

ON24, Inc. (ONTF)

Neutral

Digital Marketing Headwinds Persist; Cost Controls Open Door to Profitability

CONCLUSION

Digital video marketing software specialist reported another quarter of challenged top-line results with ARR declining 14% y/y (vs 7% decline last quarter). While we are lowering our 2023 revenue estimate by \$5M, we estimate that non-GAAP EPS could swing into the black this year vs. the (\$0.37) loss in 2022. We lower our PT to \$8 from \$9 on eroding demand trends limiting visibility into a return to growth.

- **What happened?** ONTF posted total revenue of \$42.1M (\$0.6M beat to Street expectations) in Q2 on a 13% y/y decline. Total ARR declined 14% y/y (below our estimate of -12%), coming in at \$144.8M. Non-GAAP operating margin came in at -2.0% in Q1 (vs. our -4.6% estimate) as OpEx growth declined 23% y/y during the quarter on tightening cost discipline. ONTF achieved positive non-GAAP EPS of \$0.04, above its breakeven guidance. Management noted that over 200 customers are currently on a free trial for its generative AI-powered Optimization Suite. While the growth algorithm remains challenged, management guided to breakeven (non-GAAP) EPS for the full year at the midpoint, signaling a continued focus on a path to sustained profitability.
- **Macro headwinds continue to drag on growth.** ONTF continues to face macro headwinds that are pressuring marketing budgets. Macro pressures intensified during June and manifested in fewer expansions coupled with heightened downsells, resulting in weaker-than-expected core platform ARR (which excludes virtual conference ARR). Downsells were more prevalent among enterprise customers. Interestingly, management highlighted two new customer wins in the life sciences vertical (which appears to be a more resilient vertical in the current environment), one with a medical devices company and one with a biotech firm.
- **Lowering estimates and PT to \$8.** While initiatives to focus on upmarket customers, resilient verticals, and generative AI innovation could help stabilize growth exiting 2023, we remain on the sidelines given macro and post-pandemic normalization headwinds have not yet subsided. We are lowering our 2023 revenue estimate by \$5M; that said, we estimate that non-GAAP EPS could swing into the black this year vs. the (\$0.37) loss in 2022. We lower our PT to \$8 from \$9 on eroding demand trends limiting visibility into a return to growth.

RISKS TO ACHIEVEMENT OF PT & RECOMMENDATION

Competition, pricing pressure, revenue concentration in Elite product.

COMPANY DESCRIPTION

ON24 is B2B video marketing platform enabling brands to engage with consumers.

PRICE: US\$7.95

TARGET: US\$8.00

10x CY27E EV/FCF, discounted back 4 years by 16%. This assumes \$270M in net cash and 58M shares.

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Changes	Previous	Current
Rating	—	Neutral
Price Tgt	US\$9.00	US\$8.00
FY23E Rev (mil)	US\$163.6	US\$158.9
FY24E Rev (mil)	US\$168.0	US\$138.3
FY23E EPS	US\$(0.03)	US\$0.02
FY24E EPS	US\$0.12	US\$0.10
52-Week High / Low	US\$9.94 / US\$6.00	
Shares Out (mil)	58.7	
Market Cap. (mil)	US\$466.5	
Avg Daily Vol (000)	391	
Div Yield	0.00%	
Fiscal Year End	Dec	

Price Performance - 1 Year



Source: Bloomberg

YEAR	REVENUE (US\$ m)						EARNINGS PER SHARE (US\$)					
	Mar	Jun	Sep	Dec	FY	FY RM	Mar	Jun	Sep	Dec	FY	FY P/E
2022A	48.5	48.2	47.6	46.6	190.9	2.4x	(0.13)	(0.14)	(0.07)	(0.04)	(0.37)	NM
2023E	43.1A	42.1A	38.3	35.5	158.9	2.9x	(0.04)A	0.04A	0.02	(0.01)	0.02	NM
2024E	34.5	34.3	34.5	35.0	138.3	3.4x	0.01	0.02	0.03	0.04	0.10	81.3x

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Key Performance Indicators

Key Operating Metrics	Fiscal Quarters									Trend	Prior	
	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23		4-Qtr Avg	8-Qtr Avg
Revenue	\$52.1	\$49.4	\$52.0	\$48.5	\$48.2	\$47.6	\$46.6	\$43.1	\$42.1		-8%	3%
Revenue Growth (y/y)	43.5%	15.9%	-2.3%	-3.2%	-7.4%	-3.6%	-10.5%	-11.2%	-12.8%			
Total ARR	\$164.1	\$167.2	\$171.4	\$167.7	\$167.8	\$165.6	\$159.6	\$155.6	\$144.8		-3%	8%
Total ARR Growth (y/y)	43.7%	20.4%	11.7%	2.8%	2.3%	-1.0%	-6.9%	-7.2%	-13.7%			
\$100K+ ARR Customer Cohort	345	359	366	367	349	351	345	333	323		-4%	13%
\$100K+ Customer Growth (y/y)	50.7%	32.5%	21.2%	12.9%	1.2%	-2.2%	-5.7%	-9.3%	-7.4%			

Source: Company Reports, Piper Sandler

Valuation Summary

Our Case

	Base CY27E	Bull CY27E	Bear CY27E
Estimated Revenue (000s)	\$178	\$242	\$170
Estimated FCF (000s)	\$36	\$56	\$26
Estimated % FCF margin	20.0%	23.0%	15.0%
Discount rate	16%	16%	16%
Discount period by year	4	4	4
Discounted FCF	\$20	\$31	\$14
Assumed EV/FCF multiple	10.0x	12.0x	6.0x
Enterprise value	\$197	\$369	\$85
Net cash (debt)	\$270	\$270	\$270
FD share count	58	58	58
Annual dilution	-1%	-1%	-1%
Share value	\$8	\$11	\$6
% upside	1%	39%	-23%
Implied EV/S (CY24E)	1.4x	2.0x	0.6x
Current EV/S (CY24E)	1.6x	1.2x	1.7x

Source: Piper Sandler Estimates

Peer Group - SaaS Platforms

	8/8/2023	2023E	2023E	2024E
Ticker	Price	Growth	EV/S	EV/S
TWLO	\$58.40	8%	1.9x	1.7x
SPT	\$46.67	29%	7.3x	5.7x
HUBS	\$484.11	23%	10.7x	8.8x
LPSN	\$3.99	-22%	1.6x	1.6x
PD	\$24.06	16%	4.6x	3.9x
Average		11%	5.2x	4.3x
ONTF	\$7.95	-17%	1.4x	1.6x

Source: FactSet, Piper Sandler Estimates

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ONTF: ON24, Inc. Income Statement	FY 2020	FY 2021	1Q22 MAR	2Q22 JUN	3Q22 SEP	4Q22 DEC	FY 2022	1Q23 MAR	2Q23 JUN	3Q23E SEP	4Q23E DEC	FY 2023E	1Q24E MAR	2Q24E JUN	3Q24E SEP	4Q24E DEC	FY 2024E
\$ chg q/q			(\$3,700)	\$100	(\$2,200)	(\$6,000)		(\$4,000)	(\$10,800)	(\$7,300)	(\$4,000)		(\$2,000)	\$1,000	\$1,000	\$1,000	
Total ARR	\$153,400	\$171,400	\$167,700	\$167,800	\$165,600	\$159,600	\$159,600	\$155,600	\$144,800	\$137,500	\$133,500	\$133,500	\$131,500	\$132,500	\$133,500	\$134,500	\$134,500
% Y/Y Chg	100%	12%	3%	2%	-1%	-7%	-7%	-7%	-14%	-17%	-16%	-16%	-15%	-8%	-3%	1%	1%
\$ chg q/q			(\$2,183)	(\$911)	\$1,495	(\$3,400)		(\$3,400)	(\$8,600)	(\$6,600)	(\$3,000)		(\$1,000)	\$1,000	\$1,000	\$1,000	
Core Platform ARR	\$137,800	\$157,600	\$155,417	\$154,505	\$156,000	\$152,600	\$152,600	\$149,200	\$140,600	\$134,000	\$131,000	\$131,000	\$130,000	\$131,000	\$132,000	\$133,000	\$133,000
% Y/Y Chg	92%	14%	-	-	-	-3%	-3%	-4%	-9%	-14%	-14%	-14%	-13%	-7%	-1%	2%	2%
% Y/Y Chg																	
Platform Revenue	82.9%	45.0%	1.4%	(2.9%)	(0.7%)	(6.6%)	(2.2%)	(9.5%)	(11.0%)	(19.1%)	(22.7%)	(15.5%)	(18.7%)	(17.2%)	(8.6%)	0.0%	(11.7%)
Services Revenue	133.0%	(17.5%)	(30.0%)	(33.2%)	(25.3%)	(35.5%)	(31.3%)	(26.2%)	(27.5%)	(24.5%)	(33.9%)	(28.0%)	(32.4%)	(33.3%)	(23.1%)	(16.7%)	(27.0%)
Platform Revenue	\$121,214	\$175,777	\$43,477	\$43,064	\$43,271	\$42,029	\$171,841	\$39,364	\$38,336	\$35,000	\$32,500	\$145,200	\$32,000	\$31,750	\$32,000	\$32,500	\$128,250
Services Revenue	\$33,583	\$27,702	\$5,015	\$5,174	\$4,304	\$4,538	\$19,031	\$3,699	\$3,750	\$3,250	\$3,000	\$13,699	\$2,500	\$2,500	\$2,500	\$2,500	\$10,000
Legacy Revenue	\$2,144	\$134	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$156,941	\$203,613	\$48,492	\$48,238	\$47,575	\$46,567	\$190,872	\$43,063	\$42,086	\$38,250	\$35,500	\$158,899	\$34,500	\$34,250	\$34,500	\$35,000	\$138,250
% Y/Y Chg	76.1%	29.7%	(3.2%)	(7.4%)	(3.6%)	(10.5%)	(6.3%)	(11.2%)	(12.8%)	(19.6%)	(23.8%)	(16.8%)	(19.9%)	(18.6%)	(9.8%)	(1.4%)	(13.0%)
% Y/Y Chg - Ex-Legacy	91.8%	31.4%	(3.1%)	(7.4%)	(3.5%)	(10.5%)	(6.2%)	(11.2%)	(12.8%)	(19.6%)	(23.8%)	(16.8%)	(19.9%)	(18.6%)	(9.8%)	(1.4%)	(13.0%)
\$ chg q/q			(\$3,542)	(\$254)	(\$663)	(\$1,008)		(\$3,504)	(\$977)	(\$3,836)	(\$2,750)		(\$1,000)	(\$250)	\$250	\$500	
Platform COGS	\$20,592	\$31,503	\$8,734	\$9,135	\$8,908	\$8,726	\$35,503	\$8,261	\$7,489	\$7,000	\$6,500	\$29,250	\$6,400	\$6,350	\$6,400	\$6,500	\$25,650
Services COGS	\$12,552	\$13,583	\$3,168	\$3,177	\$2,990	\$3,506	\$12,841	\$3,169	\$2,898	\$2,438	\$2,250	\$10,755	\$1,875	\$1,875	\$1,875	\$1,875	\$7,500
Total COGS	\$33,144	\$45,086	\$11,902	\$12,312	\$11,898	\$12,232	\$48,344	\$11,430	\$10,387	\$9,438	\$8,750	\$40,005	\$8,275	\$8,225	\$8,275	\$8,375	\$33,150
Gross Profit (Non-GAAP)	\$123,797	\$158,527	\$36,590	\$35,926	\$35,677	\$34,335	\$142,528	\$31,633	\$31,699	\$28,813	\$26,750	\$118,895	\$26,225	\$26,025	\$26,225	\$26,625	\$105,100
% Total Gross Margin	78.9%	77.9%	75.5%	74.5%	75.0%	73.7%	74.7%	73.5%	75.3%	75.3%	75.4%	74.8%	76.0%	76.0%	76.0%	76.1%	76.0%
% Gross Margin Ex-Legacy	80.0%	77.9%	75.5%	74.5%	75.0%	73.7%	74.7%	73.5%	75.3%	75.3%	75.4%	74.8%	76.0%	76.0%	76.0%	76.1%	76.0%
% Platform GM	83.0%	82.1%	79.9%	78.8%	79.4%	79.2%	79.3%	79.0%	80.5%	80.0%	80.0%	79.9%	80.0%	80.0%	80.0%	80.0%	80.0%
% Services GM	62.6%	51.0%	36.8%	38.6%	30.5%	22.7%	32.5%	14.3%	22.7%	25.0%	25.0%	21.5%	25.0%	25.0%	25.0%	25.0%	25.0%
Sales & Marketing	\$59,589	\$95,257	\$25,501	\$25,153	\$22,374	\$21,121	\$94,149	\$20,149	\$18,268	\$16,500	\$16,000	\$70,917	\$15,000	\$15,000	\$15,000	\$15,000	\$60,000
% of Revenue	38.0%	46.8%	52.6%	52.1%	47.0%	45.4%	49.3%	46.8%	43.4%	43.1%	45.1%	44.6%	43.5%	43.8%	43.5%	42.9%	43.4%
Research & Development	\$18,915	\$30,433	\$8,663	\$8,886	\$9,096	\$8,979	\$35,624	\$8,163	\$7,620	\$7,600	\$7,500	\$30,883	\$7,500	\$7,500	\$7,500	\$7,500	\$30,000
% of Revenue	12.1%	14.9%	17.9%	18.4%	19.1%	19.3%	18.7%	19.0%	18.1%	19.9%	21.1%	19.4%	21.7%	21.9%	21.7%	21.4%	21.7%
General & Administrative	\$20,521	\$30,777	\$8,085	\$8,071	\$7,854	\$7,692	\$31,702	\$7,496	\$6,670	\$6,600	\$6,500	\$27,266	\$6,000	\$5,500	\$5,250	\$5,000	\$21,750
% of Revenue	13.1%	15.1%	16.7%	16.7%	16.5%	16.5%	16.6%	17.4%	15.8%	17.3%	18.3%	17.2%	17.4%	16.1%	15.2%	14.3%	15.7%
Operating Expenses	\$99,025	\$156,467	\$42,249	\$42,110	\$39,324	\$37,792	\$161,475	\$35,808	\$32,558	\$30,700	\$30,000	\$129,066	\$28,500	\$28,000	\$27,750	\$27,500	\$111,750
% Y/Y	63.1%	76.8%	14.4%	10.3%	(0.3%)	(9.8%)	84.6%	(15.2%)	(22.7%)	(21.9%)	(20.6%)	81.2%	(20.4%)	(14.0%)	(9.6%)	(8.3%)	80.8%
Operating Income (Non-GAAP)	\$24,772	\$2,060	(\$5,659)	(\$6,184)	(\$3,647)	(\$3,457)	(\$18,947)	(\$4,175)	(\$859)	(\$1,888)	(\$3,250)	(\$10,172)	(\$2,275)	(\$1,975)	(\$1,525)	(\$875)	(\$6,650)
% Operating Margin	15.8%	1.0%	(11.7%)	(12.8%)	(7.7%)	(7.4%)	(9.9%)	(9.7%)	(2.0%)	(4.9%)	(9.2%)	(6.4%)	(6.6%)	(5.8%)	(4.4%)	(2.5%)	(4.8%)
Interest income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest (expense)	(\$869)	(\$464)	(\$54)	(\$49)	(\$42)	(\$36)	(\$181)	(\$29)	(\$33)	(\$40)	(\$40)	(\$142)	(\$40)	(\$40)	(\$40)	(\$40)	(\$160)
Other income (expense)	\$76	(\$487)	(\$177)	(\$103)	\$463	\$2,331	\$2,514	\$2,572	\$3,193	\$3,000	\$3,000	\$11,765	\$3,000	\$3,000	\$3,000	\$3,000	\$12,000
Pre-tax income (losses)	\$23,979	\$1,109	(\$5,890)	(\$6,336)	(\$3,226)	(\$1,162)	(\$16,614)	(\$1,632)	\$2,301	\$1,073	(\$290)	\$1,452	\$685	\$985	\$1,435	\$2,085	\$5,190
Tax expense	(\$297)	\$285	(\$82)	(\$41)	(\$20)	(\$795)	(\$958)	(\$196)	(\$230)	(\$100)	(\$100)	(\$626)	(\$100)	(\$100)	(\$100)	(\$100)	(\$400)
Tax rate	-9%	105%	328%	210%	-1102%	-6475%	-1389%	-8869%	-9676%	-7500%	-7500%	-8285%	-7500%	-7500%	-7500%	-7500%	-7500%
Net Income (Non-GAAP)	\$23,682	\$1,394	(\$5,972)	(\$6,377)	(\$3,266)	(\$1,957)	(\$17,572)	(\$1,828)	\$2,071	\$973	(\$390)	\$826	\$585	\$885	\$1,335	\$1,985	\$4,790
% Net Margin	15.1%	0.7%	(12.3%)	(13.2%)	(6.9%)	(4.2%)	(9.2%)	(4.2%)	4.9%	2.5%	(1.1%)	0.5%	1.7%	2.6%	3.9%	5.7%	3.5%
EPS	\$1.46	\$0.03	(\$0.13)	(\$0.14)	(\$0.07)	(\$0.04)	(\$0.37)	(\$0.04)	\$0.04	\$0.02	(\$0.01)	\$0.02	\$0.01	\$0.02	\$0.03	\$0.04	\$0.10
Basic Shares Outstanding	10.0	43.6	47.6	47.2	47.6	48.0	47.6	47.3	45.9	44.0	42.0	44.8	42.0	42.2	42.4	42.6	42.3
Pro-forma Outstanding	16.2	51.5	56.7	56.7	56.7	56.7	56.7	56.7	50.7	49.2	45.0	50.4	49.0	49.0	49.0	49.0	49.0
Net Income (Non-GAAP)	\$23,682	\$1,394	(\$5,972)	(\$6,377)	(\$3,266)	(\$1,957)	(\$17,572)	(\$1,828)	\$2,071	\$973	(\$390)	\$826	\$585	\$885	\$1,335	\$1,985	\$4,790
Stock-based Compensation	(\$2,929)	(\$25,650)	(\$9,507)	(\$9,698)	(\$9,903)	(\$9,435)	(\$38,543)	(\$10,121)	(\$11,605)	(\$11,500)	(\$11,500)	(\$44,726)	(\$11,500)	(\$11,500)	(\$11,500)	(\$11,500)	(\$46,000)
Other	\$0	\$0	\$0	(\$137)	(\$1,218)	(\$738)	(\$2,093)	(\$5,641)	(\$3,313)	(\$1,100)	\$0	(\$10,054)	\$0	\$0	\$0	\$0	\$0
GAAP Net Income	\$20,753	(\$24,256)	(\$15,479)	(\$16,212)	(\$14,387)	(\$12,130)	(\$58,208)	(\$17,590)	(\$12,847)	(\$11,628)	(\$11,890)	(\$53,955)	(\$10,915)	(\$10,615)	(\$10,165)	(\$9,515)	(\$41,210)

Source: Piper Sandler Estimates, Company Filings

(figures in \$ thousands)

Current disclosure information for this company can be found at:

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Last Updated: 8/9/2023

ONTF: ON24, Inc. Balance Sheet	FY 2020	FY 2021	1Q22 MAR	2Q22 JUN	3Q22 SEP	4Q22 DEC	FY 2022	1Q23 MAR	2Q23 JUN	3Q23E SEP	4Q23E DEC	FY 2023E	1Q24E MAR	2Q24E JUN	3Q24E SEP	4Q24E DEC	FY 2024E
Assets																	
Cash and cash equivalents	\$61,243	\$382,557	\$359,027	\$344,869	\$341,824	\$328,121	\$328,121	\$315,685	\$240,530	\$207,898	\$168,212	\$168,212	\$167,543	\$170,467	\$173,554	\$168,460	\$168,460
Accounts receivable, net	\$48,617	\$46,117	\$42,078	\$39,765	\$31,213	\$43,757	\$43,757	\$33,451	\$31,314	\$24,837	\$35,444	\$35,444	\$27,920	\$26,849	\$21,668	\$32,275	\$32,275
Deferred Commission, current	\$10,528	\$11,921	\$14,345	\$12,212	\$12,018	\$13,136	\$13,136	\$12,571	\$12,452	\$12,138	\$13,267	\$13,267	\$12,697	\$12,577	\$12,260	\$13,400	\$13,400
Prepaid expenses and other assets	\$7,079	\$8,467	\$11,759	\$9,945	\$8,375	\$6,281	\$6,281	\$8,431	\$7,293	\$6,035	\$4,193	\$4,193	\$6,883	\$5,540	\$4,156	\$2,130	\$2,130
Total Current Assets	\$127,467	\$449,062	\$427,209	\$406,791	\$393,430	\$391,295	\$391,295	\$370,138	\$291,589	\$250,909	\$221,117	\$221,117	\$215,042	\$215,433	\$211,638	\$216,265	\$216,265
Net property, plant & equipment	\$9,051	\$8,780	\$8,672	\$8,076	\$8,129	\$7,212	\$7,212	\$5,957	\$5,668	\$5,468	\$5,268	\$5,268	\$5,168	\$5,068	\$4,968	\$4,868	\$4,868
Deferred Commission, non-current	\$18,753	\$20,887	\$18,023	\$19,947	\$18,980	\$17,773	\$17,773	\$17,991	\$16,876	\$16,301	\$15,729	\$15,729	\$15,145	\$14,552	\$14,063	\$13,577	\$13,577
Other long-term assets	\$1,447	\$1,760	\$8,224	\$10,377	\$9,766	\$9,193	\$9,193	\$8,316	\$6,610	\$6,610	\$6,610	\$6,610	\$6,610	\$6,610	\$6,610	\$6,610	\$6,610
Total Assets	\$156,718	\$480,489	\$462,128	\$445,191	\$430,305	\$425,473	\$425,473	\$402,402	\$320,743	\$279,288	\$248,724	\$248,724	\$241,965	\$241,663	\$237,279	\$241,320	\$241,320
Liabilities																	
Accounts payable	\$4,730	\$3,123	\$5,149	\$3,626	\$4,283	\$4,611	\$4,611	\$3,187	\$4,269	\$4,223	\$5,620	\$5,620	\$4,402	\$5,196	\$5,155	\$6,692	\$6,692
Accrued liabilities	\$17,439	\$18,740	\$18,707	\$18,798	\$17,058	\$18,465	\$18,465	\$17,322	\$16,866	\$14,430	\$15,969	\$15,969	\$14,553	\$12,729	\$9,563	\$11,255	\$11,255
Deferred revenue	\$92,240	\$96,225	\$92,127	\$90,774	\$81,029	\$83,453	\$83,453	\$81,166	\$74,459	\$72,970	\$75,159	\$75,159	\$72,904	\$73,633	\$74,370	\$75,113	\$75,113
Long-term debt, current portion	\$2,359	\$2,039	\$1,637	\$1,755	\$1,762	\$1,554	\$1,554	\$1,245	\$718	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other current liabilities	\$0	\$0	\$2,462	\$2,563	\$2,676	\$2,648	\$2,648	\$2,644	\$2,640	\$2,640	\$2,640	\$2,640	\$2,640	\$2,640	\$2,640	\$2,640	\$2,640
Total Current Liabilities	\$116,768	\$120,127	\$120,082	\$117,516	\$106,808	\$110,731	\$110,731	\$105,564	\$98,952	\$94,263	\$99,388	\$99,388	\$94,500	\$94,199	\$91,727	\$95,700	\$95,700
Long-term debt	\$25,727	\$1,955	\$1,377	\$719	\$300	\$91	\$91	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other long-term liabilities	\$4,022	\$3,317	\$8,123	\$7,579	\$7,313	\$6,690	\$6,690	\$5,902	\$4,805	\$4,805	\$4,805	\$4,805	\$4,805	\$4,805	\$4,805	\$4,805	\$4,805
Total Liabilities	\$146,517	\$125,399	\$129,582	\$125,814	\$114,421	\$117,512	\$117,512	\$111,466	\$103,757	\$99,068	\$104,193	\$104,193	\$99,305	\$99,004	\$96,532	\$100,505	\$100,505
Common Stock	\$1	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4
Additional paid in capital	\$181,369	\$550,839	\$545,144	\$548,740	\$559,381	\$562,555	\$562,555	\$562,151	\$501,416	\$512,916	\$524,416	\$524,416	\$535,916	\$547,416	\$558,916	\$570,416	\$570,416
Cumulative Translation Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated deficit	(\$171,169)	(\$195,754)	(\$212,603)	(\$229,368)	(\$243,502)	(\$254,599)	(\$254,599)	(\$271,220)	(\$284,434)	(\$332,700)	(\$379,889)	(\$379,889)	(\$393,259)	(\$404,761)	(\$418,173)	(\$429,606)	(\$429,606)
Total Liabilities & Stockholders Equity	\$156,718	\$480,489	\$462,128	\$445,191	\$430,305	\$425,473	\$425,473	\$402,402	\$320,743	\$279,288	\$248,724	\$248,724	\$241,965	\$241,663	\$237,279	\$241,320	\$241,320

Source: Piper Sandler Estimates, Company Filings
(figures in \$ thousands)

ONTF: ON24, Inc. Statement of Cash Flows	FY 2020	FY 2021	1Q22 MAR	2Q22 JUN	3Q22 SEP	4Q22 DEC	FY 2022	1Q23 MAR	2Q23 JUN	3Q23E SEP	4Q23E DEC	FY 2023E	1Q24E MAR	2Q24E JUN	3Q24E SEP	4Q24E DEC	FY 2024E
Net Income	\$20,753	(\$24,256)	(\$15,479)	(\$16,212)	(\$14,387)	(\$12,130)	(\$58,208)	(\$17,590)	(\$12,847)	(\$11,628)	(\$11,890)	(\$53,955)	(\$10,915)	(\$10,615)	(\$10,165)	(\$9,515)	(\$41,210)
Depreciation	\$2,974	\$4,592	\$1,207	\$1,339	\$1,407	\$1,463	\$5,416	\$1,417	\$1,375	\$1,400	\$1,400	\$5,592	\$1,400	\$1,400	\$1,400	\$1,400	\$5,600
Stock-based compensation expense	\$2,929	\$25,650	\$9,507	\$9,698	\$9,903	\$9,435	\$38,543	\$10,121	\$11,605	\$11,500	\$11,500	\$44,726	\$11,500	\$11,500	\$11,500	\$11,500	\$46,000
Amortization of deferred commissions	\$11,115	\$15,248	\$4,067	\$3,950	\$3,833	\$3,815	\$15,665	\$3,893	\$3,951	\$3,258	\$3,243	\$14,345	\$3,309	\$3,358	\$2,769	\$2,756	\$12,193
Provision for doubtful accounts	\$3,009	\$2,943	\$260	\$487	\$456	\$715	\$1,918	\$901	\$798	\$0	\$0	\$1,699	\$0	\$0	\$0	\$0	\$0
Noncash interest and dividends received and other	\$63	\$503	\$773	\$558	\$130	(\$582)	\$879	(\$1,201)	(\$204)	\$0	\$0	(\$1,405)	\$0	\$0	\$0	\$0	\$0
Changes in assets and liabilities:																	
Accounts receivable	(\$29,024)	(\$443)	\$3,779	\$1,866	\$8,096	(\$13,259)	\$482	\$9,405	\$1,339	\$6,477	(\$10,607)	\$6,614	\$7,524	\$1,071	\$5,181	(\$10,607)	\$3,169
Deferred commissions	(\$26,354)	(\$18,775)	(\$3,627)	(\$3,741)	(\$2,672)	(\$3,726)	(\$13,766)	(\$3,546)	(\$2,717)	(\$4,008)	(\$4,099)	(\$14,370)	(\$4,610)	(\$3,532)	(\$5,210)	(\$5,328)	(\$18,680)
Prepaid expenses & other assets	(\$2,862)	(\$4,617)	(\$3,555)	\$1,978	\$1,572	\$2,303	\$2,298	(\$2,069)	\$1,221	\$1,258	\$1,842	\$2,252	(\$2,690)	\$1,343	\$1,383	\$2,027	\$2,063
Accounts payable	\$2,032	(\$1,247)	\$1,742	(\$1,428)	(\$51)	\$1,270	\$1,533	(\$1,353)	\$882	(\$46)	\$1,397	\$880	(\$1,218)	\$794	(\$41)	\$1,537	\$1,071
Accrued liabilities	\$4,986	\$2,311	(\$752)	\$1,007	(\$1,624)	\$1,399	\$30	(\$1,089)	(\$1,658)	(\$2,436)	\$1,539	(\$3,644)	(\$1,416)	(\$1,824)	(\$3,167)	\$1,693	(\$4,714)
Other liabilities	\$122	(\$705)	(\$594)	(\$782)	(\$373)	(\$695)	(\$2,444)	(\$769)	(\$1,354)	\$0	\$0	(\$2,123)	\$0	\$0	\$0	\$0	\$0
Deferred revenue	\$47,799	\$3,985	(\$4,098)	(\$1,388)	(\$9,745)	\$2,424	(\$12,807)	(\$2,287)	(\$6,707)	(\$1,489)	\$2,189	(\$8,294)	(\$2,255)	\$729	\$736	\$744	(\$46)
Net cash used by operating activities	\$37,542	\$5,189	(\$6,770)	(\$2,668)	(\$3,455)	(\$7,568)	(\$20,461)	(\$4,167)	(\$4,316)	\$4,286	(\$3,486)	(\$7,683)	\$630	\$4,225	\$4,387	(\$3,794)	\$5,448
% OCF margin	23.9%	2.5%	-14.0%	-5.5%	-7.3%	-16.3%	-10.7%	-9.7%	-10.3%	11.2%	-9.8%	-4.8%	1.8%	12.3%	12.7%	-10.8%	3.9%
Purchase/sales of investments, net	\$2,000	(\$215,626)	(\$45,563)	(\$6,454)	(\$39,823)	\$6,556	(\$85,284)	\$88,940	\$1,026	\$15,000	\$15,000	\$119,966	\$0	\$0	\$0	\$0	\$0
Capital expenditures	(\$1,030)	(\$3,564)	(\$984)	(\$690)	(\$726)	(\$1,297)	(\$3,697)	(\$178)	(\$554)	(\$1,200)	(\$1,200)	(\$3,132)	(\$1,300)	(\$1,300)	(\$1,300)	(\$1,300)	(\$5,200)
Net cash used by investing activities	\$970	(\$219,190)	(\$46,547)	(\$7,144)	(\$40,549)	\$5,259	(\$88,981)	\$88,762	\$472	\$13,800	\$13,800	\$116,834	(\$1,300)	(\$1,300)	(\$1,300)	(\$1,300)	(\$5,200)
Proceeds from public offering		\$351,631	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds on line of credit, long-term debt	\$202	(\$22,597)	(\$66)	(\$67)	(\$68)	(\$69)	(\$270)	(\$71)	(\$60)	(\$718)	\$0	(\$849)	\$0	\$0	\$0	\$0	\$0
Changes in other liabilities	\$602	(\$8,520)	(\$14,090)	(\$7,875)	\$302	(\$6,685)	(\$28,348)	(\$10,876)	(\$71,814)	(\$25,000)	(\$25,000)	(\$132,690)	\$0	\$0	\$0	\$0	\$0
Net cash used in financing activities	\$804	\$320,514	(\$14,156)	(\$7,942)	\$234	(\$6,754)	(\$28,618)	(\$10,947)	(\$71,874)	(\$25,718)	(\$25,000)	(\$133,539)	\$0	\$0	\$0	\$0	\$0
Effect of exchange rate changes	\$96	\$185	\$27	\$249	\$211	(\$301)	\$186	\$130	\$99			\$229					\$0
Net increase (decrease) in Cash	\$39,412	\$106,698	(\$67,446)	(\$17,505)	(\$43,559)	(\$9,364)	(\$137,874)	\$73,778	(\$75,619)	(\$7,632)	(\$14,686)	(\$24,159)	(\$670)	\$2,925	\$3,087	(\$5,094)	\$248
Cash at Beginning of Period	\$18,933	\$58,345	\$165,043	\$97,597	\$80,092	\$36,533	\$165,043	\$27,169	\$100,947	\$25,328	\$17,696	\$27,169	\$3,010	\$2,341	\$5,265	\$8,352	\$3,010
Cash at End of Period	\$58,345	\$165,043	\$97,597	\$80,092	\$36,533	\$27,169	\$27,169	\$100,947	\$25,328	\$17,696	\$3,010	\$3,010	\$2,341	\$5,265	\$8,352	\$3,258	\$3,258
Free Cash Flow	\$36,512	\$1,625	(\$7,754)	(\$3,358)	(\$4,181)	(\$8,865)	(\$24,158)	(\$4,345)	(\$4,870)	\$3,086	(\$4,686)	(\$10,815)	(\$670)	\$2,925	\$3,087	(\$5,094)	\$248
% FCF margin	23.3%	0.8%	-16.0%	-7.0%	-8.8%	-19.0%	-12.7%	-10.1%	-11.6%	8.1%	-13.2%	-6.8%	-1.9%	8.5%	8.9%	-14.6%	0.2%

Source: Piper Sandler Estimates, Company Filings
(figures in \$ thousands)

IMPORTANT RESEARCH DISCLOSURES



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N: Neutral
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