

KeyBank 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 3QA	Dec 4QE	FY2023E	Mar 1QE	Jun 2QE	Sep 3QE	Dec 4QE	FY2024E
Platform Revenue	\$ 43.5	\$ 43.1	\$ 43.3	\$ 42.0	\$ 171.8	\$ 39.4	\$ 38.3	\$ 36.4	\$ 34.7	\$ 148.8	\$ 33.8	\$ 34.0	\$ 34.5	\$ 35.2	\$ 137.5
Y/Y Growth	1.4%	-2.9%	-0.7%	-6.6%	-2.2%	-9.5%	-11.0%	-15.8%	-17.4%	-13.4%	-14.1%	-11.4%	-5.3%	1.4%	-7.6%
Q/Q Growth	-3.4%	-0.9%	0.5%	-2.9%	-	-6.3%	-2.6%	-5.0%	-4.7%	-	-2.6%	0.4%	1.7%	2.0%	-
% of Total Revenue	89.7%	89.3%	91.0%	90.3%	90.0%	91.4%	91.1%	92.9%	93.0%	92.1%	92.8%	92.0%	91.8%	92.0%	92.1%
Services Revenue	\$ 5.0	\$ 5.2	\$ 4.3	\$ 4.5	\$ 19.0	\$ 3.7	\$ 3.8	\$ 2.8	\$ 2.6	\$ 12.9	\$ 2.6	\$ 3.0	\$ 2.8	\$ 3.1	\$ 11.7
Y/Y Growth	-30.0%	-33.2%	-25.3%	-35.6%	-31.3%	-26.2%	-27.5%	-35.1%	-42.4%	-32.5%	-29.1%	-21.3%	11.2%	17.2%	-8.7%
Q/Q Growth	-28.8%	3.2%	-16.8%	5.4%	-	-18.5%	1.4%	-25.5%	-6.4%	-	0.4%	12.5%	5.1%	-1.4%	-
% of Total Revenue	10.3%	10.7%	9.0%	9.7%	10.0%	8.6%	8.9%	7.1%	7.0%	7.9%	7.2%	8.0%	8.3%	8.0%	7.9%
Legacy Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 48.5	\$ 48.2	\$ 47.6	\$ 46.6	\$ 190.9	\$ 43.1	\$ 42.1	\$ 39.2	\$ 37.3	\$ 161.7	\$ 36.4	\$ 36.9	\$ 37.6	\$ 38.3	\$ 149.2
Y/Y Growth (excl. Legacy)	-3.1%	-7.4%	-3.5%	-10.5%	-6.2%	-11.2%	-12.8%	-17.6%	-19.9%	-15.3%	-15.4%	-12.3%	-4.1%	2.5%	-7.7%
Y/Y Growth	-3.2%	-7.4%	-3.6%	-10.5%	-6.3%	-11.2%	-12.8%	-17.6%	-19.9%	-15.3%	-15.4%	-12.3%	-4.1%	2.5%	-7.7%
Q/Q Growth	-6.8%	-0.5%	-1.4%	-2.1%	-	-7.5%	-2.3%	-6.8%	-4.9%	-	-2.4%	1.3%	1.9%	1.7%	-
% of Annual Revenue	25.4%	25.3%	24.9%	24.4%	-	26.6%	26.0%	24.3%	23.1%	-	24.4%	24.7%	25.2%	25.6%	-
COGS: Platform	\$ 8.7	\$ 9.1	\$ 8.9	\$ 8.7	\$ 35.5	\$ 8.2	\$ 7.5	\$ 7.1	\$ 6.9	\$ 29.7	\$ 6.8	\$ 7.0	\$ 7.0	\$ 7.0	\$ 27.7
% of Sub and Other Platform Revenue	20.1%	21.2%	20.6%	20.8%	20.7%	20.7%	19.7%	20.6%	20.0%	20.0%	20.0%	20.5%	20.2%	20.0%	20.2%
COGS: Services	\$ 3.2	\$ 3.2	\$ 3.0	\$ 3.5	\$ 12.8	\$ 3.3	\$ 2.8	\$ 2.3	\$ 2.1	\$ 10.5	\$ 2.1	\$ 2.4	\$ 2.5	\$ 2.4	\$ 9.4
% of Pro Services Revenue	63.2%	61.4%	69.5%	77.3%	67.5%	88.2%	75.7%	82.2%	80.0%	81.6%	80.3%	80.0%	79.5%	79.5%	79.8%
Total Cost of Revenue	\$ 11.9	\$ 12.3	\$ 11.9	\$ 12.2	\$ 48.3	\$ 11.4	\$ 10.4	\$ 9.4	\$ 9.0	\$ 40.2	\$ 8.9	\$ 9.3	\$ 9.4	\$ 9.5	\$ 37.1
% of Total Revenue	24.5%	25.5%	25.0%	26.3%	25.3%	26.5%	24.7%	23.9%	24.2%	24.9%	24.3%	25.3%	25.1%	24.8%	24.9%
Gross Profit	\$ 36.6	\$ 35.9	\$ 35.7	\$ 34.3	\$ 142.5	\$ 31.6	\$ 31.7	\$ 29.8	\$ 28.3	\$ 121.5	\$ 27.6	\$ 27.6	\$ 28.2	\$ 28.8	\$ 112.1
Gross Margin	75.5%	74.5%	75.0%	73.7%	74.7%	73.5%	75.3%	76.1%	75.8%	75.1%	75.7%	74.7%	74.9%	75.2%	75.1%
Sales & Marketing	\$ 25.5	\$ 25.2	\$ 22.4	\$ 21.1	\$ 94.1	\$ 20.1	\$ 18.3	\$ 17.6	\$ 16.8	\$ 72.8	\$ 16.9	\$ 16.8	\$ 17.1	\$ 17.1	\$ 67.9
% of Total Revenue	52.6%	52.1%	47.0%	45.4%	49.3%	46.8%	43.4%	44.9%	45.0%	45.0%	46.3%	45.5%	45.4%	44.8%	45.5%
Research & Development	\$ 8.7	\$ 8.9	\$ 9.1	\$ 9.0	\$ 35.6	\$ 8.2	\$ 7.6	\$ 7.0	\$ 6.6	\$ 29.4	\$ 6.7	\$ 6.6	\$ 6.8	\$ 6.8	\$ 26.9
% of Total Revenue	17.9%	18.4%	19.1%	19.3%	18.7%	19.0%	18.1%	17.8%	17.8%	18.2%	18.3%	18.0%	18.0%	17.7%	18.0%
General & Administrative	\$ 8.1	\$ 8.1	\$ 7.9	\$ 7.7	\$ 31.7	\$ 7.5	\$ 6.7	\$ 6.3	\$ 6.0	\$ 26.5	\$ 6.2	\$ 6.3	\$ 6.4	\$ 6.5	\$ 25.4
% of Total Revenue	16.7%	16.7%	16.5%	16.5%	16.6%	17.4%	15.8%	16.1%	16.0%	16.4%	17.0%	17.0%	17.1%	17.1%	17.1%
Total Operating Expenses	\$ 42.2	\$ 42.1	\$ 39.324	\$ 37.8	\$ 161.5	\$ 35.8	\$ 32.6	\$ 30.9	\$ 29.4	\$ 128.7	\$ 29.7	\$ 29.7	\$ 30.3	\$ 30.5	\$ 120.2
Total Operating Costs & Expenses	\$ 54.2	\$ 54.4	\$ 51.2	\$ 50.0	\$ 209.8	\$ 47.2	\$ 42.9	\$ 40.3	\$ 38.4	\$ 168.9	\$ 38.6	\$ 39.0	\$ 39.7	\$ 39.9	\$ 157.3
EBIT	\$ (5.7)	\$ (6.2)	\$ (3.6)	\$ (3.5)	\$ (18.9)	\$ (4.2)	\$ (0.9)	\$ (1.1)	\$ (1.1)	\$ (7.2)	\$ (2.2)	\$ (2.1)	\$ (2.1)	\$ (1.7)	\$ (8.1)
% of Total Revenue	-11.7%	-12.8%	-7.7%	-7.4%	-9.9%	-9.7%	-2.0%	-2.8%	-3.0%	-4.5%	-5.9%	-5.8%	-5.6%	-4.4%	-5.4%
Total Other Income (Expense)	\$ (0.2)	\$ (0.2)	\$ 0.4	\$ 2.3	\$ 2.3	\$ 2.5	\$ 3.2	\$ 2.7	\$ 2.2	\$ 10.6	\$ 2.2	\$ 3.2	\$ 2.9	\$ 2.9	\$ 11.1
Pre-Tax Income	\$ (5.9)	\$ (6.3)	\$ (3.2)	\$ (1.2)	\$ (16.6)	\$ (1.6)	\$ 2.3	\$ 1.6	\$ 1.0	\$ 3.3	\$ (0.0)	\$ 1.0	\$ 0.8	\$ 1.2	\$ 3.0
Taxes	\$ 0.1	\$ 0.0	\$ 0.0	\$ 0.8	\$ 1.0	\$ 0.2	\$ 0.2	\$ 0.1	\$ 0.2	\$ 0.7	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.7
% Tax Rate	-	-	-	-	-	-	0.10	6.8%	19.4%	22.2%	NM	14.3%	NM	16.6%	23.2%
Net Income	\$ (6.0)	\$ (6.4)	\$ (3.266)	\$ (2.0)	\$ (17.6)	\$ (1.8)	\$ 2.1	\$ 1.498	\$ 0.8	\$ 2.6	\$ (0.2)	\$ 0.9	\$ 0.6	\$ 1.0	\$ 2.3
% Total Revenue	(12.3%)	(13.2%)	(6.9%)	(4.2%)	(9.2%)	(4.2%)	4.9%	3.8%	2.2%	1.6%	(0.6%)	2.4%	1.7%	2.6%	1.6%
Non-GAAP EPS	\$ (0.13)	\$ (0.14)	\$ (0.07)	\$ (0.04)	\$ (0.37)	\$ (0.04)	\$ 0.04	\$ 0.03	\$ 0.02	\$ 0.05	\$ (0.00)	\$ 0.02	\$ 0.01	\$ 0.02	\$ 0.05
Basic shares out	47.6	47.2	47.6	48.0	47.6	47.3	45.9	43.8	44.0	45.3	44.3	44.5	44.6	44.9	44.6
GAAP Net Income	\$ (15.479)	\$ (16.2)	\$ (14.4)	\$ (12.1)	\$ (58.2)	\$ (17.590)	\$ (12.8)	\$ (11.5)	\$ (12.2)	\$ (54.2)	\$ (13.4)	\$ (12.4)	\$ (12.8)	\$ (12.5)	\$ (51.0)
GAAP EPS	\$ (0.32)	\$ (0.34)	\$ (0.30)	\$ (0.25)	\$ (1.22)	\$ (0.37)	\$ (0.28)	\$ (0.26)	\$ (0.28)	\$ (1.20)	\$ (0.30)	\$ (0.28)	\$ (0.29)	\$ (0.28)	\$ (1.14)
EBITDA	\$ (4.5)	\$ (4.8)	\$ (2.2)	\$ (2.0)	\$ (13.5)	\$ (2.8)	\$ 0.5	\$ 0.2	\$ 0.4	\$ (1.7)	\$ (0.2)	\$ (0.1)	\$ (0.0)	\$ 0.3	\$ 0.0
Depreciation & Amortization	\$ 1.2	\$ 1.3	\$ 1.4	\$ 1.5	\$ 5.4	\$ 1.4	\$ 1.375	\$ 1.2	\$ 1.5	\$ 5.5	\$ 2.0	\$ 2.0	\$ 2.1	\$ 2.0	\$ 8.1
% of Total Revenue	2.5%	2.8%	3.0%	3.1%	2.8%	3.3%	3.3%	3.2%	4.0%	3.4%	5.5%	5.4%	5.6%	5.2%	5.4%

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

For analyst certification and important disclosures, please refer to the Disclosure Appendix.

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 3QA	Dec FY23 4QE	Mar FY24 1QE	Jun FY24 2QE	Sep FY24 3QE	Dec FY24 4QE
Assets												
Cash and cash equivalents	\$ 359.0	\$ 344.9	\$ 341.8	\$ 328.1	\$ 315.7	\$ 240.5	\$ 213.7	\$ 189.9	\$ 187.5	\$ 187.9	\$ 188.9	\$ 188.7
Accounts receivable	\$ 42.1	\$ 39.8	\$ 31.2	\$ 43.8	\$ 33.5	\$ 31.3	\$ 25.9	\$ 34.8	\$ 35.6	\$ 34.9	\$ 33.4	\$ 37.4
Deferred contract acquisition costs, current	\$ 14.3	\$ 12.2	\$ 12.0	\$ 13.1	\$ 12.6	\$ 12.5	\$ 12.3	\$ 13.1	\$ 13.6	\$ 13.9	\$ 14.4	\$ 15.3
Prepaid expenses and other current assets	\$ 11.8	\$ 9.9	\$ 8.4	\$ 6.3	\$ 8.4	\$ 7.3	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5
Current Assets	\$ 427.2	\$ 406.8	\$ 393.4	\$ 391.3	\$ 370.1	\$ 291.6	\$ 258.5	\$ 244.4	\$ 243.3	\$ 243.2	\$ 243.3	\$ 247.9
Property and equipment, net	\$ 8.7	\$ 8.1	\$ 8.1	\$ 7.2	\$ 6.0	\$ 5.7	\$ 5.9	\$ 5.5	\$ 5.3	\$ 5.1	\$ 5.0	\$ 4.7
Deferred contract acquisition costs, non-current	\$ 18.0	\$ 19.9	\$ 19.0	\$ 17.8	\$ 18.0	\$ 16.9	\$ 15.6	\$ 16.4	\$ 16.9	\$ 17.7	\$ 18.4	\$ 19.3
Other assets	\$ 1.5	\$ 4.2	\$ 3.8	\$ 3.6	\$ 3.2	\$ 2.9	\$ 2.7	\$ 2.7	\$ 2.7	\$ 2.7	\$ 2.7	\$ 2.7
Operating right-of-use assets	\$ 6.8	\$ 6.2	\$ 6.0	\$ 5.6	\$ 5.1	\$ 3.7	\$ 3.3	\$ 3.3	\$ 3.3	\$ 3.3	\$ 3.3	\$ 3.3
Total Assets	\$ 462.1	\$ 445.2	\$ 430.3	\$ 425.5	\$ 402.4	\$ 320.7	\$ 286.0	\$ 272.2	\$ 271.4	\$ 271.9	\$ 272.7	\$ 277.9
Liabilities & Shareholders' Equity:												
Accounts payable	\$ 5.1	\$ 3.6	\$ 4.3	\$ 4.6	\$ 3.2	\$ 4.3	\$ 2.7	\$ 4.5	\$ 3.0	\$ 2.6	\$ 3.1	\$ 4.7
Accrued liabilities	\$ 18.7	\$ 18.8	\$ 17.1	\$ 18.5	\$ 17.3	\$ 16.9	\$ 16.6	\$ 15.7	\$ 14.5	\$ 14.9	\$ 15.1	\$ 13.5
Deferred revenue	\$ 92.1	\$ 90.8	\$ 81.0	\$ 83.5	\$ 81.2	\$ 74.5	\$ 66.6	\$ 69.9	\$ 72.0	\$ 71.7	\$ 71.0	\$ 75.2
Long-term debt, current portion	\$ 2.5	\$ 2.6	\$ 2.7	\$ 2.6	\$ 2.6	\$ 2.6	\$ 2.7	\$ 2.7	\$ 2.7	\$ 2.7	\$ 2.7	\$ 2.7
Other current liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Finance lease, current	\$ 1.6	\$ 1.8	\$ 1.8	\$ 1.6	\$ 1.2	\$ 0.7	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3
Total Current Liabilities	\$ 120.1	\$ 117.5	\$ 106.8	\$ 110.7	\$ 105.6	\$ 99.0	\$ 89.0	\$ 93.2	\$ 92.6	\$ 92.2	\$ 92.3	\$ 96.5
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	\$ 3.2	\$ 3.2	\$ 3.2	\$ 3.2	\$ 3.2	\$ 3.2
Other long-term liabilities	\$ 1.4	\$ 1.6	\$ 1.7	\$ 1.7	\$ 1.5	\$ 1.1	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.3
Total Liabilities	\$ 129.582	\$ 125.8	\$ 114.4	\$ 117.5	\$ 111.466	\$ 103.8	\$ 93.4	\$ 97.6	\$ 97.0	\$ 96.6	\$ 96.8	\$ 101.0
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	\$ 488.3	\$ 482.6	\$ 495.8	\$ 509.1	\$ 522.4	\$ 535.9
Cumulative translation adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated deficit	\$ (211.0)	\$ (227.2)	\$ (241.6)	\$ (253.7)	\$ (271.3)	\$ (284.2)	\$ (295.6)	\$ (307.9)	\$ (321.3)	\$ (333.6)	\$ (346.4)	\$ (358.9)
Accumulated other comprehensive income	\$ (1.6)	\$ (2.2)	\$ (1.9)	\$ (0.9)	\$ 0.1	\$ (0.3)	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.2)
Total Shareholders' Equity	\$ 332.5	\$ 319.4	\$ 315.9	\$ 308.0	\$ 290.9	\$ 217.0	\$ 192.5	\$ 174.6	\$ 174.4	\$ 175.3	\$ 175.9	\$ 176.9
Convertible preferred stock												
Redeemable convertible preferred stock												
Preferred Stock												
Total Liabilities, Shareholders' Equity, and PS	\$ 462.1	\$ 445.2	\$ 430.3	\$ 425.5	\$ 402.4	\$ 320.7	\$ 286.0	\$ 272.2	\$ 271.4	\$ 271.9	\$ 272.7	\$ 277.9

Sources: Company reports, KeyBanc Capital Markets Inc. estimates

ON24, Cash Flow Statement

Sources: Company reports, KeyBanc Capital Markets Inc. estimates

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.

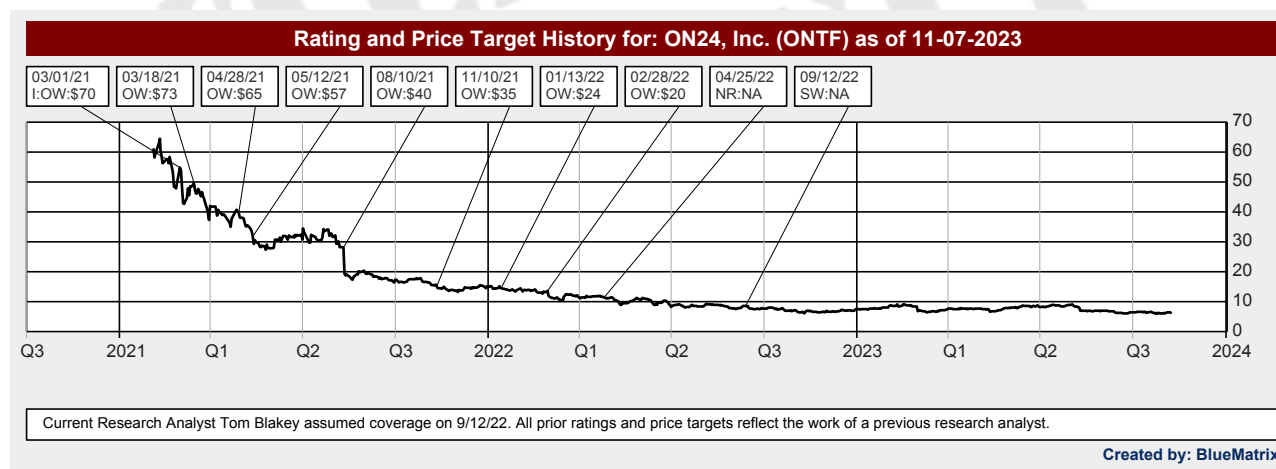
As of the date of this report, we make a market in ON24, Inc..

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.

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Three- Year Rating and Price Target History



Rating Disclosures

Distribution of Ratings/IB Services KeyBanc Capital Markets

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
Overweight [OW]	239	48.28	43	17.99
Sector Weight [SW]	251	50.71	40	15.94
Underweight [UW]	5	1.01	2	40.00

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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