

## ON24, Inc.

### ONTF: Executing on Opex Discipline, but Macro, Down-Sells Accelerate Top-Line Declines

We reiterate our SW rating on ONTF shares after a relatively in-line 2Q23 revenue and a reduced guide for full-year 2023, which reflected continued macro pressures on revenue generation, but we note improved profitability. 2023 total revenue guidance, as well as Total ARR and Core ARR, were lowered, due to continued down-sells with existing customers and extended sales cycles for new customers, which appeared to be even more pronounced due to worse than expected budget constraints. Management guided 3Q23 Core ARR to decline 4% to 4.5% q/q in 3Q, as well as Virtual Conference ARR decline of “*at least half a million dollars*” sequentially in 3Q, resulting in total ARR to decline by ~-4.5% to -5.5% q/q. We previously estimated a ~2% decline in Core ARR, and ~3.5% decline in total ARR in 3Q23. Continued sequential decline in ARR through the second half of the year resulted in total revenue for FY23 to be guided down about \$4M at the midpoint compared to previous commentary. However, the Company achieved profitability earlier than expected due to greatly improved margins for the quarter primarily driven by benefits of cost-saving measures previously taken by the Company. As marketing budgets continue to appear negatively impacted leading to less new logo growth as well as continued down-sells at existing customers, we view ON24 to be in a difficult position as the Company has executed on opex management, yet top-line declines accelerate, informing our SW rating despite shares trading at ~1.8x CY24E EV/sales.

### Key Investment Points

**2Q23 top line relatively in line with expectations, while hitting profitability goals early.** ON24 reported 2Q23 revenue of \$42.1M, a decrease by -12.8% y/y, beating KBCM and Street estimates of \$41.6M (-13.7% y/y) and \$41.3M (-14.4% y/y), respectively. The top-line beat was driven by platform revenue of \$38.3M, representing an 11% decrease y/y, compared to KBCM estimates of \$37.9M (-12% y/y) and consensus of \$36.8M (-14.5% y/y). Services revenue was \$3.8M (-27.5% y/y), in line with our estimates of \$3.7M (-23.8% y/y) for the quarter. Gross margin for 2Q23 was 75.3%, which was 2% above our estimate of 73.5%, and ~270 bps above Street estimate of 72.6%. EBIT margin for the quarter was -2% compared to -12.8% in 2Q22, which was well above the top end of guidance of -4.3%, as well as KBCM and consensus estimates of -5.2% and -4.8%, respectively. *(Key Investment Points continued on page 2).*

### Estimates

FY ends 12/31	F2022A	1Q23A	2Q23A	3Q23E	4Q23E	F2023E	F2024E
EPS (Net)	\$(0.37)	\$(0.04)	\$0.04	\$0.00	\$0.01	\$0.02	\$0.04
Cons. EPS	--	--	--	\$(0.01)	\$0.02	\$(0.02)	\$0.07
Previous	--	--	\$0.00	--	\$0.02	\$(0.02)	\$0.00
Revenue (M)	\$190.9	\$43.1	\$42.1	\$37.9	\$36.4	\$159.4	\$147.4
Previous	--	--	\$41.6	\$39.5	\$39.5	\$163.7	\$155.8
<b>Valuation</b>							
EV/Sales	1.4x	--	--	--	--	1.7x	1.8x

Sources: Company reports, Thomson Reuters, KeyBanc Capital Markets Inc.

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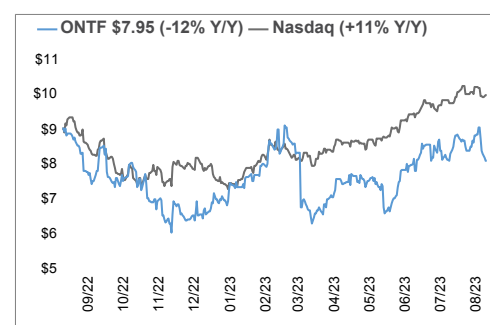
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### NYSE: ONTF

<b>Rating:</b>	<b>Sector Weight</b>
<b>Price Target:</b>	<b>NA</b>
<b>Price:</b>	<b>\$7.95</b>



Sources: Company reports, Thomson Reuters, KeyBanc Capital Markets Inc.

### Company Data

52-week range	\$6 - \$10
YTD Price % Chg.	8.8%
Market Cap. (M)	\$403.1
Shares Out. (M)	50.70
Enterprise Value (M)	\$268.9
Avg. Daily Volume (30D)	292,613.0
Total Debt (M)	6.4
Total cash & equivalents (M)	\$140.5

Sources: Company reports, Thomson Reuters, KeyBanc Capital Markets Inc.

**Valuation****ON24, Inc. (ONTF)**

We are reiterating our Sector Weight rating on ON24. Shares currently trade at 1.8x 2024E EV/sales compared to ON24's three-year NTM average EV/sales of 2.3x.

**Investment Risks****ON24, Inc. (ONTF)**

Key risks that could impede shares from reaching our estimates include: ON24 has a history of losses and may not be able to maintain profitability in the future; the inability to successfully expand into new international markets could weigh on the Company's growth profile; ON24 competes against companies with larger customer bases, stronger brand recognition, and greater resources; and ON24 faces product risks, including potential defects, downtime, or security risks, that could impact results.

**Estimates**

We are changing our estimates due to the updated forecast.

**Key Investment Points  
(cont'd)**

Management cited margin improvements were driven by cost reduction actions previously taken in the first half of this year. EPS for the quarter of \$0.04 beat guidance by \$0.04, and our estimates of EPS breakeven by \$0.04, due to better-than-expected margins.

**Core platform business driven by Enterprise, but ARR continues to decline.** ON24 revenue generated by its total core platform segment, which was \$40.46M for 2Q23, comprises ~96% of total revenue and declined -9.3% y/y; core platform subscription revenue was \$37.0M for the quarter (-7.6% y/y), and represented nearly 88% of total revenue, whereas core platform professional services revenue was \$3.46M for the quarter and declined ~25% y/y. Total ARR decreased 14% y/y to \$144.8M, while core platform ARR decreased 10% y/y, and was reported as \$140.6M in 2Q23. Total core platform revenue was pressured by enterprise customer aggregate, with management citing the highest level of down-sells coming from enterprise customers who are putting pressure on large deal activity. Total customer count was 1,826 for 2Q23, compared to 1,916 in 1Q23; there was customer churn within SMB: companies with fewer than 200 employees contributed the greatest to net logo reduction in 2Q.

**CY23 revenue guidance cut for the second consecutive time with improvement in bottom line.** Top-line revenue for FY23 was guided to \$157M-\$160M, a 17% decline y/y, compared to prior guidance of \$163.5M at the midpoint (-14.3% y/y), as well as guidance of \$165M-\$170M provided in 4Q22. Management adjusted guidance due to continued macro trends impacting pricing and demand. However, due to improved cost discipline, management guided EBIT to be -\$9.5M to -\$7.5M compared to previous guidance of -\$10.5 to -\$8.0M. EPS breakeven in 3Q23 and adjusted EBITDA breakeven in 4Q23, with FY23 EPS guidance improving to -\$0.02 to \$0.02, compared to previous guidance of -\$0.07 to \$0.00 per share.

(\$-Millions)

		2Q23 Results		Estimates		Guidance			vs. Prior KBCM Est	
		Actual		Consensus	KBCM	Low	Mid	High	\$ / %	%
+	Total Revenue	42.1		41.3	41.6	41.1	41.6	42.1	0	1.1%
	Y/Y%	-12.8%		-14.4%	-13.7%	-15.2%	-14.2%	-13.2%	0.9%	-
+	Platform	38.3		36.8	37.9				0	1.2%
	Y/Y%	-11.0%		-14.5%	-12.0%				1.0%	-
=	Services	3.8		3.7	3.7				0	0.1%
	Y/Y%	-27.5%		-27.7%	-27.6%				0.0%	-
+	Gross Profit	31.7		30.0	30.6				1	3.6%
	Y/Y%	-11.8%		-16.5%	-14.8%				3.0%	-
+	Gross Margin	75.3%		72.6%	73.5%				1.8%	-
-	Billings	35.4		41.7	43.3				(8)	-18.2%
	Y/Y%	-24.5%		-11.1%	-7.7%				-16.8%	-
+	EBIT	(0.9)		(2.0)	(2.2)	(2.4)	(2.1)	(1.8)	1	60.3%
+	EBIT Margin	-2.0%		-4.8%	-5.2%	-5.8%	-5.0%	-4.3%	3.1%	-
-	CFFO	(4.3)		(1.1)	0.1				(4)	-6337.2%
-	FCF	(4.9)		(2.0)	(1.0)				(4)	-372.4%
+	EPS	\$0.04		\$0.00	\$0.00		\$0.00		\$0.04	898.4%

		3Q23 Estimates		Prior Estimates		Guidance			vs. Prior KBCM Est	
		New Estimate		Consensus	KBCM	Low	Mid	High	\$ / %	%
-	Total Revenue	37.9		39.9	39.5	37.5	38.0	38.5	(2)	-4.1%
	Y/Y%	-20.4%		-16.1%	-17.0%	-21.2%	-20.1%	-19.1%	-3.4%	-
-	Platform	35.2		35.8	35.7	36.5	37.0	37.5	(1)	-1.5%
	Y/Y%	-18.6%		-17.4%	-17.4%	-15.6%	-14.5%	-13.3%	-1.2%	-
-	Services	2.6		3.6	3.8				(1)	-29.4%
	Y/Y%	-38.4%		-15.8%	-12.8%				-25.6%	-
-	Gross Profit	27.6		29.0	28.9				(1)	-4.5%
	Y/Y%	-22.7%		-18.8%	-19.6%				-3.0%	-
=	Gross Margin	72.9%		72.5%	73.1%				-0.2%	-
-	Billings	37.1		40.0	38.7				(2)	-4.0%
	Y/Y%	-1.9%		5.9%	2.2%				-4.1%	-
-	EBIT	(2.8)		(2.4)	(2.5)	(2.7)	(2.2)	(1.7)	(0)	-12.5%
-	EBIT Margin	-7.4%		-6.1%	-6.3%	-7.2%	-5.8%	-4.4%	-1.1%	-
-	CFFO	(1.4)		2.9	1.9				(3)	-170.5%
+	FCF	(2.5)		2.0	0.8				(3)	395.4%
+	EPS	\$0.00		(\$0.02)	(\$0.00)		\$0.00		\$0.01	207.4%

		2023 Estimates		Prior Estimates		Guidance			vs. Prior KBCM Est	
		New Estimate		Consensus	KBCM	Low	Mid	High	\$ / %	%
-	Total Revenue	159.4		163.5	163.7	157.0	158.5	160.0	(4)	-2.7%
	Y/Y%	-16.5%		-14.3%	-14.2%	-17.7%	-17.0%	-16.2%	-2.3%	-
-	Platform	145.8		146.2	148.8				(3)	-2.0%
	Y/Y%	-15.1%		-13.6%	-13.4%				-1.7%	-
-	Services	13.6		14.6	15.0				(1)	-9.4%
	Y/Y%	-28.8%		-21.4%	-21.4%				-7.4%	-
-	Gross Profit	117.6		119.0	120.1				(3)	-2.1%
	Y/Y%	-17.5%		-16.5%	-15.7%				-1.8%	-
=	Gross Margin	73.8%		72.8%	73.4%				0.4%	-
-	Billings	153.3		164.6	166.3				(13)	-7.8%
	Y/Y%	-13.9%		-7.6%	-6.6%				-7.3%	-
+	EBIT	(10.2)		(9.2)	(10.3)	(9.5)	(8.5)	(7.5)	0	1.2%
=	EBIT Margin	-6.4%		-5.6%	-6.3%	-6.1%	-5.4%	-4.7%	-0.1%	-
-	CFFO	(8.2)		(3.5)	(1.1)				(7)	-667.9%
-	FCF	(11.1)		(6.5)	(4.5)				(7)	-144.8%
+	EPS	\$0.02		(\$0.02)	(\$0.02)	(\$0.02)	\$0.00	\$0.02	\$0.04	210.9%

		2024 Estimates		Prior Estimates		Guidance			vs. Prior KBCM Est	
		New Estimate		Consensus	KBCM	Low	Mid	High	\$ / %	%
-	Total Revenue	147.4		167.5	155.8				(8)	-5.4%
	Y/Y%	-7.5%		0.5%	-4.8%				-2.7%	-
-	Platform	133.9		151.7	141.6				(8)	-5.4%
	Y/Y%	-8.2%		1.3%	-4.9%				-3.3%	-
-	Services	13.5		15.4	14.3				(1)	-5.4%
	Y/Y%	-0.5%		0.5%	-4.7%				4.2%	-
-	Gross Profit	108.4		123.8	114.5				(6)	-5.4%
	Y/Y%	-7.9%		1.9%	-4.7%				-3.2%	-
=	Gross Margin	73.5%		73.9%	73.5%				0.0%	-
-	Billings	153.2		173.4	162.3				(9)	-5.6%
	Y/Y%	-0.1%		3.4%	-2.4%				2.4%	-
-	EBIT	(10.0)		(2.7)	(9.6)				(0)	-4.8%
-	EBIT Margin	-6.8%		-1.6%	-6.1%				-0.7%	-
+	CFFO	3.9		6.4	1.9				2	110.0%
-	FCF	(0.9)		2.4	(2.9)				2	-69.4%
-	EPS	\$0.04		\$0.06	(\$0.00)				\$0.04	-1525.5%

Sources: Visible Alpha, Thomson Reuters, KeyBanc Capital Markets Inc. estimates

# ON24 - (ONTF)

# Earnings Recap

## KeyBanc Capital Markets

Thomas Blakey, CFA  
Chris Valley, CFA

## ON24, Income Statement

(M)	Mar 1QA	Jun 2QA	Sep 3QA	Dec 4QA	FY2022A	Mar 1QA	Jun 2QA	Sep 3QE	Dec 4QE	FY2023E	Mar 1QE	Jun 2QE	Sep 3QE	Dec 4QE	FY2024E
<b>Platform Revenue</b>	\$ 43.5	\$ 43.1	\$ 43.3	\$ 42.0	\$ 171.8	\$ 39.4	\$ 38.3	\$ 35.2	\$ 32.9	\$ 145.8	\$ 32.9	\$ 33.2	\$ 33.7	\$ 34.1	\$ 133.9
Y/Y Growth	1.4%	-2.9%	-0.7%	-6.6%	-2.2%	-9.5%	-11.0%	-18.6%	-21.6%	-15.1%	-16.4%	-13.4%	-4.2%	3.5%	-8.2%
Q/Q Growth	-3.4%	-0.9%	0.5%	-2.9%	-	-6.3%	-2.6%	-8.2%	-6.4%	-	0.0%	0.8%	1.6%	1.1%	-
% of Total Revenue	89.7%	89.3%	91.0%	90.3%	90.0%	91.4%	91.1%	93.0%	90.5%	91.5%	90.9%	90.8%	90.9%	90.8%	90.8%
<b>Services Revenue</b>	\$ 5.0	\$ 5.2	\$ 4.3	\$ 4.5	\$ 19.0	\$ 3.7	\$ 3.8	\$ 2.6	\$ 3.5	\$ 13.6	\$ 3.3	\$ 3.4	\$ 3.4	\$ 3.5	\$ 13.5
Y/Y Growth	-30.0%	-33.2%	-25.3%	-35.6%	-31.3%	-26.2%	-27.5%	-38.4%	-23.8%	-28.8%	-10.9%	-10.3%	27.4%	-0.1%	-0.5%
Q/Q Growth	-28.8%	3.2%	-16.8%	5.4%	-	-18.5%	1.4%	-29.3%	30.5%	-	-4.7%	2.0%	0.3%	2.3%	-
% of Total Revenue	10.3%	10.7%	9.0%	9.7%	10.0%	8.6%	8.9%	7.0%	9.5%	8.5%	9.1%	9.2%	9.1%	9.2%	9.2%
<b>Legacy Revenue</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Revenue</b>	\$ 48.5	\$ 48.2	\$ 47.6	\$ 46.6	\$ 190.9	\$ 43.1	\$ 42.1	\$ 37.9	\$ 36.4	\$ 159.4	\$ 36.2	\$ 36.6	\$ 37.1	\$ 37.5	\$ 147.4
Y/Y Growth (excl. Legacy)	-3.1%	-7.4%	-3.5%	-10.5%	-6.2%	-11.2%	-12.8%	-20.4%	-21.8%	-16.5%	-15.9%	-13.1%	-2.0%	3.1%	-7.5%
Y/Y Growth	-3.2%	-7.4%	-3.6%	-10.5%	-6.3%	-11.2%	-12.8%	-20.4%	-21.8%	-16.5%	-15.9%	-13.1%	-2.0%	3.1%	-7.5%
Q/Q Growth	-6.8%	-0.5%	-1.4%	-2.1%	-	-7.5%	-2.3%	-10.1%	-3.9%	-	-0.5%	0.9%	1.4%	1.2%	-
% of Annual Revenue	25.4%	25.3%	24.9%	24.4%	-	27.0%	26.4%	23.7%	22.8%	-	24.6%	24.8%	25.2%	25.5%	-
<b>COGS: Platform</b>	\$ 8.7	\$ 9.1	\$ 8.9	\$ 8.7	\$ 35.5	\$ 8.2	\$ 7.5	\$ 8.1	\$ 6.9	\$ 30.7	\$ 6.9	\$ 7.0	\$ 7.1	\$ 7.2	\$ 28.1
% of Sub and Other Platform Revenue	20.1%	21.2%	20.6%	20.8%	20.7%	20.7%	19.7%	23.0%	21.0%	21.1%	21.0%	21.0%	21.0%	21.0%	21.0%
<b>COGS: Services</b>	\$ 3.2	\$ 3.2	\$ 3.0	\$ 3.5	\$ 12.8	\$ 3.3	\$ 2.8	\$ 2.2	\$ 2.8	\$ 11.0	\$ 2.7	\$ 2.7	\$ 2.7	\$ 2.8	\$ 10.9
% of Pro Services Revenue	63.2%	61.4%	69.5%	77.3%	67.5%	88.2%	75.7%	82.0%	80.0%	81.4%	81.0%	81.0%	81.0%	81.0%	81.0%
<b>Total Cost of Revenue</b>	\$ 11.9	\$ 12.3	\$ 11.9	\$ 12.2	\$ 48.3	\$ 11.4	\$ 10.4	\$ 10.3	\$ 9.7	\$ 41.8	\$ 9.6	\$ 9.7	\$ 9.8	\$ 10.0	\$ 39.0
% of Total Revenue	24.5%	25.5%	25.0%	26.3%	25.3%	26.5%	24.7%	27.1%	26.6%	26.2%	26.5%	26.5%	26.5%	26.5%	26.5%
<b>Gross Profit</b>	\$ 36.6	\$ 35.9	\$ 35.7	\$ 34.3	\$ 142.5	\$ 31.6	\$ 31.7	\$ 27.6	\$ 26.7	\$ 117.6	\$ 26.6	\$ 26.9	\$ 27.3	\$ 27.6	\$ 108.4
Gross Margin	75.5%	74.5%	75.0%	73.7%	74.7%	73.5%	75.3%	72.9%	73.4%	73.8%	73.5%	73.5%	73.5%	73.5%	73.5%
<b>Sales &amp; Marketing</b>	\$ 25.5	\$ 25.2	\$ 22.4	\$ 21.1	\$ 94.1	\$ 20.1	\$ 18.3	\$ 16.8	\$ 16.2	\$ 71.5	\$ 16.3	\$ 16.5	\$ 16.6	\$ 16.7	\$ 66.0
% of Total Revenue	52.6%	52.1%	47.0%	45.4%	49.3%	46.8%	43.4%	44.5%	44.5%	44.8%	45.0%	45.0%	44.8%	44.5%	44.8%
<b>Research &amp; Development</b>	\$ 8.7	\$ 8.9	\$ 9.1	\$ 9.0	\$ 35.6	\$ 8.2	\$ 7.6	\$ 7.0	\$ 6.6	\$ 29.3	\$ 6.7	\$ 6.7	\$ 6.8	\$ 6.9	\$ 27.0
% of Total Revenue	17.9%	18.4%	19.1%	19.3%	18.7%	19.0%	18.1%	18.5%	18.0%	18.4%	18.5%	18.2%	18.3%	18.3%	18.3%
<b>General &amp; Administrative</b>	\$ 8.1	\$ 8.1	\$ 7.9	\$ 7.7	\$ 31.7	\$ 7.5	\$ 6.7	\$ 6.5	\$ 6.3	\$ 27.0	\$ 6.2	\$ 6.3	\$ 6.4	\$ 6.5	\$ 25.3
% of Total Revenue	16.7%	16.7%	16.5%	16.5%	16.6%	17.4%	15.8%	17.3%	17.3%	16.9%	17.0%	17.3%	17.2%	17.3%	17.2%
<b>Total Operating Expenses</b>	\$ 42.2	\$ 42.1	\$ 39.324	\$ 37.8	\$ 161.5	\$ 35.8	\$ 32.6	\$ 30.4	\$ 29.0	\$ 127.8	\$ 29.2	\$ 29.4	\$ 29.8	\$ 30.0	\$ 118.4
Total Operating Costs & Expenses	\$ 54.2	\$ 54.4	\$ 51.2	\$ 50.0	\$ 209.8	\$ 47.2	\$ 42.9	\$ 40.6	\$ 38.7	\$ 169.6	\$ 38.7	\$ 39.1	\$ 39.6	\$ 40.0	\$ 157.4
<b>EBIT</b>	\$ (5.7)	\$ (6.2)	\$ (3.6)	\$ (3.5)	\$ (18.9)	\$ (4.2)	\$ (0.9)	\$ (2.8)	\$ (2.3)	\$ (10.2)	\$ (2.5)	\$ (2.6)	\$ (2.5)	\$ (2.5)	\$ (10.0)
% of Total Revenue	-11.7%	-12.8%	-7.7%	-7.4%	-9.9%	-9.7%	-2.0%	-7.4%	-6.4%	-6.4%	-7.0%	-7.0%	-6.7%	-6.6%	-6.8%
Total Other Income (Expense)	\$ (0.2)	\$ (0.2)	\$ 0.4	\$ 2.3	\$ 2.3	\$ 2.5	\$ 3.2	\$ 3.2	\$ 3.2	\$ 12.0	\$ 3.2	\$ 3.2	\$ 3.2	\$ 3.2	\$ 12.6
<b>Pre-Tax Income</b>	\$ (5.9)	\$ (6.3)	\$ (3.2)	\$ (1.2)	\$ (16.6)	\$ (1.6)	\$ 2.3	\$ 0.4	\$ 0.8	\$ 1.9	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.7	\$ 2.6
Taxes	\$ 0.1	\$ 0.0	\$ 0.0	\$ 0.8	\$ 1.0	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.9	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.7
% Tax Rate	-	-	-	-	-	-	0.10	NM	NM	45.9%	-	NM	NM	NM	27.7%
<b>Net Income</b>	\$ (6.0)	\$ (6.4)	\$ (3.266)	\$ (2.0)	\$ (17.6)	\$ (1.8)	\$ 2.1	\$ 0.1	\$ 0.6	\$ 1.0	\$ 0.5	\$ 0.4	\$ 0.5	\$ 0.5	\$ 1.9
% Total Revenue	(12.3%)	(13.2%)	(6.9%)	(4.2%)	(9.2%)	(4.2%)	4.9%	0.4%	1.7%	0.6%	1.3%	1.1%	1.3%	1.3%	1.3%
<b>Non-GAAP EPS</b>	\$ (0.13)	\$ (0.14)	\$ (0.07)	\$ (0.04)	\$ (0.37)	\$ (0.04)	\$ 0.04	\$ 0.00	\$ 0.01	\$ 0.02	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.04
Basic shares out	47.6	47.2	47.6	48.0	47.6	47.3	45.9	45.9	45.9	46.2	46.1	46.4	46.5	46.8	46.4
<b>GAAP Net Income</b>	\$ (15.479)	\$ (16.2)	\$ (14.4)	\$ (12.1)	\$ (58.2)	\$ (17.590)	\$ (12.8)	\$ (14.9)	\$ (14.5)	\$ (59.8)	\$ (14.7)	\$ (14.9)	\$ (14.9)	\$ (15.0)	\$ (59.6)
<b>GAAP EPS</b>	\$ (0.32)	\$ (0.34)	\$ (0.30)	\$ (0.25)	\$ (1.22)	\$ (0.37)	\$ (0.28)	\$ (0.32)	\$ (0.32)	\$ (1.29)	\$ (0.32)	\$ (0.32)	\$ (0.32)	\$ (0.32)	\$ (1.28)

Sources: Company reports; KeyBanc Capital Markets, Inc. estimates

## KeyBanc Capital Markets

Thomas Blakey, CFA

## ON24, Balance Sheet

(M)	Mar FY22 1QA	Jun FY22 2QA	Sep FY22 3QA	Dec FY22 4QA	Mar FY23 1QA	Jun FY23 2QA	Sep FY23 3QE	Dec FY23 4QE	Mar FY24 1QE	Jun FY24 2QE	Sep FY24 3QE	Dec FY24 4QE
<b>Assets</b>												
Cash and cash equivalents	\$ 359.0	\$ 344.9	\$ 341.8	\$ 328.1	\$ 315.7	\$ 240.5	\$ 219.3	\$ 201.1	\$ 198.7	\$ 198.6	\$ 199.4	\$ 200.2
Accounts receivable	\$ 42.1	\$ 39.8	\$ 31.2	\$ 43.8	\$ 33.5	\$ 31.3	\$ 29.4	\$ 34.0	\$ 35.4	\$ 34.5	\$ 33.0	\$ 36.7
Deferred contract acquisition costs, current	\$ 14.3	\$ 12.2	\$ 12.0	\$ 13.1	\$ 12.6	\$ 12.5	\$ 13.0	\$ 13.7	\$ 14.3	\$ 14.6	\$ 15.1	\$ 16.1
Prepaid expenses and other current assets	\$ 11.8	\$ 9.9	\$ 8.4	\$ 6.3	\$ 8.4	\$ 7.3	\$ 7.3	\$ 7.3	\$ 7.3	\$ 7.3	\$ 7.3	\$ 7.3
<b>Current Assets</b>	<b>\$ 427.2</b>	<b>\$ 406.8</b>	<b>\$ 393.4</b>	<b>\$ 391.3</b>	<b>\$ 370.1</b>	<b>\$ 291.6</b>	<b>\$ 269.0</b>	<b>\$ 256.1</b>	<b>\$ 255.7</b>	<b>\$ 255.0</b>	<b>\$ 254.8</b>	<b>\$ 260.3</b>
Property and equipment, net	\$ 8.7	\$ 8.1	\$ 8.1	\$ 7.2	\$ 6.0	\$ 5.7	\$ 5.4	\$ 5.0	\$ 4.8	\$ 4.6	\$ 4.4	\$ 3.3
Deferred contract acquisition costs, non-current	\$ 18.0	\$ 19.9	\$ 19.0	\$ 17.8	\$ 18.0	\$ 16.9	\$ 17.6	\$ 18.4	\$ 19.0	\$ 19.8	\$ 20.6	\$ 21.7
Other assets	\$ 1.5	\$ 4.2	\$ 3.8	\$ 3.6	\$ 3.2	\$ 2.9	\$ 2.9	\$ 2.9	\$ 2.9	\$ 2.9	\$ 2.9	\$ 2.9
Operating right-of-use assets	\$ 6.8	\$ 6.2	\$ 6.0	\$ 5.6	\$ 5.1	\$ 3.7	\$ 3.7	\$ 3.7	\$ 3.7	\$ 3.7	\$ 3.7	\$ 3.7
<b>Total Assets</b>	<b>\$ 462.1</b>	<b>\$ 445.2</b>	<b>\$ 430.3</b>	<b>\$ 425.5</b>	<b>\$ 402.4</b>	<b>\$ 320.7</b>	<b>\$ 298.5</b>	<b>\$ 286.1</b>	<b>\$ 286.1</b>	<b>\$ 286.0</b>	<b>\$ 286.5</b>	<b>\$ 291.9</b>
<b>Liabilities &amp; Shareholders' Equity:</b>												
Accounts payable	\$ 5.1	\$ 3.6	\$ 4.3	\$ 4.6	\$ 3.2	\$ 4.3	\$ 3.4	\$ 4.8	\$ 3.2	\$ 2.7	\$ 3.3	\$ 5.0
Accrued liabilities	\$ 18.7	\$ 18.8	\$ 17.1	\$ 18.5	\$ 17.3	\$ 16.9	\$ 14.9	\$ 15.5	\$ 14.3	\$ 14.7	\$ 14.9	\$ 13.4
Deferred revenue	\$ 92.1	\$ 90.8	\$ 81.0	\$ 83.5	\$ 81.2	\$ 74.5	\$ 73.7	\$ 77.4	\$ 79.7	\$ 79.3	\$ 78.5	\$ 83.2
Long-term debt, current portion	\$ 2.5	\$ 2.6	\$ 2.7	\$ 2.6	\$ 2.6	\$ 2.6	\$ 2.6	\$ 2.6	\$ 2.6	\$ 2.6	\$ 2.6	\$ 2.6
Other current liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Finance lease, current	\$ 1.6	\$ 1.8	\$ 1.8	\$ 1.6	\$ 1.2	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7
<b>Total Current Liabilities</b>	<b>\$ 120.1</b>	<b>\$ 117.5</b>	<b>\$ 106.8</b>	<b>\$ 110.7</b>	<b>\$ 105.6</b>	<b>\$ 99.0</b>	<b>\$ 95.3</b>	<b>\$ 101.1</b>	<b>\$ 100.5</b>	<b>\$ 100.1</b>	<b>\$ 100.0</b>	<b>\$ 104.9</b>
Deferred rent, less current portion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Finance Lease	\$ 1.4	\$ 0.7	\$ 0.3	\$ 0.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt	\$ 6.7	\$ 6.0	\$ 5.6	\$ 5.0	\$ 4.4	\$ 3.7	\$ 3.7	\$ 3.7	\$ 3.7	\$ 3.7	\$ 3.7	\$ 3.7
Other long-term liabilities	\$ 1.4	\$ 1.6	\$ 1.7	\$ 1.7	\$ 1.5	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1
<b>Total Liabilities</b>	<b>\$ 129.582</b>	<b>\$ 125.8</b>	<b>\$ 114.4</b>	<b>\$ 117.5</b>	<b>\$ 111.466</b>	<b>\$ 103.8</b>	<b>\$ 100.2</b>	<b>\$ 105.9</b>	<b>\$ 105.336</b>	<b>\$ 104.9</b>	<b>\$ 104.8</b>	<b>\$ 109.7</b>
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
Additional paid-in Capital	\$ 545.1	\$ 548.7	\$ 559.4	\$ 562.6	\$ 562.2	\$ 501.4	\$ 497.7	\$ 494.1	\$ 509.3	\$ 524.6	\$ 540.0	\$ 555.5
Cumulative translation adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated deficit	\$ (211.0)	\$ (227.2)	\$ (241.6)	\$ (253.7)	\$ (271.3)	\$ (284.2)	\$ (299.0)	\$ (313.5)	\$ (328.3)	\$ (343.2)	\$ (358.1)	\$ (373.1)
Accumulated other comprehensive income	\$ (1.6)	\$ (2.2)	\$ (1.9)	\$ (0.9)	\$ 0.1	\$ (0.3)	\$ (0.3)	\$ (0.3)	\$ (0.3)	\$ (0.3)	\$ (0.3)	\$ (0.3)
<b>Total Shareholders' Equity</b>	<b>\$ 332.5</b>	<b>\$ 319.4</b>	<b>\$ 315.9</b>	<b>\$ 308.0</b>	<b>\$ 290.9</b>	<b>\$ 217.0</b>	<b>\$ 198.4</b>	<b>\$ 180.3</b>	<b>\$ 180.7</b>	<b>\$ 181.1</b>	<b>\$ 181.6</b>	<b>\$ 182.1</b>
<b>Total Liabilities, Shareholders' Equity, and PS</b>	<b>\$ 462.1</b>	<b>\$ 445.2</b>	<b>\$ 430.3</b>	<b>\$ 425.5</b>	<b>\$ 402.4</b>	<b>\$ 320.7</b>	<b>\$ 298.5</b>	<b>\$ 286.1</b>	<b>\$ 286.1</b>	<b>\$ 286.0</b>	<b>\$ 286.5</b>	<b>\$ 291.9</b>

Sources: Company reports; KeyBanc Capital Markets, Inc. estimates

KeyBanc Capital Markets  
Thomas Blakey, CFA

## ON24, Cash Flow Statement

(M)	Mar FY22 1QA	Jun FY22 2QA	Sep FY22 3QA	Dec FY22 4QA	Mar FY23 1QA	Jun FY23 2QA	Sep FY23 3QE	Dec FY23 4QE	Mar FY24 1QE	Jun FY24 2QE	Sep FY24 3QE	Dec FY24 4QE
<b>Cash Flow from Operations</b>												
Net income (loss)	\$ (15.5)	\$ (16.2)	\$ (14.4)	\$ (12.1)	\$ (17.6)	\$ (12.8)	\$ (14.9)	\$ (14.5)	\$ (14.7)	\$ (14.9)	\$ (14.9)	\$ (15.0)
Adjustments to reconcile net income to net cash from operations												
Depreciation and amortization	\$ 1.2	\$ 1.3	\$ 1.4	\$ 1.5	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.5	\$ 1.4	\$ 1.4	\$ 1.4	\$ 2.3
Stock-based compensation expense	\$ 9.5	\$ 9.7	\$ 9.9	\$ 9.4	\$ 10.1	\$ 11.6	\$ 15.0	\$ 15.1	\$ 15.2	\$ 15.3	\$ 15.4	\$ 15.5
Amortization of deferred contract acquisition cost	\$ 4.1	\$ 4.0	\$ 3.8	\$ 3.8	\$ 3.9	\$ 4.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Provision for allowance for doubtful accounts	\$ 0.3	\$ 0.5	\$ 0.5	\$ 0.7	\$ 0.9	\$ 0.8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 0.8	\$ 0.6	\$ 0.1	\$ (0.6)	\$ (1.2)	\$ (0.2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Changes in operating assets and liabilities:												
Accounts receivable	\$ 3.8	\$ 1.9	\$ 8.1	\$ (13.3)	\$ 9.4	\$ 1.3	\$ 1.9	\$ (4.5)	\$ (1.5)	\$ 0.9	\$ 1.6	\$ (3.7)
Deferred contract acquisition cost	\$ (3.6)	\$ (3.7)	\$ (2.7)	\$ (3.7)	\$ (3.5)	\$ (2.7)	\$ (1.2)	\$ (1.7)	\$ (1.1)	\$ (1.1)	\$ (1.4)	\$ (1.9)
Prepaid expense and other current assets	\$ (3.6)	\$ 2.0	\$ 1.6	\$ 2.3	\$ (2.1)	\$ 1.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	\$ 1.7	\$ (1.4)	\$ (0.1)	\$ 1.3	\$ (1.4)	\$ 0.9	\$ (0.8)	\$ 1.4	\$ (1.6)	\$ (0.5)	\$ 0.6	\$ 1.7
Accrued liabilities	\$ (0.8)	\$ 1.0	\$ (1.6)	\$ 1.4	\$ (1.1)	\$ (1.7)	\$ (2.0)	\$ 0.6	\$ (1.2)	\$ 0.5	\$ 0.2	\$ (1.5)
Deferred revenue	\$ (4.1)	\$ (1.4)	\$ (9.7)	\$ 2.4	\$ (2.3)	\$ (6.7)	\$ (0.7)	\$ 3.7	\$ 2.3	\$ (0.4)	\$ (0.8)	\$ 4.7
Other	\$ (0.6)	\$ (0.8)	\$ (0.4)	\$ (0.7)	\$ (0.8)	\$ (1.4)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net cash provided by operating activities</b>	<b>\$ (6.8)</b>	<b>\$ (2.7)</b>	<b>\$ (3.5)</b>	<b>\$ (7.6)</b>	<b>\$ (4.2)</b>	<b>\$ (4.3)</b>	<b>\$ (1.4)</b>	<b>\$ 1.7</b>	<b>\$ (1.2)</b>	<b>\$ 1.1</b>	<b>\$ 2.0</b>	<b>\$ 2.0</b>
<b>Cash Flow from Investing</b>												
Purchases/Sales of investments, net	\$ (45.6)	\$ (4.0)	\$ (39.8)	\$ 6.6	\$ 88.9	\$ 1.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchases of property and equipment	\$ (1.0)	\$ (0.7)	\$ (0.7)	\$ (1.3)	\$ (0.2)	\$ (0.6)	\$ (1.1)	\$ (1.1)	\$ (1.2)	\$ (1.2)	\$ (1.2)	\$ (1.2)
Acquisition, net of cash acquired	\$ (2.5)											
<b>Net cash used in investing activities</b>	<b>\$ (46.5)</b>	<b>\$ (7.1)</b>	<b>\$ (40.5)</b>	<b>\$ 5.3</b>	<b>\$ 88.8</b>	<b>\$ 0.5</b>	<b>\$ (1.1)</b>	<b>\$ (1.1)</b>	<b>\$ (1.2)</b>	<b>\$ (1.2)</b>	<b>\$ (1.2)</b>	<b>\$ (1.2)</b>
<b>Cash Flow from Financing</b>												
Proceeds from issuance of common stock & exercise of options & ESPP	\$ -	\$ 1.4	\$ 0.7	\$ 1.1	\$ 0.3	\$ 1.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repurchase of common stock	\$ (13.1)	\$ (8.7)	\$ -	\$ (7.3)	\$ (10.7)	\$ (22.6)	\$ (18.8)	\$ (18.8)	\$ -	\$ -	\$ -	\$ -
Proceeds on line of credit LTD and stock options	\$ 1.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of capital lease obligations	\$ (0.4)	\$ (0.6)	\$ (0.4)	\$ (0.5)	\$ (0.4)	\$ (0.5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payment of deferred offering costs, Special Dividend	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (49.9)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Changes in debt and other liabilities	\$ (1.8)	\$ (0.1)	\$ (0.1)	\$ -	\$ (0.1)	\$ (0.1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net cash provided by financing activities</b>	<b>\$ (14.2)</b>	<b>\$ (7.9)</b>	<b>\$ 0.2</b>	<b>\$ (6.8)</b>	<b>\$ (10.9)</b>	<b>\$ (71.9)</b>	<b>\$ (18.8)</b>	<b>\$ (18.8)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Effect of Exchange Rate Change on Cash</b>	<b>\$ 0.0</b>	<b>\$ 0.2</b>	<b>\$ 0.2</b>	<b>\$ (0.3)</b>	<b>\$ 0.1</b>	<b>\$ 0.1</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ (67.4)</b>	<b>\$ (17.5)</b>	<b>\$ (43.6)</b>	<b>\$ (9.4)</b>	<b>\$ 73.8</b>	<b>\$ (75.6)</b>	<b>\$ (21.2)</b>	<b>\$ (18.2)</b>	<b>\$ (2.4)</b>	<b>\$ (0.1)</b>	<b>\$ 0.8</b>	<b>\$ 0.8</b>
<b>Cash and Cash Equivalents, beginning of period</b>	<b>\$ 165.0</b>	<b>\$ 97.6</b>	<b>\$ 80.1</b>	<b>\$ 36.5</b>	<b>\$ 27.2</b>	<b>\$ 100.9</b>	<b>\$ 25.3</b>	<b>\$ 4.1</b>	<b>\$ (14.1)</b>	<b>\$ (16.5)</b>	<b>\$ (16.6)</b>	<b>\$ (15.8)</b>
<b>Cash and Cash Equivalents, end of period</b>	<b>\$ 97.6</b>	<b>\$ 80.1</b>	<b>\$ 36.5</b>	<b>\$ 27.2</b>	<b>\$ 100.9</b>	<b>\$ 25.3</b>	<b>\$ 4.1</b>	<b>\$ (14.1)</b>	<b>\$ (16.5)</b>	<b>\$ (16.6)</b>	<b>\$ (15.8)</b>	<b>\$ (15.0)</b>
<b>Free Cash Flow</b>	<b>\$ (7.8)</b>	<b>\$ (3.4)</b>	<b>\$ (4.2)</b>	<b>\$ (8.9)</b>	<b>\$ (4.3)</b>	<b>\$ (4.9)</b>	<b>\$ (2.5)</b>	<b>\$ 0.6</b>	<b>\$ (2.4)</b>	<b>\$ (0.1)</b>	<b>\$ 0.8</b>	<b>\$ 0.8</b>
% of Revenue	-16.0%	-7.0%	-8.8%	-19.0%	-10.1%	-11.6%	-6.5%	1.5%	-6.7%	-0.3%	2.2%	2.2%

Sources: Company reports, KeyBanc Capital Markets Inc. estimates



## Disclosure Appendix

### Important Disclosures

#### ON24, Inc. - ONTF

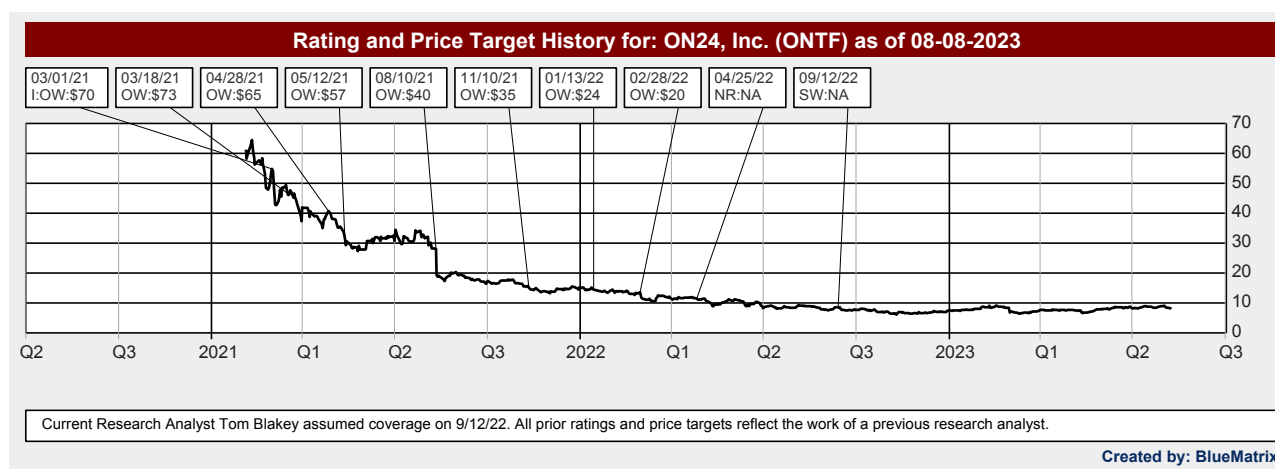
We expect to receive or intend to seek compensation for investment banking services from ON24, Inc. within the next three months. As of the date of this report, we make a market in ON24, Inc..

Current Research Analyst Tom Blakey assumed coverage on 9/12/22. All prior ratings and price targets reflect the work of a previous research analyst.

### Reg A/C Certification

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) 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(s) in this research report.

### Three-Year Rating and Price Target History



### Rating Disclosures

Distribution of Ratings/IB Services Firmwide and by Sector									
KeyBanc Capital Markets					Technology				
Rating	Count	Percent	IB Serv/Past 12 Mos.		Rating	Count	Percent	IB Serv/Past 12 Mos.	
			Count	Percent				Count	Percent
Overweight [OW]	260	49.52	43	16.54	Overweight [OW]	101	55.49	5	4.95
Sector Weight [SW]	258	49.14	43	16.67	Sector Weight [SW]	81	44.51	3	3.70
Underweight [UW]	7	1.33	3	42.86	Underweight [UW]	0	0.00	0	0.00



### **Rating System**

**Overweight** - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

**Sector Weight** - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

**Underweight** - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

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