

ON24, Inc.

ONTF: 2023 Guide Down, Headcount Returns to 2020 Levels

We reiterate our SW rating on ONTF shares after it reported in-line revenue results and margin results above KBCM/consensus for the second consecutive quarter. Also, for the second consecutive quarter ON24 guided the next quarter revenue lower, this time by 8% compared to St./KBCM 4Q (4% lower last quarter) as it appears the Company continues to experience year-end budget constraints in 2022 into C1Q23. The Company is not expecting macro to improve in CY23 and guided full year ~12% below top-line forecasts by Street/KBCM with acute pressure cited in its Technology (1/3 of ARR) and Manufacturing (mid-teens%) still experiencing down sells, churn, and price pressure. The 2023 guide includes a deemphasis on ON24's Virtual Conference product, which saw ~50% decline in ARR q/q in 4Q22. If we look at just Core Platform software and Services (i.e., ~97% of CY23 revenue and ~92% of CY22 revenue by our calculation), that pro forma revenue (i.e., simply excluding Virtual Conference revenue) would be -8.5% in CY23 per guidance compared to prior unadjusted revenue growth forecasts of "flat" in CY23 and November 2022 commentary that was relatively more optimistic about returning to growth, in our view. ON24 disclosed another RIF, this time 13%, with a combined headcount reduction by early 2023 returning the Company to 2020 headcount levels (~550, or approximate 25% reduction). The savings on a run rate basis, combined with non-headcount-related cost savings (real estate), are forecast to amount to a \$38M-\$40M savings and the Company aims to be non-GAAP EPS breakeven by 2Q23. Lastly, ON24 announced a \$100M capital return program broken into one-time \$0.50/share special dividend (2Q23) and \$75M ASR and share buyback targeted over the next 12 months. We continue to view ON24's core value prop as strong with sustainable tailwinds post-pandemic as GTM, lead gen, and related customer engagement continue to leverage digital channels. We applaud ON24's efforts to optimize its business model and look forward to enhanced GTM strategies from the Company's new CMO but maintain our SW rating as top line continues to be pressured with accelerated declines even after adjusting for virtual conference revenue.

Key Investment Points

Estimates

(Key Investment Points on page 2.)

FY ends 12/31	F2022A	1Q23E	2Q23E	3Q23E	4Q23E	F2023E	F2024E
EPS (Net)	\$(0.37)	\$(0.07)	\$0.00	\$0.00	\$0.02	\$(0.05)	\$0.02
Cons. EPS	--	\$(0.08)	\$(0.06)	\$(0.03)	\$0.00	\$(0.15)	\$0.07
Previous	\$(0.40)	\$(0.05)	\$(0.04)	\$(0.03)	\$0.00	\$(0.12)	--
Revenue (M)	\$190.9	\$42.5	\$41.0	\$40.5	\$42.3	\$166.3	\$171.8
Cons. Revenue	--	\$46.4	\$46.8	\$48.5	\$49.5	\$191.0	\$205.4
Previous	\$190.7	\$46.3	\$47.3	\$47.8	\$50.3	\$191.6	--
Valuation							
EV/Sales	1.2x	--	--	--	--	1.4x	1.4x

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

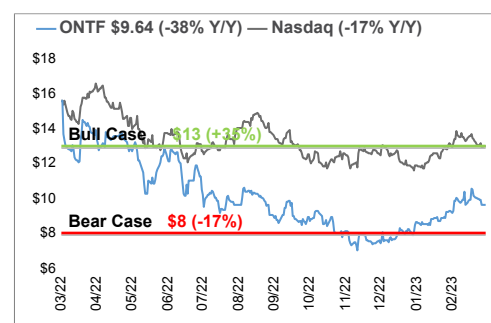
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NYSE: ONTF

Rating:	Sector Weight
Price Target:	NA
Price:	\$9.64



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

Company Data

52-week range	\$7 - \$16
YTD Price % Chg.	11.8%
Market Cap. (M)	\$457.9
Shares Out. (M)	47.50
Enterprise Value (M)	\$237.5
Avg. Daily Volume (30D)	256,042.0
Total Debt (M)	\$7.7
Total cash & equivalents (M)	\$228.1

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

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

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Bull Case

\$13 = Applying a 2023E EV/sales multiple of 2.0x our FY23 bull-case estimate

We assume:

- 2023 revenue growth at 0% y/y
- Assumes diluted shares of approximately 47M

Bear Case

\$8 = Applying a 2023E EV/sales multiple of 1.0x, our FY23 bear-case estimate

We assume:

- 2023 revenue growth at -20% y/y
- Assumes diluted shares of approximately 47M

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

We are reiterating our Sector Weight rating on ON24. Shares currently trade at 0.6x 2023E EV/sales compared to ON24's three-year NTM average EV/sales of 2.7x.

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)

ARR pressures continue even at the Core. Management did not provide enough disclosure to calculate y/y growth rates for Core ARR excluding Virtual Conference but the biggest decline in Virtual Conference was in 4Q, down 50% sequentially and totaled 4% of total ARR that quarter with a forecast of LSD% of ARR in 4Q23. Based on modeling assumptions and guidance, Virtual ARR should reach ~\$5.5M in 1Q23 and possibly \$3M in 4Q23, so little in the way of continued deterioration throughout the year. That said, total ARR, which is 98% core by 4Q23 (96% in 1Q23) is not modeled to return to growth on a y/y basis until 2Q24 in our model. In 4Q22 total ARR -7%, and we have y/y declines bottoming in 2Q23 at -16% highlighting the continued pressures ON24 is experiencing in the market. Making certain assumptions for Virtual Conference ARR in 2Q22, Core ARR would still decline LDD percent y/y in 2Q23 by our math.

Engagement on ON24 Platform remains relatively strong. Outside of the nearly 50% exposure to Tech and Manufacturing verticals that remain weak, the Company mentioned Life Science, and Professional Services verticals increased MSD% sequentially with Fin Serv up LSD%. Overall engagement on the platform, measured by average length of attendance on the platform, was up overall in 2022. We maintain that ON24 needs to repackage its solutions to help stop the down sells and overall pricing pressure it experiences in the market, which should help with ARPU pressures, which we calculate declined ~8% in 4Q22 and -6% for 2022.

Capital return strategy announced. On February 8, 2023, ON24's second largest shareholder, Indaba, issued an open letter to ONTF, calling for a significant capital return program and stronger corporate governance. Indaba requested ON24 distribute \$150M of capital to shareholders, ideally in the most tax-efficient manner; through a combination of a special dividend, ASR, and \$25M 10b5-1 plan. ON24's response today was \$100M capital return program composed of a \$.50 per share special cash dividend (currently forecasted to be paid in 2Q23), and roughly \$75M through accelerated share repurchase and buyback program targeted to be complete over the next 12 months. The new return program coupled with the prior share repurchases, \$41M to date in 2022, results in \$141M returned to shareholders since December of 2021.

(\$ Millions)

4Q22 Results		Estimates		Guidance			vs. Prior KBCM Est	
	Actual	Consensus	KBCM	Low	Mid	High	\$ / %	%
= Total Revenue	46.6	46.2	46.4	45.7	46.2	46.7	0	0.3%
Y/Y%	-10.5%	-11.3%	-10.8%	-12.2%	-11.2%	-10.3%	0.3%	-
+ Platform	42.0	41.6	41.8				0	0.6%
Y/Y%	-6.6%	-7.5%	-7.1%				0.6%	-
- Services	4.5	4.5	4.6				(0)	-2.2%
Y/Y%	-35.6%	-35.7%	-34.1%				-1.5%	-
= Gross Profit	34.3	34.2	34.4				(0)	0.0%
Y/Y%	-14.5%	-14.8%	-14.4%				0.0%	-
= Gross Margin	73.7%	74.1%	74.0%				-0.3%	-
- Billings	49.0	50.5	51.3				(2)	-4.5%
Y/Y%	-14.2%	-11.5%	-10.1%				-4.0%	-
+ EBIT	(3.5)	(3.9)	(3.7)	(4.5)	(4.0)	(3.5)	0	5.7%
= EBIT Margin	-7.4%	-8.5%	-7.9%	-9.8%	-8.7%	-7.5%	0.5%	-
+ CFFO	(7.6)	(11.8)	(12.1)				5	37.6%
+ FCF	(8.9)	(12.6)	(13.1)				4	32.5%
+ EPS	(\$0.04)	(\$0.07)	(\$0.07)	(\$0.08)	(\$0.07)	(\$0.06)	\$0.03	42.9%

1Q23 Estimates		Prior Estimates		Guidance			vs. Prior KBCM Est	
	New Estimate	Consensus	KBCM	Low	Mid	High	\$ / %	%
- Total Revenue	42.5	46.2	46.3	42.0	42.5	43.0	(4)	-8.2%
Y/Y%	-12.4%	-4.7%	-4.6%	-13.4%	-12.4%	-11.3%	-7.8%	-
- Platform	38.7	41.7	41.6				(3)	-7.2%
Y/Y%	-11.1%	-4.2%	-4.2%				-6.9%	-
- Services	3.8	4.5	4.6				(1)	-17.4%
Y/Y%	-23.8%	-9.5%	-7.7%				-16.0%	-
- Gross Profit	31.3	34.1	34.5				(3)	-9.3%
Y/Y%	-14.5%	-6.9%	-5.7%				-8.8%	-
- Gross Margin	73.7%	73.7%	74.6%				-0.9%	-
- Billings	44.1	45.1	48.8				(5)	-9.6%
Y/Y%	-0.6%	1.6%	10.0%				-10.6%	-
- EBIT	(5.4)	(3.3)	(2.8)	(5.4)	(4.9)	(4.4)	(3)	-92.8%
- EBIT Margin	-12.8%	-7.2%	-6.1%	-12.9%	-11.5%	-10.2%	-6.7%	-
- CFFO	0.4	(2.1)	1.3				(1)	-72.8%
- FCF	(0.7)	(3.0)	0.2				(1)	-426.6%
- EPS	(\$0.07)	(\$0.06)	(\$0.05)	(\$0.08)	(\$0.07)	(\$0.06)	-\$0.02	-32.3%

	2023 Estimates		Prior Estimates		Guidance			vs. Prior KBCM Est	
	New Estimate		Consensus	KBCM	Low	Mid	High	\$ / %	%
- Total Revenue	166.3		190.3	191.6	165.0	167.5	170.0	(25)	-13.2%
Y/Y%	-12.9%		-0.1%	0.5%	-13.6%	-12.2%	-10.9%	-13.4%	-
- Platform	150.5		171.7	172.4				(22)	-12.7%
Y/Y%	-12.4%		0.1%	0.5%				-12.9%	-
- Services	15.8		18.7	19.2				(3)	-17.7%
Y/Y%	-17.0%		-1.9%	0.3%				-17.3%	-
- Gross Profit	122.0		141.6	143.8				(22)	-15.1%
Y/Y%	-14.4%		-0.6%	0.9%				-15.3%	-
- Gross Margin	73.4%		74.4%	75.1%				-1.7%	-
- Billings	167.8		192.0	198.1				(30)	-15.3%
Y/Y%	-5.8%		6.9%	9.8%				-15.6%	-
- EBIT	(10.7)		(6.6)	(6.7)	(11.0)	(9.5)	(8.0)	(4)	-60.2%
- EBIT Margin	-6.4%		-3.5%	-3.5%	-6.7%	-5.7%	-4.7%	-3.0%	-
+ CFFO	(4.1)		(3.0)	(5.7)				2	28.4%
+ FCF	(8.5)		(6.7)	(10.1)				2	16.0%
+ EPS	(\$0.05)		(\$0.13)	(\$0.12)	(\$0.08)	(\$0.05)	(\$0.01)	\$0.07	59.2%

	2024 Estimates		Prior Estimates		Guidance			vs. Prior KBCM Est	
	New Estimate		Consensus	KBCM	Low	Mid	High	\$ / %	%
- Total Revenue	171.8		202.5	196.6				(25)	-12.6%
Y/Y%	3.3%		6.4%	2.6%				0.7%	-
- Platform	155.5		182.8	178.1				(23)	-12.7%
Y/Y%	3.3%		6.5%	3.3%				0.0%	-
- Services	16.3		19.6	18.5				(2)	-11.9%
Y/Y%	3.4%		5.2%	-3.4%				6.8%	-
- Gross Profit	127.7		153.6	150.7				(23)	-15.3%
Y/Y%	4.6%		8.5%	4.8%				-0.2%	-
- Gross Margin	74.3%		75.9%	76.6%				-2.3%	-
- Billings	178.2		207.2	203.6				(25)	-12.5%
Y/Y%	6.2%		7.9%	2.8%				3.4%	-
- EBIT	(7.4)		2.6	(0.2)				(7)	-3073.6%
- EBIT Margin	-4.3%		1.3%	-0.1%				-4.2%	-
- CFFO	4.9		6.0	5.5				(1)	-10.2%
- FCF	0.1		1.8	0.7				(1)	-81.8%
+ EPS	\$0.02		\$0.05	\$0.01				\$0.01	58.1%

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

KeyBanc Capital Markets

Thomas Blakey, CFA

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ON24, Income Statement

(M)	Mar 1QA	Jun 2QA	Sep 3QA	Dec 4QA	FY2022A	Mar 1QE	Jun 2QE	Sep 3QE	Dec 4QE	FY2023E	Mar 1QE	Jun 2QE	Sep 3QE	Dec 4QE	FY2024E
Platform Revenue	\$ 43.5	\$ 43.1	\$ 43.3	\$ 42.0	\$ 171.8	\$ 38.7	\$ 37.1	\$ 36.7	\$ 38.1	\$ 150.5	\$ 37.2	\$ 38.4	\$ 39.7	\$ 40.2	\$ 155.5
Y/Y Growth	1.4%	-2.9%	-0.7%	-6.6%	-2.2%	-11.1%	-13.9%	-15.2%	-9.5%	-12.4%	-3.7%	3.7%	8.1%	5.6%	3.3%
Q/Q Growth	-3.4%	-0.9%	0.5%	-2.9%	-	-8.0%	-4.1%	-1.1%	3.7%	-	-2.2%	3.3%	3.1%	1.3%	-
% of Total Revenue	89.7%	89.3%	91.0%	90.3%	90.0%	91.0%	90.5%	90.5%	90.0%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%
Services Revenue	\$ 5.0	\$ 5.2	\$ 4.3	\$ 4.5	\$ 19.0	\$ 3.8	\$ 3.9	\$ 3.9	\$ 4.2	\$ 15.8	\$ 3.9	\$ 4.0	\$ 4.2	\$ 4.2	\$ 16.3
Y/Y Growth	-30.0%	-33.2%	-25.3%	-35.6%	-31.3%	-23.8%	-24.8%	-10.5%	-6.8%	-17.0%	2.2%	3.7%	8.1%	-0.3%	3.4%
Q/Q Growth	-28.8%	3.2%	-16.8%	5.4%	-	-15.8%	1.8%	-1.1%	9.8%	-	-7.6%	3.3%	3.1%	1.3%	-
% of Total Revenue	10.3%	10.7%	9.0%	9.7%	10.0%	9.0%	9.5%	9.5%	10.0%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Legacy Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 48.5	\$ 48.2	\$ 47.6	\$ 46.6	\$ 190.9	\$ 42.5	\$ 41.0	\$ 40.5	\$ 42.3	\$ 166.3	\$ 41.1	\$ 42.5	\$ 43.8	\$ 44.4	\$ 171.8
Y/Y Growth (excl. Legacy)	-3.1%	-7.4%	-3.5%	-10.5%	-6.2%	-12.4%	-15.1%	-14.8%	-9.2%	-12.9%	-3.1%	3.7%	8.1%	5.0%	3.3%
Y/Y Growth	-3.2%	-7.4%	-3.6%	-10.5%	-6.3%	-12.4%	-15.1%	-14.8%	-9.2%	-12.9%	-3.1%	3.7%	8.1%	5.0%	3.3%
Q/Q Growth	-6.8%	-0.5%	-1.4%	-2.1%	-	-8.8%	-3.6%	-1.1%	4.3%	-	-2.7%	3.3%	3.1%	1.3%	-
% of Annual Revenue	25.4%	25.3%	24.9%	24.4%	-	25.5%	24.6%	24.4%	25.4%	-	23.9%	24.7%	25.5%	25.8%	-
COGS: Platform	\$ 8.7	\$ 9.1	\$ 8.9	\$ 8.7	\$ 35.5	\$ 8.1	\$ 7.8	\$ 7.7	\$ 8.0	\$ 31.6	\$ 7.4	\$ 7.7	\$ 7.9	\$ 8.0	\$ 31.1
% of Sub and Other Platform Revenue	20.1%	21.2%	20.6%	20.8%	20.7%	21.0%	21.0%	21.0%	21.0%	21.0%	20.0%	20.0%	20.0%	20.0%	20.0%
COGS: Services	\$ 3.2	\$ 3.2	\$ 3.0	\$ 3.5	\$ 12.8	\$ 3.1	\$ 3.1	\$ 3.1	\$ 3.4	\$ 12.6	\$ 3.1	\$ 3.2	\$ 3.3	\$ 3.4	\$ 13.1
% of Pro Services Revenue	63.2%	61.4%	69.5%	77.3%	67.5%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Total Cost of Revenue	\$ 11.9	\$ 12.3	\$ 11.9	\$ 12.2	\$ 48.3	\$ 11.2	\$ 10.9	\$ 10.8	\$ 11.4	\$ 44.2	\$ 10.6	\$ 10.9	\$ 11.3	\$ 11.4	\$ 44.2
% of Total Revenue	24.5%	25.5%	25.0%	26.3%	25.3%	26.3%	26.6%	26.6%	26.9%	26.6%	25.7%	25.7%	25.7%	25.7%	25.7%
Gross Profit	\$ 36.6	\$ 35.9	\$ 35.7	\$ 34.3	\$ 142.5	\$ 31.3	\$ 30.1	\$ 29.8	\$ 30.9	\$ 122.0	\$ 30.6	\$ 31.6	\$ 32.6	\$ 33.0	\$ 127.7
Gross Margin	75.5%	74.5%	75.0%	73.7%	74.7%	73.7%	73.4%	73.4%	73.1%	73.4%	74.3%	74.3%	74.3%	74.3%	74.3%
Sales & Marketing	\$ 25.5	\$ 25.2	\$ 22.4	\$ 21.1	\$ 94.1	\$ 20.2	\$ 18.0	\$ 17.8	\$ 18.2	\$ 74.2	\$ 19.0	\$ 19.1	\$ 19.1	\$ 19.3	\$ 76.6
% of Total Revenue	52.6%	52.1%	47.0%	45.4%	49.3%	47.5%	44.0%	43.9%	43.0%	44.6%	46.3%	45.0%	43.7%	43.5%	44.6%
Research & Development	\$ 8.7	\$ 8.9	\$ 9.1	\$ 9.0	\$ 35.6	\$ 9.6	\$ 7.6	\$ 7.5	\$ 7.6	\$ 32.2	\$ 7.7	\$ 7.9	\$ 8.1	\$ 8.2	\$ 31.9
% of Total Revenue	17.9%	18.4%	19.1%	19.3%	18.7%	22.5%	18.5%	18.4%	18.0%	19.4%	18.8%	18.5%	18.5%	18.5%	18.6%
General & Administrative	\$ 8.1	\$ 8.1	\$ 7.9	\$ 7.7	\$ 31.7	\$ 7.0	\$ 6.6	\$ 6.4	\$ 6.3	\$ 26.4	\$ 6.4	\$ 6.5	\$ 6.7	\$ 6.8	\$ 26.5
% of Total Revenue	16.7%	16.7%	16.5%	16.5%	16.6%	16.5%	16.0%	15.9%	15.0%	15.8%	15.5%	15.4%	15.4%	15.4%	15.4%
Total Operating Expenses	\$ 42.2	\$ 42.1	\$ 39.324	\$ 37.8	\$ 161.5	\$ 36.7	\$ 32.2	\$ 31.7	\$ 32.1	\$ 132.7	\$ 33.2	\$ 33.5	\$ 34.0	\$ 34.4	\$ 135.0
Total Operating Costs & Expenses	\$ 54.2	\$ 54.4	\$ 51.2	\$ 50.0	\$ 209.8	\$ 47.9	\$ 43.1	\$ 42.5	\$ 43.5	\$ 177.0	\$ 43.7	\$ 44.4	\$ 45.3	\$ 45.8	\$ 179.2
EBIT	\$ (5.7)	\$ (6.2)	\$ (3.6)	\$ (3.5)	\$ (18.9)	\$ (5.4)	\$ (2.1)	\$ (1.9)	\$ (1.2)	\$ (10.7)	\$ (2.6)	\$ (2.0)	\$ (1.4)	\$ (1.4)	\$ (7.4)
% of Total Revenue	-11.7%	-12.8%	-7.7%	-7.4%	-9.9%	-12.8%	-5.1%	-4.8%	-2.9%	-6.4%	-6.3%	-4.6%	-3.3%	-3.1%	-4.3%
Y/Y Opex	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Income (Expense)	\$ (0.2)	\$ (0.2)	\$ 0.4	\$ 2.3	\$ 2.3	\$ 2.3	\$ 2.3	\$ 2.3	\$ 2.3	\$ 9.2	\$ 2.3	\$ 2.3	\$ 2.3	\$ 2.3	\$ 9.2
Pre-Tax Income	\$ (5.9)	\$ (6.3)	\$ (3.2)	\$ (1.2)	\$ (16.6)	\$ (3.1)	\$ 0.2	\$ 0.3	\$ 1.1	\$ (1.5)	\$ (0.3)	\$ 0.3	\$ 0.8	\$ 0.9	\$ 1.8
Taxes	\$ 0.1	\$ 0.0	\$ 0.0	\$ 0.8	\$ 1.0	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.7	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.7
% Tax Rate	-	-	-	-	-	-	NM	NM	18.7%	NM	-	NM	NM	NM	39.7%
Net Income	\$ (6.0)	\$ (6.4)	\$ (3.266)	\$ (2.0)	\$ (17.6)	\$ (3.3)	\$ 0.0	\$ 0.2	\$ 0.9	\$ (2.2)	\$ (0.5)	\$ 0.2	\$ 0.7	\$ 0.7	\$ 1.1
% Total Revenue	(12.3%)	(13.2%)	(6.9%)	(4.2%)	(9.2%)	(7.8%)	0.1%	0.4%	2.1%	(1.4%)	(1.1%)	0.4%	1.5%	1.6%	0.6%
Non-GAAP EPS	\$ (0.13)	\$ (0.14)	\$ (0.07)	\$ (0.04)	\$ (0.37)	\$ (0.07)	\$ 0.00	\$ 0.00	\$ 0.02	\$ (0.05)	\$ (0.01)	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.02
Basic shares out	47.6	47.2	47.6	48.0	47.6	47.5	47.5	47.5	47.5	47.5	47.8	48.0	48.1	48.4	48.1
Diluted shares out	47.6	47.2	47.6	48.0	47.6	47.5	47.5	47.5	47.5	47.5	47.8	48.0	48.1	48.4	48.1
GAAP Net Income	\$ (15.5)	\$ (16.2)	\$ (14.4)	\$ (12.1)	\$ (58.2)	\$ (12.3)	\$ (8.7)	\$ (8.7)	\$ (8.1)	\$ (37.8)	\$ (9.5)	\$ (9.0)	\$ (8.6)	\$ (8.6)	\$ (35.7)
GAAP EPS	\$ (0.32)	\$ (0.34)	\$ (0.30)	\$ (0.25)	\$ (1.22)	\$ (0.26)	\$ (0.18)	\$ (0.18)	\$ (0.17)	\$ (0.80)	\$ (0.20)	\$ (0.19)	\$ (0.18)	\$ (0.18)	\$ (0.74)
EBITDA	\$ (4.5)	\$ (4.8)	\$ (2.2)	\$ (2.0)	\$ (13.5)	\$ (3.9)	\$ (0.5)	\$ (0.4)	\$ 0.3	\$ (4.5)	\$ (0.9)	\$ (0.3)	\$ 0.2	\$ 0.3	\$ (0.7)
Depreciation & Amortization	\$ 1.2	\$ 1.3	\$ 1.4	\$ 1.5	\$ 5.4	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.6	\$ 6.3	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.7	\$ 6.7
% of Total Revenue	2.5%	2.8%	3.0%	3.1%	2.8%	3.7%	3.8%	3.9%	3.7%	3.8%	4.0%	3.9%	3.8%	3.7%	3.9%
Free Cash Flow	\$ (7.8)	\$ (3.4)	\$ (4.2)	\$ (8.9)	\$ (24.2)	\$ (0.7)	\$ (0.5)	\$ 0.1	\$ (7.4)	\$ (8.5)	\$ 2.9	\$ 0.5	\$ 0.9	\$ (4.2)	\$ 0.1
% of Total Revenue	(16.0%)	(7.0%)	(8.8%)	(19.0%)	(12.7%)	(1.7%)	(1.3%)	0.3%	(17.4%)	(5.1%)	7.1%	1.2%	2.1%	(9.4%)	0.1%
Y/Y Growth	-351.6%	-164.1%	171.1%	76.4%	-1685.9%	-89.1%	-81.7%	-103.6%	-8.6%	-59.6%	-505.5%	-193.8%	549.7%	-45.7%	-101.4%
Change in Deferred Revenue	\$ (4.1)	\$ (1.4)	\$ (9.7)	\$ 2.4	\$ (12.8)	\$ 1.7	\$ (1.7)	\$ (1.7)	\$ 3.3	\$ 1.6	\$ 2.6	\$ (0.4)	\$ (0.9)	\$ 5.2	\$ 6.4
Calculated Billings (CF)	\$ 44.4	\$ 46.9	\$ 37.8	\$ 49.0	\$ 178.1	\$ 44.1	\$ 39.3	\$ 38.9	\$ 45.6	\$ 167.8	\$ 43.7	\$ 42.0	\$ 42.9	\$ 49.6	\$ 178.2
% of Annual Billings	24.9%	26.3%	21.2%	27.5%	100.0%	26.3%	23.4%	23.2%	27.1%	100.0%	24.5%	23.6%	24.1%	27.8%	100.0%
Billings to Revenue	0.92x	0.97x	0.80x	1.05x	0.93x	1.04x	0.96x	0.96x	1.08x	1.01x	1.06x	0.99x	0.98x	1.12x	1.04x
Y/Y Growth	-16.9%	-7.1%	-18.9%	-14.2%	-14.2%	-0.6%	-16.2%	-2.7%	-7.0%	-5.7%	-1.0%	7.1%	10.5%	8.8%	6.2%
Rule of 40	-14.5%	-9.9%	-9.5%	-25.6%	-14.9%	-12.8%	-15.2%	-14.9%	-26.9%	-17.5%	3.4%	4.9%	10.2%	-3.9%	3.4%

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 1QE	Jun FY23 2QE	Sep FY23 3QE	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	\$ 308.6	\$ 264.4	\$ 245.7	\$ 219.6	\$ 222.5	\$ 223.0	\$ 223.9	\$ 219.8
Accounts receivable	\$ 42.1	\$ 39.8	\$ 31.2	\$ 43.8	\$ 36.8	\$ 34.1	\$ 31.5	\$ 41.3	\$ 38.9	\$ 38.7	\$ 37.0	\$ 44.9
Deferred contract acquisition costs, current	\$ 14.3	\$ 12.2	\$ 12.0	\$ 13.1	\$ 13.7	\$ 13.9	\$ 14.5	\$ 15.4	\$ 16.0	\$ 16.3	\$ 16.9	\$ 18.0
Prepaid expenses and other current assets	\$ 11.8	\$ 9.9	\$ 8.4	\$ 6.3	\$ 6.3	\$ 6.3	\$ 6.3	\$ 6.3	\$ 6.3	\$ 6.3	\$ 6.3	\$ 6.3
Current Assets	\$ 427.2	\$ 406.8	\$ 393.4	\$ 391.3	\$ 365.4	\$ 318.7	\$ 298.0	\$ 282.6	\$ 283.6	\$ 284.3	\$ 284.2	\$ 288.9
Property and equipment, net	\$ 8.7	\$ 8.1	\$ 8.1	\$ 7.2	\$ 7.1	\$ 6.9	\$ 6.6	\$ 6.2	\$ 5.8	\$ 5.5	\$ 5.1	\$ 4.7
Deferred contract acquisition costs, non-current	\$ 18.0	\$ 19.9	\$ 19.0	\$ 17.8	\$ 18.3	\$ 19.1	\$ 19.9	\$ 20.9	\$ 21.5	\$ 22.5	\$ 23.4	\$ 24.6
Other assets	\$ 1.5	\$ 4.2	\$ 3.8	\$ 3.6	\$ 3.6	\$ 3.6	\$ 3.6	\$ 3.6	\$ 3.6	\$ 3.6	\$ 3.6	\$ 3.6
Operating right-of-use assets	\$ 6.8	\$ 6.2	\$ 6.0	\$ 5.6	\$ 5.6	\$ 5.6	\$ 5.6	\$ 5.6	\$ 5.6	\$ 5.6	\$ 5.6	\$ 5.6
Total Assets	\$ 462.1	\$ 445.2	\$ 430.3	\$ 425.5	\$ 400.0	\$ 353.9	\$ 333.7	\$ 318.9	\$ 320.2	\$ 321.5	\$ 321.9	\$ 327.4
Liabilities & Shareholders' Equity:												
Accounts payable	\$ 5.1	\$ 3.6	\$ 4.3	\$ 4.6	\$ 3.3	\$ 3.0	\$ 3.3	\$ 3.2	\$ 3.1	\$ 3.0	\$ 3.4	\$ 3.3
Accrued liabilities	\$ 18.7	\$ 18.8	\$ 17.1	\$ 18.5	\$ 14.7	\$ 14.3	\$ 14.1	\$ 13.9	\$ 13.3	\$ 14.9	\$ 15.1	\$ 14.9
Deferred revenue	\$ 92.1	\$ 90.8	\$ 81.0	\$ 83.5	\$ 85.1	\$ 83.4	\$ 81.8	\$ 85.0	\$ 87.6	\$ 87.1	\$ 86.3	\$ 91.4
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	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.6
Total Current Liabilities	\$ 120.1	\$ 117.5	\$ 106.8	\$ 110.7	\$ 107.3	\$ 104.9	\$ 103.3	\$ 106.4	\$ 108.1	\$ 109.3	\$ 109.0	\$ 113.8
Deferred rent, less current portion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Finance Lease	\$ 1.4	\$ 0.7	\$ 0.3	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
Long-term debt	\$ 6.7	\$ 6.0	\$ 5.6	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0
Other long-term liabilities	\$ 1.4	\$ 1.6	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.7
Total Liabilities	\$ 129.582	\$ 125.8	\$ 114.4	\$ 117.5	\$ 114.1	\$ 111.7	\$ 110.1	\$ 113.2	\$ 114.9	\$ 116.0	\$ 115.8	\$ 120.6
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	\$ 552.8	\$ 517.8	\$ 507.9	\$ 498.1	\$ 507.2	\$ 516.3	\$ 525.6	\$ 534.9
Cumulative translation adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated deficit	\$ (211.0)	\$ (227.2)	\$ (241.6)	\$ (253.7)	\$ (266.0)	\$ (274.8)	\$ (283.4)	\$ (291.5)	\$ (301.0)	\$ (310.0)	\$ (318.6)	\$ (327.2)
Accumulated other comprehensive income	\$ (1.6)	\$ (2.2)	\$ (1.9)	\$ (0.9)	\$ (0.9)	\$ (0.9)	\$ (0.9)	\$ (0.9)	\$ (0.9)	\$ (0.9)	\$ (0.9)	\$ (0.9)
Total Shareholders' Equity	\$ 332.5	\$ 319.4	\$ 315.9	\$ 308.0	\$ 285.9	\$ 242.2	\$ 223.6	\$ 205.7	\$ 205.3	\$ 205.4	\$ 206.1	\$ 206.8
Convertible preferred stock												
Redeemable convertible preferred stock												
Preferred Stock												
Total Assets	\$ 462.1	\$ 445.2	\$ 430.3	\$ 425.5	\$ 400.0	\$ 353.9	\$ 333.7	\$ 318.9	\$ 320.2	\$ 321.5	\$ 321.9	\$ 327.4
Total Liabilities, Shareholders' Equity, and PS	\$ 462.1	\$ 445.2	\$ 430.3	\$ 425.5	\$ 400.0	\$ 353.9	\$ 333.7	\$ 318.9	\$ 320.2	\$ 321.5	\$ 321.9	\$ 327.4

Sources: Company reports, KeyBanc Capital Markets Inc. estimates

KeyBanc Capital Markets
Thomas Blakey, CFA

ON24, Cash Flow Statement

(M)	Mar FY22 1Q4	Jun FY22 2Q4	Sep FY22 3Q4	Dec FY22 4Q4	Mar FY23 1QE	Jun FY23 2QE	Sep FY23 3QE	Dec FY23 4QE	Mar FY24 1QE	Jun FY24 2QE	Sep FY24 3QE	Dec FY24 4QE
Cash Flow from Operations												
Net income (loss)	\$ (15.5)	\$ (16.2)	\$ (14.4)	\$ (12.1)	\$ (12.3)	\$ (8.7)	\$ (8.7)	\$ (8.1)	\$ (9.5)	\$ (9.0)	\$ (8.6)	\$ (8.6)
Adjustments to reconcile net income to net cash from operations												
Depreciation and amortization	\$ 1.2	\$ 1.3	\$ 1.4	\$ 1.5	\$ 1.2	\$ 1.3	\$ 1.4	\$ 1.5	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.6
Stock-based compensation expense	\$ 9.5	\$ 9.7	\$ 9.9	\$ 9.4	\$ 9.0	\$ 8.8	\$ 8.9	\$ 9.0	\$ 9.1	\$ 9.2	\$ 9.3	\$ 9.4
Amortization of deferred contract acquisition cost	\$ 4.1	\$ 4.0	\$ 3.8	\$ 3.8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Provision for allowance for doubtful accounts	\$ 0.3	\$ 0.5	\$ 0.5	\$ 0.7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 0.8	\$ 0.6	\$ 0.1	\$ (0.6)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Changes in operating assets and liabilities:												
Accounts receivable	\$ 3.8	\$ 1.9	\$ 8.1	\$ (13.3)	\$ 6.9	\$ 2.7	\$ 2.6	\$ (9.8)	\$ 2.5	\$ 0.2	\$ 1.7	\$ (7.9)
Deferred contract acquisition cost	\$ (3.6)	\$ (3.7)	\$ (2.7)	\$ (3.7)	\$ (1.1)	\$ (1.1)	\$ (1.3)	\$ (1.9)	\$ (1.2)	\$ (1.3)	\$ (1.6)	\$ (2.2)
Prepaid expense and other current assets	\$ (3.6)	\$ 2.0	\$ 1.6	\$ 2.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	\$ 1.7	\$ (1.4)	\$ (0.1)	\$ 1.3	\$ (1.3)	\$ (0.3)	\$ 0.2	\$ (0.0)	\$ (0.1)	\$ (0.1)	\$ 0.4	\$ (0.2)
Accrued liabilities	\$ (0.8)	\$ 1.0	\$ (1.6)	\$ 1.4	\$ (3.8)	\$ (0.4)	\$ (0.2)	\$ (0.2)	\$ (0.7)	\$ 1.6	\$ 0.2	\$ (0.2)
Deferred revenue	\$ (4.1)	\$ (1.4)	\$ (9.7)	\$ 2.4	\$ 1.7	\$ (1.7)	\$ (1.7)	\$ 3.3	\$ 2.6	\$ (0.4)	\$ (0.9)	\$ 5.2
Other	\$ (0.6)	\$ (0.8)	\$ (0.4)	\$ (0.7)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net cash provided by operating activities	\$ (6.8)	\$ (2.7)	\$ (3.5)	\$ (7.6)	\$ 0.4	\$ 0.6	\$ 1.2	\$ (6.3)	\$ 4.1	\$ 1.7	\$ 2.1	\$ (3.0)
Cash Flow from Investing												
Purchases/Sales of investments, net	\$ (45.6)	\$ (4.0)	\$ (39.8)	\$ 6.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchases of property and equipment	\$ (1.0)	\$ (0.7)	\$ (0.7)	\$ (1.3)	\$ (1.1)	\$ (1.1)	\$ (1.1)	\$ (1.1)	\$ (1.2)	\$ (1.2)	\$ (1.2)	\$ (1.2)
Acquisition, net of cash acquired	\$ -	\$ (2.5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net cash used in investing activities	\$ (46.5)	\$ (7.1)	\$ (40.5)	\$ 5.3	\$ (1.1)	\$ (1.1)	\$ (1.1)	\$ (1.1)	\$ (1.2)	\$ (1.2)	\$ (1.2)	\$ (1.2)
Cash Flow from Financing												
Proceeds from issuance of common stock & exercise of options & ESPP	\$ -	\$ 1.4	\$ 0.7	\$ 1.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repurchase of common stock	\$ (13.1)	\$ (8.7)	\$ -	\$ (7.3)	\$ (18.8)	\$ (18.8)	\$ (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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payment of deferred offering costs, Special Dividend	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (25.0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Changes in debt and other liabilities	\$ (1.8)	\$ (0.1)	\$ (0.1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net cash provided by financing activities	\$ (14.2)	\$ (7.9)	\$ 0.2	\$ (6.8)	\$ (18.8)	\$ (43.8)	\$ (18.8)	\$ (18.8)	\$ -	\$ -	\$ -	\$ -
Effect of Exchange Rate Change on Cash	\$ 0.0	\$ 0.2	\$ 0.2	\$ (0.3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net increase (decrease) in cash and cash equivalents	\$ (67.4)	\$ (17.5)	\$ (43.6)	\$ (9.4)	\$ (19.5)	\$ (44.3)	\$ (18.6)	\$ (26.1)	\$ 2.9	\$ 0.5	\$ 0.9	\$ (4.2)
Cash and Cash Equivalents, beginning of period	\$ 165.0	\$ 97.6	\$ 80.1	\$ 36.5	\$ 27.2	\$ 7.7	\$ (36.6)	\$ (55.2)	\$ (81.3)	\$ (78.4)	\$ (77.9)	\$ (77.0)
Cash and Cash Equivalents, end of period	\$ 97.6	\$ 80.1	\$ 36.5	\$ 27.2	\$ 7.7	\$ (36.6)	\$ (55.2)	\$ (81.3)	\$ (78.4)	\$ (77.9)	\$ (77.0)	\$ (81.2)
Free Cash Flow	\$ (7.8)	\$ (3.4)	\$ (4.2)	\$ (8.9)	\$ (0.7)	\$ (0.5)	\$ 0.1	\$ (7.4)	\$ 2.9	\$ 0.5	\$ 0.9	\$ (4.2)
% of Revenue	-16.0%	-7.0%	-8.8%	-19.0%	-1.7%	-1.3%	0.3%	-17.4%	7.1%	1.2%	2.1%	-9.4%
Free Cash Flow	CY2022E:			\$ (24.2)	CY2022E:			\$ (8.5)	CY2022E:			\$ 0.1
Y/Y Growth				-1586.6%				-64.8%				-101.5%
FCF Margin				-12.7%				-5.1%				0.1%

Sources: Company reports, KeyBanc Capital Markets Inc. estimates

Disclosure Appendix

Important Disclosures

ON24, Inc. - ONTF

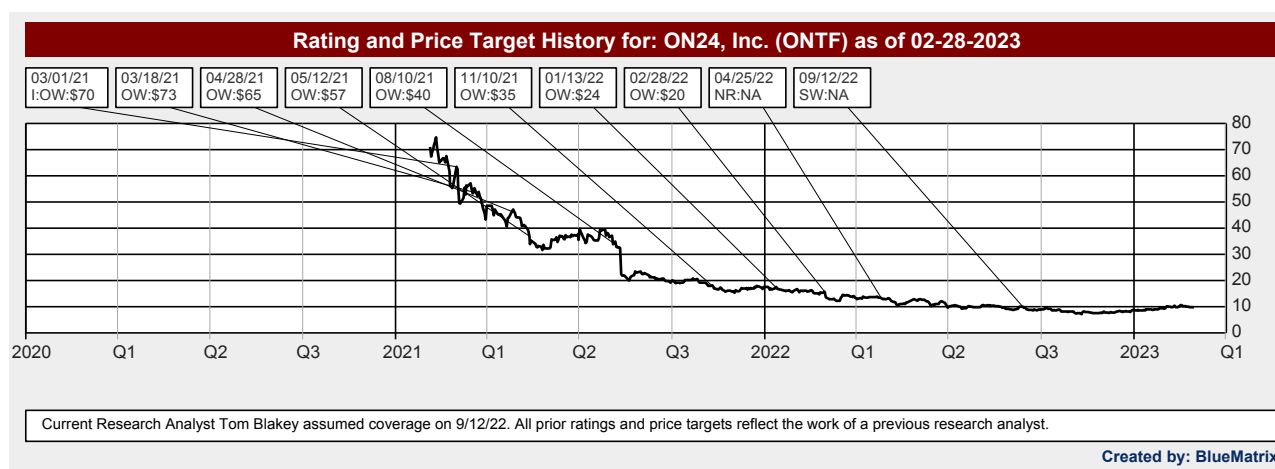
We expect to receive or intend to seek compensation for investment banking services from ON24, Inc. within the next three months. As of the date of this report, we make a market in ON24, Inc..

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]	255	47.84	38	14.90	Overweight [OW]	110	54.46	6	5.45
Sector Weight [SW]	270	50.66	39	14.44	Sector Weight [SW]	92	45.54	3	3.26
Underweight [UW]	8	1.50	3	37.50	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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