

| | |
|------------------------------------|---|
| Rating HOLD unchanged | Price Target US\$10.00 unchanged |
| ONTF-NYSE | Price US\$9.64 |

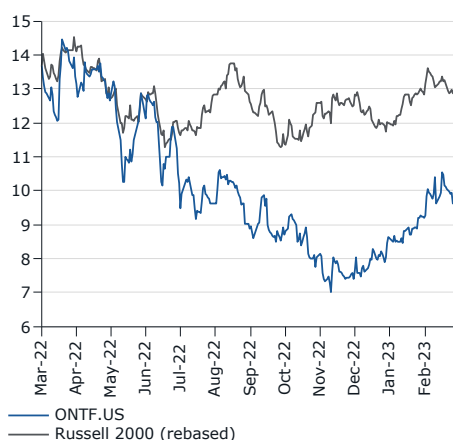
Market Data

| | |
|----------------------------|--------------|
| 52-Week Range (US\$) : | 6.95 - 14.65 |
| Avg Daily Vol (000s) : | 390 |
| Market Cap (US\$M) : | 547.5 |
| Shares Out. (M) : | 56.8 |
| Enterprise Value (US\$M) : | 247 |
| Net Cash (US\$M) : | 356.0 |

| FYE Dec | 2022A | 2023E | 2024E |
|------------------------|--------|---------|--------|
| Sales (US\$M) | 190.9 | 165.0↓ | 163.5↓ |
| Previous | - | 190.0 | 215.4 |
| EV/Sales (x) | 1.2 | 1.3 | 1.4 |
| Free Cash Flow (US\$M) | (24.2) | (12.5) | (0.9) |
| EV/FCF (x) | NA | NA | NA |
| EPS Non-GAAP (US\$) | (0.37) | (0.03)↑ | 0.14 |
| Previous | - | (0.15) | - |

| Quarterly Sales | Q1 | Q2 | Q3 | Q4 |
|-----------------|------|------|------|------|
| 2022A | 48.5 | 48.2 | 47.6 | 46.6 |
| 2023E | 42.2 | 41.5 | 40.9 | 40.4 |
| 2024E | 40.6 | 40.8 | 40.9 | 41.2 |

| Quarterly EPS Non-GAAP | Q1 | Q2 | Q3 | Q4 |
|------------------------|--------|--------|--------|--------|
| 2022A | (0.13) | (0.14) | (0.07) | (0.04) |
| 2023E | (0.06) | (0.02) | 0.01 | 0.04 |
| 2024E | 0.03 | 0.03 | 0.03 | 0.04 |



Source: FactSet

Priced as of close of business 28 February 2023

ON24's digital experience platform converts engagement into revenue via interactive webinars and virtual events that are backed by analytics and an ecosystem of third-party integrations.

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Churn and down sell remain a challenge, but capital return and cost management plans in place

Investment recommendation

On24 continues to face headwinds from post-COVID spend normalization and renewal cohort contraction in core verticals like Technology and Manufacturing (in aggregate about 50% of ARR) are weighing on growth. To that end, ARR in Q4 declined by 4% sequentially and 7% year-over-year, and the firm's initial revenue guide for 2023 came in roughly \$20-25M below where the firm ended 2022 (a Core Platform revenue decline of 7-10%). For perspective, this is the fourth time in five quarters that On24 has either cut its guidance or set targets below Street expectations.

While the market here is clearly challenged, management is taking the approach of "control what you can" – which is probably all you can ask at this point. There are several data points we would call out on this front: (1) the firm has executed an additional 13% RIF in Q1/23, which will pull forward non-GAAP EPS breakeven timelines by two quarters to Q2/23; (2) On24 provided more color on its \$100M capital return program, which will include a \$0.50 special dividend paid in Q2/23 and roughly \$75M of accelerated share repurchases over the next 12 months; and (3) management pointed to a continued emphasis on product innovation, suggesting some new AI-driven content creation capabilities would be unveiled in Q2/23. In terms of revenue retention dynamics, which is really the key to unpacking headwinds here, On24 noted that gross dollar churn in Enterprise accounts (1,000+ employees), exclusive of down sell, was at the best level in Q4 as it has been all year and that the metric is now back close to pre-COVID levels. Down sell, however, is still running at roughly 2x traditional levels, which to us is the primary pain point that the firm needs to continue to work through.

We see ONTF shares as being undeniably cheap, and the firm should be commended for aggressive cost realignment and capital return measures. That said, until we get the sense that management can set targets and execute against them, this is a "show me" story. If the team is right, and this business can ultimately return to being a mid-teens grower, there will be plenty of time to buy this stock between now and then. That said, until we get tangible signs of more consistent execution, we believe the prudent move is to wait. Our HOLD rating is unchanged.

Highlights from the call

Numbers and KPIs. Total revenue of \$46.6M (-7% y-o-y) and non-GAAP operating margins of (7.4%) came within the guided ranges for Q4. Total ARR of \$159.6M contracted \$6.0M q-o-q and was down (7%) y-o-y, impacted by a continuation of down sells, continued churn, and slow new business activity. Within this, core platform ARR saw positive growth in three-of-five core verticals, including life sciences, professional services, and financial services, while technology and manufacturing saw y-o-y declines. Churn persisted with a concentration in the <200 employee customer segment – ON24 ended Q4 with 1,990 total customers, down (6%) y-o-y and down -63 sequentially, compared with -48, -44, +23, and +68 over the prior four quarters. Similarly, >\$100K ARR customer count declined -6 sequentially and was down 6% y-o-y. Although churn continues to weigh on KPIs, it improved sequentially over the past three quarters to ~10% in Q4, roughly consistent with pre-COVID levels. Relatedly, total core NRR was 90% and enterprise NRR was 93%, reflecting continued down sells throughout 2022.

~13% RIF and cost reductions. ON24 will conduct a ~13% RIF in Q1/23 as part of its cost reduction program to advance profitability targets. Upon completion, together with natural attrition, this will reduce total headcount ~23% below Q2/22, bringing it back down to similar levels to the end of 2020. Along with the RIF, ON24 is rationalizing its real estate footprint and tightening discretionary spending. Combining these efforts, ON24 feels optimistic that it will achieve non-GAAP breakeven by Q2/22, roughly two quarters ahead of its previous target.

\$100M capital return program. ON24's board authorized a new \$100M capital return program that includes a special dividend and accelerated share repurchases. A special dividend of \$0.50 per share, payable in Q2/23, will take up about \$25M of the program, while the remaining ~\$75M will be used for accelerated share repurchases over the course of ~12 months. Based on today's closing price of \$9.64 per share, this would reduce ~8M shares by Q4/23.

2023 outlook: focusing on profitability as growth remains challenged. At the midpoint, ON24's guidance implies total revenue growth in 2023 will be down ~13% y-o-y, significantly less than the consensus estimate of ~flat growth. This is due to a number of factors, including: (1) contraction of Virtual Events revenue as On24 de-emphasizes these products; (2) continued down sell activity and churn; and (3) downward pressure on professional services revenue as more customers elect self-service. On24 re-categorized its revenue lines to highlight core revenue, with a line for de-emphasized virtual revenue – guidance for core revenue growth calls for a ~7-10% decline in 2023, impacted by similar headwinds, less virtual. Total ARR is expected to decline ~3% sequentially in Q1, with further deterioration in Q2, followed by some improvement in 2H. Turning to profitability, operating margins are expected to improve ~450 bps y-o-y to ~(5.5%), with the potential for breakeven by Q4. Additionally, expectations for non-GAAP EPS breakeven were pulled forward by two quarters to Q2/23, benefitting from (1) a ~13% RIF expected to occur in Q1, (2) higher interest income from higher interest rates on a large cash balance, and (3) the repurchase of ~8M shares over the course of 2023.

Valuation and price target

We are maintaining our price target at \$10. This price target is based on a ~2x EV/revenue multiple applied to our C2023 revenue estimate of \$165M and assumes ~\$215M of net cash and ~53M fully diluted shares outstanding.

Quarterly results

The table below details ON24's December quarter (Q4/22) results compared to our published estimates and the year-ago quarter's results.

Figure 1: ONTF December 2022 (Q4/22)

| \$ Millions | Dec-21 | Dec-22 | Dec-22E | Actual - Estimate | Percent Difference |
|--|----------------|----------------|----------------|----------------------|-----------------------|
| Annual Recurring Revenue (ARR) | \$171.4 | \$159.6 | \$163.0 | (\$3.4) | -2% |
| Growth | 12% | -7% | -5% | -- | -- |
| Sequential Dollar Change in ARR | \$4.2 | (\$6.0) | -\$2.6 | -\$3.4 | 131% |
| Core Subscription Revenue | 45.0 | 40.0 | 41.1 | (1.2) | -3% |
| Core Service Revenue | 7.0 | 4.2 | 4.6 | (0.4) | -8% |
| Core Revenue | 52.0 | 44.2 | 45.7 | (1.5) | -3% |
| Non-Core Revenue (Virtual) | 0.0 | 2.4 | 0.0 | 2.4 | n/a |
| Total Revenue | 52.0 | 46.6 | 45.7 | 0.9 | 2% |
| Cost of Platform | (8.3) | (8.7) | (8.8) | 0.1 | 1% |
| Cost of Service | (3.6) | (3.5) | (3.0) | (0.5) | -18% |
| Cost of Legacy | 0.0 | 0.0 | 0.0 | 0.0 | n/a |
| non-GAAP Gross Profit | 40.1 | 34.3 | 33.9 | 0.4 | 1% |
| Sales & Marketing | (24.9) | (21.1) | (21.5) | 0.4 | 2% |
| Research & Development | (8.1) | (9.0) | (9.1) | 0.2 | 2% |
| General & Administrative | (8.9) | (7.7) | (7.5) | (0.2) | -2% |
| Cost of Operations | (41.9) | (37.8) | (38.2) | 0.4 | 1% |
| non-GAAP Operating Income | (1.8) | (3.5) | (4.3) | 0.8 | -19% |
| Stock Based Compensation | (7.9) | (9.4) | (9.1) | (0.3) | -3% |
| Amortization & Other | 0.0 | (0.7) | (1.3) | 0.6 | -43% |
| GAAP Operating Income | (9.6) | (13.6) | (14.7) | 1.1 | -7% |
| Interest Income | 0.0 | (0.0) | 0.0 | (0.0) | n/a |
| Interest Expense | (0.1) | 2.3 | (0.1) | 2.4 | n/a |
| Other Income (Expense) | (0.1) | 0.0 | 0.0 | 0.0 | n/a |
| GAAP Pre-Tax Income | (9.7) | (11.3) | (14.8) | 3.5 | -23% |
| Tax Rate | 2% | -7% | -1% | -6% | n/a |
| Income Tax Benefit (Expense) | 0.2 | (0.8) | (0.2) | (0.6) | 298% |
| GAAP Net Income | (9.5) | (12.1) | (15.0) | 2.9 | -19% |
| Reversal of SBC, Amort, & Other | 7.9 | 10.2 | 10.4 | (0.3) | -3% |
| Tax Effect of Add-Backs | 0.0 | 0.0 | 0.0 | 0.0 | n/a |
| non-GAAP Net Income | (1.7) | (2.0) | (4.6) | 2.6 | -57% |
| Basic Shares Outstanding | 47.8 | 48.0 | 48.3 | (0.3) | -1% |
| Pro Forma/Diluted Shares Outstanding | 56.0 | 56.8 | 56.8 | - | 0% |
| GAAP EPS | (\$0.20) | (\$0.25) | (\$0.31) | \$0.06 | -19% |
| non-GAAP EPS | (\$0.03) | (\$0.04) | (\$0.09) | \$0.05 | -57% |
| Free Cash Flow | (5.6) | (8.9) | (18.0) | 9.1 | -51% |
| Customer Count | 2,122 | 1,990 | 2,013 | (23) | -1% |
| Growth | 6% | -6% | -5% | -- | -- |
| Net New Customer Additions | 68 | (63) | (40) | (23) | 58% |
| Customers with ARR >\$100K | 366 | 345 | 353 | (8) | -2% |
| Growth | 21% | -6% | -4% | -- | -- |
| % of Total | 17% | 17% | 18% | -- | -- |
| Net New >\$100K ARR Additions | 7 | (6) | 2 | (8) | -400% |
| ARR per Customer | 82,088 | 78,951 | 80,177 | (1,226) | -2% |
| Growth | 5% | -4% | -2% | -- | -- |
| Calculated Billings (Revenue + Δ Deferred) | 57.1 | 49.0 | 40.0 | 9.0 | 22% |
| Growth | 1% | -14% | -30% | -- | -- |
| Net Cash & ST Investments per Share | \$6.76 | \$5.75 | \$5.67 | \$0.08 | 1% |

Source: Company Reports, Canaccord Genuity estimates

| | On24 | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------------|-------------|---------|--|-----------|---------|---------|---------|-----------|---------|---------|---------|-----------|---------|---------|---------|-----------|---------|---------|---------|-----------|---------|----------|---------|-----------|---------|---------|----------|
| | (ONTI/NYSE) | | 2/28/2023 *Reclassified Virtual Event business to non-core starting in Q4/22 | | | | | | | | | | | | | | | | | | | | | | | | |
| Income Statement | | | | Quarterly | | | | Quarterly | | | | Quarterly | | | | Quarterly | | | | Quarterly | | | | Quarterly | | | |
| \$ Millions | CY-2018 | CY-2019 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | CY-2020 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | CY-2021 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | CY-2022 | Mar-23E | Jun-23E | Sep-23E | Dec-23E | CY-2023E | Mar-24E | Jun-24E | Sep-24E | Dec-24E | CY-2024E |
| Annual Recurring Revenue (ARR) | 61.2 | 76.9 | \$85.9 | \$114.2 | \$138.9 | \$153.4 | 153.4 | \$163.1 | \$164.1 | \$167.2 | \$171.4 | 171.4 | \$167.7 | \$167.8 | \$165.6 | \$159.6 | 159.6 | \$154.0 | \$151.0 | \$152.0 | \$154.0 | 154.0 | \$155.0 | \$156.0 | \$157.0 | \$158.0 | 158.0 |
| Growth | n/a | 25% | - | 35% | 70% | 98% | 100% | 100% | 30% | 44% | 20% | 12% | 3% | 2% | -1% | -7% | -7% | -8% | -10% | -9% | -4% | -4% | 1% | 3% | 3% | 3% | 3% |
| Sequential Dollar Change in ARR | n/a | \$19.6 | \$24.0 | \$24.0 | \$24.0 | \$15.5 | \$15.5 | \$15.5 | \$15.5 | \$15.5 | \$15.5 | \$15.5 | \$15.5 | \$15.5 | \$15.5 | \$15.5 | (55.6) | (55.6) | (55.6) | (55.6) | (55.6) | \$1.0 | \$1.0 | \$1.0 | \$1.0 | \$1.0 | |
| Core Subscription Revenue | 57.1 | 66.3 | 19.3 | 26.4 | 34.3 | 41.3 | 111.2 | 42.9 | 44.4 | 43.6 | 45.0 | 175.6 | 43.5 | 42.1 | 43.3 | 40.0 | 169.0 | 36.7 | 36.3 | 36.3 | 36.3 | 145.8 | 36.5 | 36.7 | 36.9 | 37.2 | 147.3 |
| Core Service Revenue | 11.1 | 10.4 | 4.4 | 9.1 | 8.2 | 11.9 | 33.6 | 7.2 | 7.2 | 5.8 | 7.0 | 22.7 | 5.0 | 5.2 | 4.3 | 4.2 | 18.7 | 3.8 | 3.7 | 3.6 | 3.6 | 14.7 | 3.6 | 3.6 | 3.7 | 14.6 | |
| Core Revenue | 68.8 | 80.7 | 23.7 | 35.5 | 42.5 | 53.1 | 154.8 | 50.0 | 52.1 | 49.4 | 52.0 | 203.5 | 48.5 | 48.2 | 47.6 | 44.2 | 188.5 | 40.5 | 40.2 | 39.9 | 39.9 | 160.5 | 40.1 | 40.3 | 40.6 | 40.9 | 161.9 |
| Non-Core Revenue (Virtual) | 13.8 | 8.4 | 1.0 | 0.8 | 0.1 | 0.2 | 7.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 2.4 | 2.4 | 1.7 | 1.3 | 1.0 | 0.5 | 4.5 | 0.5 | 0.5 | 0.3 | 0.3 | 1.6 |
| Total Revenue | 82.6 | 89.1 | 24.7 | 36.3 | 42.6 | 53.3 | 156.9 | 50.1 | 52.1 | 49.4 | 52.0 | 203.7 | 48.5 | 48.2 | 47.6 | 46.6 | 190.9 | 42.2 | 41.5 | 40.9 | 40.4 | 165.0 | 40.6 | 40.8 | 40.9 | 41.2 | 163.5 |
| Cost of Platform | (11.7) | (14.8) | (3.9) | (4.6) | (5.3) | (6.3) | (10.1) | (7.2) | (8.1) | (8.1) | (8.3) | (11.5) | (8.7) | (9.1) | (8.9) | (8.7) | (15.5) | (8.1) | (8.0) | (7.8) | (7.8) | (11.7) | (8.6) | (7.9) | (7.9) | (8.0) | (11.7) |
| Cost of Services | (6.4) | (8.6) | (2.2) | (3.0) | (3.1) | (3.7) | (12.0) | (3.7) | (4.0) | (3.2) | (4.0) | (10.0) | (3.2) | (3.4) | (3.2) | (4.1) | (10.0) | (2.1) | (2.1) | (2.0) | (2.0) | (11.7) | (2.1) | (2.1) | (2.1) | (2.1) | (11.7) |
| Cost of Legacy | (6.7) | (3.6) | (0.6) | (0.3) | (0.2) | 0.0 | (1.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (1.7) | (1.3) | (1.0) | (0.5) | (4.5) | (0.5) | (0.5) | (0.3) | (0.3) | (1.6) |
| non-GAAP Gross Profit | 57.8 | 62.1 | 18.1 | 28.4 | 34.0 | 43.3 | 123.8 | 39.7 | 40.7 | 38.0 | 40.1 | 158.6 | 36.6 | 35.9 | 35.7 | 34.3 | 142.5 | 29.8 | 29.6 | 29.6 | 29.6 | 118.5 | 29.7 | 29.9 | 30.1 | 30.3 | 120.0 |
| Sales & Marketing | (46.3) | (46.9) | (11.9) | (12.6) | (15.6) | (19. | | | | | | | | | | | | | | | | | | | | | |

Software - Applications 4

Figure 3: Balance sheet and SOCF

| On24 (ONTF/NYSE) 2/28/2023 Statement of Cash Flows \$ Millions | | | | | | On24 (ONTF/NYSE) 2/28/2023 Balance Sheet \$ Millions | | | | | | Most Recent Q | |
|--|---------|---------|----------|----------|----------|--|---------|---------|---------|---------|---------|------------------|--|
| Fiscal Year | | | | | | Fiscal Year | | | | | Dec-22A | | |
| | Dec-20A | Dec-21A | Dec-22A | Dec-23E | Dec-24E | | Dec-20A | Dec-21A | Dec-22A | Dec-23E | Dec-24E | | |
| Operating Activities | | | | | | Assets | | | | | | | |
| Net Income | 20.8 | (24.3) | (58.2) | (38.6) | (26.7) | Cash and Cash Equivalents | 61.2 | 164.9 | 27.0 | 65.7 | 64.2 | 27.0 | |
| Depreciation & other | 8.4 | 19.3 | 23.9 | 20.6 | 19.0 | Marketable Securities | 0.0 | 217.6 | 301.1 | 151.1 | 151.1 | 301.1 | |
| Stock-Based Compensation | 2.9 | 29.7 | 38.5 | 33.0 | 32.7 | Accounts Receivable, net | 48.6 | 46.1 | 43.8 | 42.2 | 43.5 | 43.8 | |
| Changes in Assets & Liabilities: | | | | | | Deferred Contract Acquisition Costs, current | 10.5 | 11.9 | 13.1 | 16.2 | 27.4 | 13.1 | |
| Accounts Receivable | (27.7) | (0.4) | 0.5 | 1.6 | (1.3) | Prepaid Expenses & Other Current Assets | 7.1 | 8.5 | 6.3 | 10.9 | 11.1 | 6.3 | |
| Prepaid Expenses & Other | (21.7) | (19.0) | (11.5) | (17.0) | (23.9) | Total Current Assets | 127.5 | 449.1 | 391.3 | 286.1 | 297.3 | 391.3 | |
| Accounts Payable | 2.0 | (1.2) | 1.5 | 1.4 | 0.1 | | | | | | | | |
| Accrued & Other Liabilities | 5.1 | (2.7) | (2.4) | (6.3) | 0.2 | Property and Equipment, net | 9.1 | 8.8 | 7.2 | (10.2) | (26.0) | 7.2 | |
| Deferred Revenue | 47.8 | 4.0 | (12.8) | (4.0) | 2.1 | Operating Right-of-use Assets | 0.0 | 0.0 | 5.6 | 5.6 | 5.6 | 5.6 | |
| Net Cash Flow from Operating Activities | 37.6 | 5.2 | (20.5) | (9.3) | 2.3 | Deferred Contract Acquisition Costs, non current | 18.8 | 20.9 | 17.8 | 27.1 | 39.6 | 17.8 | |
| | | | | | | Other Assets | 1.4 | 1.8 | 3.6 | 3.6 | 3.6 | 3.6 | |
| Investing Activities | | | | | | Total Assets | 156.7 | 480.5 | 425.5 | 312.2 | 320.1 | 425.5 | |
| Capital Expenditures | (1.0) | (3.6) | (3.7) | (3.2) | (3.2) | Liabilities and Shareholders' Equity | | | | | | | |
| Cash Paid for Acquisitions, net of acquired | 0.0 | 0.0 | (2.5) | 0.0 | 0.0 | Accounts Payable | 4.7 | 3.1 | 4.6 | 6.1 | 6.2 | 4.6 | |
| Other Investing Activities | 2.0 | (215.6) | (82.8) | 150.0 | 0.0 | Accrued Liabilities | 17.4 | 19.0 | 18.5 | 12.1 | 12.4 | 18.5 | |
| Net Cash Flow from Investing Activities | 1.0 | (219.2) | (89.0) | 146.8 | (3.2) | Deferred Revenue | 92.2 | 96.2 | 83.5 | 79.4 | 81.5 | 83.5 | |
| | | | | | | Debt, current portion | 2.4 | 1.8 | 1.6 | 1.6 | 1.6 | 1.6 | |
| Financing Activities | | | | | | Operating Lease Liabilities, current | 0.0 | 0.0 | 2.6 | 2.6 | 2.6 | 2.6 | |
| Proceeds from Borrowing and Issuance | 13.6 | 349.0 | (27.1) | 1.0 | 1.0 | Other current liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Changes in Debt and Other Liabilities | (12.6) | (28.5) | (1.6) | (100.0) | (1.6) | Total Current Liabilities | 116.8 | 120.1 | 110.7 | 101.8 | 104.3 | 110.7 | |
| Cash Flow from Financing | 1.0 | 320.5 | (28.6) | (99.0) | (0.6) | | | | | | | | |
| | | | | | | Deferred Rent | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Effect of Exchange Rate | (0.1) | 0.2 | 0.2 | 0.0 | 0.0 | Capital Lease | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Change In Cash | 39.4 | 106.7 | (137.9) | 38.5 | (1.5) | Long-Term Debt | 25.7 | 1.6 | 0.1 | 0.1 | 0.1 | 0.1 | |
| | | | | | | Operating Lease Liabilities, non-current | 0.0 | 0.0 | 5.0 | 5.0 | 5.0 | 5.0 | |
| Cash Balance Beginning | 23.9 | 63.3 | 170.0 | 32.2 | 70.7 | Other Long-Term Liabilities | 4.0 | 3.6 | 1.7 | 1.7 | 1.7 | 1.7 | |
| Cash Ending | 63.3 | 170.0 | 32.2 | 70.7 | 69.2 | Total Liabilities | 146.5 | 125.4 | 117.5 | 108.6 | 111.0 | 117.5 | |
| | | | | | | | | | | | | | |
| Free Cash Flow | 36.5 | 1.6 | (24.2) | (12.5) | (0.9) | Total Shareholders' Equity | 10.2 | 355.1 | 308.0 | 203.6 | 209.0 | 308.0 | |
| FCF/Share | \$2.46 | \$0.03 | (\$0.43) | (\$0.23) | (\$0.02) | Total Liabilities and Shareholders' Equity | 156.7 | 480.5 | 425.5 | 312.2 | 320.1 | 425.5 | |
| FCF Margin | 23.3% | 0.8% | -12.7% | -7.5% | -0.5% | | | | | | | | |
| | | | | | | Sales/Assets | 1.0x | 0.4x | 0.4x | 0.5x | 0.5x | | |
| | | | | | | Assets/Equity | 15.4x | 1.4x | 1.4x | 1.5x | 1.5x | | |
| | | | | | | NGOI/Sales | 15.8% | 1.0% | -9.9% | -5.7% | 0.0% | | |
| | | | | | | ROE | 242.8% | 0.6% | -6.2% | -4.6% | 0.0% | | |

Source: Company Reports, Canaccord Genuity estimates

Appendix: Important Disclosures

Analyst Certification

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Investment Recommendation

Date and time of first dissemination: February 28, 2023, 23:31 ET

Date and time of production: February 28, 2023, 23:31 ET

Target Price / Valuation Methodology:

ON24 - ONTF

Our \$10 price target is based on a ~2x EV/revenue multiple applied to our C2023 revenue estimate of \$165M and assumes ~53M fully diluted shares outstanding.

Risks to achieving Target Price / Valuation:

ON24 - ONTF

ON24 faces macro, micro, and economic risks as well as competitive and regulatory threats which could cause our estimates to be incorrect and the value of ON24 shares to decline.

Distribution of Ratings:

Global Stock Ratings (as of 02/28/23)

| Rating | Coverage Universe | | IB Clients |
|-----------------|-------------------|--------|------------|
| | # | % | % |
| Buy | 601 | 63.67% | 23.96% |
| Hold | 167 | 17.69% | 11.98% |
| Sell | 16 | 1.69% | 6.25% |
| Speculative Buy | 150 | 15.89% | 39.33% |
| | 944* | 100.0% | |

*Total includes stocks that are Under Review

Canaccord Genuity Ratings System

BUY: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.

HOLD: The stock is expected to generate risk-adjusted returns of 0-10% during the next 12 months.

SELL: The stock is expected to generate negative risk-adjusted returns during the next 12 months.

NOT RATED: Canaccord Genuity does not provide research coverage of the relevant issuer.

"Risk-adjusted return" refers to the expected return in relation to the amount of risk associated with the designated investment or the relevant issuer.

Risk Qualifier

SPECULATIVE: Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.

12-Month Recommendation History (as of date same as the Global Stock Ratings table)

A list of all the recommendations on any issuer under coverage that was disseminated during the preceding 12-month period may be obtained at the following website (provided as a hyperlink if this report is being read electronically) <http://disclosures-mar.canaccordgenuity.com/EN/Pages/default.aspx>

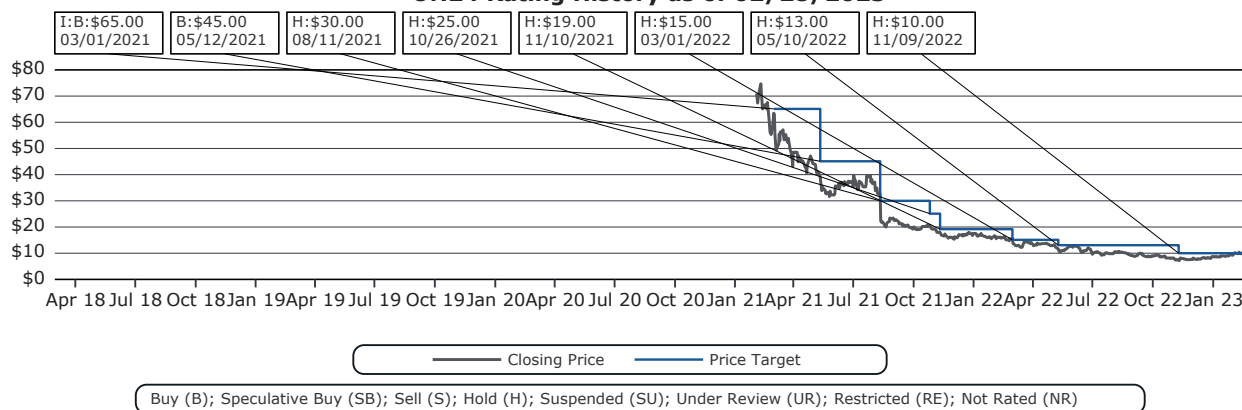
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Canaccord Genuity or one or more of its affiliated companies intend to seek or expect to receive compensation for Investment Banking services from ON24 in the next three months.

An analyst has visited the material operations of ON24. No payment was received for the related travel costs.

ON24 Rating History as of 02/28/2023



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