



IronNet, Inc. (IRNT)

Lowering Price Target To \$6 (From \$17) and Downgrade Rating To Highly Risky From Moderately Risky As We Reset Expectations Following Disappointing 3Q:F22 Results And Outlook

	F2020		F2021		F2022E		F2023E	
		OLD	NEW	OLD	NEW	OLD	NEW	
Apr.	N/A	N/A		(\$0.28)A		(\$0.14)	(\$0.20)	
July	N/A	N/A		(0.31)A		(0.16)	(\$0.20)	
Oct.	N/A	N/A		(0.11)	(\$0.23)A	(0.16)	(\$0.22)	
Jan.	N/A	N/A		(0.12)	(\$0.19)	(0.16)	(\$0.20)	
EPS (FY)	(\$0.88)	(\$1.01)		(\$0.83)	(\$1.02)	(\$0.63)	(\$0.82)	

P/E (FY) NM NM

Note: We calculate full year F2022 based on the assumed post-acquisition share count. EPS is based on a non-GAAP calculation that adjusts for one-time items and stock based compensation as an expense. Sum of quarterly EPS may not equal full year total due to rounding and/or change in share count. NR = Not Rated. Risk Ratings: H = Highly risky; M = Moderately risky.

Year	F2014	F2015	F2016	F2017	F2018	F2019	F2020	F2021	F2022E	F2023E
Rev.(Mil.)	N/A	N/A	N/A	N/A	N/A	N/A	\$23.2	\$29.2	\$26.0	\$38.6
GAAP EPS	N/A	N/A	N/A	N/A	N/A	N/A	(\$0.89)	(\$1.03)	(\$3.01)	(\$0.85)

Description: IronNet Cybersecurity Inc. (www.ironnet.com) develops advanced software and data analysis solutions to identify suspicious behavior on corporate and government networks. The company was founded in 2014 and is headquartered in McLean, VA. *IRNT is expected to refile 2Q:21 results as a merged entity

- Based on the company's 3Q:F22 results and revised outlook, we reset our expectations for IRNT.
- Management now guides for ARR of \$30 million at the end of 4Q:22, down from \$75 million, as plans for some larger strategic transactions, which involve larger contracts from larger potential customers, are being delayed. The company noted the strategic transactions make up more than the \$45 million in shortfall, indicating stronger than anticipated growth.
- While the results and outlook were disappointing, we are encouraged by these strategic deals, which could provide upside to our revised projections and the stronger than anticipated growth in transactional deals.
- However, we revise our expectations and lower our revenue projections to \$26 million (from \$44 million) for F2022 and to \$38.6 million, respectively (from \$44 \$110.1 million) for F2023. These projections do not include the strategic deals that are in the pipeline.
- IRNT ended 3Q:F22 with \$74 million in cash and used \$61 million in cash flow for operations year to date.
- We lower our price target to \$6 (from \$17), which is based on 10x our revised F2025 revenue estimate of \$108 million (the previous target was based on the prior F2025 revenue estimate of \$305 million). This calculation applies a discount rate of 15%, adds \$11.5 million of projected net cash (previously \$128 million), and uses 108 million as the share count.
- We downgrade our risk rating to Highly Risky (from Moderately Risky) due to the potential need for further capital raises and weaker balance sheet, which may present challenges in terms of winning new customers, especially those of larger magnitude.

Large contract delays lead to disappointing 3Q:F22 results and guidance revision. IRNT reported 3Q:F22 revenue of \$6.9 million, we projected \$14.5 million and the consensus estimate was \$11.8 million. The shortfall was mainly due to the delay of some rather large

NR

Price Target: \$6

Price: \$5.18

Risk Rating: H

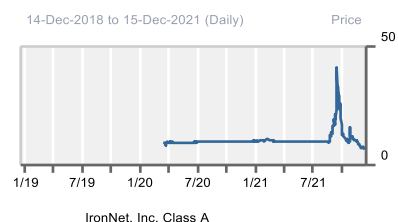
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Key Statistics

Analysts Covering	4
Market Cap (Mil)	\$440
Enterprise Value	\$146
52-Week Range (NYSE)	48-5
5-Year EPS CAGR	NM
Avg. Daily Trading Volume	6,883,00
Shares Out (Mil)	84.424
Float Shares (Mil)	30.547
Insider Ownership	49%
Institutional Holdings	13%
Annualized Dividend	Nil
Dividend Yield	N/A
FCF Per Share (F2023E)	-\$0.64
FCF Yield (F2023E)	-12.4%
Net Cash Per Share (F2023E)	\$0.45
Price to Book Value	1.1x
Return on Equity (F2023E)	NM
Total Debt to Capital	Nil
Interest Coverage Ratio	N/A
Short Interest %	5.0%
Short Interest Days To Cover	1.1
Russell 2000	2,205
Russell 2000 – Last 12 Months	12.0%
IRNT – Last 12 Months	-33.2%



IronNet, Inc. Class A

Source: FactSet Prices

contracts due to the budget not being approved by the government. The gross margin was 65.7% compared to our estimate of 71.0% and 70.5% a year ago, 2.4% of the year-over-year shortfall is due to one-time sales accounting charge. Operating expense of \$186 million included \$160 million in stock based compensation, which was inflated due to the closing of the SPAC merger; on an adjusted basis, operating expenses amounted to \$25.5 million, compared to \$21.2 million in 2Q:F22. Annual Recurring Revenue (ARR) of \$27.5 million, increased 30% year over year and 14% sequentially. IRNT ended 3Q:F22 with 74 customers, up from 25 at the end of the same period last year and 51 at the end of 2Q:F22. Management revised its F2022 revenue guidance to \$26 million, from \$43 million-\$45 million previously, and ARR guidance to \$30 million from \$75 million as some larger strategic deals are being delayed. The delay in the strategic opportunities were attributed to the delay of Senate approval of the \$770 billion defense policy bill, The National Defense Authorization Act (NDAA). Management anticipate it will take a couple of months for the bill to reach its potential strategic clients and pulled these strategic opportunities from its guidance.

Exhibit 1. IronNet, Inc. Quarterly Variance Table

<i>(\$ in millions, except per share data)</i>	3Q:F22E	3Q:F22A	Variance	3Q:F21A	Y/Y % Change
Revenue	14.5	6.9	-7.6	7.0	-2%
Gross Profit	10.3	4.5	-5.8	4.9	-8%
<i>Gross Margin</i>	<i>71.0%</i>	<i>65.7%</i>		<i>70.5%</i>	
Operating Income (loss)	(\$12.5)	(\$181.1)	NM	(\$12.6)	NM
Net Income (loss)	(\$12.5)	(\$193.1)	NM	(\$12.5)	NM
Adj. Diluted EPS (loss per share)	(\$0.11)	(\$0.23)	NM	(\$0.19)	NM

Sources: Company reports and Sidoti & Company, LLC estimates.

Guidance revision leads us to reset our expectations for IRNT. We lower our projections based on the revised outlook from management. We now expect \$26.0 million in revenue for F2022 and \$38.6 million for F2023, from \$44 million and \$110.1 million respectively. We project ARR of \$30 million as they exit F2022 and \$43.5 million at the end of F2023. Management mentioned a number of strategic opportunities that could accelerate the growth rate that we think may provide upside to our F2023 projections. These anticipated deals were included in the out-year guidance management provided in the May 2021 investor presentation; we based our previous estimates on them. We expect the company to provide guidance for F2023 when it releases 4Q:F22 results. We are also lowering our out-year revenue forecasts and now expect F2025 revenue of \$108 million, from \$305 million previously.

Management changes. IRNT also announced several management changes, including the departure of its Chief Revenue Officer, Sean Foster, co-CEO Bill Welch will spearhead the sales organization on an interim basis. Recently, a Chief Marketing Officer, Michael Donahue, was added to the organization and Michelle Neisser was added as Head of Customer Success.

With the reset of our expectations, we think IRNT will need funding in F2023. IRNT concluded 3Q:F22 with \$74 million in cash and no debt. Cash outflow from operating activities amounted to \$61 million year to date. There are about 8.6 million warrants outstanding with an \$11.50 strike price, potentially contributing about \$99 million of cash when exercised, assuming the capital is retained. The warrants expire in five years. We previously projected the warrants to convert in F2023; however, given they are not in the money we have removed them from our projections. We model IRNT will raise \$50 million in equity in 3Q:F23 to boost its balance sheet even though management noted it expects the anticipated strategic deals to provide cash funding to support growth objectives. We expect net cash of \$11.5 million (\$0.11 per share) at the end of F2025. Insiders holds about 64% of the shares outstanding with founder and Co-CEO, Gen. Keith Alexander (retired), holding about 13%. We also note that IRNT may need to strengthen its balance sheet in order to win the strategic deals.

Valuation	We lower our price target to \$6 (from \$17) and downgrade our risk rating to Highly Risky (from Moderately Risky) on IRNT shares. We apply a 10x multiple to our F2025 revenue estimate of \$108 million to derive a \$6 price target. (The previous target of \$17 was based on 10x the prior F2025 revenue estimate of \$305 million.) This calculation applies a 15% discount rate, adds \$11.5 million of projected net cash, and uses 108 million as the share count. We are also changing our rating to Highly Risky from Moderately Risky due to the potential need for further capital raises and weaker balance sheet which may be a headwind in terms of winning new customer, especially of larger magnitude.		
Key Risks	Competition	Technological advances	Limited historical financials

IRONNET, INC.

Table 1: IronNet Income Statement
(\$ in millions, except per share data)

	F2020	F2021	AprA	JulyA	OctA	Jan	F2022E	Apr	July	Oct	Jan	F2023E
Total revenue	\$23.2	\$29.2	\$6.4	\$6.1	\$6.9	\$6.6	\$26.0	\$8.3	\$9.9	\$9.9	\$10.6	\$38.6
Software, subscription, and support revenue	19.8	24.7	6.1	5.8	6.1	6.1	24.1	7.5	9.0	9.0	9.6	35.1
Professional services revenue	3.4	4.5	0.2	0.3	0.8	0.5	1.8	0.8	0.9	0.9	1.0	3.5
Total cost of revenue	6.6	7.0	1.9	1.8	2.4	2.1	8.2	2.3	2.7	2.7	2.8	10.4
Cost of product, subscription, and support	5.9	5.4	1.8	1.7	2.1	1.8	7.3	1.9	2.2	2.2	2.4	8.7
Cost of service revenue	0.7	1.6	0.2	0.1	0.3	0.3	0.9	0.4	0.4	0.5	0.5	1.8
Gross profit	16.6	22.2	4.4	4.3	4.5	4.5	17.8	6.0	7.2	7.3	7.7	28.2
Research and development	26.6	25.8	6.9	7.6	28.1	7.2	49.8	7.5	7.5	7.8	7.8	30.6
Sales and marketing	17.9	30.4	7.1	7.7	57.2	7.9	79.9	8.5	9.0	10.0	11.5	39.0
General and administrative	20.5	22.0	5.7	6.0	100.3	7.0	119.0	8.0	9.0	10.0	10.5	37.5
Total operating expenses	65.0	78.1	19.8	21.2	185.6	22.1	248.7	24.0	25.5	27.8	29.8	107.1
Operating income (loss) -EBIT	(48.4)	(55.9)	(15.3)	(17.0)	(181.1)	(17.6)	(230.9)	(18.0)	(18.3)	(20.5)	(22.1)	(78.9)
EBITDA	(47.4)	(54.7)	(15.1)	(16.7)	(180.9)	(17.3)	(230.0)	(17.7)	(18.0)	(20.2)	(21.8)	(77.7)
Adjusted EBITDA	(47.2)	(54.8)	(15.1)	(16.7)	(20.8)	(16.8)	(69.3)	(17.0)	(17.2)	(19.4)	(20.9)	(74.6)
Interest income/expense	0.0	0.0	(0.1)	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0
Other income/expense	0.5	(0.0)	0.0	(0.2)	(12.0)	0.0	(12.3)	0.0	0.0	0.0	0.0	0.0
Earnings (loss) before taxes	(47.9)	(55.9)	(15.4)	(17.2)	(193.1)	(17.6)	(243.3)	(18.0)	(18.3)	(20.5)	(22.1)	(78.9)
Provision for income taxes	0.0	(0.1)	(0.1)	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (GAAP)	(47.9)	(56.0)	(15.5)	(17.2)	(193.1)	(17.6)	(243.4)	(18.0)	(18.3)	(20.5)	(22.1)	(78.9)
EPS (GAAP, Basic)	(\$0.89)	(\$1.03)	(\$0.28)	(\$0.31)	(\$2.22)	(\$0.20)	(\$3.01)	(\$0.21)	(\$0.21)	(\$0.23)	(\$0.21)	(\$0.85)
EPS (adjusted)	(\$0.88)	(\$1.03)	(\$0.28)	(\$0.31)	(\$0.23)	(\$0.19)	(\$1.02)	(\$0.20)	(\$0.20)	(\$0.22)	(\$0.20)	(\$0.82)
Basic shares outstanding	54.5	54.5	54.5	54.8	87.2	87.5	71.0	87.7	88.0	88.3	105.6	92.4
Diluted shares outstanding used for calc net loss	54.5	54.5	54.5	54.8	87.2	87.5	71.0	87.7	88.0	88.3	105.6	92.4
% yoy change												
Total revenue	N/A	26.0%	-7.2%	-23.5%	-1.6%	N/A	-11.2%	29.4%	62.2%	44.1%	60.4%	48.9%
Software	N/A	24.8%	13.8%	-13.9%	2.9%	N/A	-2.3%	22.2%	55.3%	47.4%	57.8%	45.5%
Service	N/A	33.1%	-83.8%	-75.4%	-26.0%	N/A	-59.6%	212.5%	192.8%	15.7%	92.5%	92.2%
Gross margin	N/A	33.8%	-11.6%	-36.7%	-8.3%	N/A	-20.1%	35.2%	68.2%	60.5%	71.4%	58.8%
R&D	N/A	0.0%	-7.1%	10.3%	NM	N/A	93.4%	8.8%	-0.9%	-72.3%	8.3%	-38.6%
S&M	N/A	0.0%	-13.1%	-2.5%	NM	N/A	163.1%	18.9%	17.1%	-82.5%	45.6%	-51.2%
G&A	N/A	0.0%	-1.4%	-3.3%	NM	N/A	441.3%	39.9%	50.9%	-90.0%	50.0%	-68.5%
Total operating expenses	N/A	0.0%	-7.9%	1.5%	NM	N/A	218.4%	21.5%	20.2%	-85.0%	34.8%	-56.9%
EBIT	N/A	0.0%	-6.7%	19.6%	NM	N/A	313.1%	17.5%	8.1%	-88.7%	25.4%	-65.8%
% of revenue												
Software	85.3%	84.5%	96.2%	95.0%	88.9%	92.4%	93.0%	90.9%	90.9%	90.9%	90.9%	90.9%
Professional Services	14.7%	15.5%	3.8%	5.0%	11.3%	7.6%	7.0%	9.1%	9.1%	9.1%	9.1%	9.1%
Gross Margin	71.6%	76.0%	69.6%	70.1%	65.7%	68.5%	68.4%	72.7%	72.7%	73.2%	73.2%	73.0%
Software	70.2%	78.2%	71.4%	71.1%	66.0%	70.0%	69.6%	75.0%	75.0%	75.5%	75.5%	75.3%
Professional Services	79.4%	64.0%	23.3%	52.0%	63.4%	50.0%	52.5%	50.0%	50.0%	50.0%	50.0%	50.0%
R&D	114.7%	88.1%	108.1%	124.6%	NM	109.1%	191.9%	90.9%	76.1%	78.5%	73.7%	79.2%
S&M	77.2%	103.9%	112.1%	126.5%	NM	119.7%	308.0%	103.0%	91.3%	100.6%	108.6%	100.9%
G&A	88.4%	75.2%	89.7%	98.2%	NM	106.1%	458.3%	97.0%	91.3%	100.6%	99.2%	97.1%
Total operating expenses	280.2%	267.3%	309.9%	349.3%	NM	334.8%	958.2%	290.9%	258.7%	279.6%	281.5%	277.2%
EBIT	-208.6%	-191.3%	-240.3%	-279.2%	NM	-266.4%	-889.8%	-218.2%	-186.0%	-206.5%	-208.3%	-204.2%
EBITDA	-204.2%	-187.3%	-236.7%	-275.5%	NM	-261.8%	-886.1%	-214.5%	-183.0%	-203.4%	-205.4%	-201.1%

Notes:

Adjusted EBITDA deducts stock based compensation and other non-recurring expenses from EBITDA

Non-GAAP Net income deducts stock based compensation and other non-recurring expenses from GAAP net income

Sources: Company reports and Sidoti & Company, LLC estimates.

IRONNET, INC.

Table 2: IronNet Cash Flow Statement

(\$ in millions, except per share data)

	F2020	F2021	AprA	JulyA	OctA	JanE	F2022E	AprE	JulyE	OctE	JanE	F2023E
Net loss	(47.9)	(55.4)	(15.5)	(17.2)	(193.1)	(17.6)	(243.4)	(18.0)	(18.3)	(20.5)	(22.1)	(78.9)
Depreciation and amortization	1.0	1.2	0.2	0.2	0.2	0.3	1.0	0.3	0.3	0.3	0.3	1.2
Disposal of property and equipment	0.0	0.2	0.0	0.0	(0.0)	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	12.4	0.0	12.4	0.0	0.0	0.0	0.0	0.0
Employee stock compensation	0.2	(0.0)	0.0	0.0	160.1	0.5	160.7	0.7	0.8	0.8	0.8	3.1
Accounts receivable	(0.2)	(3.4)	0.2	(1.4)	(1.8)	2.5	(0.5)	(0.1)	(0.7)	(0.0)	(0.3)	(1.1)
Deferred costs	0.6	(1.0)	(0.9)	1.2	0.1	0.4	0.8	(0.3)	(0.4)	(0.0)	(0.2)	(1.0)
Inventory	(1.5)	(0.2)	0.1	(0.2)	(0.4)	0.7	0.2	(0.5)	(0.5)	(0.0)	(0.2)	(1.2)
Prepaid expenses and other current assets	(0.2)	(0.6)	(0.7)	0.4	(2.7)	2.3	(0.6)	(0.5)	(0.5)	(0.0)	(0.2)	(1.2)
Deposits and other assets	(0.1)	0.1	(0.0)	(0.0)	(0.1)	0.0	(0.2)	0.0	0.0	0.0	0.0	0.0
Contract assets	(0.3)	0.4	0.2	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	(1.2)	1.6	1.4	(1.6)	1.4	(2.4)	(1.2)	0.5	0.5	0.0	0.2	1.2
Accrued expenses	0.8	0.8	0.7	2.2	(0.4)	(3.9)	(1.3)	0.6	0.6	0.0	0.2	1.4
Income tax payable	0.0	0.1	0.1	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred rent	(0.1)	(0.2)	(0.0)	(0.0)	(0.0)	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0
Deferred revenue	0.0	13.7	2.2	(2.6)	(3.5)	0.6	(3.3)	7.7	7.5	0.4	3.0	18.6
Net cash provided by operating activities	(48.8)	(42.7)	(12.1)	(19.1)	(27.9)	(16.5)	(75.6)	(9.7)	(10.9)	(19.1)	(18.3)	(58.0)
Purchases of property and equipment	(1.1)	(1.0)	(0.7)	(0.5)	(1.2)	(0.2)	(2.6)	(0.2)	(0.3)	(0.3)	(0.3)	(1.2)
Proceeds from the sale of fixed assets	0.0	0.1	0.0	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Purchases of investments	(11.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of investments	19.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from maturity of investments	17.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by investing activities	24.2	0.1	(0.7)	(0.5)	(0.9)	(0.2)	(2.4)	(0.2)	(0.3)	(0.3)	(0.3)	(1.2)
Proceeds from issuance of series B preferred stock	10.6	57.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from issuance of common stock	0.1	0.2	0.2	0.1	0.3	0.0	0.6	0.0	0.0	50.0	0.0	50.0
Proceeds (repayments) of loans	0.0	5.6	0.0	15.0	(20.6)	0.0	(5.6)	0.0	0.0	0.0	0.0	0.0
Proceeds from stock subscription	0.0	0.1	0.1	0.2	124.7	0.0	125.0	0.0	0.0	0.0	0.0	0.0
Proceeds from warrant exercise	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	0.0	0.0		(0.5)	(16.2)		(16.7)					0.0
Net cash provided by financing activities	10.7	63.3	0.3	14.8	88.3	0.0	103.4	0.0	0.0	50.0	0.0	50.0
Effect of exchange rates on cash and equivalents	(0.0)	0.0	0.0	(0.1)	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net change in cash and equivalents	(13.9)	20.7	(12.6)	(4.9)	59.8	(16.7)	25.4	(9.9)	(11.1)	30.6	(18.7)	(9.1)
Cash and equivalents, beginning of period	24.7	10.8	31.5	19.0	14.1	73.9	31.5	57.0	47.1	35.9	66.5	57.0
Cash and equivalents, end of period	10.8	31.5	19.0	14.1	73.9	57.2	57.0	47.1	35.9	66.5	47.9	47.9
FCF	(49.8)	(43.6)	(12.9)	(19.6)	(29.0)	(16.7)	(78.2)	(9.9)	(11.1)	(19.4)	(18.7)	(59.1)
FCF/Share	(\$0.91)	(\$0.80)	(\$0.24)	(\$0.36)	(\$0.33)	(\$0.19)	(\$1.10)	(\$0.11)	(\$0.13)	(\$0.22)	(\$0.18)	(\$0.64)

Sources: Company reports and Sidoti & Company, LLC estimates.

IRONNET, INC.

Table 3: IronNet Balance Sheet
 (\$ in millions, except per share data)

	F2020	F2021	AprA	JulyA	OctA	F2022E	AprE	JulyE	OctE	F2023E
Cash and equivalents	10.8	31.5	19.0	14.1	73.9	57.2	47.1	35.9	66.5	47.9
Accounts receivable	1.2	1.6	0.4	0.3	2.2	1.7	2.1	2.5	2.5	2.6
Unbilled receivable	0.4	1.4	2.0	3.0	3.9	2.0	1.7	2.0	2.0	2.1
Related party receivable and loan receivables	1.7	3.6	4.0	4.5	3.5	3.5	3.5	3.5	3.5	3.5
Account and loan receivables	3.3	6.7	6.4	7.8	9.7	7.2	7.2	8.0	8.0	8.3
Investments	1.4	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0
Inventory	2.0	2.2	2.1	2.3	2.7	2.0	2.5	3.0	3.0	3.2
Deferred costs	1.1	2.1	3.0	1.7	2.4	2.0	2.3	2.8	2.8	3.0
Prepaid warranty	0.8	1.0	1.0	1.0	0.8	0.8	0.8	0.8	0.8	0.8
Prepaid expenses and other current assets	1.6	2.2	2.9	2.7	4.3	2.0	2.5	3.0	3.0	3.2
Total current assets	20.9	45.7	34.4	29.6	93.7	73.1	62.4	53.4	84.1	66.3
Deferred costs	2.1	2.1	2.1	3.9	1.3	1.3	1.3	1.3	1.3	1.3
Property and equipment, net	3.2	2.8	3.3	3.6	5.6	5.6	5.6	5.6	5.6	5.6
Prepaid warranty	1.5	0.9	0.7	0.7	0.9	0.9	0.9	0.9	0.9	0.9
Deposits and other assets	0.4	0.3	0.3	0.4	0.5	0.5	0.5	0.5	0.5	0.5
Total assets	28.1	51.7	40.8	38.1	102.0	81.4	70.7	61.7	92.4	74.6
Accounts payable	1.6	1.9	3.3	3.1	4.4	2.0	2.5	3.0	3.0	3.2
Accrued expenses	1.8	2.6	3.3	5.5	6.2	2.3	2.9	3.4	3.5	3.7
Deferred revenue	7.9	12.5	14.2	14.7	12.9	11.3	14.1	16.9	17.0	18.1
Deferred rent	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Short-term PPP loan	0.0	3.5	5.6	5.6	0.0	0.0	0.0	0.0	0.0	0.0
Income tax payable	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other current liabilities	0.0	0.7	0.7	15.7	0.7	0.7	0.7	0.7	0.7	0.7
Total current liabilities	11.5	21.4	27.3	44.8	24.5	16.6	20.4	24.2	24.4	26.0
Deferred rent	1.1	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Deferred revenue	12.4	21.6	22.1	18.9	17.2	19.5	24.3	29.1	29.3	31.2
Long-term PPP loan	0.0	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long-term liabilities	0.0	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Total liabilities	25.0	46.7	51.0	65.2	43.2	37.6	46.3	54.9	55.3	58.7
Total shareholders' equity (deficit)	(118.1)	5.0	(10.2)	(27.1)	(58.8)	(43.8)	(24.3)	(6.8)	(37.1)	(15.9)
Total liabilities and shareholders' equity	28.1	51.7	40.8	38.1	102.0	81.4	70.7	61.7	92.4	74.6
<i>Metrics and Ratios</i>										
Net cash	10.8	26.0	13.4	8.5	73.9	57.2	47.1	35.9	66.5	47.9
Net cash per share	\$0.20	\$0.48	\$0.25	\$0.16	\$0.85	\$0.65	\$0.54	\$0.41	\$0.75	\$0.45
DSO	18.9	20.2	5.8	4.4	29.3	22.5	22.5	22.5	22.5	22.5

Sources: Company reports and Sidoti & Company, LLC estimates.

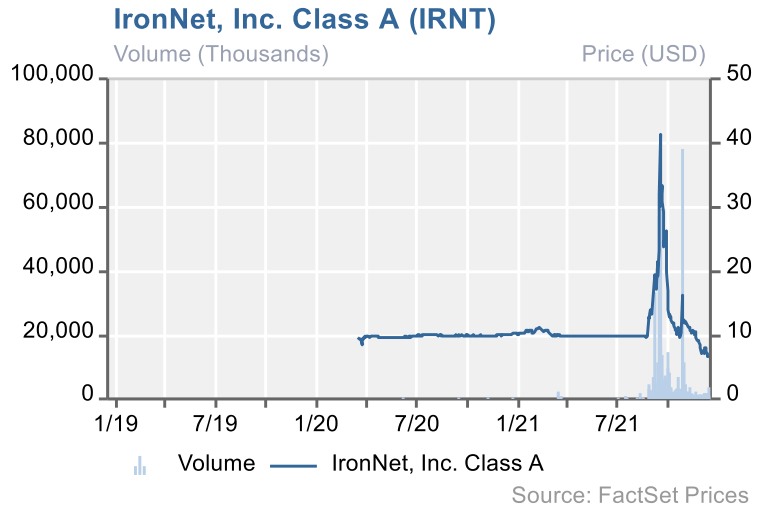
Appendix
Required Disclosures

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IronNet, Inc. (IRNT-\$5.18) NR Price Target: \$6 Risk Rating: H

Rating and Price Target History Table

Action	Date	Px	Rating	PT	Risk Rating
Initiation	7/20/21	10	NR	15	M
ACHG	8/2/21	10	NR	15	
PT	9/8/21	19.6		17	
PT	9/17/21	35.3		17	
PT	12/10/21	7.4		17	



Valuation	We lower our price target to \$6 (from \$17) and downgrade our risk rating to Highly Risky (from Moderately Risky) on IRNT shares. We apply a 10x multiple to our F2025 revenue estimate of \$108 million to derive a \$6 price target. (The previous target of \$17 was based on 10x the prior F2025 revenue estimate of \$305 million.) This calculation applies a 15% discount rate, adds \$11.5 million of projected net cash, and uses 108 million as the share count. We are also changing our rating to Highly Risky from Moderately Risky due to the potential need for further capital raises and weaker balance sheet which may be a headwind in terms of winning new customer, especially of larger magnitude.		
Key Risks	Competition	Technological advances	Limited historical financials

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