
Deferred revenue	221.4	352.0	351.9	350.7	364.2	428.7	428.7	387.2	348.4	303.3	357.1	357.1	323.9	307.1	322.5	361.2	361.2	338.3	310.8	323.2	362.0	362.0	
<i>q/q growth</i>	0.2		0.0%	-0.3%	3.8%	17.7%		-9.7%	-10.0%	-12.9%	17.7%		-9.3%	-14.0%	5.0%	12.0%		-6.3%	-8.1%	4.0%	12.0%		
<i>y/y growth</i>	0.3		52.3%	52.3%	30.4%	21.8%		10.0%	-0.7%	-16.7%	-16.7%		-16.3%	-11.8%	6.3%	1.1%		4.4%	1.2%	0.2%	0.2%		
<b>Total current liabilities</b>	<b>354.5</b>	<b>526.7</b>	<b>503.7</b>	<b>524.9</b>	<b>517.8</b>	<b>588.5</b>	<b>588.5</b>	<b>532.6</b>	<b>512.3</b>	<b>489.6</b>	<b>564.2</b>	<b>564.2</b>	<b>537.5</b>	<b>541.2</b>	<b>565.9</b>	<b>608.7</b>	<b>608.7</b>	<b>593.8</b>	<b>572.3</b>	<b>560.8</b>	<b>604.2</b>	<b>604.2</b>	
<b>Long term liabilities</b>																							
Deferred rent, non-current	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	0.0	0.0	
Deferred tax liability, non-current	0.8	0.1	0.1	0.1	0.4	0.2	0.2	0.6	0.9	1.1	0.3	0.3	0.8	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	
Operating lease liabilities, non-current	39.1	38.7	40.3	40.4	37.3	36.3	36.3	35.6	37.0	33.1	30.9	30.9	28.4	28.9	28.9	28.9	28.9	28.9	28.9	28.9	28.9	28.9	
Deferred revenue, non-current	16.5	23.2	23.6	24.5	34.0	31.5	31.5	25.5	20.3	17.4	20.3	20.3	16.2	15.6	16.8	18.7	18.7	16.3	14.2	15.7	16.8	16.8	
<i>q/q growth</i>	0.0		1.6%	3.9%	39.0%	-7.3%		-19.0%	-20.6%	-14.0%	16.4%		-20.1%	-23.1%	7.7%	11.0%		-12.5%	-13.3%	10.9%	6.7%		
<i>y/y growth</i>	-0.3		36.4%	28.4%	81.9%	36.0%		8.5%	-17.1%	-48.7%	-35.6%		-36.5%	-23.0%	-3.6%	-8.0%		0.8%	-9.3%	-6.6%	-10.2%		
Convertible senior notes	937.7	1,136.5	1,137.4	1,138.2	1,139.0	1,139.9	1,139.9	1,140.7	1,141.6	1,142.4	1,143.3	1,143.3	1,144.1	1,145.0	1,145.0	1,145.0	1,145.0	1,145.0	1,145.0	1,145.0	1,145.0	1,145.0	
Other liabilities, non-current	59.1	57.7	56.7	55.3	54.4	53.0	53.0	53.0	51.1	42.8	41.7	41.7	38.2	36.5	36.5	36.5	36.5	36.5	36.5	36.5	36.5	36.5	
<b>Total long term liabilities</b>	<b>1,053.3</b>	<b>1,256.2</b>	<b>1,257.9</b>	<b>1,258.5</b>	<b>1,265.1</b>	<b>1,260.9</b>	<b>1,260.9</b>	<b>1,255.5</b>	<b>1,250.9</b>	<b>1,236.9</b>	<b>1,236.4</b>	<b>1,236.4</b>	<b>1,227.7</b>	<b>1,227.0</b>	<b>1,228.2</b>	<b>1,230.1</b>	<b>1,230.1</b>	<b>1,227.8</b>	<b>1,225.6</b>	<b>1,227.1</b>	<b>1,228.2</b>	<b>1,228.2</b>	
<b>Total Liabilities</b>	<b>1,407.5</b>	<b>1,782.9</b>	<b>1,761.7</b>	<b>1,783.4</b>	<b>1,782.9</b>	<b>1,849.4</b>	<b>1,849.4</b>	<b>1,788.1</b>	<b>1,763.1</b>	<b>1,726.5</b>	<b>1,800.7</b>	<b>1,800.7</b>	<b>1,765.2</b>	<b>1,768.2</b>	<b>1,794.1</b>	<b>1,838.8</b>	<b>1,838.8</b>	<b>1,821.6</b>	<b>1,797.9</b>	<b>1,787.9</b>	<b>1,832.4</b>	<b>1,832.4</b>	
Stockholders' equity	(5.0)	666.7	672.9	668.2	684.3	739.5	739.5	792.4	885.1	967.5	1,069.0	1,069.0	1,269.3	1,363.0	1,432.3	1,525.5	1,525.5	1,605.0	1,722.1	1,864.9	1,970.3	1,970.3	
<b>Total liabilities and shareholders' equity</b>	<b>1,402.8</b>	<b>2,449.6</b>	<b>2,434.5</b>	<b>2,451.6</b>	<b>2,467.2</b>	<b>2,588.9</b>	<b>2,588.9</b>	<b>2,580.5</b>	<b>2,648.2</b>	<b>2,694.0</b>	<b>2,869.6</b>	<b>2,869.6</b>	<b>3,034.4</b>	<b>3,131.2</b>	<b>3,226.4</b>	<b>3,364.2</b>	<b>3,364.2</b>	<b>3,426.6</b>	<b>3,520.0</b>	<b>3,652.8</b>	<b>3,802.7</b>	<b>3,802.7</b>	

Source: Company reports, Guggenheim Securities, LLC estimates and analysis





## Exhibit 149 - Microsoft Non-GAAP Income Statement

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	Sep-22 1Q23	Dec-22 2Q23	Mar-23 3Q23	Jun-23 4Q23	2023 Full Year	Sep-23 1Q24	Dec-23 2Q24	Mar-24 3Q24	Jun-24 4Q24	2024 Full Year	Sep-24 1Q25E	Dec-24 2Q25E	Mar-25 3Q25E	Jun-25 4Q25E	2025 (E) Full Year	2026 (E) Full Year	2027 (E) Full Year
<b>Non-GAAP Income Statement</b>																				
Product	68,041	71,074	72,732	15,741	16,517	15,588	16,853	64,699	15,535	18,941	17,080	13,217	64,773	17,825	14,224	18,559	20,364	70,971	83,784	93,160
y/y growth	3.0%	4.5%	2.3%	-5.4%	-20.5%	-10.2%	-6.1%	-11.0%	-1.3%	14.7%	9.6%	-21.6%	0.1%	14.7%	-24.9%	8.7%	54.1%	9.6%	18.1%	11.2%
Service and other	74,974	97,014	125,538	34,381	36,230	37,269	39,336	147,216	40,982	43,079	44,778	51,510	180,349	46,732	55,433	51,673	53,386	207,224	232,499	265,322
y/y growth	25.4%	29.4%	29.4%	19.9%	17.1%	16.5%	16.0%	17.3%	19.2%	18.9%	20.1%	30.9%	22.5%	14.0%	28.7%	15.4%	3.6%	14.9%	12.2%	14.1%
q/q growth				1.4%	5.4%	2.9%	5.5%		4.2%	5.1%	3.9%	15.0%		-9.3%	18.6%	-6.8%	3.3%			
<b>Total Revenue</b>	<b>143,015</b>	<b>168,088</b>	<b>198,270</b>	<b>50,122</b>	<b>52,747</b>	<b>52,857</b>	<b>56,189</b>	<b>211,915</b>	<b>56,517</b>	<b>62,020</b>	<b>61,858</b>	<b>64,727</b>	<b>245,122</b>	<b>64,557</b>	<b>69,656</b>	<b>70,231</b>	<b>73,750</b>	<b>278,195</b>	<b>316,283</b>	<b>358,482</b>
y/y growth	13.6%	17.5%	18.0%	10.6%	2.0%	7.1%	8.3%	6.9%	12.8%	17.6%	17.0%	15.2%	15.7%	14.2%	12.3%	13.5%	13.9%	13.5%	13.7%	13.3%
q/q growth				-3.4%	5.2%	0.2%	6.3%		0.6%	9.7%	-0.3%	4.6%		-0.3%	7.9%	0.8%	5.0%			
<b>Cost of Revenue</b>																				
Cost of Product	16,017	18,219	19,064	4,302	5,690	3,941	3,871	17,804	3,531	5,964	4,339	1,438	15,272	4,052	4,479	4,715	2,216	15,460	18,881	21,027
Cost of Service and other	30,061	34,013	43,586	11,150	11,798	12,187	12,924	48,059	12,771	13,659	14,166	18,246	58,842	15,969	18,842	17,827	21,744	74,382	81,540	92,143
<b>Total Cost of Revenue</b>	<b>46,078</b>	<b>52,232</b>	<b>62,650</b>	<b>15,452</b>	<b>17,488</b>	<b>16,128</b>	<b>16,795</b>	<b>65,863</b>	<b>16,302</b>	<b>19,623</b>	<b>18,505</b>	<b>19,684</b>	<b>74,114</b>	<b>20,020</b>	<b>23,321</b>	<b>22,542</b>	<b>23,959</b>	<b>89,842</b>	<b>100,421</b>	<b>113,170</b>
% of revenue	32.2%	31.1%	31.6%	30.8%	33.2%	30.5%	29.9%	31.1%	28.8%	31.6%	29.9%	30.4%	30.2%	31.0%	33.5%	32.1%	32.5%	32.3%	31.8%	31.6%
<b>Total Gross Profit</b>	<b>96,937</b>	<b>115,856</b>	<b>135,620</b>	<b>34,670</b>	<b>35,259</b>	<b>36,729</b>	<b>39,394</b>	<b>146,052</b>	<b>40,215</b>	<b>42,397</b>	<b>43,353</b>	<b>45,043</b>	<b>171,008</b>	<b>44,537</b>	<b>46,336</b>	<b>47,689</b>	<b>49,791</b>	<b>188,353</b>	<b>215,862</b>	<b>245,313</b>
<b>Gross Margin</b>	<b>67.8%</b>	<b>68.9%</b>	<b>68.4%</b>	<b>69.2%</b>	<b>66.8%</b>	<b>69.5%</b>	<b>70.1%</b>	<b>68.9%</b>	<b>71.2%</b>	<b>68.4%</b>	<b>70.1%</b>	<b>69.6%</b>	<b>69.8%</b>	<b>69.0%</b>	<b>66.5%</b>	<b>67.9%</b>	<b>67.5%</b>	<b>67.7%</b>	<b>68.2%</b>	<b>68.4%</b>
<b>Operating expense</b>																				
Research and development	19,269	20,716	24,512	6,628	6,844	6,984	6,739	27,195	6,659	7,142	7,653	8,056	29,510	7,632	7,673	8,338	8,810	32,453	36,423	40,746
% of revenue	13.5%	12.3%	12.4%	13.2%	13.0%	13.2%	12.0%	12.8%	11.8%	11.5%	12.4%	12.4%	12.0%	11.8%	11.0%	11.9%	11.9%	11.7%	11.5%	11.4%
Sales and marketing	19,598	20,117	21,825	5,126	5,679	5,750	6,204	22,759	5,187	6,246	6,207	6,816	24,456	5,951	6,667	6,696	7,397	26,711	29,892	33,342
% of revenue	13.7%	12.0%	11.0%	10.2%	10.8%	10.9%	11.0%	10.7%	9.2%	10.1%	10.0%	10.5%	10.0%	9.2%	9.6%	9.5%	10.0%	9.6%	9.5%	9.3%
General and administrative	5,111	5,107	5,900	1,398	2,337	1,643	2,197	7,575	1,474	1,977	1,912	2,246	7,609	1,710	1,942	1,890	2,264	7,805	8,399	8,981
% of revenue	3.6%	3.0%	3.0%	2.8%	4.4%	3.1%	3.9%	3.6%	2.6%	3.2%	3.1%	3.5%	3.1%	2.6%	2.8%	2.7%	3.1%	2.8%	2.7%	2.5%
Total Operating Expenses	43,978	45,940	52,237	13,152	14,860	14,377	15,140	57,529	13,320	15,365	15,772	17,118	61,575	15,292	16,282	16,924	18,472	66,970	74,714	83,069
% of revenue	30.8%	27.3%	26.3%	26.2%	28.2%	27.2%	26.9%	27.1%	23.6%	24.8%	25.5%	26.4%	25.1%	23.7%	23.4%	24.1%	25.0%	24.1%	23.6%	23.2%
<b>Operating Income</b>	<b>52,959</b>	<b>69,916</b>	<b>83,383</b>	<b>21,518</b>	<b>20,399</b>	<b>22,352</b>	<b>24,254</b>	<b>88,523</b>	<b>26,895</b>	<b>27,032</b>	<b>27,581</b>	<b>27,925</b>	<b>109,433</b>	<b>29,244</b>	<b>30,054</b>	<b>30,766</b>	<b>31,319</b>	<b>121,383</b>	<b>141,147</b>	<b>162,244</b>
<b>Operating Margin</b>	<b>37.0%</b>	<b>41.6%</b>	<b>42.1%</b>	<b>42.9%</b>	<b>38.7%</b>	<b>42.3%</b>	<b>43.2%</b>	<b>41.8%</b>	<b>47.6%</b>	<b>43.6%</b>	<b>44.6%</b>	<b>43.1%</b>	<b>44.6%</b>	<b>45.3%</b>	<b>43.1%</b>	<b>43.8%</b>	<b>42.5%</b>	<b>43.6%</b>	<b>44.6%</b>	<b>45.3%</b>
Dividends and Interest income	2,680	2,131	2,094	547	700	748	999	2,994	1,166	734	619	638	3,157	602	602	602	602	2,409	2,897	3,825
Interest expense	(2,591)	(2,346)	(2,063)	(493)	(490)	(496)	(489)	(1,968)	(525)	(909)	(800)	(701)	(2,935)	(701)	(701)	(701)	(701)	(2,804)	(2,804)	(2,804)
<b>Total Other (expense) income, net</b>	<b>77</b>	<b>1,186</b>	<b>333</b>	<b>54</b>	<b>(60)</b>	<b>321</b>	<b>473</b>	<b>788</b>	<b>389</b>	<b>(506)</b>	<b>(854)</b>	<b>(675)</b>	<b>(1,646)</b>	<b>(651)</b>	<b>(651)</b>	<b>(505)</b>	<b>(455)</b>	<b>(2,261)</b>	<b>93</b>	<b>1,021</b>
<b>Pretax Income</b>	<b>53,036</b>	<b>71,102</b>	<b>83,716</b>	<b>21,572</b>	<b>20,339</b>	<b>22,673</b>	<b>24,727</b>	<b>89,311</b>	<b>27,284</b>	<b>26,526</b>	<b>26,727</b>	<b>27,250</b>	<b>107,787</b>	<b>28,594</b>	<b>29,404</b>	<b>30,261</b>	<b>30,864</b>	<b>119,122</b>	<b>141,241</b>	<b>163,265</b>
Income Taxes (benefit)	8,755	9,831	14,269	4,016	3,914	4,374	4,646	16,950	4,993	4,656	4,788	5,214	19,651	5,433	5,587	5,750	5,864	22,633	26,836	31,020
Tax rate %	16.5%	13.8%	17.0%	18.6%	19.2%	19.3%	18.8%	19.0%	18.3%	17.6%	17.9%	19.1%	18.2%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
<b>Net Income</b>	<b>44,281</b>	<b>61,271</b>	<b>69,447</b>	<b>17,556</b>	<b>16,425</b>	<b>18,299</b>	<b>20,081</b>	<b>72,361</b>	<b>22,291</b>	<b>21,870</b>	<b>21,939</b>	<b>22,036</b>	<b>88,136</b>	<b>23,161</b>	<b>23,817</b>	<b>24,511</b>	<b>25,000</b>	<b>96,489</b>	<b>114,405</b>	<b>132,245</b>
<b>Non GAAP EPS</b>	<b>\$5.76</b>	<b>\$8.05</b>	<b>\$9.21</b>	<b>\$2.35</b>	<b>\$2.20</b>	<b>\$2.45</b>	<b>\$2.69</b>	<b>\$9.68</b>	<b>\$2.99</b>	<b>\$2.93</b>	<b>\$2.94</b>	<b>\$2.95</b>	<b>\$11.80</b>	<b>\$3.11</b>	<b>\$3.20</b>	<b>\$3.30</b>	<b>\$3.37</b>	<b>\$12.97</b>	<b>\$15.47</b>	<b>\$17.98</b>
Shares Outstanding																				
Basic	7,609	7,547	7,496	7,457	7,451	7,441	7,434	7,446	7,429	7,432	7,431	7,433	7,431	7,422	7,411	7,400	7,389	7,405	7,361	7,317
Diluted	7,682	7,608	7,541	7,485	7,473	7,464	7,467	7,472	7,462	7,468	7,472	7,472	7,469	7,459	7,448	7,437	7,425	7,442	7,398	7,353

Source: Microsoft reports and Guggenheim Securities, LLC estimates and analysis

## Exhibit 150 - Microsoft Balance Sheet

\$ in millions, except per share data		2020	2021	2022	Sep-22	Dec-22	Mar-23	Jun-23	2023	Sep-23	Dec-23	Mar-24	Jun-24	2024	Sep-24	Dec-24	Mar-25	Jun-25	2025 (E)	2026 (E)	2027 (E)
		Full Year	Full Year	Full Year	1Q23	2Q23	3Q23	4Q23	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25E	2Q25E	3Q25E	4Q25E	Full Year	Full Year	Full Year
<b>Balance Sheet</b>																					
<b>Current Assets</b>																					
Cash and cash equivalents	13,576	14,224	13,931	22,884	15,646	26,562	34,704	34,704	80,452	17,305	19,634	18,315	18,315	22,284	24,588	24,296	33,618	33,618	70,280	110,786	
Short-term investments	122,951	116,110	90,826	84,378	83,862	77,865	76,558	76,558	63,499	63,712	60,387	57,228	57,228	57,228	57,228	57,228	57,228	57,228	57,228	57,228	57,228
Accounts receivable, net	32,011	38,043	44,261	31,279	35,833	37,420	48,688	48,688	36,953	42,831	44,029	56,924	56,924	39,380	45,051	46,910	61,626	61,626	66,261	70,830	
Inventories	1,895	2,636	3,742	4,268	2,980	2,877	2,500	2,500	3,000	1,615	1,304	1,246	1,246	3,465	1,664	1,341	1,254	1,254	515	581	
Deferred incomes taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other current assets	11,482	13,393	16,924	18,003	19,502	19,165	21,807	21,807	23,682	21,930	21,826	26,021	26,021	27,051	24,630	24,780	29,648	29,648	33,643	38,070	
<b>Total current assets</b>	<b>181,915</b>	<b>184,406</b>	<b>169,684</b>	<b>160,812</b>	<b>157,823</b>	<b>163,889</b>	<b>184,257</b>	<b>184,257</b>	<b>207,586</b>	<b>147,393</b>	<b>147,180</b>	<b>159,734</b>	<b>159,734</b>	<b>149,408</b>	<b>153,161</b>	<b>154,556</b>	<b>183,375</b>	<b>183,375</b>	<b>227,927</b>	<b>277,495</b>	
<b>Property and equipment, net</b>																					
Operating lease right-of-use asset	44,151	59,715	74,398	77,037	82,755	88,132	95,641	95,641	102,502	112,308	121,375	135,591	135,591	144,951	154,402	163,636	173,280	173,280	209,877	249,530	
Equity and other investments	8,753	11,088	13,148	13,347	13,624	13,879	14,346	14,346	15,435	16,398	17,371	18,961	18,961	18,961	18,961	18,961	18,961	18,961	18,961	18,961	
Goodwill	2,965	5,984	6,891	6,839	7,097	9,415	9,879	9,879	11,423	13,367	14,807	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	
Intangible assets, net	43,351	49,711	67,524	67,459	67,905	67,940	67,886	67,886	67,790	118,931	119,163	119,220	119,220	119,220	119,220	119,220	119,220	119,220	119,220	119,220	
Deferred incomes taxes	7,038	7,800	11,298	10,808	10,354	9,879	9,366	9,366	8,895	29,896	28,828	27,597	27,597	26,306	24,846	23,256	21,588	21,588	14,757	7,014	
Other long-term assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other long-term assets	13,138	15,075	21,897	23,482	24,994	26,954	30,601	30,601	32,154	32,265	35,551	36,460	36,460	36,728	36,238	40,363	41,543	41,543	47,140	53,343	
<b>Total assets</b>	<b>301,311</b>	<b>333,779</b>	<b>364,840</b>	<b>359,784</b>	<b>364,552</b>	<b>380,088</b>	<b>411,976</b>	<b>411,976</b>	<b>445,785</b>	<b>470,558</b>	<b>484,275</b>	<b>512,163</b>	<b>512,163</b>	<b>510,174</b>	<b>521,428</b>	<b>534,593</b>	<b>572,566</b>	<b>572,566</b>	<b>652,481</b>	<b>740,163</b>	
<b>Liabilities</b>																					
Accounts payable	12,530	15,163	19,000	16,609	15,354	15,305	18,095	18,095	19,307	17,695	18,087	21,996	21,996	23,491	20,774	21,786	26,511	26,511	28,999	32,358	
Short-term debt	3,749	8,072	2,749	3,248	3,997	6,245	5,247	5,247	29,556	29,291	22,784	8,942	8,942	2,250	2,250	0	0	0	0	0	
Accrued compensation	7,874	10,057	10,661	7,405	9,030	10,411	11,009	11,009	6,990	8,813	10,432	12,564	12,564	7,984	9,898	11,844	14,315	14,315	16,244	18,382	
Income taxes	2,130	2,174	4,067	6,729	3,553	4,163	4,152	4,152	8,035	5,787	7,311	5,017	5,017	5,017	5,017	5,017	5,017	5,017	5,017	5,017	
Short-term unearned revenue	36,000	41,525	45,538	41,340	36,982	36,903	50,901	50,901	46,429	43,068	41,888	57,582	57,582	52,527	49,138	45,201	58,151	58,151	51,883	37,820	
Other	10,027	11,666	13,067	12,058	12,802	12,664	14,745	14,745	14,475	16,362	18,023	19,185	19,185	19,185	19,185	19,185	19,185	19,185	19,185	19,185	
<b>Total current liabilities</b>	<b>72,310</b>	<b>88,657</b>	<b>95,082</b>	<b>87,389</b>	<b>81,718</b>	<b>85,691</b>	<b>104,149</b>	<b>104,149</b>	<b>124,792</b>	<b>121,016</b>	<b>118,525</b>	<b>125,286</b>	<b>125,286</b>	<b>110,455</b>	<b>106,262</b>	<b>103,033</b>	<b>123,179</b>	<b>123,179</b>	<b>121,328</b>	<b>112,762</b>	
Long-term debt	59,578	50,074	47,032	45,374	44,119	41,965	41,990	41,990	41,946	44,928	42,658	42,688	42,688	40,026	40,061	40,096	40,131	40,131	40,271	40,411	
Long-term unearned revenue	3,180	2,616	2,870	2,549	2,644	2,698	2,912	2,912	2,759	2,966	2,945	2,602	2,602	2,374	2,220	2,043	2,628	2,628	2,344	1,709	
Long-term income taxes	29,432	27,190	26,069	23,712	24,169	25,000	25,560	25,560	22,983	25,890	26,786	27,931	27,931	27,363	25,661	24,338	23,193	23,193	18,455	13,717	
Deferred income taxes	204	198	230	223	289	302	433	433	470	2,548	2,469	2,618	2,618	2,618	2,618	2,618	2,618	2,618	2,618	2,618	
Operating lease liabilities	7,671	9,629	11,489	11,660	11,998	12,312	12,728	12,728	13,487	14,155	14,469	15,497	15,497	15,497	15,497	15,497	15,497	15,497	15,497	15,497	
Other long-term liabilities	10,632	13,427	15,526	15,311	16,479	17,437	17,981	17,981	18,634	20,787	23,271	27,064	27,064	27,064	27,064	27,064	27,064	27,064	27,064	27,064	
<b>Total liabilities</b>	<b>183,007</b>	<b>191,791</b>	<b>198,298</b>	<b>186,218</b>	<b>181,416</b>	<b>185,405</b>	<b>205,753</b>	<b>205,753</b>	<b>225,071</b>	<b>232,290</b>	<b>231,123</b>	<b>243,686</b>	<b>243,686</b>	<b>225,397</b>	<b>219,383</b>	<b>214,688</b>	<b>234,310</b>	<b>234,310</b>	<b>227,578</b>	<b>213,778</b>	
Preferred Stock or Minority Interest	0	0																			
<b>Stockholders' equity</b>																					
<b>Total stockholders' equity</b>	<b>118,304</b>	<b>141,988</b>	<b>166,542</b>	<b>173,566</b>	<b>183,136</b>	<b>194,683</b>	<b>206,223</b>	<b>206,223</b>	<b>220,714</b>	<b>238,268</b>	<b>253,152</b>	<b>268,477</b>	<b>268,477</b>	<b>284,777</b>	<b>302,044</b>	<b>319,905</b>	<b>338,257</b>	<b>338,257</b>	<b>424,903</b>	<b>526,385</b>	
<b>Total liabilities and stockholders' equity</b>	<b>301,311</b>	<b>333,779</b>	<b>364,840</b>	<b>359,784</b>	<b>364,552</b>	<b>380,088</b>	<b>411,976</b>	<b>411,976</b>	<b>445,785</b>	<b>470,558</b>	<b>484,275</b>	<b>512,163</b>	<b>512,163</b>	<b>510,174</b>	<b>521,428</b>	<b>534,593</b>	<b>572,566</b>	<b>572,566</b>	<b>652,481</b>	<b>740,163</b>	

Source: Microsoft reports and Guggenheim Securities, LLC estimates and analysis





## NET

## Exhibit 152: Cloudflare GAAP Income Statement

\$ in millions, except per share data

	2018 Full Year	2019 Full Year	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024E Full Year	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025E Full Year
<b>GAAP Income Statement</b>																
Revenue	192.7	287.0	431.1	656.4	975.2	1,296.7	378.6	401.0	423.5	455.0	1,658.0	477.9	504.1	533.0	582.6	2,097.6
Cost of Revenue	43.5	63.4	101.1	147.1	232.6	307.0	85.0	89.0	96.0	102.7	372.7	108.7	114.5	120.5	131.3	475.0
% of revenue	22.6%	22.1%	23.4%	22.4%	23.9%	23.7%	22.5%	22.2%	22.7%	22.6%	22.5%	22.7%	22.7%	22.6%	22.5%	22.6%
<b>Total Gross Profit</b>	<b>149.1</b>	<b>223.6</b>	<b>330.0</b>	<b>509.3</b>	<b>742.6</b>	<b>989.7</b>	<b>293.6</b>	<b>312.0</b>	<b>327.5</b>	<b>352.3</b>	<b>1,285.3</b>	<b>369.3</b>	<b>389.6</b>	<b>412.4</b>	<b>451.3</b>	<b>1,622.6</b>
<b>Gross Margin</b>	<b>77.4%</b>	<b>77.9%</b>	<b>76.6%</b>	<b>77.6%</b>	<b>76.1%</b>	<b>76.3%</b>	<b>77.5%</b>	<b>77.8%</b>	<b>77.3%</b>	<b>77.4%</b>	<b>77.5%</b>	<b>77.3%</b>	<b>77.3%</b>	<b>77.4%</b>	<b>77.5%</b>	<b>77.4%</b>
<b>Operating Expenses</b>																
Sales and Marketing	94.4	159.3	217.9	328.1	465.8	599.1	194.1	174.5	188.8	208.6	766.0	223.5	220.8	236.0	262.9	943.3
% of revenue	49.0%	55.5%	50.5%	50.0%	47.8%	46.2%	51.3%	43.5%	44.6%	45.9%	46.2%	46.8%	43.8%	44.3%	45.1%	45.0%
Research and Development	54.5	90.7	127.1	189.4	298.3	358.1	87.7	102.5	114.6	125.0	429.9	110.7	122.5	137.8	151.2	522.2
% of revenue	28.3%	31.6%	29.5%	28.9%	30.6%	27.6%	23.2%	25.6%	27.1%	27.5%	25.9%	23.2%	24.3%	25.9%	26.0%	24.9%
General and Administrative	85.2	81.6	91.8	119.5	179.8	218.0	66.3	69.6	68.7	73.9	278.6	82.4	83.6	82.8	92.0	340.8
% of revenue	44.2%	28.4%	21.3%	18.2%	18.4%	16.8%	17.5%	17.4%	16.2%	16.2%	16.8%	17.2%	16.6%	15.5%	15.8%	16.2%
<b>Total Operating Expenses</b>	<b>234.0</b>	<b>331.5</b>	<b>436.8</b>	<b>637.0</b>	<b>944.6</b>	<b>1,176.0</b>	<b>348.1</b>	<b>346.7</b>	<b>372.2</b>	<b>407.6</b>	<b>1,475.3</b>	<b>416.6</b>	<b>426.9</b>	<b>456.7</b>	<b>506.1</b>	<b>1,806.9</b>
% of revenue	121.5%	115.5%	101.3%	97.0%	96.9%	90.7%	91.9%	86.5%	87.9%	89.6%	89.0%	87.2%	84.7%	85.7%	86.9%	86.1%
<b>Operating Income (Loss)</b>	<b>(84.9)</b>	<b>(107.9)</b>	<b>(106.8)</b>	<b>(127.7)</b>	<b>(201.2)</b>	<b>(185.5)</b>	<b>(54.6)</b>	<b>(34.7)</b>	<b>(44.7)</b>	<b>(55.3)</b>	<b>(189.2)</b>	<b>(47.3)</b>	<b>(37.3)</b>	<b>(44.2)</b>	<b>(54.8)</b>	<b>(183.6)</b>
<b>Operating Margin</b>	<b>-44.1%</b>	<b>-37.6%</b>	<b>-24.8%</b>	<b>-19.5%</b>	<b>-20.6%</b>	<b>-14.3%</b>	<b>-14.4%</b>	<b>-8.7%</b>	<b>-10.6%</b>	<b>-12.2%</b>	<b>-11.4%</b>	<b>-9.9%</b>	<b>-7.4%</b>	<b>-8.3%</b>	<b>-9.4%</b>	<b>-8.8%</b>
<b>Non-Operating Income (Expense)</b>																
Interest Income	1.9	5.8	6.6	2.0	14.9	68.2	21.3	21.7	20.9	21.1	84.9	20.7	21.2	21.8	22.4	86.1
Interest Expense	(1.0)	(1.1)	(25.0)	(49.2)	(5.0)	(5.9)	(1.1)	(1.2)	(1.0)	(1.0)	(4.3)	(1.0)	(1.0)	(1.0)	(1.0)	(4.0)
Loss on Extinguishment of Debt	0.0	0.0	0.0	(72.2)	0.0	(50.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Income (Expense), Net	(2.1)	(1.4)	0.2	(0.8)	0.6	(4.4)	1.1	0.3	0.3	0.3	1.9	0.3	0.3	0.3	0.3	1.1
<b>Total Non-Operating Income (Expense), Net</b>	<b>(1.2)</b>	<b>3.2</b>	<b>(18.2)</b>	<b>(120.3)</b>	<b>10.5</b>	<b>7.6</b>	<b>21.3</b>	<b>20.8</b>	<b>20.1</b>	<b>20.4</b>	<b>82.6</b>	<b>19.9</b>	<b>20.5</b>	<b>21.1</b>	<b>21.7</b>	<b>83.2</b>
Income (Loss) Before Taxes	(86.1)	(104.7)	(125.0)	(248.0)	(190.7)	(177.9)	(33.3)	(13.9)	(24.5)	(34.9)	(106.7)	(27.4)	(16.8)	(23.2)	(33.1)	(100.4)
Provision for (Benefit from) Income Taxes	1.1	1.1	(5.6)	12.3	2.6	6.1	2.3	1.1	0.0	0.0	3.4	0.0	0.0	0.0	0.0	0.0
Tax Rate	1.3%	1.1%	-4.5%	5.0%	1.4%	3.4%	6.8%	8.2%	0.0%	0.0%	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net Income (Loss)</b>	<b>(87.2)</b>	<b>(105.8)</b>	<b>(119.4)</b>	<b>(260.3)</b>	<b>(193.4)</b>	<b>(183.9)</b>	<b>(35.5)</b>	<b>(15.1)</b>	<b>(24.5)</b>	<b>(34.9)</b>	<b>(110.1)</b>	<b>(27.4)</b>	<b>(16.8)</b>	<b>(23.2)</b>	<b>(33.1)</b>	<b>(100.4)</b>
<b>GAAP EPS</b>																
Shares Outstanding																
<b>Basic</b>	<b>81.0</b>	<b>145.8</b>	<b>300.2</b>	<b>312.3</b>	<b>326.3</b>	<b>333.7</b>	<b>338.6</b>	<b>340.6</b>	<b>342.7</b>	<b>344.7</b>	<b>341.7</b>	<b>346.5</b>	<b>348.2</b>	<b>349.9</b>	<b>351.7</b>	<b>349.1</b>
y/y growth	4.9%	80.1%	105.9%	4.0%	4.5%	2.2%	2.5%	2.5%	2.4%	2.4%	2.4%	2.3%	2.2%	2.1%	2.0%	2.2%
q/q growth							0.6%	0.6%	0.6%	0.6%		0.5%	0.5%	0.5%	0.5%	
<b>Diluted</b>	<b>81.0</b>	<b>145.8</b>	<b>300.2</b>	<b>312.3</b>	<b>326.3</b>	<b>333.7</b>	<b>338.6</b>	<b>340.6</b>	<b>342.7</b>	<b>344.7</b>	<b>341.7</b>	<b>346.5</b>	<b>348.2</b>	<b>349.9</b>	<b>351.7</b>	<b>349.1</b>
y/y growth	4.9%	80.1%	105.9%	4.0%	4.5%	2.2%	2.5%	2.5%	2.4%	2.4%	2.4%	2.3%	2.2%	2.1%	2.0%	2.2%
q/q growth							0.6%	0.6%	0.6%	0.6%		0.5%	0.5%	0.5%	0.5%	

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 153: Cloudflare Non-GAAP Income Statement

\$ in millions, except per share data

	2018 Full Year	2019 Full Year	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024E Full Year	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025E Full Year
<b>Non-GAAP Income Statement</b>																
<b>Revenue</b>	192.7	287.0	431.1	656.4	975.2	1,296.7	378.6	401.0	423.5	455.0	1,658.0	477.9	504.1	533.0	582.6	2,097.6
<i>y/y growth</i>	42.8%	49.0%	50.2%	52.3%	48.6%	33.0%	30.5%	30.0%	26.2%	25.5%	27.9%	26.2%	25.7%	25.9%	28.1%	26.5%
<i>q/q growth</i>							4.4%	5.9%	5.6%	7.4%		5.0%	5.5%	5.7%	9.3%	
Cost of Revenue	42.9	62.6	96.5	140.5	212.4	280.9	77.5	84.4	88.9	95.5	346.4	100.4	106.1	111.9	122.4	440.7
<i>% of revenue</i>	22.3%	21.8%	22.4%	21.4%	21.8%	21.7%	20.5%	21.0%	21.0%	21.0%	20.9%	21.0%	21.0%	21.0%	21.0%	21.0%
<b>Gross Profit</b>	149.8	224.4	334.6	515.9	762.8	1,015.8	301.1	316.6	334.5	359.4	1,311.6	377.5	398.0	421.1	460.3	1,656.9
<i>Gross Margin</i>	77.7%	78.2%	77.6%	78.6%	78.2%	78.3%	79.5%	79.0%	79.0%	79.0%	79.1%	79.0%	79.0%	79.0%	79.0%	79.0%
<b>Operating Expenses</b>																
Sales and Marketing	93.4	150.6	200.2	295.2	410.1	520.1	156.8	149.5	164.3	184.0	654.6	196.4	193.1	207.3	233.6	830.5
<i>% of revenue</i>	48.5%	52.5%	46.4%	45.0%	42.0%	40.1%	41.4%	37.3%	38.8%	40.5%	39.5%	41.1%	38.3%	38.9%	40.1%	39.6%
Research and Development	52.9	77.6	90.9	128.4	182.3	218.1	58.7	65.4	71.6	78.3	274.0	74.6	80.7	87.4	95.6	338.2
<i>% of revenue</i>	27.5%	27.0%	21.1%	19.6%	18.7%	16.8%	15.5%	16.3%	16.9%	17.2%	16.5%	15.6%	16.0%	16.4%	16.4%	16.1%
General and Administrative	60.5	67.4	77.3	99.4	134.7	155.6	43.2	44.7	48.1	50.0	186.0	53.5	55.7	58.6	63.5	231.4
<i>% of revenue</i>	31.4%	23.5%	17.9%	15.1%	13.8%	12.0%	11.4%	11.2%	11.4%	11.0%	11.2%	11.2%	11.1%	11.0%	10.9%	11.0%
<b>Total Operating Expenses</b>	206.8	295.6	368.4	523.0	727.2	893.8	258.6	259.7	283.9	312.4	1,114.6	324.5	329.4	353.4	392.7	1,400.0
<i>% of revenue</i>	107.3%	103.0%	85.5%	79.7%	74.6%	68.9%	68.3%	64.8%	67.1%	68.7%	67.2%	67.9%	65.4%	66.3%	67.4%	66.7%
<b>Operating Income</b>	(57.0)	(71.2)	(33.9)	(7.0)	35.7	122.0	42.4	57.0	50.6	47.0	197.0	53.0	68.6	67.7	67.6	256.9
<i>Operating Margin</i>	-29.6%	-24.8%	-7.9%	-1.1%	3.7%	9.4%	11.2%	14.2%	12.0%	10.3%	11.9%	11.1%	13.6%	12.7%	11.6%	12.2%
<b>Non-Operating Income (Expense)</b>																
Interest Income	1.9	5.8	6.6	2.0	14.9	68.2	21.3	21.7	20.9	21.1	84.9	20.7	21.2	21.8	22.4	86.1
Interest Expense	(1.0)	(1.1)	(3.3)	(3.1)	(0.3)	(1.4)	(0.1)	(0.2)	0.0	0.0	(0.3)	0.0	0.0	0.0	0.0	0.0
Other Income (Expense), Net	(2.1)	(1.4)	0.2	(0.8)	0.6	(4.4)	1.1	0.3	0.3	0.3	1.9	0.3	0.3	0.3	0.3	1.1
<b>Total Non-Operating Income</b>	(1.2)	3.2	3.4	(1.9)	15.1	62.4	22.3	21.8	21.1	21.4	86.5	20.9	21.5	22.1	22.7	87.2
Income Before Taxes	(58.2)	(68.0)	(30.5)	(8.9)	50.8	184.5	64.7	78.7	71.7	68.4	283.6	74.0	90.1	89.8	90.3	344.1
Income Tax Expense (Benefit)	1.2	1.6	4.6	6.2	6.4	14.8	6.6	9.2	7.9	7.5	31.2	8.1	9.9	9.9	9.9	37.8
<i>Tax Rate</i>	-2%	-2%	-15%	-70%	13%	8%	10%	12%	11%	11%	11%	11%	11%	11%	11%	11%
<b>Net Income</b>	(59.5)	(69.5)	(35.1)	(15.1)	44.4	169.7	58.2	69.5	63.8	60.9	252.4	65.8	80.2	79.9	80.3	306.2
<b>Non-GAAP EPS</b>	(\$0.73)	(\$0.48)	(\$0.12)	(\$0.05)	\$0.13	\$0.49	\$0.16	\$0.20	\$0.18	\$0.17	\$0.71	\$0.18	\$0.22	\$0.22	\$0.22	\$0.84
Shares Outstanding																
<b>Basic</b>	81.0	145.8	300.2	312.3	326.3	333.7	338.6	340.6	342.7	344.7	341.7	346.5	348.2	349.9	351.7	349.1
<i>y/y growth</i>	4.9%	80.1%	105.9%	4.0%	4.5%	2.2%	2.5%	2.5%	2.4%	2.4%	2.4%	2.3%	2.2%	2.1%	2.0%	2.2%
<i>q/q growth</i>							0.6%	0.6%	0.6%	0.6%		0.5%	0.5%	0.5%	0.5%	
<b>Diluted</b>	81.0	145.8	300.2	312.3	341.7	344.5	356.2	356.1	359.0	360.6	358.0	363.8	365.6	367.4	369.3	366.5
<i>y/y growth</i>	4.9%	80.1%	105.9%	4.0%	9.4%	0.8%	4.2%	3.8%	2.1%	2.0%	3.9%	2.1%	2.7%	2.4%	2.4%	2.4%
<i>q/q growth</i>							0.7%	0.0%	0.8%	0.5%		0.9%	0.5%	0.5%	0.5%	
<i>% of basic</i>	100.0%	100.0%	100.0%	100.0%	104.7%	103.2%	105.2%	104.5%	104.8%	104.6%	104.8%	105.0%	105.0%	105.0%	105.0%	105.0%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

**Exhibit 154: Cloudflare Balance Sheet**

\$ in millions, except per share data

	2018 Full Year	2019 Full Year	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024E Full Year	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025E Full Year
<b>Current assets</b>																
Cash and cash equivalents	25.1	139.0	108.9	313.8	204.2	86.9	254.4	157.0	195.5	235.2	235.2	284.9	836.9	892.6	954.1	954.1
Available-for-sale securities	135.6	498.0	923.2	1,508.1	1,445.8	1,586.9	1,461.8	1,600.4	1,600.4	1,600.4	1,600.4	1,600.4	1,100.4	1,100.4	1,100.4	1,100.4
Accounts receivable, net	25.2	33.9	63.5	95.5	148.5	248.3	213.2	250.2	264.5	315.1	315.1	306.4	367.4	362.1	402.3	402.3
Contract assets	1.6	2.1	3.5	6.1	8.3	11.0	11.6	12.9	15.2	15.5	15.5	15.3	17.1	18.9	18.8	18.8
Restricted cash, short-term	0.0	0.0	2.6	3.0	10.6	2.5	5.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Prepaid expenses and other current assets	9.4	17.0	28.2	29.4	70.6	47.5	69.7	71.5	51.8	63.0	63.0	55.1	66.1	73.8	80.5	80.5
<b>Total current assets</b>	<b>196.7</b>	<b>689.9</b>	<b>1,130.0</b>	<b>1,955.9</b>	<b>1,887.9</b>	<b>1,983.1</b>	<b>2,016.2</b>	<b>2,093.0</b>	<b>2,128.5</b>	<b>2,230.2</b>	<b>2,230.2</b>	<b>2,263.1</b>	<b>2,388.9</b>	<b>2,448.8</b>	<b>2,557.0</b>	<b>2,557.0</b>
<b>Non-current assets</b>																
Property and equipment, net	73.2	101.5	123.7	183.7	286.6	322.8	329.4	339.1	362.4	385.3	385.3	404.6	425.1	447.0	472.7	472.7
Goodwill	4.1	4.1	17.2	23.5	148.0	148.0	148.0	156.2	161.2	166.2	166.2	171.2	176.2	181.2	186.2	186.2
Acquired intangible assets, net	0.2	0.0	2.8	1.3	32.5	19.6	14.3	21.7	17.4	12.9	12.9	8.1	3.1	(2.3)	(8.1)	(8.1)
Operating lease right-of-use assets	0.0	0.0	43.1	130.3	132.4	138.6	141.8	141.9	141.9	141.9	141.9	141.9	141.9	141.9	141.9	141.9
Deferred contract acquisition costs, noncurrent	15.9	25.2	44.2	70.3	93.1	133.2	137.5	144.3	153.1	163.7	163.7	171.3	179.6	188.6	199.5	199.5
Restricted cash	6.4	6.7	6.7	4.2	0.5	1.8	1.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Other non-current assets	1.9	3.5	13.1	2.8	6.9	12.6	12.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5
<b>Total assets</b>	<b>298.4</b>	<b>830.8</b>	<b>1,380.7</b>	<b>2,372.1</b>	<b>2,587.9</b>	<b>2,759.8</b>	<b>2,801.6</b>	<b>2,916.7</b>	<b>2,985.0</b>	<b>3,120.7</b>	<b>3,120.7</b>	<b>3,180.7</b>	<b>3,335.3</b>	<b>3,425.7</b>	<b>3,569.7</b>	<b>3,569.7</b>
<b>Current liabilities</b>																
Accounts payable	14.3	11.5	14.5	26.1	35.6	53.7	47.8	59.5	47.3	55.0	55.0	60.5	58.1	60.1	72.4	72.4
Accrued expenses and other current liabilities	15.7	28.3	20.2	38.1	66.4	63.6	68.4	66.9	47.4	48.6	48.6	48.7	74.6	61.8	54.8	54.8
Accrued compensation	0.0	0.0	25.4	65.9	42.0	63.8	62.3	57.8	65.2	76.4	76.4	57.3	70.6	64.0	67.6	67.6
Operating lease liabilities	0.0	0.0	17.7	25.2	33.3	38.4	39.3	40.7	40.7	40.7	40.7	40.7	40.7	40.7	40.7	40.7
Liability for early exercise of unvested options	14.3	13.3	8.6	4.7	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred revenue	16.8	30.8	54.9	116.5	218.6	347.6	356.2	371.0	402.3	450.4	450.4	454.0	478.9	506.3	553.5	553.5
<b>Total current liabilities</b>	<b>61.4</b>	<b>83.9</b>	<b>141.4</b>	<b>288.6</b>	<b>397.9</b>	<b>567.1</b>	<b>574.1</b>	<b>596.0</b>	<b>602.9</b>	<b>671.2</b>	<b>671.2</b>	<b>661.3</b>	<b>722.9</b>	<b>733.0</b>	<b>789.0</b>	<b>789.0</b>
<b>Non-current liabilities</b>																
Convertible senior notes, net	0.0	0.0	383.3	1,146.9	1,436.2	1,283.4	1,284.4	1,285.3	1,286.3	1,287.3	1,287.3	1,288.3	1,289.3	1,290.3	1,291.3	1,291.3
Operating lease liabilities, noncurrent	0.0	0.0	27.3	109.0	107.6	113.5	113.0	112.5	112.5	112.5	112.5	112.5	112.5	112.5	112.5	112.5
Deferred revenue, noncurrent	0.2	0.8	1.9	4.7	11.7	17.2	17.6	23.6	18.2	20.5	20.5	22.2	30.2	25.2	27.0	27.0
Other noncurrent liabilities	6.7	9.8	9.9	7.1	10.5	15.5	15.3	17.7	16.9	18.2	18.2	17.2	17.1	18.1	19.8	19.8
<b>Total liabilities</b>	<b>80.4</b>	<b>105.0</b>	<b>563.7</b>	<b>1,556.3</b>	<b>1,963.9</b>	<b>1,996.7</b>	<b>2,004.4</b>	<b>2,035.1</b>	<b>2,036.9</b>	<b>2,109.7</b>	<b>2,109.7</b>	<b>2,101.6</b>	<b>2,172.1</b>	<b>2,179.1</b>	<b>2,239.6</b>	<b>2,239.6</b>
<b>Stockholders' equity</b>	<b>(113.5)</b>	<b>725.8</b>	<b>816.9</b>	<b>811.4</b>	<b>624.0</b>	<b>763.0</b>	<b>797.2</b>	<b>881.5</b>	<b>948.1</b>	<b>1,010.9</b>	<b>1,010.9</b>	<b>1,079.1</b>	<b>1,163.2</b>	<b>1,246.6</b>	<b>1,330.1</b>	<b>1,330.1</b>
<b>Total liabilities and stockholders' equity</b>	<b>298.4</b>	<b>830.8</b>	<b>1,380.7</b>	<b>2,372.1</b>	<b>2,587.9</b>	<b>2,759.8</b>	<b>2,801.6</b>	<b>2,916.7</b>	<b>2,985.0</b>	<b>3,120.7</b>	<b>3,120.7</b>	<b>3,180.7</b>	<b>3,335.3</b>	<b>3,425.7</b>	<b>3,569.7</b>	<b>3,569.7</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis.

## Exhibit 155: Cloudflare Cash Flow Statement

\$ in millions, except per share data

	2018	2019	2020	2021	2022	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024E	Mar-25	Jun-25	Sep-25	Dec-25	2025E
	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	1Q25E	2Q25E	3Q25E	4Q25E	Full Year
<b>Cash from Operating Activities</b>																
<b>Net income (loss)</b>	<b>(87.2)</b>	<b>(105.8)</b>	<b>(119.4)</b>	<b>(260.3)</b>	<b>(193.4)</b>	<b>(183.9)</b>	<b>(35.5)</b>	<b>(15.1)</b>	<b>(24.5)</b>	<b>(34.9)</b>	<b>(110.1)</b>	<b>(27.4)</b>	<b>(16.8)</b>	<b>(23.2)</b>	<b>(33.1)</b>	<b>(100.4)</b>
Depreciation and amortization expense	18.9	29.5	49.4	66.6	102.3	135.8	30.1	29.7	34.5	36.9	131.2	40.5	42.5	44.7	47.2	174.9
Non-cash operating lease costs	0.0	0.0	19.8	25.1	36.3	44.8	11.9	11.3			23.1					0.0
Amortization of deferred contract acquisition costs	7.1	10.8	17.3	29.3	45.1	61.4	18.1	18.9	20.0	21.3	78.3	23.4	24.5	25.7	26.9	100.5
Stock-based compensation expense	27.3	36.6	56.3	90.1	202.8	274.0	69.7	86.0	91.0	97.8	344.6	95.6	100.8	106.6	116.5	419.5
Amortization of debt discount and issuance costs	0.0	0.0	21.6	21.7	4.7	4.5	1.0	1.0	1.0	1.0	4.0	1.0	1.0	1.0	1.0	4.0
Net accretion of discounts and amortization of premiums on available	(0.6)	(1.8)	1.6	32.8	(0.3)	(44.4)	(12.7)	(11.3)			(24.0)					0.0
Deferred income taxes	0.4	0.4	(6.1)	8.7	(0.1)	2.3	(0.3)	(1.0)			(1.3)					0.0
Provision for bad debt	1.1	2.5	3.4	3.8	4.8	13.6	3.2	1.5			4.8					0.0
Other	0.0	0.3	0.0	0.5	0.6	0.8	0.1	0.2			0.3					0.0
<b>Changes in Working Capital:</b>	<b>(11.6)</b>	<b>(12.9)</b>	<b>(61.1)</b>	<b>3.4</b>	<b>(79.3)</b>	<b>(104.7)</b>	<b>(12.0)</b>	<b>(46.3)</b>	<b>(25.0)</b>	<b>(22.0)</b>	<b>(105.3)</b>	<b>(23.4)</b>	<b>(37.0)</b>	<b>(32.8)</b>	<b>(25.1)</b>	<b>(118.3)</b>
Accounts receivable, net	(14.8)	(11.2)	(33.0)	(35.8)	(56.2)	(113.4)	31.9	(38.6)	(14.3)	(50.6)	(71.6)	8.7	(61.0)	5.2	(40.1)	(87.1)
Contract assets	2.2	(0.5)	(1.5)	(2.5)	(2.2)	(2.7)	(0.5)	(1.3)	(2.3)	(0.2)	(4.4)	0.2	(1.8)	(1.7)	0.1	(3.3)
Deferred contract acquisition costs	(12.2)	(20.1)	(36.3)	(55.4)	(67.9)	(101.5)	(22.4)	(25.7)	(28.8)	(31.8)	(108.7)	(31.1)	(32.8)	(34.6)	(37.9)	(136.3)
Prepaid expenses and other current assets	(5.9)	(7.6)	(11.6)	(2.4)	(7.7)	(22.1)	(23.0)	(1.7)	19.6	(11.2)	(16.3)	7.9	(11.0)	(7.6)	(6.7)	(17.4)
Other noncurrent assets	(0.4)	(1.6)	(2.3)	1.5	(0.5)	1.0	0.8	1.2	0.0	0.0	1.9	0.0	0.0	0.0	0.0	0.0
Accounts payable	4.4	(1.3)	1.7	2.5	(9.6)	11.8	3.1	12.9	(12.3)	7.7	11.4	5.5	(2.4)	2.0	12.3	17.4
Accrued expenses and other current liabilities	6.8	12.3	17.1	58.9	(5.4)	25.8	3.8	(3.6)	(12.1)	12.4	0.6	(18.9)	39.1	(19.4)	(3.4)	(2.7)
Operating lease liabilities	0.0	0.0	(20.7)	(23.1)	(31.7)	(40.0)	(14.7)	(10.4)	0.0	0.0	(25.0)	0.0	0.0	0.0	0.0	0.0
Deferred revenue	4.9	14.6	25.2	64.4	102.2	134.5	9.0	20.7	25.9	50.5	106.1	5.3	32.9	22.4	49.0	109.6
Other noncurrent liabilities	3.4	2.5	0.4	(4.6)	(0.3)	2.0	0.1	0.2	(0.8)	1.3	0.7	(1.0)	(0.1)	1.0	1.7	1.6
<b>Net cash provided by operating activities</b>	<b>(43.3)</b>	<b>(38.9)</b>	<b>(17.1)</b>	<b>64.6</b>	<b>123.6</b>	<b>254.4</b>	<b>73.6</b>	<b>74.8</b>	<b>97.1</b>	<b>100.0</b>	<b>345.5</b>	<b>109.6</b>	<b>115.0</b>	<b>122.0</b>	<b>133.5</b>	<b>480.1</b>
y/y growth	NM	NM	NM	NM	91.2%	105.8%	102.1%	16.1%	42.5%	17.1%	35.8%	49.0%	53.7%	25.7%	33.5%	39.0%
% of revenue	-22.5%	-13.6%	-4.0%	9.8%	12.7%	19.6%	19.4%	18.7%	22.9%	22.0%	20.8%	22.9%	22.8%	22.9%	22.9%	22.9%
<b>Cash from Investing Activities</b>																
Purchases of property and equipment	(25.5)	(43.3)	(56.4)	(93.0)	(143.6)	(114.4)	(32.1)	(29.6)	(46.6)	(47.8)	(156.0)	(47.8)	(50.4)	(53.3)	(58.3)	(209.8)
Capitalized internal-use software	(9.4)	(14.0)	(18.6)	(14.8)	(19.8)	(20.5)	(5.9)	(6.9)	(7.0)	(7.5)	(27.3)	(7.2)	(7.6)	(8.0)	(8.7)	(31.5)
Cash paid for acquisitions, net of cash acquired	0.0	0.0	(13.9)	(5.6)	(88.2)	(6.1)		(14.0)	(5.0)	(5.0)	(24.0)	(5.0)	(5.0)	(5.0)	(5.0)	(20.0)
Purchases of available-for-sale securities	(145.3)	(537.4)	(1,267.0)	(1,589.3)	(1,133.0)	(1,877.5)	(299.0)	(491.7)			(790.7)					0.0
Sales of available-for-sale securities	0.0	2.0	0.0	25.7	0.0	20.2					0.0		500.0			500.0
Maturities of available-for-sale securities	59.2	175.0	840.2	967.5	1,148.8	1,812.0	433.9	358.5			792.4					0.0
Other investing activities	0.1	0.0	0.4	0.1	0.0	0.1	0.0	0.0			0.0					0.0
<b>Net cash used in investing activities</b>	<b>(120.8)</b>	<b>(417.6)</b>	<b>(515.3)</b>	<b>(709.3)</b>	<b>(235.7)</b>	<b>(186.2)</b>	<b>97.0</b>	<b>(183.7)</b>	<b>(58.6)</b>	<b>(60.3)</b>	<b>(205.6)</b>	<b>(60.0)</b>	<b>437.0</b>	<b>(66.3)</b>	<b>(72.0)</b>	<b>238.8</b>
<b>Cash from Financing Activities</b>																
Proceeds from the exercise of stock options	4.4	3.1	7.5	21.4	10.0	14.9	4.4	3.2			7.6					0.0
Proceeds from the early exercise of stock options	14.5	2.9	0.2	0.1	0.1	0.0		0.0			0.0					0.0
Proceeds from the issuance of common stock for employee stock pu	0.0	0.0	10.9	15.0	15.3	19.1		10.5			10.5					0.0
Payment of tax withholding obligation on RSU settlement	0.0	0.0	(8.1)	(3.6)	(2.5)	(8.0)	(4.4)	(4.4)			(8.8)					0.0
<b>Net cash provided by financing activities</b>	<b>168.6</b>	<b>570.8</b>	<b>504.9</b>	<b>847.5</b>	<b>6.3</b>	<b>(192.2)</b>	<b>0.0</b>	<b>7.1</b>	<b>0.0</b>	<b>0.0</b>	<b>7.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Cash balance, beginning of period	26.9	31.4	145.6	118.1	321.0	215.2	91.2	261.8	160.0	198.5	91.2	238.2	287.9	839.9	895.6	238.2
Net change in cash	4.5	114.2	(27.5)	202.8	(105.8)	(124.0)	170.6	(101.8)	38.5	39.7	147.0	49.7	552.0	55.7	61.5	718.9
<b>Cash balance, end of period</b>	<b>31.4</b>	<b>145.6</b>	<b>118.1</b>	<b>321.0</b>	<b>215.2</b>	<b>91.2</b>	<b>261.8</b>	<b>160.0</b>	<b>198.5</b>	<b>238.2</b>	<b>238.2</b>	<b>287.9</b>	<b>839.9</b>	<b>895.6</b>	<b>957.1</b>	<b>957.1</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 156: Cloudflare Discounted Cash Flow (DCF) – Plausible

\$ in millions, except per share data

## Assumptions and Inputs

Current risk-free rate	3.8%
Beta	2.33
Historical equity risk premium	6.5%
Terminal growth rate	5.0%
Market Value (\$M)	\$ 27,865
Debt Value (\$M)	\$ 1,285
Cost of equity	18.9%
Cost of debt	7.4%
Tax rate	11.0%
<b>WACC</b>	<b>18.4%</b>

Last earnings period end	6/30/2024
Next Fiscal Year End	12/31/2024

## Scenario: Plausible Case

Fiscal year	Historicals			Hyper Growth Period					Transitional Period					Terminal	Perpetuity	Implied Terminal	
	F2021	F2022	F2023	F2024E	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E	F2031E	F2032E	F2032E	F2034E			
Corresponding Calendar Year Period	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034			
				0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5			
Risk free rate	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%			
Beta	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.11	1.89	1.67	1.44	1.22	1.00			
Equity risk premium	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%			
Cost of equity	18.9%	18.9%	18.9%	18.9%	18.9%	18.9%	18.9%	18.9%	17.5%	16.1%	14.6%	13.2%	11.7%	10.3%			
Cost of debt	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%			
Debt/Total Value		4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	6.2%	7.9%	9.7%	11.5%	13.2%	15.0%			
<b>WACC</b>		<b>18.4%</b>	<b>18.4%</b>	<b>18.4%</b>	<b>18.4%</b>	<b>18.4%</b>	<b>18.4%</b>	<b>18.4%</b>	<b>16.8%</b>	<b>15.3%</b>	<b>13.8%</b>	<b>12.4%</b>	<b>11.1%</b>	<b>9.7%</b>			
Discount factor				0.9	0.8	0.7	0.6	0.5	0.4	0.4	0.4	0.4	0.4	0.4			
<b>Total Revenue</b>	<b>656</b>	<b>975</b>	<b>1,297</b>	<b>1,674</b>	<b>2,099</b>	<b>2,584</b>	<b>3,108</b>	<b>3,667</b>	<b>4,248</b>	<b>4,828</b>	<b>5,383</b>	<b>5,886</b>	<b>6,307</b>	<b>6,623</b>			
y/y change		48.6%	33.0%	29.1%	25.4%	23.1%	20.3%	18.0%	15.8%	13.7%	11.5%	9.3%	7.2%	5.0%			
<b>Free Cash Flow to Firm (FCFF)</b>	<b>(52)</b>	<b>(128)</b>	<b>112</b>	<b>139</b>	<b>219</b>	<b>413</b>	<b>590</b>	<b>807</b>	<b>1,026</b>	<b>1,271</b>	<b>1,534</b>	<b>1,805</b>	<b>2,071</b>	<b>2,318</b>			
FCF margin	-7.9%	-13.2%	8.7%	8.3%	10.4%	16.0%	19.0%	22.0%	24.2%	26.3%	28.5%	30.7%	32.8%	35.0%			
y/y change		147.8%	-187.5%	24.1%	57.4%	88.7%	42.8%	36.6%	27.2%	23.9%	20.7%	17.6%	14.7%	11.9%	5.0%		
Diluted Shares Outstanding	312	342	344	358	367	374	381	389	396	403	409	414	419	423			
y/y change		9.4%	0.8%	3.9%	2.4%	2.0%	2.0%	2.0%	1.8%	1.7%	1.5%	1.3%	1.2%	1.0%			
<b>FCFF per share</b>	<b>(\$0.17)</b>	<b>(\$0.38)</b>	<b>\$0.33</b>	<b>\$0.39</b>	<b>\$0.60</b>	<b>\$1.11</b>	<b>\$1.55</b>	<b>\$2.07</b>	<b>\$2.59</b>	<b>\$3.16</b>	<b>\$3.75</b>	<b>\$4.36</b>	<b>\$4.94</b>	<b>\$5.48</b>	<b>\$115.48</b>		
NPV of FCF per share				\$0.36	\$0.46	\$0.72	\$0.86	\$0.97	\$1.10	\$1.25	\$1.42	\$1.61	\$1.82	\$2.06	\$43.51	21.1x	

NPV of FCF/Share, F2024-F2034	\$12.64
Terminal Value FCF/Share	\$43.51
<b>Total NPV of FCF/Share</b>	<b>\$56.15</b>
<b>Net Cash per share</b>	<b>\$ 1.14</b>
Net cash balance	472
Working Capital - 5% of revenue	64.8
Shares outstanding	356
<b>Implied Total NPV/Share</b>	<b>\$57</b>
Current Price	\$ 80.89
<b>Upside/(Downside) Potential</b>	<b>-29%</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## NOW

## Exhibit 157 - ServiceNow GAAP Income Statement

\$ in millions, except per share data

	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024 (E)	2025 (E)	2026 (E)
	Full Year	1Q23	2Q23	3Q23	4Q23	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	Full Year	Full Year
<b>GAAP Income Statement</b>													
Subscription Revenue	6,891.0	2,024.0	2,075.0	2,216.0	2,365.0	8,680.0	2,523.0	2,542.0	2,664.9	2,857.6	10,587.5	12,766.1	14,907.3
y/y growth	23.6%	24.1%	25.2%	27.2%	27.2%	26.0%	24.7%	22.5%	20.3%	20.8%	22.0%	20.6%	16.8%
Professional Services and Other	354.0	72.0	75.0	72.0	72.0	291.0	80.0	85.0	85.3	85.7	336.0	319.2	357.8
y/y growth	9.9%	(20.9%)	(20.2%)	(19.1%)	(10.0%)	(17.8%)	11.1%	13.3%	18.4%	19.1%	15.5%	(5.0%)	12.1%
<b>Total Revenue</b>	<b>7,245</b>	<b>2,096</b>	<b>2,150</b>	<b>2,288</b>	<b>2,437</b>	<b>8,971</b>	<b>2,603</b>	<b>2,627</b>	<b>2,750</b>	<b>2,943</b>	<b>10,924</b>	<b>13,085.3</b>	<b>15,265.1</b>
y/y growth	22.9%	21.7%	22.7%	25.0%	25.6%	23.8%	24.2%	22.2%	20.2%	20.8%	21.8%	19.8%	16.7%
<b>Cost of Revenue</b>													
Subscription	1,187.0	354.0	389.0	420.0	443.0	1,606.0	441.0	469.0	507.8	541.2	1,959.0	2,388.1	2,684.1
Professional Services and Other	386.0	84.0	82.0	76.0	73.0	315.0	79.0	83.0	88.7	86.3	337.0	328.7	367.8
<b>Total Cost of Revenue</b>	<b>1,573.0</b>	<b>438.0</b>	<b>471.0</b>	<b>496.0</b>	<b>516.0</b>	<b>1,921.0</b>	<b>520.0</b>	<b>552.0</b>	<b>596.5</b>	<b>627.5</b>	<b>2,296.0</b>	<b>2,716.8</b>	<b>3,051.9</b>
% of revenue	21.7%	20.9%	21.9%	21.7%	21.2%	21.4%	20.0%	21.0%	21.7%	21.3%	21.0%	20.8%	20.0%
<b>Gross Profit</b>													
Subscription	5,704.0	1,670.0	1,686.0	1,796.0	1,922.0	7,074.0	2,082.0	2,073.0	2,157.1	2,316.4	8,628.5	10,378.0	12,223.3
Professional Services and Other	(32.0)	(12.0)	(7.0)	(4.0)	(1.0)	(24.0)	1.0	2.0	(3.4)	(0.6)	(1.0)	(9.6)	(10.1)
<b>Total Gross Profit</b>	<b>5,672.0</b>	<b>1,658.0</b>	<b>1,679.0</b>	<b>1,792.0</b>	<b>1,921.0</b>	<b>7,050.0</b>	<b>2,083.0</b>	<b>2,075.0</b>	<b>2,153.7</b>	<b>2,315.8</b>	<b>8,627.5</b>	<b>10,368.5</b>	<b>12,213.2</b>
Gross Margin %	78.3%	79.1%	78.1%	78.3%	78.8%	78.6%	80.0%	79.0%	78.3%	78.7%	79.0%	79.2%	80.0%
<b>Operating Expenses</b>													
Sales and Marketing	2,814.0	823.0	832.0	799.0	847.0	3,301.0	923.0	960.0	942.4	1,001.2	3,826.5	4,491.8	5,186.9
% of revenue	38.8%	39.3%	38.7%	34.9%	34.8%	36.8%	35.5%	36.5%	34.3%	34.0%	35.0%	34.3%	34.0%
Research and Development	1,768.0	492.0	521.0	549.0	562.0	2,124.0	606.0	643.0	617.6	640.7	2,507.3	2,876.8	3,290.6
% of revenue	24.4%	23.5%	24.2%	24.0%	23.1%	23.7%	23.3%	24.5%	22.5%	21.8%	23.0%	22.0%	21.6%
General and Administrative	735.0	199.0	209.0	213.0	242.0	863.0	222.0	232.0	244.2	271.2	969.5	1,082.0	1,227.9
% of revenue	10.1%	9.5%	9.7%	9.3%	9.9%	9.6%	8.5%	8.8%	8.9%	9.2%	8.9%	8.3%	8.0%
<b>Total Operating Expenses</b>	<b>5,317.0</b>	<b>1,514.0</b>	<b>1,562.0</b>	<b>1,561.0</b>	<b>1,651.0</b>	<b>6,288.0</b>	<b>1,751.0</b>	<b>1,835.0</b>	<b>1,804.2</b>	<b>1,913.1</b>	<b>7,303.3</b>	<b>8,450.6</b>	<b>9,705.4</b>
% of revenue	73.4%	72.2%	72.7%	68.2%	67.7%	70.1%	67.3%	69.9%	65.6%	65.0%	66.9%	64.6%	63.6%
<b>Operating Income</b>	<b>355.0</b>	<b>144.0</b>	<b>117.0</b>	<b>231.0</b>	<b>270.0</b>	<b>762.0</b>	<b>332.0</b>	<b>240.0</b>	<b>349.5</b>	<b>402.7</b>	<b>1,324.2</b>	<b>1,917.8</b>	<b>2,507.8</b>
Operating Margin %	4.9%	6.9%	5.4%	10.1%	11.1%	8.5%	12.8%	9.1%	12.7%	13.7%	12.1%	14.7%	16.4%
Interest Income	(27.0)	60.0	74.0	82.0	86.0	302.0	101.0	104.0	94.7	92.9	392.6	380.8	451.7
Other, net	71.0	(16.0)	(17.0)	(14.0)	(9.0)	(56.0)	(8.0)	(10.0)	0.0	0.0	(18.0)	0.0	0.0
Income Before Taxes	399.0	188.0	174.0	299.0	347.0	1,008.0	425.0	334.0	444.2	495.6	1,698.8	2,298.6	2,959.5
Income Tax Expense (benefit)	74.0	38.0	(870.0)	57.0	52.0	(723.0)	78.0	72.0	95.8	106.8	352.6	495.5	638.0
Tax Rate	18.5%	20.2%	(500.0%)	19.1%	15.0%	(71.7%)	18.4%	21.6%	21.6%	21.6%	20.8%	21.6%	21.6%
<b>Net Income</b>	<b>325.0</b>	<b>150.0</b>	<b>1,044.0</b>	<b>242.0</b>	<b>295.0</b>	<b>1,731.0</b>	<b>347.0</b>	<b>262.0</b>	<b>348.4</b>	<b>388.8</b>	<b>1,346.2</b>	<b>1,803.1</b>	<b>2,321.5</b>
<b>GAAP EPS</b>													
Shares Outstanding	\$1.60	\$0.74	\$5.09	\$1.17	\$1.43	\$8.42	\$1.67	\$1.26	\$1.67	\$1.86	\$6.46	\$8.50	\$10.82
Basic	201.5	203.0	204.0	204.0	205.0	204.0	205.0	206.0	206.0	207.0	206.0	209.1	212.5
y/y growth	1.6%	1.5%	1.5%	1.0%	1.0%	1.2%	1.0%	1.0%	1.0%	1.0%	1.0%	1.5%	1.6%
q/q growth		0.0%	0.5%	0.0%	0.5%		0.0%	0.5%	0.0%	0.5%			
Diluted	203.0	204.0	205.0	206.2	207.0	205.6	208.0	208.0	208.9	208.7	208.4	212.2	214.6
y/y growth	0.1%	0.5%	1.0%	1.6%	2.0%	1.3%	2.0%	1.5%	1.3%	0.8%	1.4%	1.8%	1.1%
q/q growth		0.5%	0.5%	0.6%	0.4%		0.5%	0.0%	0.4%	-0.1%			

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 158 - ServiceNow Non-GAAP Income Statement

	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024 (E)	2025 (E)	2026 (E)
	Full Year	1Q23	2Q23	3Q23	4Q23	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	Full Year	Full Year
<b>Income Statement (Non-GAAP)</b>													
Subscription Revenue	6,891.0	2,024.0	2,075.0	2,216.0	2,365.0	8,680.0	2,523.0	2,542.0	2,664.9	2,857.6	10,587.5	12,766.1	14,907.3
y/y growth	23.6%	24.1%	25.2%	27.2%	27.2%	26.0%	24.7%	22.5%	20.3%	20.8%	22.0%	20.6%	16.8%
Professional Services and Other	354.0	72.0	75.0	72.0	72.0	291.0	80.0	85.0	85.3	85.7	336.0	319.2	357.8
y/y growth	9.9%	(20.9%)	(20.2%)	(19.1%)	(10.0%)	(17.8%)	11.1%	13.3%	18.4%	19.1%	15.5%	(5.0%)	12.1%
<b>Total Revenue</b>	<b>7,245.0</b>	<b>2,096.0</b>	<b>2,150.0</b>	<b>2,288.0</b>	<b>2,437.0</b>	<b>8,971.0</b>	<b>2,603.0</b>	<b>2,627.0</b>	<b>2,750.2</b>	<b>2,943.3</b>	<b>10,923.5</b>	<b>13,085.3</b>	<b>15,265.1</b>
y/y growth	22.9%	21.7%	22.7%	25.0%	25.6%	23.8%	24.2%	22.2%	20.2%	20.8%	21.8%	19.8%	16.7%
<b>Cost of Revenue</b>													
Subscription	956.0	290.0	320.0	348.0	369.0	1,327.0	362.5	386.0	430.5	458.7	1,637.7	2,038.7	2,305.6
Professional Services and Other	319.0	70.0	67.0	65.0	61.0	263.0	67.0	71.0	77.0	72.6	287.6	273.3	306.3
<b>Total Cost of Revenue</b>	<b>1,275.0</b>	<b>360.0</b>	<b>387.0</b>	<b>413.0</b>	<b>430.0</b>	<b>1,590.0</b>	<b>429.5</b>	<b>457.0</b>	<b>507.5</b>	<b>531.4</b>	<b>1,925.3</b>	<b>2,312.0</b>	<b>2,611.9</b>
% of revenue	17.6%	17.2%	18.0%	18.1%	17.6%	17.7%	16.5%	17.4%	18.5%	18.1%	17.6%	17.7%	17.1%
<b>Gross Profit</b>													
Subscription	5,935.0	1,734.0	1,755.0	1,868.0	1,996.0	7,353.0	2,160.5	2,156.0	2,234.4	2,398.9	8,949.8	10,727.4	12,601.7
Professional Services and Other	35.0	2.0	8.0	7.0	11.0	28.0	13.0	14.0	8.3	13.1	48.4	45.9	51.5
<b>Total Gross Profit</b>	<b>5,970.0</b>	<b>1,736.0</b>	<b>1,763.0</b>	<b>1,875.0</b>	<b>2,007.0</b>	<b>7,381.0</b>	<b>2,173.5</b>	<b>2,170.0</b>	<b>2,242.7</b>	<b>2,412.0</b>	<b>8,998.2</b>	<b>10,773.3</b>	<b>12,653.2</b>
<b>Gross Margin</b>	<b>82.4%</b>	<b>82.8%</b>	<b>82.0%</b>	<b>81.9%</b>	<b>82.4%</b>	<b>82.3%</b>	<b>83.5%</b>	<b>82.6%</b>	<b>81.5%</b>	<b>81.9%</b>	<b>82.4%</b>	<b>82.3%</b>	<b>82.9%</b>
<b>Operating Expenses</b>				-4.0%									
Sales and Marketing	2,355.0	697.0	712.0	667.0	720.0	2,796.0	789.0	819.0	801.7	856.4	3,266.1	3,862.4	4,488.8
Research and Development	1,252.0	350.0	371.0	390.0	402.0	1,513.0	436.0	462.6	457.8	470.8	1,827.2	2,137.4	2,470.4
General and Administrative	503.0	137.0	136.0	142.0	168.0	583.0	157.5	168.6	170.7	188.2	685.0	768.2	880.8
<b>Total Operating Expenses</b>	<b>4,110.0</b>	<b>1,184.0</b>	<b>1,219.0</b>	<b>1,199.0</b>	<b>1,290.0</b>	<b>4,892.0</b>	<b>1,382.5</b>	<b>1,450.2</b>	<b>1,430.2</b>	<b>1,515.3</b>	<b>5,778.2</b>	<b>6,768.0</b>	<b>7,840.0</b>
% of revenue	56.7%	56.5%	56.7%	52.4%	52.9%	54.5%	53.1%	55.2%	52.0%	51.5%	52.9%	51.7%	51.4%
<b>Operating Income</b>	<b>1,860.0</b>	<b>552.0</b>	<b>544.0</b>	<b>676.0</b>	<b>717.0</b>	<b>2,489.0</b>	<b>791.0</b>	<b>719.8</b>	<b>812.5</b>	<b>896.6</b>	<b>3,219.9</b>	<b>4,005.3</b>	<b>4,813.2</b>
<b>Operating Margin</b>	<b>25.7%</b>	<b>26.3%</b>	<b>25.3%</b>	<b>29.5%</b>	<b>29.4%</b>	<b>27.7%</b>	<b>30.4%</b>	<b>27.4%</b>	<b>29.5%</b>	<b>30.5%</b>	<b>29.5%</b>	<b>30.6%</b>	<b>31.5%</b>
Interest Expense	(27.0)	60.0	74.0	82.0	86.0	302.0	101.0	104.0	94.7	92.9	392.6	380.8	451.7
Other, net	71.0	(16.0)	(17.0)	(14.0)	(9.0)	(56.0)	(8.0)	(10.0)	0.0	0.0	(18.0)	0.0	0.0
<b>Income Before Taxes</b>	<b>1,904.0</b>	<b>596.0</b>	<b>601.0</b>	<b>744.0</b>	<b>794.0</b>	<b>2,735.0</b>	<b>884.0</b>	<b>813.8</b>	<b>907.2</b>	<b>989.6</b>	<b>3,594.6</b>	<b>4,386.1</b>	<b>5,264.9</b>
Income Tax Expense	361.0	113.0	115.0	141.0	151.0	520.0	177.0	163.0	172.4	188.0	700.4	833.4	1,000.3
Tax rate	19.0%	19.0%	19.1%	19.0%	19.0%	19.0%	20.0%	20.0%	19.0%	19.0%	19.5%	19.0%	19.0%
<b>Net Income</b>	<b>1,543.0</b>	<b>483.0</b>	<b>486.0</b>	<b>603.0</b>	<b>643.0</b>	<b>2,215.0</b>	<b>707.0</b>	<b>650.8</b>	<b>734.9</b>	<b>801.5</b>	<b>2,894.2</b>	<b>3,552.8</b>	<b>4,264.6</b>
<b>Non-GAAP EPS (Diluted)</b>	<b>\$7.59</b>	<b>\$2.37</b>	<b>\$2.37</b>	<b>\$2.92</b>	<b>\$3.11</b>	<b>\$10.77</b>	<b>\$3.40</b>	<b>\$3.13</b>	<b>\$3.52</b>	<b>\$3.84</b>	<b>\$13.89</b>	<b>\$16.74</b>	<b>\$19.87</b>
y/y growth	28%	37%	46%	49%	36%	42%	44%	32%	20%	24%	29%	21%	19%
<b>Shares Outstanding</b>													
Basic	201.5	203.0	204.0	204.0	205.0	204.0	205.0	206.0	206.0	207.0	206.0	209.1	212.5
Diluted	203.2	204.0	205.0	206.2	207.0	205.6	208.0	208.0	208.9	208.7	208.4	212.2	214.6

Source: Company reports, Guggenheim Securities, LLC estimates and analysis



## Exhibit 159 - ServiceNow Balance Sheet

\$ in millions, except per share data

	2021 Full Year	2022 Full Year	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	2023 Full Year	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024 (E) Full Year	2025 (E) Full Year	2026 (E) Full Year
<b>Balance Sheet</b>														
<b>Current assets</b>														
Cash and cash equivalents	1,728.0	1,470.0	1,852.0	1,663.0	1,112.0	1,897.0	1,897.0	2,056.0	2,159.0	2,055.5	3,113.6	3,113.6	6,491.5	10,883.6
Short-term investments	1,576.0	2,810.0	3,062.0	3,084.0	2,955.0	2,980.0	2,980.0	3,054.0	3,254.0	3,254.0	3,254.0	3,254.0	3,254.0	3,254.0
Accounts receivable, net	1,390.0	1,725.0	1,109.0	1,093.0	1,168.0	2,036.0	2,036.0	1,306.0	1,518.0	1,085.0	2,645.0	2,645.0	3,108.0	3,626.8
Current portion of deferred commissions	303.0	369.0	392.0	401.0	417.0	461.0	461.0	474.0	482.0	499.2	552.4	552.4	660.8	787.2
Prepaid expenses and other current assets	223.0	280.0	319.0	362.0	394.0	403.0	403.0	482.0	608.0	638.6	839.9	839.9	987.0	1,313.2
<b>Total current assets</b>	<b>5,220.0</b>	<b>6,654.0</b>	<b>6,734.0</b>	<b>6,603.0</b>	<b>6,046.0</b>	<b>7,777.0</b>	<b>7,777.0</b>	<b>7,372.0</b>	<b>8,021.0</b>	<b>7,532.3</b>	<b>10,405.0</b>	<b>10,405.0</b>	<b>14,501.2</b>	<b>19,864.7</b>
<b>Non-current assets</b>														
Deferred commissions, less current	623.0	742.0	777.0	777.0	807.0	919.0	919.0	930.0	928.0	966.1	1,101.3	1,101.3	1,317.3	1,569.3
Long-term investments	1,630.0	2,117.0	2,239.0	2,740.0	2,939.0	3,203.0	3,203.0	3,666.0	3,472.0	3,472.0	3,472.0	3,472.0	3,472.0	3,472.0
Property and equipment, net	766.0	1,053.0	1,117.0	1,148.0	1,199.0	1,358.0	1,358.0	1,450.0	1,606.0	1,662.0	1,726.2	1,726.2	1,774.0	1,819.9
Operating lease right-of-use assets	591.0	682.0	682.0	656.0	699.0	715.0	715.0	698.0	675.0	675.0	675.0	675.0	675.0	675.0
Intangible assets, net	287.0	232.0	212.0	191.0	242.0	224.0	224.0	224.0	220.0	197.0	174.0	174.0	82.0	(10.0)
Goodwill	777.0	824.0	823.0	821.0	1,204.0	1,231.0	1,231.0	1,224.0	1,239.0	1,264.0	1,289.0	1,289.0	1,389.0	1,489.0
Deferred tax assets	692.0	636.0	640.0	1,551.0	1,505.0	1,508.0	1,508.0	1,478.0	1,447.0	1,447.0	1,447.0	1,447.0	1,447.0	1,447.0
Other assets	212.0	359.0	390.0	436.0	450.0	452.0	452.0	502.0	599.0	760.9	781.4	781.4	918.2	1,152.1
<b>Total assets</b>	<b>10,798.0</b>	<b>13,299.0</b>	<b>13,614.0</b>	<b>14,923.0</b>	<b>15,091.0</b>	<b>17,387.0</b>	<b>17,387.0</b>	<b>17,544.0</b>	<b>18,207.0</b>	<b>17,976.3</b>	<b>21,070.8</b>	<b>21,070.8</b>	<b>25,575.6</b>	<b>31,479.1</b>
<b>Current liabilities</b>														
Accounts payable	89.0	274.0	228.0	171.0	69.0	126.0	126.0	223.0	296.0	57.0	109.1	109.1	98.3	150.3
Accrued expenses and other current liabilities	850.0	975.0	694.0	893.0	1,001.0	1,365.0	1,365.0	1,018.0	1,163.0	1,210.1	1,648.3	1,648.3	1,936.8	2,502.3
Deferred revenue, current	3,836.0	4,660.0	4,742.0	4,613.0	4,440.0	5,785.0	5,785.0	5,700.0	5,615.0	5,027.4	7,091.0	7,091.0	8,231.9	9,435.3
Current portion of operating leases	82.0	96.0	97.0	90.0	91.0	89.0	89.0	92.0	98.0	98.0	98.0	98.0	98.0	98.0
Current Debt	92.0	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
<b>Total current liabilities</b>	<b>4,949.0</b>	<b>6,005.0</b>	<b>5,761.0</b>	<b>5,767.0</b>	<b>5,601.0</b>	<b>7,365.0</b>	<b>7,365.0</b>	<b>7,033.0</b>	<b>7,172.0</b>	<b>6,392.5</b>	<b>8,946.4</b>	<b>8,946.4</b>	<b>10,365.0</b>	<b>12,185.9</b>
<b>Long term liabilities</b>														
Deferred revenue, less current	63.0	70.0	53.0	45.0	46.0	81.0	81.0	100.0	85.0	76.1	107.3	107.3	124.6	142.8
Operating lease liabilities, less current	556.0	650.0	655.0	635.0	682.0	707.0	707.0	693.0	669.0	819.8	853.9	853.9	795.9	686.6
Long-term debt, net	1,484.0	1,486.0	1,486.0	1,487.0	1,487.0	1,488.0	1,488.0	1,488.0	1,488.0	1,488.0	1,488.0	1,488.0	1,484.0	1,484.0
Other liabilities	51.0	56.0	59.0	63.0	93.0	118.0	118.0	123.0	127.0	55.0	58.9	58.9	34.6	40.4
<b>Total Liabilities</b>	<b>7,103.0</b>	<b>8,267.0</b>	<b>8,014.0</b>	<b>7,997.0</b>	<b>7,909.0</b>	<b>9,759.0</b>	<b>9,759.0</b>	<b>9,437.0</b>	<b>9,541.0</b>	<b>8,831.3</b>	<b>11,454.5</b>	<b>11,454.5</b>	<b>12,804.0</b>	<b>14,539.6</b>
<b>Stockholders' equity</b>	<b>3,695.0</b>	<b>5,032.0</b>	<b>5,600.0</b>	<b>6,926.0</b>	<b>7,182.0</b>	<b>7,628.0</b>	<b>7,628.0</b>	<b>8,107.0</b>	<b>8,666.0</b>	<b>9,144.9</b>	<b>9,616.3</b>	<b>9,616.3</b>	<b>12,771.6</b>	<b>16,939.5</b>
<b>Total liabilities and shareholders' equity</b>	<b>10,798.0</b>	<b>13,299.0</b>	<b>13,614.0</b>	<b>14,923.0</b>	<b>15,091.0</b>	<b>17,387.0</b>	<b>17,387.0</b>	<b>17,544.0</b>	<b>18,207.0</b>	<b>17,976.3</b>	<b>21,070.8</b>	<b>21,070.8</b>	<b>25,575.6</b>	<b>31,479.1</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 160 - ServiceNow Cash Flow

\$ in millions, except per share data

	2021	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024 (E)	2025 (E)	2026 (E)
	Full Year	Full Year	1Q23	2Q23	3Q23	4Q23	Full Year	1Q24	2Q24	3Q24E	4Q24E	Full Year	Full Year	Full Year
<b>Cash Flow Statement</b>														
<b>Cash from Operating Activities</b>														
<b>Net income (loss)</b>	<b>230.0</b>	<b>325.0</b>	<b>150.0</b>	<b>1,044.0</b>	<b>242.0</b>	<b>295.0</b>	<b>1,731.0</b>	<b>347.0</b>	<b>262.0</b>	<b>348.4</b>	<b>388.8</b>	<b>1,346.2</b>	<b>1,803.1</b>	<b>2,321.5</b>
Depreciation and amortization	472.0	433.0	126.0	136.0	146.0	154.0	562.0	130.0	136.0	214.6	223.6	704.2	829.3	885.6
Amortization of deferred commissions	294.0	358.0	106.0	112.0	115.0	126.0	459.0	131.0	132.0	138.2	152.2	553.4	662.8	773.3
Amortization of debt discount	4.0	0.0					0.0					0.0	0.0	0.0
Stock-based compensation	1,130.0	1,401.0	381.0	397.0	413.0	413.0	1,604.0	422.0	444.0	440.0	470.9	1,777.0	1,995.5	2,213.4
Deferred income taxes	(34.0)	15.0	7.0	(911.0)	30.0	17.0	(857.0)	28.0	24.0			52.0	0.0	0.0
Other, net	37.0	17.0	1.0	(3.0)	(11.0)	13.0	0.0	(18.0)	(7.0)			(25.0)	0.0	0.0
<b>Working Capital:</b>	<b>58.0</b>	<b>174.0</b>	<b>131.0</b>	<b>(195.0)</b>	<b>(624.0)</b>	<b>587.0</b>	<b>(101.0)</b>	<b>301.0</b>	<b>(371.0)</b>	<b>(662.7)</b>	<b>500.8</b>	<b>(231.9)</b>	<b>(380.4)</b>	<b>(495.1)</b>
Accounts receivable	(401.0)	(340.0)	619.0	16.0	(83.0)	(852.0)	(300.0)	715.0	(216.0)	433.0	(1,560.0)	(628.0)	(463.0)	(518.8)
Deferred commissions	(565.0)	(566.0)	(159.0)	(121.0)	(173.0)	(264.0)	(717.0)	(165.0)	(141.0)	(193.5)	(340.6)	(840.1)	(987.2)	(1,151.6)
Prepaid expenses and other assets	(93.0)	(39.0)	(64.0)	(72.0)	(47.0)	(20.0)	(203.0)	(106.0)	(146.0)	(192.5)	(221.8)	(666.3)	(283.8)	(560.2)
Accounts payable	55.0	172.0	(46.0)	(44.0)	(98.0)	46.0	(142.0)	107.0	65.0	(239.0)	52.1	(14.9)	(10.8)	52.0
Deferred revenue	960.0	904.0	40.0	(129.0)	(128.0)	1,302.0	1,085.0	(10.0)	(82.0)	(596.5)	2,094.8	1,406.4	1,158.2	1,221.6
Accrued expenses and other liabilities	102.0	43.0	(259.0)	155.0	(95.0)	375.0	176.0	(240.0)	149.0	125.8	476.2	511.0	206.2	462.0
<b>Net cash provided by operating activities</b>	<b>2,191.0</b>	<b>2,723.0</b>	<b>902.0</b>	<b>580.0</b>	<b>311.0</b>	<b>1,605.0</b>	<b>3,398.0</b>	<b>1,341.0</b>	<b>620.0</b>	<b>478.6</b>	<b>1,736.3</b>	<b>4,175.9</b>	<b>4,910.3</b>	<b>5,698.7</b>
y/y growth	22.6%	24.3%	4.5%	33.9%	17.4%	38.1%	24.8%	48.7%	6.9%	53.9%	8.2%	22.9%	17.6%	16.1%
% of revenue	37.2%	37.6%	43.0%	27.0%	13.6%	65.9%	37.9%	51.5%	23.6%	17.4%	59.0%	38.2%	37.5%	37.3%
<b>Cash from investing activities</b>														
Purchase of property and equipment	(392.0)	(550.0)	(165.0)	(132.0)	(136.0)	(261.0)	(694.0)	(135.0)	(262.0)	(247.5)	(264.9)	(909.4)	(785.1)	(839.6)
Business combinations, net of cash acquired	(785.0)	(91.0)	0.0	0.0	(282.0)	0.0	(282.0)	(194.0)	(31.0)	(25.0)	(25.0)	(275.0)	(100.0)	(100.0)
Purchase of intangibles	(7.0)	(138.0)	(30.0)	(16.0)	(10.0)		(56.0)	(42.0)	(46.0)			(88.0)	0.0	0.0
Purchase of investments	(2,513.0)	(4,038.0)	(1,222.0)	(1,599.0)	(984.0)	(829.0)	(4,634.0)	(1,605.0)	(1,055.0)			(2,660.0)	0.0	0.0
Sales and maturities of investments	2,119.0	2,245.0	880.0	1,073.0	915.0	654.0	3,522.0	1,073.0	1,040.0	0.0	0.0	2,113.0	0.0	0.0
Other	(29.0)	(11.0)	13.0		(28.0)	(8.0)	(23.0)	(15.0)	(17.0)			(32.0)	0.0	0.0
<b>Net cash used in investing activities</b>	<b>(1,607.0)</b>	<b>(2,583.0)</b>	<b>(524.0)</b>	<b>(674.0)</b>	<b>(525.0)</b>	<b>(444.0)</b>	<b>(2,167.0)</b>	<b>(918.0)</b>	<b>(371.0)</b>	<b>(272.5)</b>	<b>(289.9)</b>	<b>(1,851.4)</b>	<b>(885.1)</b>	<b>(939.6)</b>
<b>Cash from financing activities</b>														
Debt proceeds (repayments)	(61.0)	(94.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(4.0)	0.0
Proceeds from employee stock plans	167.0	177.0	117.0	0.0	76.0	1.0	194.0	131.0	0.0	79.8	0.0	210.8	224.0	238.0
Repurchase of Common Stock					(282.0)	(256.0)	(538.0)	(175.0)	0.0	(262.3)	(262.3)	(699.7)	(262.3)	
Taxes paid related to net share settlement of equity awards	(612.0)	(427.0)	(112.0)	(94.0)	(127.0)	(126.0)	(459.0)	(215.0)	(137.0)	(127.0)	(126.0)	(605.0)	(605.0)	(605.0)
Other	0.0	0.0					0.0					0.0	0.0	0.0
<b>Net cash provided by financing activities</b>	<b>(506.0)</b>	<b>(344.0)</b>	<b>5.0</b>	<b>(94.0)</b>	<b>(333.0)</b>	<b>(381.0)</b>	<b>(803.0)</b>	<b>(259.0)</b>	<b>(137.0)</b>	<b>(309.5)</b>	<b>(388.3)</b>	<b>(1,093.9)</b>	<b>(647.4)</b>	<b>(367.0)</b>
FX Impact on cash and equivalents	(25.0)	(53.0)	1.0	(1.0)	(4.0)	5.0	1.0	(4.0)	(9.0)			(13.0)	0.0	0.0
Cash balance, beginning of period	1,679.1	1,732.1	1,475.1	1,859.1	1,670.1	1,119.1	1,475.1	1,904.1	2,064.1	2,167.1	2,055.5	1,904.1	3,113.6	6,491.5
Net change in cash	53.0	(257.0)	384.0	(189.0)	(551.0)	785.0	429.0	160.0	103.0	(103.5)	1,058.1	1,217.6	3,377.8	4,392.1
<b>Cash balance, end of period</b>	<b>1,732.1</b>	<b>1,475.1</b>	<b>1,859.1</b>	<b>1,670.1</b>	<b>1,119.1</b>	<b>1,904.1</b>	<b>1,904.1</b>	<b>2,064.1</b>	<b>2,167.1</b>	<b>2,055.5</b>	<b>3,113.6</b>	<b>3,121.7</b>	<b>6,491.5</b>	<b>10,883.6</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 161: ServiceNow (DCF) Analysis – Plausible Case

## Assumptions and Inputs

Current risk-free rate		3.7%
Beta		1.57
Historical equity risk premium		6.5%
Terminal growth rate		5.0%
Market Value (\$M)	\$	185,139
Debt Value (\$M)	\$	1,488
Cost of equity		13.9%
Cost of debt		5.1%
Tax rate		19.0%
<b>WACC</b>		<b>13.8%</b>

Last Reported Quarter End	6/30/2024
Full Year End	12/31/2024

## Scenario: Plausible

Fiscal year	Historicals			Hyper Growth Period					Transitional Period					Terminal	
	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	Perpetuity
Corresponding Calendar Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Period				0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	
Risk free rate			3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Beta			1.57	1.57	1.57	1.57	1.57	1.57	1.48	1.38	1.29	1.19	1.10	1.00	
Historical equity risk premium			6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Cost of equity			13.9%	13.9%	13.9%	13.9%	13.9%	13.9%	13.3%	12.7%	12.1%	11.4%	10.8%	10.2%	
Cost of debt			5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Debt/Total Value			0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	2.3%	3.9%	5.4%	6.9%	8.5%	10.0%	
<b>WACC</b>			<b>13.8%</b>	<b>13.8%</b>	<b>13.8%</b>	<b>13.8%</b>	<b>13.8%</b>	<b>13.8%</b>	<b>13.1%</b>	<b>12.3%</b>	<b>11.6%</b>	<b>10.9%</b>	<b>10.3%</b>	<b>9.6%</b>	
Discount factor				0.9	0.8	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.4	
<b>Total Revenue</b>	<b>5,895</b>	<b>7,245</b>	<b>8,971</b>	<b>10,996</b>	<b>13,249</b>	<b>15,561</b>	<b>18,154</b>	<b>21,421</b>	<b>24,813</b>	<b>28,204</b>	<b>31,447</b>	<b>34,383</b>	<b>36,847</b>	<b>38,689</b>	
y/y change		23%	24%	23%	20%	17%	17%	18%	16%	14%	12%	9%	7%	5%	
<b>Free Cash Flow to Firm (FCFF) ex share repurchases to offset</b>	<b>1,028</b>	<b>2,104</b>	<b>2,177</b>	<b>2,693</b>	<b>3,763</b>	<b>4,478</b>									
FCF margin	17%	29%	24%	24%	28%	29%									
y/y change		105%	3%	24%	40%	19%									
<b>Free Cash Flow to Firm (FCFF)</b>	<b>1,028</b>	<b>2,104</b>	<b>1,639</b>	<b>1,989</b>	<b>3,498</b>	<b>4,478</b>	<b>5,628</b>	<b>6,855</b>	<b>8,064</b>	<b>9,307</b>	<b>10,535</b>	<b>11,690</b>	<b>12,712</b>	<b>13,541</b>	
FCF margin	17%	29%	18%	18%	26%	29%	31%	32%	33%	33%	34%	34%	35%	35%	
y/y change		105%	-22%	21%	76%	28%	26%	22%	18%	15%	13%	11%	9%	7%	5%
Diluted Shares Outstanding	204	203	207	209	214	216	217	218	219	220	222	223	224	225	
y/y change		0%	2%	1%	2%	1%	1%	1%	1%	1%	1%	1%	1%	1%	
<b>FCFF per share</b>	<b>\$9.53</b>	<b>\$16.38</b>	<b>\$20.74</b>	<b>\$9.53</b>	<b>\$16.38</b>	<b>\$20.74</b>	<b>\$25.91</b>	<b>\$31.41</b>	<b>\$36.76</b>	<b>\$42.22</b>	<b>\$47.55</b>	<b>\$52.50</b>	<b>\$56.81</b>	<b>\$60.21</b>	<b>\$1,310.89</b>
NPV of FCF per share				\$8.93	\$13.49	\$15.01	\$16.47	\$17.53	\$18.70	\$19.82	\$20.84	\$21.74	\$22.48	\$23.01	\$501.00

Cumulative NPV of FCF/Share	\$198.02
Terminal Value FCF/Share	\$501.00
<b>Total Implied NPV of FCF/Share</b>	<b>\$699.03</b>
Net Cash per share	\$ 16.71
Net cash balance	3,925
Working Capital - 5% of revenue	449
Shares outstanding	208
<b>Total Implied NPV/Share</b>	<b>\$716</b>
Current Price	\$ 894.39
Upside/(Downside) Potential	-20%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## OKTA

## Exhibit 162: Okta GAAP Income Statement

\$ in millions, except per share data

	2020	2021	2022	2023	2024	Apr-24	Jul-24	Oct-24	Jan-25	2025 (E)	Apr-25	Jul-25	Oct-25	Jan-26	2026 (E)
	Full Year	Full Year	Full Year	Full Year	Full Year	1Q25	2Q25	3Q25E	4Q25E	Full Year	1Q26E	2Q26E	3Q26E	4Q26E	Full Year
<b>GAAP Income Statement</b>															
Subscription	552.7	796.6	1,249.2	1,794.2	2,205.0	603.0	632.0	635.0	634.0	2,504.1	663.7	700.6	703.6	729.8	2,797.7
Professional services and other	33.4	38.8	51.0	63.6	58.0	14.0	14.0	14.0	13.9	55.9	14.6	15.4	15.5	16.1	61.6
<b>Total Revenue</b>	<b>586.1</b>	<b>835.4</b>	<b>1,300.2</b>	<b>1,857.8</b>	<b>2,263.0</b>	<b>617.0</b>	<b>646.0</b>	<b>649.0</b>	<b>648.0</b>	<b>2,560.0</b>	<b>678.3</b>	<b>716.0</b>	<b>719.1</b>	<b>745.8</b>	<b>2,859.3</b>
<b>Cost of Revenue</b>															
Subscription	116.4	170.1	329.1	463.5	502.0	130.0	137.0	135.5	134.1	536.6	142.3	153.2	147.4	151.9	594.8
Professional services and other	42.9	47.6	67.3	82.0	79.0	18.0	18.0	17.2	18.0	71.1	18.3	19.3	18.7	20.2	76.5
<b>Total Cost of Revenue</b>	<b>159.4</b>	<b>217.7</b>	<b>396.4</b>	<b>545.5</b>	<b>581.0</b>	<b>148.0</b>	<b>155.0</b>	<b>152.7</b>	<b>152.1</b>	<b>607.8</b>	<b>160.6</b>	<b>172.4</b>	<b>166.1</b>	<b>172.1</b>	<b>671.3</b>
% of revenue	27.2%	26.1%	30.5%	29.4%	25.7%	24.0%	24.0%	23.5%	23.5%	23.7%	23.7%	24.1%	23.1%	23.1%	23.5%
<b>Total Gross Profit</b>	<b>426.7</b>	<b>617.7</b>	<b>903.8</b>	<b>1,312.3</b>	<b>1,682.0</b>	<b>469.0</b>	<b>491.0</b>	<b>496.3</b>	<b>495.9</b>	<b>1,952.2</b>	<b>517.7</b>	<b>543.6</b>	<b>553.0</b>	<b>573.7</b>	<b>2,188.0</b>
<b>Gross Margin</b>	<b>72.8%</b>	<b>73.9%</b>	<b>69.5%</b>	<b>70.6%</b>	<b>74.3%</b>	<b>76.0%</b>	<b>76.0%</b>	<b>76.5%</b>	<b>76.5%</b>	<b>76.3%</b>	<b>76.3%</b>	<b>75.9%</b>	<b>76.9%</b>	<b>76.9%</b>	<b>76.5%</b>
<b>Operating Expenses</b>															
Research and Development	159.3	222.8	469.3	620.0	656.0	163.0	164.0	160.6	149.1	636.8	165.1	168.9	165.9	161.2	661.2
% of revenue	27%	27%	36%	33%	29%	26%	25%	25%	23%	25%	24%	24%	23%	22%	23%
Sales and Marketing	340.4	427.4	770.3	1,066.1	1,036.0	236.0	238.0	267.2	251.8	993.0	251.3	254.8	262.6	268.3	1,037.0
% of revenue	58%	51%	59%	57%	46%	38%	37%	41%	39%	39%	37%	36%	37%	36%	36%
General and Administrative	112.9	171.7	431.3	422.5	450.0	117.0	108.0	107.6	103.3	435.8	100.2	100.1	101.3	103.7	405.3
% of revenue	19%	21%	33%	23%	20%	19%	17%	17%	16%	17%	15%	14%	14%	14%	14%
<b>Total Operating Expenses</b>	<b>612.5</b>	<b>821.9</b>	<b>1,670.9</b>	<b>2,123.6</b>	<b>2,198.0</b>	<b>516.0</b>	<b>510.0</b>	<b>535.4</b>	<b>504.2</b>	<b>2,065.6</b>	<b>516.6</b>	<b>523.8</b>	<b>529.8</b>	<b>533.2</b>	<b>2,103.4</b>
% of revenue	104.5%	98.4%	128.5%	114.3%	97.1%	83.6%	78.9%	82.5%	77.8%	80.7%	76.2%	73.2%	73.7%	71.5%	73.6%
<b>Operating Income</b>	<b>(185.8)</b>	<b>(204.2)</b>	<b>(767.1)</b>	<b>(811.4)</b>	<b>(516.0)</b>	<b>(47.0)</b>	<b>(19.0)</b>	<b>(39.0)</b>	<b>(8.4)</b>	<b>(113.4)</b>	<b>1.1</b>	<b>19.8</b>	<b>23.2</b>	<b>40.5</b>	<b>84.6</b>
<b>Operating Margin</b>	<b>-31.7%</b>	<b>-24.4%</b>	<b>-59.0%</b>	<b>-43.7%</b>	<b>-22.8%</b>	<b>-7.6%</b>	<b>-2.9%</b>	<b>-6.0%</b>	<b>-1.3%</b>	<b>-4.4%</b>	<b>0.2%</b>	<b>2.8%</b>	<b>3.2%</b>	<b>5.4%</b>	<b>3.0%</b>
Interest Expense	(27.0)	(72.7)	(92.2)	(10.6)	(8.0)	(2.0)	(1.0)	(2.1)	(2.1)	(7.3)	(2.1)	(2.1)	(2.6)	(2.3)	(9.1)
Interest Income	17.1	12.9	9.8	20.7	81.0	27.0	29.0	25.3	24.8	106.1	26.3	28.6	29.6	34.5	119.0
Other Income (Expense), Net	(14.6)	(2.3)	(0.2)	0.0	106.0	0.0	3.0	0.0	0.0	3.0	0.0	0.0	0.0	0.0	0.0
<b>Total Interest and Other Income</b>	<b>(24.5)</b>	<b>(62.0)</b>	<b>(82.6)</b>	<b>10.1</b>	<b>179.0</b>	<b>25.0</b>	<b>31.0</b>	<b>23.2</b>	<b>22.6</b>	<b>101.9</b>	<b>24.2</b>	<b>26.5</b>	<b>27.0</b>	<b>32.2</b>	<b>109.9</b>
Income Before Taxes	(210.3)	(266.2)	(849.7)	(801.3)	(337.0)	(22.0)	12.0	(15.8)	14.3	(11.5)	25.3	46.3	50.2	72.7	194.5
Income Tax Expense (Benefit)	(1.4)	0.1	(1.3)	13.8	18.0	18.0	(17.0)	37.3	42.7	81.0	47.3	53.2	52.5	57.8	210.8
Tax Rate	0.7%	-0.1%	0.2%	-1.7%	-5.3%	NM	-141.7%	NM	298.6%	NM	186.9%	114.9%	104.6%	79.5%	108.4%
<b>Net Income</b>	<b>(208.9)</b>	<b>(266.3)</b>	<b>(848.4)</b>	<b>(815.1)</b>	<b>(355.0)</b>	<b>(40.0)</b>	<b>29.0</b>	<b>(53.2)</b>	<b>(28.4)</b>	<b>(92.5)</b>	<b>(22.0)</b>	<b>(6.9)</b>	<b>(2.3)</b>	<b>14.9</b>	<b>(16.3)</b>
<b>GAAP EPS</b>															
	<b>(\$1.78)</b>	<b>(\$2.09)</b>	<b>(\$5.73)</b>	<b>(\$5.16)</b>	<b>(\$2.17)</b>	<b>(\$0.24)</b>	<b>\$0.15</b>	<b>(\$0.31)</b>	<b>(\$0.16)</b>	<b>(\$0.55)</b>	<b>(\$0.13)</b>	<b>(\$0.04)</b>	<b>(\$0.01)</b>	<b>\$0.08</b>	<b>(\$0.09)</b>
<b>Shares Outstanding</b>															
<b>Basic</b>	<b>117.2</b>	<b>127.2</b>	<b>148.0</b>	<b>158.0</b>	<b>163.6</b>	<b>167.5</b>	<b>168.6</b>	<b>170.3</b>	<b>172.0</b>	<b>169.6</b>	<b>173.7</b>	<b>175.5</b>	<b>177.2</b>	<b>179.0</b>	<b>176.3</b>
y/y growth	9.0%	8.5%	16.4%	6.7%	3.6%	3.8%	3.6%	3.6%	3.6%	3.7%	3.7%	4.1%	4.1%	4.1%	4.0%
q/q growth						0.9%	3.1%	1.0%	1.0%		1.0%	1.0%	1.0%	1.0%	
<b>Diluted</b>	<b>117.2</b>	<b>127.2</b>	<b>148.0</b>	<b>158.0</b>	<b>163.6</b>	<b>167.5</b>	<b>174.4</b>	<b>170.3</b>	<b>172.0</b>	<b>169.6</b>	<b>173.7</b>	<b>175.5</b>	<b>177.2</b>	<b>179.0</b>	<b>176.3</b>
y/y growth	9.0%	8.5%	16.4%	6.7%	3.6%	3.8%	7.2%	3.6%	3.6%	3.7%	3.7%	0.6%	4.1%	4.1%	4.0%
q/q growth						0.9%	4.2%	-2.4%	1.0%		1.0%	1.0%	1.0%	1.0%	

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 163: Okta Non-GAAP Income Statement

\$ in millions, except per share data

	2020	2021	2022	2023	2024	Apr-24	Jul-24	Oct-24	Jan-25	2025 (E)	Apr-25	Jul-25	Oct-25	Jan-26	2026 (E)	
	Full Year	Full Year	Full Year	Full Year	Full Year	1Q25	2Q25	3Q25E	4Q25E	Full Year	1Q26E	2Q26E	3Q26E	4Q26E	Full Year	
<b>Non-GAAP Income Statement</b>																
Subscription	552.7	796.6	1,249.2	1,794.2	2,205.0	603.0	632.0	635.0	634.0	2,504.1	663.7	700.6	703.6	729.8	2,797.7	
Professional services and other	33.4	38.8	51.0	63.6	58.0	14.0	14.0	14.0	13.9	55.9	14.6	15.4	15.5	16.1	61.6	
<b>Total Revenue</b>	<b>586.1</b>	<b>835.4</b>	<b>1,300.2</b>	<b>1,857.8</b>	<b>2,263.0</b>	<b>617.0</b>	<b>646.0</b>	<b>649.0</b>	<b>648.0</b>	<b>2,560.0</b>	<b>678.3</b>	<b>716.0</b>	<b>719.1</b>	<b>745.8</b>	<b>2,859.3</b>	
y/y growth	46.8%	42.5%	55.6%	42.9%	21.8%	19.1%	16.2%	11.1%	7.1%	13.1%	9.9%	10.8%	10.8%	15.1%	11.7%	
q/q growth						2.0%	4.7%	0.5%	-0.2%		4.7%	5.6%	0.4%	3.7%		
<b>Cost of Revenue</b>																
Subscription	98.0	141.8	244.0	347.5	380.0	99.0	103.0	108.0	107.8	417.7	112.8	119.1	119.6	124.1	475.6	
Professional services and other	35.8	39.5	54.7	67.9	64.0	15.0	15.0	14.7	14.7	59.5	15.6	16.5	16.4	17.1	65.6	
<b>Total Cost of Revenue</b>	<b>133.8</b>	<b>181.3</b>	<b>298.7</b>	<b>415.4</b>	<b>444.0</b>	<b>114.0</b>	<b>118.0</b>	<b>122.7</b>	<b>122.5</b>	<b>477.2</b>	<b>128.4</b>	<b>135.6</b>	<b>136.0</b>	<b>141.1</b>	<b>541.2</b>	
% of revenue	22.8%	21.7%	23.0%	22.4%	19.6%	18.5%	18.3%	18.9%	18.9%	18.6%	18.9%	18.9%	18.9%	18.9%	18.9%	
<b>Gross Profit</b>																
Subscription	454.7	654.8	1,005.2	1,446.7	1,825.0	504.0	529.0	527.1	526.2	2,086.3	550.9	581.5	584.0	605.7	2,322.1	
Gross Margin	82.3%	82.2%	80.5%	80.6%	82.8%	83.6%	83.7%	83.0%	83.0%	83.3%	83.0%	83.0%	83.0%	83.0%	83.0%	
Professional services and other	(2.4)	(0.7)	(3.7)	(4.3)	(6.0)	(1.0)	(1.0)	(0.8)	(0.8)	(3.6)	(1.0)	(1.1)	(0.9)	(1.0)	(4.1)	
Gross Margin	-7.2%	-1.8%	-7.2%	-6.8%	-10.3%	-7.1%	-7.1%	-5.5%	-5.7%	-6.4%	-6.9%	-7.0%	-6.1%	-6.4%	-6.6%	
<b>Total Gross Profit</b>	<b>452.3</b>	<b>654.1</b>	<b>1,001.5</b>	<b>1,442.4</b>	<b>1,819.0</b>	<b>503.0</b>	<b>528.0</b>	<b>526.3</b>	<b>525.4</b>	<b>2,082.7</b>	<b>549.9</b>	<b>580.4</b>	<b>583.1</b>	<b>604.7</b>	<b>2,318.1</b>	
<b>Gross Margin</b>	<b>77.2%</b>	<b>78.3%</b>	<b>77.0%</b>	<b>77.6%</b>	<b>80.4%</b>	<b>81.5%</b>	<b>81.7%</b>	<b>81.1%</b>	<b>81.1%</b>	<b>81.4%</b>	<b>81.1%</b>	<b>81.1%</b>	<b>81.1%</b>	<b>81.1%</b>	<b>81.1%</b>	
<b>Operating Expenses</b>																
Research and Development	121.6	159.6	275.6	345.5	379.0	100.0	108.0	103.8	96.8	408.6	108.5	117.4	113.3	110.0	449.2	
% of revenue	20.7%	19.1%	21.2%	18.6%	16.7%	16.2%	16.7%	16.0%	14.9%	16.0%	16.0%	16.4%	15.8%	14.8%	15.7%	
Sales and Marketing	302.3	373.5	602.3	866.7	849.0	199.0	196.0	227.5	215.1	837.7	217.1	214.8	224.4	231.2	887.4	
% of revenue	51.6%	44.7%	46.3%	46.7%	37.5%	32.3%	30.3%	35.1%	33.2%	32.7%	32.0%	30.0%	31.2%	31.0%	31.0%	
General and Administrative	76.9	113.3	197.4	239.9	281.0	71.0	76.0	75.9	73.5	296.4	67.8	71.6	71.9	74.6	285.9	
% of revenue	13.1%	13.6%	15.2%	12.9%	12.4%	11.5%	11.8%	11.7%	11.3%	11.6%	10.0%	10.0%	10.0%	10.0%	10.0%	
<b>Total Operating Expenses</b>	<b>500.8</b>	<b>646.4</b>	<b>1,075.2</b>	<b>1,452.1</b>	<b>1,509.0</b>	<b>370.0</b>	<b>380.0</b>	<b>407.3</b>	<b>385.4</b>	<b>1,542.7</b>	<b>393.4</b>	<b>403.8</b>	<b>409.5</b>	<b>415.8</b>	<b>1,622.6</b>	
% of revenue	85.4%	77.4%	82.7%	78.2%	66.7%	60.0%	58.8%	62.8%	59.5%	60.3%	58.0%	56.4%	57.0%	55.8%	56.7%	
<b>Operating Income</b>	<b>(48.5)</b>	<b>7.7</b>	<b>(73.7)</b>	<b>(9.8)</b>	<b>310.0</b>	<b>133.0</b>	<b>148.0</b>	<b>119.0</b>	<b>140.0</b>	<b>540.0</b>	<b>156.5</b>	<b>176.6</b>	<b>173.5</b>	<b>188.9</b>	<b>695.5</b>	
<b>Operating Margin</b>	<b>-8.3%</b>	<b>0.9%</b>	<b>-5.7%</b>	<b>-0.5%</b>	<b>13.7%</b>	<b>21.6%</b>	<b>22.9%</b>	<b>18.3%</b>	<b>21.6%</b>	<b>21.1%</b>	<b>23.1%</b>	<b>24.7%</b>	<b>24.1%</b>	<b>25.3%</b>	<b>24.3%</b>	
Interest Expense	(2.9)	(4.2)	(5.7)	(4.2)	(3.0)	(2.0)	0.0	(0.7)	(0.7)	(3.4)	(0.7)	(0.7)	(1.2)	(1.2)	(3.7)	
Interest Income	17.1	12.9	9.8	20.7	81.0	27.0	29.0	25.3	24.8	106.1	26.3	28.6	29.6	34.5	119.0	
Other Income (Expense), Net	(3.8)	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	0.0	
<b>Total Interest and Other Income</b>	<b>10.4</b>	<b>8.7</b>	<b>4.0</b>	<b>16.4</b>	<b>76.0</b>	<b>25.0</b>	<b>29.0</b>	<b>24.6</b>	<b>24.1</b>	<b>102.7</b>	<b>25.6</b>	<b>27.9</b>	<b>28.4</b>	<b>33.3</b>	<b>115.3</b>	
Income Before Taxes	(38.1)	16.3	(69.7)	6.6	386.0	158.0	177.0	143.6	164.1	642.7	182.1	204.5	201.9	222.2	810.8	
Income Tax Expense (Benefit)	(1.4)	0.1	(1.3)	13.8	100.0	41.0	46.0	37.3	42.7	167.0	47.3	53.2	52.5	57.8	210.8	
Tax Rate	3.7%	0.9%	1.8%	207.7%	25.9%	25.9%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	
<b>Net Income</b>	<b>(36.7)</b>	<b>16.2</b>	<b>(68.4)</b>	<b>(7.2)</b>	<b>286.0</b>	<b>117.0</b>	<b>131.0</b>	<b>106.3</b>	<b>121.4</b>	<b>475.7</b>	<b>134.7</b>	<b>151.3</b>	<b>149.4</b>	<b>164.4</b>	<b>600.0</b>	
<b>Non-GAAP EPS</b>																
	<b>(\$0.31)</b>	<b>\$0.11</b>	<b>(\$0.46)</b>	<b>(\$0.05)</b>	<b>\$1.60</b>	<b>\$0.65</b>	<b>\$0.72</b>	<b>\$0.58</b>	<b>\$0.67</b>	<b>\$2.61</b>	<b>\$0.74</b>	<b>\$0.82</b>	<b>\$0.80</b>	<b>\$0.88</b>	<b>\$3.24</b>	
Shares Outstanding																
<b>Basic</b>	<b>117.2</b>	<b>127.2</b>	<b>148.0</b>	<b>158.0</b>	<b>163.6</b>	<b>167.5</b>	<b>168.6</b>	<b>170.3</b>	<b>172.0</b>	<b>169.6</b>	<b>173.7</b>	<b>175.5</b>	<b>177.2</b>	<b>179.0</b>	<b>176.3</b>	
y/y growth	9.0%	8.5%	16.4%	6.7%	3.6%	3.8%	3.6%	3.6%	3.6%	3.6%	3.7%	4.1%	4.1%	4.1%	4.0%	
q/q growth						0.9%	0.7%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
<b>Diluted</b>	<b>117.2</b>	<b>142.4</b>	<b>148.0</b>	<b>158.0</b>	<b>178.4</b>	<b>180.4</b>	<b>182.4</b>	<b>183.0</b>	<b>182.3</b>	<b>182.0</b>	<b>183.1</b>	<b>184.2</b>	<b>186.1</b>	<b>187.9</b>	<b>185.3</b>	
y/y growth	9.0%	21.5%	4.0%	6.7%	12.9%	2.4%	2.0%	2.1%	1.7%	2.0%	1.5%	1.0%	1.7%	3.1%	1.8%	
q/q growth						0.7%	1.1%	0.3%	-0.4%	1.0%	0.4%	0.6%	1.0%	1.0%	1.0%	
% of basic	100.0%	111.9%	100.0%	100.0%	109.0%	107.7%	108.2%	107.5%	106.0%	107.3%	105.4%	105.0%	105.0%	105.0%	105.1%	

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 164: Okta Balance Sheet

\$ in millions, except per share data

	2020	2021	2022	2023	2024	Apr-24	Jul-24	Oct-24	Jan-25	2025 (E)	Apr-25	Jul-25	Oct-25	Jan-26	2026 (E)	
	Full Year	Full Year	Full Year	Full Year	Full Year	1Q25	2Q25	3Q25E	4Q25E	Full Year	1Q26E	2Q26E	3Q26E	4Q26E	Full Year	
<b>Balance Sheet</b>																
<b>Current assets</b>																
Cash and cash equivalents	520.0	434.6	260.1	264.0	334.0	322.0	515.0	635.1	791.3	791.3	1,019.9	1,112.7	1,607.3	1,904.7	1,904.7	
Short-term investments	883.0	2,121.6	2,241.7	2,316.0	1,868.0	1,998.0	1,843.0	1,843.0	1,843.0	1,843.0	1,843.0	1,843.0	1,843.0	1,843.0	1,843.0	
Accounts receivable, net	130.1	194.8	397.5	481.0	559.0	307.0	377.0	462.3	596.5	596.5	394.0	470.8	528.0	678.4	678.4	
Deferred commissions, ST	33.6	45.9	74.7	92.0	113.0	117.0	122.0	118.2	127.3	127.3	125.8	130.6	128.5	136.4	136.4	
Prepaid expenses and other current assets	33.0	81.6	66.6	76.0	106.0	173.0	181.0	176.5	194.4	194.4	189.9	186.2	187.0	187.9	187.9	
<b>Total current assets</b>	<b>1,599.7</b>	<b>2,878.6</b>	<b>3,040.6</b>	<b>3,229.0</b>	<b>2,980.0</b>	<b>2,917.0</b>	<b>3,038.0</b>	<b>3,235.1</b>	<b>3,552.4</b>	<b>3,552.4</b>	<b>3,572.7</b>	<b>3,743.3</b>	<b>4,293.8</b>	<b>4,750.4</b>	<b>4,750.4</b>	
<b>Non-current assets</b>																
Property and equipment, net	53.5	62.8	65.5	59.0	48.0	47.0	47.0	50.9	55.0	55.0	59.1	63.6	67.7	71.9	71.9	
Operating lease right-of-use assets	125.2	149.6	147.9	122.0	83.0	81.0	82.0	82.0	82.0	82.0	82.0	82.0	82.0	82.0	82.0	
Deferred commissions, LT	77.9	108.6	191.0	210.0	242.0	232.0	230.0	240.0	258.4	258.4	257.8	253.6	266.9	284.6	284.6	
Intangible assets, net	32.5	27.0	317.0	241.0	182.0	184.0	168.0	159.5	150.7	150.7	141.0	130.3	119.4	107.8	107.8	
Goodwill	48.0	48.0	5,401.3	5,400.0	5,406.0	5,448.0	5,448.0	5,448.0	5,448.0	5,448.0	5,448.0	5,448.0	5,448.0	5,448.0	5,448.0	
Other assets	18.5	24.3	42.3	46.0	48.0	46.0	54.0	51.9	54.4	54.4	57.0	57.3	57.5	56.7	56.7	
<b>Total assets</b>	<b>1,955.4</b>	<b>3,298.8</b>	<b>9,205.7</b>	<b>9,307.0</b>	<b>8,989.0</b>	<b>8,955.0</b>	<b>9,067.0</b>	<b>9,267.4</b>	<b>9,601.0</b>	<b>9,601.0</b>	<b>9,617.6</b>	<b>9,778.1</b>	<b>10,335.3</b>	<b>10,801.4</b>	<b>10,801.4</b>	
<b>Current liabilities</b>																
Accounts payable	3.8	8.6	20.2	12.0	12.0	12.0	11.0	12.1	10.7	10.7	13.5	14.9	14.2	15.0	15.0	
Accrued expenses and other liabilities, ST	36.9	53.7	89.3	112.0	115.0	166.0	142.0	122.8	142.6	142.6	149.2	157.5	143.8	164.1	164.1	
Accrued compensation	40.3	71.9	143.8	99.0	167.0	117.0	113.0	184.3	142.6	142.6	168.2	186.2	161.1	170.0	170.0	
Convertible senior notes, net	100.7	908.7	16.2	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred revenue, ST	365.2	502.7	973.3	1,242.0	1,488.0	1,391.0	1,394.0	1,452.1	1,704.6	1,704.6	1,571.6	1,572.1	1,601.7	1,889.2	1,889.2	
<b>Total current liabilities</b>	<b>547.0</b>	<b>1,545.6</b>	<b>1,242.8</b>	<b>1,465.0</b>	<b>1,782.0</b>	<b>1,686.0</b>	<b>1,660.0</b>	<b>1,771.3</b>	<b>2,000.5</b>	<b>2,000.5</b>	<b>1,902.6</b>	<b>1,930.6</b>	<b>1,920.7</b>	<b>2,238.3</b>	<b>2,238.3</b>	
<b>Long term liabilities</b>																
Convertible senior notes, net	837.0	857.4	1,815.7	2,193.0	1,154.0	1,155.0	1,113.0	1,114.4	1,115.9	1,115.9	1,117.3	1,118.7	1,555.3	1,556.4	1,556.4	
Operating lease liabilities, LT	154.5	179.5	170.6	142.0	112.0	108.0	107.0	107.0	107.0	107.0	107.0	107.0	107.0	107.0	107.0	
Deferred revenue, LT	6.2	10.9	22.9	18.0	23.0	19.0	21.0	22.1	26.0	26.0	23.9	23.9	24.4	28.8	28.8	
Other liabilities, LT	5.4	11.4	31.8	23.0	30.0	34.0	33.0	33.2	31.1	31.1	32.6	34.4	34.5	35.8	35.8	
<b>Total Liabilities</b>	<b>1,550.1</b>	<b>2,604.8</b>	<b>3,283.8</b>	<b>3,841.0</b>	<b>3,101.0</b>	<b>3,002.0</b>	<b>2,934.0</b>	<b>3,048.1</b>	<b>3,280.4</b>	<b>3,280.4</b>	<b>3,183.4</b>	<b>3,214.7</b>	<b>3,641.9</b>	<b>3,966.4</b>	<b>3,966.4</b>	
<b>Stockholders' equity</b>	<b>405.3</b>	<b>694.0</b>	<b>5,921.9</b>	<b>5,466.0</b>	<b>5,888.0</b>	<b>5,953.0</b>	<b>6,133.0</b>	<b>6,219.4</b>	<b>6,320.6</b>	<b>6,320.6</b>	<b>6,434.2</b>	<b>6,563.4</b>	<b>6,693.4</b>	<b>6,835.1</b>	<b>6,835.1</b>	
<b>Total liabilities and shareholders' equity</b>	<b>1,955.4</b>	<b>3,298.8</b>	<b>9,205.7</b>	<b>9,307.0</b>	<b>8,989.0</b>	<b>8,955.0</b>	<b>9,067.0</b>	<b>9,267.4</b>	<b>9,601.0</b>	<b>9,601.0</b>	<b>9,617.6</b>	<b>9,778.1</b>	<b>10,335.3</b>	<b>10,801.4</b>	<b>10,801.4</b>	

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 165: Okta Cash Flow Statement

\$ in millions, except per share data

	2020	2021	2022	2023	2024	Apr-24	Jul-24	Oct-24	Jan-25	2025 (E)	Apr-25	Jul-25	Oct-25	Jan-26	2026 (E)
	Full Year	Full Year	Full Year	Full Year	Full Year	1Q25	2Q25	3Q25E	4Q25E	Full Year	1Q26E	2Q26E	3Q26E	4Q26E	Full Year
<b>Cash Flow Statement</b>															
<b>Cash from Operating Activities</b>															
<b>Net income (loss)</b>	(208.9)	(266.3)	(848.4)	(815.0)	(355.0)	(40.0)	29.0	(53.2)	(28.4)	(92.5)	(22.0)	(6.9)	(2.3)	14.9	(16.3)
Stock-based compensation	126.6	196.2	565.5	677.0	684.0	151.0	148.0	139.5	129.6	568.1	135.7	136.0	129.4	126.8	527.9
Depreciation and amortization	17.8	36.9	107.6	114.0	84.0	21.0	21.0	20.8	21.3	84.2	22.4	23.9	24.1	25.1	95.5
Amortization of debt discount and debt issuance costs	25.9	68.4	86.5	6.0	3.0	1.0	0.0	1.4	1.4	3.9	1.4	1.4	1.4	1.1	5.4
Amortization of deferred commissions	28.6	39.7	57.2	84.0	104.0	30.0	32.0	29.3	30.9	122.2	32.6	35.2	32.0	34.1	133.9
Deferred income taxes	(2.3)	(1.2)	(6.2)	7.0	6.0		(4.0)			(4.0)					-
Non-cash charitable contributions	1.7	9.3	7.2	4.0	0.0					0.0					-
Loss on early extinguishment and conversion of debt	14.6	2.3	0.2	0.0	(106.0)		(3.0)			(3.0)					-
Other	(0.0)	5.5	(6.6)	16.0	38.0	3.0	4.0			7.0					-
<b>Working Capital:</b>	<b>51.5</b>	<b>37.3</b>	<b>141.1</b>	<b>(7.0)</b>	<b>54.0</b>	<b>53.0</b>	<b>(140.0)</b>	<b>(1.7)</b>	<b>18.0</b>	<b>(70.6)</b>	<b>75.4</b>	<b>(79.3)</b>	<b>(110.7)</b>	<b>113.1</b>	<b>(1.5)</b>
Accounts receivable	(37.5)	(66.4)	(174.8)	(87.0)	(79.0)	251.0	(70.0)	(85.3)	(134.2)	(38.5)	202.5	(76.8)	(57.2)	(150.4)	(81.9)
Deferred commissions	(61.2)	(81.0)	(170.6)	(122.0)	(158.0)	(26.0)	(33.0)	(35.6)	(58.3)	(152.9)	(30.5)	(35.8)	(43.1)	(59.7)	(169.1)
Prepaid expenses and other assets	(4.1)	(13.2)	(6.8)	(13.0)	(32.0)	(70.0)	(12.0)	6.6	(20.4)	(95.8)	1.9	3.5	(1.0)	(0.1)	4.2
Operating lease right-of-use assets	13.0	19.1	22.9	27.0	23.0	5.0	5.0			10.0					-
Accounts payable	1.7	4.1	6.8	(6.0)	0.0	0.0	(1.0)	1.1	(1.4)	(1.3)	2.8	1.3	(0.7)	0.8	4.3
Accrued compensation	23.0	44.2	50.3	(44.0)	68.0	(51.0)	(4.0)	71.3	(41.8)	(25.4)	25.7	17.9	(25.1)	9.0	27.5
Accrued expenses and other liabilities	10.0	5.5	21.4	8.0	21.0	54.0	(21.0)	(19.0)	17.6	31.7	8.1	10.1	(13.6)	21.5	26.2
Operating lease liabilities	(9.7)	(17.2)	(24.5)	(34.0)	(39.0)	(9.0)	(9.0)	0.0	0.0	(18.0)	-	-	-	-	-
Deferred revenue	116.4	142.1	416.4	264.0	250.0	(101.0)	5.0	59.2	256.4	219.6	(135.0)	0.5	30.0	291.9	187.4
<b>Net cash provided by operating activities</b>	<b>55.6</b>	<b>128.0</b>	<b>104.1</b>	<b>86.0</b>	<b>512.0</b>	<b>219.0</b>	<b>87.0</b>	<b>136.3</b>	<b>172.9</b>	<b>615.2</b>	<b>245.5</b>	<b>110.3</b>	<b>74.0</b>	<b>315.1</b>	<b>744.9</b>
<i>y/y growth</i>	266.5%	130.1%	-18.6%	-17.4%	495.3%	69.8%	64.2%	-12.6%	-0.6%	20.2%	12.1%	26.8%	-45.7%	82.3%	21.1%
<i>% of revenue</i>	9.5%	15.3%	8.0%	4.6%	22.6%	35.5%	13.5%	21.0%	26.7%	24.0%	36.2%	15.4%	10.3%	42.2%	26.1%
<b>Cash from investing activities</b>															
Capitalization of internal-use software	(3.9)	(4.2)	(4.3)	(9.0)	(15.0)	(4.0)	(3.0)	(3.3)	(3.5)	(13.7)	(3.6)	(3.7)	(3.7)	(3.9)	(15.0)
Purchases of property and equipment	(15.4)	(13.1)	(12.3)	(12.0)	(8.0)	(1.0)	(5.0)	(2.9)	(3.3)	(12.2)	(3.2)	(3.9)	(3.6)	(3.8)	(14.5)
Purchase of AFS securities	(999.4)	(2,029.0)	(1,846.7)	(1,411.0)	(1,709.0)	(459.0)	(320.0)			(779.0)	-	-	-	-	-
Proceeds from sales of AFS securities	27.3	206.1	229.8	0.0	62.0	2.0	0.0			2.0					-
Proceeds from maturities of AFS securities	356.3	535.1	1,482.0	1,308.0	2,134.0	324.0	484.0			808.0					-
Purchase of intangibles	(8.6)	(0.1)	(0.1)	(2.0)	(1.0)										-
Acquisitions, net of cash	(44.3)	0.0	(215.2)	(4.0)	(22.0)	(56.0)	0.0	(10.0)	(10.0)	(76.0)	(10.0)	(10.0)	(10.0)	(10.0)	(40.0)
<b>Net cash used in investing activities</b>	<b>(688.0)</b>	<b>(1,305.1)</b>	<b>(366.8)</b>	<b>(130.0)</b>	<b>441.0</b>	<b>(194.0)</b>	<b>156.0</b>	<b>(16.2)</b>	<b>(16.7)</b>	<b>(70.9)</b>	<b>(16.9)</b>	<b>(17.6)</b>	<b>(17.3)</b>	<b>(17.7)</b>	<b>(69.5)</b>
<b>Cash from financing activities</b>															
Proceeds from IPO, net	0.0	0.0	0.0	0.0											
Proceeds (repayment) from Conv. Senior Notes (CSN)	1,040.7	1,134.8	0.0	0.0	(937.0)	0.0	(40.0)	0.0	0.0	(40.0)	-	-	438.0	-	438.0
Payments for warrants related to CSN	(358.6)	(175.4)	0.0	0.0	(7.0)										
Purchases of capped calls related to CSN	(74.1)	(134.0)	0.0	0.0											
Proceeds from stock option exercises, net of repurchase	45.4	45.6	53.5	17.0	15.0	4.0	5.0			9.0					-
Proceeds from shares issued in connection with ESPP	18.8	25.9	35.6	31.0	46.0		24.0			24.0					-
Other	(0.1)	0.0	0.0	0.0		(41.0)	(39.0)			(80.0)					-
<b>Net cash provided by financing activities</b>	<b>853.4</b>	<b>1,091.6</b>	<b>89.1</b>	<b>48.0</b>	<b>(883.0)</b>	<b>(37.0)</b>	<b>(50.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>(87.0)</b>	<b>-</b>	<b>-</b>	<b>438.0</b>	<b>-</b>	<b>438.0</b>
FX Impact on cash and equivalents	(0.2)	2.3	(2.3)	(6.0)	1.0	(1.0)	0.0			(1.0)					-
Cash balance, beginning of period	311.2	532.0	448.6	272.7	270.7	341.7	328.7	521.7	641.8	341.7	797.9	1,026.6	1,119.3	1,614.0	797.9
Net change in cash	220.7	(83.3)	(176.0)	(2.0)	71.0	(13.0)	193.0	120.1	156.2	456.3	228.7	92.7	494.7	297.4	1,113.5
<b>Cash balance, end of period</b>	<b>532.0</b>	<b>448.6</b>	<b>272.7</b>	<b>270.7</b>	<b>341.7</b>	<b>328.7</b>	<b>521.7</b>	<b>641.8</b>	<b>797.9</b>	<b>797.9</b>	<b>1,026.6</b>	<b>1,119.3</b>	<b>1,614.0</b>	<b>1,911.4</b>	<b>1,911.4</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 166: Okta Discounted Cash Flow (DCF) Analysis – Plausible Case

\$ in millions, except per share data

**Assumptions and Inputs**

Current risk-free rate	3.8%
Beta	1.59
Historical equity risk premium	6.5%
Terminal growth rate	5.0%
Market Value (\$M)	\$ 13,557
Debt Value (\$M)	\$ 1,180
Cost of equity	14.1%
Cost of debt	7.4%
Tax rate	20.0%
<b>WACC</b>	<b>13.5%</b>

Last Reported Quarter End 7/31/2024  
Full Year End 1/31/2025

**Scenario 2: Plausible Case**

Fiscal year	Historicals			Hyper Growth Period					Transitional Period					Terminal	
	F2022	F2023	F2024	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E	F2031E	F2032E	F2033E	F2034E	F2035E	Perpetuity
Corresponding Calendar Year Period	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2034
				0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	
Risk free rate			3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
Beta			1.59	1.59	1.59	1.59	1.59	1.59	1.49	1.39	1.30	1.20	1.10	1.00	1.00
Equity risk premium			6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Cost of equity			14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	13.5%	12.9%	12.2%	11.6%	10.9%	10.3%	10.3%
Cost of debt			7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	6.8%	6.2%	5.6%	5.0%	4.4%	3.8%	3.8%
Debt/Total Value			8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	7.5%	7.0%	6.5%	6.0%	5.5%	5.0%	5.0%
<b>WACC</b>			<b>13.5%</b>	<b>13.5%</b>	<b>13.5%</b>	<b>13.5%</b>	<b>13.5%</b>	<b>13.5%</b>	<b>12.9%</b>	<b>12.3%</b>	<b>11.7%</b>	<b>11.1%</b>	<b>10.5%</b>	<b>9.9%</b>	<b>9.9%</b>
Discount factor				0.9	0.8	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4
<b>Total Revenue / Implied Total Revenue</b>	<b>1,300.2</b>	<b>1,857.8</b>	<b>2,263.0</b>	<b>2,629.9</b>	<b>2,986.1</b>	<b>3,343.8</b>	<b>3,778.5</b>	<b>4,269.7</b>	<b>4,767.9</b>	<b>5,260.5</b>	<b>5,734.0</b>	<b>6,173.6</b>	<b>6,564.6</b>	<b>6,892.8</b>	<b>6,892.8</b>
y/y change		43%	22%	16%	14%	12%	13%	13%	12%	10%	9%	8%	6%	5%	5%
<b>Free Cash Flow to Firm (FCFF)</b>	<b>(131.7)</b>	<b>47.5</b>	<b>409.3</b>	<b>449.2</b>	<b>616.3</b>	<b>735.6</b>	<b>906.8</b>	<b>1,110.1</b>	<b>1,311.2</b>	<b>1,525.6</b>	<b>1,748.9</b>	<b>1,975.5</b>	<b>2,199.1</b>	<b>2,412.5</b>	<b>2,412.5</b>
FCF margin	-10%	3%	18%	17%	21%	22%	24%	26%	28%	29%	31%	32%	34%	35%	35%
y/y change		NM	NM	10%	37%	19%	23%	22%	18%	16%	15%	13%	11%	10%	5%
Diluted Shares Outstanding	<b>148</b>	<b>158</b>	<b>178</b>	<b>182</b>	<b>185</b>	<b>189</b>	<b>191</b>	<b>194</b>	<b>197</b>	<b>200</b>	<b>202</b>	<b>205</b>	<b>207</b>	<b>209</b>	<b>209</b>
y/y change		7%	13%	2%	2%	2%	2%	2%	1%	1%	1%	1%	1%	1%	1%
<b>FCFF per share</b>	<b>(\$0.89)</b>	<b>\$0.30</b>	<b>\$2.29</b>	<b>\$2.47</b>	<b>\$3.33</b>	<b>\$3.90</b>	<b>\$4.74</b>	<b>\$5.71</b>	<b>\$6.65</b>	<b>\$7.64</b>	<b>\$8.65</b>	<b>\$9.66</b>	<b>\$10.64</b>	<b>\$11.55</b>	<b>\$234.04</b>
NPV of FCF per share				\$2.32	\$2.75	\$2.84	\$3.04	\$3.23	\$3.42	\$3.59	\$3.77	\$3.94	\$4.11	\$4.27	\$86.55

Cummulative NPV of FCFF/share	\$37.29
Terminal Value FCF/Share	\$86.55
<b>Total NPV of FCF/Share</b>	<b>\$123.84</b>
<b>Net Cash per share</b>	<b>\$ 6.21</b>
Net cash balance	1,245
Working Capital - 5% of revenue	113.15
Shares outstanding	182
<b>Implied Total NPV/Share</b>	<b>\$130</b>
Current Price	\$74.34
<b>Upside/(Downside) Potential</b>	<b>75%</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis







## Exhibit 169: Oracle Balance Sheet

(\$ in millions, except per share data)

	May-22 F2022	May-23 F2023	Aug-23 1Q24	Nov-23 2Q24	Feb-24 3Q24	May-24 4Q24	May-24 F2024	Aug-24 1Q25	Nov-24 2Q25E	Feb-25 3Q25E	May-25 4Q25E	May-25 F2025E	Aug-25 1Q26E	Nov-25 2Q26E	Feb-26 3Q26E	May-26 4Q26E	May-26 F2026E
<b>Current assets</b>																	
Cash and cash equivalents	21,383.0	9,765.0	11,613.0	8,244.0	9,481.0	10,454.0	10,454.0	10,616.0	9,158.9	10,252.2	8,950.8	8,950.8	9,031.9	5,654.3	8,180.7	9,156.0	9,156.0
Marketable securities	519.0	422.0	470.0	446.0	423.0	207.0	207.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0
Trade receivables, net	5,953.0	6,915.0	6,519.0	6,804.0	7,297.0	7,874.0	7,874.0	8,021.0	7,122.7	7,336.3	7,949.2	7,949.2	7,978.3	8,225.8	8,591.7	9,325.1	9,325.1
Prepaid expenses and other current assets	3,778.0	3,902.0	3,564.0	3,795.0	3,862.0	4,019.0	4,019.0	4,140.0	4,140.0	4,140.0	4,140.0	4,140.0	4,140.0	4,140.0	4,140.0	4,140.0	4,140.0
<b>Total current assets</b>	<b>31,633.0</b>	<b>21,004.0</b>	<b>22,166.0</b>	<b>19,289.0</b>	<b>21,063.0</b>	<b>22,554.0</b>	<b>22,554.0</b>	<b>23,072.0</b>	<b>20,716.6</b>	<b>22,023.5</b>	<b>21,335.0</b>	<b>21,335.0</b>	<b>21,445.2</b>	<b>18,315.0</b>	<b>21,207.4</b>	<b>22,916.1</b>	<b>22,916.1</b>
<b>Non-current assets</b>																	
Property and equipment, net	9,716.0	17,069.0	17,644.0	18,009.0	19,117.0	21,536.0	21,536.0	23,094.0	25,283.7	27,888.5	30,780.5	30,780.5	32,408.2	34,197.1	36,045.5	38,204.4	38,204.4
Intangible assets, net	1,440.0	9,837.0	9,074.0	8,378.0	7,629.0	6,890.0	6,890.0	6,270.0	6,270.0	6,270.0	6,270.0	6,270.0	6,270.0	6,270.0	6,270.0	6,270.0	6,270.0
Goodwill	43,811.0	62,261.0	62,206.0	62,231.0	62,222.0	62,230.0	62,230.0	62,249.0	62,249.0	62,249.0	62,249.0	62,249.0	62,249.0	62,249.0	62,249.0	62,249.0	62,249.0
Deferred tax assets	12,782.0	12,226.0	12,243.0	12,758.0	12,688.0	12,273.0	12,273.0	12,219.0	12,219.0	12,219.0	12,219.0	12,219.0	12,219.0	12,219.0	12,219.0	12,219.0	12,219.0
Other non current assets	9,915.0	11,987.0	13,329.0	13,659.0	14,363.0	15,493.0	15,493.0	17,310.0	17,237.8	17,172.6	17,408.8	17,408.8	17,829.1	17,886.6	17,681.6	17,758.2	17,758.2
<b>Total assets</b>	<b>109,297.0</b>	<b>134,384.0</b>	<b>136,662.0</b>	<b>134,324.0</b>	<b>137,082.0</b>	<b>140,976.0</b>	<b>140,976.0</b>	<b>144,214.0</b>	<b>143,976.0</b>	<b>147,822.7</b>	<b>150,262.3</b>	<b>150,262.3</b>	<b>152,420.5</b>	<b>151,136.8</b>	<b>155,672.5</b>	<b>159,616.6</b>	<b>159,616.6</b>
<b>Current liabilities</b>																	
Current Debt	3,749.0	4,061.0	4,499.0	6,321.0	5,510.0	10,605.0	10,605.0	9,201.0	11,714.0	11,714.0	8,298.0	8,298.0	4,798.0	4,798.0	4,798.0	4,798.0	4,798.0
Accounts payable	1,317.0	1,204.0	1,034.0	1,107.0	1,658.0	2,357.0	2,357.0	2,207.0	1,751.7	2,033.0	2,327.8	2,327.8	2,063.3	2,000.3	2,337.7	2,588.9	2,588.9
Accrued compensation and related benefits	1,944.0	2,053.0	1,818.0	1,706.0	1,796.0	1,916.0	1,916.0	1,772.0	1,842.7	1,886.5	2,147.7	2,147.7	1,954.9	1,966.3	2,075.7	2,324.7	2,324.7
Deferred revenue, current	8,357.0	8,970.0	11,120.0	8,878.0	8,931.0	9,313.0	9,313.0	11,455.0	9,478.6	9,621.9	10,288.4	10,288.4	12,870.4	10,669.7	10,807.7	11,475.2	11,475.2
Other current liabilities	4,144.0	6,802.0	6,886.0	6,395.0	6,990.0	7,353.0	7,353.0	7,410.0	7,410.0	7,410.0	7,410.0	7,410.0	8,244.5	8,244.5	8,244.5	8,244.5	8,244.5
<b>Total current liabilities</b>	<b>19,511.0</b>	<b>23,090.0</b>	<b>25,357.0</b>	<b>24,407.0</b>	<b>24,885.0</b>	<b>31,544.0</b>	<b>31,544.0</b>	<b>32,045.0</b>	<b>32,197.1</b>	<b>32,665.4</b>	<b>30,471.8</b>	<b>30,471.8</b>	<b>29,931.0</b>	<b>27,678.8</b>	<b>28,263.6</b>	<b>29,431.4</b>	<b>29,431.4</b>
<b>Long term liabilities</b>																	
Long Term Debt	72,110.0	86,420.0	84,442.0	82,468.0	82,470.0	76,264.0	76,264.0	75,314.0	70,155.0	70,155.0	70,155.0	70,155.0	70,155.0	70,155.0	70,155.0	67,405.0	67,405.0
Income taxes payable	12,210.0	11,077.0	11,201.0	10,046.0	10,451.0	10,817.0	10,817.0	11,038.0	13,180.0	13,133.0	12,856.0	12,856.0	12,983.0	15,125.0	15,078.0	14,801.0	14,801.0
Deferred tax liabilities	6,031.0	5,772.0	5,281.0	5,244.0	4,483.0	3,692.0	3,692.0	3,442.0	3,442.0	3,442.0	3,442.0	3,442.0	3,442.0	3,442.0	3,442.0	3,442.0	3,442.0
Other liabilities	5,203.0	6,469.0	7,540.0	7,781.0	8,611.0	9,420.0	9,420.0	11,106.0	11,106.0	11,106.0	11,106.0	11,106.0	11,106.0	11,106.0	11,106.0	11,106.0	11,106.0
<b>Total Liabilities</b>	<b>115,065.0</b>	<b>132,828.0</b>	<b>133,821.0</b>	<b>129,946.0</b>	<b>130,900.0</b>	<b>131,737.0</b>	<b>131,737.0</b>	<b>132,945.0</b>	<b>130,080.1</b>	<b>130,501.4</b>	<b>128,030.8</b>	<b>128,030.8</b>	<b>127,617.0</b>	<b>127,506.8</b>	<b>128,044.6</b>	<b>126,185.4</b>	<b>126,185.4</b>
<b>Stockholders' equity</b>	<b>(5,768.0)</b>	<b>1,556.0</b>	<b>2,841.0</b>	<b>4,378.0</b>	<b>6,182.0</b>	<b>9,239.0</b>	<b>9,239.0</b>	<b>11,269.0</b>	<b>13,896.0</b>	<b>17,321.2</b>	<b>22,231.5</b>	<b>22,231.5</b>	<b>24,803.4</b>	<b>23,630.0</b>	<b>27,627.9</b>	<b>33,431.3</b>	<b>33,431.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>109,297.0</b>	<b>134,384.0</b>	<b>136,662.0</b>	<b>134,324.0</b>	<b>137,082.0</b>	<b>140,976.0</b>	<b>140,976.0</b>	<b>144,214.0</b>	<b>143,976.0</b>	<b>147,822.7</b>	<b>150,262.3</b>	<b>150,262.3</b>	<b>152,420.5</b>	<b>151,136.8</b>	<b>155,672.5</b>	<b>159,616.6</b>	<b>159,616.6</b>

Source: Oracle reports and Guggenheim Securities, LLC estimates and analysis

## Exhibit 170: Oracle Statement of Cash Flows

(\$ in millions, except per share data)

	May-22 F2022	May-23 F2023	Aug-23 1Q24	Nov-23 2Q24	Feb-24 3Q24	May-24 4Q24	May-24 F2024	Aug-24 1Q25	Nov-24 2Q25E	Feb-25 3Q25E	May-25 4Q25E	May-25 F2025E	Aug-25 1Q26E	Nov-25 2Q26E	Feb-26 3Q26E	May-26 4Q26E	May-26 F2026E
<b>Cash from Operating Activities</b>																	
<b>Net income (loss)</b>	<b>6,717.0</b>	<b>8,503.0</b>	<b>2,420.0</b>	<b>2,503.0</b>	<b>2,400.0</b>	<b>3,144.0</b>	<b>10,467.0</b>	<b>2,929.0</b>	<b>3,412.9</b>	<b>3,555.8</b>	<b>4,514.3</b>	<b>14,412.1</b>	<b>3,405.3</b>	<b>3,827.9</b>	<b>4,288.8</b>	<b>5,491.3</b>	<b>17,013.3</b>
Depreciation	1,972.0	2,526.0	712.0	798.0	808.0	811.0	3,129.0	804.0	867.8	908.4	1,022.3	3,602.5	957.1	1,044.8	1,107.9	1,247.1	4,356.9
Amortization of intangible assets	1,150.0	3,582.0	763.0	755.0	749.0	743.0	3,010.0	624.0	526.3	526.3	526.3	2,202.8	526.3	526.3	526.3	526.3	2,105.0
Deferred income taxes	(1,146.0)	(2,167.0)	(517.0)	(532.0)	(706.0)	(384.0)	(2,139.0)	(151.0)	(532.0)	(706.0)	(384.0)	(1,773.0)	(151.0)	(532.0)	(706.0)	(384.0)	(1,773.0)
Stock-based compensation	2,613.0	3,547.0	849.0	1,029.0	1,049.0	1,047.0	3,974.0	1,007.0	1,123.5	1,148.5	1,181.3	4,460.2	1,124.3	1,269.9	1,316.4	1,355.6	5,066.2
Other, net	220.0	661.0	169.0	162.0	300.0	89.0	720.0	130.0				130.0					0.0
<b>Working Capital:</b>	<b>(1,987.0)</b>	<b>513.0</b>	<b>2,578.0</b>	<b>(4,572.0)</b>	<b>875.0</b>	<b>631.0</b>	<b>(488.0)</b>	<b>2,084.0</b>	<b>(3,278.9)</b>	<b>1,093.1</b>	<b>1,128.3</b>	<b>1,026.4</b>	<b>2,897.6</b>	<b>(4,477.3)</b>	<b>1,196.3</b>	<b>1,112.9</b>	<b>729.5</b>
Accounts receivable	(874.0)	(151.0)	380.0	(235.0)	(554.0)	(556.0)	(965.0)	(81.0)	898.3	(213.6)	(612.9)	(9.2)	(29.1)	(247.4)	(366.0)	(733.4)	(1,375.9)
Prepaid expenses and other assets	11.0	317.0	269.0	32.0	156.0	85.0	542.0	367.0	72.2	65.1	(236.2)	268.2	(420.3)	(57.5)	205.1	(76.6)	(349.4)
Accounts payable and other liabilities	(733.0)	(281.0)	(457.0)	(591.0)	366.0	88.0	(594.0)	(531.0)	(384.6)	325.1	556.0	(34.5)	377.2	(51.5)	446.8	500.2	1,272.7
Income taxes payable	(398.0)	(153.0)	69.0	(1,610.0)	753.0	661.0	(127.0)	24.0	(1,610.0)	753.0	661.0	(172.0)	24.0	(1,610.0)	753.0	661.0	(172.0)
Deferred revenue	7.0	781.0	2,317.0	(2,168.0)	154.0	353.0	656.0	2,305.0	(2,254.9)	163.5	760.3	974.0	2,945.8	(2,510.8)	157.4	761.6	1,354.1
<b>Net cash provided by operating activities</b>	<b>9,539.0</b>	<b>17,165.0</b>	<b>6,974.0</b>	<b>143.0</b>	<b>5,475.0</b>	<b>6,081.0</b>	<b>18,673.0</b>	<b>7,427.0</b>	<b>2,119.5</b>	<b>6,526.0</b>	<b>7,988.4</b>	<b>24,061.0</b>	<b>8,759.7</b>	<b>1,659.5</b>	<b>7,729.6</b>	<b>9,349.1</b>	<b>27,497.9</b>
<i>y/y growth</i>	-40.0%	79.9%	9.1%	-83.2%	28.1%	7.7%	8.8%	6.5%	1382.2%	19.2%	31.4%	28.9%	17.9%	-21.7%	18.4%	17.0%	14.3%
<b>Cash from investing activities</b>																	
Purchase of property and equipment	(4,511.0)	(8,695.0)	(1,314.0)	(1,080.0)	(1,674.0)	(2,798.0)	(6,866.0)	(2,303.0)	(3,532.3)	(4,074.9)	(4,513.4)	(14,423.6)	(3,417.2)	(3,673.1)	(3,836.6)	(4,254.6)	(15,181.5)
Acquisitions, net of cash	(148.0)	(27,721.0)	0.0	(59.0)	0.0	(4.0)	(63.0)	0.0				0.0					0.0
Proceeds and purchases of investments, net	15,879.0	(68.0)	(248.0)	(110.0)	(109.0)	36.0	(431.0)	(462.0)				(462.0)					0.0
<b>Net cash used in investing activities</b>	<b>11,220.0</b>	<b>(36,484.0)</b>	<b>(1,562.0)</b>	<b>(1,249.0)</b>	<b>(1,783.0)</b>	<b>(2,766.0)</b>	<b>(7,360.0)</b>	<b>(2,765.0)</b>	<b>(3,532.3)</b>	<b>(4,074.9)</b>	<b>(4,513.4)</b>	<b>(14,885.6)</b>	<b>(3,417.2)</b>	<b>(3,673.1)</b>	<b>(3,836.6)</b>	<b>(4,254.6)</b>	<b>(15,181.5)</b>
<b>Cash from financing activities</b>																	
Repurchase of common stock	(16,248.0)	(1,300.0)	(150)	(450)	(450)	(152)	(1,202.0)	(150)	(300.0)	(300.0)	(300.0)	(1,050.0)	(300.0)	(300.0)	(300.0)	(300.0)	(1,200.0)
Proceeds from equity issuance	482.0	1,192.0	308	118	28.0	288.0	742.0	179.0	150.0	150.0	150.0	629.0	150.0	150.0	150.0	150.0	600.0
Shares repurchased for tax withholdings	(1,093.0)	(1,203.0)	(1,060)	(673)	(132.0)	(175.0)	(2,040.0)	(851.0)	(100.0)	(100.0)	(100.0)	(1,151.0)	(500.0)	(100.0)	(100.0)	(100.0)	(800.0)
Payments of dividends	(3,457.0)	(3,668.0)	(1,091)	(1,099)	(1,099.0)	(1,102.0)	(4,391.0)	(1,103.0)	(1,105.4)	(1,107.9)	(1,110.4)	(4,426.7)	(1,111.3)	(1,113.9)	(1,116.6)	(1,119.3)	(4,461.2)
Debt proceeds (repayments)	(8,250.0)	12,944.0	(1,562)	(189)	(813.0)	(936.0)	(3,500.0)	(2,399.0)	(2,646.0)	0.0	(3,416.0)	(8,461.0)	(3,500.0)	0.0	0.0	(2,750.0)	(6,250.0)
Other, net	(560.0)	(55.0)	27	4	3.0	(30.0)	4.0	(261.0)				(261.0)					0.0
<b>Net cash provided by financing activities</b>	<b>(29,126.0)</b>	<b>7,910.0</b>	<b>(3,528.0)</b>	<b>(2,289.0)</b>	<b>(2,463.0)</b>	<b>(2,107.0)</b>	<b>(10,387.0)</b>	<b>(4,585.0)</b>	<b>(4,001.4)</b>	<b>(1,357.9)</b>	<b>(4,776.4)</b>	<b>(14,720.7)</b>	<b>(5,261.3)</b>	<b>(1,363.9)</b>	<b>(1,366.6)</b>	<b>(4,119.3)</b>	<b>(12,111.2)</b>
FX Impact on cash and equivalents	(348.0)	(209.0)	(36.0)	26.0	8.0	72.0	70.0	85.0				85.0					0.0
Cash balance, beginning of period	33,748.1	25,033.1	13,415.1	15,263.1	11,894.1	13,131.1	13,415.1	14,411.1	14,573.1	9,158.9	10,252.2	14,411.1	8,950.8	9,031.9	5,654.3	8,180.7	8,950.8
Net change in cash	(8,715.0)	(11,618.0)	1,848.0	(3,369.0)	1,237.0	1,280.0	996.0	162.0	(5,414.2)	1,093.3	(1,301.4)	(5,460.3)	81.1	(3,377.6)	2,526.4	975.3	205.2
<b>Cash balance, end of period</b>	<b>25,033.1</b>	<b>13,415.1</b>	<b>15,263.1</b>	<b>11,894.1</b>	<b>13,131.1</b>	<b>14,411.1</b>	<b>14,411.1</b>	<b>14,573.1</b>	<b>9,158.9</b>	<b>10,252.2</b>	<b>8,950.8</b>	<b>8,950.8</b>	<b>9,031.9</b>	<b>5,654.3</b>	<b>8,180.7</b>	<b>9,156.0</b>	<b>9,156.0</b>

Source: Oracle reports and Guggenheim Securities, LLC estimates and analysis

## Exhibit 171: Oracle Discounted Cash Flow Analysis (DCF)

\$ in millions, except per share data

**Assumptions and Inputs**

Current risk-free rate	3.70%
Beta	1.40
Historical equity risk premium	6.5%
Terminal growth rate	5.0%
Market Value (\$M)	\$ 482,914
Debt Value (\$M)	\$ 91,811
Cost of equity	12.8%
Cost of debt	6.0%
Tax rate	19.0%
<b>WACC</b>	<b>11.5%</b>

Last earnings period end	8/31/2024	Oracle
Next Fiscal Year End	5/31/2025	

**Scenario 1: Base Case**

Fiscal year	Historicals			Hyper Growth Period					Transitionary Period					Terminal	Perpetuity	
	F 2022	F 2023	F 2024	F 2025E	F 2026E	F 2027E	F 2028E	F 2029E	F 2030E	F 2031E	F 2032E	F 2033E	F 2034E	F 2035E		
Corresponding Calendar Year Period	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Risk free rate	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Beta	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.33	1.27	1.20	1.13	1.07	1.00	1.00	1.00
Equity risk premium	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Cost of equity	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.4%	11.9%	11.5%	11.1%	10.6%	10.2%	10.2%	10.2%
Cost of debt	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Debt/Total Value			16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
<b>WACC</b>			<b>11.5%</b>	<b>11.5%</b>	<b>11.5%</b>	<b>11.5%</b>	<b>11.5%</b>	<b>11.5%</b>	<b>11.2%</b>	<b>10.8%</b>	<b>10.4%</b>	<b>10.1%</b>	<b>9.7%</b>	<b>9.4%</b>	<b>9.4%</b>	<b>9.4%</b>
Discount factor				0.921	0.826	0.741	0.664	0.595	0.544	0.500	0.463	0.432	0.405	0.381	0.381	0.381
<b>Total Revenue</b>	<b>42,441</b>	<b>49,955</b>	<b>52,961</b>	<b>58,109</b>	<b>66,007</b>	<b>77,007</b>	<b>89,674</b>	<b>104,163</b>	<b>119,057</b>	<b>133,867</b>	<b>148,029</b>	<b>160,936</b>	<b>171,975</b>	<b>180,574</b>	<b>180,574</b>	<b>180,574</b>
y/y change		17.7%	6.0%	9.7%	13.6%	16.7%	16.4%	16.2%	14.3%	12.4%	10.6%	8.7%	6.9%	5.0%	5.0%	5.0%
<b>Free Cash Flow to Firm (FCFF)</b>	<b>4,639</b>	<b>(17,711)</b>	<b>13,396</b>	<b>11,232</b>	<b>13,584</b>	<b>19,831</b>	<b>25,109</b>	<b>30,207</b>	<b>35,717</b>	<b>41,499</b>	<b>47,369</b>	<b>53,109</b>	<b>58,472</b>	<b>63,201</b>	<b>63,201</b>	<b>63,201</b>
FCF margin		-35.5%	25.3%	19.3%	20.6%	25.8%	28.0%	29.0%	30.0%	31.0%	32.0%	33.0%	34.0%	35%	35%	35%
y/y change		-481.8%	-175.6%	-16.1%	20.9%	46.0%	26.6%	20.3%	18.2%	16.2%	14.1%	12.1%	10.1%	4.5%	4.5%	4.5%
Diluted Shares Outstanding	<b>2,742</b>	<b>2,796</b>	<b>2,834</b>	<b>2,863</b>	<b>2,886</b>	<b>2,912</b>	2,938	2,965	2,990	3,013	3,034	3,054	3,071	3,086	3,086	3,086
y/y change		1.3%	1.0%	0.8%	0.8%	0.9%	0.9%	0.9%	0.8%	0.8%	0.7%	0.6%	0.6%	0.5%	0.5%	0.5%
<b>FCFF per share</b>				<b>3.92</b>	<b>4.71</b>	<b>6.81</b>	<b>8.54</b>	<b>10.19</b>	<b>11.95</b>	<b>13.77</b>	<b>15.61</b>	<b>17.39</b>	<b>19.04</b>	<b>20.48</b>	<b>20.48</b>	<b>20.48</b>
<b>NPV of FCF per share</b>				<b>3.62</b>	<b>3.89</b>	<b>5.04</b>	<b>5.67</b>	<b>6.07</b>	<b>6.50</b>	<b>6.89</b>	<b>7.23</b>	<b>7.51</b>	<b>7.71</b>	<b>7.80</b>	<b>7.80</b>	<b>7.80</b>

NPV of FCF/Share, F2023-F2033	\$67.93
Terminal Value FCF/Share	\$159.15
<b>Total NPV of FCF/Share</b>	<b>\$227.08</b>
<b>Net Cash per share</b>	<b>\$ (26.94)</b>
Net cash balance	(73,899)
Working Capital - 5% of revenue	2,905.4
Shares outstanding	2,851
<b>Total Implied NPV/Share</b>	<b>\$ 200.14</b>
Current Price, 9/30/24	\$ 170.40
<b>Upside/(Downside) Potential</b>	<b>17%</b>

Source: Oracle reports and Guggenheim Securities, LLC estimates and analysis

## OS

## Exhibit 172: OneStream GAAP Income Statement

\$ in millions, except per share data

	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Dec-24	Dec-25	Dec-26
	2022	1Q23	2Q23	3Q23	4Q23	2023	1Q24	2Q24	3Q24E	4Q24E	2024E	2025E	2026E
<b>GAAP Income Statement</b>													
Subscription	195.1	64.1	71.8	79.4	87.6	302.9	95.7	103.1	107.7	111.5	418.1	517.2	643.2
License	50.5	6.8	6.7	19.5	7.6	40.5	6.2	6.9	8.2	7.0	28.3	21.2	21.9
<b>Software Revenue</b>	<b>245.5</b>	<b>70.9</b>	<b>78.5</b>	<b>98.9</b>	<b>95.2</b>	<b>343.4</b>	<b>101.9</b>	<b>110.0</b>	<b>115.9</b>	<b>118.6</b>	<b>446.4</b>	<b>538.3</b>	<b>665.1</b>
Professional Services and Other	33.8	7.9	8.0	8.1	7.4	31.5	8.4	7.5	8.1	7.8	31.8	33.6	33.7
<b>Total Revenue</b>	<b>279.3</b>	<b>78.8</b>	<b>86.5</b>	<b>107.0</b>	<b>102.6</b>	<b>374.9</b>	<b>110.3</b>	<b>117.5</b>	<b>124.0</b>	<b>126.4</b>	<b>478.2</b>	<b>572.0</b>	<b>698.8</b>
<b>Cost of Revenue</b>													
Software	47.6	15.9	17.9	19.4	20.9	74.1	23.1	26.5	32.4	25.6	107.6	111.2	133.2
% of Product Revenue	24.4%	24.9%	25.0%	24.4%	23.9%	24.5%	24.1%	25.7%	30.1%	22.9%	25.7%	21.5%	20.7%
Professional Services and Other	45.0	9.8	10.8	10.2	9.6	40.4	10.9	10.5	29.7	12.1	63.2	54.9	55.6
% of Professional Services and Other Revenue	133.3%	123.8%	134.6%	125.6%	129.0%	128.3%	129.6%	140.2%	368.1%	155.1%	199.0%	163.2%	164.9%
<b>Total Cost of Revenue</b>	<b>92.5</b>	<b>25.8</b>	<b>28.7</b>	<b>29.5</b>	<b>30.5</b>	<b>114.5</b>	<b>34.0</b>	<b>37.0</b>	<b>62.1</b>	<b>37.7</b>	<b>170.8</b>	<b>166.1</b>	<b>188.8</b>
% of revenue	33.1%	32.7%	33.2%	27.6%	29.7%	30.5%	30.9%	31.5%	50.1%	29.8%	35.7%	29.0%	27.0%
<b>Gross Profit</b>													
Software	198.0	54.9	60.6	79.5	74.3	269.3	78.8	83.5	83.5	93.0	338.8	427.2	531.9
Gross Margin	80.6%	77.5%	77.1%	80.4%	78.0%	78.4%	77.3%	75.9%	72.0%	78.4%	75.9%	79.3%	80.0%
Professional Services and Other	(11.2)	(1.9)	(2.8)	(2.1)	(2.2)	(8.9)	(2.5)	(3.0)	(21.7)	(4.3)	(31.5)	(21.2)	(21.9)
Gross Margin	-33.0%	-23.6%	-34.6%	-25.6%	-29.0%	-28.2%	-29.6%	-40.2%	-268.1%	-55.1%	-99.0%	-63.2%	-64.9%
<b>Total Gross Profit</b>	<b>186.8</b>	<b>53.1</b>	<b>57.8</b>	<b>77.5</b>	<b>72.1</b>	<b>260.4</b>	<b>76.3</b>	<b>80.5</b>	<b>61.8</b>	<b>88.7</b>	<b>307.3</b>	<b>405.9</b>	<b>510.0</b>
Gross Margin	66.9%	67.3%	66.8%	72.4%	70.3%	69.5%	69.1%	68.5%	49.9%	70.2%	64.3%	71.0%	73.0%
<b>Operating Expenses</b>													
Sales and Marketing	153.3	47.3	46.7	42.2	39.6	175.8	48.3	52.2	197.4	67.6	365.6	302.3	352.8
% of revenue	54.9%	60.0%	54.0%	39.5%	38.6%	46.9%	43.8%	44.4%	159.2%	53.5%	76.5%	52.8%	50.5%
Research and Development	43.1	12.5	13.2	13.9	15.7	55.3	16.9	20.0	70.2	26.8	133.8	113.0	142.3
% of revenue	15.4%	15.9%	15.3%	13.0%	15.3%	14.7%	15.3%	17.0%	56.6%	21.2%	28.0%	19.8%	20.4%
General and Administrative	49.7	14.7	14.1	14.4	16.7	59.8	16.4	19.9	76.5	24.2	137.0	115.2	123.7
% of revenue	17.8%	18.7%	16.3%	13.4%	16.2%	16.0%	14.9%	17.0%	61.7%	19.1%	28.7%	20.1%	17.7%
<b>Total Operating Expenses</b>	<b>246.1</b>	<b>74.5</b>	<b>74.0</b>	<b>70.5</b>	<b>71.9</b>	<b>290.9</b>	<b>81.6</b>	<b>92.1</b>	<b>344.1</b>	<b>118.6</b>	<b>636.4</b>	<b>530.5</b>	<b>618.8</b>
% of revenue	88.1%	94.6%	85.6%	65.9%	70.1%	77.6%	74.0%	78.4%	277.6%	93.8%	133.1%	92.7%	88.6%
<b>Operating Income</b>													
<b>Operating Margin</b>	<b>(59.3)</b>	<b>(21.5)</b>	<b>(16.2)</b>	<b>7.0</b>	<b>0.2</b>	<b>(30.5)</b>	<b>(5.4)</b>	<b>(11.6)</b>	<b>(282.3)</b>	<b>(29.8)</b>	<b>(329.1)</b>	<b>(124.6)</b>	<b>(108.8)</b>
	-21.2%	-27.2%	-18.8%	6.5%	0.2%	-8.1%	-4.9%	-9.8%	-227.7%	-23.6%	-68.8%	-21.8%	-15.6%
<b>Total Interest and Other Income</b>													
Interest (expense) income, net	(0.1)	0.5	1.0	1.1	1.4	4.1	1.6	1.7	1.4	1.4	6.1	5.3	5.9
Other Income (Expense), Net	(5.5)	(1.8)	0.0	(1.1)	1.8	(1.1)	(0.9)	2.4	0.0	0.0	1.5	0.0	0.0
<b>Total Interest and Other Income</b>	<b>(5.5)</b>	<b>(1.3)</b>	<b>1.1</b>	<b>0.1</b>	<b>3.2</b>	<b>3.0</b>	<b>0.7</b>	<b>4.1</b>	<b>1.4</b>	<b>1.4</b>	<b>7.6</b>	<b>5.3</b>	<b>5.9</b>
<b>Income Before Taxes</b>													
Income Before Taxes	(64.8)	(22.8)	(15.2)	7.1	3.4	(27.5)	(4.6)	(7.5)	(280.9)	(28.4)	(321.5)	(119.3)	(102.9)
Income Tax Expense (Benefit)	0.7	0.3	0.2	0.3	0.6	1.4	0.3	0.3	0.0	0.0	0.6	0.0	0.0
Tax Rate	-1.0%	NM	NM	4.2%	19.0%	-5.1%	NM	NM	0.0%	0.0%	-0.2%	0.0%	0.0%
<b>Net Income</b>	<b>(65.5)</b>	<b>(23.1)</b>	<b>(15.4)</b>	<b>6.8</b>	<b>2.8</b>	<b>(28.9)</b>	<b>(4.959)</b>	<b>(7.850)</b>	<b>(280.9)</b>	<b>(28.4)</b>	<b>(322.1)</b>	<b>(119.3)</b>	<b>(102.9)</b>
<b>GAAP EPS</b>													
Shares Outstanding									(\$1.20)	(\$0.12)	(\$1.37)	(\$0.50)	(\$0.43)
Basic									234.0	235.2	234.6	238.1	241.1
y/y growth												1.5%	1.3%
q/q growth										0.5%			
Diluted									234.0	235.2	234.6	238.1	241.1
y/y growth												1.5%	1.3%
q/q growth										0.5%			

Source: company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 173: OneStream Non-GAAP Income Statement

\$ in millions, except per share data

	Dec-22 2022	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	Dec-23 2023	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	Dec-24 2024E	Dec-25 2025E	Dec-26 2026E
<b>Non-GAAP Income Statement</b>													
Subscription	195.1	64.1	71.8	79.4	87.6	302.9	95.7	103.1	107.7	111.5	418.1	517.2	643.2
<i>y/y growth</i>		61.0%	56.8%	53.7%	51.5%	55.3%	49.3%	43.6%	35.6%	27.4%	38.0%	23.7%	24.4%
<i>q/q growth</i>		10.9%	12.1%	10.5%	10.3%		9.3%	7.8%	4.4%	3.6%			
License	50.5	6.8	6.7	19.5	7.6	40.5	6.2	6.9	8.2	7.0	28.3	21.2	21.9
<i>y/y growth</i>		-48.2%	-43.6%	49.6%	-39.5%	-19.7%	-9.0%	3.8%	-58.1%	-7.2%	-30.2%	-25.2%	3.4%
<i>q/q growth</i>		-45.8%	-2.1%	193.1%	-61.1%		-18.5%	11.7%	18.4%	-14.0%			
Software	245.5	70.9	78.5	98.9	95.2	343.4	101.9	110.0	115.9	118.6	446.4	538.3	665.1
<i>y/y growth</i>		33.9%	36.3%	52.9%	35.3%	39.9%	43.7%	40.2%	17.2%	24.6%	30.0%	20.6%	23.5%
<i>q/q growth</i>		0.8%	10.8%	26.0%	-3.8%		7.0%	8.0%	5.3%	2.3%			
Professional Services and Other	33.7	7.9	8.0	8.1	7.4	31.5	8.4	7.5	8.1	7.8	31.8	33.6	33.7
<i>y/y growth</i>		-15.2%	-13.9%	1.7%	4.4%	-6.7%	6.2%	-6.8%	-0.1%	5.1%	1.0%	5.8%	0.2%
<b>Total Revenue</b>	<b>279.2</b>	<b>78.8</b>	<b>86.5</b>	<b>107.0</b>	<b>102.6</b>	<b>374.9</b>	<b>110.3</b>	<b>117.5</b>	<b>124.0</b>	<b>126.4</b>	<b>478.2</b>	<b>572.0</b>	<b>698.8</b>
<i>y/y growth</i>		26.6%	29.3%	47.3%	32.5%	34.3%	40.0%	35.8%	15.9%	23.2%	27.5%	19.6%	22.2%
<b>Cost of Revenue</b>													
Software	47.6	15.9	17.9	19.4	20.9	74.1	23.1	26.5	26.7	24.9	101.2	107.9	129.5
<i>% of Product Revenue</i>	24.4%	24.9%	25.0%	24.4%	23.9%	24.5%	24.1%	25.7%	24.7%	22.3%	24.2%	20.9%	20.1%
Professional Services and Other	44.9	9.8	10.8	10.2	9.6	40.3	10.9	10.5	11.1	10.2	42.6	43.7	42.8
<i>% of Professional Services and Other Revenue</i>	133.1%	123.7%	134.6%	125.6%	129.0%	128.2%	129.6%	140.2%	137.0%	130.0%	134.1%	130.0%	127.0%
<b>Total Cost of Revenue</b>	<b>92.4</b>	<b>25.8</b>	<b>28.7</b>	<b>29.5</b>	<b>30.5</b>	<b>114.5</b>	<b>34.0</b>	<b>37.0</b>	<b>37.7</b>	<b>35.1</b>	<b>143.8</b>	<b>151.6</b>	<b>172.3</b>
<i>% of revenue</i>	33.1%	32.7%	33.2%	27.6%	29.7%	30.5%	30.9%	31.5%	30.4%	27.7%	30.1%	26.5%	24.7%
<b>Gross Profit</b>													
Software	198.0	54.9	60.6	79.5	74.3	269.3	78.8	83.5	89.2	93.7	345.2	430.4	535.6
<i>Gross Margin</i>	80.6%	77.5%	77.1%	80.4%	78.0%	78.4%	77.3%	75.9%	77.0%	79.0%	77.3%	80.0%	80.5%
Professional Services and Other	(11.2)	(1.9)	(2.8)	(2.1)	(2.2)	(8.9)	(2.5)	(3.0)	(3.0)	(2.3)	(10.8)	(10.1)	(9.1)
<i>Gross Margin</i>	-33.1%	-23.7%	-34.6%	-25.6%	-29.0%	-28.2%	-29.6%	-40.2%	-37.0%	-30.0%	-34.1%	-30.0%	-27.0%
<b>Total Gross Profit</b>	<b>186.8</b>	<b>53.1</b>	<b>57.8</b>	<b>77.5</b>	<b>72.1</b>	<b>260.4</b>	<b>76.3</b>	<b>80.5</b>	<b>86.2</b>	<b>91.3</b>	<b>334.4</b>	<b>420.3</b>	<b>526.5</b>
<i>Gross Margin</i>	66.9%	67.3%	66.8%	72.4%	70.3%	69.5%	69.1%	68.5%	69.6%	72.3%	69.9%	73.5%	75.3%
<b>Operating Expenses</b>													
Sales and Marketing	150.4	46.0	44.9	41.8	39.2	171.9	48.0	51.3	54.3	54.3	207.9	239.0	281.1
<i>% of revenue</i>	53.9%	58.4%	51.8%	39.0%	38.2%	45.8%	43.5%	43.7%	43.8%	43.0%	43.5%	45.5%	40.2%
Research and Development	42.3	12.3	13.1	13.8	15.6	54.8	16.8	18.8	18.5	19.0	73.1	84.1	109.7
<i>% of revenue</i>	15.2%	15.6%	15.2%	12.9%	15.2%	14.6%	15.2%	16.0%	14.9%	15.0%	15.3%	14.7%	15.7%
General and Administrative	45.2	13.4	13.1	13.5	15.9	56.0	15.8	19.3	16.0	16.4	67.5	78.9	82.3
<i>% of revenue</i>	16.2%	17.1%	15.2%	12.6%	15.5%	14.9%	14.3%	16.4%	12.9%	13.0%	14.1%	13.8%	11.8%
<b>Total Operating Expenses</b>	<b>237.9</b>	<b>71.8</b>	<b>71.1</b>	<b>69.0</b>	<b>70.7</b>	<b>282.7</b>	<b>80.5</b>	<b>89.4</b>	<b>88.8</b>	<b>89.7</b>	<b>348.4</b>	<b>402.0</b>	<b>473.1</b>
<i>% of revenue</i>	85.2%	91.1%	82.2%	64.5%	68.9%	75.4%	73.0%	76.1%	71.6%	71.0%	72.9%	70.3%	67.7%
<b>Operating Income</b>	<b>(51.1)</b>	<b>(18.8)</b>	<b>(13.3)</b>	<b>8.4</b>	<b>1.4</b>	<b>(22.3)</b>	<b>(4.3)</b>	<b>(8.9)</b>	<b>(2.5)</b>	<b>1.6</b>	<b>(14.0)</b>	<b>18.3</b>	<b>53.4</b>
<i>Operating Margin</i>	-18.3%	-23.8%	-15.4%	7.9%	1.4%	-5.9%	-3.9%	-7.5%	-2.0%	1.3%	-2.9%	3.2%	7.6%
<b>Interest and Other Income</b>													
Interest (expense) income, net	(0.1)	0.5	1.0	1.1	1.4	4.1	1.6	1.7	1.4	1.4	6.1	5.3	5.9
Other Income (Expense), Net	(5.5)	(1.8)	0.0	(1.1)	1.8	(1.1)	(0.9)	2.4	0.0	0.0	1.5	0.0	0.0
<b>Total Interest and Other Income</b>	<b>(5.5)</b>	<b>(1.3)</b>	<b>1.1</b>	<b>0.1</b>	<b>3.2</b>	<b>3.0</b>	<b>0.7</b>	<b>4.1</b>	<b>1.4</b>	<b>1.4</b>	<b>7.6</b>	<b>5.3</b>	<b>5.9</b>
<b>Income Before Taxes</b>													
Income Before Taxes	(56.6)	(20.1)	(12.3)	8.5	4.6	(19.3)	(3.5)	(4.8)	(1.1)	3.0	(6.4)	23.6	59.3
Income Tax Expense (Benefit)	0.7	0.3	0.2	0.3	0.6	1.4	0.3	0.3	(0.2)	0.6	1.0	4.7	11.9
<i>Tax Rate</i>	-1.2%	-1.5%	-1.4%	3.5%	14.1%	-7.4%	-8.9%	-6.9%	20.0%	20.0%	-16.0%	20.0%	20.0%
<b>Net Income</b>	<b>(57.3)</b>	<b>(20.4)</b>	<b>(12.4)</b>	<b>8.2</b>	<b>3.9</b>	<b>(20.7)</b>	<b>(3.8)</b>	<b>(5.1)</b>	<b>(0.9)</b>	<b>2.4</b>	<b>(7.5)</b>	<b>18.9</b>	<b>47.4</b>
<b>Non-GAAP EPS</b>													
Shares Outstanding									234.0	235.2	234.6	238.1	241.1
Basic									234.0	235.2	234.6	238.1	241.1
<i>y/y growth</i>												1.5%	1.3%
<i>q/q growth</i>										0.5%			
Diluted									252.0	256.3	254.2	259.1	265.2
<i>y/y growth</i>												1.9%	2.4%
<i>q/q growth</i>										1.7%			

Source: company reports, Guggenheim Securities, LLC estimates and analysis

**Exhibit 174: OneStream Balance Sheet**

(\$ in millions, except per share data)

	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Dec-24	Dec-25	Dec-26
	2022	1Q23	2Q23	3Q23	4Q23	2023	1Q24	2Q24	3Q24E	4Q24E	2024E	2025E	2026E
<b>Current assets</b>													
Cash and cash equivalents	14.7	96.4	96.2	90.7	117.1	117.1	141.3	140.5	451.6	119.4	119.4	134.0	158.4
Marketable securities	86.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0			0.0	0.0	0.0
Accounts receivable, net	87.6	68.5	74.4	98.2	107.3	107.3	88.9	92.9	125.6	141.5	141.5	195.2	235.6
Unbilled accounts receivable	38.2	37.9	35.9	34.6	31.5	31.5	31.8	29.6	32.2	32.9	32.9	36.0	40.6
Deferred commissions, current	13.9	14.4	16.2	15.8	17.2	17.2	17.9	19.1	19.6	26.3	26.3	40.5	58.1
Prepaid expenses and other current assets	9.3	11.2	9.9	9.5	13.1	13.1	13.2	9.4	14.9	15.2	15.2	18.0	22.1
<b>Total current assets</b>	<b>249.9</b>	<b>228.5</b>	<b>232.7</b>	<b>248.8</b>	<b>286.2</b>	<b>286.2</b>	<b>293.0</b>	<b>291.5</b>	<b>643.9</b>	<b>335.3</b>	<b>335.3</b>	<b>423.6</b>	<b>514.7</b>
<b>Non-current assets</b>													
Property and equipment, net	9.5	9.3	10.3	11.3	10.3	10.3	10.4	10.7	11.2	11.7	11.7	8.7	6.4
Unbilled accounts receivable, noncurrent	5.0	5.2	6.3	5.2	2.0	2.0	1.7	1.8	1.8	1.8	1.8	1.8	1.8
Deferred commissions, non-current	35.0	35.4	35.6	36.1	41.0	41.0	40.7	41.3	45.8	61.5	61.5	94.5	135.5
Operating lease right-of-use assets	15.4	18.0	18.7	19.0	18.6	18.6	17.8	17.2	17.2	17.2	17.2	17.2	17.2
Intangible Assets								3.1					
Goodwill								9.1					
Other assets	5.3	3.1	2.8	3.3	3.5	3.5	4.1	4.9	5.0	5.1	5.1	6.0	7.4
<b>Total assets</b>	<b>320.0</b>	<b>299.6</b>	<b>306.4</b>	<b>323.8</b>	<b>361.6</b>	<b>361.6</b>	<b>367.7</b>	<b>379.7</b>	<b>724.9</b>	<b>432.6</b>	<b>432.6</b>	<b>551.8</b>	<b>683.1</b>
<b>Current liabilities</b>													
Accounts payable	18.8	10.3	16.4	14.1	8.3	8.3	13.9	24.7	21.4	18.9	18.9	15.1	20.9
Accrued compensation	57.6	13.7	19.8	17.8	22.4	73.6	17.4	25.4	22.0	27.8	27.8	32.9	40.5
Accrued commissions					10.2		6.4	6.0	9.9	10.1	10.1	12.0	14.8
Deferred revenue, current	113.3	123.2	137.1	146.5	177.5	177.5	186.7	193.5	195.5	245.0	245.0	310.9	381.8
Operating lease liabilities, current	0.0				2.5	2.5	2.8	3.0	3.0	3.0	3.0	3.0	3.0
Other current liabilities	23.7	25.6	17.8	20.9	11.5	11.5	16.9	10.0	28.0	26.5	26.5	24.1	34.1
<b>Total current liabilities</b>	<b>213.5</b>	<b>172.7</b>	<b>191.0</b>	<b>199.3</b>	<b>232.4</b>	<b>273.9</b>	<b>244.2</b>	<b>262.6</b>	<b>279.9</b>	<b>331.3</b>	<b>331.3</b>	<b>398.0</b>	<b>495.1</b>
<b>Long term liabilities</b>													
Noncurrent debt	3.5	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
Deferred revenue, non-current	3.0	2.8	3.4	3.1	5.1	5.1	4.2	3.3	4.1	4.3	4.3	5.5	5.7
<i>q/q growth</i>		-7.5%	20.2%	-6.6%	63.6%		-19.0%	-20.0%	21.7%	6.9%			
Operating lease liabilities, non-current	13.3	17.0	17.3	18.0	17.5	17.5	17.0	16.1	16.1	16.1	16.1	16.1	16.1
Other noncurrent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.0	0.0	0.0	0.0
<b>Total Liabilities</b>	<b>233.3</b>	<b>192.4</b>	<b>211.7</b>	<b>220.5</b>	<b>255.0</b>	<b>296.6</b>	<b>265.5</b>	<b>282.2</b>	<b>300.1</b>	<b>351.7</b>	<b>351.7</b>	<b>419.6</b>	<b>516.9</b>
<b>Stockholders' equity</b>	<b>127.1</b>	<b>107.2</b>	<b>94.7</b>	<b>103.3</b>	<b>106.5</b>	<b>106.5</b>	<b>102.5</b>	<b>97.5</b>	<b>424.8</b>	<b>80.8</b>	<b>80.8</b>	<b>132.3</b>	<b>166.1</b>
<b>Total liabilities and shareholders' equity</b>	<b>320.0</b>	<b>299.6</b>	<b>306.4</b>	<b>323.8</b>	<b>361.6</b>	<b>361.6</b>	<b>368.0</b>	<b>379.7</b>	<b>724.9</b>	<b>432.6</b>	<b>432.6</b>	<b>551.8</b>	<b>683.1</b>

Source: company reports, Guggenheim Securities, LLC estimates and analysis



**Exhibit 175: OneStream Cash Flow Statement**

(\$ in millions, except per share data)

	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Dec-24	Dec-25	Dec-26
	2022	1Q23	2Q23	3Q23	4Q23	2023	1Q24	2Q24	3Q24E	4Q24E	2024E	2025E	2026E
<b>Cash from Operating Activities</b>													
<b>Net income (loss)</b>	<b>(65.5)</b>	<b>(23.1)</b>	<b>(15.4)</b>	<b>6.8</b>	<b>2.8</b>	<b>(28.9)</b>	<b>(5.0)</b>	<b>(7.9)</b>	<b>(280.9)</b>	<b>(28.4)</b>	<b>(322.1)</b>	<b>(119.3)</b>	<b>(102.9)</b>
Depreciation and amortization	2.7	0.7	0.7	0.8	0.7	2.9	0.7	0.9	0.8	0.8	3.1	3.0	2.2
Bad debt expense	0.5	0.5	0.3	0.5	0.3	1.6	0.9	0.7			1.6	0.0	0.0
Amortization of deferred commissions	14.7	3.8	3.9	4.9	4.3	17.0	0.7	8.8	5.8	5.4	20.8	25.3	31.5
Noncash operating lease expense	2.2	0.7	0.7	0.3	0.8	2.4	4.6	(3.2)			1.4	0.0	0.0
Equity-based compensation, net	8.3	2.7	2.9	1.4	1.2	8.3	1.1	2.7	279.8	31.4	315.1	142.9	162.2
Other noncash operating activities, net	5.4	1.9	(0.2)	0.2	(0.2)	1.6	0.4	(2.4)			(2.0)	0.0	0.0
<b>Working Capital:</b>	<b>(1.2)</b>	<b>10.8</b>	<b>7.7</b>	<b>(19.2)</b>	<b>17.1</b>	<b>16.4</b>	<b>22.2</b>	<b>8.4</b>	<b>(42.2)</b>	<b>8.9</b>	<b>(2.7)</b>	<b>(40.2)</b>	<b>(61.7)</b>
Accounts receivable	(34.8)	18.6	(5.2)	(21.9)	(3.2)	(11.7)	17.6	(2.6)	(32.7)	(15.9)	(33.6)	(53.7)	(40.4)
Deferred commissions	(27.2)	(4.7)	(5.9)	(5.0)	(10.7)	(26.4)	(4.9)	(6.8)	(10.8)	(27.9)	(50.4)	(72.4)	(90.1)
Prepaid expenses and other assets	(19.0)	(6.2)	0.4	(0.6)	(3.6)	(10.0)	0.2	2.4	(5.6)	(0.4)	(3.3)	(3.7)	(5.5)
Accounts payable	3.9	(8.7)	5.4	(3.1)	(5.3)	(11.6)	5.4	8.7	3.3	2.5	19.9	3.8	(5.8)
Deferred revenue	54.7	9.6	14.5	9.2	32.9	66.2	8.3	6.0	2.7	49.7	66.7	82.7	77.0
Accrued and other liabilities	21.3	2.2	(1.4)	2.2	6.8	9.8	(4.4)	0.8	0.8	0.8	(2.0)	3.2	3.2
<b>Net cash provided by operating activities</b>	<b>(32.9)</b>	<b>(2.0)</b>	<b>0.8</b>	<b>(4.4)</b>	<b>26.8</b>	<b>21.3</b>	<b>25.5</b>	<b>8.1</b>	<b>(36.7)</b>	<b>18.1</b>	<b>15.1</b>	<b>11.7</b>	<b>31.4</b>
<i>y/y growth</i>		-88.7%	-109.5%	-65.8%	374.5%	-164.6%	-1405.7%	916.2%	739.6%	-32.4%	-29.2%	-22.6%	169.2%
<i>Operating cash flow margin</i>	-11.8%	-2.5%	0.9%	-4.1%	26.1%	5.7%	23.2%	6.9%	-29.6%	14.3%	3.1%	2.0%	4.5%
<b>Cash from investing activities</b>													
Purchases of property and equipment	(5.0)	(0.4)	(1.0)	(0.9)	(0.2)	(2.6)	(0.7)	(0.4)	(1.2)	(1.3)	(3.6)	(5.7)	(7.0)
Acquisition of business, net of cash acquired								(7.6)					
Sales of marketable securities	41.3	87.2	0.0	0.1	0.0	87.3	0.0	0.0			0.0	0.0	0.0
Purchases of marketable securities	(1.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0			0.0	0.0	0.0
<b>Net cash used in investing activities</b>	<b>34.9</b>	<b>86.8</b>	<b>(1.0)</b>	<b>(0.8)</b>	<b>(0.2)</b>	<b>84.7</b>	<b>(0.7)</b>	<b>(8.0)</b>	<b>(1.2)</b>	<b>(1.3)</b>	<b>(3.6)</b>	<b>(5.7)</b>	<b>(7.0)</b>
<b>Cash from financing activities</b>													
Proceeds from borrowings on revolving credit facility	3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Payments of deferred offering costs	(1.9)	0.0	0.0	0.0	0.0	0.0	(0.4)	(0.7)					
Payments of deferred financing costs	0.0	0.0	0.0	0.0	(0.5)	(0.5)	0.0	0.0					
Repayments of borrowings on revolving credit facility	0.0	(3.5)	0.0	0.0	0.0	(3.5)	0.0	0.0					
Proceeds from exercise of common unit options	0.0	0.2	0.0	0.0	0.0	0.2	0.0	0.0					
Principal payments on finance lease obligation	(0.1)	(0.0)	(0.0)	0.0	0.0	(0.0)	0.0	0.0					
<b>Net cash provided by financing activities</b>	<b>1.5</b>	<b>(3.3)</b>	<b>(0.0)</b>	<b>0.0</b>	<b>(0.5)</b>	<b>(3.8)</b>	<b>(0.4)</b>	<b>(0.7)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
FX Impact on cash and equivalents	(0.2)	0.1	0.1	(0.3)	0.3	0.2	(0.3)	(0.2)			(0.5)	0.0	0.0
Cash balance, beginning of period	11.5	14.7	96.4	96.2	90.7	14.7	117.1	141.3	140.5	102.6	117.1	128.1	134.0
Net change in cash	3.2	81.7	(0.1)	(5.5)	26.4	102.4	24.2	(0.8)	(38.0)	16.9	11.0	5.9	24.4
<b>Cash balance, end of period</b>	<b>14.7</b>	<b>96.4</b>	<b>96.2</b>	<b>90.7</b>	<b>117.1</b>	<b>117.1</b>	<b>141.3</b>	<b>140.5</b>	<b>102.6</b>	<b>119.4</b>	<b>128.1</b>	<b>134.0</b>	<b>158.4</b>

Source: company reports, Guggenheim Securities, LLC estimates and analysis

**Exhibit 176: OneStream Discounted Cash Flow Model – Plausible Case**

\$ in millions, except per share data

**Assumptions and Inputs**

Current risk-free rate	3.83%
Beta	1.50
Historical equity risk premium	6.5%
Terminal growth rate	5.0%
Market Value (\$M)	\$ 8,616
Debt Value (\$M)	\$ -
Cost of equity	13.6%
Cost of debt	4.5%
Tax rate	20.0%
<b>WACC</b>	<b>13.6%</b>

Last earnings period end	6/30/2024
Next Fiscal Year End	12/31/2024

**Scenario 2: Plausible Case**

Fiscal year	Historicals			Hyper Growth Period					Transitory Period					Terminal	Perpetuity
	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	
Corresponding Calendar Year Period		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
				0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	
Risk free rate		3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	
Beta		1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.42	1.33	1.25	1.17	1.08	1.00	
Equity risk premium		6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	
Cost of equity		13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.0%	12.5%	12.0%	11.4%	10.9%	10.3%	
Cost of debt		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%	
Debt/Total Value			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	3.3%	5.0%	6.7%	8.3%	10.0%	
<b>WACC</b>			<b>13.6%</b>	<b>13.6%</b>	<b>13.6%</b>	<b>13.6%</b>	<b>13.6%</b>	<b>13.6%</b>	<b>12.9%</b>	<b>12.2%</b>	<b>11.5%</b>	<b>10.9%</b>	<b>10.3%</b>	<b>9.7%</b>	
Discount factor				0.938	0.826	0.727	0.640	0.564	0.514	0.473	0.441	0.415	0.395	0.380	
<b>Total Revenue</b>	<b>184</b>	<b>279</b>	<b>375</b>	<b>493</b>	<b>620</b>	<b>776</b>	<b>970</b>	<b>1,212</b>	<b>1,474</b>	<b>1,745</b>	<b>2,007</b>	<b>2,241</b>	<b>2,427</b>	<b>2,549</b>	
y/y change		52.2%	34.3%	31.6%	25.6%	25.2%	25.0%	25.0%	21.7%	18.3%	15.0%	11.7%	8.3%	5.0%	
<b>Free Cash Flow to Firm (FCFF)</b>	<b>(38)</b>	<b>22</b>	<b>17</b>	<b>50</b>	<b>116</b>	<b>194</b>	<b>242</b>	<b>332</b>	<b>436</b>	<b>552</b>	<b>672</b>	<b>789</b>	<b>892</b>	<b>892</b>	
FCF margin	-13.6%	5.8%	3.4%	8.0%	15.0%	20.0%	20.0%	22.5%	25.0%	27.5%	30.0%	32.5%	35%	35%	
y/y change		-157.8%	-23.0%	193.8%	134.7%	66.7%	25.0%	36.9%	31.5%	26.5%	21.8%	17.4%	5%	5%	
Diluted Shares Outstanding				254	259	265	268	271	273	275	277	279	281	282	
y/y change				1.9%	2.4%	1.0%	1.0%	0.9%	0.8%	0.8%	0.7%	0.6%	0.5%	0.5%	
FCFF per share				0.07	0.19	0.44	0.72	0.90	1.22	1.58	1.99	2.41	2.81	3.16	
NPV of FCF per share				0.06	0.16	0.32	0.46	0.51	0.62	0.75	0.88	1.00	1.11	1.20	

NPV of FCF/Share, F2023-F2033	\$7.07
Terminal Value FCF/Share	\$25.78
<b>Total NPV of FCF/Share</b>	<b>\$32.85</b>
<b>Net Cash per share</b>	<b>\$ 1.69</b>
Net cash balance	452
Working Capital - 5% of revenue	24.7
Shares outstanding	252
<b>Total Implied NPV/Share</b>	<b>\$ 35</b>
Current Price	\$ 33.90
<b>Upside/(Downside) Potential</b>	<b>2%</b>

Source: company reports, Guggenheim Securities, LLC estimates and analysis

## PANW

## Exhibit 177: Palo Alto Networks GAAP Income Statement

\$ in millions, except per share data

	2019	2020	2021	2022	2023	Oct-23	Jan-24	Apr-24	Jul-24	2024	Oct-24	Jan-25	Apr-25	Jul-25	2025 (E)	2026 (E)
	Full Year	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25E	2Q25E	3Q25E	4Q25E	Full Year	Full Year
<b>GAAP Income Statement</b>																
Product	1,096.2	1,064.2	1,120.3	1,363.1	1,578.4	341.1	390.7	391.0	480.5	1,603.3	371.0	388.0	402.9	516.7	1,678.7	1,729.3
Subscription	1,032.7	1,405.3	1,898.8	2,539.0	3,335.8	988.3	1,027.1	1,045.6	1,127.5	4,188.5	1,180.7	1,240.6	1,299.7	1,388.6	5,109.6	6,141.4
Support	770.7	938.9	1,237.0	1,599.4	1,978.5	548.7	557.3	548.2	581.5	2,235.7	563.3	579.4	583.9	609.7	2,336.3	2,450.2
Subscription & Support	1,803.4	2,344.2	3,135.8	4,138.4	5,314.3	1,537.0	1,584.4	1,593.8	1,709.0	6,424.2	1,744.0	1,820.0	1,883.6	1,998.3	7,445.9	8,591.6
<b>Total Revenue</b>	<b>2,899.6</b>	<b>3,408.4</b>	<b>4,256.1</b>	<b>5,501.5</b>	<b>6,892.7</b>	<b>1,878.1</b>	<b>1,975.1</b>	<b>1,984.8</b>	<b>2,189.5</b>	<b>8,027.5</b>	<b>2,115.0</b>	<b>2,208.0</b>	<b>2,286.5</b>	<b>2,515.0</b>	<b>9,124.5</b>	<b>10,320.9</b>
<b>Cost of Revenue</b>																
Product	315.9	294.4	308.5	455.5	418.3	77.4	88.2	77.9	104.7	348.2	80.5	83.9	87.2	110.9	362.6	372.2
Subscription & Support	492.5	705.1	966.4	1,263.2	1,491.4	395.4	410.9	435.7	469.0	1,711.0	461.4	480.3	498.2	528.6	1,968.5	2,235.4
<b>Total Cost of Revenue</b>	<b>808.4</b>	<b>999.5</b>	<b>1,274.9</b>	<b>1,718.7</b>	<b>1,909.7</b>	<b>472.8</b>	<b>499.1</b>	<b>513.6</b>	<b>573.7</b>	<b>2,059.2</b>	<b>541.9</b>	<b>564.2</b>	<b>585.4</b>	<b>639.6</b>	<b>2,331.1</b>	<b>2,607.6</b>
% of revenue	27.9%	29.3%	30.0%	31.2%	27.7%	25.2%	25.3%	25.9%	26.2%	25.7%	25.6%	25.6%	25.6%	25.4%	25.5%	25.3%
<b>Gross Profit</b>																
Product	780.3	769.8	811.8	907.6	1,160.1	263.7	302.5	313.1	375.8	1,255.1	290.5	304.1	315.7	405.8	1,316.1	1,357.1
Gross Margin	71.2%	72.3%	72.5%	66.6%	73.5%	77.3%	77.4%	80.1%	78.2%	78.3%	78.3%	78.4%	78.3%	78.5%	78.4%	78.5%
Subscription & Support	1,310.9	1,639.1	2,169.4	2,875.2	3,822.9	1,141.6	1,173.5	1,158.1	1,240.0	4,713.2	1,282.6	1,339.7	1,385.4	1,469.6	5,477.3	6,356.2
Gross Margin	72.7%	69.9%	69.2%	69.5%	71.9%	74.3%	74.1%	72.7%	72.6%	73.4%	73.5%	73.6%	73.6%	73.5%	73.6%	74.0%
<b>Total Gross Profit</b>	<b>2,091.2</b>	<b>2,408.9</b>	<b>2,981.2</b>	<b>3,782.8</b>	<b>4,983.0</b>	<b>1,405.3</b>	<b>1,476.0</b>	<b>1,471.2</b>	<b>1,615.8</b>	<b>5,968.3</b>	<b>1,573.1</b>	<b>1,643.8</b>	<b>1,701.1</b>	<b>1,875.4</b>	<b>6,793.4</b>	<b>7,713.3</b>
<b>Gross Margin</b>	<b>72.1%</b>	<b>70.7%</b>	<b>70.0%</b>	<b>68.8%</b>	<b>72.3%</b>	<b>74.8%</b>	<b>74.7%</b>	<b>74.1%</b>	<b>73.8%</b>	<b>74.3%</b>	<b>74.4%</b>	<b>74.4%</b>	<b>74.4%</b>	<b>74.6%</b>	<b>74.5%</b>	<b>74.7%</b>
<b>Operating Expenses</b>																
Research and Development	539.5	768.1	1,140.4	1,417.7	1,604.0	409.5	447.9	457.2	494.8	1,809.4	450.3	485.9	517.5	572.2	2,025.9	2,229.6
% of revenue	18.6%	22.5%	26.8%	25.8%	23.3%	21.8%	22.7%	23.0%	22.6%	22.5%	21.3%	22.0%	22.6%	22.8%	22.2%	21.6%
Sales and Marketing	1,344.0	1,520.2	1,753.8	2,148.9	2,544.0	660.5	673.0	718.7	742.3	2,794.5	731.8	740.8	786.6	852.3	3,111.5	3,469.5
% of revenue	46.4%	44.6%	41.2%	39.1%	36.9%	35.2%	34.1%	36.2%	33.9%	34.8%	34.6%	33.6%	34.4%	33.9%	34.1%	33.6%
General and Administrative	261.8	299.6	391.1	405.0	447.7	120.1	301.5	118.6	140.3	680.5	129.8	123.1	126.1	132.9	511.9	561.3
% of revenue	9.0%	8.8%	9.2%	7.4%	6.5%	6.4%	15.3%	6.0%	6.4%	8.5%	6.1%	5.6%	5.5%	5.3%	5.6%	5.4%
<b>Total Operating Expenses</b>	<b>2,145.3</b>	<b>2,587.9</b>	<b>3,285.3</b>	<b>3,971.6</b>	<b>4,595.7</b>	<b>1,190.1</b>	<b>1,422.4</b>	<b>1,294.5</b>	<b>1,377.4</b>	<b>5,284.4</b>	<b>1,311.9</b>	<b>1,349.7</b>	<b>1,430.3</b>	<b>1,557.4</b>	<b>5,649.3</b>	<b>6,260.3</b>
% of revenue	74.0%	75.9%	77.2%	72.2%	66.7%	63.4%	72.0%	65.2%	62.9%	65.8%	62.0%	61.1%	62.6%	61.9%	61.9%	60.7%
<b>Operating Income</b>	<b>(54.1)</b>	<b>(179.0)</b>	<b>(304.1)</b>	<b>(188.8)</b>	<b>387.3</b>	<b>215.2</b>	<b>53.6</b>	<b>176.7</b>	<b>238.4</b>	<b>683.9</b>	<b>261.3</b>	<b>294.0</b>	<b>270.8</b>	<b>318.0</b>	<b>1,144.1</b>	<b>1,453.0</b>
<b>Operating Margin</b>	<b>-1.9%</b>	<b>-5.3%</b>	<b>-7.1%</b>	<b>-3.4%</b>	<b>5.6%</b>	<b>11.5%</b>	<b>2.7%</b>	<b>8.9%</b>	<b>10.9%</b>	<b>8.5%</b>	<b>12.4%</b>	<b>13.3%</b>	<b>11.8%</b>	<b>12.6%</b>	<b>12.5%</b>	<b>14.1%</b>
Interest 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
Interest Expense	(83.9)	(88.7)	(163.3)	(27.4)	(27.2)	(2.9)	(2.8)	(2.3)	(0.3)	(8.3)	(1.4)	(1.4)	(1.4)	(1.4)	(5.6)	(5.6)
Other Income (Expense), Net	63.4	35.9	2.4	9.0	206.2	70.3	84.7	76.8	80.9	312.7	75.5	75.5	75.5	75.5	302.0	320.0
<b>Total Interest and Other Income</b>	<b>(20.5)</b>	<b>(52.8)</b>	<b>(160.9)</b>	<b>(18.4)</b>	<b>179.0</b>	<b>67.4</b>	<b>81.9</b>	<b>74.5</b>	<b>80.6</b>	<b>304.4</b>	<b>74.1</b>	<b>74.1</b>	<b>74.1</b>	<b>74.1</b>	<b>296.4</b>	<b>314.4</b>
Income Before Taxes	(74.6)	(231.8)	(465.0)	(207.2)	566.3	282.6	135.5	251.2	319.0	988.3	335.4	368.1	344.9	392.1	1,440.5	1,767.3
Income Tax Expense (Benefit)	7.3	35.2	33.9	59.8	126.6	88.4	(1,611.4)	(27.6)	(38.7)	(1,589.3)	73.8	81.0	75.9	86.3	316.9	388.8
Tax Rate	NM	NM	NM	NM	22.4%	31.3%	NM	-11.0%	-12.1%	-160.8%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%
<b>Net Income</b>	<b>(81.9)</b>	<b>(267.0)</b>	<b>(498.9)</b>	<b>(267.0)</b>	<b>439.7</b>	<b>194.2</b>	<b>1,746.9</b>	<b>278.8</b>	<b>357.7</b>	<b>2,577.6</b>	<b>261.6</b>	<b>287.1</b>	<b>269.0</b>	<b>305.8</b>	<b>1,123.6</b>	<b>1,378.5</b>
<b>GAAP EPS</b>	<b>(\$0.87)</b>	<b>(\$2.76)</b>	<b>(\$5.18)</b>	<b>(\$2.72)</b>	<b>\$1.27</b>	<b>\$0.56</b>	<b>\$4.89</b>	<b>\$0.79</b>	<b>\$1.01</b>	<b>\$7.24</b>	<b>\$0.80</b>	<b>\$0.88</b>	<b>\$0.82</b>	<b>\$0.92</b>	<b>\$3.42</b>	<b>\$4.11</b>
Shares Outstanding																
<b>Basic</b>	<b>94.5</b>	<b>96.9</b>	<b>96.4</b>	<b>98.6</b>	<b>303.2</b>	<b>310.1</b>	<b>319.6</b>	<b>322.9</b>	<b>324.4</b>	<b>319.2</b>	<b>326.0</b>	<b>327.7</b>	<b>329.3</b>	<b>330.9</b>	<b>328.5</b>	<b>335.1</b>
y/y growth	3.1%	2.5%	-0.5%	2.2%	207.7%	34.9%	5.7%	6.3%	5.7%	5.3%	5.1%	2.5%	2.0%	2.0%	2.9%	2.0%
q/q growth						1.0%	3.1%	1.0%	0.5%		0.5%	0.5%	0.5%	0.5%		
<b>Diluted</b>	<b>94.5</b>	<b>96.9</b>	<b>96.4</b>	<b>101.7</b>	<b>342.3</b>	<b>349.8</b>	<b>357.5</b>	<b>354.6</b>	<b>353.9</b>	<b>354.0</b>	<b>326.0</b>	<b>327.7</b>	<b>329.3</b>	<b>330.9</b>	<b>328.5</b>	<b>335.1</b>
y/y growth	3.1%	2.5%	-0.5%	5.5%	236.6%	3.4%	7.8%	2.9%	-0.2%	3.4%	-6.8%	-8.3%	-7.1%	-6.5%	-7.2%	2.0%
q/q growth						-1.3%	2.2%	-0.8%	-0.2%		-7.9%	0.5%	0.5%	0.5%		

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 178: Palo Alto Networks Non-GAAP Income Statement

\$ in millions, except per share data

	2019	2020	2021	2022	2023	Oct-23	Jan-24	Apr-24	Jul-24	2024	Oct-24	Jan-25	Apr-25	Jul-25	2025 (E)	2026 (E)
	Full Year	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25E	2Q25E	3Q25E	4Q25E	Full Year	Full Year
<b>Non-GAAP Income Statement</b>																
Product	1,096.2	1,064.2	1,120.3	1,363.1	1,578.4	341.1	390.7	391.0	480.5	1,603.3	371.0	388.0	402.9	516.7	1,678.7	1,729.3
Subscription	1,032.7	1,405.3	1,898.8	2,539.0	3,335.8	988.3	1,027.1	1,045.6	1,127.5	4,188.5	1,180.7	1,240.6	1,299.7	1,388.6	5,109.6	6,141.4
Support	770.7	938.9	1,237.0	1,599.4	1,978.5	548.7	557.3	548.2	581.5	2,235.7	563.3	579.4	583.9	609.7	2,336.3	2,450.2
Subscription & Support	1,803.4	2,344.2	3,135.8	4,138.4	5,314.3	1,537.0	1,584.4	1,593.8	1,709.0	6,424.2	1,744.0	1,820.0	1,883.6	1,998.3	7,445.9	8,591.6
<b>Total Revenue</b>	<b>2,899.6</b>	<b>3,408.4</b>	<b>4,256.1</b>	<b>5,501.5</b>	<b>6,892.7</b>	<b>1,878.1</b>	<b>1,975.1</b>	<b>1,984.8</b>	<b>2,189.5</b>	<b>8,027.5</b>	<b>2,115.0</b>	<b>2,208.0</b>	<b>2,286.5</b>	<b>2,515.0</b>	<b>9,124.5</b>	<b>10,320.9</b>
y/y growth	27.5%	17.5%	24.9%	29.3%	25.3%	20.1%	19.3%	15.3%	12.1%	16.5%	12.6%	11.8%	15.2%	14.9%	13.7%	13.1%
q/q growth						-3.8%	5.2%	0.5%	10.3%		-3.4%	4.4%	3.6%	10.0%		
<b>Cost of Revenue</b>																
Product	299.7	284.8	294.8	427.2	403.9	73.8	84.8	74.4	101.8	334.8	78.6	82.2	85.4	109.5	355.6	364.9
Subscription & Support	373.9	548.5	759.9	1,025.3	1,258.5	338.5	349.8	370.0	405.2	1,463.5	404.6	422.2	437.0	463.6	1,727.4	1,976.1
<b>Total Cost of Revenue</b>	<b>673.6</b>	<b>833.3</b>	<b>1,054.7</b>	<b>1,452.5</b>	<b>1,662.4</b>	<b>412.3</b>	<b>434.6</b>	<b>444.4</b>	<b>507.0</b>	<b>1,798.3</b>	<b>483.2</b>	<b>504.4</b>	<b>522.4</b>	<b>573.1</b>	<b>2,083.1</b>	<b>2,341.0</b>
% of revenue	23.2%	24.4%	24.8%	26.4%	24.1%	22.0%	22.0%	22.4%	23.2%	22.4%	22.8%	22.8%	22.8%	22.8%	22.8%	22.7%
<b>Gross Profit</b>																
Product	796.5	779.4	825.5	935.9	1,174.5	267.3	305.9	316.6	378.7	1,268.5	292.4	305.8	317.6	407.2	1,323.0	1,364.4
Gross Margin	72.7%	73.2%	73.7%	68.7%	74.4%	78.4%	78.3%	81.0%	78.8%	79.1%	78.8%	78.8%	78.8%	78.8%	78.8%	78.9%
Subscription & Support	1,429.5	1,795.7	2,375.9	3,113.1	4,055.8	1,198.5	1,234.6	1,223.8	1,303.8	4,960.7	1,339.4	1,397.7	1,446.6	1,534.7	5,718.4	6,615.5
Gross Margin	79.3%	76.6%	75.8%	75.2%	76.3%	78.0%	77.9%	76.8%	76.3%	77.2%	76.8%	76.8%	76.8%	76.8%	76.8%	77.0%
<b>Total Gross Profit</b>	<b>2,226.0</b>	<b>2,575.1</b>	<b>3,201.4</b>	<b>4,049.0</b>	<b>5,230.3</b>	<b>1,465.8</b>	<b>1,540.5</b>	<b>1,540.4</b>	<b>1,682.5</b>	<b>6,229.2</b>	<b>1,631.8</b>	<b>1,703.5</b>	<b>1,764.2</b>	<b>1,941.9</b>	<b>7,041.5</b>	<b>7,980.0</b>
Gross Margin	76.8%	75.6%	75.2%	73.6%	75.9%	78.0%	78.0%	77.6%	76.8%	77.6%	77.2%	77.2%	77.2%	77.2%	77.2%	77.3%
<b>Operating Expenses</b>																
Research and Development	347.8	487.9	701.2	926.3	1,097.4	285.6	302.0	319.8	350.8	1,258.2	318.3	333.6	365.8	395.6	1,413.4	1,585.9
% of revenue	12.0%	14.3%	16.5%	16.8%	15.9%	15.2%	15.3%	16.1%	16.0%	15.7%	15.1%	15.1%	16.0%	15.7%	15.5%	15.4%
Sales and Marketing	1,101.1	1,290.0	1,452.1	1,805.9	2,168.0	571.2	586.0	631.8	660.1	2,449.1	637.7	651.3	692.8	754.5	2,736.4	3,073.8
% of revenue	38.0%	37.8%	34.1%	32.8%	31.5%	30.4%	29.7%	31.8%	30.1%	30.5%	30.2%	29.5%	30.3%	30.0%	30.0%	29.8%
General and Administrative	139.9	198.1	245.8	274.0	305.0	79.7	88.3	80.9	83.3	332.2	86.7	92.7	91.7	96.6	367.7	409.7
% of revenue	4.8%	5.8%	5.8%	5.0%	4.4%	4.2%	4.5%	4.1%	3.8%	4.1%	4.1%	4.2%	4.0%	3.8%	4.0%	4.0%
<b>Total Operating Expenses</b>	<b>1,588.8</b>	<b>1,976.0</b>	<b>2,399.1</b>	<b>3,006.2</b>	<b>3,570.4</b>	<b>936.5</b>	<b>976.3</b>	<b>1,032.5</b>	<b>1,094.2</b>	<b>4,039.5</b>	<b>1,042.7</b>	<b>1,077.7</b>	<b>1,150.4</b>	<b>1,246.7</b>	<b>4,517.5</b>	<b>5,069.4</b>
% of revenue	54.8%	58.0%	56.4%	54.6%	51.8%	49.9%	49.4%	52.0%	50.0%	50.3%	49.3%	48.8%	50.3%	49.6%	49.5%	49.1%
<b>Operating Income</b>	<b>637.2</b>	<b>599.1</b>	<b>802.3</b>	<b>1,042.8</b>	<b>1,659.9</b>	<b>529.3</b>	<b>564.2</b>	<b>507.9</b>	<b>588.3</b>	<b>2,189.7</b>	<b>589.1</b>	<b>625.8</b>	<b>613.8</b>	<b>695.2</b>	<b>2,524.0</b>	<b>2,910.6</b>
<b>Operating Margin</b>	<b>22.0%</b>	<b>17.6%</b>	<b>18.9%</b>	<b>19.0%</b>	<b>24.1%</b>	<b>28.2%</b>	<b>28.6%</b>	<b>25.6%</b>	<b>26.9%</b>	<b>27.3%</b>	<b>27.9%</b>	<b>28.3%</b>	<b>26.8%</b>	<b>27.6%</b>	<b>27.7%</b>	<b>28.2%</b>
<b>Interest and Other Income</b>																
Interest 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
Interest Expense	(13.7)	(14.8)	(20.4)	(22.0)	(27.2)	(2.9)	(2.8)	(2.3)	0.3	(7.7)	(0.9)	(0.9)	(0.9)	(0.9)	(3.6)	(3.6)
Other Income (Expense), Net	68.1	37.0	4.8	8.1	213.5	71.3	84.7	77.6	81.5	315.1	75.5	75.5	75.5	75.5	302.0	320.0
<b>Total Interest and Other Income</b>	<b>54.4</b>	<b>22.2</b>	<b>(15.6)</b>	<b>(13.9)</b>	<b>186.3</b>	<b>68.4</b>	<b>81.9</b>	<b>75.3</b>	<b>81.8</b>	<b>307.4</b>	<b>74.6</b>	<b>74.6</b>	<b>74.6</b>	<b>74.6</b>	<b>298.4</b>	<b>316.4</b>
Income Before Taxes	691.6	621.3	786.7	1,028.9	1,846.2	597.7	646.1	583.2	670.1	2,497.1	663.7	700.4	688.4	769.8	2,822.4	3,227.0
Income Tax Expense (Benefit)	152.2	136.7	173.0	226.4	406.2	131.4	142.5	128.3	147.3	549.5	146.0	154.1	151.5	169.4	620.9	709.9
Tax Rate	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.1%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%
<b>Net Income</b>	<b>539.4</b>	<b>484.6</b>	<b>613.7</b>	<b>802.5</b>	<b>1,440.0</b>	<b>466.3</b>	<b>504.7</b>	<b>454.9</b>	<b>522.8</b>	<b>1,948.7</b>	<b>517.7</b>	<b>546.3</b>	<b>537.0</b>	<b>600.5</b>	<b>2,201.4</b>	<b>2,517.0</b>
<b>Non-GAAP EPS</b>																
	<b>\$5.45</b>	<b>\$4.88</b>	<b>\$6.14</b>	<b>\$7.56</b>	<b>\$4.44</b>	<b>\$1.38</b>	<b>\$1.46</b>	<b>\$1.32</b>	<b>\$1.51</b>	<b>\$5.67</b>	<b>\$1.48</b>	<b>\$1.56</b>	<b>\$1.52</b>	<b>\$1.69</b>	<b>\$6.25</b>	<b>\$7.05</b>
y/y growth	29.9%	-10.4%	25.9%	23.1%	-41.3%	65.9%	38.8%	19.3%	4.8%	27.8%	7.6%	6.9%	15.4%	12.2%	10.3%	12.8%
<b>Shares Outstanding</b>																
Basic	94.5	96.9	96.4	98.6	285.7	310.1	319.6	322.9	324.4	319.3	326.0	327.7	329.3	330.9	328.5	335.1
y/y growth	3.1%	2.5%	-0.5%	2.2%		34.9%	5.7%	6.3%	5.7%	11.7%	5.1%	2.5%	2.0%	2.0%	2.9%	2.0%
q/q growth						1.0%	3.1%	1.0%	0.5%		0.5%	0.5%	0.5%	0.5%		
Diluted	99.0	99.3	99.9	106.1	324.4	338.2	344.5	345.1	346.5	343.6	349.0	351.2	353.0	354.8	352.0	356.9
y/y growth	3.7%	0.3%	0.6%	6.2%		5.5%	8.9%	6.1%	3.4%	5.9%	3.2%	2.0%	2.3%	2.4%	2.4%	1.4%
q/q growth						0.9%	1.9%	0.2%	0.4%		0.7%	0.6%	0.5%	0.5%		
% of basic						109.1%	107.8%	106.9%	106.8%		107.1%	107.2%	107.2%	107.2%		

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 179: Palo Alto Networks Balance Sheet

\$ in millions, except per share data

	2019	2020	2021	2022	2023	Oct-23	Jan-24	Apr-24	Jul-24	2024	Oct-24	Jan-25	Apr-25	Jul-25	2025 (E)	2026 (E)
	Full Year	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25E	2Q25E	3Q25E	4Q25E	Full Year	Full Year
<b>Balance Sheet</b>																
<b>Current assets</b>																
Cash and cash equivalents	961.4	2,958.0	1,874.2	2,118.5	1,135.3	2,491.4	1,782.5	1,373.7	1,535.2	1,535.2	2,808.0	3,474.3	4,111.1	4,419.2	4,419.2	7,802.7
Short-term investments	1,841.7	789.8	1,026.9	1,516.0	1,254.7	1,402.4	1,588.5	1,516.7	1,043.6	1,043.6	1,043.6	1,043.6	1,043.6	1,043.6	1,043.6	1,043.6
Accounts receivable, net	582.4	1,037.1	1,240.4	2,142.5	2,463.2	1,413.0	1,896.3	1,715.4	2,618.6	2,618.6	1,599.3	1,839.0	1,879.4	3,155.8	3,155.8	3,581.0
Short-term financing receivables, net	0.0	0.0	0.0	111.3	388.8	445.9	445.5	572.3	725.9	725.9	685.3	750.7	777.4	1,207.2	1,207.2	1,584.3
Short-term deferred contract costs	0.0	206.0	276.5	317.7	339.2	328.7	328.0	337.0	369.0	369.0	343.2	345.3	357.6	366.0	366.0	393.7
Prepaid expenses and other current assets	279.3	138.3	229.3	208.9	466.8	396.2	405.9	403.7	557.4	557.4	431.5	441.6	457.3	633.8	633.8	622.4
<b>Total current assets</b>	<b>3,664.8</b>	<b>5,129.2</b>	<b>4,647.3</b>	<b>6,414.9</b>	<b>6,048.0</b>	<b>6,477.6</b>	<b>6,446.7</b>	<b>5,918.8</b>	<b>6,849.7</b>	<b>6,849.7</b>	<b>6,910.9</b>	<b>7,894.4</b>	<b>8,626.4</b>	<b>10,825.6</b>	<b>10,825.6</b>	<b>15,027.8</b>
<b>Non-current assets</b>																
Property and equipment, net	296.0	348.1	318.4	357.8	354.5	352.6	352.3	350.3	361.1	361.1	366.0	374.4	383.5	396.7	396.7	414.4
Operating lease right-of-use assets	0.0	258.7	262.9	242.0	263.3	274.3	355.8	369.7	385.9	385.9	385.9	385.9	385.9	385.9	385.9	385.9
Long-term investments	575.4	554.4	888.3	1,051.9	3,047.9	2,988.9	3,619.6	3,504.4	4,173.2	4,173.2	4,173.2	4,173.2	4,173.2	4,173.2	4,173.2	4,173.2
Long-term financing receivables, net	0.0	0.0	0.0	192.1	653.3	639.8	639.9	882.5	1,182.1	1,182.1	1,184.4	1,280.6	1,371.9	1,509.0	1,509.0	1,754.1
Long-term deferred contract costs	0.0	422.3	494.6	550.1	547.1	515.4	504.6	511.2	562.0	562.0	548.3	540.1	547.7	560.6	560.6	603.1
Goodwill	1,352.3	1,812.9	2,710.1	2,747.7	2,926.8	2,926.8	3,372.7	3,372.7	3,350.1	3,350.1	3,472.3	3,594.4	3,716.6	3,838.7	3,838.7	4,308.3
Intangible assets, net	280.6	358.2	498.6	384.5	315.4	290.5	440.1	407.9	374.9	374.9	353.7	331.7	308.8	283.7	283.7	180.4
Deferred tax assets	0.0	0.0	0.0	17.0	23.1	25.4	2,234.3	2,291.9	2,399.0	2,399.0	2,399.0	2,399.0	2,399.0	2,399.0	2,399.0	2,399.0
Other assets	423.1	181.6	421.4	295.6	321.7	317.2	326.0	321.4	352.9	352.9	338.4	353.3	365.8	402.4	402.4	452.7
<b>Total assets</b>	<b>6,592.2</b>	<b>9,065.4</b>	<b>10,241.6</b>	<b>12,253.6</b>	<b>14,501.1</b>	<b>14,808.5</b>	<b>18,292.0</b>	<b>17,930.8</b>	<b>19,990.9</b>	<b>19,990.9</b>	<b>20,132.1</b>	<b>21,326.9</b>	<b>22,278.7</b>	<b>24,774.8</b>	<b>24,774.8</b>	<b>29,698.9</b>
<b>Current liabilities</b>																
Accounts payable	73.3	63.6	56.9	128.0	132.3	131.8	178.8	108.9	116.3	116.3	148.3	165.8	108.8	150.7	150.7	154.4
Accrued compensation	235.5	322.2	430.6	461.1	548.3	331.4	452.6	385.9	554.7	554.7	338.4	397.4	365.8	553.3	553.3	384.8
Accrued and other liabilities	162.4	256.8	329.4	399.2	390.8	371.5	394.2	412.6	506.7	506.7	423.0	441.6	457.3	553.3	553.3	396.1
Deferred revenue, current	1,582.1	2,049.1	2,741.9	3,641.2	4,674.6	4,732.0	4,918.1	5,014.9	5,541.1	5,541.1	5,581.0	5,782.6	5,962.6	6,641.8	6,641.8	7,965.8
Convertible senior notes, net	0.0	0.0	1,557.9	3,676.8	1,991.5	1,946.7	1,821.8	1,162.5	963.9	963.9	964.9	965.4	965.9	966.4	966.4	968.4
<b>Total current liabilities</b>	<b>2,053.3</b>	<b>2,691.7</b>	<b>5,116.7</b>	<b>8,306.3</b>	<b>7,737.5</b>	<b>7,513.4</b>	<b>7,765.5</b>	<b>7,084.8</b>	<b>7,682.7</b>	<b>7,682.7</b>	<b>7,455.7</b>	<b>7,752.9</b>	<b>7,860.4</b>	<b>8,865.5</b>	<b>8,865.5</b>	<b>9,869.6</b>
<b>Long term liabilities</b>																
Convertible senior notes, net	1,430.0	3,084.1	1,668.1	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
Deferred revenue, less current	1,306.6	1,761.1	2,282.1	3,352.8	4,621.8	4,710.8	4,900.3	5,152.7	5,939.4	5,939.4	5,971.7	6,187.4	6,380.0	7,106.7	7,106.7	8,364.1
Long-term operating lease liabilities	0.0	336.6	313.4	276.1	279.2	275.8	362.7	369.8	387.7	387.7	387.7	387.7	387.7	387.7	387.7	387.7
Deferred tax liabilities	0.0	0.0	0.0	5.8	28.1	30.1	588.5	503.0	380.5	380.5	380.5	380.5	380.5	380.5	380.5	380.5
Other long-term liabilities	216.0	90.1	97.7	102.6	86.1	107.9	317.8	352.7	430.9	430.9	211.5	309.1	384.1	503.0	503.0	452.7
<b>Total Liabilities</b>	<b>5,005.9</b>	<b>7,963.6</b>	<b>9,478.0</b>	<b>12,043.6</b>	<b>12,752.7</b>	<b>12,638.0</b>	<b>13,934.8</b>	<b>13,463.0</b>	<b>14,821.2</b>	<b>14,821.2</b>	<b>14,407.1</b>	<b>15,017.6</b>	<b>15,392.8</b>	<b>17,243.4</b>	<b>17,243.4</b>	<b>19,454.6</b>
<b>Stockholders' equity</b>	<b>1,586.3</b>	<b>1,101.8</b>	<b>763.6</b>	<b>210.0</b>	<b>1,748.4</b>	<b>2,170.5</b>	<b>4,357.2</b>	<b>4,467.8</b>	<b>5,169.7</b>	<b>5,169.7</b>	<b>5,725.0</b>	<b>6,309.3</b>	<b>6,886.0</b>	<b>7,531.4</b>	<b>7,531.4</b>	<b>10,244.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,592.2</b>	<b>9,065.4</b>	<b>10,241.6</b>	<b>12,253.6</b>	<b>14,501.1</b>	<b>14,808.5</b>	<b>18,292.0</b>	<b>17,930.8</b>	<b>19,990.9</b>	<b>19,990.9</b>	<b>20,132.1</b>	<b>21,326.9</b>	<b>22,278.7</b>	<b>24,774.8</b>	<b>24,774.8</b>	<b>29,698.9</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 180: Palo Alto Networks Cash Flow Statement

\$ in millions, except per share data

	2019	2020	2021	2022	2023	Oct-23	Jan-24	Apr-24	Jul-24	2024	Oct-24	Jan-25	Apr-25	Jul-25	2025 (E)	2026 (E)
	Full Year	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25E	2Q25E	3Q25E	4Q25E	Full Year	Full Year
<b>Cash Flow Statement</b>																
<b>Cash from Operating Activities</b>																
Net income (loss)	(81.9)	(267.0)	(498.9)	(267.0)	439.7	194.2	1,746.9	278.8	357.7	2,577.6	261.6	287.1	269.0	305.8	1,123.6	1,378.5
Stock-based compensation	567.7	658.4	894.5	1,011.1	1,074.5	271.0	272.0	263.5	268.9	1,075.4	306.7	309.7	320.1	352.1	1,288.6	1,354.4
Depreciation and amortization	153.8	206.1	260.4	282.6	282.2	64.3	68.6	74.3	76.1	283.3	63.2	65.1	67.1	70.5	265.9	292.0
Amortization of deferred costs	216.4	254.4	298.0	362.1	413.4	105.5	108.9	110.3	121.3	446.0	110.8	115.0	117.3	129.5	472.6	486.9
Deferred income taxes	0.0	0.0	0.0	(1.4)	12.5	(0.3)	(1,691.0)	(127.0)	(215.4)	(2,033.7)					0.0	0.0
Amortization of debt discount and debt issuance costs	70.2	73.9	142.9	7.2	6.7	1.0	1.1	0.8	0.6	3.5	0.5	0.5	0.5	0.5	2.0	2.0
Amortization of operating lease right-of-use assets	7.0	47.4	44.5	54.4	49.9	12.4	13.7	14.6	14.6	55.3					0.0	0.0
Amortization of investment premiums, net of accretion of purch	(17.5)	(9.3)	13.1	13.5	(52.2)	(14.7)	(16.2)	(15.6)	(13.6)	(60.1)					0.0	0.0
<b>Working Capital:</b>	<b>234.9</b>	<b>71.8</b>	<b>348.6</b>	<b>522.2</b>	<b>550.8</b>	<b>892.6</b>	<b>186.0</b>	<b>(70.8)</b>	<b>(97.5)</b>	<b>910.3</b>	<b>711.6</b>	<b>74.9</b>	<b>50.7</b>	<b>(357.1)</b>	<b>480.2</b>	<b>565.7</b>
Accounts receivable	(108.7)	(435.6)	(172.4)	(902.0)	(320.3)	1,050.2	(482.2)	180.9	(903.2)	(154.3)	1,019.3	(239.6)	(40.4)	(1,276.4)	(537.2)	(425.2)
Financial receivables, net			(272.6)	(30.1)	(738.7)	(43.6)	0.3	(369.4)	(453.2)	(865.9)	38.3	(161.6)	(118.0)	(566.8)	(808.2)	(622.2)
Deferred contract costs		(194.0)	(440.8)	(458.8)	(431.9)	(63.3)	(96.0)	(125.9)	(204.1)	(489.3)	(71.3)	(108.9)	(137.2)	(150.9)	(468.3)	(557.0)
Prepaid expenses and other assets	(325.1)	(215.0)	(299.1)	(110.0)	(270.6)	54.0	8.1	1.3	(181.3)	(134.1)	140.4	(25.0)	(28.3)	(213.0)	(125.9)	(38.9)
Accounts payable	32.3	(12.8)	(11.8)	69.3	1.0	(0.4)	47.7	(67.8)	5.5	(15.0)	32.0	17.6	(57.1)	42.0	34.4	3.7
Accrued compensation	66.8	75.7	105.1	30.4	84.4	(216.9)	118.6	(66.7)	168.8	3.8	(216.3)	59.0	(31.6)	187.5	(1.4)	(168.5)
Accrued expenses and other liabilities	(20.6)	(39.8)	(28.5)	(46.6)	(74.8)	(33.8)	233.6	27.6	157.1	384.5	(303.1)	116.2	90.7	214.8	118.7	(207.5)
Deferred revenue	590.2	893.3	1,196.1	1,970.0	2,301.7	146.4	372.1	349.2	1,312.9	2,180.6	72.3	417.3	372.6	1,405.9	2,268.0	2,581.5
<b>Net cash provided by operating activities</b>	<b>1,055.6</b>	<b>1,035.7</b>	<b>1,503.0</b>	<b>1,984.7</b>	<b>2,777.5</b>	<b>1,526.0</b>	<b>690.0</b>	<b>528.9</b>	<b>512.7</b>	<b>3,257.6</b>	<b>1,454.4</b>	<b>852.4</b>	<b>824.8</b>	<b>501.3</b>	<b>3,632.9</b>	<b>4,079.6</b>
y/y growth	1.7%	-1.9%	45.1%	32.0%	39.9%	23.4%	-0.7%	22.4%	23.8%	17.3%	-4.7%	23.5%	55.9%	-2.2%	11.5%	12.3%
% of revenue	36.4%	30.4%	35.3%	36.1%	40.3%	81.3%	34.9%	26.6%	23.4%	40.6%	68.8%	38.6%	36.1%	19.9%	39.8%	39.5%
<b>Cash from investing activities</b>																
Purchase of investments	(2,984.6)	(1,180.8)	(1,958.9)	(2,271.7)	(5,460.4)	(854.7)	(1,156.7)	(475.1)	(1,064.8)	(3,551.3)	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from sales of investments	6.5	0.0	131.1	449.2	965.9	304.6	126.6	69.6	455.4	956.2					0.0	0.0
Proceeds from maturities of investments	2,057.1	2,266.7	1,240.5	1,118.9	2,811.5	457.9	350.4	556.0	488.3	1,852.6					0.0	0.0
Acquisitions, net of cash	(773.7)	(583.5)	(777.3)	(37.0)	(204.5)		(610.6)			(610.6)	(122.2)	(122.2)	(122.2)	(122.2)	(488.6)	(469.6)
Purchases of property and equipment	(131.2)	(214.4)	(116.0)	(192.8)	(146.3)	(36.8)	(35.2)	(37.4)	(47.4)	(156.8)	(47.0)	(51.4)	(53.3)	(58.6)	(210.3)	(206.4)
<b>Net cash used in investing activities</b>	<b>(1,825.9)</b>	<b>288.0</b>	<b>(1,480.6)</b>	<b>(933.4)</b>	<b>(2,033.8)</b>	<b>(129.0)</b>	<b>(1,325.5)</b>	<b>113.1</b>	<b>(168.5)</b>	<b>(1,509.9)</b>	<b>(169.1)</b>	<b>(173.6)</b>	<b>(175.4)</b>	<b>(180.8)</b>	<b>(698.9)</b>	<b>(676.0)</b>
<b>Cash from financing activities</b>																
Debt proceeds (repayments)	(481.1)	1,811.1	(1.1)	(0.6)	(1,692.0)	(46.0)	(126.3)	(661.8)	(199.6)	(1,033.7)	0.0	0.0	0.0	0.0	0.0	0.0
Repurchase of common stock	(330.0)	(1,198.1)	(1,178.1)	(892.3)	(272.7)	(66.7)	0.0	(500.0)	0.0	(566.7)	(100.0)	(100.0)	(100.0)	(100.0)	(400.0)	(400.0)
Proceeds from employee equity incentive plans	71.7	84.0	104.0	136.6	258.8	86.4	57.5	115.8	24.2	283.9	87.5	87.5	87.5	87.5	350.0	380.0
Other	(34.5)	(24.0)	(28.8)	(50.3)	(20.4)	(15.5)	(3.8)	(3.4)	(3.9)	(26.6)					0.0	0.0
<b>Net cash provided by financing activities</b>	<b>(773.9)</b>	<b>673.0</b>	<b>(1,104.0)</b>	<b>(806.6)</b>	<b>(1,726.3)</b>	<b>(41.8)</b>	<b>(72.6)</b>	<b>(1,049.4)</b>	<b>(179.3)</b>	<b>(1,343.1)</b>	<b>(12.5)</b>	<b>(12.5)</b>	<b>(12.5)</b>	<b>(12.5)</b>	<b>(50.0)</b>	<b>(20.0)</b>
FX Impact on cash and equivalents	0.0	0.0	0.0	0.0	0.0					0.0					0.0	0.0
Cash balance, beginning of period	2,509.2	965.0	2,961.7	1,880.1	2,124.8	1,142.2	2,497.4	1,789.3	1,381.9	1,142.2	1,546.8	2,819.6	3,485.9	4,122.7	1,546.8	4,430.8
Net change in cash	(1,544.2)	1,996.7	(1,081.6)	244.7	(982.6)	1,355.2	(708.1)	(407.4)	164.9	404.6	1,272.8	666.3	636.8	308.1	2,884.0	3,383.5
<b>Cash balance, end of period</b>	<b>965.0</b>	<b>2,961.7</b>	<b>1,880.1</b>	<b>2,124.8</b>	<b>1,142.2</b>	<b>2,497.4</b>	<b>1,789.3</b>	<b>1,381.9</b>	<b>1,546.8</b>	<b>1,546.8</b>	<b>2,819.6</b>	<b>3,485.9</b>	<b>4,122.7</b>	<b>4,430.8</b>	<b>4,430.8</b>	<b>7,814.3</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## PRGS

## Exhibit 181: Progress GAAP Income Statement

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Feb-24 1Q24	May-24 2Q24	Aug-24 3Q24	Nov-24 4Q24E	2024 (E) Full Year	Feb-25 1Q25E	May-25 2Q25E	Aug-25 3Q25E	Nov-25 4Q25E	2025 (E) Full Year	2026 (E) Full Year
<b>GAAP Income Statement</b>															
Software Licenses	115.2	156.6	188.3	220.8	64.1	54.0	57.9	73.2	249.1	64.1	54.0	60.7	69.5	248.3	260.7
Maintenance and Services	326.9	375.0	413.7	473.7	120.6	121.1	120.8	138.8	501.4	120.6	128.9	132.6	138.3	520.3	526.7
<b>Total Revenue</b>	<b>442.2</b>	<b>531.6</b>	<b>602.0</b>	<b>694.4</b>	<b>184.7</b>	<b>175.1</b>	<b>178.7</b>	<b>212.0</b>	<b>750.4</b>	<b>184.7</b>	<b>182.9</b>	<b>193.3</b>	<b>207.7</b>	<b>768.6</b>	<b>787.5</b>
<b>Cost of Revenue</b>															
License	4.8	5.3	10.2	11.2	2.7	2.5	2.7	4.5	12.4	2.7	2.5	2.8	4.2	12.3	12.9
Maintenance and services	49.7	58.2	62.2	85.3	22.2	22.2	20.1	26.0	90.5	22.2	23.4	23.4	25.5	94.5	95.7
Amortization of acquired intangibles	7.9	14.9	22.1	30.2	7.9	7.4	6.3	7.9	29.5	8.0	8.0	8.0	7.9	31.9	31.9
<b>Total Cost of Revenue</b>	<b>62.4</b>	<b>78.5</b>	<b>94.5</b>	<b>126.6</b>	<b>32.8</b>	<b>32.1</b>	<b>29.1</b>	<b>38.4</b>	<b>132.4</b>	<b>32.9</b>	<b>33.9</b>	<b>34.3</b>	<b>37.7</b>	<b>138.8</b>	<b>140.6</b>
% of revenue	14.1%	14.8%	15.7%	18.2%	17.8%	18.3%	16.3%	18.1%	17.6%	17.8%	18.5%	17.7%	18.1%	18.1%	17.9%
<b>Gross Profit</b>															
License	110.5	151.3	178.1	209.6	61.4	51.5	55.2	68.7	236.7	61.4	51.5	57.9	65.3	236.0	247.8
Maintenance and Services	277.2	316.8	351.5	388.4	98.4	98.9	100.8	112.8	410.9	98.4	105.5	109.1	112.8	425.8	431.0
<b>Total Gross Profit</b>	<b>379.8</b>	<b>453.1</b>	<b>507.5</b>	<b>567.9</b>	<b>151.9</b>	<b>143.0</b>	<b>149.6</b>	<b>173.6</b>	<b>618.1</b>	<b>151.8</b>	<b>149.0</b>	<b>159.0</b>	<b>170.1</b>	<b>629.9</b>	<b>646.9</b>
<b>Gross Margin</b>	<b>85.9%</b>	<b>85.2%</b>	<b>84.3%</b>	<b>81.8%</b>	<b>82.2%</b>	<b>81.7%</b>	<b>83.7%</b>	<b>81.9%</b>	<b>82.4%</b>	<b>82.2%</b>	<b>81.5%</b>	<b>82.3%</b>	<b>81.9%</b>	<b>81.9%</b>	<b>82.1%</b>
<b>Operating Expenses</b>															
Sales and Marketing	100.1	125.9	140.8	156.1	39.1	37.9	37.1	50.7	164.8	38.5	39.0	41.8	48.0	167.3	168.6
Product Development	88.6	103.3	114.6	132.4	35.0	35.4	34.7	41.3	146.5	34.5	36.3	36.7	38.6	146.1	149.0
General and Administrative	54.0	65.1	77.9	83.2	21.3	22.0	20.5	25.9	89.7	21.0	22.7	21.7	24.6	90.0	91.9
Amortization of Acquired Intangibles	20.0	32.0	46.9	66.4	17.4	16.3	13.8	17.7	65.2	17.6	17.6	17.6	17.7	70.5	70.5
Impairment of Intangible Assets															
Restructuring Expense	5.9	6.3	0.9	8.4	2.3	0.7	0.3	6.5	9.8					0.0	0.0
Acquisition-Related Expenses	3.6	4.4	4.6	4.7	0.7	0.5	1.9	8.6	11.7					0.0	0.0
Loss on Asset Held for Sale			(10.8)	0.0					0.0					0.0	0.0
Other			0.6	6.2	1.0	3.0	0.9	1.2	6.1					0.0	0.0
<b>Total Operating Expenses</b>	<b>272.3</b>	<b>337.0</b>	<b>375.4</b>	<b>457.3</b>	<b>116.9</b>	<b>115.9</b>	<b>109.3</b>	<b>151.8</b>	<b>493.8</b>	<b>111.7</b>	<b>115.5</b>	<b>117.8</b>	<b>128.9</b>	<b>473.8</b>	<b>479.9</b>
% of revenue	62%	63%	62%	66%	63%	66%	61%	72%	66%	60%	63%	61%	62%	62%	61%
<b>Operating Income</b>	<b>107.4</b>	<b>116.1</b>	<b>132.1</b>	<b>110.5</b>	<b>35.0</b>	<b>27.1</b>	<b>40.3</b>	<b>21.7</b>	<b>124.2</b>	<b>40.1</b>	<b>33.5</b>	<b>41.2</b>	<b>41.2</b>	<b>156.1</b>	<b>167.0</b>
<b>Operating Margin</b>	<b>24%</b>	<b>22%</b>	<b>22%</b>	<b>16%</b>	<b>19%</b>	<b>16%</b>	<b>23%</b>	<b>10%</b>	<b>17%</b>	<b>22%</b>	<b>18%</b>	<b>21%</b>	<b>20%</b>	<b>20%</b>	<b>21%</b>
Other Expense, Net	(11.1)	(20.6)	(14.9)	(30.9)	(7.4)	(7.0)	(6.1)	(10.1)	(30.6)	(10.1)	(10.1)	(10.1)	(10.1)	(40.5)	(40.5)
Income Before Taxes	96.4	95.5	117.3	79.7	27.6	20.1	34.3	11.6	93.6	30.0	23.4	31.1	31.1	115.6	126.5
Income Tax Expense (Benefit)	16.9	17.1	22.2	9.5	5.0	3.9	5.8	1.2	15.9	6.3	4.9	6.5	6.5	24.3	26.6
Tax Rate	17.6%	17.9%	18.9%	11.9%	18.0%	19.6%	17.0%	10.0%	17.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
<b>Net Income</b>	<b>79.4</b>	<b>78.4</b>	<b>95.1</b>	<b>70.2</b>	<b>22.6</b>	<b>16.2</b>	<b>28.5</b>	<b>10.4</b>	<b>77.7</b>	<b>23.7</b>	<b>18.5</b>	<b>24.6</b>	<b>24.6</b>	<b>91.3</b>	<b>99.9</b>
<b>GAAP EPS</b>	<b>\$1.75</b>	<b>\$1.76</b>	<b>\$2.12</b>	<b>\$1.57</b>	<b>\$0.51</b>	<b>\$0.37</b>	<b>\$0.65</b>	<b>\$0.24</b>	<b>\$1.76</b>	<b>\$0.55</b>	<b>\$0.43</b>	<b>\$0.57</b>	<b>\$0.57</b>	<b>\$2.08</b>	<b>\$2.27</b>
Shares Outstanding															
Basic	44.9	43.9	43.5	43.5	43.8	43.2	42.9	42.9	43.2	43.0	43.0	43.0	43.1	43.0	43.2
y/y growth	0.2%	-2.2%	-1.0%	0.0%	1.2%	-0.3%	-1.3%	-1.9%	-0.6%	-1.9%	-0.5%	0.4%	0.4%	-0.4%	0.4%
q/q growth					0.2%	-1.3%	-0.8%	0.1%		0.1%	0.1%	0.1%	0.1%		
Diluted	45.3	44.6	44.9	44.7	44.8	44.0	43.7	42.9	44.1	43.0	43.0	43.0	43.1	43.9	44.1
y/y growth	0.0%	-1.5%	0.6%	-0.5%	1.1%	-1.1%	-2.8%	-4.3%	-1.3%	-4.2%	-2.2%	-1.5%	0.4%	-0.4%	0.4%
q/q growth					0.0%	-1.9%	-0.6%	-1.8%		0.1%	0.1%	0.1%	0.1%		
% of basic	101.0%	101.6%			102.3%	101.7%	102.0%	100.0%		100.0%	100.0%	100.0%	100.0%		

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 182: Progress Non-GAAP Income Statement

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Feb-24 1Q24	May-24 2Q24	Aug-24 3Q24	Nov-24 4Q24E	2024 (E) Full Year	Feb-25 1Q25E	May-25 2Q25E	Aug-25 3Q25E	Nov-25 4Q25E	2025 (E) Full Year	2026 (E) Full Year
<b>Non-GAAP Income Statement</b>															
Software Licenses	115.4	159.7	188.7	220.8	64.1	54.0	57.9	73.2	249.1	64.1	54.0	60.7	69.5	248.3	260.7
Maintenance and services	334.2	397.8	421.9	477.3	120.6	121.1	120.8	138.8	501.4	120.6	128.9	132.6	138.3	520.3	526.7
<b>Total Revenue</b>	<b>449.5</b>	<b>557.6</b>	<b>610.6</b>	<b>698.2</b>	<b>184.7</b>	<b>175.1</b>	<b>178.7</b>	<b>212.0</b>	<b>750.4</b>	<b>184.7</b>	<b>182.9</b>	<b>193.3</b>	<b>207.7</b>	<b>768.6</b>	<b>787.5</b>
y/y growth	4.1%	24.0%	9.5%	14.3%	11.5%	-2.3%	1.7%	19.4%	7.5%	0.0%	4.4%	8.2%	-2.0%	2.4%	2.4%
q/q growth					4.0%	-5.2%	2.1%	18.6%		-12.9%	-1.0%	5.7%	7.5%		
<b>Cost of Revenue</b>															
License	4.8	5.3	10.2	11.2	2.7	2.5	2.7	4.5	12.4	2.7	2.5	2.8	4.2	12.3	12.9
Maintenance and services	48.4	56.7	60.2	82.3	21.2	21.3	19.2	25.1	86.9	21.2	22.4	22.5	24.6	90.8	91.9
<b>Total Cost of Revenue</b>	<b>53.1</b>	<b>62.0</b>	<b>70.5</b>	<b>93.4</b>	<b>24.0</b>	<b>23.8</b>	<b>21.9</b>	<b>29.6</b>	<b>99.2</b>	<b>24.0</b>	<b>24.9</b>	<b>25.4</b>	<b>28.8</b>	<b>103.1</b>	<b>104.8</b>
% of revenue	11.8%	11.1%	11.5%	13.4%	13.0%	13.6%	12.3%	14.0%	13.2%	13.0%	13.6%	13.1%	13.9%	13.4%	13.3%
<b>Gross Profit</b>															
License	110.6	154.4	178.5	209.7	61.4	51.5	55.2	68.7	236.7	61.4	51.5	57.9	65.3	236.0	247.8
Gross Margin	95.9%	96.7%	94.6%	94.9%	95.7%	95.4%	95.3%	93.9%	95.0%	95.7%	95.4%	95.3%	93.9%	95.0%	95.0%
Maintenance and services	285.8	341.2	361.7	395.0	99.4	99.8	101.6	113.7	414.5	99.4	106.5	110.0	113.6	429.5	434.8
Gross Margin	85.5%	85.8%	85.7%	82.8%	82.4%	82.4%	84.1%	81.9%	82.7%	82.4%	82.6%	83.0%	82.2%	82.5%	82.5%
<b>Total Gross Profit</b>	<b>396.4</b>	<b>495.6</b>	<b>540.2</b>	<b>604.7</b>	<b>160.7</b>	<b>151.3</b>	<b>156.8</b>	<b>182.4</b>	<b>651.2</b>	<b>160.8</b>	<b>157.9</b>	<b>167.9</b>	<b>178.9</b>	<b>665.5</b>	<b>682.6</b>
Gross Margin	88.2%	88.9%	88.5%	86.6%	87.0%	86.4%	87.7%	86.0%	86.8%	87.0%	86.4%	86.9%	86.1%	86.6%	86.7%
<b>Operating Expenses</b>															
Sales and Marketing	95.7	119.8	135.9	149.3	36.8	35.4	35.0	48.8	156.0	36.2	36.4	39.4	46.1	158.2	159.3
% of revenue	21.3%	21.5%	22.3%	21.4%	19.9%	20.2%	19.6%	23.0%	20.8%	19.6%	19.9%	20.4%	22.2%	20.6%	20.2%
Product Development	81.3	95.2	104.2	120.2	31.3	32.0	31.5	37.9	132.8	30.8	32.7	33.2	35.3	132.1	134.6
% of revenue	18.1%	17.1%	17.1%	17.2%	17.0%	18.3%	17.6%	17.9%	17.7%	16.7%	17.9%	17.2%	17.0%	17.2%	17.1%
General and Administrative	43.6	51.1	58.0	64.6	15.8	16.8	16.1	20.8	69.5	15.5	17.2	17.0	19.5	69.2	70.7
% of revenue	9.7%	9.2%	9.5%	9.3%	8.6%	9.6%	9.0%	9.8%	9.3%	8.4%	9.4%	8.8%	9.4%	9.0%	9.0%
<b>Total Operating Expenses</b>	<b>220.6</b>	<b>266.2</b>	<b>298.1</b>	<b>334.1</b>	<b>84.0</b>	<b>84.2</b>	<b>82.6</b>	<b>107.5</b>	<b>358.3</b>	<b>82.6</b>	<b>86.3</b>	<b>89.7</b>	<b>101.0</b>	<b>359.5</b>	<b>364.6</b>
% of revenue	49.1%	47.7%	48.8%	47.9%	45.5%	48.1%	46.2%	50.7%	47.7%	44.7%	47.2%	46.4%	48.6%	46.8%	46.3%
<b>Operating Income</b>	<b>175.8</b>	<b>229.4</b>	<b>242.1</b>	<b>270.6</b>	<b>76.8</b>	<b>67.1</b>	<b>74.1</b>	<b>74.9</b>	<b>292.9</b>	<b>78.2</b>	<b>71.6</b>	<b>78.2</b>	<b>77.9</b>	<b>306.0</b>	<b>318.1</b>
Operating Margin	39.1%	41.1%	39.6%	38.8%	41.6%	38.3%	41.5%	35.3%	39.0%	42.3%	39.2%	40.5%	37.5%	39.8%	40.4%
Other Expense, Net	(11.1)	(13.4)	(14.9)	(30.9)	(7.4)	(7.0)	(6.1)	(10.1)	(30.6)	(10.1)	(10.1)	(10.1)	(10.1)	(40.5)	(40.5)
Income Before Taxes	164.7	216.1	227.2	239.8	69.4	60.1	68.1	64.8	262.3	68.1	61.5	68.1	67.8	265.5	277.6
Income Tax Expense (Benefit)	31.6	43.2	44.4	45.6	13.4	12.2	12.8	11.5	49.9	12.9	11.7	12.9	12.9	50.4	52.7
Tax Rate	19.2%	20.0%	19.6%	19.0%	19.4%	20.3%	18.9%	17.7%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
<b>Net Income</b>	<b>133.2</b>	<b>172.9</b>	<b>182.8</b>	<b>194.2</b>	<b>55.9</b>	<b>47.9</b>	<b>55.2</b>	<b>53.3</b>	<b>212.4</b>	<b>55.1</b>	<b>49.8</b>	<b>55.2</b>	<b>54.9</b>	<b>215.1</b>	<b>224.8</b>
<b>Non-GAAP EPS</b>															
y/y growth	9.4%	31.9%	5.1%	6.8%	4.9%	3.2%	16.6%	19.3%	10.8%	0.9%	4.3%	-0.5%	2.6%	1.7%	4.1%
Shares Outstanding															
Basic	44.9	43.9	43.5	43.5	43.8	43.2	42.9	42.9	43.2	43.0	43.0	43.0	43.1	43.0	43.2
y/y growth	0.2%	-2.2%	-1.0%	0.0%	1.2%	-0.3%	-1.3%	-1.9%	-0.6%	-1.9%	-0.5%	0.4%	0.4%	-0.4%	0.4%
q/q growth					0.2%	-1.3%	-0.8%	0.1%		0.1%	0.1%	0.1%	0.1%		
Diluted	45.3	44.6	44.9	44.7	44.8	44.0	43.7	43.8	44.1	43.8	43.9	43.9	43.9	43.9	44.1
y/y growth			0.6%	-0.5%	1.1%	-1.1%	-2.8%	-2.4%	-1.3%	-2.3%	-0.2%	0.4%	0.4%	-0.4%	0.4%
q/q growth					0.0%	-1.9%	-0.6%	0.1%		0.1%	0.1%	0.1%	0.1%		
% of basic	101.0%	101.6%	103.2%	102.8%	102.3%	101.7%	102.0%	102.0%	102.0%	102.0%	102.0%	102.0%	102.0%	102.0%	102.0%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis



## Exhibit 183: Progress Balance Sheet

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Feb-24 1Q24	May-24 2Q24	Aug-24 3Q24	Nov-24 4Q24E	2024 (E) Full Year	Feb-25 1Q25E	May-25 2Q25E	Aug-25 3Q25E	Nov-25 4Q25E	2025 (E) Full Year	2026 (E) Full Year
<b>Balance Sheet</b>															
<b>Current assets</b>															
Total cash and cash equivalents	106.0	157.4	251.8	127.0	133.2	190.4	232.7	232.1	232.1	272.7	356.6	428.8	436.0	436.0	655.7
Accounts receivable, net	84.0	99.8	97.8	125.8	88.8	82.4	87.7	144.0	144.0	91.1	90.2	116.5	159.4	159.4	160.9
Unbilled receivables and contract assets	24.9	25.8	29.2	30.0	43.8	33.2	35.2	35.6	35.6	43.6	34.4	34.8	34.9	34.9	35.8
Other current assets	24.0	39.5	42.8	48.0	46.0	37.1	33.0	50.0	50.0	44.3	36.6	32.5	49.9	49.9	52.8
<b>Total current assets</b>	<b>238.9</b>	<b>337.8</b>	<b>421.5</b>	<b>330.8</b>	<b>311.9</b>	<b>343.0</b>	<b>388.6</b>	<b>461.8</b>	<b>461.8</b>	<b>451.7</b>	<b>517.7</b>	<b>612.6</b>	<b>680.2</b>	<b>680.2</b>	<b>905.2</b>
<b>Non-current assets</b>															
Property and equipment, net	29.8	14.3	14.9	15.2	14.1	13.1	12.6	11.1	11.1	17.1	14.1	12.0	10.5	10.5	9.7
Goodwill and intangible assets, net	704.5	958.3	888.4	1,186.4	1,160.8	1,137.4	1,117.5	1,091.9	1,091.9	1,066.3	1,040.7	1,015.1	989.5	989.5	887.1
Right-of-use lease assets	30.6	25.3	17.6	18.7	15.3	14.2	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9
Long-term unbilled receivables and contract assets	17.1	17.5	39.9	28.4	44.6	32.4	34.6	69.5	69.5	87.9	68.0	65.7	68.1	68.1	69.8
Other assets	20.8	10.3	24.6	23.3	26.7	46.2	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8	53.8
<b>Total assets</b>	<b>1,041.8</b>	<b>1,363.5</b>	<b>1,407.0</b>	<b>1,602.8</b>	<b>1,573.3</b>	<b>1,586.4</b>	<b>1,619.9</b>	<b>1,700.9</b>	<b>1,700.9</b>	<b>1,689.6</b>	<b>1,707.2</b>	<b>1,772.0</b>	<b>1,814.9</b>	<b>1,814.9</b>	<b>1,938.5</b>
<b>Current liabilities</b>															
Accounts payable and other current liabilities	70.9	84.2	76.6	92.8	69.8	71.2	88.0	84.8	84.8	68.7	73.1	92.8	83.1	83.1	76.6
Current portion of long-term debt, net	18.2	25.8	6.2	13.1	14.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term operating lease liabilities	7.0	7.9	7.5	10.1	9.8	9.4	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9
Short-term deferred revenue	166.4	205.0	227.7	236.1	247.2	226.6	218.0	271.4	271.4	243.8	234.1	247.4	265.9	265.9	272.4
<b>Total current liabilities</b>	<b>262.5</b>	<b>322.9</b>	<b>318.0</b>	<b>352.1</b>	<b>341.6</b>	<b>307.2</b>	<b>314.9</b>	<b>365.0</b>	<b>365.0</b>	<b>321.4</b>	<b>316.1</b>	<b>349.1</b>	<b>357.9</b>	<b>357.9</b>	<b>357.9</b>
<b>Non-current liabilities</b>															
Long-term debt, net	364.3	240.0	259.2	356.1	321.1	0.0	0.0	450.0	450.0	450.0	450.0	450.0	450.0	450.0	450.0
Convertible senior notes, net		294.5	352.6	354.8	355.3	794.3	795.3	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0
Long-term operating lease liabilities	27.0	23.1	15.0	13.0	11.2	10.0	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6
Long-term deferred revenue	26.9	47.4	54.8	58.9	74.5	65.0	67.3	80.6	80.6	73.9	73.1	77.3	83.1	83.1	80.9
Other long-term liabilities	15.1	23.1	13.3	8.1	7.8	8.2	8.1	9.3	9.3	8.1	8.8	8.5	9.1	9.1	10.2
<b>Total liabilities</b>	<b>695.8</b>	<b>951.0</b>	<b>1,013.0</b>	<b>1,143.1</b>	<b>1,111.6</b>	<b>1,184.7</b>	<b>1,194.2</b>	<b>1,273.5</b>	<b>1,273.5</b>	<b>1,222.1</b>	<b>1,216.6</b>	<b>1,253.5</b>	<b>1,268.7</b>	<b>1,268.7</b>	<b>1,267.6</b>
<b>Stockholders' equity</b>	<b>346.0</b>	<b>412.5</b>	<b>394.0</b>	<b>459.7</b>	<b>461.7</b>	<b>401.7</b>	<b>425.6</b>	<b>427.4</b>	<b>427.4</b>	<b>467.6</b>	<b>490.6</b>	<b>518.5</b>	<b>546.2</b>	<b>546.2</b>	<b>670.8</b>
<b>Total liabilities and stockholders' equity</b>	<b>1,041.8</b>	<b>1,363.5</b>	<b>1,407.0</b>	<b>1,602.8</b>	<b>1,573.3</b>	<b>1,586.4</b>	<b>1,619.9</b>	<b>1,700.9</b>	<b>1,700.9</b>	<b>1,689.6</b>	<b>1,707.2</b>	<b>1,772.0</b>	<b>1,814.9</b>	<b>1,814.9</b>	<b>1,938.5</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

**Exhibit 184: Progress Cash Flow Statement**

\$ in millions, except per share data

	2020	2021	2022	2023	Feb-24	May-24	Aug-24	Nov-24	2024 (E)	Feb-25	May-25	Aug-25	Nov-25	2025 (E)	2026 (E)
	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24E	Full Year	1Q25E	2Q25E	3Q25E	4Q25E	Full Year	Full Year
<b>Cash Flow Statement</b>															
<b>Cash from Operating Activities</b>															
<b>Net income (loss)</b>	<b>79.7</b>	<b>78.4</b>	<b>95.1</b>	<b>70.2</b>	<b>22.6</b>	<b>16.2</b>	<b>28.5</b>	<b>10.4</b>	<b>77.7</b>	<b>23.7</b>	<b>18.5</b>	<b>24.6</b>	<b>24.6</b>	<b>91.3</b>	<b>99.9</b>
Depreciation and amortization	34.8	61.2	76.8	105.3	27.5	27.5	23.1	28.4	106.6	27.9	29.6	28.8	28.3	114.7	115.0
Stock-based compensation	23.5	29.7	37.1	40.5	12.5	12.0	10.6	11.3	46.4	12.5	12.5	11.4	11.1	47.5	48.7
Non-cash lease expense	8.6	10.9	7.8	0.0					0.0					0.0	0.0
Gain/Loss on disposal of property and equipment/int.	0.1	0.0	(10.8)	0.0					0.0					0.0	0.0
Impairment of intangible and long-lived assets			0.0	0.0					0.0					0.0	0.0
Loss on assets held for sales			0.0	0.0					0.0					0.0	0.0
Deferred income taxes	(2.6)	(0.9)	(7.6)	0.0					0.0					0.0	0.0
Allowances for bad debt and sales credits	0.2	(0.3)	0.8	0.0					0.0					0.0	0.0
Other non-cash adjustments			(3.5)	(18.8)	1.3	(0.8)	(6.1)								
<b>Changes in Working Capital:</b>	<b>0.6</b>	<b>(0.6)</b>	<b>(7.0)</b>	<b>(23.3)</b>	<b>6.5</b>	<b>8.8</b>	<b>1.7</b>	<b>(44.2)</b>	<b>(28.9)</b>	<b>(19.2)</b>	<b>32.4</b>	<b>16.5</b>	<b>(47.5)</b>	<b>(17.8)</b>	<b>(8.1)</b>
<b>Net cash provided by operating activities</b>	<b>144.8</b>	<b>178.5</b>	<b>188.7</b>	<b>173.9</b>	<b>70.5</b>	<b>63.7</b>	<b>57.7</b>	<b>6.0</b>	<b>201.8</b>	<b>44.9</b>	<b>92.9</b>	<b>81.4</b>	<b>16.5</b>	<b>235.7</b>	<b>255.4</b>
<i>y/y growth</i>	12.7%	23.3%	5.7%	-7.8%	50.8%	32.8%	25.2%	-82.0%	16.0%	-36.4%	45.9%	41.1%	176.6%	16.8%	8.4%
<i>% of revenue</i>	32.2%	32.0%	30.9%	24.9%	38.2%	36.4%	32.3%	2.8%	26.9%	24.3%	50.8%	42.1%	7.9%	30.7%	32.4%
<b>Cash from Investing Activities</b>															
Purchase of investments	(5.0)														
Sales and maturities of investments	16.4	6.0	0.3												
Purchases of property and equipment	(6.5)	(4.7)	(6.1)	(5.6)	(0.3)	(1.0)	(1.1)	(1.3)	(3.6)	(0.3)	(1.0)	(1.2)	(1.2)	(3.7)	(3.8)
Acquisition of businesses, net of cash	(213.1)	(254.0)		(356.1)											
Decrease in escrow receivable and other	0.9	2.3													
<b>Net cash used in investing activities</b>	<b>(207.3)</b>	<b>(250.3)</b>	<b>(5.8)</b>	<b>(361.7)</b>	<b>(0.3)</b>	<b>(1.0)</b>	<b>(1.1)</b>	<b>(1.3)</b>	<b>(3.6)</b>	<b>(0.3)</b>	<b>(1.0)</b>	<b>(1.2)</b>	<b>(1.2)</b>	<b>(3.7)</b>	<b>(3.8)</b>
<b>Cash from Financing Activities</b>															
Proceeds from stock-based compensation plans	11.1	15.0	4.1												
Payments for taxes related to net share settlements	(5.3)	(5.2)	(3.1)												
Repurchases of common stock, net	(60.0)	(35.0)	(65.0)	(8.0)	(14.9)	(44.6)	(9.8)	(20.0)	(89.3)	(8.0)	(8.0)	(8.0)	(8.0)	(32.0)	(32.0)
Dividend payments to stockholders	(29.9)	(31.6)	(31.1)	(31.6)	(8.2)	(8.0)	(7.7)		(23.8)					0.0	0.0
Proceeds from the issuance of debt	98.5	350.1	7.2	195.0		431.9			431.9					0.0	0.0
Purchase of capped calls		(43.1)	0.0	0.0		(42.2)			(42.2)					0.0	0.0
Payment of principal on long-term debt	(11.3)	(117.3)	(6.9)	(91.9)	(33.4)	(337.8)		14.7	(356.5)	0.0	0.0	0.0	0.0	0.0	0.0
Payment of debt issuance costs		(0.9)	(2.0)	0.0					0.0					0.0	0.0
Payments for acquisitions, net of cash acquired				0.8											
Other			4.3	(6.0)	(7.4)	(4.8)	3.1		(9.1)					0.0	0.0
<b>Net cash provided by financing activities</b>	<b>3.1</b>	<b>132.1</b>	<b>(92.4)</b>	<b>58.4</b>	<b>(63.9)</b>	<b>(5.5)</b>	<b>(14.3)</b>	<b>(5.3)</b>	<b>(89.0)</b>	<b>(8.0)</b>	<b>(8.0)</b>	<b>(8.0)</b>	<b>(8.0)</b>	<b>(32.0)</b>	<b>(32.0)</b>
FX impact	3.1	(3.0)	0.7												
Cash balance, beginning of period	154.4	98.1	157.1	256.3	127.0	133.2	190.4	232.7	127.0	236.1	272.7	356.6	428.8	236.1	436.0
Net change in cash	(56.3)	57.3	91.2	(129.3)	6.3	57.2	42.3	(0.6)	109.1	36.6	83.9	72.2	7.2	199.9	219.7
<b>Cash balance, end of period</b>	<b>98.1</b>	<b>155.4</b>	<b>248.3</b>	<b>127.0</b>	<b>133.2</b>	<b>190.4</b>	<b>232.7</b>	<b>232.1</b>	<b>236.1</b>	<b>272.7</b>	<b>356.6</b>	<b>428.8</b>	<b>436.0</b>	<b>436.0</b>	<b>655.7</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

**Exhibit 185: Progress Discounted Cash Flow (DCF) – Plausible**

\$ in millions, except per share data

**Assumptions and Inputs**

Current risk-free rate	3.8%
Historical risk-free rate	5.0%
Beta	0.7
Historical equity risk premium	6.5%
Terminal growth rate	5.0%
Market Value (\$M)	\$3,009
Debt Value (\$M)	\$795
Cost of equity	8.4%
Cost of debt	8.7%
Tax rate	21.0%
<b>WACC</b>	<b>8.1%</b>

Last Reported Quarter End 8/31/2024  
Full Year End 11/30/2024

**Scenario 1: Base Case**

Fiscal year	Historicals			Hyper Growth Period					Transitional Period					Terminal	
	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	Perpetuity
Corresponding Calendar Year Period	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
				0.3	1.3	2.3	2.3	3.3	4.3	5.3	6.3	7.3	8.3	9.3	
Risk free rate			3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
Beta			0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.9	0.9	1.0	1.0	1.0
Equity risk premium			6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Cost of equity			8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.7%	9.0%	9.4%	9.7%	10.0%	10.3%	10.3%
Cost of debt			8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
Debt/Total Value			20.9%	20.9%	20.9%	20.9%	20.9%	20.9%	21.6%	22.3%	23.0%	23.6%	24.3%	25.0%	25.0%
<b>WACC</b>			<b>8.1%</b>	<b>8.1%</b>	<b>8.1%</b>	<b>8.1%</b>	<b>8.1%</b>	<b>8.1%</b>	<b>8.3%</b>	<b>8.6%</b>	<b>8.8%</b>	<b>9.0%</b>	<b>9.2%</b>	<b>9.4%</b>	<b>9.4%</b>
Discount factor				1.0	0.9	0.8	0.8	0.8	0.7	0.6	0.6	0.5	0.5	0.4	0.4
<b>Total Revenue / Implied Revenue</b>	<b>558</b>	<b>611</b>	<b>698</b>	<b>750</b>	<b>769</b>	<b>776</b>	<b>784</b>	<b>792</b>	<b>799</b>	<b>806</b>	<b>813</b>	<b>819</b>	<b>825</b>	<b>831</b>	<b>831</b>
y/y change		9.5%	14.3%	7.5%	2.4%	1.0%	1.0%	1.0%	0.9%	0.9%	0.8%	0.8%	0.7%	1%	1%
<b>Free Cash Flow to Firm (FCFF)</b>	<b>(49)</b>	<b>220</b>	<b>(155)</b>	<b>264</b>	<b>296</b>	<b>233</b>	<b>243</b>	<b>253</b>	<b>260</b>	<b>266</b>	<b>272</b>	<b>279</b>	<b>285</b>	<b>291</b>	<b>291</b>
FCF margin	-8.7%	36.0%	-22.3%	35.2%	38.5%	30.0%	31.0%	32.0%	33%	33%	34%	34%	35%	35%	35%
y/y change			-170.7%	-269.9%	12.1%	-21.3%	4.4%	4%	3%	2%	2%	2%	2%	2%	2%
Diluted Shares Outstanding	45	45	45	44	44	44	44	44	44	44	44	44	44	44	44
y/y change		0.6%	-0.5%	-1.3%	-0.4%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>FCFF per share</b>	<b>\$4.90</b>	<b>(\$3.48)</b>	<b>\$5.99</b>	<b>\$6.74</b>	<b>\$5.31</b>	<b>\$5.54</b>	<b>\$5.77</b>	<b>\$5.92</b>	<b>\$6.06</b>	<b>\$6.21</b>	<b>\$6.35</b>	<b>\$6.49</b>	<b>\$6.62</b>	<b>\$6.62</b>	<b>\$102.80</b>
NPV of FCF per share				\$5.87	\$6.12	\$4.45	\$4.65	\$4.48	\$4.21	\$3.94	\$3.67	\$3.40	\$3.13	\$2.87	\$44.62

Cumulative NPV of FCFF/share	\$46.81
Terminal Value FCF/Share	\$44.62
<b>Total NPV of FCF/Share</b>	<b>\$ 91.42</b>
<b>Net Cash per share</b>	<b>\$ (13.67)</b>
Net cash balance	(563)
Working Capital - 5% of revenue	34.91
Shares outstanding	44
<b>Implied Total NPV/Share</b>	<b>\$78</b>
Current Price	\$67.37
<b>Upside/(Downside) Potential</b>	<b>15%</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis





## Exhibit 188: Pure Storage Balance Sheet

\$ in millions, except per share data

	Jan-21 FY21	Jan-22 FY22	Jan-23 FY23	Apr-23 F1Q24	Jul-23 F2Q24	Oct-23 F3Q24	Jan-24 F4Q24	Jan-24 FY24	Apr-24 F1Q25	Jul-24 F2Q25	Oct-24 F3Q25E	Jan-25 F4Q25E	2025 (E) FY25E	Apr-25 F1Q26E	Jul-25 F2Q26E	Oct-25 F3Q26E	Jan-26 F4Q26E	2026 (E) FY26E
<b>Balance Sheet</b>																		
<b>Current assets</b>																		
Cash and cash equivalents	337.1	466.2	580.9	378.3	408.9	529.2	702.5	702.5	900.6	965.0	997.2	1,179.3	1,179.3	1,294.1	1,515.3	1,514.2	1,813.9	1,813.9
Marketable securities	916.4	947.1	1,001.4	805.7	819.8	821.9	828.6	828.6	823.4	855.5	855.5	855.5	855.5	855.5	855.5	855.5	855.5	855.5
Accounts receivable, net	460.9	542.1	612.5	391.3	525.3	636.3	662.2	662.2	423.5	416.5	580.8	666.0	666.0	538.2	568.2	783.0	791.0	791.0
Inventory	46.7	38.9	50.2	51.8	47.5	46.2	42.7	42.7	40.7	43.5	61.1	25.9	25.9	55.2	46.5	76.7	27.6	27.6
Deferred Commissions, current	57.2	81.6	68.6	68.8	71.3	74.3	88.7	88.7	85.4	87.4	90.5	93.5	93.5	88.5	85.2	90.8	96.1	96.1
Prepaid expenses and other current assets	89.8	116.2	161.4	171.8	168.3	139.1	173.4	173.4	174.2	185.1	202.6	200.5	200.5	186.6	200.4	219.8	215.2	215.2
<b>Total current assets</b>	<b>1,908.2</b>	<b>2,192.2</b>	<b>2,474.9</b>	<b>1,867.8</b>	<b>2,041.1</b>	<b>2,247.0</b>	<b>2,498.1</b>	<b>2,498.1</b>	<b>2,447.8</b>	<b>2,553.0</b>	<b>2,787.6</b>	<b>3,020.6</b>	<b>3,020.6</b>	<b>3,018.1</b>	<b>3,271.0</b>	<b>3,540.0</b>	<b>3,799.4</b>	<b>3,799.4</b>
<b>Non-current assets</b>																		
Property and equipment, net	163.0	195.3	272.4	302.9	325.8	337.6	352.6	352.6	368.2	396.7	406.9	418.6	418.6	427.0	442.8	463.0	483.6	483.6
Operating lease right-of-use assets	134.7	111.8	158.9	155.2	133.1	126.6	129.9	129.9	126.4	138.8	138.8	138.8	138.8	138.8	138.8	138.8	138.8	138.8
Deferred commissions, non-current	130.7	164.7	177.2	179.4	184.1	190.6	215.6	215.6	211.2	210.8	218.1	225.4	225.4	213.3	205.5	219.0	231.7	231.7
Intangible assets, net	76.6	62.6	49.2	45.1	40.9	36.9	33.0	33.0	29.2	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0
Goodwill	358.7	358.7	361.4	361.4	361.4	361.4	361.4	361.4	361.4	361.4	361.4	361.4	361.4	361.4	361.4	361.4	361.4	361.4
Deferred income taxes, non-current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash	10.5	10.5	10.5	10.0	10.0	10.0	9.6	9.6	9.6	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8
Other long-term assets	36.9	39.4	38.8	37.6	37.6	45.5	55.5	55.5	69.8	78.8	51.5	49.6	49.6	57.9	64.7	58.1	58.1	58.1
<b>Total assets</b>	<b>2,819.4</b>	<b>3,135.3</b>	<b>3,543.5</b>	<b>2,959.3</b>	<b>3,133.9</b>	<b>3,355.5</b>	<b>3,655.8</b>	<b>3,655.8</b>	<b>3,623.6</b>	<b>3,781.3</b>	<b>4,006.1</b>	<b>4,256.3</b>	<b>4,256.3</b>	<b>4,258.2</b>	<b>4,526.0</b>	<b>4,822.1</b>	<b>5,114.8</b>	<b>5,114.8</b>
<b>Current liabilities</b>																		
Accounts payable	67.5	70.7	67.1	71.3	98.0	101.1	82.8	82.8	55.7	68.1	97.0	86.2	86.2	69.3	93.1	127.5	99.8	99.8
Accrued compensation and benefits	160.8	205.4	232.6	143.2	165.4	149.7	250.3	250.3	137.7	176.6	188.5	197.9	197.9	149.5	173.5	190.5	197.8	197.8
Accrued expenses and other liabilities	61.8	78.5	123.7	121.2	128.8	141.2	135.8	135.8	127.9	119.4	119.4	119.4	119.4	119.4	119.4	119.4	119.4	119.4
Operating lease liabilities, current	32.2	35.1	33.7	38.0	41.7	44.3	44.7	44.7	44.8	49.6	49.6	49.6	49.6	49.6	49.6	49.6	49.6	49.6
Deferred revenue, current	438.3	562.6	718.1	732.4	769.9	801.6	852.2	852.2	860.2	869.3	895.4	953.6	953.6	934.5	962.6	1,001.1	1,071.2	1,071.2
Debt, current	-	-	574.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liability related to early exercised stock options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>760.7</b>	<b>952.3</b>	<b>1,749.9</b>	<b>1,106.2</b>	<b>1,203.8</b>	<b>1,237.9</b>	<b>1,365.7</b>	<b>1,365.7</b>	<b>1,226.3</b>	<b>1,283.0</b>	<b>1,349.9</b>	<b>1,406.7</b>	<b>1,406.7</b>	<b>1,322.3</b>	<b>1,398.2</b>	<b>1,488.1</b>	<b>1,537.8</b>	<b>1,537.8</b>
<b>Long term liabilities</b>																		
Long-term debt, net	755.8	786.8	-	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Operating lease liabilities, non-current	120.4	93.5	142.5	139.7	132.2	122.4	123.2	123.2	120.7	128.7	128.7	128.7	128.7	128.7	128.7	128.7	128.7	128.7
Deferred revenue, non-current	405.4	517.3	667.5	663.2	667.2	694.9	742.3	742.3	741.3	754.3	777.0	827.5	827.5	810.9	835.2	868.6	929.5	929.5
Deferred tax liabilities, non-current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities, non-current	27.2	31.1	42.4	44.3	44.4	51.8	54.5	54.5	61.4	62.1	66.3	69.6	69.6	60.8	70.6	77.5	80.4	80.4
<b>Total Liabilities</b>	<b>2,069.4</b>	<b>2,381.0</b>	<b>2,602.2</b>	<b>2,053.4</b>	<b>2,147.6</b>	<b>2,207.1</b>	<b>2,385.7</b>	<b>2,385.7</b>	<b>2,249.6</b>	<b>2,328.1</b>	<b>2,421.8</b>	<b>2,532.5</b>	<b>2,532.5</b>	<b>2,422.6</b>	<b>2,532.7</b>	<b>2,662.9</b>	<b>2,776.3</b>	<b>2,776.3</b>
<b>Stockholders' equity</b>	<b>750.0</b>	<b>754.3</b>	<b>941.2</b>	<b>905.8</b>	<b>986.3</b>	<b>1,148.5</b>	<b>1,270.1</b>	<b>1,270.1</b>	<b>1,374.0</b>	<b>1,453.2</b>	<b>1,579.5</b>	<b>1,719.0</b>	<b>1,719.0</b>	<b>1,826.9</b>	<b>1,984.6</b>	<b>2,150.4</b>	<b>2,329.7</b>	<b>2,329.7</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,819.4</b>	<b>3,135.3</b>	<b>3,543.5</b>	<b>2,959.3</b>	<b>3,133.9</b>	<b>3,355.5</b>	<b>3,655.8</b>	<b>3,655.8</b>	<b>3,623.6</b>	<b>3,781.3</b>	<b>4,006.1</b>	<b>4,256.3</b>	<b>4,256.3</b>	<b>4,258.2</b>	<b>4,526.0</b>	<b>4,822.1</b>	<b>5,114.8</b>	<b>5,114.8</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis



### Exhibit 190: Pure Storage Discounted Cash Flow Statement – Plausible Case

\$ in millions, except per share data

#### Assumptions and Inputs

Current risk-free rate	4.0%
Beta	1.70
Historical equity risk premium	6.5%
Terminal growth rate	5.0%

Market Value (\$M)	16,592
Debt Value (\$M)	\$ 100
Cost of equity	15.1%
Cost of debt	7.5%
Tax rate	20.0%
<b>WACC</b>	<b>15.0%</b>

Last Reported Quarter End	7/31/2024
Full Year End	1/31/2025

#### Scenario 1: Plausible Scenario

Fiscal year	Historicals			Hyper Growth Period					Transitional Period					Terminal	Perpetuity
	F2022	F2023	F2024	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E	F2031E	F2032E	F2033E	F2034E	F2035E	
Corresponding Calendar Year Period	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Risk free rate			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%
Beta			1.70	1.70	1.70	1.70	1.70	1.70	1.58	1.47	1.35	1.23	1.12	1.00	
Historical equity risk premium			6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	
Cost of equity			15.1%	15.1%	15.1%	15.1%	15.1%	15.1%	14.3%	13.5%	12.8%	12.0%	11.3%	10.5%	
Cost of debt			7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	
Debt/Total Value			0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%	0.7%	0.8%	0.9%	0.9%	1.0%	
<b>WACC</b>			<b>15.0%</b>	<b>15.0%</b>	<b>15.0%</b>	<b>15.0%</b>	<b>15.0%</b>	<b>15.0%</b>	<b>14.2%</b>	<b>13.5%</b>	<b>12.7%</b>	<b>12.0%</b>	<b>11.2%</b>	<b>10.5%</b>	
Discount factor				0.93	0.81	0.71	0.61	0.53	0.48	0.44	0.41	0.38	0.36	0.35	
<b>Total Revenue / Implied Total Revenue</b>	<b>2,180.8</b>	<b>2,753.4</b>	<b>2,830.6</b>	<b>3,191.3</b>	<b>3,635.8</b>	<b>4,121.3</b>	<b>4,670.0</b>	<b>5,370.5</b>	<b>6,086.5</b>	<b>6,796.6</b>	<b>7,476.3</b>	<b>8,099.3</b>	<b>8,639.3</b>	<b>9,071.3</b>	
y/y change		26.3%	2.8%	12.7%	13.9%	13.4%	13.3%	15.0%	13%	12%	10%	8%	7%	5%	
<b>Free Cash Flow to Firm (FCFF)</b>	<b>107.7</b>	<b>388.0</b>	<b>343.1</b>	<b>548.6</b>	<b>630.7</b>	<b>769.1</b>	<b>980.7</b>	<b>1,235.2</b>	<b>1,521.6</b>	<b>1,835.1</b>	<b>2,168.1</b>	<b>2,510.8</b>	<b>2,851.0</b>	<b>3,174.9</b>	
FCF margin	4.9%	14.1%	12.1%	17.2%	17.3%	18.7%	21.0%	23.0%	25%	27%	29%	31%	33%	35%	
y/y change		NM	-11.6%	NM	15.0%	21.9%	27.5%	26.0%	23.2%	20.6%	18.1%	15.8%	13.5%	11.4%	
Diluted Shares Outstanding	301	316	326	343	355	366	375	382	390	398	406	414	422	431	
y/y change		4.9%	3.4%	5.0%	3.6%	3.1%	2.5%	2.0%	2%	2%	2%	2%	2%	2%	
<b>FCFF per share</b>	<b>\$0.36</b>	<b>\$1.23</b>	<b>\$1.05</b>	<b>\$1.60</b>	<b>\$1.78</b>	<b>\$2.10</b>	<b>\$2.62</b>	<b>\$3.23</b>	<b>\$3.90</b>	<b>\$4.61</b>	<b>\$5.34</b>	<b>\$6.07</b>	<b>\$6.75</b>	<b>\$7.37</b>	
NPV of FCF per share				\$1.49	\$1.44	\$1.48	\$1.60	\$1.72	\$1.88	\$2.03	\$2.18	\$2.32	\$2.46	\$2.59	

Cumulative NPV of FCFF/share	\$21.20
Terminal Value FCF/Share	\$47.57
<b>Total NPV of FCF/Share</b>	<b>\$68.77</b>
<b>Net Cash per share</b>	<b>\$ 3.36</b>
Net cash balance	1,251
Working Capital - 5% of revenue	141.5
Shares outstanding	330
<b>Implied Total NPV/Share</b>	<b>\$72</b>
Current Price	\$50.24
<b>Upside/(Downside) Potential</b>	<b>44%</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis







## Exhibit 193: Rubrik Balance Sheet

\$ in millions, except per share data

	Jan-22 FY22	Apr-22 F1Q23	Jul-22 F2Q23	Oct-22 F3Q23	Jan-23 F4Q23	Jan-23 FY23	Apr-23 F1Q24	Jul-23 F2Q24	Oct-23 F3Q24	Jan-24 F4Q24	Jan-24 FY24	Apr-24 F1Q25	Jul-24 F2Q25	Oct-24 F3Q25E	Jan-25 F4Q25E	Jan-25 FY25E	Apr-25 F1Q26E	Jul-25 F2Q26E	Oct-25 F3Q26E	Jan-26 F4Q26E	Jan-26 FY26E
<b>Balance Sheet</b>																					
<b>Current assets</b>																					
Cash, cash equivalents, short-term investments	138.8	109.7	246.4	279.9	295.9	295.9	272.6	262.2	270.6	279.3	279.3	502.6	142.3	136.7	149.6	149.6	610.2	605.6	546.8	601.4	601.4
Short-term investments	-	-	-	-	-	-	-	-	-	-	-	103.7	459.0	-	-	-	-	-	-	-	-
Accounts receivables	159.4	108.7	145.1	145.1	150.6	150.6	128.5	151.6	137.6	133.5	133.5	97.4	138.2	147.8	196.3	196.3	191.2	211.7	269.1	309.0	309.0
Deferred commissions	38.0	41.4	52.5	50.5	57.5	57.5	58.8	64.6	68.0	72.1	72.1	74.5	83.5	88.6	92.2	92.2	90.2	99.8	96.9	99.0	99.0
Prepaid expenses and other current assets	32.8	35.6	40.3	46.2	60.7	60.7	49.2	46.1	60.7	63.9	63.9	74.7	65.9	60.9	72.5	72.5	92.1	77.7	69.3	83.1	83.1
<b>Total current assets</b>	<b>369.0</b>	<b>295.4</b>	<b>484.3</b>	<b>521.7</b>	<b>564.8</b>	<b>564.8</b>	<b>509.1</b>	<b>524.5</b>	<b>536.8</b>	<b>548.7</b>	<b>548.7</b>	<b>852.9</b>	<b>889.0</b>	<b>434.1</b>	<b>510.6</b>	<b>510.6</b>	<b>983.6</b>	<b>994.9</b>	<b>982.2</b>	<b>1,092.5</b>	<b>1,092.5</b>
<b>Non-current assets</b>																					
Property and equipment	35.5	35.2	39.3	42.1	49.3	49.3	49.7	49.1	47.4	47.9	47.9	46.0	46.2	49.8	49.7	49.7	52.6	55.8	59.1	62.3	62.3
Deferred commissions, noncurrent	63.5	66.0	83.2	83.8	97.7	97.7	99.9	110.1	106.3	113.8	113.8	114.2	130.1	122.4	127.3	127.3	124.6	137.8	133.8	136.8	136.8
Goodwill	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	100.3	100.3	100.3	100.3	100.3	100.3	100.3	100.3	100.3	100.3	100.3	100.3	100.3
Other assets, noncurrent	46.8	53.5	55.4	56.6	53.1	53.1	53.9	51.0	62.2	62.9	62.9	52.9	52.6	43.5	40.8	40.8	72.5	70.8	57.8	41.5	41.5
<b>Total assets</b>	<b>519.0</b>	<b>454.3</b>	<b>666.5</b>	<b>708.5</b>	<b>769.2</b>	<b>769.2</b>	<b>716.8</b>	<b>739.0</b>	<b>853.1</b>	<b>873.6</b>	<b>873.6</b>	<b>1,166.4</b>	<b>1,218.2</b>	<b>750.1</b>	<b>828.8</b>	<b>828.8</b>	<b>1,333.6</b>	<b>1,359.7</b>	<b>1,333.3</b>	<b>1,433.5</b>	<b>1,433.5</b>
<b>Current liabilities</b>																					
Accounts payable	14.1	17.1	9.0	1.8	8.1	8.1	8.0	6.3	6.0	6.9	6.9	8.6	10.3	9.6	8.8	8.8	12.0	14.8	13.0	11.2	11.2
Accrued expenses and other current liabilities	110.0	75.2	104.0	96.0	111.4	111.4	75.6	89.2	82.6	122.9	122.9	160.3	140.3	130.6	163.2	163.2	219.6	188.9	173.4	213.7	213.7
Deferred revenue, current	213.3	228.1	246.1	198.6	316.0	316.0	363.3	420.1	469.3	526.5	526.5	569.2	626.1	663.7	750.0	750.0	862.5	905.6	937.3	1,021.7	1,021.7
<b>Total current liabilities</b>	<b>337.3</b>	<b>320.4</b>	<b>359.1</b>	<b>296.5</b>	<b>435.4</b>	<b>435.4</b>	<b>446.9</b>	<b>515.6</b>	<b>557.8</b>	<b>656.3</b>	<b>656.3</b>	<b>738.0</b>	<b>776.7</b>	<b>803.9</b>	<b>922.0</b>	<b>922.0</b>	<b>1,094.1</b>	<b>1,109.3</b>	<b>1,123.7</b>	<b>1,246.6</b>	<b>1,246.6</b>
<b>Long term liabilities</b>																					
Deferred revenue, noncurrent	254.2	267.3	328.0	492.1	490.3	490.3	514.9	541.2	567.7	579.8	579.8	590.6	575.4	604.2	634.4	634.4	634.4	666.1	679.4	713.4	713.4
Other liabilities, noncurrent	32.1	33.8	35.9	35.3	36.4	36.4	35.1	34.7	50.5	55.1	55.1	55.2	58.6	58.6	58.6	58.6	58.6	58.6	58.6	58.6	58.6
Debt, noncurrent	-	-	170.8	174.6	179.7	179.7	179.9	186.1	286.9	287.0	287.0	297.1	306.8	306.8	306.8	306.8	306.8	306.8	306.8	306.8	306.8
<b>Total Liabilities</b>	<b>623.6</b>	<b>621.5</b>	<b>893.8</b>	<b>998.5</b>	<b>1,141.8</b>	<b>1,141.8</b>	<b>1,176.7</b>	<b>1,277.5</b>	<b>1,462.9</b>	<b>1,578.2</b>	<b>1,578.2</b>	<b>1,681.0</b>	<b>1,717.5</b>	<b>1,773.4</b>	<b>1,921.8</b>	<b>1,921.8</b>	<b>2,093.9</b>	<b>2,140.7</b>	<b>2,168.5</b>	<b>2,325.3</b>	<b>2,325.3</b>
<b>Stockholders' equity</b>	<b>(104.6)</b>	<b>(167.2)</b>	<b>(227.3)</b>	<b>(290.1)</b>	<b>(372.6)</b>	<b>(372.6)</b>	<b>(459.9)</b>	<b>(538.5)</b>	<b>(609.8)</b>	<b>(704.5)</b>	<b>(704.5)</b>	<b>(514.6)</b>	<b>(499.3)</b>	<b>(1,023.3)</b>	<b>(1,093.0)</b>	<b>(1,093.0)</b>	<b>(760.3)</b>	<b>(781.1)</b>	<b>(835.2)</b>	<b>(891.9)</b>	<b>(891.9)</b>
<b>Total liabilities and shareholders' equity</b>	<b>519.0</b>	<b>454.3</b>	<b>666.5</b>	<b>708.5</b>	<b>769.2</b>	<b>769.2</b>	<b>716.8</b>	<b>739.0</b>	<b>853.1</b>	<b>873.6</b>	<b>873.6</b>	<b>1,166.4</b>	<b>1,218.2</b>	<b>750.1</b>	<b>828.8</b>	<b>828.8</b>	<b>1,333.6</b>	<b>1,359.7</b>	<b>1,333.3</b>	<b>1,433.5</b>	<b>1,433.5</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 194: Rubrik Cash Flow Statement

\$ in millions, except per share data

	Jan-22 Full Year	Apr-22 F1Q23	Jul-22 F2Q23	Oct-22 F3Q23	Jan-23 F4Q23	Jan-23 FY23	Apr-23 F1Q24	Jul-23 F2Q24	Oct-23 F3Q24	Jan-24 F4Q24	Jan-24 FY24	Apr-24 F1Q25	Jul-24 F2Q25	Oct-24 F3Q25E	Jan-25 F4Q25E	Jan-25 FY25E	Apr-25 F1Q26E	Jul-25 F2Q26E	Oct-25 F3Q26E	Jan-26 F4Q26E	Jan-26 FY26E
<b>Cash Flow Statement</b>																					
<b>Cash from Operating Activities</b>																					
<b>Net income (loss)</b>	(254.4)	(66.7)	(62.1)	(63.1)	(86.0)	(277.7)	(89.3)	(81.1)	(86.3)	(93.1)	(349.8)	(732.1)	(176.9)	(125.1)	(131.8)	(1,165.9)	(158.9)	(86.0)	(121.9)	(126.1)	(492.8)
Depreciation and amortization	21.3	5.3	5.5	5.8	5.9	22.4	5.6	6.0	6.2	6.5	24.3	7.2	7.0	5.5	5.9	25.6	5.9	6.3	6.6	7.0	25.9
Stock-based compensation	45.1	3.6	1.3	0.5	1.5	7.0	0.4	1.2	0.7	-	2.3	630.3	105.0	50.0	52.1	837.5	51.3	55.2	57.8	59.4	223.6
Amortization of deferred commissions	83.3	17.4	25.8	21.1	17.0	81.3	16.4	19.6	20.6	19.8	76.5	20.4	22.1	24.3	24.0	90.7	24.9	24.4	27.0	26.2	102.6
Non-cash interest	-	-	-	3.7	4.9	8.5	-	6.0	4.1	-	10.1	9.7	9.5	10.0	10.0	39.2	10.0	10.0	10.0	10.0	40.0
Deferred income taxes	2.9	0.1	1.5	(0.3)	3.2	4.4	0.4	1.2	(0.3)	0.6	1.9	(1.0)	2.4	(0.0)	2.2	3.6	(1.5)	3.7	(0.0)	3.3	5.5
Other	2.5	0.1	0.2	(0.4)	(0.9)	(1.0)	0.0	(0.8)	(0.5)	(2.6)	(3.8)	0.9	(2.4)	-	-	(1.5)	-	-	-	-	-
<b>Working Capital:</b>	16.4	15.4	2.6	73.7	82.8	174.5	48.9	41.1	62.4	81.5	233.9	33.2	6.3	38.7	56.3	134.6	107.3	(8.6)	(28.4)	84.9	155.2
Accounts receivable	(51.4)	50.7	(36.4)	0.0	(5.6)	8.8	22.2	(23.1)	14.1	4.0	17.2	36.2	(41.0)	(9.6)	(48.4)	(62.9)	5.1	(20.5)	(57.5)	(39.8)	(112.7)
Deferred commissions	(124.2)	(23.2)	(54.1)	(19.7)	(37.9)	(135.0)	(19.9)	(35.7)	(20.2)	(31.3)	(107.1)	(23.2)	(47.0)	(21.7)	(32.5)	(124.4)	(20.2)	(47.3)	(20.1)	(31.3)	(118.8)
Prepaid expenses and other assets	0.9	(10.0)	(6.8)	(5.4)	(10.5)	(32.7)	12.5	4.6	(11.3)	(3.6)	2.3	(13.9)	10.6	14.1	(8.9)	1.8	(51.2)	16.1	21.4	2.5	(11.3)
Accounts payable	3.7	2.6	(7.6)	(7.2)	4.6	(7.5)	0.4	(0.7)	(0.2)	(0.6)	(1.0)	2.7	2.1	(0.6)	(0.8)	3.4	3.2	2.7	(1.8)	(1.8)	2.4
Accrued expenses and other liabilities	16.2	(32.6)	28.8	(10.6)	16.5	2.1	(38.2)	12.7	4.7	43.6	22.9	(22.1)	39.8	(9.7)	30.5	38.5	57.9	(34.4)	(15.5)	37.0	44.9
Deferred revenue	171.2	28.0	78.7	116.6	115.5	338.8	72.0	83.2	75.3	69.3	299.8	53.5	41.8	66.3	116.5	278.1	112.5	74.8	45.0	118.3	350.7
<b>Net cash provided by operating activities</b>	<b>(82.8)</b>	<b>(24.8)</b>	<b>(25.2)</b>	<b>40.9</b>	<b>28.4</b>	<b>19.3</b>	<b>(17.5)</b>	<b>(6.7)</b>	<b>6.9</b>	<b>12.8</b>	<b>(4.5)</b>	<b>(31.4)</b>	<b>(27.1)</b>	<b>3.4</b>	<b>18.7</b>	<b>(36.3)</b>	<b>39.1</b>	<b>5.0</b>	<b>48.9</b>	<b>64.8</b>	<b>60.0</b>
y/y growth		33.1%	-4.0%	223.4%	143.7%	123.3%	29.7%	73.2%	-83.1%	-55.0%	-123.4%	-79.8%	-301.3%	-50.6%	46.6%	-704.0%	224.5%	118.3%	-1529.4%	246.4%	265.1%
q/q growth		-313.3%	-1.4%	262.5%	-30.7%		-161.5%	61.3%	202.5%	84.6%		-345.7%	13.7%	112.6%	447.3%		108.8%	-87.3%	-1084.9%	232.6%	
Op. cash flow margin	-16.4%	-18.8%	-15.1%	24.8%	20.9%	3.2%	-12.9%	-4.5%	4.2%	7.3%	-0.7%	-16.8%	-13.2%	1.6%	8.3%	-4.3%	15.2%	1.8%	-16.9%	21.8%	5.4%
<b>Cash from investing activities</b>																					
Purchases of property and equipment	(15.0)	(2.9)	(7.0)	(3.5)	(11.7)	(25.0)	(3.4)	(4.5)	(1.5)	(3.0)	(12.3)	(3.6)	(2.6)	(5.9)	(3.0)	(15.1)	(5.8)	(6.2)	(6.5)	(6.7)	(25.1)
Capitalized software development costs	(5.5)	(1.9)	(2.3)	(2.4)	(2.7)	(9.3)	(2.4)	(2.2)	(2.0)	(1.1)	(7.7)	(2.1)	(2.3)	(3.2)	(2.9)	(10.5)	(3.1)	(3.3)	(3.4)	(3.5)	(13.3)
Purchases of investments	(144.3)	(1.1)	(79.9)	(83.1)	(55.0)	(219.0)	(72.2)	(77.6)	(71.8)	(24.4)	(246.0)	(42.7)	(406.6)	-	-	(449.3)	-	-	-	-	-
Sales of investments	22.9	18.9	17.0	-	-	35.9	7.5	-	-	-	7.5	28.0	-	-	-	28.0	-	-	-	-	-
Maturities of investments	150.2	6.9	3.0	14.0	68.3	92.2	75.5	57.1	65.8	56.8	255.2	61.2	55.4	-	-	116.6	-	-	-	-	-
Cash paid for business combination	-	-	-	-	-	-	-	-	(90.3)	-	(90.3)	-	-	-	-	-	-	-	-	-	-
<b>Net cash used in investing activities</b>	<b>8.4</b>	<b>20.0</b>	<b>(69.2)</b>	<b>(75.0)</b>	<b>(1.0)</b>	<b>(125.2)</b>	<b>5.0</b>	<b>(27.3)</b>	<b>(99.8)</b>	<b>28.4</b>	<b>(93.6)</b>	<b>40.7</b>	<b>(356.2)</b>	<b>(9.1)</b>	<b>(5.8)</b>	<b>(330.4)</b>	<b>(8.8)</b>	<b>(9.5)</b>	<b>(9.9)</b>	<b>(10.2)</b>	<b>(38.5)</b>
<b>Cash from financing activities</b>																					
Proceeds from issuance of preferred stock, r	15.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes paid related to net share settlement of	-	-	-	-	-	-	-	-	-	-	-	(350.4)	(79.9)	-	-	-	-	-	-	-	-
Proceeds from exercise of stock options	9.2	1.2	1.1	1.0	0.6	3.8	1.0	1.0	1.1	0.3	3.4	3.6	0.1	-	-	3.7	-	-	-	-	-
Payment for repurchase of unvested shares	(1.3)	-	(0.0)	-	-	(0.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments for deferred offering costs	-	-	-	(2.0)	(0.8)	(2.7)	(0.4)	(0.8)	(1.7)	(0.8)	(3.7)	(0.8)	(2.8)	-	-	(3.5)	-	-	-	-	-
Proceeds from issuance of debt, net of disco	-	-	171.5	-	-	171.5	-	-	96.5	-	96.5	(0.5)	-	-	-	(0.5)	-	-	-	-	-
Payment for debt issuance costs	-	-	(0.7)	-	-	(0.7)	-	-	(0.2)	-	(0.2)	(0.2)	(0.2)	-	-	(0.2)	-	-	-	-	-
Plug (IPO Proceeds and Other)	-	-	-	-	-	-	-	-	-	-	-	710.3	104.9	-	-	815.2	-	-	-	-	-
<b>Net cash provided by financing activities</b>	<b>22.9</b>	<b>1.2</b>	<b>171.8</b>	<b>(0.9)</b>	<b>(0.2)</b>	<b>171.8</b>	<b>0.6</b>	<b>0.2</b>	<b>95.7</b>	<b>(0.5)</b>	<b>95.9</b>	<b>362.2</b>	<b>22.2</b>	<b>-</b>	<b>-</b>	<b>814.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
FX Impact on cash and equivalents	0.2	(0.7)	(0.5)	(0.8)	0.9	(1.0)	0.5	0.4	(1.0)	(1.3)	(1.4)	(0.5)	0.9	-	-	0.4	-	-	-	-	-
Cash balance, beginning of period	126.9	75.7	71.3	148.3	112.5	75.7	140.6	129.3	95.8	97.7	140.6	137.1	508.1	147.9	142.3	137.1	585.4	615.7	611.2	552.4	585.4
Net change in cash	(51.3)	(4.4)	77.0	(35.8)	28.1	64.9	(11.3)	(33.5)	1.9	39.4	(3.5)	371.0	(360.2)	(5.6)	12.9	448.4	30.3	(4.5)	(58.8)	54.6	21.5
<b>Cash balance, end of period</b>	<b>75.7</b>	<b>71.3</b>	<b>148.3</b>	<b>112.5</b>	<b>140.6</b>	<b>140.6</b>	<b>129.3</b>	<b>95.8</b>	<b>97.7</b>	<b>137.1</b>	<b>137.1</b>	<b>508.1</b>	<b>147.9</b>	<b>142.3</b>	<b>155.1</b>	<b>585.4</b>	<b>615.7</b>	<b>611.2</b>	<b>552.4</b>	<b>607.0</b>	<b>607.0</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 195: Rubrik Discounted Cash Flow Analysis (DCF) – Plausible

\$ in millions, except per share data

## Assumptions and Inputs

Current risk-free rate	4.0%
Beta	1.50
Historical equity risk premium	6.5%
Terminal growth rate	5.0%
Market Value (\$M)	5,782
Debt Value (\$M)	\$ 186
Cost of equity	13.8%
Cost of debt	4.0%
Tax rate	20.0%
<b>WACC</b>	<b>13.4%</b>

Last Reported Quarter End	7/31/2024
Full Year End	1/31/2025

## Scenario 2: Plausible Case

Fiscal year	Historicals			Hyper Growth Period					Transitional Period					Terminal	Perpetuity
	F2022	F2023	F2024	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E	F2031E	F2032E	F2033E	F2034E	F2035E	
Corresponding Calendar Year Period	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
				0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	
Risk free rate			4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
Beta			1.50	1.50	1.50	1.50	1.50	1.50	1.42	1.33	1.25	1.17	1.08	1.00	
Historical equity risk premium			6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	
Cost of equity			13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.2%	12.7%	12.1%	11.6%	11.0%	10.5%	
Cost of debt			4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
Debt/Total Value			3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	2.9%	2.7%	2.5%	2.2%	2.0%	1.8%	
<b>WACC</b>			<b>13.4%</b>	<b>13.4%</b>	<b>13.4%</b>	<b>13.4%</b>	<b>13.4%</b>	<b>13.4%</b>	<b>12.9%</b>	<b>12.4%</b>	<b>11.9%</b>	<b>11.4%</b>	<b>10.9%</b>	<b>10.4%</b>	
Discount factor				0.94	0.83	0.73	0.64	0.57	0.51	0.47	0.43	0.40	0.37	0.35	
<b>Total Revenue / Implied Total Revenue</b>		<b>599.8</b>	<b>627.9</b>	<b>853.7</b>	<b>1,176.9</b>	<b>1,519.2</b>	<b>1,909.1</b>	<b>2,336.7</b>	<b>2,792.3</b>	<b>3,255.8</b>	<b>3,701.8</b>	<b>4,101.5</b>	<b>4,425.5</b>	<b>4,646.8</b>	
y/y change			4.7%	36.0%	37.8%	29.1%	25.7%	22.4%	19%	17%	14%	11%	8%	5%	
<b>Free Cash Flow to Firm (FCFF)</b>		<b>(15.0)</b>	<b>(24.5)</b>	<b>(63.2)</b>	<b>22.7</b>	<b>126.8</b>	<b>173.5</b>	<b>314.6</b>	<b>476.2</b>	<b>672.1</b>	<b>897.0</b>	<b>1,141.1</b>	<b>1,390.1</b>	<b>1,626.4</b>	
FCF margin		-2.5%	-3.9%	-7.4%	1.9%	8.3%	9.1%	13.5%	17%	21%	24%	28%	31%	35%	
y/y change			63.4%	NM	-135.9%	459.4%	36.9%	81.3%	51.4%	41.1%	33.5%	27.2%	21.8%	17.0%	
Diluted Shares Outstanding				222	236	248	256	264	271	277	283	288	291	294	
y/y change					6.3%	5.0%	5.0%	3.1%	3%	2%	2%	2%	1%	1%	
<b>FCFF per share</b>				<b>(\$0.29)</b>	<b>\$0.10</b>	<b>\$0.51</b>	<b>\$0.68</b>	<b>\$1.19</b>	<b>\$1.76</b>	<b>\$2.42</b>	<b>\$3.17</b>	<b>\$3.97</b>	<b>\$4.77</b>	<b>\$5.53</b>	
NPV of FCF per share				(\$0.27)	\$0.08	\$0.37	\$0.44	\$0.68	\$0.90	\$1.13	\$1.36	\$1.59	\$1.79	\$1.96	

Cumulative NPV of FCFF/share	\$10.04
Terminal Value FCF/Share	\$36.59
<b>Total NPV of FCF/Share</b>	<b>\$46.62</b>
<b>Net Cash per share</b>	<b>\$ 0.97</b>
Net cash balance	206
Working Capital - 5% of revenue	31.4
Shares outstanding	180
<b>Implied Total NPV/Share</b>	<b>\$48</b>
Current Price	\$32.15
<b>Upside/(Downside) Potential</b>	<b>48%</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## S

## Exhibit 196: SentinelOne GAAP Income Statement

\$ in millions, except per share data

	2020 Full Year	2021 Full Year	2022 Full Year	2023 Full Year	Apr-23 1Q24	Jul-23 2Q24	Oct-23 3Q24	Jan-24 4Q24	2024 Full Year	Apr-24 1Q25	Jul-24 2Q25	Oct-24 3Q25E	Jan-25 4Q25E	2025 (E) Full Year	2026 (E) Full Year
<b>GAAP Income Statement</b>															
<b>Total Revenue</b>	<b>46.5</b>	<b>93.1</b>	<b>204.8</b>	<b>422.2</b>	<b>133.4</b>	<b>149.4</b>	<b>164.2</b>	<b>174.2</b>	<b>621.2</b>	<b>186.4</b>	<b>198.9</b>	<b>209.5</b>	<b>220.1</b>	<b>815.0</b>	<b>1,021.8</b>
<i>y/y growth</i>		100.2%	120.1%	106.1%	70.5%	45.8%	42.4%	38.1%	47.1%	39.7%	33.1%	27.6%	26.4%	31.2%	25.4%
<i>q/q growth</i>					5.8%	12.0%	9.9%	6.1%		7.0%	6.8%	5.3%	5.1%		
Cost of revenue	18.3	39.3	81.7	144.2	42.6	44.7	43.8	48.3	179.3	50.1	50.7	53.3	55.5	209.6	260.1
<b>Gross Profit</b>	<b>28.1</b>	<b>53.7</b>	<b>123.1</b>	<b>278.0</b>	<b>90.8</b>	<b>104.8</b>	<b>120.4</b>	<b>125.9</b>	<b>441.9</b>	<b>136.2</b>	<b>148.2</b>	<b>156.2</b>	<b>164.7</b>	<b>605.4</b>	<b>761.7</b>
<b>Gross Margin</b>	<b>60.6%</b>	<b>57.7%</b>	<b>60.1%</b>	<b>65.8%</b>	<b>68.1%</b>	<b>70.1%</b>	<b>73.3%</b>	<b>72.3%</b>	<b>71.1%</b>	<b>73.1%</b>	<b>74.5%</b>	<b>74.6%</b>	<b>74.8%</b>	<b>74.3%</b>	<b>74.5%</b>
<b>Operating Expenses</b>															
Research and Development	36.7	62.4	136.3	207.0	55.3	54.2	52.3	56.4	218.2	58.3	63.6	62.2	64.6	248.8	291.1
<i>% of revenue</i>	78.9%	67.1%	66.5%	49.0%	41.4%	36.2%	31.9%	32.4%	35.1%	31.3%	32.0%	29.7%	29.4%	30.5%	28.5%
Sales and Marketing	51.3	77.7	160.6	310.8	99.2	98.3	98.2	101.5	397.2	115.8	119.6	121.6	129.1	486.1	433.3
<i>% of revenue</i>	110.4%	83.5%	78.4%	73.6%	74.3%	65.8%	59.8%	58.3%	63.9%	62.2%	60.1%	58.0%	58.6%	59.6%	42.4%
General and Administrative	15.1	29.1	93.5	162.7	51.8	48.4	51.2	46.8	198.2	42.7	44.4	42.1	43.6	172.8	247.0
<i>% of revenue</i>	32.5%	31.2%	45.7%	38.5%	38.8%	32.4%	31.2%	26.9%	31.9%	22.9%	22.3%	20.1%	19.8%	21.2%	24.2%
Restructuring						4.3	0.1	2.4							
<i>% of revenue</i>						2.8%	0.0%	1.4%			0.0%				
<b>Total Operating Expenses</b>	<b>103.1</b>	<b>169.2</b>	<b>390.4</b>	<b>680.6</b>	<b>206.2</b>	<b>205.1</b>	<b>201.9</b>	<b>207.1</b>	<b>813.6</b>	<b>216.8</b>	<b>227.6</b>	<b>225.9</b>	<b>237.3</b>	<b>907.7</b>	<b>971.5</b>
<i>% of revenue</i>	221.9%	181.9%	190.6%	161.2%	154.6%	137.3%	123.0%	118.9%	131.0%	116.3%	114.4%	107.8%	107.8%	111.4%	95.1%
<b>Operating Income</b>	<b>(75.0)</b>	<b>(115.5)</b>	<b>(267.2)</b>	<b>(402.6)</b>	<b>(115.4)</b>	<b>(100.4)</b>	<b>(81.5)</b>	<b>(81.2)</b>	<b>(371.7)</b>	<b>(80.6)</b>	<b>(79.4)</b>	<b>(69.7)</b>	<b>(72.6)</b>	<b>(302.3)</b>	<b>(209.8)</b>
<b>Operating Margin</b>	<b>-161.3%</b>	<b>-124.1%</b>	<b>-130.5%</b>	<b>-95.4%</b>	<b>-86.5%</b>	<b>-67.2%</b>	<b>-49.6%</b>	<b>-46.6%</b>	<b>-59.8%</b>	<b>-43.3%</b>	<b>-39.9%</b>	<b>-33.3%</b>	<b>-33.0%</b>	<b>-37.1%</b>	<b>-20.5%</b>
Interest Expense	(2.0)	(1.4)	(0.8)	(1.8)	(0.6)	(0.6)	(0.0)	(0.0)	(1.2)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)
Other Income (Expense), Net	(0.2)	(0.4)	(2.3)	(1.3)	(0.4)	1.4	0.6	(0.7)	0.9	(0.0)	(0.4)	0.0	0.0	(0.5)	0.0
<b>Total Interest and Other Income</b>	<b>(1.3)</b>	<b>(1.6)</b>	<b>(2.9)</b>	<b>18.3</b>	<b>9.6</b>	<b>12.3</b>	<b>12.5</b>	<b>11.2</b>	<b>45.6</b>	<b>12.0</b>	<b>12.4</b>	<b>12.6</b>	<b>12.6</b>	<b>49.6</b>	<b>51.8</b>
Income Before Taxes	(76.3)	(117.1)	(270.1)	(384.3)	(105.8)	(88.1)	(69.0)	(70.0)	(326.1)	(68.6)	(67.0)	(57.1)	(60.1)	(252.7)	(158.0)
Income Tax Expense (Benefit)	0.2	0.5	1.0	(5.6)	1.1	1.5	1.3	2.0	5.9	1.5	2.2	0.0	0.0	3.7	0.0
<i>Tax Rate</i>	-0.3%	-0.4%	-0.4%	1.5%	-1.0%	-1.7%	-1.9%	-2.9%	-1.8%	-2.2%	-3.3%	0.0%	0.0%	-1.5%	0.0%
<b>Net Income</b>	<b>(76.6)</b>	<b>(117.6)</b>	<b>(271.1)</b>	<b>(378.7)</b>	<b>(106.9)</b>	<b>(89.5)</b>	<b>(70.3)</b>	<b>(72.0)</b>	<b>(332.0)</b>	<b>(70.1)</b>	<b>(69.2)</b>	<b>(57.1)</b>	<b>(60.1)</b>	<b>(256.4)</b>	<b>(158.0)</b>
<b>GAAP EPS</b>	<b>(\$2.34)</b>	<b>(\$3.31)</b>	<b>(\$1.56)</b>	<b>(\$1.36)</b>	<b>(\$0.37)</b>	<b>(\$0.31)</b>	<b>(\$0.24)</b>	<b>(\$0.24)</b>	<b>(\$1.13)</b>	<b>(\$0.23)</b>	<b>(\$0.22)</b>	<b>(\$0.18)</b>	<b>(\$0.19)</b>	<b>(\$0.81)</b>	<b>(\$0.47)</b>
Shares Outstanding															
<b>Basic</b>	<b>32.7</b>	<b>35.5</b>	<b>174.1</b>	<b>277.8</b>	<b>288.3</b>	<b>293.2</b>	<b>296.7</b>	<b>301.4</b>	<b>294.9</b>	<b>309.5</b>	<b>312.6</b>	<b>317.3</b>	<b>322.1</b>	<b>315.4</b>	<b>334.3</b>
<i>y/y growth</i>		8.5%	390.5%	59.6%	6.9%	5.7%	5.7%	6.3%	6.1%	7.4%	6.6%	7.0%	6.9%	7.0%	6.0%
<b>Diluted</b>	<b>32.7</b>	<b>35.5</b>	<b>174.1</b>	<b>277.8</b>	<b>288.3</b>	<b>293.2</b>	<b>296.7</b>	<b>301.4</b>	<b>294.9</b>	<b>309.5</b>	<b>312.6</b>	<b>317.3</b>	<b>322.1</b>	<b>315.4</b>	<b>334.3</b>
<i>y/y growth</i>		8.5%	390.5%	59.6%	6.9%	5.7%	5.7%	6.3%	6.1%	7.4%	6.6%	7.0%	6.9%	7.0%	6.0%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 197: SentinelOne Non-GAAP Income Statement

\$ in millions, except per share data

	2020	2021	2022	2023	Apr-23	Jul-23	Oct-23	Jan-24	2024	Apr-24	Jul-24	Oct-24	Jan-25	2025 (E)	2026 (E)
	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25	2Q25	3Q25E	4Q25E	Full Year	Full Year
<b>Non-GAAP Income Statement</b>															
<b>Total Revenue</b>	<b>46.5</b>	<b>93.1</b>	<b>204.8</b>	<b>422.2</b>	<b>133.4</b>	<b>149.4</b>	<b>164.2</b>	<b>174.2</b>	<b>621.2</b>	<b>186.4</b>	<b>198.9</b>	<b>209.5</b>	<b>220.1</b>	<b>815.0</b>	<b>1,021.8</b>
y/y growth		100.2%	120.1%	106.1%	70.5%	45.8%	42.4%	38.1%	47.1%	39.7%	33.1%	27.6%	26.4%	31.2%	25.4%
q/q growth					5.8%	12.0%	9.9%	6.1%		-70.0%	6.8%	5.3%	5.1%		
Cost of revenue	<b>18.2</b>	<b>39.0</b>	<b>75.9</b>	<b>117.6</b>	<b>33.3</b>	<b>34.5</b>	<b>34.1</b>	<b>38.2</b>	<b>140.1</b>	<b>39.3</b>	<b>40.8</b>	<b>44.0</b>	<b>46.2</b>	<b>170.3</b>	<b>224.8</b>
% of revenue	39.1%	41.9%	37.1%	27.9%	24.9%	23.1%	20.7%	22.0%	22.6%	21.1%	20.5%	21.0%	21.0%	20.9%	22.0%
<b>Total Gross Profit</b>	<b>28.3</b>	<b>54.0</b>	<b>128.9</b>	<b>304.6</b>	<b>100.1</b>	<b>114.9</b>	<b>130.1</b>	<b>135.9</b>	<b>481.1</b>	<b>147.0</b>	<b>158.2</b>	<b>165.5</b>	<b>173.9</b>	<b>644.7</b>	<b>797.0</b>
<b>Gross Margin</b>	<b>60.9%</b>	<b>58.1%</b>	<b>62.9%</b>	<b>72.1%</b>	<b>75.1%</b>	<b>76.9%</b>	<b>79.3%</b>	<b>78.0%</b>	<b>77.4%</b>	<b>78.9%</b>	<b>79.5%</b>	<b>79.0%</b>	<b>79.0%</b>	<b>79.1%</b>	<b>78.0%</b>
<b>Operating Expenses</b>															
Research and Development	35.0	55.9	100.7	153.8	39.9	38.3	36.3	40.5	154.9	39.7	41.8	44.0	46.2	171.7	214.6
% of revenue	75.3%	60.0%	49.2%	36.4%	29.9%	25.6%	22.1%	23.2%	24.9%	21.3%	21.0%	21.0%	21.0%	21.1%	21.0%
Sales and Marketing	50.3	73.9	143.1	261.8	84.1	82.2	81.9	83.4	331.6	94.6	98.1	102.7	110.1	405.4	354.3
% of revenue	108.2%	79.4%	69.9%	62.0%	63.0%	55.0%	49.9%	47.9%	53.4%	50.8%	49.3%	49.0%	50.0%	49.7%	34.7%
General and Administrative	13.6	23.9	59.6	97.8	26.8	27.8	30.1	27.9	112.7	23.9	24.6	25.1	26.4	100.1	173.7
% of revenue	29.3%	25.7%	29.1%	23.2%	20.1%	18.6%	18.4%	16.0%	18.1%	12.8%	12.4%	12.0%	12.0%	12.3%	17.0%
<b>Total Operating Expenses</b>	<b>98.9</b>	<b>153.6</b>	<b>303.5</b>	<b>513.4</b>	<b>150.9</b>	<b>148.3</b>	<b>148.3</b>	<b>151.8</b>	<b>599.3</b>	<b>158.1</b>	<b>164.5</b>	<b>171.8</b>	<b>182.7</b>	<b>677.2</b>	<b>742.6</b>
% of revenue	212.8%	165.1%	148.2%	121.6%	113.1%	99.3%	90.3%	87.1%	96.5%	84.8%	82.7%	82.0%	83.0%	83.1%	72.7%
<b>Operating Income</b>	<b>(70.6)</b>	<b>(99.6)</b>	<b>(174.6)</b>	<b>(208.9)</b>	<b>(50.8)</b>	<b>(33.4)</b>	<b>(18.2)</b>	<b>(15.9)</b>	<b>(118.2)</b>	<b>(11.1)</b>	<b>(6.4)</b>	<b>(6.3)</b>	<b>(8.8)</b>	<b>(32.5)</b>	<b>54.4</b>
<b>Operating Margin</b>	<b>-152.0%</b>	<b>-107.0%</b>	<b>-85.2%</b>	<b>-49.5%</b>	<b>-38.1%</b>	<b>-22.4%</b>	<b>-11.1%</b>	<b>-9.1%</b>	<b>-19.0%</b>	<b>-5.9%</b>	<b>-3.2%</b>	<b>-3.0%</b>	<b>-4.0%</b>	<b>-4.0%</b>	<b>5.3%</b>
Interest Income	0.9	0.2	0.2	21.4	10.5	11.5	11.9	12.0	45.9	12.1	12.9	12.7	12.6	50.2	52.0
Interest Expense	(2.0)	(1.4)	(0.8)	(1.8)	(0.6)	(0.6)	(0.0)	(0.0)	(1.2)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)
Other Income (Expense), Net	(0.2)	(0.4)	(2.3)	(1.3)	(0.4)	1.4	0.6	(0.7)	0.9	(0.0)	(0.4)	(0.0)	(0.0)	(0.5)	0.0
<b>Total Interest and Other Income</b>	<b>(1.3)</b>	<b>(1.6)</b>	<b>(2.9)</b>	<b>18.3</b>	<b>9.6</b>	<b>10.3</b>	<b>11.8</b>	<b>11.2</b>	<b>45.6</b>	<b>12.0</b>	<b>12.1</b>	<b>12.6</b>	<b>12.6</b>	<b>49.6</b>	<b>51.8</b>
Income Before Taxes	(72.0)	(101.2)	(177.5)	(190.6)	(41.2)	(23.1)	(6.4)	(4.6)	(72.6)	0.9	5.7	6.3	3.8	17.1	106.3
Income Tax Expense (Benefit)	0.2	0.5	1.0	4.1	1.1	1.5	1.3	2.0	5.9	1.5	2.2	(0.1)	(0.0)	3.6	(1.1)
Tax Rate	-0.3%	-0.5%	-0.6%	-2.1%	-2.6%	-6.4%	-20.6%	-43.5%	-8.1%	163.5%	38.6%	-1.0%	-1.0%	21.1%	-1.0%
<b>Net Income</b>	<b>(72.2)</b>	<b>(101.7)</b>	<b>(178.5)</b>	<b>(194.6)</b>	<b>(42.3)</b>	<b>(24.6)</b>	<b>(7.7)</b>	<b>(6.6)</b>	<b>(78.5)</b>	<b>(0.6)</b>	<b>3.5</b>	<b>6.4</b>	<b>3.8</b>	<b>13.5</b>	<b>107.3</b>
<b>Non-GAAP EPS</b>		<b>(\$2.87)</b>	<b>(\$1.03)</b>	<b>(\$0.70)</b>	<b>(\$0.15)</b>	<b>(\$0.08)</b>	<b>(\$0.03)</b>	<b>(\$0.02)</b>	<b>(\$0.27)</b>	<b>(\$0.00)</b>	<b>\$0.01</b>	<b>\$0.02</b>	<b>\$0.01</b>	<b>\$0.05</b>	<b>\$0.32</b>
Shares Outstanding															
<b>Basic</b>	<b>32.7</b>	<b>35.5</b>	<b>174.1</b>	<b>277.8</b>	<b>288.3</b>	<b>293.2</b>	<b>296.7</b>	<b>301.4</b>	<b>294.9</b>	<b>309.5</b>	<b>312.6</b>	<b>317.3</b>	<b>322.1</b>	<b>315.4</b>	<b>334.3</b>
y/y growth		8.5%	390.5%	59.6%	6.9%	5.7%	5.7%	6.3%	6.1%	7.4%	6.6%	7.0%	6.9%	7.0%	6.0%
<b>Diluted</b>	<b>32.7</b>	<b>35.5</b>	<b>174.1</b>	<b>277.8</b>	<b>288.3</b>	<b>293.2</b>	<b>296.7</b>	<b>301.4</b>	<b>294.9</b>	<b>309.5</b>	<b>312.6</b>	<b>317.3</b>	<b>322.1</b>	<b>315.4</b>	<b>334.3</b>
y/y growth		8.5%	390.5%	59.6%	6.9%	5.7%	5.7%	6.3%	6.1%	7.4%	6.6%	7.0%	6.9%	7.0%	6.0%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 198: SentinelOne Balance Sheet

\$ in millions, except per share data

	2020	2021	2022	2023	Apr-23	Jul-23	Oct-23	Jan-24	2024	Apr-24	Jul-24	Oct-24	Jan-25	2025 (E)	2026 (E)
	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25	2Q25	3Q25E	4Q25E	Full Year	Full Year
<b>Balance Sheet</b>															
<b>Current assets</b>															
Cash and cash equivalents	45.4	395.5	1,669.3	137.9	150.1	133.1	127.3	256.7	256.7	198.7	205.9	212.2	246.9	246.9	325.0
Short-term investments	0.3	0.4	0.4	485.6	568.1	598.5	670.6	669.3	669.3	574.5	502.3	492.3	482.3	482.3	442.3
Accounts receivable, net	31.0	39.3	101.5	151.5	128.2	124.5	133.8	214.3	214.3	133.8	155.1	167.6	217.1	217.1	334.8
Deferred contract acquisition costs, current	8.4	14.7	27.5	37.9	39.4	42.8	45.9	54.2	54.2	55.4	57.4	51.4	59.8	59.8	67.5
Prepaid expenses and other current assets	3.6	13.2	18.9	101.8	99.7	95.8	91.8	102.9	102.9	103.6	100.6	100.6	114.5	114.5	130.9
Restricted cash, current	0.0	0.9	0.0					0.0	0.0	0.0	0.0			0.0	
<b>Total current assets</b>	<b>88.7</b>	<b>464.1</b>	<b>1,817.7</b>	<b>914.7</b>	<b>985.5</b>	<b>994.8</b>	<b>1,069.4</b>	<b>1,297.3</b>	<b>1,297.3</b>	<b>1,065.9</b>	<b>1,021.3</b>	<b>1,024.1</b>	<b>1,120.6</b>	<b>1,120.6</b>	<b>1,300.6</b>
<b>Non-current assets</b>															
Property and equipment, net	8.3	13.4	24.9	38.7	41.0	43.9	46.0	48.8	48.8	57.1	64.3	65.7	67.3	67.3	76.3
Operating lease right-of-use assets	0.0	18.0	23.9	23.6	23.0	22.0	21.0	18.5	18.5	17.5	16.5	16.5	16.5	16.5	16.5
Deferred contract acquisition costs, non-current	12.8	21.9	41.0	55.5	55.4	58.6	60.2	71.6	71.6	70.3	72.1	77.1	89.7	89.7	101.3
Intangible assets, net	0.3	0.5	15.8	145.1	138.3	131.1	127.2	122.9	122.9	126.8	120.3	123.5	126.9	126.9	144.9
Goodwill	0.0	0.0	108.2	540.3	540.3	540.3	540.3	549.4	549.4	629.6	629.6	629.6	629.6	629.6	629.6
Long term investments			535.4	423.9	423.9	410.3	325.2	204.8	204.8	336.5	417.2	417.2	417.2	417.2	417.2
Other assets	0.0	0.0	8.0	5.5	5.3	6.2	6.7	8.0	8.0	5.9	5.9	4.3	5.8	5.8	1.7
<b>Total assets</b>	<b>112.5</b>	<b>520.6</b>	<b>2,042.2</b>	<b>2,258.9</b>	<b>2,212.8</b>	<b>2,207.2</b>	<b>2,195.9</b>	<b>2,321.4</b>	<b>2,321.4</b>	<b>2,309.7</b>	<b>2,347.1</b>	<b>2,357.9</b>	<b>2,473.6</b>	<b>2,473.6</b>	<b>2,688.1</b>
<b>Current liabilities</b>															
Accounts payable	4.6	11.8	9.9	11.2	13.2	13.8	13.8	6.8	6.8	9.2	6.7	14.5	8.2	8.2	10.6
Accrued liabilities	2.3	3.7	22.7	100.0	101.4	104.5	99.9	104.7	104.7	105.5	113.3	100.6	105.7	105.7	109.1
Accrued payroll and benefits	12.0	20.1	61.2	55.0	44.0	50.4	52.8	74.3	74.3	55.4	63.7	71.2	88.1	88.1	109.1
Operating lease liabilities, current	0.0	3.6	4.6	3.9	4.5	4.6	4.4	4.7	4.7	4.7	4.6	5.9	6.2	6.2	7.6
Deferred revenue, current	52.8	89.6	183.0	303.2	309.8	325.0	327.9	399.6	399.6	391.3	399.5	404.2	484.3	484.3	565.0
<b>Total current liabilities</b>	<b>71.7</b>	<b>128.9</b>	<b>281.3</b>	<b>473.3</b>	<b>472.9</b>	<b>498.4</b>	<b>498.8</b>	<b>590.1</b>	<b>590.1</b>	<b>566.0</b>	<b>587.9</b>	<b>596.3</b>	<b>692.4</b>	<b>692.4</b>	<b>801.4</b>
<b>Long term liabilities</b>															
Deferred revenue, non-current	39.9	52.2	79.1	103.1	98.7	96.3	94.6	114.9	114.9	101.8	103.1	107.4	128.7	128.7	150.2
Long-term debt	19.6	19.6	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
Operating lease liabilities, non-current	0.0	18.8	24.5	23.1	22.0	20.5	18.5	18.2	18.2	16.8	15.5	12.6	13.2	13.2	16.4
Other liabilities	3.6	0.4	6.5	2.8	2.0	2.6	3.1	4.1	4.1	9.5	6.9	8.4	8.8	8.8	5.5
<b>Total Liabilities</b>	<b>134.8</b>	<b>220.0</b>	<b>391.4</b>	<b>602.2</b>	<b>595.6</b>	<b>617.9</b>	<b>615.0</b>	<b>727.4</b>	<b>727.4</b>	<b>694.1</b>	<b>713.4</b>	<b>724.7</b>	<b>843.2</b>	<b>843.2</b>	<b>973.4</b>
<b>Stockholders' equity</b>	<b>-22.4</b>	<b>300.6</b>	<b>1,650.8</b>	<b>1,656.7</b>	<b>1,617.2</b>	<b>1,589.3</b>	<b>1,580.8</b>	<b>1,594.0</b>	<b>1,594.0</b>	<b>1,615.6</b>	<b>1,633.7</b>	<b>1,633.2</b>	<b>1,630.4</b>	<b>1,630.4</b>	<b>1,714.7</b>
<b>Total liabilities and shareholders' equity</b>	<b>112.5</b>	<b>520.6</b>	<b>2,042.2</b>	<b>2,258.9</b>	<b>2,212.8</b>	<b>2,207.2</b>	<b>2,195.9</b>	<b>2,321.4</b>	<b>2,321.4</b>	<b>2,309.7</b>	<b>2,347.1</b>	<b>2,357.9</b>	<b>2,473.5</b>	<b>2,473.5</b>	<b>2,688.1</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis



## Exhibit 199: SentinelOne Cash Flow Statement

\$ in millions, except per share data

	2020	2021	2022	2023	Apr-23	Jul-23	Oct-23	Jan-24	2024	Apr-24	Jul-24	Oct-24	Jan-25	2025 (E)	2026 (E)
	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25	2Q25	3Q25E	4Q25E	Full Year	Full Year
<b>Cash Flow Statement</b>															
<b>Cash from Operating Activities</b>															
<b>Net income (loss)</b>	<b>(76.6)</b>	<b>(117.6)</b>	<b>(271.1)</b>	<b>(378.7)</b>	<b>(106.9)</b>	<b>(89.5)</b>	<b>(70.3)</b>	<b>(72.0)</b>	<b>(338.7)</b>	<b>(70.1)</b>	<b>(69.2)</b>	<b>(57.1)</b>	<b>(60.1)</b>	<b>(256.4)</b>	<b>(158.0)</b>
Depreciation and amortization	1.9	2.8	7.9	29.7	9.1	9.5	9.9	10.4	38.9	10.7	10.4	11.2	11.0	43.3	41.0
Amortization of deferred contract acquisition costs	5.7	11.5	21.7	36.4	10.7	11.5	12.4	14.0	48.7	15.3	16.0	14.7	14.6	60.6	68.7
Non-cash operating lease costs	0.0	3.1	2.9	3.6	0.9	1.0	1.0	1.0	4.0	1.0	1.0			1.9	0.0
Stock-based compensation expense	4.3	15.9	87.9	164.5	55.5	52.8	54.9	53.6	216.9	58.6	64.7	56.6	57.2	237.0	242.3
Loss on investments, accretion of discounts, amort of premiums, net							(16.3)	(3.7)	(19.9)	(3.6)	(3.8)			(7.4)	0.0
Net gain on strategic investments							(2.7)	0.0	(2.7)	0.0	(0.3)			(0.3)	0.0
Other	(0.0)	(0.0)	(0.5)	(13.4)	(4.2)	(8.1)	13.0	4.0	4.6	1.6	0.3			1.9	0.0
<b>Working Capital:</b>	<b>20.2</b>	<b>17.7</b>	<b>55.6</b>	<b>(35.4)</b>	<b>6.7</b>	<b>10.8</b>	<b>(24.2)</b>	<b>(13.5)</b>	<b>(20.2)</b>	<b>28.7</b>	<b>(16.8)</b>	<b>(13.3)</b>	<b>17.9</b>	<b>16.6</b>	<b>(87.8)</b>
Accounts receivable	(19.0)	(8.3)	(59.1)	(44.4)	23.6	4.3	(9.1)	(80.8)	(61.9)	80.9	(21.7)	(12.5)	(49.5)	(2.7)	(117.7)
Prepaid expenses and other assets	(1.2)	(9.4)	(7.3)	(14.5)	3.2	3.1	3.8	(11.3)	(1.2)	3.9	5.0	1.6	(15.3)	(4.8)	(12.4)
Deferred contract acquisition costs	(14.6)	(26.9)	(53.6)	(61.3)	(12.1)	(18.2)	(17.0)	(33.8)	(81.0)	(15.2)	(19.7)	(13.7)	(35.7)	(84.3)	(88.0)
Accounts payable	2.9	7.4	(2.1)	3.7	1.1	(0.1)	0.9	(6.4)	(4.5)	2.4	(2.4)	7.7	(6.3)	1.4	2.4
Accrued liabilities	0.6	1.4	18.1	5.0	1.4	3.0	(4.6)	4.5	4.3	(2.5)	8.0	(12.7)	5.1	(2.2)	3.4
Accrued payroll and benefits	5.6	7.8	41.5	(7.2)	(10.9)	6.5	2.4	21.1	19.1	(18.9)	8.3	7.6	16.8	13.7	21.1
Operating lease liabilities	0.0	(3.3)	(3.1)	(5.3)	(1.1)	(1.3)	(2.2)	0.2	(4.4)	(1.5)	(1.3)	(1.7)	0.9	(3.6)	4.6
Deferred revenue	46.3	49.1	115.1	92.5	2.2	12.9	1.2	91.9	108.2	(22.1)	9.5	9.0	101.5	97.9	102.1
Other liabilities	(0.3)		6.1	(3.8)	(0.8)	0.6	0.4	1.0	1.3	1.7	(2.5)	1.4	0.4	1.1	(3.3)
<b>Net cash provided by operating activities</b>	<b>(44.4)</b>	<b>(66.6)</b>	<b>(95.6)</b>	<b>(193.3)</b>	<b>(28.1)</b>	<b>(11.9)</b>	<b>(22.2)</b>	<b>(6.2)</b>	<b>(68.4)</b>	<b>42.0</b>	<b>2.3</b>	<b>12.1</b>	<b>40.8</b>	<b>97.1</b>	<b>106.2</b>
<i>y/y growth</i>		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	9.4%
<i>% of revenue</i>	-95.6%	-71.5%	-46.7%	-45.8%	-21.0%	-8.0%	-13.5%	-3.5%	-11.0%	22.5%	1.2%	5.8%	18.5%	11.9%	10.4%
<i>% of ARR</i>	#DIV/0!	#DIV/0!	-34.4%	-37.0%	-5.0%	-1.9%	-3.3%	-0.9%	-9.4%	5.5%	0.3%	1.4%	4.4%	10.6%	9.5%
<b>Cash from investing activities</b>															
Purchases of property and equipment	(1.0)	(3.3)	(3.7)	(5.0)	(0.5)	(0.0)	(0.6)	(0.2)	(1.3)	(0.9)	(0.6)	(0.5)	(0.6)	(2.5)	(2.6)
Purchase of intangibles assets	(0.2)	(0.2)	(0.8)	(0.4)	(0.2)	(0.0)	(3.2)	(0.1)	(3.5)	(0.7)	0.6			(0.1)	0.0
Capitalization of internal-use software	(1.7)	(2.8)	(5.8)	(13.5)	(2.9)	(3.3)	(3.5)	(4.3)	(14.0)	(7.4)	(7.2)	(5.2)	(5.5)	(25.3)	(25.5)
Purchase of short-term investments	(0.3)		(6.0)	(1,938.0)	(150.6)	(199.8)	(112.1)	(3.7)	(466.3)	(247.0)	(195.7)	0.0	0.0	(442.6)	0.0
Maturities of short-term investments			0.0	925.2	185.3	186.7	132.3	134.9	639.2	210.6	194.1	10.0	10.0	424.7	40.0
Cash paid for acquisition, net of cash and restricted cash acquired			(3.4)	(281.0)				(13.6)	(13.6)	(61.6)	0.0	(10.0)	(10.0)	(81.6)	(40.0)
<b>Net cash used in investing activities</b>	<b>(3.2)</b>	<b>(6.3)</b>	<b>(19.7)</b>	<b>(1,312.7)</b>	<b>31.1</b>	<b>(16.4)</b>	<b>12.9</b>	<b>113.0</b>	<b>140.6</b>	<b>(106.9)</b>	<b>(8.7)</b>	<b>(5.8)</b>	<b>(6.1)</b>	<b>(127.4)</b>	<b>(28.1)</b>
<b>Cash from financing activities</b>															
Payments of deferred offering costs			(7.4)	(0.2)				0.0	0.0					0.0	0.0
Repayment of debt		(0.1)	(20.0)	0.0				0.0						0.0	0.0
Proceeds from exercise of stock options	0.9	4.8	14.6	17.3	9.8	4.1	3.5	11.0	28.3	6.6	6.3			12.8	0.0
Repurchase of early exercised stock options										(0.2)	0.2			(0.0)	
Proceeds from issuance of common stock under the employee stock purchase plan			11.4	19.2		6.4		12.7	19.1		8.8			8.8	0.0
Proceeds from issuance of Series D, E, and F redeemable preferred stock	51.9	419.3	0.0	0.0				0.0						0.0	0.0
Proceeds from IPO and private placement, net of underwriting discounts and commissions			1,388.6	0.0				0.0						0.0	0.0
<b>Net cash provided by financing activities</b>	<b>52.8</b>	<b>424.0</b>	<b>1,387.1</b>	<b>36.3</b>	<b>9.8</b>	<b>10.5</b>	<b>3.5</b>	<b>23.7</b>	<b>47.5</b>	<b>6.3</b>	<b>15.2</b>	<b>0.0</b>	<b>0.0</b>	<b>21.6</b>	<b>0.0</b>
FX Impact on cash and equivalents	0.0	0.3	1.1	0.0					0.0					0.0	0.0
Cash balance, beginning of period	42.5	47.7	399.1	1,672.1	202.4	215.2	197.4	191.6	202.4	322.1	263.5	272.4	278.7	322.1	313.4
Net change in cash	5.2	351.4	1,272.9	(1,469.6)	12.8	(17.8)	(5.9)	130.5	119.7	(58.6)	8.8	6.3	34.7	(8.7)	78.1
<b>Cash balance, end of period</b>	<b>47.7</b>	<b>399.1</b>	<b>1,672.1</b>	<b>202.4</b>	<b>215.2</b>	<b>197.4</b>	<b>191.6</b>	<b>322.1</b>	<b>322.1</b>	<b>263.5</b>	<b>272.4</b>	<b>278.7</b>	<b>313.4</b>	<b>313.4</b>	<b>391.5</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

**Exhibit 200: SentinelOne Discounted Cash Flow (DCF) – Base**

\$ in millions, except per share data

**Assumptions and Inputs**

Current risk-free rate	3.8%
Beta	1.8
Historical equity risk premium	6.5%
Terminal growth rate	5.0%
Market Value (\$M)	7,477.8
Debt Value (\$M)	\$ -
Cost of equity	15.4%
Cost of debt	7.5%
Tax rate	20.0%
<b>WACC</b>	<b>15.4%</b>

Last Reported Quarter End	7/31/2024
Full Year End	1/31/2025

**Scenario 2: Plausible Case**

Fiscal year	Historicals			Hyper Growth Period					Transitional Period					Terminal	Perpetuity
	F2022	F2023	F2024	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E	F2031E	F2032E	F2033E	F2034E	F2035E	
Corresponding Calendar Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Period				0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	
Risk free rate			3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	
Beta			1.78	1.78	1.78	1.78	1.78	1.78	1.65	1.52	1.39	1.26	1.13	1.00	
Historical equity risk premium			6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	
Cost of equity			15.4%	15.4%	15.4%	15.4%	15.4%	15.4%	14.6%	13.7%	12.9%	12.0%	11.2%	10.3%	
Cost of debt			7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	
Debt/Total Value			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>WACC</b>			<b>15.4%</b>	<b>15.4%</b>	<b>15.4%</b>	<b>15.4%</b>	<b>15.4%</b>	<b>15.4%</b>	<b>14.6%</b>	<b>13.7%</b>	<b>12.9%</b>	<b>12.0%</b>	<b>11.2%</b>	<b>10.3%</b>	
Discount factor				0.93	0.81	0.70	0.61	0.52	0.47	0.43	0.40	0.38	0.37	0.36	
<b>Total Revenue / Implied Total Revenue</b>	<b>204.8</b>	<b>422.2</b>	<b>621.2</b>	<b>814.9</b>	<b>1,019.6</b>	<b>1,241.7</b>	<b>1,508.7</b>	<b>1,818.0</b>	<b>2,142.2</b>	<b>2,467.1</b>	<b>2,775.5</b>	<b>3,048.4</b>	<b>3,266.9</b>	<b>3,413.9</b>	
y/y change		106.1%	47.1%	31.2%	25.1%	21.8%	21.5%	20.5%	18%	15%	13%	10%	7%	5%	
<b>Free Cash Flow to Firm (FCFF)</b>	<b>(107.9)</b>	<b>(513.0)</b>	<b>(150.5)</b>	<b>(37.9)</b>	<b>(14.2)</b>	<b>124.2</b>	<b>196.1</b>	<b>290.9</b>	<b>410.6</b>	<b>551.0</b>	<b>707.7</b>	<b>873.9</b>	<b>1,039.9</b>	<b>1,194.9</b>	
FCF margin	-52.7%	-121.5%	-24.2%	-4.7%	-1.4%	10.0%	13%	16%	19%	22%	26%	29%	32%	35%	
y/y change		NM	NM	NM	NM	NM	58.0%	48.3%	41%	34%	28%	23%	19%	15%	
Diluted Shares Outstanding	174	278	295	315	334	348	358	365	372	378	384	389	394	397	
y/y change		59.6%	6.1%	7.0%	6.0%	4%	3%	2%	2%	2%	2%	1%	1%	1%	
<b>FCFF per share</b>	<b>(\$0.62)</b>	<b>(\$1.85)</b>	<b>(\$0.51)</b>	<b>(\$0.12)</b>	<b>(\$0.04)</b>	<b>\$0.36</b>	<b>\$0.55</b>	<b>\$0.80</b>	<b>\$1.10</b>	<b>\$1.46</b>	<b>\$1.84</b>	<b>\$2.25</b>	<b>\$2.64</b>	<b>\$3.01</b>	
NPV of FCF per share				(\$0.11)	(\$0.03)	\$0.25	\$0.33	\$0.42	\$0.52	\$0.63	\$0.74	\$0.86	\$0.97	\$1.07	

Cumulative NPV of FCFF/share	\$5.64
Terminal Value FCF/Share	\$18.32
<b>Total NPV of FCF/Share</b>	<b>\$23.96</b>
<b>Net Cash per share</b>	<b>\$ 3.50</b>
Net cash balance	1,125
Working Capital - 5% of revenue	31.1
Shares outstanding	313
<b>Implied Total NPV/Share</b>	<b>\$27</b>
Current Price	\$ 23.92
<b>Upside/(Downside) Potential</b>	<b>15%</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## SMAR

## Exhibit 201: Smartsheet GAAP Income Statement

\$ in millions, except per share data

	Jan-21 F2021	Jan-22 F2022	Jan-23 F2023	Apr-23 F1Q24	Jul-23 F2Q24	Oct-23 F3Q24	Jan-24 F4Q24	Jan-24 F2024	Apr-24 F1Q25	Jul-24 F2Q25	Oct-24 F3Q25E	Jan-25 F4Q25E	Jan-25 (E) F2025E	Apr-25 F1Q26E	Jul-25 F2Q26E	Oct-25 F3Q26E	Jan-26 F4Q26E	Jan-26 (E) F2026E
<b>GAAP Income Statement</b>																		
Subscription Revenue	352.8	507.4	713.7	206.0	221.5	232.5	244.0	904.0	249.1	263.5	271.8	284.1	1,068.5	288.6	306.0	318.4	330.8	1,243.7
y/y growth	44.5%	43.8%	40.7%	32.7%	27.7%	24.9%	22.7%	26.7%	20.9%	19.0%	16.9%	16.4%	18.2%	15.9%	16.1%	17.1%	16.4%	16.4%
Professional Services	32.7	43.5	53.2	13.9	14.1	13.4	12.9	54.3	13.9	12.9	11.7	12.2	50.7	13.6	14.4	15.0	15.5	58.5
y/y growth	22.0%	32.8%	22.4%	6.5%	6.9%	(0.4%)	(4.2%)	2.1%	0.0%	(8.4%)	(13.1%)	(5.4%)	(6.7%)	(2.3%)	11.6%	28.0%	27.3%	15.4%
<b>Total Revenue</b>	<b>385.5</b>	<b>550.8</b>	<b>766.9</b>	<b>219.9</b>	<b>235.6</b>	<b>245.9</b>	<b>256.9</b>	<b>958.3</b>	<b>263.0</b>	<b>276.4</b>	<b>283.5</b>	<b>296.3</b>	<b>1,119.2</b>	<b>302.2</b>	<b>320.3</b>	<b>333.3</b>	<b>346.4</b>	<b>1,302.2</b>
y/y growth	42.3%	42.9%	39.2%	30.6%	26.2%	23.2%	21.0%	25.0%	19.6%	17.3%	15.3%	15.3%	16.8%	14.9%	15.9%	17.6%	16.9%	16.3%
q/q growth				3.6%	7.1%	4.4%	4.5%		2.3%	5.1%	2.6%	4.5%		2.0%	6.0%	4.1%	3.9%	
<b>Cost of Revenue</b>																		
Subscription	59.4	77.5	114.4	33.2	33.6	34.3	33.6	134.7	35.8	38.0	42.2	40.7	156.7	45.9	49.0	50.8	52.5	198.2
Professional Services	26.2	39.0	50.9	12.7	13.5	12.8	12.8	51.8	12.6	11.9	11.5	11.9	47.8	13.5	14.1	15.0	15.5	58.1
<b>Total Cost of Revenue</b>	<b>85.5</b>	<b>116.5</b>	<b>165.3</b>	<b>45.9</b>	<b>47.0</b>	<b>47.0</b>	<b>46.5</b>	<b>186.4</b>	<b>48.3</b>	<b>49.9</b>	<b>53.8</b>	<b>52.6</b>	<b>204.5</b>	<b>59.4</b>	<b>63.1</b>	<b>65.7</b>	<b>68.0</b>	<b>256.3</b>
% of Revenue	22.2%	21.1%	21.6%	20.9%	20.0%	19.1%	18.1%	19.5%	18.4%	18.0%	19.0%	17.7%	18.3%	19.7%	19.7%	19.7%	19.6%	19.7%
<b>Gross Profit</b>																		
Subscription	293.4	429.9	599.4	172.8	187.9	198.2	210.4	769.4	213.3	225.5	229.6	243.4	911.9	242.7	257.0	267.6	278.3	1,045.5
Professional Services and Other	6.6	4.4	2.3	1.2	0.6	0.7	0.1	2.5	1.3	1.0	0.1	0.3	2.8	0.1	0.2	0.0	0.0	0.3
<b>Total Gross Profit</b>	<b>300.0</b>	<b>434.4</b>	<b>601.6</b>	<b>174.0</b>	<b>188.5</b>	<b>198.9</b>	<b>210.5</b>	<b>771.9</b>	<b>214.7</b>	<b>226.6</b>	<b>229.7</b>	<b>243.8</b>	<b>914.7</b>	<b>242.7</b>	<b>257.2</b>	<b>267.6</b>	<b>278.3</b>	<b>1,045.9</b>
<b>Gross Margin %</b>	<b>77.8%</b>	<b>78.9%</b>	<b>78.4%</b>	<b>79.1%</b>	<b>80.0%</b>	<b>80.9%</b>	<b>81.9%</b>	<b>80.5%</b>	<b>81.6%</b>	<b>82.0%</b>	<b>81.0%</b>	<b>82.3%</b>	<b>81.7%</b>	<b>80.3%</b>	<b>80.3%</b>	<b>80.3%</b>	<b>80.4%</b>	<b>80.3%</b>
<b>Operating Expenses</b>																		
Research and Development	118.7	165.4	215.2	56.2	58.4	58.3	61.3	234.1	62.4	63.6	62.9	65.2	254.2	69.3	73.2	70.9	74.6	288.0
Sales and Marketing	230.3	329.8	479.3	115.0	129.8	137.9	127.9	510.6	125.2	130.2	143.6	143.9	543.0	141.3	150.1	165.6	166.6	623.6
General and Administrative	71.4	109.2	128.8	35.0	36.5	38.2	37.9	147.5	38.1	41.2	38.8	43.4	161.6	41.4	42.6	42.8	48.7	175.5
<b>Total Operating Expenses</b>	<b>420.4</b>	<b>604.4</b>	<b>823.3</b>	<b>206.1</b>	<b>224.7</b>	<b>234.3</b>	<b>227.0</b>	<b>892.2</b>	<b>225.8</b>	<b>235.0</b>	<b>245.4</b>	<b>252.5</b>	<b>958.8</b>	<b>251.9</b>	<b>266.0</b>	<b>279.4</b>	<b>289.9</b>	<b>1,087.1</b>
% of Revenue	109.1%	109.7%	107.3%	93.7%	95.4%	95.3%	88.4%	93.1%	85.9%	85.0%	86.6%	85.2%	85.7%	83.4%	83.0%	83.8%	83.7%	83.5%
<b>Income/ (Loss) from Operations</b>	<b>(120.5)</b>	<b>(170.0)</b>	<b>(221.6)</b>	<b>(32.1)</b>	<b>(36.1)</b>	<b>(35.5)</b>	<b>(16.6)</b>	<b>(120.3)</b>	<b>(11.1)</b>	<b>(8.5)</b>	<b>(15.7)</b>	<b>(8.8)</b>	<b>(44.1)</b>	<b>(9.1)</b>	<b>(8.7)</b>	<b>(11.8)</b>	<b>(11.6)</b>	<b>(41.2)</b>
<b>Operating Margin %</b>	<b>-31.2%</b>	<b>-30.9%</b>	<b>-28.9%</b>	<b>-14.6%</b>	<b>-15.3%</b>	<b>-14.4%</b>	<b>-6.4%</b>	<b>-12.6%</b>	<b>-4.2%</b>	<b>-3.1%</b>	<b>-5.5%</b>	<b>-3.0%</b>	<b>-3.9%</b>	<b>-3.0%</b>	<b>-2.7%</b>	<b>-3.5%</b>	<b>-3.3%</b>	<b>-3.2%</b>
Interest Income	1.7	0.2	7.7	5.2	5.8	7.0	7.6	25.6	7.8	8.8	7.1	7.1	30.8	7.4	7.7	8.8	10.1	34.0
Other Income (Expense), Net	0.0	(0.9)	1.1	(0.5)	(0.1)	(0.8)	(0.1)	(1.5)	(0.4)	(0.3)	(0.6)	(0.1)	(1.3)	(0.4)	(0.3)	(0.6)	(0.1)	(1.3)
<b>Income/ (Loss) Before Income Tax Provision</b>	<b>(118.7)</b>	<b>(170.8)</b>	<b>(212.8)</b>	<b>(27.4)</b>	<b>(30.4)</b>	<b>(29.3)</b>	<b>(9.1)</b>	<b>(96.1)</b>	<b>(3.7)</b>	<b>0.1</b>	<b>(9.2)</b>	<b>(1.8)</b>	<b>(14.6)</b>	<b>(2.2)</b>	<b>(1.2)</b>	<b>(3.6)</b>	<b>(1.6)</b>	<b>(8.5)</b>
Income Tax Provision	3.8	(0.3)	(2.8)	(2.4)	(3.0)	(3.2)	0.1	(8.5)	(5.2)	7.8	0.0	0.0	2.6	0.0	0.0	0.0	0.0	0.0
Tax Rate	-3.2%	0.2%	1.3%	8.9%	9.9%	10.8%	-1.2%	8.8%	140.7%	8349.5%	0.0%	0.0%	-17.8%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net Loss and Comprehensive Loss</b>	<b>(115.0)</b>	<b>(171.1)</b>	<b>(215.6)</b>	<b>(29.9)</b>	<b>(33.4)</b>	<b>(32.4)</b>	<b>(9.0)</b>	<b>(104.6)</b>	<b>(8.9)</b>	<b>7.9</b>	<b>(9.2)</b>	<b>(1.8)</b>	<b>(12.0)</b>	<b>(2.2)</b>	<b>(1.2)</b>	<b>(3.6)</b>	<b>(1.6)</b>	<b>(8.5)</b>
<b>GAAP EPS</b>																		
Shares Outstanding	(\$0.95)	(\$1.36)	(\$1.66)	(\$0.23)	(\$0.25)	(\$0.24)	(\$0.07)	(\$0.78)	(\$0.06)	\$0.06	(\$0.07)	(\$0.01)	(\$0.09)	(\$0.02)	(\$0.01)	(\$0.02)	(\$0.01)	(\$0.06)
<b>Basic</b>	<b>120.7</b>	<b>125.6</b>	<b>130.1</b>	<b>132.5</b>	<b>133.8</b>	<b>135.2</b>	<b>136.4</b>	<b>134.5</b>	<b>137.4</b>	<b>138.4</b>	<b>139.1</b>	<b>139.7</b>	<b>138.6</b>	<b>141.0</b>	<b>142.4</b>	<b>143.7</b>	<b>145.1</b>	<b>143.1</b>
y/y growth	6.8%	4.1%	3.5%	3.1%	3.2%	3.5%	3.8%	3.4%	3.7%	3.4%	2.9%	2.4%	3.1%	2.6%	2.9%	3.3%	3.9%	3.2%
q/q growth				0.8%	1.0%	1.0%	0.9%		0.8%	0.7%	0.5%	0.4%		1.0%	0.9%	1.0%	1.0%	
<b>Diluted</b>	<b>120.7</b>	<b>125.6</b>	<b>130.1</b>	<b>132.5</b>	<b>133.8</b>	<b>135.2</b>	<b>136.4</b>	<b>134.5</b>	<b>137.4</b>	<b>141.2</b>	<b>139.1</b>	<b>139.7</b>	<b>138.6</b>	<b>141.0</b>	<b>142.4</b>	<b>143.7</b>	<b>145.1</b>	<b>143.1</b>
y/y growth	6.8%	4.1%	3.5%	3.1%	3.2%	3.5%	3.8%	3.4%	3.7%	5.5%	2.9%	2.4%	3.1%	2.6%	0.9%	3.3%	3.9%	3.2%

Source: Company reports, Guggenheim Securities, LLC estimates

## Exhibit 202: Smartsheet Non-GAAP Income Statement

\$ in millions, except per share data

	Jan-21 F2021	Jan-22 F2022	Jan-23 F2023	Apr-23 F1Q24	Jul-23 F2Q24	Oct-23 F3Q24	Jan-24 F4Q24	Jan-24 F2024	Apr-24 F1Q25	Jul-24 F2Q25	Oct-24 F3Q25E	Jan-25 F4Q25E	Jan-25 (E) F2025E	Apr-25 F1Q26E	Jul-25 F2Q26E	Oct-25 F3Q26E	Jan-26 F4Q26E	Jan-26 (E) F2026E
<b>Income Statement (Non-GAAP)</b>																		
Subscription Revenue	352.8	507.4	713.7	206.0	221.5	232.5	244.0	904.0	249.1	263.5	271.8	284.1	1,068.5	288.6	306.0	318.4	330.8	1,243.7
y/y growth	44.5%	43.8%	40.7%	32.7%	27.7%	24.9%	22.7%	26.7%	20.9%	19.0%	16.9%	16.4%	18.2%	15.9%	16.1%	17.1%	16.4%	16.4%
Professional Services	32.7	43.5	53.2	13.9	14.1	13.4	12.9	54.3	13.9	12.9	11.7	12.2	50.7	13.6	14.4	15.0	15.5	58.5
y/y growth	22.0%	32.8%	22.4%	6.5%	6.9%	(0.4%)	(4.2%)	2.1%	0.0%	(8.4%)	(13.1%)	(5.4%)	(6.7%)	(2.3%)	11.6%	28.0%	27.3%	15.4%
<b>Total Revenue</b>	<b>385.5</b>	<b>550.8</b>	<b>766.9</b>	<b>219.9</b>	<b>235.6</b>	<b>245.9</b>	<b>256.9</b>	<b>958.3</b>	<b>263.0</b>	<b>276.4</b>	<b>283.5</b>	<b>296.3</b>	<b>1,119.2</b>	<b>302.2</b>	<b>320.3</b>	<b>333.3</b>	<b>346.4</b>	<b>1,302.2</b>
y/y growth	42.3%	42.9%	39.2%	30.6%	26.2%	23.2%	21.0%	25.0%	19.6%	17.3%	15.3%	15.3%	16.8%	14.9%	15.9%	17.6%	16.9%	16.3%
<b>Cost of Revenue</b>																		
Subscription	48.7	61.1	94.0	27.9	28.3	29.1	28.5	113.8	30.7	33.1	36.7	35.5	136.1	40.4	42.8	44.6	46.3	174.1
Professional Services	24.0	35.2	44.5	10.8	11.5	11.0	11.0	44.3	10.8	10.3	9.6	10.0	40.8	11.5	12.2	12.7	13.2	49.7
<b>Total Cost of Revenue</b>	<b>72.7</b>	<b>96.4</b>	<b>138.5</b>	<b>38.7</b>	<b>39.8</b>	<b>40.1</b>	<b>39.5</b>	<b>158.1</b>	<b>41.6</b>	<b>43.5</b>	<b>46.3</b>	<b>45.5</b>	<b>176.8</b>	<b>51.9</b>	<b>55.1</b>	<b>57.3</b>	<b>59.5</b>	<b>223.8</b>
% of Revenue	18.9%	17.5%	18.1%	17.6%	16.9%	16.3%	15.4%	16.5%	15.8%	15.7%	16.3%	15.4%	15.8%	17.2%	17.2%	17.2%	17.2%	17.2%
<b>Gross Profit</b>																		
Subscription	304.1	446.2	619.7	178.1	193.2	203.3	215.5	790.2	218.3	230.4	235.1	248.6	932.4	248.2	263.1	273.8	284.5	1,069.6
Gross Margin	86.2%	88.0%	86.8%	86.5%	87.2%	87.5%	88.3%	87.4%	87.7%	87.4%	86.5%	87.5%	87.3%	86.0%	86.0%	86.0%	86.0%	86.0%
Professional Services	8.7	8.2	8.7	3.1	2.5	2.5	1.9	10.0	3.1	2.5	2.1	2.2	9.9	2.0	2.2	2.2	2.3	8.8
Gross Margin	26.6%	18.9%	16.3%	22.2%	17.9%	18.3%	15.0%	18.4%	22.2%	19.7%	18.0%	18.0%	19.6%	15.0%	15.0%	15.0%	15.0%	15.0%
<b>Total Gross Profit</b>	<b>312.8</b>	<b>454.5</b>	<b>628.4</b>	<b>181.2</b>	<b>195.7</b>	<b>205.8</b>	<b>217.5</b>	<b>800.2</b>	<b>221.4</b>	<b>232.933</b>	<b>237.2</b>	<b>250.8</b>	<b>942.4</b>	<b>250.2</b>	<b>265.3</b>	<b>276.0</b>	<b>286.8</b>	<b>1,078.4</b>
Gross Margin %	81.1%	82.5%	81.9%	82.4%	83.1%	83.7%	84.6%	83.5%	84.2%	84.3%	83.7%	84.6%	84.2%	82.8%	82.8%	82.8%	82.8%	82.8%
<b>Operating Expenses</b>																		
Research and Development	93.7	124.7	153.0	38.8	40.7	40.9	42.2	162.6	44.4	45.4	43.9	45.9	179.6	48.7	50.2	49.2	51.1	199.2
% of Revenue	24.3%	22.6%	20.0%	17.6%	17.3%	16.6%	16.4%	17.0%	16.9%	16.4%	15.5%	15.5%	16.0%	16.1%	15.7%	14.8%	14.8%	15.3%
Sales and Marketing	204.4	288.6	414.8	94.6	109.5	119.0	108.6	431.7	107.4	114.5	123.0	124.5	469.4	121.1	130.3	142.2	142.9	536.4
% of Revenue	53.0%	52.4%	54.1%	43.0%	46.5%	48.4%	42.3%	45.0%	40.8%	41.4%	43.4%	42.0%	41.9%	40.1%	40.7%	42.7%	41.3%	41.2%
General and Administrative	56.0	75.4	96.5	25.0	26.3	26.5	27.1	105.0	27.6	27.7	27.8	32.6	115.7	29.4	29.7	30.2	35.5	124.9
% of Revenue	14.5%	13.7%	12.6%	11.4%	11.1%	10.8%	10.6%	11.0%	10.5%	10.0%	9.8%	11.0%	10.3%	9.7%	9.3%	9.1%	10.3%	9.6%
<b>Total Operating Expenses</b>	<b>354.0</b>	<b>488.7</b>	<b>664.4</b>	<b>158.4</b>	<b>176.5</b>	<b>186.4</b>	<b>177.9</b>	<b>699.3</b>	<b>179.3</b>	<b>187.6</b>	<b>194.8</b>	<b>203.0</b>	<b>764.7</b>	<b>199.2</b>	<b>210.2</b>	<b>221.5</b>	<b>229.5</b>	<b>860.4</b>
% of Revenue	91.8%	88.7%	86.6%	72.0%	74.9%	75.8%	69.2%	73.0%	68.2%	67.9%	68.7%	68.5%	68.3%	65.9%	65.6%	66.5%	66.3%	66.1%
<b>Operating Income</b>	<b>(41.2)</b>	<b>(34.2)</b>	<b>(36.0)</b>	<b>22.8</b>	<b>19.2</b>	<b>19.4</b>	<b>39.6</b>	<b>100.9</b>	<b>42.1</b>	<b>45.3</b>	<b>42.5</b>	<b>47.8</b>	<b>177.7</b>	<b>51.0</b>	<b>55.0</b>	<b>54.5</b>	<b>57.4</b>	<b>217.9</b>
Operating Margin %	-10.7%	-6.2%	-4.7%	10.4%	8.2%	7.9%	15.4%	10.5%	16.0%	16.4%	15.0%	16.1%	15.9%	16.9%	17.2%	16.4%	16.6%	16.7%
Interest Income	1.7	0.2	7.7	5.2	5.8	7.0	7.6	25.6	7.8	8.8	7.1	7.1	30.8	7.4	7.7	8.8	10.1	34.0
Other Income (Expense), Net	(4.0)	(0.9)	1.1	(0.5)	(0.1)	(0.6)	(0.1)	(1.3)	(0.4)	(0.3)	(0.6)	(0.1)	(1.3)	(0.4)	(0.3)	(0.6)	(0.1)	(1.3)
<b>Income/ (Loss) Before Income Tax Provision</b>	<b>(43.5)</b>	<b>(35.0)</b>	<b>(27.1)</b>	<b>27.5</b>	<b>25.0</b>	<b>25.7</b>	<b>47.0</b>	<b>125.3</b>	<b>49.5</b>	<b>53.9</b>	<b>48.9</b>	<b>54.8</b>	<b>207.2</b>	<b>58.0</b>	<b>62.5</b>	<b>62.8</b>	<b>67.3</b>	<b>250.6</b>
Income Tax Provision	3.8	(0.3)	(2.8)	(2.4)	(3.0)	(3.2)	0.1	(8.5)	(5.2)	7.8	(4.9)	(8.2)	(10.5)	(2.9)	(3.1)	(3.1)	(3.4)	(12.5)
Tax rate	(8.6%)	0.8%	10.5%	(8.9%)	(12.0%)	(12.3%)	0.2%	(6.8%)	(10.5%)	14.4%	(10.0%)	(15.0%)	(5.1%)	(5.0%)	(5.0%)	(5.0%)	(5.0%)	(5.0%)
<b>Net Loss and Comprehensive Loss</b>	<b>(39.7)</b>	<b>(35.3)</b>	<b>(30.0)</b>	<b>25.0</b>	<b>22.0</b>	<b>22.6</b>	<b>47.1</b>	<b>116.8</b>	<b>44.4</b>	<b>61.6</b>	<b>44.0</b>	<b>46.6</b>	<b>196.6</b>	<b>55.1</b>	<b>59.4</b>	<b>59.6</b>	<b>64.0</b>	<b>238.1</b>
<b>Non-GAAP EPS (Diluted)</b>	<b>(\$0.33)</b>	<b>(\$0.28)</b>	<b>(\$0.23)</b>	<b>\$0.18</b>	<b>\$0.16</b>	<b>\$0.16</b>	<b>\$0.34</b>	<b>\$0.85</b>	<b>\$0.32</b>	<b>\$0.44</b>	<b>\$0.31</b>	<b>\$0.32</b>	<b>\$1.39</b>	<b>\$0.38</b>	<b>\$0.41</b>	<b>\$0.41</b>	<b>\$0.43</b>	<b>\$1.63</b>
<b>Shares Outstanding</b>																		
Basic	120.7	125.6	130.1	132.5	133.8	135.2	136.4	134.5	137.4	138.4	139.1	139.7	138.6	141.0	142.4	143.7	145.1	143.1
y/y growth	6.8%	4.1%	3.5%	3.1%	3.2%	3.5%	3.8%	3.4%	3.7%	3.4%	2.9%	2.4%	3.1%	2.6%	2.9%	3.3%	3.9%	3.2%
Diluted	120.7	125.6	130.7	136.7	137.4	138.4	139.7	138.0	140.1	141.2	142.5	143.7	141.9	144.4	145.8	147.2	148.6	146.5
y/y growth	6.8%	4.1%	4.1%	6.4%	6.0%	6.0%	4.2%	5.6%	2.5%	2.8%	3.0%	2.9%	2.8%	3.1%	3.3%	3.3%	3.4%	3.3%

Source: Company reports, Guggenheim Securities, LLC estimates

## Exhibit 203: Smartsheet GAAP Balance Sheet

\$ in millions, except per share data

	Jan-21	Jan-22	Jan-23	Apr-23	Jul-23	Oct-23	Jan-24	Jan-24	Apr-24	Jul-24	Oct-24	Jan-25	Jan-25 (E)	Apr-25	Jul-25	Oct-25	Jan-26	Jan-26 (E)	
	F2021	F2022	F2023	F1Q24	F2Q24	F3Q24	F4Q24	F2024	F1Q25	F2Q25	F3Q25E	F4Q25E	F2025E	F1Q26E	F2Q26E	F3Q26E	F4Q26E	F2026E	
<b>Balance Sheet</b>																			
<b>Current Assets</b>																			
Cash and Cash Equivalents	442.2	449.1	223.2	294.9	237.3	233.2	282.1	282.1	333.5	393.5	398.7	424.1	424.1	461.5	568.6	696.3	739.0	739.0	
Short Term Investments	0.0	0.0	233.2	194.6	311.7	335.5	346.7	346.7	336.0	313.1	313.1	313.1	313.1	313.1	313.1	313.1	313.1	313.1	313.1
Accounts Receivable, Net	102.6	151.1	198.6	152.1	156.5	179.5	238.7	238.7	156.8	193.1	264.1	302.3	302.3	211.9	231.7	248.4	360.6	360.6	
Prepaid Expenses and Other Current Assets	13.5	34.4	55.1	68.0	54.9	53.6	64.4	64.4	83.4	64.0	56.7	71.1	71.1	96.7	76.9	66.7	83.1	83.1	
Deferred Offering Costs	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	
<b>Total Current Assets</b>	<b>558.4</b>	<b>634.6</b>	<b>710.1</b>	<b>709.7</b>	<b>760.4</b>	<b>801.8</b>	<b>931.9</b>	<b>931.9</b>	<b>909.8</b>	<b>963.6</b>	<b>1,032.5</b>	<b>1,110.6</b>	<b>1,110.6</b>	<b>1,083.2</b>	<b>1,190.3</b>	<b>1,324.4</b>	<b>1,495.8</b>	<b>1,495.8</b>	
<b>Non-Current Assets</b>																			
Restricted Cash	0.0	0.0	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Long-term Investments	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	
Deferred Commission	60.5	91.3	121.8	129.1	136.2	142.1	148.9	148.9	152.8	155.7	161.9	168.5	168.5	175.1	182.1	159.5	167.1	167.1	
Property & Equipment, Net	28.6	36.8	39.4	39.2	40.3	41.7	42.4	42.4	43.5	41.2	40.0	39.2	39.2	38.7	38.7	38.9	39.3	39.3	
Intangible Assets, Net	54.1	44.1	39.1	36.1	33.4	30.5	28.0	28.0	25.3	22.9	20.1	17.4	17.4	14.7	11.8	8.8	5.7	5.7	
Goodwill	125.6	125.6	142.4	141.5	141.7	140.9	141.5	141.5	141.5	141.5	141.5	141.5	141.5	141.5	141.5	141.5	141.5	141.5	
Other Assets	84.5	70.4	57.3	54.3	50.5	46.0	44.9	44.9	42.9	37.9	56.7	59.3	59.3	60.4	64.1	66.7	69.3	69.3	
<b>Total Assets</b>	<b>911.8</b>	<b>1,002.8</b>	<b>1,110.2</b>	<b>1,110.0</b>	<b>1,162.8</b>	<b>1,203.2</b>	<b>1,337.5</b>	<b>1,337.5</b>	<b>1,315.7</b>	<b>1,362.8</b>	<b>1,452.7</b>	<b>1,536.5</b>	<b>1,536.5</b>	<b>1,513.7</b>	<b>1,628.5</b>	<b>1,739.8</b>	<b>1,918.8</b>	<b>1,918.8</b>	
<b>Current Liabilities</b>																			
Accounts Payable	2.9	1.5	2.2	1.7	1.5	1.0	2.9	2.9	0.9	6.1	1.2	4.0	4.0	0.6	4.2	4.4	0.7	0.7	
Accrued Compensation and Related Benefits	47.9	66.7	68.3	53.1	66.2	75.2	77.5	77.5	59.3	61.5	75.9	74.7	74.7	64.4	90.3	103.1	97.6	97.6	
Other Accrued Liabilities	34.3	36.9	46.7	28.8	35.1	31.3	30.5	30.5	30.6	30.7	37.0	27.3	27.3	29.1	30.8	32.1	33.3	33.3	
Capital Lease Payable	0.0	0.0	0.0	19.3	17.6	16.5	16.3	16.3	16.0	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	
Deferred Revenue	222.7	332.3	457.5	453.8	461.2	482.9	568.7	568.7	541.7	548.0	573.7	675.6	675.6	643.6	651.1	681.6	802.7	802.7	
<b>Current Liabilities</b>	<b>307.7</b>	<b>437.4</b>	<b>574.8</b>	<b>556.7</b>	<b>581.7</b>	<b>606.8</b>	<b>695.9</b>	<b>695.9</b>	<b>648.4</b>	<b>662.6</b>	<b>704.1</b>	<b>797.9</b>	<b>797.9</b>	<b>753.9</b>	<b>792.7</b>	<b>837.5</b>	<b>950.6</b>	<b>950.6</b>	
<b>Long Term Liabilities</b>																			
Capital Lease Payable, Non-Current	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Deferred Revenue, Non-Current	1.3	2.4	2.2	1.5	1.7	2.6	1.8	1.8	2.0	1.9	2.3	2.7	2.7	2.6	2.6	2.7	3.2	3.2	
Preferred Stock Warrant Liability	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	
Other Long-Term Liabilities	75.8	58.2	47.6	43.7	40.4	36.6	34.0	34.0	30.5	27.5	79.6	72.8	72.8	45.7	48.5	50.4	52.4	52.4	
<b>Total Liabilities</b>	<b>384.9</b>	<b>498.1</b>	<b>624.5</b>	<b>602.0</b>	<b>623.7</b>	<b>646.4</b>	<b>731.6</b>	<b>731.6</b>	<b>680.9</b>	<b>692.0</b>	<b>786.0</b>	<b>873.4</b>	<b>873.4</b>	<b>802.2</b>	<b>843.7</b>	<b>890.6</b>	<b>1,006.2</b>	<b>1,006.2</b>	
<b>Total Equity</b>	<b>526.9</b>	<b>504.8</b>	<b>485.7</b>	<b>508.0</b>	<b>539.0</b>	<b>556.8</b>	<b>605.9</b>	<b>605.9</b>	<b>634.8</b>	<b>670.9</b>	<b>666.8</b>	<b>663.1</b>	<b>663.1</b>	<b>711.5</b>	<b>784.8</b>	<b>849.2</b>	<b>912.6</b>	<b>912.6</b>	
<b>Total Liabilities and Equity</b>	<b>911.8</b>	<b>1,002.8</b>	<b>1,110.2</b>	<b>1,110.0</b>	<b>1,162.8</b>	<b>1,203.2</b>	<b>1,337.5</b>	<b>1,337.5</b>	<b>1,315.7</b>	<b>1,362.8</b>	<b>1,452.7</b>	<b>1,536.6</b>	<b>1,536.6</b>	<b>1,513.7</b>	<b>1,628.5</b>	<b>1,739.8</b>	<b>1,918.8</b>	<b>1,918.8</b>	

Source: Company reports, Guggenheim Securities, LLC estimates



## Exhibit 205: Smartsheet Discounted Cash Flow

## Assumptions and Inputs

Current risk-free rate	3.75%
Beta	1.81
Historical equity risk premium	6.5%
Terminal growth rate	5.0%
Market Value (\$M)	\$ 7,732
Debt Value (\$M)	\$ -
Cost of equity	15.5%
Cost of debt	7.4%
Tax rate	21.0%
<b>WACC</b>	<b>15.5%</b>

Last earnings period end	7/31/2024
Next Fiscal Year End	1/31/2025

## Scenario 1: Base Case

Fiscal year	Historicals			Hyper Growth Period					Transitional Period					Terminal	Perpetuity
	F2022	F2023	F2024	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E	F2031E	F2032E	F2033E	F2034E	F2035E	
Corresponding Calendar Year Period	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2034E
Risk free rate	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
Beta	1.81	1.81	1.81	1.81	1.81	1.81	1.81	1.81	1.68	1.54	1.41	1.27	1.14	1.00	
Equity risk premium	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	
Cost of equity	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	14.6%	13.8%	12.9%	12.0%	11.1%	10.3%	
Cost of debt	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	
Debt/Total Value			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>WACC</b>			<b>15.5%</b>	<b>15.5%</b>	<b>15.5%</b>	<b>15.5%</b>	<b>15.5%</b>	<b>15.5%</b>	<b>14.6%</b>	<b>13.8%</b>	<b>12.9%</b>	<b>12.0%</b>	<b>11.1%</b>	<b>10.3%</b>	
Discount factor				0.930	0.805	0.697	0.604	0.523	0.472	0.433	0.403	0.381	0.367	0.359	
		AH	AM	AR	AW	BB	BG	BL							
<b>Total Revenue</b>	<b>551</b>	<b>767</b>	<b>958</b>	<b>1,119</b>	<b>1,302</b>	<b>1,523</b>	<b>1,778</b>	<b>2,080</b>	<b>2,392</b>	<b>2,703</b>	<b>3,000</b>	<b>3,270</b>	<b>3,499</b>	<b>3,674</b>	
y/y change		39.2%	25.0%	16.8%	16.3%	16.9%	16.7%	17.0%	15.0%	13.0%	11.0%	9.0%	7.0%	5.0%	
<b>Free Cash Flow to Firm (FCFF) ex Share repurchases th</b>	<b>(21)</b>	<b>(17)</b>	<b>124</b>	<b>215</b>	<b>277</b>	<b>342</b>									
FCF margin		-2.2%	12.9%	19.2%	21.3%	22.5%	14.0%	17.0%	20.0%	23.0%	26.0%	29.0%	32.0%	35%	
y/y change		-19.9%	-840.7%	73.3%	29.0%	23.4%	-27.2%	42.1%	35.3%	30.0%	25.5%	21.6%	18.1%	15%	
<b>Free Cash Flow to Firm (FCFF)</b>	<b>(21)</b>	<b>(17)</b>	<b>124</b>	<b>66</b>	<b>277</b>	<b>342</b>	<b>249</b>	<b>354</b>	<b>478</b>	<b>622</b>	<b>780</b>	<b>948</b>	<b>1,120</b>	<b>1,286</b>	
FCF margin		-2.2%	12.9%	5.9%	21.3%	22.5%	14.0%	17.0%	20.0%	23.0%	26.0%	29.0%	32.0%	35%	
y/y change		-19.9%	-840.7%	-46.5%	317.6%	23.4%	-27.2%	42.1%	35.3%	30.0%	25.5%	21.6%	18.1%	15%	
Diluted Shares Outstanding	127	131	140	144	149	155	161	168	175	182	189	196	203	210	
y/y change		3%	6%	3%	3%	4%	4%	4%	4%	4%	4%	4%	4%	3%	
<b>FCFF per share</b>				<b>0.46</b>	<b>1.86</b>	<b>2.21</b>	<b>1.55</b>	<b>2.11</b>	<b>2.73</b>	<b>3.41</b>	<b>4.12</b>	<b>4.83</b>	<b>5.51</b>	<b>6.12</b>	
<b>NPV of FCF per share</b>				<b>0.43</b>	<b>1.50</b>	<b>1.54</b>	<b>0.93</b>	<b>1.10</b>	<b>1.29</b>	<b>1.48</b>	<b>1.66</b>	<b>1.84</b>	<b>2.02</b>	<b>2.20</b>	
														<b>41.84</b>	

NPV of FCF/Share, F2023-F2033	\$16.00
Terminal Value FCF/Share	\$41.84
<b>Total NPV of FCF/Share</b>	<b>\$57.85</b>
<b>Net Cash per share</b>	<b>\$ 4.21</b>
Net cash balance	707
Working Capital (10% of revenue)	111.9
Shares outstanding	141
<b>Implied Total NPV/Share</b>	<b>62</b>
Current Price	\$ 55.36
<b>Upside/(Downside) Potential</b>	<b>12%</b>

Source: Company reports, Guggenheim Securities, LLC estimates

## SNOW

## Exhibit 206: Snowflake GAAP Income Statement

\$ in millions, except per share data

	Jan-21 FY21	Jan-22 FY22	Jan-23 FY23	Apr-23 1Q24	Jul-23 2Q24	Oct-23 3Q24	Jan-24 4Q24	Jan-24 FY24	Apr-24 1Q25	Jul-24 2Q25	Oct-24 3Q25E	Jan-25 4Q25E	Jan-25 FY25E	Apr-25 1Q26E	Jul-25 2Q26E	Oct-25 3Q26E	Jan-26 4Q26E	Jan-26 FY26E
<b>GAAP Income Statement</b>																		
Product	564.8	1,140.5	1,938.8	590.1	640.2	698.5	738.1	2,666.8	789.6	829.3	852.4	885.2	3,356.4	942.8	1,002.3	1,058.9	1,127.6	4,131.6
Professional Services and Other	38.3	78.9	126.9	33.5	33.8	35.7	36.6	139.6	39.1	39.6	42.6	44.3	165.6	47.1	50.1	52.9	56.4	206.6
<b>Total Revenue</b>	<b>603.1</b>	<b>1,219.3</b>	<b>2,065.7</b>	<b>623.6</b>	<b>674.0</b>	<b>734.2</b>	<b>774.7</b>	<b>2,806.5</b>	<b>828.7</b>	<b>868.8</b>	<b>895.1</b>	<b>929.4</b>	<b>3,522.0</b>	<b>989.9</b>	<b>1,052.4</b>	<b>1,111.8</b>	<b>1,184.0</b>	<b>4,338.1</b>
<b>Cost of Revenue</b>																		
Product	193.8	347.8	547.5	159.4	169.0	180.0	192.8	701.2	219.7	235.6	249.2	264.3	968.8	265.7	285.3	293.2	313.4	1,157.6
% of Product Revenue	34.3%	30.5%	28.2%	27.0%	26.4%	25.8%	26.1%	26.3%	27.8%	28.4%	29.2%	29.9%	28.9%	28.2%	28.5%	27.7%	27.8%	28.0%
Professional Services and Other	48.8	110.6	170.0	50.0	49.3	48.9	49.0	197.4	52.9	52.5	58.1	58.4	221.8	60.0	63.2	71.1	73.3	267.6
% of Professional Services and Other Revenue	127.4%	140.3%	134.0%	149.2%	146.0%	137.1%	133.9%	141.3%	135.1%	132.7%	136.3%	131.9%	134.0%	127.3%	126.1%	134.3%	130.0%	129.6%
<b>Total Cost of Revenue</b>	<b>242.6</b>	<b>458.4</b>	<b>717.5</b>	<b>209.4</b>	<b>218.4</b>	<b>228.9</b>	<b>241.8</b>	<b>898.6</b>	<b>272.5</b>	<b>288.1</b>	<b>307.4</b>	<b>322.7</b>	<b>1,190.6</b>	<b>325.7</b>	<b>348.5</b>	<b>364.3</b>	<b>386.7</b>	<b>1,425.2</b>
% of revenue	40.2%	37.6%	34.7%	33.6%	32.4%	31.2%	31.2%	32.0%	32.9%	33.2%	34.3%	34.7%	33.8%	32.9%	33.1%	32.8%	32.7%	32.9%
<b>Gross Profit</b>																		
Product	371.0	792.7	1,391.2	430.7	471.2	518.5	545.3	1,965.6	569.9	593.7	603.2	620.9	2,387.7	677.0	717.0	765.7	814.3	2,974.0
Gross Margin	65.7%	69.5%	71.8%	73.0%	73.6%	74.2%	73.9%	73.7%	72.2%	71.6%	70.8%	70.1%	71.1%	71.8%	71.5%	72.3%	72.2%	72.0%
Professional Services and Other	(10.5)	(31.8)	(43.1)	(16.5)	(15.5)	(13.3)	(12.4)	(57.7)	(13.7)	(12.9)	(15.5)	(14.1)	(56.3)	(12.9)	(13.1)	(18.2)	(16.9)	(61.1)
<b>Total Gross Profit</b>	<b>360.5</b>	<b>760.9</b>	<b>1,348.1</b>	<b>414.2</b>	<b>455.6</b>	<b>505.2</b>	<b>532.9</b>	<b>1,907.9</b>	<b>556.2</b>	<b>580.7</b>	<b>587.7</b>	<b>606.8</b>	<b>2,331.4</b>	<b>664.2</b>	<b>703.9</b>	<b>747.5</b>	<b>797.3</b>	<b>2,912.9</b>
Gross Margin	59.8%	62.4%	65.3%	66.4%	67.6%	68.8%	68.8%	68.0%	67.1%	66.8%	65.7%	65.3%	66.2%	67.1%	66.9%	67.2%	67.3%	67.1%
<b>Operating Expenses</b>																		
Sales and Marketing	479.3	744.0	1,106.5	331.6	343.3	355.1	361.8	1,391.7	400.8	400.6	427.0	438.9	1,667.4	455.1	462.4	513.2	541.1	1,971.8
% of revenue	79.5%	61.0%	53.6%	53.2%	50.9%	48.4%	46.7%	49.6%	48.4%	46.1%	47.7%	47.2%	47.3%	46.0%	43.9%	46.2%	45.7%	45.5%
Research and Development	237.9	466.9	788.1	277.4	314.0	332.1	364.5	1,287.9	410.8	437.7	426.2	457.4	1,732.0	451.9	492.8	509.0	560.5	2,014.2
% of revenue	39.5%	38.3%	38.2%	44.5%	46.6%	45.2%	47.0%	45.9%	49.6%	50.4%	47.6%	49.2%	49.2%	45.7%	46.8%	45.8%	47.3%	46.4%
General and Administrative	176.1	265.0	295.8	78.5	83.7	78.7	82.1	323.0	93.1	97.8	91.2	94.0	376.0	101.4	107.5	107.7	113.6	430.2
% of revenue	29.2%	21.7%	14.3%	12.6%	12.4%	10.7%	10.6%	11.5%	11.2%	11.3%	10.2%	10.1%	10.7%	10.2%	10.2%	9.7%	9.6%	9.9%
<b>Total Operating Expenses</b>	<b>893.4</b>	<b>1,475.9</b>	<b>2,190.4</b>	<b>687.4</b>	<b>741.0</b>	<b>765.8</b>	<b>808.4</b>	<b>3,002.7</b>	<b>904.8</b>	<b>936.0</b>	<b>944.4</b>	<b>990.2</b>	<b>3,775.4</b>	<b>1,008.4</b>	<b>1,062.8</b>	<b>1,129.8</b>	<b>1,215.2</b>	<b>4,416.2</b>
% of revenue	148.1%	121.0%	106.0%	110.2%	109.9%	104.3%	104.4%	107.0%	109.2%	107.7%	105.5%	106.5%	107.2%	101.9%	101.0%	101.6%	102.6%	101.8%
<b>Operating Income</b>	<b>(532.9)</b>	<b>(715.0)</b>	<b>(842.3)</b>	<b>(273.2)</b>	<b>(285.4)</b>	<b>(260.6)</b>	<b>(275.5)</b>	<b>(1094.8)</b>	<b>(348.6)</b>	<b>(355.3)</b>	<b>(356.7)</b>	<b>(383.5)</b>	<b>(1444.0)</b>	<b>(344.3)</b>	<b>(358.8)</b>	<b>(382.3)</b>	<b>(417.9)</b>	<b>(1503.3)</b>
Operating Margin	-88.4%	-58.6%	-40.8%	-43.8%	-42.3%	-35.5%	-35.6%	-39.0%	-42.1%	-40.9%	-39.8%	-41.3%	-41.0%	-34.8%	-34.1%	-34.4%	-35.3%	-34.7%
Interest Income	7.5	9.1	73.8	43.1	50.3	53.5	53.8	200.7	54.8	49.3	35.3	32.3	171.7	31.3	31.3	32.0	31.6	126.3
Interest Expense	0.0	0.0	0.0					0.0			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Income (Expense), Net	(0.6)	28.9	(47.6)	(2.6)	4.1	(4.2)	47.5	44.9	(21.3)	(7.9)	0.0	0.0	(29.2)	0.0	0.0	0.0	0.0	0.0
<b>Total Interest and Other Income</b>	<b>6.9</b>	<b>38.1</b>	<b>26.3</b>	<b>40.6</b>	<b>54.4</b>	<b>49.3</b>	<b>101.3</b>	<b>245.6</b>	<b>33.5</b>	<b>41.3</b>	<b>35.3</b>	<b>32.3</b>	<b>142.4</b>	<b>31.3</b>	<b>31.3</b>	<b>32.0</b>	<b>31.6</b>	<b>126.3</b>
Income Before Taxes	(526.0)	(677.0)	(816.0)	(232.7)	(231.0)	(211.3)	(174.2)	(849.2)	(315.1)	(314.0)	(321.3)	(351.2)	(1301.6)	(312.9)	(327.5)	(350.3)	(386.2)	(1377.0)
Income Tax Expense (Benefit)	2.1	3.0	(18.5)	(6.6)	(3.7)	3.4	(4.3)	(11.2)	2.7	3.8	0.0	0.0	6.5	0.0	0.0	0.0	0.0	0.0
Tax Rate	-0.4%	-0.4%	2.3%	NM	NM	NM	NM	1.3%	NM	NM	0.0%	0.0%	-0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Net loss attributable to noncontrolling interest				(0.4)	(0.5)	(0.4)	(0.6)		(0.8)	(0.9)								
<b>Net Income</b>	<b>(528.1)</b>	<b>(679.9)</b>	<b>(797.5)</b>	<b>(225.6)</b>	<b>(226.9)</b>	<b>(214)</b>	<b>(169.4)</b>	<b>(838.0)</b>	<b>(316.99)</b>	<b>(316.90)</b>	<b>(321.3)</b>	<b>(351.2)</b>	<b>(1,308.1)</b>	<b>(312.9)</b>	<b>(327.5)</b>	<b>(350.3)</b>	<b>(386.2)</b>	<b>(1,377.0)</b>
<b>GAAP EPS</b>	<b>(\$3.74)</b>	<b>(\$2.26)</b>	<b>(\$2.50)</b>	<b>(\$0.70)</b>	<b>(\$0.69)</b>	<b>(\$0.65)</b>	<b>(\$0.51)</b>	<b>(\$2.56)</b>	<b>(\$0.95)</b>	<b>(\$0.95)</b>	<b>(\$0.96)</b>	<b>(\$1.04)</b>	<b>(\$3.90)</b>	<b>(\$0.92)</b>	<b>(\$0.96)</b>	<b>(\$1.02)</b>	<b>(\$1.12)</b>	<b>(\$4.03)</b>
Shares Outstanding																		
Basic	141.1	300.2	318.7	324.2	327.3	329.3	331.1	328.0	333.6	334.1	335.7	337.4	335.2	339.1	340.8	342.5	344.2	341.7
y/y growth		112.7%	6.2%	3.1%	2.8%	2.9%	2.8%	2.9%	2.9%	2.1%	2.0%	1.9%	2.2%	1.7%	2.0%	2.0%	2.0%	1.9%
q/q growth				0.7%	1.0%	0.6%	0.5%		1.7%	0.1%	0.5%	0.5%		0.5%	0.5%	0.5%	0.5%	

Source: Company reports, Guggenheim Securities, LLC estimates and analysis



## Exhibit 207: Snowflake Non-GAAP Income Statement

\$ in millions, except per share data

	Jan-21 FY21	Jan-22 FY22	Jan-23 FY23	Apr-23 1Q24	Jul-23 2Q24	Oct-23 3Q24	Jan-24 4Q24	Jan-24 FY24	Apr-24 1Q25	Jul-24 2Q25	Oct-24 3Q25E	Jan-25 4Q25E	Jan-25 FY25E	Apr-25 1Q26E	Jul-25 2Q26E	Oct-25 3Q26E	Jan-26 4Q26E	Jan-26 FY26E	
<b>Non-GAAP Income Statement</b>																			
<b>Product</b>	564.8	1,140.5	1,938.8	590.1	640.2	698.5	738.1	2,666.8	789.6	829.3	852.4	885.2	3,356.4	942.8	1,002.3	1,058.9	1,127.6	4,131.6	
<i>y/y growth</i>		101.9%	70.0%	49.6%	37.3%	33.6%	32.9%	37.6%	33.8%	29.5%	22.0%	19.9%	25.9%	19.4%	20.9%	24.2%	27.4%	23.1%	
<b>Professional Services and Other</b>	38.3	78.9	126.9	33.5	33.8	35.7	36.6	139.6	39.1	39.6	42.6	44.3	165.6	47.1	50.1	52.9	56.4	206.6	
<i>y/y growth</i>		106.1%	60.9%	20.0%	9.1%	4.1%	8.7%	10.1%	16.7%	17.0%	19.4%	20.9%	18.6%	20.5%	26.6%	24.2%	27.4%	24.8%	
<b>Total Revenue</b>	603.1	1,219.3	2,065.7	623.6	674.0	734.2	774.7	2,806.5	828.7	868.8	895.1	929.4	3,522.0	989.9	1,052.4	1,111.8	1,184.0	4,338.1	
<i>y/y growth</i>	127.8%	102.2%	69.4%	47.6%	35.5%	31.8%	31.5%	35.9%	32.9%	28.9%	21.9%	20.0%	25.5%	19.5%	21.1%	24.2%	27.4%	23.2%	
<b>Cost of Revenue</b>																			
<b>Product</b>	173.4	295.8	481.4	136.0	141.4	151.4	162.1	590.9	182.3	195.5	217.4	230.1	825.3	226.3	240.6	254.1	270.6	991.6	
<i>% of Product Revenue</i>	30.7%	25.9%	24.8%	23.0%	22.1%	21.7%	22.0%	22.2%	23.1%	23.6%	25.5%	26.0%	24.6%	24.0%	24.0%	24.0%	24.0%	24.0%	
<b>Professional Services and Other</b>	32.6	68.1	117.7	33.7	32.2	32.9	34.0	132.7	37.3	37.1	39.6	41.2	155.3	43.8	46.6	49.2	52.4	192.1	
<i>% of Professional Services and Other Revenue</i>	85.3%	86.4%	92.7%	100.4%	95.2%	92.1%	92.8%	95.0%	95.4%	93.9%	93.0%	93.0%	93.8%	93.0%	93.0%	93.0%	93.0%	93.0%	
<b>Total Cost of Revenue</b>	206.1	364.0	599.1	169.7	173.6	184.2	196.1	723.6	219.6	232.6	257.0	271.3	980.5	270.1	287.2	303.4	323.1	1,183.7	
<i>% of revenue</i>	34.2%	29.9%	29.0%	27.2%	25.8%	25.1%	25.3%	25.8%	26.5%	26.8%	28.7%	29.2%	27.8%	27.3%	27.3%	27.3%	27.3%	27.3%	
<b>Gross Profit</b>																			
<b>Product</b>	391.4	844.6	1,457.4	454.1	498.8	547.1	576.0	2,076.0	607.3	633.8	635.1	655.0	2,531.2	716.5	761.8	804.7	857.0	3,140.0	
<i>Gross Margin</i>	69.3%	74.1%	75.2%	77.0%	77.9%	78.3%	78.0%	77.8%	76.9%	76.4%	74.5%	74.0%	75.4%	76.0%	76.0%	76.0%	76.0%	76.0%	
<b>Professional Services and Other</b>	5.6	10.7	9.2	(0.1)	1.6	2.8	2.6	6.9	1.8	2.4	3.0	3.1	10.3	3.3	3.5	3.7	3.9	14.5	
<i>Gross Margin</i>	14.7%	13.6%	7.3%	-0.4%	4.8%	7.9%	7.2%	5.0%	4.6%	6.1%	7.0%	7.0%	6.2%	7.0%	7.0%	7.0%	7.0%	7.0%	
<b>Total Gross Profit</b>	397.0	855.3	1,466.6	453.9	500.4	549.9	578.6	2,082.9	609.1	636.2	638.1	658.1	2,541.5	719.8	765.3	808.4	861.0	3,154.4	
<i>Gross Margin</i>	65.8%	70.1%	71.0%	72.8%	74.2%	74.9%	74.7%	74.2%	73.5%	73.2%	71.3%	70.8%	72.2%	72.7%	72.7%	72.7%	72.7%	72.7%	
<b>Operating Expenses</b>																			
<b>Sales and Marketing</b>	374.8	528.2	823.2	244.6	250.9	269.1	276.9	1,041.5	312.6	309.1	328.1	341.5	1,291.2	363.5	363.9	396.4	423.2	1,546.9	
<i>% of revenue</i>	62.1%	43.3%	39.9%	39.2%	37.2%	36.7%	35.7%	37.1%	37.7%	35.6%	36.7%	36.7%	36.7%	36.7%	34.6%	35.7%	35.7%	35.7%	
<b>Research and Development</b>	98.2	215.0	367.9	129.0	144.5	158.9	179.7	612.1	203.2	224.2	225.1	243.5	896.0	237.7	266.4	274.0	304.3	1,082.4	
<i>% of revenue</i>	16.3%	17.6%	17.8%	20.7%	21.4%	21.6%	23.2%	21.8%	24.5%	25.8%	25.1%	26.2%	25.4%	24.0%	25.3%	24.6%	25.7%	25.0%	
<b>General and Administrative</b>	102.4	143.2	180.2	47.7	50.8	50.0	51.0	199.6	57.1	59.1	60.9	61.2	238.4	65.3	68.5	72.4	74.4	280.6	
<i>% of revenue</i>	17.0%	11.7%	8.7%	7.7%	7.5%	6.8%	6.6%	7.1%	6.9%	6.8%	6.8%	6.6%	6.8%	6.6%	6.5%	6.5%	6.3%	6.5%	
<b>Total Operating Expenses</b>	575.3	886.4	1,371.3	421.3	446.2	478.0	507.7	1,853.2	572.9	592.5	614.1	646.2	2,425.6	666.5	698.7	742.7	801.9	2,909.9	
<i>% of revenue</i>	95.4%	72.7%	66.4%	67.6%	66.2%	65.1%	65.5%	66.0%	69.1%	68.2%	68.6%	69.5%	68.9%	67.3%	66.4%	66.8%	67.7%	67.1%	
<b>Operating Income</b>	(214.1)	(31.0)	95.3	32.6	54.2	71.9	71.0	229.7	36.2	43.7	24.0	11.9	115.9	53.3	66.5	65.7	59.0	244.6	
<i>Operating Margin</i>	-35.5%	-2.5%	4.6%	5.2%	8.0%	9.8%	9.2%	8.2%	4.4%	5.0%	2.7%	1.3%	3.3%	5.4%	6.3%	5.9%	5.0%	5.6%	
<b>Interest Income</b>	7.5	9.1	73.8	43.1	50.3	53.5	53.8	200.7	54.8	49.3	35.3	32.3	171.7	31.3	31.3	32.0	31.6	126.3	
<b>Interest Expense</b>	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	
<b>Other Income (Expense), Net</b>	(0.6)	28.9	(47.6)	(2.6)	4.1	(4.2)	47.5	44.9	(21.3)	(7.9)	0.0	0.0	(29.2)	0.0	0.0	0.0	0.0	0.0	
<b>Total Interest and Other Income</b>	6.9	38.1	26.3	40.6	54.4	49.3	101.3	245.6	33.5	41.3	35.3	32.3	142.4	31.3	31.3	32.0	31.6	126.3	
<b>Income Before Taxes</b>	(207.2)	7.1	121.6	73.2	108.6	121.3	172.3	475.3	69.7	85.1	59.3	44.2	258.3	84.7	97.9	97.7	90.7	370.8	
<b>Income Tax Expense (Benefit)</b>	2.1	3.0	7.7	19.0	28.2	31.5	44.8	123.6	18.3	22.0	12.5	9.3	62.0	17.8	20.6	20.5	19.0	77.9	
<i>Tax Rate</i>	-1.0%	42.4%	6.3%	26.0%	26.0%	26.0%	26.0%	26.0%	26.2%	25.8%	21.0%	21.0%	24.0%	21.0%	21.0%	21.0%	21.0%	21.0%	
<b>Net loss attributable to noncontrolling interest</b>				(0.4)	(0.4)	(0.4)	(0.6)		(0.7)	(0.8)									
<b>Net Income</b>	(209.3)	4.1	114.2	54.5	80.7	90.1	128.1	353.5	52.2	63.9	46.8	34.9	197.8	66.9	77.3	77.2	71.6	293.0	
<b>Non-GAAP EPS</b>	(\$1.48)	\$0.01	\$0.32	\$0.15	\$0.22	\$0.25	\$0.35	\$0.98	\$0.14	\$0.18	\$0.13	\$0.10	\$0.55	\$0.18	\$0.21	\$0.20	\$0.19	\$0.78	
<b>Shares Outstanding</b>																			
<b>Basic</b>	141.1	300.2	318.7	324.2	327.3	329.3	331.1	328.0	333.6	334.1	335.7	337.4	335.2	339.1	340.8	342.5	344.2	341.7	
<i>y/y growth</i>		112.7%	6.2%	3.1%	2.8%	2.9%	2.8%	2.9%	2.9%	2.1%	2.0%	1.9%	2.2%	1.7%	2.0%	2.0%	2.0%	1.9%	
<i>q/q growth</i>				0.7%	1.0%	0.6%	0.5%		1.7%	0.1%	0.5%	0.5%		0.5%	0.5%	0.5%	0.5%		

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 208: Snowflake Balance Sheet

(\$ in millions, except per share data)

	Jan-21 FY21	Jan-22 FY22	Jan-23 FY23	Apr-23 1Q24	Jul-23 2Q24	Oct-23 3Q24	Jan-24 4Q24	Jan-24 FY24	Apr-24 1Q25	Jul-24 2Q25	Oct-24 3Q25E	Jan-25 4Q25E	Jan-25 FY25E	Apr-25 1Q26E	Jul-25 2Q26E	Oct-25 3Q26E	Jan-26 4Q26E	Jan-26 FY26E
<b>Current assets</b>																		
Cash and cash equivalents	820.2	1,085.7	939.9	653.0	755.2	982.2	1,762.7	1,762.7	1,330.4	1,282.0	1,065.9	1,184.9	1,184.9	1,249.3	1,215.3	1,104.9	1,547.9	1,547.9
Short-term investments	3,087.9	2,766.4	3,068.0	3,292.5	2,996.9	2,566.4	2,083.5	2,083.5	2,200.9	1,948.5	1,948.5	1,948.5	1,948.5	1,948.5	1,948.5	1,948.5	1,948.5	1,948.5
Accounts receivable, net	294.0	545.6	715.8	353.0	406.4	511.0	926.9	926.9	345.5	431.6	518.2	901.3	901.3	188.3	168.8	318.4	866.7	866.7
Deferred commissions, current	32.4	51.4	67.9	69.2	72.0	74.6	86.1	86.1	85.4	86.9	75.2	88.8	88.8	87.7	86.4	84.6	101.0	101.0
Prepaid expenses and other current assets	66.2	149.5	193.1	201.8	174.4	178.1	180.0	180.0	181.0	149.1	214.8	223.1	223.1	237.6	252.6	266.8	284.2	284.2
<b>Total current assets</b>	<b>4,300.7</b>	<b>4,598.6</b>	<b>4,984.7</b>	<b>4,569.5</b>	<b>4,405.0</b>	<b>4,312.3</b>	<b>5,039.3</b>	<b>5,039.3</b>	<b>4,143.3</b>	<b>3,898.1</b>	<b>3,822.5</b>	<b>4,346.5</b>	<b>4,346.5</b>	<b>3,711.3</b>	<b>3,671.6</b>	<b>3,723.2</b>	<b>4,748.2</b>	<b>4,748.2</b>
<b>Non-current assets</b>																		
Long-term investments	1,165.3	1,366.2	1,073.0	1,090.7	1,100.7	947.8	916.3	916.3	928.0	697.4	697.4	697.4	697.4	697.4	697.4	697.4	697.4	697.4
Property and equipment, net	69.0	105.1	160.8	176.4	193.8	216.4	247.5	247.5	263.7	264.8	268.2	272.3	272.3	252.9	234.8	218.0	202.5	202.5
Operating lease right-of-use assets	186.8	190.4	231.3	229.4	262.2	254.2	252.1	252.1	244.7	272.5	272.5	272.5	272.5	272.5	272.5	272.5	272.5	272.5
Goodwill	8.4	8.4	657.4	711.3	774.3	784.4	975.9	975.9	975.9	984.1	984.1	984.1	984.1	984.1	984.1	984.1	984.1	984.1
Intangible assets, net	16.1	37.1	186.0	256.4	346.1	329.8	331.4	331.4	308.0	286.5	263.9	240.3	240.3	213.9	183.2	152.1	119.2	119.2
Deferred commissions, non-current	86.2	124.5	145.3	142.8	146.4	150.4	187.1	187.1	179.9	177.5	167.4	197.6	197.6	195.2	192.2	188.2	224.8	224.8
Other assets	89.3	329.3	283.9	270.3	281.3	269.1	273.8	273.8	254.6	363.1	250.6	260.2	260.2	237.6	252.6	266.8	284.2	284.2
<b>Total assets</b>	<b>5,921.7</b>	<b>6,759.7</b>	<b>7,722.3</b>	<b>7,446.8</b>	<b>7,509.8</b>	<b>7,264.4</b>	<b>8,223.4</b>	<b>8,223.4</b>	<b>7,298.0</b>	<b>6,943.9</b>	<b>6,726.6</b>	<b>7,270.9</b>	<b>7,270.9</b>	<b>6,564.9</b>	<b>6,488.4</b>	<b>6,502.3</b>	<b>7,532.9</b>	<b>7,532.9</b>
<b>Current liabilities</b>																		
Accounts payable	5.6	13.4	23.7	22.2	41.2	75.5	51.7	51.7	64.2	134.5	57.6	47.3	47.3	51.7	91.5	79.7	62.0	62.0
Accrued expenses and other current liabilities	136.3	200.7	269.1	275.7	315.1	318.3	446.9	446.9	398.0	448.9	375.0	480.3	480.3	456.5	517.9	473.9	647.4	647.4
Operating lease liabilities, current	19.7	25.1	27.3	29.2	33.8	33.3	33.9	33.9	30.9	32.8	32.8	32.8	32.8	32.8	32.8	32.8	32.8	32.8
Deferred revenue, current	638.7	1,157.9	1,673.5	1,560.4	1,523.1	1,605.6	2,198.7	2,198.7	1,935.6	1,848.4	1,905.8	2,596.0	2,596.0	2,353.1	2,302.1	2,400.3	3,302.2	3,302.2
<i>q/q growth</i>				-6.8%	-2.4%	5.4%	36.9%		-12.0%	-15.9%	3.1%	36.2%		-9.4%	-2.2%	4.3%	37.6%	
<i>y/y growth</i>				37.8%	33.0%	33.8%	31.4%		24.0%	21.4%	18.7%	18.1%		21.6%	24.5%	25.9%	27.2%	
<b>Total current liabilities</b>	<b>800.3</b>	<b>1,397.1</b>	<b>1,993.5</b>	<b>1,887.5</b>	<b>1,913.3</b>	<b>2,032.7</b>	<b>2,731.2</b>	<b>2,731.2</b>	<b>2,428.8</b>	<b>2,464.7</b>	<b>2,371.3</b>	<b>3,156.5</b>	<b>3,156.5</b>	<b>2,894.1</b>	<b>2,944.4</b>	<b>2,986.8</b>	<b>4,044.5</b>	<b>4,044.5</b>
<b>Long term liabilities</b>																		
Operating lease liabilities, non-current	184.9	181.2	224.4	225.7	263.0	253.0	254.0	254.0	247.5	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0
Deferred revenue, non-current	4.2	11.2	11.5	14.2	12.5	12.1	14.4	14.4	14.7	12.3	11.1	15.2	15.2	17.2	14.8	13.8	17.7	17.7
<i>q/q growth</i>				23.5%	-11.8%	-3.2%	19.2%		2.0%	-16.4%	-9.9%	37.8%		12.7%	-14.1%	-6.5%	28.5%	
Other liabilities	6.9	11.2	24.4	21.4	22.8	25.8	33.1	33.1	39.3	49.4	49.4	49.4	49.4	49.4	49.4	49.4	49.4	49.4
<b>Total Liabilities</b>	<b>996.3</b>	<b>1,600.7</b>	<b>2,253.7</b>	<b>2,148.8</b>	<b>2,211.6</b>	<b>2,323.6</b>	<b>3,032.8</b>	<b>3,032.8</b>	<b>2,730.3</b>	<b>2,806.3</b>	<b>2,711.7</b>	<b>3,501.0</b>	<b>3,501.0</b>	<b>3,240.6</b>	<b>3,288.5</b>	<b>3,329.9</b>	<b>4,391.6</b>	<b>4,391.6</b>
<b>Stockholders' equity</b>	<b>4,936.5</b>	<b>5,049.0</b>	<b>5,456.4</b>	<b>5,286.2</b>	<b>5,286.9</b>	<b>4,929.9</b>	<b>5,180.3</b>	<b>5,180.3</b>	<b>4,558.2</b>	<b>4,129.0</b>	<b>4,014.9</b>	<b>3,769.9</b>	<b>3,769.9</b>	<b>3,324.3</b>	<b>3,199.9</b>	<b>3,172.5</b>	<b>3,141.3</b>	<b>3,141.3</b>
Noncontrolling interest				11.7	11.3	10.8	10.3		9.5	8.6								
<b>Total liabilities and shareholders' equity</b>	<b>5,932.7</b>	<b>6,649.7</b>	<b>7,722.3</b>	<b>7,446.8</b>	<b>7,509.8</b>	<b>7,264.4</b>	<b>8,223.4</b>	<b>8,223.4</b>	<b>7,298.0</b>	<b>6,943.9</b>	<b>6,726.6</b>	<b>7,270.9</b>	<b>7,270.9</b>	<b>6,564.9</b>	<b>6,488.4</b>	<b>6,502.3</b>	<b>7,532.9</b>	<b>7,532.9</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 209: Snowflake Statement of Cash Flows

(\$ in millions, except per share data)

	Jan-21 FY21	Jan-22 FY22	Jan-23 FY23	Apr-23 1Q24	Jul-23 2Q24	Oct-23 3Q24	Jan-24 4Q24	Jan-24 FY24	Apr-24 1Q25	Jul-24 2Q25	Oct-24 3Q25E	Jan-25 4Q25E	Jan-25 FY25E	Apr-25 1Q26E	Jul-25 2Q26E	Oct-25 3Q26E	Jan-26 4Q26E	Jan-26 FY26E
<b>Cash from Operating Activities</b>																		
<b>Net income (loss)</b>	(539.1)	(679.9)	(797.5)	(226.1)	(227.3)	(214.7)	(169.9)	(838.0)	(317.8)	(317.8)	(321.3)	(351.2)	(1,308.1)	(312.9)	(327.5)	(350.3)	(386.2)	(1,377.0)
Depreciation and amortization	9.8	21.5	63.5	23.2	29.3	32.5	35.0	119.9	40.2	45.1	41.5	42.8	169.6	45.8	48.8	47.9	48.5	190.9
Non-cash operating lease costs	33.5	35.6	46.2	12.9	12.8	13.5	13.8	52.9	13.7	13.8			27.6					0.0
Amortization of deferred commissions	28.8	37.9	57.4	17.7	18.2	18.9	20.1	74.8	22.8	22.8	23.9	25.0	94.5	28.2	28.7	30.8	33.0	120.7
Stock-based compensation, net	301.4	605.1	861.5	264.5	299.7	298.3	305.5	1,168.0	331.9	356.0	358.0	371.8	1,417.7	371.2	394.7	416.9	444.0	1,626.8
Net amortization of premiums on investments	8.6	48.0	3.5	(15.3)	(17.7)	(16.2)	(12.3)	(61.5)	(12.0)	(12.8)			(24.8)					0.0
Net unrealized losses/(gains) on strategic investments		(27.6)	46.4	2.4	(5.3)	1.8	(45.7)	(46.8)	20.7	6.5			27.2					0.0
Deferred income tax		0.0	(26.4)	(8.9)	(4.0)	(0.2)	(13.7)	(26.8)	0.0	0.0			0.0					0.0
Other	4.6	1.3	1.6	10.0	1.8	2.5	0.6	14.9	0.7	1.2			1.9					0.0
<b>Working Capital:</b>	<b>95.9</b>	<b>68.4</b>	<b>289.3</b>	<b>219.1</b>	<b>(24.3)</b>	<b>(15.3)</b>	<b>211.2</b>	<b>390.7</b>	<b>255.3</b>	<b>(45.2)</b>	<b>5.5</b>	<b>328.3</b>	<b>543.8</b>	<b>415.3</b>	<b>(78.7)</b>	<b>(150.1)</b>	<b>416.2</b>	<b>602.8</b>
Accounts receivable	(127.3)	(251.7)	(167.0)	362.9	(53.1)	(104.7)	(417.2)	(212.1)	579.3	(87.1)	(86.6)	(383.1)	22.5	713.0	19.4	(149.6)	(548.3)	34.6
Deferred commissions	(51.4)	(95.9)	(95.1)	(16.4)	(24.6)	(25.5)	(68.3)	(134.8)	(14.9)	(21.8)	(2.1)	(68.8)	(107.7)	(24.7)	(24.4)	(25.0)	(86.1)	(160.2)
Prepaid expenses and other assets	(62.3)	(159.2)	(2.9)	5.5	41.4	4.7	8.2	59.8	(1.1)	34.5	46.7	(17.9)	62.2	8.2	(30.0)	(28.5)	(34.7)	(85.0)
Accounts payable	(2.9)	7.4	8.0	(3.1)	20.6	34.2	(32.5)	19.2	21.2	70.2	76.9	10.3	178.7	(4.4)	(39.8)	11.8	17.7	(14.8)
Accrued expenses and other liabilities	58.3	79.8	74.3	(8.5)	35.6	6.6	137.3	171.0	(54.7)	59.3	(73.9)	105.3	36.1	(23.8)	61.4	(44.0)	173.5	167.1
Operating lease liabilities	(31.3)	(38.2)	(42.3)	(10.8)	(5.3)	(12.7)	(11.8)	(40.5)	(13.4)	(11.9)	(11.9)	(11.9)	(49.1)	(11.9)	(11.9)	(11.9)	(11.9)	(47.7)
Deferred revenue	312.9	526.2	514.3	(110.5)	(39.0)	82.1	595.4	528.0	(261.2)	(88.3)	56.2	694.4	401.2	(241.0)	(53.3)	97.2	905.9	708.7
<b>Net cash provided by operating activities</b>	<b>(56.4)</b>	<b>110.2</b>	<b>545.6</b>	<b>299.4</b>	<b>83.2</b>	<b>120.9</b>	<b>344.6</b>	<b>848.1</b>	<b>355.5</b>	<b>69.9</b>	<b>107.6</b>	<b>416.6</b>	<b>949.5</b>	<b>547.6</b>	<b>66.0</b>	<b>(4.8)</b>	<b>555.5</b>	<b>1,164.2</b>
<i>y/y growth</i>	-68.1%	-295.3%	395.2%	62.2%	29.1%	52.5%	58.6%	55.4%	18.7%	-16.0%	-11.0%	20.9%	12.0%	54.0%	-5.6%	-104.5%	33.3%	22.6%
<i>Operating cash flow margin</i>	-9.4%	9.0%	26.4%	48.0%	12.3%	16.5%	44.5%	30.2%	42.9%	8.0%	12.0%	44.8%	27.0%	55.3%	6.3%	-0.4%	46.9%	26.8%
<i>% of ARR</i>				165.2%	36.3%	57.8%	175.2%		179.8%	35.8%	514.0%	151.3%		221.6%	27.0%	-1.9%	161.4%	
<b>Cash from investing activities</b>																		
Purchases of property and equipment	(35.0)	(16.2)	(25.1)	(7.0)	(6.3)	(8.7)	(13.1)	(35.1)	(16.5)	(5.0)	(13.4)	(13.9)	(48.9)	(9.9)	(10.5)	(11.1)	(11.8)	(43.4)
Capitalized internal-use software development costs	(5.3)	(12.8)	(24.0)	(9.3)	(7.9)	(9.9)	(7.0)	(34.1)	(7.4)	(6.0)	(9.0)	(9.3)	(31.6)	(9.9)	(10.5)	(11.1)	(11.8)	(43.4)
Cash paid for a business combination, net	(6.0)	0.0	(362.6)	(123.1)	(141.5)	(15.0)	3.8	(275.7)	0.0	(8.9)			(8.9)					0.0
Purchase of intangible assets	(8.4)	(24.3)	(0.7)		(27.5)	(1.3)	0.0	(28.7)	0.0	0.0								
Purchases of investments	(4,859.9)	(4,250.3)	(3,901.3)	(1,037.3)	(688.7)	(369.4)	(380.9)	(2,476.2)	(1,078.3)	(196.5)								
Sales of investments	177.1	440.1	58.8	5.7	1.6	4.0	0.0	11.3	30.4	10.4								
Maturities and redemptions of investments	700.9	3,842.8	3,657.1	808.8	971.2	971.1	919.7	3,670.9	921.4	590.1								
Settlement of cash flow hedges									(0.7)	0.0								
<b>Net cash used in investing activities</b>	<b>(4,036.6)</b>	<b>(20.8)</b>	<b>(597.9)</b>	<b>(362.2)</b>	<b>101.0</b>	<b>570.9</b>	<b>522.6</b>	<b>832.2</b>	<b>(151.2)</b>	<b>384.1</b>	<b>(22.4)</b>	<b>(23.2)</b>	<b>(89.5)</b>	<b>(19.8)</b>	<b>(21.0)</b>	<b>(22.2)</b>	<b>(23.7)</b>	<b>(86.8)</b>
<b>Cash from financing activities</b>																		
Proceeds from issuance of preferred stock, net	478.6																	
Proceeds from IPO and private placements, net	4,244.6																	
Proceeds from early exercised stock options																		
Proceeds from exercise of stock options	53.4	127.0	39.9	15.4	16.1	7.3		38.9	10.7	13.0								
Proceeds from issuance of common stock		52.2	40.9	37.1		24.2	18.3	79.6	46.7	0.0								
Proceeds from repayments of nonrecourse promissory note	2.1		0.0					0.0										
Repurchases of early exercised stock options	(0.0)		0.0					0.0										
Payments of deferred offering costs	(2.3)		0.0					0.0										
Payments of deferred purchase consideration	(1.2)	(1.1)	(1.8)					0.0										
Taxes paid, net share settlement of equity awards			(184.6)	(84.4)	(98.3)	(91.1)	(107.0)	(380.8)	(174.6)	(103.5)	(71.6)	(74.4)	(424.1)	(74.2)	(78.9)	(83.4)	(88.8)	(325.4)
Capital contributions from noncontrolling interest holders			13.0					0.0										
Repurchase of common stock			0.0	(191.7)		(400.0)		(591.7)	(516.3)	(400.0)	(250.0)	(200.0)	(1,366.3)	(41.9)				(41.9)
<b>Net cash provided by financing activities</b>	<b>4,775.1</b>	<b>178.2</b>	<b>(92.6)</b>	<b>(223.7)</b>	<b>(82.2)</b>	<b>(459.7)</b>	<b>(88.6)</b>	<b>(854.1)</b>	<b>(633.5)</b>	<b>(490.5)</b>	<b>(321.6)</b>	<b>(274.4)</b>	<b>(1,790.4)</b>	<b>(116.2)</b>	<b>(78.9)</b>	<b>(83.4)</b>	<b>(88.8)</b>	<b>(367.3)</b>
FX Impact on cash and equivalents	(0.0)	(0.2)	(0.9)	0.5	0.5	(5.6)	2.6	(2.0)	(2.6)	0.7			(1.9)					0.0
Cash balance, beginning of period	142.2	824.3	1,091.6	945.8	659.9	762.4	988.9	945.8	1,770.0	1,338.2	1,302.3	1,065.9	1,770.0	837.8	1,249.3	1,215.3	1,104.9	837.8
Net change in cash	682.1	267.3	(145.8)	(285.9)	102.5	226.5	781.1	824.2	(431.8)	(35.9)	(236.4)	119.0	(932.3)	411.6	(34.0)	(110.5)	443.0	710.1
<b>Cash balance, end of period</b>	<b>824.3</b>	<b>1,091.6</b>	<b>945.8</b>	<b>659.9</b>	<b>762.4</b>	<b>988.9</b>	<b>1,770.0</b>	<b>1,770.0</b>	<b>1,338.2</b>	<b>1,302.3</b>	<b>1,065.9</b>	<b>1,184.9</b>	<b>837.8</b>	<b>1,249.3</b>	<b>1,215.3</b>	<b>1,104.9</b>	<b>1,547.9</b>	<b>1,547.9</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## TDC

## Exhibit 210 – Teradata GAAP Income Statement

\$ in millions, except per share data

	2021 F2021	2022 F2022	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	2023 F2023	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024E F2024E	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025E F2025E
<b>GAAP Income Statement</b>																	
Recurring	1,464	1,419	389	371	360	372	1,492	388	368	353	352	1,461	399	328	358	361	1,446
y/y growth	11.8%	-3.1%	0.8%	7.5%	8.8%	4.2%	5.1%	-0.3%	-0.8%	-1.9%	-5.3%	-2.1%	2.8%	-10.9%	1.5%	2.6%	-1.0%
y/y growth (constant currency)	11.0%	0.4%	4.0%	10.0%	10.0%	4.0%	6.9%	1.0%	2.0%	-1.1%	-5.5%	-0.4%	1.6%	-12.5%	0.8%	2.6%	-1.9%
Perpetual software licenses, hardware and other	77	65	13	13	7	12	45	8	5	6	11	29	8	5	6	11	29
y/y growth	-28.0%	-15.6%	-50.0%	62.5%	-50.0%	-29.4%	-30.8%	-38.5%	-61.5%	-20.0%	-10.0%	-34.7%	0.0%	0.0%	0.0%	0.0%	0.0%
y/y growth (constant currency)	-28.0%	-12.1%	-43.0%	61.0%	-50.0%	-34.0%	-29.4%	-40.0%	-58.0%	-19.2%	-10.2%	-33.8%	-1.2%	-1.6%	-0.6%	0.0%	-1.9%
Consulting services	376	311	74	78	71	73	296	69	63	57	65	255	65	53	58	60	236
y/y growth	-10.5%	-17.3%	-11.9%	1.3%	-1.4%	-6.4%	-4.8%	-6.8%	-19.2%	-19.2%	-10.5%	-13.9%	-5.7%	-15.5%	1.4%	-8.9%	-7.3%
y/y growth (constant currency)	-12.0%	-11.1%	-5.0%	5.0%	-1.0%	-4.0%	-1.3%	-2.0%	-15.0%	-17.8%	-10.8%	-11.4%	-7.8%	-18.4%	0.2%	-8.9%	-8.9%
<b>Total Revenue</b>	<b>1,917</b>	<b>1,795</b>	<b>476</b>	<b>462</b>	<b>438</b>	<b>457</b>	<b>1,833</b>	<b>465</b>	<b>436</b>	<b>416</b>	<b>428</b>	<b>1,745</b>	<b>472</b>	<b>386</b>	<b>422</b>	<b>432</b>	<b>1,712</b>
y/y growth	4.4%	-6.4%	-4.0%	7.4%	5.0%	1.1%	2.1%	-2.3%	-5.6%	-5.0%	-6.3%	-4.8%	1.5%	-11.4%	1.4%	0.7%	-1.9%
y/y growth (constant currency)	3.0%	-2.0%	0.0%	10.0%	6.0%	1.0%	4.0%	1.0%	-3.0%	-4.2%	-6.4%	-3.1%	0.3%	-13.0%	0.8%	0.7%	-2.8%
<b>Gross Profit</b>																	
Recurring	1,099	1,022	291	264	255	264	1,074	276	258	239	233	1,006	289	238	243	240	1,010
% of revenue	75.1%	72.0%	74.8%	71.2%	70.8%	71.0%	72.0%	71.1%	70.1%	67.6%	66.2%	68.8%	72.5%	72.6%	67.9%	66.5%	69.9%
Perpetual software licenses, hardware and other	34	18	2	1	0	4	7	0	0	0	4	4	0	0	0	4	4
% of revenue	44.2%	27.7%	15.4%	7.7%	0.0%	33.3%	15.6%	0.0%	0.0%	0.0%	33.3%	12.2%	0.0%	0.0%	0.0%	33.3%	12.2%
Consulting services	53	41	9	11	4	10	34	8	7	13	12	39	13	10	13	11	46
% of revenue	14.1%	13.2%	12.2%	14.1%	5.6%	13.7%	11.5%	11.6%	11.1%	22.0%	17.9%	15.4%	19.7%	18.3%	22.0%	18.2%	19.6%
<b>Total Gross Profit</b>	<b>1,186</b>	<b>1,081</b>	<b>302</b>	<b>276</b>	<b>259</b>	<b>278</b>	<b>1,115</b>	<b>284</b>	<b>265</b>	<b>251</b>	<b>248</b>	<b>1,049</b>	<b>302</b>	<b>248</b>	<b>256</b>	<b>255</b>	<b>1,060</b>
Gross Margin %	61.9%	60.2%	63.4%	59.7%	59.1%	60.8%	60.8%	61.1%	60.8%	60.4%	58.0%	60.1%	63.9%	64.2%	60.7%	59.0%	61.9%
<b>Operating Expense</b>																	
Selling, general and administrative expenses	646	650	153	167	156	159	635	161	131	142	138	572	159	114	142	137	551
% of revenue	33.7%	36.2%	32.1%	36.1%	35.6%	34.8%	34.6%	34.6%	30.0%	34.0%	32.3%	32.8%	33.6%	29.5%	33.5%	31.8%	32.2%
Research and development expenses	309	313	70	76	76	72	294	75	68	78	66	286	76	60	78	66	280
% of revenue	16.1%	17.4%	14.7%	16.5%	17.4%	15.8%	16.0%	16.1%	15.6%	18.6%	15.4%	16.4%	16.1%	15.5%	18.6%	15.3%	16.4%
<b>Operating Expenses</b>	<b>955</b>	<b>963</b>	<b>223</b>	<b>243</b>	<b>232</b>	<b>231</b>	<b>929</b>	<b>236</b>	<b>199</b>	<b>219</b>	<b>204</b>	<b>858</b>	<b>235</b>	<b>174</b>	<b>220</b>	<b>203</b>	<b>832</b>
% of revenue	49.8%	53.6%	46.8%	52.6%	53.0%	50.5%	50.7%	50.8%	45.6%	52.7%	47.6%	49.2%	49.7%	45.1%	52.1%	47.1%	48.6%
<b>Income from operations</b>																	
Operating Margin %	12.1%	6.6%	16.6%	7.1%	6.2%	10.3%	10.1%	10.3%	15.1%	7.7%	10.4%	10.9%	14.2%	19.1%	8.5%	11.9%	13.3%
Interest income	6	15	7				7										
Interest expense	-26	-24	-7				-7										
Other	-19	-42	-21	-9	-14	-25	-69	-16	-11	-10	-10	-17	-10	-10	-10	-10	-17
<b>Other expense, net</b>	<b>-39</b>	<b>-51</b>	<b>-21</b>	<b>-9</b>	<b>-14</b>	<b>-25</b>	<b>-69</b>	<b>-16</b>	<b>-11</b>	<b>-10</b>	<b>-10</b>	<b>-47</b>	<b>-10</b>	<b>-10</b>	<b>-10</b>	<b>-10</b>	<b>-40</b>
<b>Income before income taxes</b>	<b>192</b>	<b>67</b>	<b>58</b>	<b>24</b>	<b>13</b>	<b>22</b>	<b>117</b>	<b>32</b>	<b>55</b>	<b>22</b>	<b>34</b>	<b>144</b>	<b>57</b>	<b>64</b>	<b>26</b>	<b>41</b>	<b>188</b>
% of revenue	10.0%	3.7%	12.2%	5.2%	3.0%	4.8%	6.4%	6.9%	12.6%	5.3%	8.0%	8.2%	12.1%	16.5%	6.2%	9.6%	11.0%
Income tax expense	45	34	18	7	1	29	55	12	18	7	12	49	17	19	8	12	56
Tax rate %	23.4%	50.7%	31.0%	29.2%	7.7%	131.8%	47.0%	37.5%	32.7%	30.0%	35.0%	33.9%	30.0%	30.0%	30.0%	30.0%	30.0%
<b>Net income</b>	<b>147</b>	<b>33</b>	<b>40</b>	<b>17</b>	<b>12</b>	<b>-7</b>	<b>62</b>	<b>20</b>	<b>37</b>	<b>15</b>	<b>22</b>	<b>95</b>	<b>40</b>	<b>45</b>	<b>18</b>	<b>29</b>	<b>132</b>
<b>GAAP EPS</b>																	
Shares Outstanding	\$1.30	\$0.32	\$0.39	\$0.17	\$0.12	(\$0.07)	\$0.61	\$0.20	\$0.38	\$0.16	\$0.23	\$0.96	\$0.42	\$0.47	\$0.19	\$0.31	\$1.39
Basic	108.6	103.2	101.4	101.0	99.2	97.9	99.9	97.4	96.5	97.2	95.2	96.6	93.8	93.0	93.9	91.7	93.1
y/y growth	-0.6%	-5.0%	-3.4%	-2.4%	-3.4%	-3.6%	-3.2%	-3.9%	-4.5%	-2.0%	-2.8%	-3.3%	-3.7%	-3.6%	-3.4%	-3.6%	-3.6%
Diluted	112.9	104.6	103.8	102.9	102	97.9	101.7	100.1	97.5	99.2	97.5	98.6	95.7	94.9	95.8	93.6	95.0
y/y growth	1.2%	-7.4%	-4.4%	-0.6%	-2.6%	-3.6%	-2.8%	-3.6%	-5.2%	-2.8%	-0.4%	-3.0%	-4.4%	-2.7%	-3.4%	-4.1%	-3.6%
q/q growth			2.2%	-0.9%	-0.9%	-4.0%		2.2%	-2.6%	1.7%	-1.6%		-1.9%	-0.8%	1.0%	-2.3%	
% of basic	104%	101%	102%	102%	103%	100%	102%	103%	101%	102%	103%	102%	102%	102%	102%	102%	102%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 211 – Teradata Non-GAAP Income Statement

\$ in millions, except per share data

	2021 F2021	2022 F2022	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	2023 F2023	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024E F2024E	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025E F2025E
<b>Income Statement (Non-GAAP)</b>																	
Recurring	1,464	1,419	389	371	360	372	1,492	388	368	353	352	1,461	399	328	358	361	1,446
y/y growth	11.8%	-3.1%	0.8%	7.5%	8.8%	4.2%	5.1%	-0.3%	-0.8%	-1.9%	-5.3%	-2.1%	2.8%	-10.9%	1.5%	2.6%	-1.0%
Perpetual software licenses, hardware and other	77	65	13	13	7	12	45	8	5	6	11	29	8	5	6	11	29
y/y growth	-28.0%	-15.6%	-50.0%	62.5%	-50.0%	-29.4%	-30.8%	-38.5%	-61.5%	-20.0%	-10.0%	-34.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Consulting services	376	311	74	78	71	73	296	69	63	57	65	255	65	53	58	60	236
y/y growth	-10.5%	-17.3%	-11.9%	1.3%	-1.4%	-6.4%	-4.8%	-6.8%	-19.2%	-19.2%	-10.5%	-13.9%	-5.7%	-15.5%	1.4%	-8.9%	-7.3%
<b>Total Revenue</b>	<b>1,917</b>	<b>1,795</b>	<b>476</b>	<b>462</b>	<b>438</b>	<b>457</b>	<b>1,833</b>	<b>465</b>	<b>436</b>	<b>416</b>	<b>428</b>	<b>1,745</b>	<b>472</b>	<b>386</b>	<b>422</b>	<b>432</b>	<b>1,712</b>
y/y growth	4.4%	-6.4%	-4.0%	7.4%	5.0%	1.1%	2.1%	-2.3%	-5.6%	-5.0%	-6.3%	-4.8%	1.5%	-11.4%	1.4%	0.7%	-1.9%
<b>Gross Profit</b>																	
Recurring	1,117	1,037	293	266	258	267	1,084	278	262	234	230	1,004	287	234	238	237	997
% of revenue	76.3%	73.1%	75.3%	71.7%	71.7%	71.8%	72.7%	71.6%	71.2%	66.2%	65.4%	68.7%	71.9%	71.5%	66.5%	65.7%	68.9%
Perpetual software licenses, hardware and other	34	19	2	1	0	4	7	0	0	0	4	4	0	0	0	4	4
% of revenue	44.2%	29.2%	15.4%	7.7%	0.0%	33.3%	15.6%	0.0%	0.0%	0.0%	33.3%	12.2%	0.0%	0.0%	0.0%	33.3%	12.2%
Consulting services	64	49	11	13	6	12	42	11	9	9	10	38	10	8	9	9	35
% of revenue	17.0%	15.8%	14.9%	16.7%	8.5%	16.4%	14.2%	15.9%	14.3%	15.0%	15.0%	15.1%	15.0%	15.0%	15.0%	15.0%	15.0%
<b>Total Gross Profit</b>	<b>1,215</b>	<b>1,105</b>	<b>306</b>	<b>280</b>	<b>264</b>	<b>283</b>	<b>1,133</b>	<b>289</b>	<b>271</b>	<b>242</b>	<b>244</b>	<b>1,046</b>	<b>297</b>	<b>242</b>	<b>247</b>	<b>250</b>	<b>1,036</b>
Gross Margin %	63.4%	61.6%	64.3%	60.6%	60.3%	61.9%	61.8%	62.2%	62.2%	58.2%	56.9%	59.9%	62.9%	62.8%	58.5%	57.9%	60.5%
<b>Operating Expense</b>																	
Selling, general and administrative expenses	545	545	134	141	133	131	539	134	114	96	112	456	131	99	96	111	437
% of revenue	28.4%	30.4%	28.2%	30.5%	30.4%	28.7%	29.4%	28.8%	26.1%	23.1%	26.1%	26.1%	27.8%	25.6%	22.6%	25.6%	25.5%
Research and development expenses	277	274	64	67	68	63	262	66	61	63	57	247	67	54	63	58	241
% of revenue	14.4%	15.3%	13.4%	14.5%	15.5%	13.8%	14.3%	14.2%	14.0%	15.0%	13.4%	14.1%	14.1%	13.9%	15.0%	13.3%	14.1%
<b>Operating Expenses</b>	<b>822</b>	<b>819</b>	<b>198</b>	<b>208</b>	<b>201</b>	<b>194</b>	<b>801</b>	<b>200</b>	<b>175</b>	<b>159</b>	<b>169</b>	<b>703</b>	<b>198</b>	<b>153</b>	<b>159</b>	<b>168</b>	<b>678</b>
% of revenue	42.9%	45.6%	41.6%	45.0%	45.9%	42.5%	43.7%	43.0%	40.1%	38.2%	39.5%	40.3%	42.0%	39.6%	37.6%	39.0%	39.6%
<b>Income from operations</b>	<b>393</b>	<b>286</b>	<b>108</b>	<b>72</b>	<b>63</b>	<b>89</b>	<b>332</b>	<b>89</b>	<b>96</b>	<b>84</b>	<b>74</b>	<b>343</b>	<b>99</b>	<b>90</b>	<b>88</b>	<b>82</b>	<b>358</b>
Operating Margin %	20.5%	15.9%	22.7%	15.6%	14.4%	19.5%	18.1%	19.1%	22.0%	20.1%	17.4%	19.6%	20.9%	23.2%	20.9%	18.9%	20.9%
Interest income	6	15	7	0	0	0	7	0	0			1.5%					1.3%
Interest expense	(26)	(24)	(7)	0	0	0	(7)	0	0								
Other	(19)	(42)	(21)	(9)	(14)	(11)	(55)	(14)	(11)	(10)	(10)	(45)	(10)	(10)	(10)	(10)	(40)
<b>Other expense, net</b>	<b>(39)</b>	<b>(51)</b>	<b>(21)</b>	<b>(9)</b>	<b>(14)</b>	<b>(11)</b>	<b>(55)</b>	<b>(14)</b>	<b>(11)</b>	<b>(10)</b>	<b>(10)</b>	<b>(45)</b>	<b>(10)</b>	<b>(10)</b>	<b>(10)</b>	<b>(10)</b>	<b>(40)</b>
<b>Income before income taxes</b>	<b>354</b>	<b>235</b>	<b>87</b>	<b>63</b>	<b>49</b>	<b>78</b>	<b>277</b>	<b>75</b>	<b>85</b>	<b>74</b>	<b>64</b>	<b>298</b>	<b>89</b>	<b>80</b>	<b>78</b>	<b>72</b>	<b>318</b>
% of revenue																	
Income tax expense	79	61	24	14	6	21	65	18	23	18	15	74	21	19	19	17	76
Tax rate %	22%	26%	28%	22%	12%	27%	23%	24%	27%	24%	24%	25%	24%	24%	24%	24%	24%
<b>Net income</b>	<b>275</b>	<b>174</b>	<b>63</b>	<b>49</b>	<b>43</b>	<b>57</b>	<b>212</b>	<b>57</b>	<b>62</b>	<b>56</b>	<b>49</b>	<b>224</b>	<b>67</b>	<b>60</b>	<b>59</b>	<b>54</b>	<b>242</b>
<b>Non-GAAP EPS</b>																	
	<b>\$2.44</b>	<b>\$1.64</b>	<b>\$0.61</b>	<b>\$0.48</b>	<b>\$0.42</b>	<b>\$0.56</b>	<b>\$2.07</b>	<b>\$0.57</b>	<b>\$0.64</b>	<b>\$0.56</b>	<b>\$0.51</b>	<b>\$2.27</b>	<b>\$0.70</b>	<b>\$0.64</b>	<b>\$0.62</b>	<b>\$0.58</b>	<b>\$2.54</b>
y/y growth	86.2%	-32.5%	-7.2%	43.7%	37.9%	62.7%	25.9%	-6.2%	33.7%	33.6%	-10.6%	9.9%	23.7%	0.1%	10.1%	15.2%	11.9%
Shares Outstanding																	
Basic	108.6	103.2	101.4	101	99.2	97.9	99.9	97.4	96.5	97.2	95.2	96.6	93.8	93.0	93.9	91.7	93.1
y/y growth	-0.6%	-5.0%	-3.4%	-2.4%	-3.4%	-3.6%	-3.2%	-3.9%	-4.5%	-2.0%	-2.8%	-3.3%	-3.7%	-3.6%	-3.4%	-3.6%	-3.6%
Diluted	112.9	105.8	103.8	102.9	102	100.9	102.4	100.1	97.4	99.2	97.5	98.5	95.7	94.9	95.8	93.6	95.0
y/y growth	1.2%	-6.3%	-4.4%	-2.6%	-2.6%	-2.7%	-3.2%	-3.6%	-5.3%	-2.8%	-3.3%	-3.8%	-4.4%	-2.6%	-3.4%	-4.1%	-3.6%
q/q growth			0.1%	-0.9%	-0.9%	-1.1%		-0.8%	-2.7%	1.8%	-1.6%		-1.9%	-0.8%	1.0%	-2.3%	
% of basic	104%	103%	102%	102%	103%	103%	103%	103%	101%	102%	103%	102%	102%	102%	102%	102%	102%

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 212: Teradata Balance Sheet

\$ in millions, except per share data

	2021 F2021	Mar-22 1Q22	Jun-22 2Q22	Sep-22 3Q22	Dec-22 4Q22	2022 F2022	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	2023 F2023	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024E F2024E	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025E F2025E	
<b>Balance Sheet</b>																						
<b>Current Assets</b>																						
Cash and cash equivalents	592	404	545	506	569	569	551	504	348	486	486	337	301	313	341	341	393	398	390	412	412	
Accounts receivable, net	336	330	266	253	364	364	341	265	286	286	286	311	248	274	366	366	341	198	277	340	340	
Inventories	26	16	17	13	8	8	7	9	8	13	13	16	22	19	24	24	17	14	17	18	18	
Other current assets	152	113	93	83	87	87	107	102	96	84	84	105	94	83	86	86	94	77	84	86	86	
<b>Total current assets</b>	<b>1,106</b>	<b>863</b>	<b>921</b>	<b>855</b>	<b>1,028</b>	<b>1,028</b>	<b>1,006</b>	<b>880</b>	<b>738</b>	<b>869</b>	<b>869</b>	<b>769</b>	<b>665</b>	<b>688</b>	<b>817</b>	<b>817</b>	<b>846</b>	<b>688</b>	<b>769</b>	<b>857</b>	<b>857</b>	
<b>Property and equipment, net</b>	<b>288</b>	<b>274</b>	<b>249</b>	<b>234</b>	<b>244</b>	<b>244</b>	<b>252</b>	<b>250</b>	<b>249</b>	<b>239</b>	<b>239</b>	<b>227</b>	<b>209</b>	<b>192</b>	<b>177</b>	<b>177</b>	<b>167</b>	<b>157</b>	<b>148</b>	<b>140</b>	<b>140</b>	
Right of use assets - operating lease, net	26	22	17	15	13	13	11	11	10	9	9	7	7	17	17	17	45	37	41	41	41	
Goodwill	396	395	390	385	390	390	391	390	396	398	398	396	395	396	395	395	395	395	395	395	395	
Capitalized contract costs, net	111	109	95	88	92	92	84	76	72	68	68	59	52	82	89	89	88	81	77	83	83	
Deferred income taxes	202	200	194	192	213	213	204	205	200	221	221	204	206	204	206	206	206	206	206	206	206	
Other assets	40	32	29	49	42	42	38	57	75	69	69	83	88	67	69	69	75	62	68	69	69	
<b>Total assets</b>	<b>2,169</b>	<b>1,895</b>	<b>1,895</b>	<b>1,818</b>	<b>2,022</b>	<b>2,022</b>	<b>1,986</b>	<b>1,869</b>	<b>1,740</b>	<b>1,873</b>	<b>1,873</b>	<b>1,745</b>	<b>1,622</b>	<b>1,646</b>	<b>1,770</b>	<b>1,770</b>	<b>1,824</b>	<b>1,626</b>	<b>1,703</b>	<b>1,791</b>	<b>1,791</b>	
<b>Current liabilities</b>																						
Current portion of long-term debt	88	75	0	0	0	0	0	6	12	19	19	25	25	6	6	6	6	6	6	6	6	
Current portion of finance lease liability	77	76	70	66	67	67	70	70	69	66	66	64	62	62	62	62	62	62	62	62	62	
Current portion of operating lease liability	12	11	8	8	8	8	8	7	6	6	6	5	4	4	4	4	4	4	4	4	4	
Accounts payable	67	78	83	79	94	94	92	113	106	100	100	119	85	82	87	87	118	74	83	90	90	
Payroll and benefits liabilities	148	91	108	110	137	137	95	100	120	130	130	92	85	133	137	137	151	124	135	138	138	
Deferred revenue	552	580	530	462	589	589	634	526	477	570	570	573	529	408	562	562	620	513	463	558	558	
Other current liabilities	89	82	79	78	112	112	100	88	95	105	105	105	99	116	120	120	151	124	135	138	138	
<b>Total current liabilities</b>	<b>1,033</b>	<b>993</b>	<b>878</b>	<b>803</b>	<b>1,007</b>	<b>1,007</b>	<b>999</b>	<b>910</b>	<b>885</b>	<b>996</b>	<b>996</b>	<b>983</b>	<b>889</b>	<b>812</b>	<b>979</b>	<b>979</b>	<b>1,112</b>	<b>907</b>	<b>888</b>	<b>996</b>	<b>996</b>	
<b>Long-term debt</b>	<b>324</b>	<b>324</b>	<b>497</b>	<b>498</b>	<b>498</b>	<b>498</b>	<b>498</b>	<b>492</b>	<b>486</b>	<b>480</b>	<b>480</b>	<b>474</b>	<b>467</b>	<b>479</b>	<b>473</b>	<b>473</b>	<b>467</b>	<b>461</b>	<b>454</b>	<b>448</b>	<b>448</b>	
Finance lease liability	53	56	48	45	54	54	62	70	70	63	63	57	48	48	48	48	48	48	48	48	48	
Operating lease liability	18	15	13	11	10	10	8	8	7	6	6	4	4	4	4	4	4	4	4	4	4	
Pension and other postemployment plan liabilities	138	133	129	127	101	101	96	96	91	102	102	94	93	93	93	93	93	93	93	93	93	
Long-term deferred revenue	27	19	11	14	8	8	4	7	16	22	22	13	10	8	11	11	13	10	9	11	11	
Deferred tax liabilities	7	16	7	6	7	7	7	6	6	8	8	8	7	7	7	7	7	7	7	7	7	
Other liabilities	109	102	90	79	79	79	82	62	57	61	61	58	29	90	93	93	113	93	101	104	104	
<b>Total liabilities</b>	<b>1,709</b>	<b>1,658</b>	<b>1,673</b>	<b>1,583</b>	<b>1,764</b>	<b>1,764</b>	<b>1,756</b>	<b>1,651</b>	<b>1,618</b>	<b>1,738</b>	<b>1,738</b>	<b>1,691</b>	<b>1,547</b>	<b>1,541</b>	<b>1,708</b>	<b>1,708</b>	<b>1,857</b>	<b>1,622</b>	<b>1,605</b>	<b>1,711</b>	<b>1,711</b>	
<b>Common stock</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	
Paid-in capital	1,808	1,792	1,874	1,908	1,941	1,941	1,962	2,002	2,044	2,074	2,074	2,103	2,131	2,145	2,077	2,077	1,919	1,904	1,980	1,930	1,930	
Accumulated deficit	-1,211	-1,425	-1,496	-1,519	-1,565	-1,565	-1,613	-1,668	-1,797	-1,811	-1,811	-1,918	-1,924	-1,924	-1,924	-1,924	-1,924	-1,924	-1,924	-1,924	-1,924	
Accumulated other comprehensive loss	-138	-131	-157	-155	-119	-119	-120	-117	-126	-129	-129	-132	-133	-117	-91	-91	-29	22	42	73	73	
<b>Total stockholders' equity</b>	<b>460</b>	<b>237</b>	<b>222</b>	<b>235</b>	<b>258</b>	<b>258</b>	<b>230</b>	<b>218</b>	<b>122</b>	<b>135</b>	<b>135</b>	<b>54</b>	<b>75</b>	<b>105</b>	<b>62</b>	<b>62</b>	<b>-33</b>	<b>3</b>	<b>98</b>	<b>80</b>	<b>80</b>	
<b>Total liabilities and stockholders' equity</b>	<b>2,169</b>	<b>1,895</b>	<b>1,895</b>	<b>1,818</b>	<b>2,022</b>	<b>2,022</b>	<b>1,986</b>	<b>1,869</b>	<b>1,740</b>	<b>1,873</b>	<b>1,873</b>	<b>1,745</b>	<b>1,622</b>	<b>1,646</b>	<b>1,770</b>	<b>1,770</b>	<b>1,824</b>	<b>1,626</b>	<b>1,703</b>	<b>1,791</b>	<b>1,791</b>	

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 213 – Teradata Cash Flow Statement

\$ in millions, except per share data

	2021 F2021	Mar-22 1Q22	Jun-22 2Q22	Sep-22 3Q22	Dec-22 4Q22	2022 F2022	Mar-23 1Q23	Jun-23 2Q23	Sep-23 3Q23	Dec-23 4Q23	2023 F2023	Mar-24 1Q24	Jun-24 2Q24	Sep-24 3Q24E	Dec-24 4Q24E	2024E F2024E	Mar-25 1Q25E	Jun-25 2Q25E	Sep-25 3Q25E	Dec-25 4Q25E	2025E F2025E	
<b>Cash Flow Statement</b>																						
<b>Operating activities</b>																						
Net income (loss)	147	36	-4	8	-7	33	40	17	12	-7	62	20	37	15	22	95	40	45	18	29	132	
Depreciation and amortization	149	40	33	28	33	134	28	31	27	30	116	27	26	24	30	107	22	15	16	24	76	
Stock-based compensation expense	112	31	32	27	36	126	28	35	33	30	126	34	29	67	28	158	35	26	68	28	156	
Deferred income taxes	14	8	-6	-9	-19	-26	7	-5	-1	-12	-11	12	-4	2	-2	8	0	0	0	0	0	
Loss on Blue Chip Swap										13		2	1									
Changes in assets and liabilities:																						
Receivables	-5	6	64	13	-111	-28	23	76	-21	-	78	-25	63	-26	-93	-80	25	143	-79	-63	26	
Inventories	3	10	-1	4	5	18	1	-2	1	-5	-5	-3	-6	3	-5	-11	7	3	-3	-1	6	
Current payables and accrued expenses	17	-49	23	4	57	35	-41	11	21	16	7	-30	-34	-3	5	-62	31	-44	8	7	3	
Deferred revenue	42	20	-58	-65	121	18	41	-105	-40	99	-5	-6	-47	-123	158	-18	58	-109	-51	97	-4	
Other assets and liabilities	-16	49	22	24	14	109	-18	-9	9	12	-6	-4	-22	118	-1	91	23	-29	19	-2	11	
<b>Net cash provided by operating activities</b>	<b>463</b>	<b>151</b>	<b>105</b>	<b>34</b>	<b>129</b>	<b>419</b>	<b>109</b>	<b>49</b>	<b>41</b>	<b>176</b>	<b>362</b>	<b>27</b>	<b>43</b>	<b>77</b>	<b>143</b>	<b>287</b>	<b>241</b>	<b>49</b>	<b>-4</b>	<b>119</b>	<b>406</b>	
y/y growth	73.4%	37.3%	-53.3%	3.0%	35.8%	-9.5%	-27.8%	-53.3%	20.6%	36.4%	-13.6%	-75.2%	-12.2%	87.9%	-18.7%	-20.7%	792.3%	15.0%	-105.4%	-16.6%	41.3%	
% of revenue	24.2%	30.4%	24.4%	8.2%	28.5%	23.3%	22.9%	10.6%	9.4%	38.5%	19.7%	5.8%	9.9%	18.5%	33.4%	16.4%	51.1%	12.8%	-1.0%	27.7%	23.7%	
<b>Investing activities</b>																						
Expenditures for property and equipment	-28	-1	-2	-3	-8	-14	-4	-2	-5	-8	-19	-6	-3	-4	-4	-17	-5	-4	-4	-4	-17	
Additions to capitalized software	-3	0	-1	0	-1	-2		-1	0	0	-1	-2	-1	-1	-1	-5	-1	-1	-1	-1	-3	
Business acquisitions and other investing activities, net and other					-2					-13				-1								
Other investing activities									-16	0												
<b>Net cash used in investing activities</b>	<b>-31</b>	<b>-1</b>	<b>-3</b>	<b>-3</b>	<b>-11</b>	<b>-16</b>	<b>-4</b>	<b>-3</b>	<b>-21</b>	<b>-21</b>	<b>-20</b>	<b>-8</b>	<b>-5</b>	<b>-5</b>	<b>-5</b>	<b>-22</b>	<b>-6</b>	<b>-5</b>	<b>-5</b>	<b>-5</b>	<b>-21</b>	
<b>Financing activities</b>																						
Repurchases of Company common stock	-244	-300	-17	-29	-41	-387	-84	-70	-147	-7	-308	-124	-47	-54	-103	-328	-176	-34	7	-86	-289	
Proceeds from long-term borrowings	0	0	100	0	0	100	0	0	0	0	0	0	-6			-6					0	
Repayments of long-term borrowings	-44	-13	0	0	0	-13	0	0	0	0	0	0	0	-7	-6	-13	-6	-6	-6	-6	-25	
Payments of finance leases	-92	-22	-23	-22	-19	-86	-20	-21	-21	-20	-82	-20	-17	0	0	-37	0	0	0	0	0	
Other financing activities, net	24	4	-3	5	-1	5	-7	6	7	1	7	-6	0	0	0	-6	0	0	0	0	0	
<b>Net cash used in financing activities</b>	<b>-356</b>	<b>-331</b>	<b>57</b>	<b>-46</b>	<b>-61</b>	<b>-381</b>	<b>-111</b>	<b>-85</b>	<b>-161</b>	<b>-26</b>	<b>-383</b>	<b>-150</b>	<b>-70</b>	<b>-61</b>	<b>-110</b>	<b>-390</b>	<b>-183</b>	<b>-40</b>	<b>1</b>	<b>-92</b>	<b>-314</b>	
Effect of exchange rate changes on cash and cash equivalents	-14	-6	-19	-24	5	-44	-10	-10	-16	8	-28	-17	-5			-22					0	
<b>Increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>62</b>	<b>-187</b>	<b>140</b>	<b>-39</b>	<b>62</b>	<b>-22</b>	<b>-16</b>	<b>-49</b>	<b>-157</b>	<b>137</b>	<b>-69</b>	<b>-148</b>	<b>-37</b>	<b>12</b>	<b>28</b>	<b>-147</b>	<b>53</b>	<b>5</b>	<b>-9</b>	<b>22</b>	<b>71</b>	
<b>Cash, cash equivalents and restricted cash at beginning of period</b>	<b>533</b>	<b>595</b>	<b>408</b>	<b>548</b>	<b>509</b>	<b>595</b>	<b>571</b>	<b>555</b>	<b>506</b>	<b>349</b>	<b>571</b>	<b>486</b>	<b>338</b>	<b>301</b>	<b>313</b>	<b>486</b>	<b>341</b>	<b>393</b>	<b>398</b>	<b>390</b>	<b>341</b>	
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>595</b>	<b>408</b>	<b>548</b>	<b>509</b>	<b>571</b>	<b>573</b>	<b>555</b>	<b>506</b>	<b>349</b>	<b>486</b>	<b>502</b>	<b>338</b>	<b>301</b>	<b>313</b>	<b>341</b>	<b>339</b>	<b>393</b>	<b>398</b>	<b>390</b>	<b>412</b>	<b>412</b>	

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

**Exhibit 214: Teradata Discounted Cash Flow Analysis (DCF)**

\$ in millions, except per share data

**Assumptions and Inputs**

Current risk-free rate		4.0%
Beta		1.10
Historical equity risk premium		6.5%
Terminal growth rate		5.0%
Market Value (\$M)	\$	3,107
Debt Value (\$M)	\$	498
Cost of equity		11.2%
Cost of debt		10.0%
Tax rate		25.0%
<b>WACC</b>		<b>10.6%</b>

Last Reported Quarter End	6/30/2024
Full Year End	12/31/2024

**Scenario: Guidance / Base Case**

Fiscal year	Historicals			Hyper Growth Period					Transitionary Period					Terminal	
	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	Perpetuity
Corresponding Calendar Year Period	2021	2022	2023	0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	
Risk free rate			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%
Beta			1.10	1.10	1.10	1.10	1.10	1.10	1.08	1.07	1.05	1.03	1.02	1.00	1.00
Historical equity risk premium			6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Cost of equity			11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.0%	10.9%	10.8%	10.7%	10.6%	10.5%	10.5%
Cost of debt			10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Debt/Total Value			13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	11.5%	9.2%	6.9%	4.6%	2.3%	0.0%	0.0%
<b>WACC</b>			<b>10.6%</b>	<b>10.6%</b>	<b>10.6%</b>	<b>10.6%</b>	<b>10.6%</b>	<b>10.6%</b>	<b>10.6%</b>	<b>10.6%</b>	<b>10.6%</b>	<b>10.6%</b>	<b>10.6%</b>	<b>10.5%</b>	<b>10.5%</b>
Discount factor				1.0	0.9	0.8	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.4
<b>Total Revenue</b>	<b>1,917</b>	<b>1,795</b>	<b>1,833</b>	<b>1,745</b>	<b>1,712</b>	<b>1,782</b>	<b>1,826</b>	<b>1,872</b>	<b>1,920</b>	<b>1,971</b>	<b>2,026</b>	<b>2,083</b>	<b>2,144</b>	<b>2,208</b>	<b>2,208</b>
y/y change		-6%	2%	-5%	-2%	4%	3%	3%	3%	3%	3%	3%	3%	3%	3%
<b>Free Cash Flow to Firm (FCFF)</b>	<b>452</b>	<b>421</b>	<b>244</b>	<b>122</b>	<b>303</b>	<b>381</b>	<b>310</b>	<b>337</b>	<b>366</b>	<b>398</b>	<b>430</b>	<b>465</b>	<b>502</b>	<b>541</b>	<b>541</b>
FCF margin	24%	23%	13%	7%	18%	21%	17%	18%	19%	20%	21%	22%	23%	25%	25%
y/y change		-7%	-42%	-50%	149%	25%	-18%	9%	9%	8%	8%	8%	8%	8%	8%
Diluted Shares Outstanding	113	106	102	99	95	94	93	92	91	90	90	90	90	90	90
y/y change		-6%	-3%	-4%	-4%	-1%	-2%	-1%	-1%	-1%	0%	0%	0%	0%	0%
<b>FCFF per share</b>	<b>\$1.24</b>	<b>\$3.19</b>	<b>\$4.05</b>	<b>\$3.36</b>	<b>\$4.05</b>	<b>\$3.36</b>	<b>\$3.68</b>	<b>\$3.68</b>	<b>\$4.03</b>	<b>\$4.40</b>	<b>\$4.79</b>	<b>\$5.19</b>	<b>\$5.61</b>	<b>\$6.03</b>	<b>\$75.43</b>
NPV of FCF per share				\$1.18	\$2.75	\$3.15	\$2.35	\$2.33	\$2.31	\$2.29	\$2.25	\$2.21	\$2.16	\$2.12	\$26.44

Cummulative NPV of FCFF/share	\$25.09
Terminal Value FCF/Share	\$26.44
<b>Total Implied NPV of FCF/Share</b>	<b>\$51.53</b>
<b>Net Cash per share</b>	<b>\$(1.95)</b>
Net cash balance	(13)
Working Capital - 10% of revenue	183
Shares outstanding	101
<b>Total Implied NPV/Share</b>	<b>\$50</b>
Current Price	\$ 30.34
<b>Upside/(Downside) Potential</b>	<b>63%</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis



## WDAY

## Exhibit 215: Workday GAAP Income Statement

\$ in millions, except per share data

	Jan-21 FY21	Jan-22 FY22	Jan-23 FY23	Jan-24 FY24	Apr-24 F1Q25	Jul-23 F2Q25	Oct-24 F3Q25E	Jan-25 F4Q25E	Jan-25 FY25E	Apr-25 F1Q26E	Jul-25 F2Q26E	Oct-25 F3Q26E	Jan-26 F4Q26E	Jan-26 F2026E
<b>GAAP Income Statement</b>														
Subscription Services	3,788.5	4,546.3	5,567.2	6,603.0	1,815.0	1,903.0	1,955.8	2,039.1	7,712.9	2,070.5	2,163.7	2,277.1	2,360.7	8,872.1
y/y growth	22.4%	20.0%	22.5%	18.6%	18.8%	17.2%	15.6%	15.9%	16.8%	14.1%	13.7%	16.4%	15.8%	15.0%
Professional Services	529.5	592.5	648.6	655.8	175.0	182.0	165.9	161.8	684.7	154.8	160.6	169.3	175.6	660.3
y/y growth	-0.2%	11.9%	9.5%	1.1%	11.9%	11.8%	-5.0%	-0.1%	4.4%	-11.5%	-11.8%	2.1%	8.5%	-3.6%
<b>Total Revenue</b>	<b>4,318.0</b>	<b>5,138.8</b>	<b>6,215.8</b>	<b>7,258.8</b>	<b>1,990.0</b>	<b>2,085.0</b>	<b>2,121.7</b>	<b>2,200.9</b>	<b>8,397.6</b>	<b>2,225.3</b>	<b>2,324.3</b>	<b>2,446.4</b>	<b>2,536.4</b>	<b>9,532.4</b>
y/y growth	19.0%	19.0%	21.0%	16.8%	18.1%	16.7%	13.7%	14.5%	15.7%	11.8%	11.5%	15.3%	15.2%	13.5%
<b>Cost of Revenue</b>														
Subscription Services	611.9	795.9	1,011.4	1,030.6	290.0	304.0	318.8	333.0	1,245.9	335.8	339.4	356.5	369.1	1,400.8
% of Subscription Revenue	16.2%	17.5%	18.2%	15.6%	16.0%	16.0%	16.3%	16.3%	16.2%	16.2%	15.7%	15.7%	15.6%	15.8%
Professional Services	586.2	632.2	703.7	741.2	199.0	207.0	190.4	187.2	783.7	179.8	183.7	196.6	203.1	763.2
% of Professional Services Revenue	110.7%	106.7%	108.5%	113.0%	113.7%	113.7%	114.8%	115.7%	114.5%	1.2	1.1	1.2	1.2	1.2
<b>Total Cost of Revenue</b>	<b>1,198.1</b>	<b>1,428.1</b>	<b>1,715.2</b>	<b>1,771.8</b>	<b>489.0</b>	<b>511.0</b>	<b>509.3</b>	<b>520.3</b>	<b>2,029.5</b>	<b>515.6</b>	<b>523.1</b>	<b>553.1</b>	<b>572.3</b>	<b>2,164.0</b>
% of revenue	27.7%	27.8%	27.6%	24.4%	24.6%	24.5%	24.0%	23.6%	24.2%	23.2%	22.5%	22.6%	22.6%	22.7%
<b>Gross Profit</b>														
Subscription Services	3,176.5	3,750.5	4,555.8	5,572.4	1,525.0	1,599.0	1,636.9	1,706.1	6,467.0	1,734.6	1,824.3	1,920.6	1,991.6	7,471.2
Professional Services	(56.7)	(39.8)	(55.1)	(85.4)	(24.0)	(25.0)	(24.5)	(25.4)	(98.9)	(25.0)	(23.1)	(27.3)	(27.5)	(102.9)
<b>Total Gross Profit</b>	<b>3,119.9</b>	<b>3,710.7</b>	<b>4,500.6</b>	<b>5,487.0</b>	<b>1,501.0</b>	<b>1,574.0</b>	<b>1,612.4</b>	<b>1,680.6</b>	<b>6,368.0</b>	<b>1,709.7</b>	<b>1,801.2</b>	<b>1,893.3</b>	<b>1,964.1</b>	<b>7,368.3</b>
Gross Margin %	72.3%	72.2%	72.4%	75.6%	75.4%	75.5%	76.0%	76.4%	75.8%	76.8%	77.5%	77.4%	77.4%	77.3%
<b>Operating Expenses</b>														
Research and Development	1,721.2	1,879.2	2,270.7	2,463.9	656.0	649.0	677.5	714.2	2,696.7	704.5	710.8	762.2	803.1	2,980.7
% of revenue	39.9%	36.6%	36.5%	33.9%	33.0%	31.1%	31.9%	32.5%	32.1%					
Sales and Marketing	1,233.2	1,461.9	1,848.1	2,138.6	573.0	611.0	614.6	644.2	2,442.7	623.7	672.6	691.0	722.1	2,709.5
% of revenue	28.6%	28.4%	29.7%	29.5%	28.8%	29.3%	29.0%	29.3%	29.1%					
General and Administrative	414.1	486.0	604.1	701.1	208.0	203.0	198.0	200.2	809.2	192.1	193.9	223.8	226.1	836.0
% of revenue	9.6%	9.5%	9.7%	9.7%	10.5%	9.7%	9.3%	9.1%	9.6%					
<b>Total Operating Expenses</b>	<b>3,368.5</b>	<b>3,827.2</b>	<b>4,722.8</b>	<b>5,303.7</b>	<b>1,437.0</b>	<b>1,463.0</b>	<b>1,490.1</b>	<b>1,558.6</b>	<b>5,948.7</b>	<b>1,520.4</b>	<b>1,577.3</b>	<b>1,677.1</b>	<b>1,751.4</b>	<b>6,526.2</b>
% of revenue	78.0%	74.5%	76.0%	73.1%	72.2%	70.2%	70.2%	70.8%	70.8%	68.3%	67.9%	68.6%	69.1%	68.5%
<b>Operating Income</b>	<b>(248.6)</b>	<b>(116.5)</b>	<b>(222.2)</b>	<b>183.3</b>	<b>64.0</b>	<b>111.0</b>	<b>122.3</b>	<b>122.0</b>	<b>419.4</b>	<b>189.2</b>	<b>223.9</b>	<b>216.3</b>	<b>212.7</b>	<b>842.1</b>
Operating Margin %	(5.8%)	(2.3%)	(3.6%)	2.5%	3.2%	5.3%	5.8%	5.5%	5.0%	8.5%	9.6%	8.8%	8.4%	8.8%
Interest Income	18.8	5.6	97.7	296.0	93.0	88.0	88.0	92.6	361.6	81.3	87.0	90.5	93.9	352.6
Interest Expense	(68.8)	(16.6)	(102.4)	(114.0)	(29.0)	(28.0)	(28.5)	(28.5)	(114.1)	(10.2)	(29.2)	(29.2)	(28.5)	(97.2)
Other Income (Expense), Net	23.5	143.7	(33.1)	(24.0)	(5.0)	(3.0)	0.0	0.0	(8.0)	0.0	0.0	0.0	0.0	0.0
<b>Total Interest and Other Income</b>	<b>(26.5)</b>	<b>132.6</b>	<b>(37.8)</b>	<b>158.0</b>	<b>59.0</b>	<b>57.0</b>	<b>59.5</b>	<b>64.1</b>	<b>239.6</b>	<b>71.0</b>	<b>57.8</b>	<b>61.2</b>	<b>65.4</b>	<b>255.4</b>
Income Before Taxes	(275.1)	16.2	(260.0)	341.3	123.0	168.0	181.8	186.1	659.0	260.3	281.7	277.5	278.1	1097.5
Income Tax Expense (Benefit)	7.3	(13.2)	106.8	(1024.5)	16.0	36.0	34.5	35.4	121.9	2.6	2.8	2.8	2.8	11.0
Tax Rate	-2.7%	-81.5%	-41.1%	-300.2%	13.0%	21.4%	19.0%	19.0%	18.5%	1.0%	1.0%	1.0%	1.0%	1.0%
<b>Net Income</b>	<b>(282.4)</b>	<b>29.4</b>	<b>(366.7)</b>	<b>1365.9</b>	<b>107.0</b>	<b>132.0</b>	<b>147.3</b>	<b>150.8</b>	<b>537.0</b>	<b>257.7</b>	<b>278.9</b>	<b>274.7</b>	<b>275.3</b>	<b>1086.5</b>
<b>GAAP EPS</b>	<b>(\$1.19)</b>	<b>\$0.12</b>	<b>(\$1.44)</b>	<b>\$5.15</b>	<b>\$0.40</b>	<b>\$0.49</b>	<b>\$0.54</b>	<b>\$0.55</b>	<b>\$1.98</b>	<b>\$0.94</b>	<b>\$1.01</b>	<b>\$0.99</b>	<b>\$0.99</b>	<b>\$3.93</b>
Shares Outstanding														
Basic	237.0	247.3	254.8	261.3	264.4	265.3	266.6	268.0	266.1	269.3	270.7	272.0	273.4	271.3
Diluted	247.2	252.1	254.8	265.3	270.3	267.9	272.0	273.3	270.9	274.7	276.1	277.5	278.8	276.8

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 216: Workday Non-GAAP Income Statement

\$ in millions, except per share data

	Jan-21 FY21	Jan-22 FY22	Jan-23 FY23	Jan-24 FY24	Apr-24 F1Q25	Jul-23 F2Q25	Oct-24 F3Q25E	Jan-25 F4Q25E	Jan-25 FY25E	Apr-25 F1Q26E	Jul-25 F2Q26E	Oct-25 F3Q26E	Jan-26 F4Q26E	Jan-26 F2026E
<b>Non-GAAP Income Statement</b>														
Subscription Services	3,788.5	4,546.3	5,567.2	6,603.0	1,815.0	1,903.0	1,955.8	2,039.1	7,712.9	2,070.5	2,163.7	2,277.1	2,360.7	8,872.1
y/y growth	22.4%	20.0%	22.5%	18.6%	18.8%	17.2%	15.6%	15.9%	16.8%	14.1%	13.7%	16.4%	15.8%	15.0%
Professional Services	529.5	592.5	648.6	655.8	175.0	182.0	165.9	161.8	684.7	154.8	160.6	169.3	175.6	660.3
y/y growth	-0.2%	11.9%	9.5%	1.1%	11.9%	11.8%	-5.0%	-0.1%	4.4%	-11.5%	-11.8%	2.1%	8.5%	-3.6%
<b>Total Revenue</b>	<b>4,318.0</b>	<b>5,138.8</b>	<b>6,215.8</b>	<b>7,258.8</b>	<b>1,990.0</b>	<b>2,085.0</b>	<b>2,121.7</b>	<b>2,200.9</b>	<b>8,397.6</b>	<b>2,225.3</b>	<b>2,324.3</b>	<b>2,446.4</b>	<b>2,536.4</b>	<b>9,532.4</b>
y/y growth	19.0%	19.0%	21.0%	16.8%	18.1%	16.7%	13.7%	14.5%	15.7%	11.8%	11.5%	15.3%	15.2%	13.5%
<b>Cost of Revenue</b>														
Subscription Services	513.9	655.6	845.6	862.9	238.1	265.3	273.8	285.5	1,062.7	279.5	292.1	307.4	318.7	1,197.7
% of Subscription Revenue	13.6%	14.4%	15.2%	13.1%	13.1%	13.9%	14.0%	14.0%	13.8%	13.5%	13.5%	13.5%	13.5%	13.5%
Professional Services	477.9	507.6	586.8	619.3	166.3	178.6	157.6	153.7	656.2	147.1	152.6	160.8	166.8	627.3
% of Professional Services Revenue	90.2%	85.7%	90.5%	94.4%	95.0%	98.1%	95.0%	95.0%	95.8%	95.0%	95.0%	95.0%	95.0%	95.0%
<b>Total Cost of Revenue</b>	<b>991.7</b>	<b>1,163.2</b>	<b>1,432.4</b>	<b>1,482.2</b>	<b>404.4</b>	<b>443.9</b>	<b>431.4</b>	<b>439.2</b>	<b>1,718.9</b>	<b>426.6</b>	<b>444.7</b>	<b>468.2</b>	<b>485.5</b>	<b>1,825.0</b>
% of revenue	23.0%	22.6%	23.0%	20.4%	20.3%	21.3%	20.3%	20.0%	20.5%	19.2%	19.1%	19.1%	19.1%	19.1%
<b>Gross Profit</b>														
Subscription Services	3,274.6	3,890.7	4,721.6	5,740.0	1,576.9	1,637.7	1,682.0	1,753.6	6,650.1	1,790.9	1,871.6	1,969.7	2,042.0	7,674.3
Gross Margin	86.4%	85.6%	84.8%	86.9%	86.9%	86.1%	86.0%	86.0%	86.2%	86.5%	86.5%	86.5%	86.5%	86.5%
Professional Services	51.7	84.9	61.8	36.5	8.7	3.4	8.3	8.1	28.5	7.7	8.0	8.5	8.8	33.0
Gross Margin	9.8%	14.3%	9.5%	5.6%	5.0%	1.9%	5.0%	5.0%	4.2%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>Total Gross Profit</b>	<b>3,326.3</b>	<b>3,975.6</b>	<b>4,783.4</b>	<b>5,776.5</b>	<b>1,585.6</b>	<b>1,641.1</b>	<b>1,690.3</b>	<b>1,761.7</b>	<b>6,678.6</b>	<b>1,798.7</b>	<b>1,879.7</b>	<b>1,978.2</b>	<b>2,050.8</b>	<b>7,707.3</b>
<b>Gross Margin</b>	<b>77.0%</b>	<b>77.4%</b>	<b>77.0%</b>	<b>79.6%</b>	<b>79.7%</b>	<b>78.7%</b>	<b>79.7%</b>	<b>80.0%</b>	<b>79.5%</b>	<b>80.8%</b>	<b>80.9%</b>	<b>80.9%</b>	<b>80.9%</b>	<b>80.9%</b>
<b>Operating Expenses</b>														
Research and Development	1,188.3	1,303.1	1,628.5	1,789.7	478.4	484.8	496.5	528.2	1,987.9	528.3	533.5	565.1	601.1	2,228.0
% of revenue	27.5%	25.4%	26.2%	24.7%	24.0%	23.3%	23.4%	24.0%	23.7%	23.7%	23.0%	23.1%	23.7%	23.4%
Sales and Marketing	994.6	1,198.8	1,556.4	1,813.5	485.1	529.8	530.4	550.2	2,095.6	531.4	579.0	599.4	621.4	2,331.2
% of revenue	23.0%	23.3%	25.0%	25.0%	24.4%	25.4%	25.0%	25.0%	25.0%	23.9%	24.9%	24.5%	24.5%	24.5%
General and Administrative	276.2	323.9	388.9	432.6	107.0	108.5	127.3	132.1	474.8	119.7	120.9	146.8	152.2	539.6
% of revenue	6.4%	6.3%	6.3%	6.0%	5.4%	5.2%	6.0%	6.0%	5.7%	5.4%	5.2%	6.0%	6.0%	5.7%
<b>Total Operating Expenses</b>	<b>2,459.0</b>	<b>2,825.9</b>	<b>3,573.8</b>	<b>4,035.9</b>	<b>1,070.6</b>	<b>1,123.1</b>	<b>1,154.2</b>	<b>1,210.5</b>	<b>4,558.4</b>	<b>1,179.3</b>	<b>1,233.4</b>	<b>1,311.3</b>	<b>1,374.7</b>	<b>5,098.7</b>
% of revenue	56.9%	55.0%	57.5%	55.6%	53.8%	53.9%	54.4%	55.0%	54.3%	53.0%	53.1%	53.6%	54.2%	53.5%
<b>Operating Income</b>														
<b>Operating Margin</b>	<b>867.2</b>	<b>1,149.7</b>	<b>1,209.6</b>	<b>1,740.7</b>	<b>515.0</b>	<b>518.0</b>	<b>536.1</b>	<b>551.2</b>	<b>2,120.3</b>	<b>619.3</b>	<b>646.2</b>	<b>666.9</b>	<b>676.1</b>	<b>2,608.6</b>
	20.1%	22.4%	19.5%	24.0%	25.9%	24.8%	25.27%	25.04%	25.25%	27.8%	27.8%	27.3%	26.7%	27.4%
Interest Income	18.8	5.6	97.7	296.0	93.0	88.0	88.0	92.6	361.6	81.3	87.0	90.5	93.9	352.6
Interest Expense	(15.5)	(16.6)	(102.4)	(114.0)	(29.0)	(28.0)	(28.5)	(28.5)	(114.1)	(10.2)	(29.2)	(29.2)	(28.5)	(97.2)
Other Income (Expense), Net	23.5	143.7	(33.1)	(24.0)	(5.0)	(3.0)	0.0	0.0	(8.0)	0.0	0.0	0.0	0.0	0.0
<b>Total Interest and Other Income</b>	<b>26.8</b>	<b>132.6</b>	<b>(37.8)</b>	<b>158.0</b>	<b>59.0</b>	<b>57.0</b>	<b>59.5</b>	<b>64.1</b>	<b>239.6</b>	<b>71.0</b>	<b>57.8</b>	<b>61.2</b>	<b>65.4</b>	<b>255.4</b>
Income Before Taxes	894.0	1282.4	1171.9	1898.7	574.0	575.0	595.5	615.3	2359.9	690.4	704.0	728.1	741.5	2864.0
Income Tax Expense (Benefit)	169.9	243.6	222.7	363.7	104.0	106.0	113.2	116.9	440.1	131.2	133.8	138.3	140.9	544.2
Tax Rate	19.0%	19.0%	19.0%	19.2%	18.1%	18.4%	19.0%	19.0%	18.6%	19.0%	19.0%	19.0%	19.0%	19.0%
<b>Net Income</b>	<b>724.2</b>	<b>1,038.7</b>	<b>949.2</b>	<b>1,535.0</b>	<b>470.0</b>	<b>469.0</b>	<b>482.4</b>	<b>498.4</b>	<b>1,919.8</b>	<b>559.2</b>	<b>570.3</b>	<b>589.8</b>	<b>600.6</b>	<b>2,319.8</b>
<b>Non-GAAP EPS</b>														
Shares Outstanding														
Basic	237.0	247.3	254.8	261.3	264.4	265.3	266.6	268.0	266.1	269.3	270.7	272.0	273.4	271.3
Diluted	247.2	259.9	261.6	265.3	270.3	267.9	272.0	273.3	270.9	274.7	276.1	277.5	278.8	276.8

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

**Exhibit 217: Workday Balance Sheet**

(\$ in millions, except per share data)

	Jan-21 FY21	Jan-22 FY22	Jan-23 FY23	Jan-24 FY24	Apr-24 F1Q25	Jul-23 F2Q25	Oct-24 F3Q25E	Jan-25 F4Q25E	Jan-25 FY25E	Apr-25 F1Q26E	Jul-25 F2Q26E	Oct-25 F3Q26E	Jan-26 F4Q26E	Jan-26 F2026E
<b>Current assets</b>														
Cash and cash equivalents	1,384.2	1,534.3	1,886.3	2,012.0	1,752.0	1,635.0	2,022.2	2,389.5	2,389.5	2,964.2	3,307.6	3,649.6	4,413.7	4,413.7
Marketable securities	2,151.5	2,109.9	4,235.1	5,801.0	5,430.0	5,738.0	5,738.0	5,738.0	5,738.0	5,738.0	5,738.0	5,738.0	5,738.0	5,738.0
Trade and other receivables, net	1,032.5	1,242.5	1,570.1	1,639.0	1,133.0	1,292.0	1,276.6	2,045.7	2,045.7	1,632.7	1,822.4	2,142.3	2,691.0	2,691.0
Deferred Costs	122.8	153.0	191.1	232.0	232.0	237.0	263.3	274.4	274.4	269.6	268.9	292.6	297.3	297.3
Prepaid expenses and other current assets	111.2	174.4	225.7	255.0	327.0	298.0	297.7	292.0	292.0	365.7	332.2	343.3	336.5	336.5
<b>Total current assets</b>	<b>4,802.1</b>	<b>5,214.1</b>	<b>8,108.2</b>	<b>9,939.0</b>	<b>8,874.0</b>	<b>9,200.0</b>	<b>9,597.8</b>	<b>10,739.6</b>	<b>10,739.6</b>	<b>10,970.2</b>	<b>11,469.0</b>	<b>12,165.7</b>	<b>13,476.5</b>	<b>13,476.5</b>
<b>Non-current assets</b>														
Property and equipment, net	972.4	1,123.1	1,201.3	1,234.0	1,238.0	1,259.0	1,278.8	1,300.7	1,300.7	1,324.7	1,351.4	1,381.7	1,414.1	1,414.1
Operating lease right-of-use assets	414.1	247.8	249.3	289.0	323.0	339.0	339.0	339.0	339.0	339.0	339.0	339.0	339.0	339.0
Deferred Costs, non-current	271.8	341.3	421.0	509.0	489.0	487.0	559.5	583.1	583.1	572.9	571.3	621.8	631.8	631.8
Intangible assets, net	248.6	391.0	305.5	233.0	351.0	331.0	299.2	266.2	266.2	0.0	0.0	0.0	0.0	0.0
Deferred tax assets			13.0	1,065.0	1,056.0	1,022.0								
Goodwill	1,819.6	2,840.0	2,840.0	2,846.0	3,257.0	3,257.0	3,257.0	3,257.0	3,257.0	3,257.0	3,257.0	3,257.0	3,257.0	3,257.0
Other assets	189.8	341.3	348.0	337.0	353.0	339.0	424.3	440.2	440.2	445.1	464.9	489.3	507.3	507.3
<b>Total assets</b>	<b>8,718.4</b>	<b>10,498.5</b>	<b>13,486.2</b>	<b>16,452.0</b>	<b>15,941.0</b>	<b>16,234.0</b>	<b>15,755.6</b>	<b>16,925.8</b>	<b>16,925.8</b>	<b>16,908.8</b>	<b>17,452.6</b>	<b>18,254.5</b>	<b>19,625.7</b>	<b>19,625.7</b>
<b>Current liabilities</b>														
Accounts payable	75.6	55.5	153.8	78.0	76.0	87.0	83.2	113.9	113.9	127.5	89.5	95.1	139.9	139.9
Accrued expenses and other	169.3	195.6	260.1	287.0	254.0	292.0	355.8	338.2	338.2	292.3	371.9	359.1	384.2	384.2
Accrued compensation	285.1	402.9	563.5	544.0	451.0	487.0	508.8	688.2	688.2	503.7	548.5	568.8	755.5	755.5
Deferred revenue, current	2,556.6	3,110.9	3,559.4	4,057.0	3,552.0	3,549.0	3,761.5	4,593.6	4,593.6	4,045.9	4,090.0	4,436.7	5,224.4	5,224.4
Current portion of operating leases	93.0	80.5	91.3	89.0	95.0	98.0	98.0	98.0	98.0	98.0	98.0	98.0	98.0	98.0
Current Debt	1,103.1	1,222.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,149.6	1,149.6	0.0	0.0	0.0
<b>Total current liabilities</b>	<b>4,282.6</b>	<b>5,067.9</b>	<b>4,628.2</b>	<b>5,055.0</b>	<b>4,428.0</b>	<b>4,513.0</b>	<b>4,807.4</b>	<b>5,831.9</b>	<b>5,831.9</b>	<b>6,217.0</b>	<b>6,347.5</b>	<b>5,557.8</b>	<b>6,602.0</b>	<b>6,602.0</b>
<b>Long term liabilities</b>														
Long-term debt, net	691.9	617.4	2,975.9	2,980.0	2,981.0	2,982.0	3,000.0	3,000.0	3,000.0	2,973.1	3,000.0	4,149.6	3,000.0	3,000.0
Deferred revenue, less current	80.1	71.5	74.5	70.0	61.0	62.0	56.4	68.9	68.9	60.7	61.4	66.6	78.4	78.4
Operating lease liabilities, less current	350.1	182.5	181.8	227.0	268.0	284.0	284.0	284.0	284.0	284.0	284.0	284.0	284.0	284.0
Other liabilities	35.9	24.2	40.2	38.0	40.0	48.0	33.0	48.6	48.6	51.9	58.2	39.9	53.1	53.1
<b>Total Liabilities</b>	<b>5,440.6</b>	<b>5,963.4</b>	<b>7,900.7</b>	<b>8,370.0</b>	<b>7,778.0</b>	<b>7,889.0</b>	<b>8,180.8</b>	<b>9,233.4</b>	<b>9,233.4</b>	<b>9,586.7</b>	<b>9,751.1</b>	<b>10,097.9</b>	<b>10,017.5</b>	<b>10,017.5</b>
<b>Stockholders' equity</b>	<b>3,277.8</b>	<b>4,535.1</b>	<b>5,585.6</b>	<b>8,082.0</b>	<b>8,163.0</b>	<b>8,345.0</b>	<b>7,574.8</b>	<b>7,692.4</b>	<b>7,692.4</b>	<b>7,322.1</b>	<b>7,701.5</b>	<b>8,156.5</b>	<b>9,608.2</b>	<b>9,608.2</b>
<b>Total liabilities and shareholders' equity</b>	<b>8,718.4</b>	<b>10,498.5</b>	<b>13,486.2</b>	<b>16,452.0</b>	<b>15,941.0</b>	<b>16,234.0</b>	<b>15,755.6</b>	<b>16,925.8</b>	<b>16,925.8</b>	<b>16,908.8</b>	<b>17,452.6</b>	<b>18,254.5</b>	<b>19,625.7</b>	<b>19,625.7</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 218: Workday Statement of Cash Flows

(\$ in millions, except per share data)

	Jan-21 FY21	Jan-22 FY22	Jan-23 FY23	Jan-24 FY24	Apr-24 F1Q25	Jul-23 F2Q25	Oct-24 F3Q25E	Jan-25 F4Q25E	Jan-25 FY25E	Apr-25 F1Q26E	Jul-25 F2Q26E	Oct-25 F3Q26E	Jan-26 F4Q26E	Jan-26 F2Q26E
<b>Cash from Operating Activities</b>														
<b>Net income (loss)</b>	<b>(282.4)</b>	<b>29.4</b>	<b>(366.7)</b>	<b>1,380.5</b>	<b>107.0</b>	<b>132.0</b>	<b>147.3</b>	<b>150.8</b>	<b>537.0</b>	<b>257.7</b>	<b>278.9</b>	<b>274.7</b>	<b>275.3</b>	<b>1,086.5</b>
Depreciation and amortization	293.7	343.7	364.4	282.5	75.0	79.0	94.8	97.0	345.7	116.9	93.4	102.3	101.3	413.9
Stock-based compensation	1,004.9	1,100.6	1,294.6	1,416.6	385.0	370.0	381.9	396.2	1,533.1	378.3	395.1	415.9	431.2	1,620.5
Amortization of deferred costs	112.6	138.8	174.6	212.4	59.0	62.0	64.0	67.5	252.5	68.2	71.4	76.3	80.3	296.2
Amortization of debt discount	53.7	4.0	1.0	48.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash lease expense	84.4	86.2	91.8	55.7	25.0	25.0			50.0					0.0
Deferred income taxes				(1,063.0)	6.0	27.0			33.0					0.0
Other, net	(12.3)	(160.1)	49.4	(149.4)	(25.0)	(17.0)			(42.0)					0.0
<b>Working Capital:</b>	<b>14.0</b>	<b>108.1</b>	<b>48.2</b>	<b>(34.2)</b>	<b>(260.0)</b>	<b>(107.0)</b>	<b>19.5</b>	<b>(8.2)</b>	<b>(355.7)</b>	<b>(303.6)</b>	<b>(152.5)</b>	<b>(179.3)</b>	<b>227.5</b>	<b>(408.0)</b>
Accounts receivable	(159.2)	(207.9)	(318.6)	(87.4)	509.0	(157.0)	15.4	(769.1)	(401.7)	412.9	(189.7)	(319.9)	(548.7)	(645.3)
Deferred costs	(184.4)	(238.5)	(292.4)	(342.2)	(40.0)	(64.0)	(162.9)	(102.2)	(369.1)	(53.1)	(69.2)	(150.5)	(95.1)	(367.8)
Prepaid expenses and other assets	52.1	(35.2)	(14.1)	69.3	(21.0)	46.0	(85.0)	(10.1)	(70.2)	(78.5)	13.6	(35.5)	(11.2)	(111.6)
Accounts payable	(3.5)	9.4	85.8	(71.4)	10.0	2.0	(3.8)	30.7	38.9	13.6	(38.0)	5.6	44.7	25.9
Accrued expenses and other liabilities	(18.5)	50.7	136.0	(95.5)	(193.0)	69.0	48.8	(1.9)	(77.1)	(42.6)	85.9	(31.1)	38.3	50.5
Deferred revenue	327.4	529.5	451.6	492.9	(525.0)	(3.0)	207.0	844.5	523.5	(555.9)	44.7	351.9	799.5	640.3
<b>Net cash provided by operating activities</b>	<b>1,268.5</b>	<b>1,650.7</b>	<b>1,657.2</b>	<b>2,149.4</b>	<b>372.0</b>	<b>571.0</b>	<b>707.5</b>	<b>703.2</b>	<b>2,353.6</b>	<b>517.5</b>	<b>686.3</b>	<b>689.9</b>	<b>1,115.5</b>	<b>3,009.2</b>
y/y growth	46.6%	30.1%	0.4%	29.7%	34.1%	34.3%	56.9%	-29.4%	9.5%	39.1%	20.2%	-2.5%	58.6%	27.9%
% of revenue	29.4%	32.1%	26.7%	29.6%	18.7%	27.4%	33.3%	31.9%	28.0%	23.3%	29.5%	28.2%	44.0%	31.6%
<b>Cash from investing activities</b>														
Purchase of marketable securities	(2,731.9)	(2,858.7)	(7,183.0)	(6,150.1)	(778.0)	(1,365.0)			(2,143.0)					0.0
Maturities of marketable securities	1,802.3	2,804.1	4,948.8	4,518.7	1,096.0	1,035.0			2,131.0					0.0
Sales of marketable securities	10.6	199.0	104.3	144.4	17.0	51.0			68.0					0.0
Owned real estate projects	(6.1)	(171.5)	(4.2)	(5.1)	0.0	0.0			0.0					0.0
Capital expenditures, ex real estate projects	(253.4)	(264.3)	(359.6)	(227.1)	(81.0)	(55.0)	(82.7)	(85.8)	(304.6)	(89.0)	(93.0)	(97.9)	(101.5)	(381.3)
Acquisitions, net of cash	0.0	(1,190.2)	0.0	(8.5)	(512.0)	(10.0)	(100.0)	(100.0)	(722.0)	(83.8)	(100.0)	(100.0)	(100.0)	(383.8)
Purchase of intangibles	(3.0)	(8.0)	(0.7)	(10.2)	0.0	0.0			0.0					0.0
Purchase of investments	(67.5)	(123.0)	(23.2)	(15.5)	0.0	(7.0)			(7.0)					0.0
Sales and maturities of investments	2.6	5.2	11.5	2.1	0.0	5.0			5.0					0.0
Other	4.6	0.0	0.0	0.0	0.0	0.0			0.0					0.0
<b>Net cash used in investing activities</b>	<b>(1,241.6)</b>	<b>(1,607.4)</b>	<b>(2,505.9)</b>	<b>(1,751.3)</b>	<b>(258.0)</b>	<b>(346.0)</b>	<b>(182.7)</b>	<b>(185.8)</b>	<b>(972.6)</b>	<b>(172.8)</b>	<b>(193.0)</b>	<b>(197.9)</b>	<b>(201.5)</b>	<b>(765.0)</b>
<b>Cash from financing activities</b>														
Debt proceeds (repayments)	479.0	(37.6)	1,134.5	0.0					0.0					0.0
Proceeds from equity issuance	148.7	148.3	152.0	154.5		106.0			106.0					0.0
Repurchase of common stock			(74.7)	(422.3)	(128.0)	(312.0)	(150.0)	(150.0)	(740.0)	(150.0)	(150.0)	(150.0)	(150.0)	(600.0)
Taxes paid related to net share settlement of equity awards					(239.0)	(141.0)								
Other	(2.7)	(0.5)	(8.0)	(0.5)					0.0					0.0
<b>Net cash provided by financing activities</b>	<b>625.0</b>	<b>110.3</b>	<b>1,203.8</b>	<b>(268.3)</b>	<b>(367.0)</b>	<b>(347.0)</b>	<b>(150.0)</b>	<b>(150.0)</b>	<b>(634.0)</b>	<b>(150.0)</b>	<b>(150.0)</b>	<b>(150.0)</b>	<b>(150.0)</b>	<b>(600.0)</b>
FX Impact on cash and equivalents	1.3	(0.7)	(0.6)	(0.7)	0.0	0.0			0.0					0.0
Cash balance, beginning of period	732.9	1,386.1	1,538.9	1,893.4	2,022.5	1,769.5	1,647.5	2,022.2	2,022.5	2,769.5	2,964.2	3,307.6	3,649.6	2,769.5
Net change in cash	653.2	152.8	354.5	129.0	(253.0)	(122.0)	374.7	367.3	747.1	194.7	343.4	342.0	764.1	1,644.1
<b>Cash balance, end of period</b>	<b>1,386.1</b>	<b>1,538.9</b>	<b>1,893.4</b>	<b>2,022.5</b>	<b>1,769.5</b>	<b>1,647.5</b>	<b>2,022.2</b>	<b>2,389.5</b>	<b>2,769.5</b>	<b>2,964.2</b>	<b>3,307.6</b>	<b>3,649.6</b>	<b>4,413.7</b>	<b>4,413.7</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 219: Workday Discounted Cash Flow Analysis (DCF) - Plausible Base Case

\$ in millions, except per share data

**Assumptions and Inputs**

Current risk-free rate	3.80%
Beta	0.80
Historical equity risk premium	6.5%
Terminal growth rate	5.0%
Market Value (\$M)	\$ 65,708
Debt Value (\$M)	\$ 2,978
Cost of equity	9.0%
Cost of debt	7.4%
Tax rate	19.0%
<b>WACC</b>	<b>8.9%</b>

Last earnings period end	7/31/2024
Next Fiscal Year End	1/31/2025

**Scenario 1: Base Plausible Case**

Fiscal year	Historicals			Hyper Growth Period					Transitional Period				Terminal	Perpetuity	
	F2022	F2023	F2024	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E	F2031E	F2032E	F2033E	F2034E		F2035E
Corresponding Calendar Year Period	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Risk free rate	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
Beta	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.83	0.87	0.90	0.93	0.97	1.00	
Equity risk premium	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	
Cost of equity	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.2%	9.4%	9.7%	9.9%	10.1%	10.3%	
Cost of debt	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	
Debt/Total Value			4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.4%	4.4%	4.5%	4.5%	4.6%	4.6%	
<b>WACC</b>			<b>11.9%</b>	<b>8.9%</b>	<b>8.9%</b>	<b>8.9%</b>	<b>8.9%</b>	<b>8.9%</b>	<b>9.1%</b>	<b>9.3%</b>	<b>9.5%</b>	<b>9.7%</b>	<b>9.9%</b>	<b>10.1%</b>	
Discount factor				0.958	0.880	0.809	0.743	0.682	0.620	0.562	0.507	0.456	0.408	0.364	
<b>Total Revenue</b>	<b>5,139</b>	<b>6,216</b>	<b>7,259</b>	<b>8,377</b>	<b>9,465</b>	<b>10,681</b>	<b>11,937</b>	<b>13,214</b>	<b>14,496</b>	<b>15,759</b>	<b>16,976</b>	<b>18,120</b>	<b>19,161</b>	<b>20,072</b>	
y/y change		21.0%	16.8%	15.4%	13.0%	12.9%	11.8%	10.7%	9.7%	8.7%	7.7%	6.7%	5.7%	4.8%	
<b>Free Cash Flow to Firm (FCFF)</b>	<b>22</b>	<b>1,215</b>	<b>1,679</b>	<b>835</b>	<b>1,948</b>	<b>2,664</b>	<b>2,805</b>	<b>3,237</b>	<b>3,624</b>	<b>4,019</b>	<b>4,414</b>	<b>4,802</b>	<b>5,173</b>	<b>5,520</b>	
FCF margin		19.5%	23.1%	10.0%	20.6%	24.9%	23.5%	24.5%	25.0%	25.5%	26.0%	26.5%	27.0%	27.5%	
y/y change		5493.8%	38.2%	-50.3%	133.4%	36.8%	5.3%	15.4%	11.9%	10.9%	9.8%	8.8%	7.7%	5%	
Diluted Shares Outstanding	<b>265</b>	<b>261</b>	<b>269</b>	<b>273</b>	<b>279</b>	<b>284</b>	290	296	302	308	314	320	327	333	
y/y change			3%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
<b>FCFF per share</b>				<b>3.05</b>	<b>6.99</b>	<b>9.37</b>	<b>9.67</b>	<b>10.94</b>	<b>12.00</b>	<b>13.05</b>	<b>14.05</b>	<b>14.99</b>	<b>15.83</b>	<b>16.56</b>	
<b>NPV of FCF per share</b>				<b>2.93</b>	<b>6.15</b>	<b>7.57</b>	<b>7.18</b>	<b>7.46</b>	<b>7.44</b>	<b>7.33</b>	<b>7.12</b>	<b>6.83</b>	<b>6.46</b>	<b>6.03</b>	

NPV of FCF/Share, F2023-F2033	\$72.51
Terminal Value FCF/Share	\$112.78
<b>Total NPV of FCF/Share</b>	<b>\$185.29</b>
<b>Net Cash per share</b>	<b>\$ 14.82</b>
Net cash balance	4,391
Working Capital - 5% of revenue	418.9
Shares outstanding	268
<b>Total NPV/Share</b>	<b>\$ 200.11</b>
Current Price	\$ 244.41
<b>Upside/(Downside) Potential</b>	<b>-18%</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## ZS

## Exhibit 220: Zscaler GAAP Income Statement

\$ in millions, except per share data

	2020	2021	2022	2023	Oct-23	Jan-24	Apr-24	Jul-24	2024	Oct-24	Jan-25	Apr-25	Jul-25	2025 (E)	2026 (E)
	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25E	2Q25E	3Q25E	4Q25E	Full Year	Full Year
<b>GAAP Income Statement</b>															
Subscription and Support revenue	423.6	652.9	1,058.2	1,568.8	481.8	509.2	536.6	575.1	2,102.7	600.3	616.2	649.3	681.0	2,546.9	3,156.1
Other revenue	7.7	20.2	32.7	48.1	14.9	15.7	16.6	17.8	65.0	4.7	18.5	19.5	20.4	63.1	39.9
<b>Total Revenue</b>	<b>431.3</b>	<b>673.1</b>	<b>1,090.9</b>	<b>1,617.0</b>	<b>496.7</b>	<b>525.0</b>	<b>553.2</b>	<b>592.9</b>	<b>2,167.8</b>	<b>605.0</b>	<b>634.7</b>	<b>668.8</b>	<b>701.4</b>	<b>2,610.0</b>	<b>3,196.0</b>
y/y growth	42.4%	56.1%	62.1%	48.2%	39.7%	35.4%	32.1%	30.3%	34.1%	21.8%	20.9%	20.9%	18.3%	20.4%	22.5%
q/q growth					9.2%	5.7%	5.4%	7.2%		2.0%	4.9%	5.4%	4.9%		
Cost of Revenue	95.7	150.3	242.3	362.8	111.4	117.2	118.3	130.2	477.1	138.1	140.9	149.7	158.0	586.7	709.0
% of revenue	22.2%	22.3%	22.2%	22.4%	22.4%	22.3%	21.4%	22.0%	22.0%	22.8%	22.2%	22.4%	22.5%	22.5%	22.2%
<b>Gross Profit</b>	<b>335.5</b>	<b>522.8</b>	<b>848.7</b>	<b>1,254.1</b>	<b>385.3</b>	<b>407.8</b>	<b>434.9</b>	<b>462.7</b>	<b>1,690.6</b>	<b>466.9</b>	<b>493.8</b>	<b>519.1</b>	<b>543.5</b>	<b>2,023.2</b>	<b>2,487.0</b>
<b>Gross Margin</b>	<b>77.8%</b>	<b>77.7%</b>	<b>77.8%</b>	<b>77.6%</b>	<b>77.6%</b>	<b>77.7%</b>	<b>78.6%</b>	<b>78.0%</b>	<b>78.0%</b>	<b>77.2%</b>	<b>77.8%</b>	<b>77.6%</b>	<b>77.5%</b>	<b>77.5%</b>	<b>77.8%</b>
<b>Operating Expenses</b>															
Research and Development	97.9	174.7	289.1	349.7	113.5	122.2	125.0	139.2	499.8	129.9	136.8	152.5	160.2	579.4	687.4
% of revenue	22.7%	25.9%	26.5%	21.6%	22.9%	23.3%	22.6%	23.5%	23.1%	21.5%	21.6%	22.8%	22.8%	22.2%	21.5%
Sales and Marketing	278.0	459.4	735.2	961.5	267.1	276.5	262.4	294.2	1,100.2	311.2	323.6	318.8	343.9	1,297.4	1,564.3
% of revenue	64.5%	68.3%	67.4%	59.5%	53.8%	52.7%	47.4%	49.6%	50.8%	51.4%	51.0%	47.7%	49.0%	49.7%	48.9%
General and Administrative	73.6	96.5	151.7	177.5	50.7	54.6	50.5	56.3	212.1	56.6	60.8	61.2	64.3	242.8	286.5
% of revenue	17.1%	14.3%	13.9%	11.0%	10.2%	10.4%	9.1%	9.5%	9.8%	9.4%	9.6%	9.1%	9.2%	9.3%	9.0%
<b>Total Operating Expenses</b>	<b>449.5</b>	<b>730.6</b>	<b>1,176.1</b>	<b>1,488.7</b>	<b>431.4</b>	<b>453.3</b>	<b>437.9</b>	<b>489.6</b>	<b>1,812.1</b>	<b>497.7</b>	<b>521.1</b>	<b>532.4</b>	<b>568.3</b>	<b>2,119.5</b>	<b>2,538.2</b>
% of revenue	104.2%	108.5%	107.8%	92.1%	86.8%	86.3%	79.2%	82.6%	83.6%	82.3%	82.1%	79.6%	81.0%	81.2%	79.4%
<b>Operating Income</b>	<b>(114.0)</b>	<b>(207.8)</b>	<b>(327.4)</b>	<b>(234.6)</b>	<b>(46.1)</b>	<b>(45.5)</b>	<b>(3.0)</b>	<b>(27.0)</b>	<b>(121.5)</b>	<b>(30.8)</b>	<b>(27.3)</b>	<b>(13.4)</b>	<b>(24.8)</b>	<b>(96.3)</b>	<b>(51.3)</b>
<b>Operating Margin</b>	<b>-26.4%</b>	<b>-30.9%</b>	<b>-30.0%</b>	<b>-14.5%</b>	<b>-9.3%</b>	<b>-8.7%</b>	<b>-0.5%</b>	<b>-4.5%</b>	<b>-5.6%</b>	<b>-5.1%</b>	<b>-4.3%</b>	<b>-2.0%</b>	<b>-3.5%</b>	<b>-3.7%</b>	<b>-1.6%</b>
Interest Income	6.5	2.8	4.6	60.5	25.9	28.4	27.6	27.2	109.1	25.9	27.8	27.7	27.3	108.7	96.8
Interest Expense	(5.0)	(53.4)	(56.6)	(6.5)	(3.2)	(3.6)	(2.8)	(3.6)	(13.1)	(1.3)	(1.3)	(1.3)	(1.3)	(5.3)	(0.4)
Other Income (Expense), Net	(0.2)	1.2	(4.2)	(1.9)	(1.2)	0.2	(0.9)	(1.8)	(3.8)	(7.5)	(8.6)	(8.6)	(8.6)	(33.3)	0.0
<b>Total Interest and Other Income</b>	<b>1.2</b>	<b>(49.4)</b>	<b>(56.2)</b>	<b>52.1</b>	<b>21.6</b>	<b>25.0</b>	<b>23.9</b>	<b>21.8</b>	<b>92.2</b>	<b>17.1</b>	<b>17.9</b>	<b>17.8</b>	<b>17.4</b>	<b>70.1</b>	<b>96.4</b>
Income Before Taxes	(112.7)	(257.2)	(383.6)	(182.6)	(24.5)	(20.5)	20.9	(5.1)	(29.2)	(13.7)	(9.4)	4.4	(7.4)	(26.2)	45.2
Income Tax Expense (Benefit)	2.4	4.9	6.6	19.8	9.0	8.0	1.7	9.8	28.5	(0.1)	(0.1)	0.0	(0.1)	(0.3)	0.5
Tax Rate	NM	NM	NM	NM	NM	NM	8.3%	NM	NM	1.0%	1.0%	1.0%	1.0%	NM	1.0%
<b>Net Income</b>	<b>(115.1)</b>	<b>(262.0)</b>	<b>(390.3)</b>	<b>(202.3)</b>	<b>(33.5)</b>	<b>(28.5)</b>	<b>19.1</b>	<b>(14.9)</b>	<b>(57.7)</b>	<b>(13.6)</b>	<b>(9.3)</b>	<b>4.3</b>	<b>(7.4)</b>	<b>(26.0)</b>	<b>44.7</b>
<b>GAAP EPS</b>															
Shares Outstanding															
<b>Basic</b>	<b>129.3</b>	<b>135.7</b>	<b>140.9</b>	<b>144.9</b>	<b>147.6</b>	<b>149.0</b>	<b>150.3</b>	<b>151.5</b>	<b>149.6</b>	<b>152.7</b>	<b>153.9</b>	<b>155.2</b>	<b>156.4</b>	<b>154.6</b>	<b>159.6</b>
y/y growth	4.7%	4.9%	3.9%	2.9%	2.9%	3.1%	3.4%	3.5%	3.2%	3.4%	3.3%	3.2%	3.2%	3.3%	3.2%
q/q growth					0.8%	0.9%	0.9%	0.8%		0.8%	0.8%	0.8%	0.8%		
<b>Diluted</b>	<b>129.3</b>	<b>135.7</b>	<b>140.9</b>	<b>144.9</b>	<b>147.6</b>	<b>149.0</b>	<b>154.1</b>	<b>151.5</b>	<b>150.5</b>	<b>152.7</b>	<b>153.9</b>	<b>155.2</b>	<b>156.4</b>	<b>154.6</b>	<b>159.6</b>
y/y growth	4.7%	4.9%	3.9%	2.9%	2.9%	3.1%	6.0%	3.5%	3.9%	3.4%	3.3%	0.7%	3.2%	2.7%	3.2%
q/q growth					0.8%	0.9%	3.4%	-1.7%		0.8%	0.8%	0.8%	0.8%		

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 221: Zscaler Non-GAAP Income Statement

\$ in millions, except per share data

	2020	2021	2022	2023	Oct-23	Jan-24	Apr-24	Jul-24	2024	Oct-24	Jan-25	Apr-25	Jul-25	2025 (E)	2026 (E)
	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25E	2Q25E	3Q25E	4Q25E	Full Year	Full Year
<b>Non-GAAP Income Statement</b>															
Subscription and Support revenue	423.6	652.9	1,058.2	1,568.8	481.8	509.2	536.6	575.1	2,102.7	600.3	616.2	649.3	681.0	2,546.9	3,156.1
y/y growth	42.0%	54.1%	62.1%	48.3%	39.7%	35.4%	32.1%	30.2%	34.0%	24.6%	21.0%	21.0%	18.4%	21.1%	23.9%
q/q growth					9.1%	5.7%	5.4%	7.2%		4.4%	2.6%	5.4%	4.9%		
% of total	98%	97%	97%	97%	97%	97%	97%	97%	97%	99%	97%	97%	97%	98%	99%
Other revenue	7.7	20.2	32.7	48.1	14.9	15.7	16.6	17.8	65.0	4.7	18.5	19.5	20.4	63.1	39.9
y/y growth	70.3%	162.6%	62.1%	47.0%	39.7%	35.4%	32.1%	34.2%	35.2%	-68.6%	17.4%	17.4%	14.9%	-3.0%	-36.8%
q/q growth					12.4%	5.7%	5.4%	7.2%		-73.7%	294.8%	5.4%	4.9%		
% of total	2%	3%	3%	3%	3%	3%	3%	3%	3%	1%	3%	3%	3%	2%	1%
<b>Total Revenue</b>	<b>431.3</b>	<b>673.1</b>	<b>1,090.9</b>	<b>1,617.0</b>	<b>496.7</b>	<b>525.0</b>	<b>553.2</b>	<b>592.9</b>	<b>2,167.8</b>	<b>605.0</b>	<b>634.7</b>	<b>668.8</b>	<b>701.4</b>	<b>2,610.0</b>	<b>3,196.0</b>
y/y growth	42.4%	56.1%	62.1%	48.2%	39.7%	35.4%	32.1%	30.3%	34.1%	21.8%	20.9%	20.9%	18.3%	20.4%	22.5%
q/q growth					9.2%	5.7%	5.4%	7.2%		2.0%	4.9%	5.4%	4.9%		
<b>Cost of Revenue</b>	<b>85.9</b>	<b>128.6</b>	<b>209.0</b>	<b>313.0</b>	<b>95.7</b>	<b>101.0</b>	<b>102.9</b>	<b>111.8</b>	<b>411.5</b>	<b>121.0</b>	<b>123.8</b>	<b>130.4</b>	<b>136.8</b>	<b>512.0</b>	<b>623.2</b>
% of revenue	19.9%	19.1%	19.2%	19.4%	19.3%	19.2%	18.6%	18.9%	19.0%	20.0%	19.5%	19.5%	19.5%	19.6%	19.5%
<b>Gross Profit</b>	<b>345.4</b>	<b>544.5</b>	<b>881.9</b>	<b>1,304.0</b>	<b>401.0</b>	<b>424.0</b>	<b>450.3</b>	<b>481.0</b>	<b>1,756.3</b>	<b>484.0</b>	<b>510.9</b>	<b>538.4</b>	<b>564.7</b>	<b>2,098.0</b>	<b>2,572.8</b>
<b>Gross Margin</b>	<b>80.1%</b>	<b>80.9%</b>	<b>80.8%</b>	<b>80.6%</b>	<b>80.7%</b>	<b>80.8%</b>	<b>81.4%</b>	<b>81.1%</b>	<b>81.0%</b>	<b>80.0%</b>	<b>80.5%</b>	<b>80.5%</b>	<b>80.5%</b>	<b>80.4%</b>	<b>80.5%</b>
<b>Operating Expenses</b>															
Research and Development	64.7	101.4	165.4	227.9	72.4	77.9	78.5	84.4	313.2	85.9	91.4	93.6	98.5	369.4	443.0
% of revenue	15.0%	15.1%	15.2%	14.1%	14.6%	14.8%	14.2%	14.2%	14.4%	14.2%	14.4%	14.0%	14.0%	14.2%	13.9%
Sales and Marketing	206.4	314.8	532.3	730.8	208.2	210.4	216.7	233.1	868.4	248.1	255.8	260.8	275.0	1,039.6	1,263.7
% of revenue	47.9%	46.8%	48.8%	45.2%	41.9%	40.1%	39.2%	39.3%	40.1%	41.0%	40.3%	39.0%	39.2%	39.8%	39.5%
General and Administrative	36.2	50.3	72.6	104.5	30.7	32.5	33.3	36.0	132.4	35.1	38.1	39.5	41.4	154.0	183.0
% of revenue	8.4%	7.5%	6.7%	6.5%	6.2%	6.2%	6.0%	6.1%	6.1%	5.8%	6.0%	5.9%	5.9%	5.9%	5.7%
<b>Total Operating Expenses</b>	<b>307.3</b>	<b>466.6</b>	<b>770.3</b>	<b>1,063.2</b>	<b>311.3</b>	<b>320.8</b>	<b>328.5</b>	<b>353.5</b>	<b>1,314.0</b>	<b>369.0</b>	<b>385.3</b>	<b>393.9</b>	<b>414.8</b>	<b>1,563.0</b>	<b>1,889.7</b>
% of revenue	71.2%	69.3%	70.6%	65.8%	62.7%	61.1%	59.4%	59.6%	60.6%	61.0%	60.7%	58.9%	59.1%	59.9%	59.1%
<b>Operating Income</b>	<b>38.2</b>	<b>78.0</b>	<b>111.6</b>	<b>240.8</b>	<b>89.7</b>	<b>103.2</b>	<b>121.8</b>	<b>127.5</b>	<b>442.2</b>	<b>115.0</b>	<b>125.7</b>	<b>144.5</b>	<b>149.8</b>	<b>535.0</b>	<b>683.1</b>
<b>Operating Margin</b>	<b>8.8%</b>	<b>11.6%</b>	<b>10.2%</b>	<b>14.9%</b>	<b>18.1%</b>	<b>19.6%</b>	<b>22.0%</b>	<b>21.5%</b>	<b>20.4%</b>	<b>19.0%</b>	<b>19.8%</b>	<b>21.6%</b>	<b>21.4%</b>	<b>20.5%</b>	<b>21.4%</b>
Interest Income	6.5	2.8	4.6	60.5	25.9	28.4	27.6	27.2	109.1	25.9	27.8	27.7	27.3	108.7	96.8
Interest Expense	(0.1)	(1.4)	(1.4)	(2.6)	(2.2)	(2.6)	(1.8)	(2.6)	(9.2)	(0.4)	(0.4)	(0.4)	(0.4)	(1.4)	0.0
Other Income (Expense), Net	(0.2)	1.2	(4.2)	(1.9)	(1.2)	0.2	(0.9)	(1.8)	(3.8)	(7.5)	(8.6)	(8.6)	(8.6)	(33.3)	0.0
<b>Total Interest and Other Income</b>	<b>6.1</b>	<b>2.6</b>	<b>(1.1)</b>	<b>56.0</b>	<b>22.5</b>	<b>25.9</b>	<b>24.9</b>	<b>22.8</b>	<b>96.2</b>	<b>18.0</b>	<b>18.9</b>	<b>18.7</b>	<b>18.4</b>	<b>74.0</b>	<b>96.8</b>
Income Before Taxes	44.3	80.5	110.5	296.8	112.3	129.1	146.7	150.4	538.4	133.0	144.5	163.2	168.2	609.0	779.9
Income Tax Expense (Benefit)	3.5	4.9	9.2	19.8	5.7	8.0	6.9	9.8	30.3	30.6	33.2	37.5	38.7	140.1	179.4
Tax Rate	7.9%	6.0%	8.4%	6.7%	5.1%	6.2%	4.7%	6.5%	5.6%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
<b>Net Income</b>	<b>40.8</b>	<b>75.7</b>	<b>101.3</b>	<b>277.0</b>	<b>106.5</b>	<b>121.1</b>	<b>139.8</b>	<b>140.6</b>	<b>508.1</b>	<b>102.4</b>	<b>111.3</b>	<b>125.7</b>	<b>129.5</b>	<b>468.9</b>	<b>600.5</b>
<b>Non-GAAP EPS</b>															
Shares Outstanding	\$0.30	\$0.52	\$0.69	\$1.78	\$0.67	\$0.76	\$0.88	\$0.88	\$3.19	\$0.62	\$0.68	\$0.77	\$0.78	\$2.86	\$3.55
<b>Basic</b>	<b>129.3</b>	<b>135.7</b>	<b>140.9</b>	<b>144.9</b>	<b>147.6</b>	<b>149.0</b>	<b>150.3</b>	<b>151.5</b>	<b>149.6</b>	<b>152.7</b>	<b>153.9</b>	<b>155.2</b>	<b>156.4</b>	<b>154.6</b>	<b>159.6</b>
y/y growth	4.7%	4.9%	3.9%	2.9%	2.9%	3.1%	3.4%	3.5%	3.2%	3.4%	3.3%	3.2%	3.2%	3.3%	3.2%
q/q growth					0.8%	0.9%	0.9%	0.8%		0.8%	0.8%	0.8%	0.8%		
<b>Diluted</b>	<b>138.2</b>	<b>144.6</b>	<b>147.4</b>	<b>155.4</b>	<b>158.5</b>	<b>159.2</b>	<b>159.7</b>	<b>160.5</b>	<b>159.5</b>	<b>164.0</b>	<b>162.7</b>	<b>164.0</b>	<b>165.3</b>	<b>164.0</b>	<b>169.3</b>
y/y growth	2.0%	4.7%	1.9%	5.4%	2.8%	2.9%	2.7%	2.0%	2.6%	3.5%	2.2%	2.7%	3.0%	2.9%	3.2%
q/q growth					0.8%	0.4%	0.3%	0.5%		2.2%	-0.8%	0.8%	0.8%		
% of basic					107.4%	106.8%	106.2%	105.9%		107.4%	105.7%	105.7%	105.7%		

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

## Exhibit 222: Zscaler Balance Sheet

\$ in millions, except per share data

	2020	2021	2022	2023	Oct-23	Jan-24	Apr-24	Jul-24	2024	Oct-24	Jan-25	Apr-25	Jul-25	2025 (E)	2026 (E)
	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25E	2Q25E	3Q25E	4Q25E	Full Year	Full Year
<b>Balance Sheet</b>															
<b>Current assets</b>															
Cash and cash equivalents	141.9	275.9	1,013.2	1,262.2	1,361.7	1,438.6	1,259.2	1,423.1	1,423.1	1,662.3	1,783.4	1,927.9	2,105.0	2,105.0	1,853.7
Short-term investments	1,228.7	1,226.7	718.1	838.0	962.7	1,021.2	980.8	986.6	986.6	986.6	986.6	986.6	986.6	986.6	986.6
Accounts receivable, net	147.6	257.1	399.7	582.6	366.8	479.6	506.3	736.5	736.5	450.9	598.2	659.7	930.1	930.1	1,114.0
Deferred contract acquisition costs, ST	32.2	57.4	86.2	115.8	119.4	125.6	135.1	148.9	148.9	141.4	148.5	159.4	172.7	172.7	205.7
Prepaid expenses and other ST assets	31.4	31.3	39.4	91.6	80.9	77.7	88.6	101.6	101.6	133.1	126.9	147.1	185.2	185.2	227.0
<b>Total current assets</b>	<b>1,581.8</b>	<b>1,848.3</b>	<b>2,256.6</b>	<b>2,890.3</b>	<b>2,891.6</b>	<b>3,142.7</b>	<b>2,970.0</b>	<b>3,396.6</b>	<b>3,396.6</b>	<b>3,374.3</b>	<b>3,643.6</b>	<b>3,880.7</b>	<b>4,379.5</b>	<b>4,379.5</b>	<b>4,387.1</b>
<b>Non-current assets</b>															
Property and equipment, net	75.7	108.6	160.6	242.4	265.6	294.5	330.6	383.1	383.1	414.0	454.1	499.3	558.5	558.5	755.4
Operating lease right-of-use assets	36.1	44.3	72.4	70.7	77.1	87.8	92.5	89.8	89.8	89.8	89.8	89.8	89.8	89.8	89.8
Deferred contract acquisition costs, LT	77.7	149.7	210.8	259.4	253.4	255.9	268.1	296.5	296.5	300.1	302.6	316.3	343.9	343.9	409.8
Intangible assets, net	24.0	32.1	31.8	25.9	25.6	22.5	69.0	63.8	63.8	60.2	56.4	52.4	46.1	46.1	26.9
Goodwill	30.1	59.0	78.5	89.2	92.4	92.4	417.0	417.0	417.0	417.0	417.0	417.0	417.0	417.0	417.0
Other assets	8.1	15.7	21.9	30.5	29.8	38.4	51.6	58.1	58.1	48.4	45.7	53.5	98.2	98.2	101.7
<b>Total assets</b>	<b>1,833.5</b>	<b>2,257.6</b>	<b>2,832.7</b>	<b>3,608.3</b>	<b>3,635.6</b>	<b>3,934.2</b>	<b>4,198.8</b>	<b>4,705.0</b>	<b>4,705.0</b>	<b>4,703.8</b>	<b>5,009.2</b>	<b>5,308.9</b>	<b>5,933.1</b>	<b>5,933.1</b>	<b>6,187.6</b>
<b>Current liabilities</b>															
Accounts payable	5.2	12.5	26.2	18.5	23.2	17.1	28.0	23.3	23.3	27.8	29.8	35.7	30.0	30.0	34.4
Accrued expenses and other ST liabilities	16.4	22.9	46.5	65.0	71.0	68.2	82.6	91.7	91.7	104.1	101.6	96.3	112.2	112.2	118.6
Accrued compensation	49.4	93.6	111.9	136.8	97.6	137.4	163.1	160.8	160.8	108.9	172.6	173.9	199.2	199.2	237.2
Deferred revenue, ST	337.3	571.3	923.7	1,281.1	1,244.5	1,316.4	1,376.7	1,643.9	1,643.9	1,558.7	1,630.3	1,749.6	2,087.6	2,087.6	2,527.7
Convertible senior notes, current	0.0	0.0	0.0	0.0				1,142.3	1,142.3	1,142.3	1,142.3	1,142.3	1,142.3	1,142.3	
Operating lease liabilities, ST	15.6	19.8	26.1	34.5	38.1	44.8	50.9	50.9	50.9	50.9	50.9	50.9	50.9	50.9	50.9
<b>Total current liabilities</b>	<b>423.9</b>	<b>720.2</b>	<b>1,134.4</b>	<b>1,535.9</b>	<b>1,474.4</b>	<b>1,583.9</b>	<b>1,701.3</b>	<b>3,112.9</b>	<b>3,112.9</b>	<b>2,992.6</b>	<b>3,127.4</b>	<b>3,248.7</b>	<b>3,622.2</b>	<b>3,622.2</b>	<b>2,968.7</b>
<b>Long term liabilities</b>															
Convertible senior notes, net	861.6	913.5	968.7	1,134.2	1,134.0	1,141.0	1,137.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred revenue, LT	32.5	59.3	97.4	158.5	155.0	185.8	200.3	251.1	251.1	238.5	249.4	267.7	319.4	319.4	396.8
Operating lease liabilities, LT	28.0	31.2	50.9	41.9	43.6	47.9	46.9	44.8	44.8	44.8	44.8	44.8	44.8	44.8	44.8
Other LT liabilities	2.6	4.5	7.9	12.7	21.0	16.8	19.4	22.1	22.1	24.2	19.0	20.1	21.0	21.0	25.4
<b>Total Liabilities</b>	<b>1,348.6</b>	<b>1,728.7</b>	<b>2,259.4</b>	<b>2,883.2</b>	<b>2,828.1</b>	<b>2,975.4</b>	<b>3,105.6</b>	<b>3,430.9</b>	<b>3,430.9</b>	<b>3,300.1</b>	<b>3,440.7</b>	<b>3,581.3</b>	<b>4,007.5</b>	<b>4,007.5</b>	<b>3,435.8</b>
<b>Stockholders' equity</b>															
<b>Total liabilities and shareholders' equity</b>	<b>484.8</b>	<b>528.9</b>	<b>573.3</b>	<b>725.1</b>	<b>807.5</b>	<b>958.9</b>	<b>1,093.1</b>	<b>1,274.1</b>	<b>1,274.1</b>	<b>1,403.7</b>	<b>1,568.5</b>	<b>1,727.6</b>	<b>1,925.6</b>	<b>1,925.6</b>	<b>2,751.8</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,833.5</b>	<b>2,257.6</b>	<b>2,832.7</b>	<b>3,608.3</b>	<b>3,635.6</b>	<b>3,934.2</b>	<b>4,198.8</b>	<b>4,705.0</b>	<b>4,705.0</b>	<b>4,703.8</b>	<b>5,009.2</b>	<b>5,308.9</b>	<b>5,933.1</b>	<b>5,933.1</b>	<b>6,187.6</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis



**Exhibit 223: Zscaler Cash Flow Statement**

\$ in millions, except per share data

	2020	2021	2022	2023	Oct-23	Jan-24	Apr-24	Jul-24	2024	Oct-24	Jan-25	Apr-25	Jul-25	2025 (E)	2026 (E)
	Full Year	Full Year	Full Year	Full Year	1Q24	2Q24	3Q24	4Q24	Full Year	1Q25E	2Q25E	3Q25E	4Q25E	Full Year	Full Year
<b>Cash Flow Statement</b>															
<b>Cash from Operating Activities</b>															
<b>Net income (loss)</b>	<b>(115.1)</b>	<b>(262.0)</b>	<b>(390.3)</b>	<b>(202.3)</b>	<b>(33.5)</b>	<b>(28.5)</b>	<b>19.1</b>	<b>(14.9)</b>	<b>(57.7)</b>	<b>(13.6)</b>	<b>(9.3)</b>	<b>4.3</b>	<b>(7.4)</b>	<b>(26.0)</b>	<b>44.7</b>
Depreciation and amortization	17.7	29.7	40.5	55.8	14.0	15.4	17.7	19.3	66.3	22.1	24.0	26.4	29.1	101.6	143.8
Amortization expense of acquired intangible ass	3.4	6.8	9.0	11.1	3.0	3.1	3.4	5.1	14.6	3.6	3.8	4.0	6.3	17.8	19.2
Amortization of deferred contract acquisition cos	24.9	40.6	68.5	98.7	30.1	31.4	33.2	35.4	130.1	37.1	38.1	40.3	43.2	158.7	185.5
Amortization of debt discount and issuance cost	4.9	51.9	55.1	3.9	1.0	1.0	1.0	1.0	3.9	1.0	1.0	1.0	1.0	3.9	0.4
Non-cash operating lease costs	13.6	21.0	25.6	32.2	9.9	11.7	13.3	14.5	49.4	0.0	0.0	0.0	0.0	0.0	0.0
Stock-based compensation expense	121.4	258.5	409.6	444.8	129.1	140.4	113.2	144.9	527.7	142.2	149.2	153.8	168.3	613.5	715.2
Amortization (accretion) of investments purchas	0.1	11.7	6.6	(6.6)	(3.2)	(6.4)	(5.0)	(4.5)	(19.1)	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income taxes	(1.2)	(2.4)	(0.6)	0.4	(0.0)	(1.4)	(4.3)	0.1	(5.6)					0.0	0.0
Other	0.3	0.3	0.4	(4.1)	1.0	0.4	0.3	1.6	3.3	0.0	0.0	0.0	0.0	0.0	0.0
<b>Working Capital:</b>	<b>8.6</b>	<b>45.6</b>	<b>97.5</b>	<b>28.6</b>	<b>107.8</b>	<b>(26.3)</b>	<b>(17.2)</b>	<b>1.8</b>	<b>66.1</b>	<b>99.8</b>	<b>(45.5)</b>	<b>(13.8)</b>	<b>(11.2)</b>	<b>29.4</b>	<b>57.0</b>
Accounts receivable	(54.2)	(111.6)	(143.3)	(183.9)	215.1	(112.7)	(24.0)	(231.4)	(153.0)	285.7	(147.3)	(61.5)	(270.5)	(193.6)	(183.9)
Deferred contract acquisition costs	(65.1)	(137.7)	(158.5)	(177.0)	(27.7)	(40.1)	(54.9)	(77.7)	(200.3)	(33.3)	(47.6)	(64.9)	(84.2)	(229.9)	(284.4)
Prepaid expenses and other assets	(13.6)	(3.4)	(10.3)	(39.9)	1.3	1.3	(26.1)	(16.5)	(40.0)	(21.9)	8.9	(28.0)	(82.7)	(123.7)	(45.3)
Accounts payable	0.9	7.5	14.4	(8.4)	4.6	(7.0)	9.9	(3.4)	4.2	4.5	2.0	5.9	(5.8)	6.7	4.4
Accrued expenses and other liabilities	2.3	6.5	13.4	26.8	4.9	1.2	8.6	28.9	43.6	14.5	(7.7)	(4.2)	16.9	19.5	10.7
Accrued compensation	27.9	43.9	18.3	24.5	(39.2)	39.8	12.3	(2.3)	10.5	(51.9)	63.7	1.3	25.3	38.4	38.0
Deferred revenue	118.0	262.4	391.2	418.6	(40.2)	102.6	69.9	318.0	450.3	(97.8)	82.5	137.6	389.7	512.1	517.4
Operating lease liabilities	(7.6)	(22.1)	(27.7)	(32.2)	(11.0)	(11.5)	(12.9)	(13.9)	(49.2)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash provided by operating activities</b>	<b>79.3</b>	<b>202.0</b>	<b>321.9</b>	<b>462.3</b>	<b>260.8</b>	<b>142.1</b>	<b>173.4</b>	<b>203.6</b>	<b>779.8</b>	<b>292.2</b>	<b>161.2</b>	<b>216.1</b>	<b>229.4</b>	<b>898.9</b>	<b>1,165.8</b>
y/y growth	36.7%	154.7%	59.3%	43.6%	103.0%	58.8%	59.9%	49.7%	68.7%	12.0%	13.5%	24.6%	12.7%	15.3%	29.7%
q/q growth					91.9%	-45.5%	22.1%	17.4%		43.5%	-44.8%	34.0%	6.2%		
% of revenue	18.4%	30.0%	29.5%	28.6%	52.5%	27.1%	31.3%	34.3%	36.0%	48.3%	25.4%	32.3%	32.7%	34.4%	36.5%
<b>Cash from investing activities</b>															
Purchases of property and equipment	(43.1)	(48.2)	(69.3)	(97.2)	(28.7)	(30.9)	(35.7)	(49.4)	(144.6)	(42.4)	(50.8)	(53.5)	(66.6)	(213.3)	(262.4)
Capitalized internal-use software	(8.7)	(10.1)	(21.3)	(31.5)	(7.4)	(10.4)	(14.6)	(17.9)	(50.3)	(10.6)	(13.3)	(18.1)	(21.7)	(63.7)	(78.3)
Payment for business acquisitions, net of cash	(39.6)	(40.5)	(25.3)	(15.6)	(4.4)		(357.4)	(12.9)	(374.7)					0.0	0.0
Strategic investments	(2.0)	(3.1)	0.0	(3.2)		(2.0)	0.0		(2.0)					0.0	0.0
Purchase of ST investments	(1,255.6)	(815.5)	(844.9)	(1,064.1)	(375.9)	(385.9)	(242.2)	(287.0)	(1,291.0)	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from maturities of ST investments	289.8	785.2	1,334.9	901.8	253.8	340.8	244.6	293.0	1,132.3					0.0	0.0
Proceeds from sales of ST investments	21.1	22.5	0.0	50.5		2.1	45.1		47.2					0.0	0.0
<b>Net cash used in investing activities</b>	<b>(1,038.2)</b>	<b>(109.7)</b>	<b>374.1</b>	<b>(259.3)</b>	<b>(162.5)</b>	<b>(86.2)</b>	<b>(360.2)</b>	<b>(74.2)</b>	<b>(683.2)</b>	<b>(52.9)</b>	<b>(64.1)</b>	<b>(71.6)</b>	<b>(88.4)</b>	<b>(277.0)</b>	<b>(340.8)</b>
<b>Cash from financing activities</b>															
Proceeds from issuance of CS upon exercise of	21.6	18.2	6.9	3.9	1.3	2.6	7.4	1.0	12.2					0.0	0.0
Proceeds from issuance of CS under the ESPP	15.3	25.7	34.6	42.3		18.4	0.0	33.6	52.0	0.0	24.0	0.0	36.0	60.0	66.0
Proceeds from issuance of convertible senior no	1,130.5	0.0	0.0	0.0					0.0	0.0	0.0	0.0	0.0	0.0	(1,142.3)
<b>Net cash provided by financing activities</b>	<b>1,022.2</b>	<b>41.7</b>	<b>41.3</b>	<b>46.0</b>	<b>1.3</b>	<b>21.0</b>	<b>7.4</b>	<b>34.5</b>	<b>64.2</b>	<b>0.0</b>	<b>24.0</b>	<b>0.0</b>	<b>36.0</b>	<b>60.0</b>	<b>(1,076.3)</b>
FX Impact on cash and equivalents	0.0	0.0	0.0	0.0					0.0					0.0	0.0
Cash balance, beginning of period	78.5	141.9	275.9	1,013.2	1,262.2	1,361.7	1,438.6	1,259.2	1,262.2	1,423.1	1,662.3	1,783.4	1,927.9	1,423.1	2,105.0
Net change in cash	63.4	134.0	737.3	249.0	99.5	76.9	(179.4)	163.9	160.9	239.3	121.1	144.5	177.0	681.9	(251.2)
<b>Cash balance, end of period</b>	<b>141.9</b>	<b>275.9</b>	<b>1,013.2</b>	<b>1,262.2</b>	<b>1,361.7</b>	<b>1,438.6</b>	<b>1,259.2</b>	<b>1,423.1</b>	<b>1,423.1</b>	<b>1,662.3</b>	<b>1,783.4</b>	<b>1,927.9</b>	<b>2,105.0</b>	<b>2,105.0</b>	<b>1,853.7</b>

Source: Company reports, Guggenheim Securities, LLC estimates and analysis

**Companies Mentioned**

Akamai Technologies, Inc.	AKAM, Buy, \$100.95
ARM Holdings PLC ADR	ARM, Buy, \$143.01
Couchbase, Inc.	BASE, Buy, \$16.12
Blackstone Inc.	BX, NC, \$153.13
Confluent Inc Class A	CFLT, Buy, \$20.38
Check Point Software Technologies Ltd.	CHKP, Neutral, \$192.81
Salesforce, Inc.	CRM, Neutral, \$273.71
CrowdStrike Holdings, Inc. Class A	CRWD, Neutral, \$280.47
Commvault Systems, Inc.	CVLT, Buy, \$153.85
CyberArk Software Ltd.	CYBR, Buy, \$291.61
Datadog Inc Class A	DDOG, Neutral, \$115.06
Dynatrace, Inc.	DT, Buy, \$53.47
Elastic NV	ESTC, Buy, \$76.76
Fortinet, Inc.	FTNT, Neutral, \$77.55
International Business Machines Corporation	IBM, NC, \$221.08
Informatica, Inc. Class A	INFA, Buy, \$25.28
MongoDB, Inc. Class A	MDB, Neutral, \$270.35
Microsoft Corporation	MSFT, Neutral, \$430.30
Cloudflare Inc Class A	NET, Sell, \$80.89
ServiceNow, Inc.	NOW, Sell, \$894.39
Okta, Inc. Class A	OKTA, Buy, \$74.34
Oracle Corporation	ORCL, Buy, \$170.40
Onestream, Inc. Class A	OS, Buy, \$33.90
Palo Alto Networks, Inc.	PANW, Neutral, \$341.80
Progress Software Corporation	PRGS, Buy, \$67.37
Pure Storage, Inc. Class A	PSTG, Buy, \$50.24
Rubrik, Inc. Class A	RBRK, Buy, \$32.15
SentinelOne, Inc. Class A	S, Buy, \$23.92
SAP SE Sponsored ADR	SAP, NC, \$229.10
Smartsheet, Inc. Class A	SMAR, Buy, \$55.36
Snowflake, Inc. Class A	SNOW, Neutral, \$114.86
Teradata Corporation	TDC, Buy, \$30.34
Workday, Inc. Class A	WDAY, Sell, \$244.41
Zscaler, Inc.	ZS, Neutral, \$170.94

*Note: Priced at market close as of 09/30/2024*

*Source: FactSet and Guggenheim Securities, LLC*

**ANALYST CERTIFICATION**

By issuing this research report, each Guggenheim Securities, LLC ("Guggenheim Securities") research analyst whose name appears in this report hereby certifies that (i) all of the views expressed in this report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst.

**IMPORTANT DISCLOSURES**

The research analyst(s) whose name(s) appear(s) in this report have received compensation based upon various factors, including quality of research, investor client feedback, and Guggenheim Securities, LLC's overall revenue, which includes investment banking revenue.

Please refer to this website for company-specific disclosures referenced in this report: <https://guggenheimsecurities.bluematrix.com/sellside/Disclosures.action>. Disclosure information is also available from Compliance, 330 Madison Avenue, New York, NY 10017.

**RATINGS EXPLANATION AND GUIDELINES**

**BUY (B)** - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 10% or more within a 12-month period.

**NEUTRAL (N)** - Describes stocks that we expect to provide a total return (price appreciation plus yield) of between plus 10% and minus 10% within a 12-month period.

**SELL (S)** - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

**NR** - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Guggenheim Securities, LLC policies.

**CS** - Coverage Suspended. Guggenheim Securities, LLC has suspended coverage of this company.

**NC** - Not covered. Guggenheim Securities, LLC does not cover this company.

**Monitor** - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

**Under Review (UR)** - Following the release of significant news from this company, the rating has been temporarily placed under review until sufficient information has been obtained and assessed by the analyst.

Guggenheim Securities, LLC methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Price targets are assigned for Buy- and Sell-rated stocks. Price targets for Neutral-rated stocks are provided at the discretion of the analyst.

**Equity Valuation and Risks:** For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at <https://guggenheimlibrary.bluematrix.com/client/library.jsp>, contact the primary analyst or your Guggenheim Securities, LLC representative, or email [GSRResearchDisclosures@guggenheimpartners.com](mailto:GSRResearchDisclosures@guggenheimpartners.com).

**RATINGS DISTRIBUTIONS FOR GUGGENHEIM SECURITIES:**

Rating Category	Count	Percent	IB Serv./ Past 12Mos.	
			Count	Percent
BUY	277	70.66%	61	22.02%
HOLD	108	27.55%	4	3.70%
SELL	7	1.79%	0	0.00%

Guggenheim Securities Research assigns Buy, Neutral, Sell ratings for covered securities. Such assignments equate to Buy, Hold and Sell for the purposes of the above Rating Distribution Disclosure required by FINRA Rule 2241.

**OTHER DISCLOSURES**

This research is for our clients and prospective clients only. This research was prepared by personnel who are associated with both Guggenheim Securities, LLC (a FINRA-registered broker-dealer, "Guggenheim Securities") and Guggenheim Securities Research Services, LLC (an investment adviser, "GSRs," and together with Guggenheim Securities, "Guggenheim"). If you are paying separately for this research, it is being provided to you by GSRs. Otherwise, it is being provided by Guggenheim Securities. Guggenheim does not create tailored or personalized research and all research provided by Guggenheim is impersonal advice. Other than disclosures relating to Guggenheim and our affiliates, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the research analyst's judgement. Guggenheim Securities conducts a full-service, integrated investment banking and brokerage business. Guggenheim Securities is a member of SIPC (<http://www.sipc.org>). Guggenheim Securities' salespeople, traders, and

other professionals may provide oral or written market commentary or trading strategies to Guggenheim Securities' clients and our employees trading for our own account that reflect opinions that are contrary to the opinions expressed in this research. Guggenheim and certain of our affiliates conduct an investment management business, trade for their own accounts, and may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research. We and our affiliates also may sell to or buy from customers on a principal basis the securities described herein. We and our affiliates also do business with, or that relates to, companies covered in Guggenheim research and may have a position in the debt of the company or companies discussed herein.

This research is not an offer to sell or the solicitation of an offer to buy any security. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them will fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This communication does not constitute an offer of Shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Securities. Consequently, this communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order (iv) and other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person, or otherwise in a territory where it is not intended to, or may not, be distributed, should not act or rely on this document or any of its contents.

Copyright © 2024 by Guggenheim Securities, LLC, a FINRA registered broker-dealer, and by Guggenheim Securities Research Services, LLC, an investment adviser (together with, Guggenheim Securities, LLC, "Guggenheim"). All rights reserved. The content of this report is based upon information obtained from sources that Guggenheim generally considers reliable, but Guggenheim makes no representations or warranties with respect to its accuracy, completeness, timeliness, suitability or otherwise, and assumes no responsibility to update it for subsequent events or knowledge. Guggenheim is not responsible for your use of this information.

# Guggenheim Securities Equity Research & Equities Teams

## Consumer Equity Research

<b>Automotive</b>	
<b>Ron Jewsikow</b> Ronald.Jewsikow@guggenheimpartners.com	212.823.6581
<b>Food Retailers; Consumables Retail/Distribution</b>	
<b>John Heinbockel</b> John.Heinbockel@guggenheimpartners.com	212.381.4135
<b>Hardlines Retail</b>	
<b>Steven Forbes, CFA, CPA</b> Steven.Forbes@guggenheimpartners.com	212.381.4188
<b>Restaurants</b>	
<b>Gregory Francfort, CFA</b> Gregory.Francfort@guggenheimpartners.com	212.518.9182
<b>Retailing/Department Stores &amp; Specialty Softlines</b>	
<b>Robert Drbul</b> Robert.Drbul@guggenheimpartners.com	212.823.6558

## Technology & Media Equity Research

<b>Entertainment &amp; Digital Media</b>	
<b>Michael Morris, CFA</b> Michael.Morris@guggenheimpartners.com	804.253.8025
<b>Media &amp; Live Entertainment</b>	
<b>Curry Baker</b> Curry.Baker@guggenheimpartners.com	804.253.8029
<b>IT Services</b>	
<b>Jonathan Lee</b> Jonathan.Lee@guggenheimpartners.com	212.518.5388
<b>Software</b>	
<b>John DiFucci</b> John.DiFucci@guggenheimpartners.com	212.518.9670
<b>Howard Ma</b> Howard.Ma@guggenheimpartners.com	512.354.3458

## Technology & Media Equities Team

<b>TMT Sector Specialist</b>	
<b>Seth Ostrie</b> Seth.Ostrie@guggenheimpartners.com	212.518.9547

## Equities Management

<b>Stefano Natella</b> , Head of Equities	212.292.4700
<b>Jeffrey Cohen</b> , Head of Sales	212.292.4762
<b>Dante Ferrarie</b> , Head of Trading	212.518.3331
<b>Craig Peckham</b> , Head of Research	212.292.4765

## Power & Energy Transition Equity Research

<b>Energy Technology &amp; Industrial Technology</b>	
<b>Joseph Osha, CFA</b> Joseph.Osha@guggenheimpartners.com	415.852.6468
<b>Power &amp; Utilities</b>	
<b>Shahriar Pourreza, CFA</b> Shahriar.Pourreza@guggenheimpartners.com	212.518.5862

## Healthcare Equity Research

<b>Biotechnology</b>	
<b>Debjit Chattopadhyay, Ph.D.</b> Debjit.Chattopadhyay@guggenheimpartners.com	212.823.6584
<b>Kelsey Goodwin</b> Kelsey.Goodwin@guggenheimpartners.com	617.859.4621
<b>Eddie Hickman, Ph.D.</b> Eddie.Hickman@guggenheimpartners.com	212.518.9904
<b>Michael Schmidt, Ph.D.</b> Michael.Schmidt@guggenheimpartners.com	617.859.4636
<b>Yatin Suneja</b> Yatin.Suneja@guggenheimpartners.com	212.518.9565
<b>Diagnostics &amp; Life Sciences Tools</b>	
<b>Subbu Nambi, Ph.D.</b> Subbu.Nambi@guggenheimpartners.com	617.859.4609
<b>Global Biopharmaceuticals</b>	
<b>Vamil Divan, M.D.</b> Vamil.Divan@guggenheimpartners.com	212.823.6543
<b>Seamus Fernandez</b> Seamus.Fernandez@guggenheimpartners.com	617.859.4637
<b>Evan Wang</b> Evan.Wang@guggenheimpartners.com	212.651.9756
<b>Healthcare IT &amp; Services</b>	
<b>Jack Wallace</b> Jack.Wallace@guggenheimpartners.com	212.518.9620

## Healthcare Equities Team

<b>Healthcare Sector Specialist - New York</b>	
<b>Whitney Wolfe</b> Whitney.Wolfe@guggenheimpartners.com	212.518.9630
<b>Healthcare Sector Specialist - San Francisco</b>	
<b>Daniel Donner</b> Daniel.Donner@guggenheimpartners.com	415.671.4385

## Sales and Trading Offices

New York	212.292.4700
San Francisco	415.852.6451
Boston	617.859.4626
Richmond	804.253.8052