

IRONNET – THE DOOMED CYBERSECURITY COMPANY– 50C PRICE TARGET

February 25, 2022



RESEARCH SUMMARY

- IronNet's (IRNT) former director has doubts about the company's ability to continue without getting acquired.
 - IRNT had even less revenue, \$6.9M, in Q321 than a year ago, it had \$7M in Q320.
 - IRNT loses a whopping \$20M+ per quarter.
 - IRNT recently got pumped from a misleading Russian invasion blog post that, in reality, has nothing to do with its cyber-security product.
 - IRNT recently made an ATM type of financing deal with Tumim Stone Capital to sell shares below the market price
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IronNet (IRNT) is a cybersecurity company with a product that nobody really wants. It was likely on the brink of bankruptcy when it got bailed out by a [SPAC deal](#) in August, 2021. We published a [wildly successful bearish report](#) on cybersecurity company Intrusion (INTZ) last year. Similar to INTZ, IRNT is run by former government officials, and they massively overpromise and underdeliver.

We believe IRNT is doomed to fail because they don't have enough scale to continue, and they lose too much money with no revenue growth. Furthermore, they aren't going to get acquired because nobody cares about their cybersecurity product.

In fact, a former IRNT Director is quoted as saying the company got its sales from relationships rather than product quality or need. He stated:



More on this former Director's interview will be shown later in this report.

IronNet's Terrible Financials

Right before IRNT went public, it guided \$54M in revenue for the fiscal year 2022, as shown in slide 27 of its [investor presentation](#) from March 2021 below:



From the company's latest [quarterly earnings report](#), IRNT lost \$20.2M in Q321 after excluding one-time expenses. The company had no revenue growth, with \$6.9M compared to \$7M in Q320. IRNT also revised their guidance to only \$26M for the fiscal year 2022:



[Source](#): Q321 Earnings Report

Russian Blog Post Pump

IRNT has recently rallied from closing at \$4.09 on 2/23/22, to trading at over \$6 today. This pump is from the company's [blog post](#) of events from the Russian invasion, posted on 2/24/22. The blog post mentions some malware reports in Eastern Europe that have happened over the past few months. There's no evidence that this malware has anything to do with the Russia attack.

Towards the bottom of the post, it mentions IRNT's cyber product "Collective Defense". And it also mentions that NATO happens to use that same term "Collective Defense". As if NATO would have some kind of interest in IRNT's product, when in reality they have nothing to do with each other. A screen shot of the mention with a link to NATO's website is below:



Former Director Of IronNet Isn't Confident That The Company Can Stand Alone

From buy-side research firm Tegus.com, a former Director of IRNT was interviewed for investors to get an inside look at IRNT. This interview was conducted on 7/29/21, and the director was with IRNT for a year, leaving in September 2020.

This Director initially thought that the company would do well, given that they have a team that's from the US National Security Agency (NSA). However, just because they are intelligent NSA guys doesn't mean they know how to run a company, or have a good product.

The Director's quote from the interview:



The Director also thought that the company needs to be acquired by a big player such as Amazon or Microsoft. They need to have scale. Otherwise, they'll continue to take heavy losses.

In fact, the interview suggested that IRNT was taking advantage of the bullish stock market by going public at a \$1B+ valuation. From the interview:



Further comments about the need for IRNT to be acquired to survive:



The big partners IRNT mentions on their website are not really partners, they are just mentioned to sound impressive. The Director explains it:



Conclusion

IRNT loses a lot of money, and that hasn't changed, nor does its revenue seem to be able to grow as evident from the company's lack of growth in Q320 and reduced guidance. The manipulative games that the company is playing from its blog post suggest that it needs to have these artificial pumps to maintain the current stock price. IRNT recently made an ATM financing [type of agreement](#) with Tumim Stone Capital for up to \$175M at below the market price. We are confident that the company is using this pump to sell shares from this financing to Tumim Stone Capital at below market price which is then sold to the momo players. Over time, with massive losses and massive dilution, we have a 50c price one-year price target on the stock. But we foresee it going much lower over time, accompanied by many reverse-split, as the company turns out to be a failure.



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