

ON24, Inc. (ONTF)

Neutral

Headwinds Persist; Marketing Tech Pure-Play Aims to Narrow Operating Losses

CONCLUSION

Digital marketing specialist ONTF reported another quarter of challenged top-line results with ARR declining 7% y/y (in line with -7% last quarter), driven largely by macro uncertainty and pressured marketing budgets. That said, cost optimizations, higher interest income, and buyback activity have helped narrow net losses to (\$1.8M) vs. (\$2.0M) last quarter. While we are lowering our 2023 revenue estimate by \$4M, we estimate that EPS could narrow to (\$0.03) vs. (\$0.37) in 2022. Maintain at Neutral with \$9 PT.

- **What happened?** ONTF posted total revenue of \$43.1M (\$0.8M beat to Street expectations) in Q1 on an 11.2% y/y decline. Total ARR declined 7% y/y (in line with our estimate), coming in at \$155.6M. Core Platform ARR, which excludes the Virtual Conference business, ended the quarter at \$149.2M, decreasing 4% y/y. Non-GAAP operating margin came in at -9.7% in Q1 (vs. our -11.0% estimate) as OpEx growth declined ~15% y/y during the quarter on tightening cost discipline. The company now counts 333 customers in its >\$100K cohort (down from 345 in Q4), which was impacted by customer reduction in spend due to budgetary pressures.
- **Macro headwinds persist; EPS on track breakeven in Q2.** ONTF continues to face macro headwinds that are pressuring marketing budgets. The technology and manufacturing verticals (almost 50% of ARR) continued to see the greatest challenge to closing new business, while life sciences saw strength with ARR growing q/q in Q1. While the growth algorithm remains challenged, management guided to breakeven (non-GAAP) EPS in Q2 and positive EPS by Q4, with full-year EPS guidance of (\$0.04) at the midpoint and \$0.00 at the high end, driven by heightened cost discipline, interest income, and buybacks (part of the capital return program).
- **Maintain at Neutral with \$9 PT.** While initiatives to refocus on upmarket customers, reduce tech exposure, and the introduction of generative AI features 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 \$4M, but raising our EPS estimate by \$0.02 on increased cost discipline and higher interest income.

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\$8.60

TARGET: US\$9.00

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
FY23E Rev (mil)	US\$167.5	US\$163.6
FY24E Rev (mil)	US\$174.2	US\$168.0
FY23E EPS	US\$(0.05)	US\$(0.03)
FY24E EPS	US\$0.10	US\$0.12
52-Week High / Low	US\$13.14 / US\$6.95	
Shares Out (mil)	60.6	
Market Cap. (mil)	US\$521.5	
Avg Daily Vol (000)	305	
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	2.7x	(0.13)	(0.14)	(0.07)	(0.04)	(0.37)	NM
2023E	43.1A	40.6	39.5	40.5	163.6	3.2x	(0.04)A	0.00	(0.00)	0.01	(0.03)	NM
2024E	41.3	41.9	41.3	43.5	168.0	3.1x	0.01	0.03	0.03	0.05	0.12	72.5x

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Key Performance Indicators

Key Operating Metrics	Fiscal Quarters									Trend	Pri 4-Qtr Avg
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23		
Revenue	\$50.1	\$52.1	\$49.4	\$52.0	\$48.5	\$48.2	\$47.6	\$46.6	\$43.1		
Revenue Growth (y/y)	102.5%	43.5%	15.9%	-2.3%	-3.2%	-7.4%	-3.6%	-10.5%	-11.2%		-6%
Total ARR	\$163.1	\$164.1	\$167.2	\$171.4	\$167.7	\$167.8	\$165.6	\$159.6	\$155.6		
Total ARR Growth (y/y)	89.9%	43.7%	20.4%	11.7%	2.8%	2.3%	-1.0%	-6.9%	-7.2%		-1%
\$100K+ ARR Customer Cohort	325	345	359	366	367	349	351	345	333		
\$100K+ Customer Growth (y/y)	101.9%	50.7%	32.5%	21.2%	12.9%	1.2%	-2.2%	-5.7%	-9.3%		2%

Source: Company Reports, Piper Sandler

Valuation Summary

Our Case

	Base CY27E	Bull CY27E	Bear CY27E
Estimated Revenue (000s)	\$210	\$290	\$185
Estimated FCF (000s)	\$42	\$67	\$28
Estimated % FCF margin	20.0%	23.0%	15.0%
Discount rate	16%	16%	16%
Discount period by year	4	4	4
Discounted FCF	\$23	\$37	\$15
Assumed EV/FCF multiple	10.0x	12.0x	6.0x
Enterprise value	\$232	\$442	\$92
Net cash (debt)	\$270	\$270	\$270
FD share count	58	58	58
Annual dilution	-2%	-2%	-2%
Share value	\$9	\$12	\$6
% upside	1%	43%	-27%
Implied EV/S (CY24E)	1.4x	2.1x	0.6x
Current EV/S (CY24E)	1.2x	1.0x	1.3x

Source: Piper Sandler Estimates

Peer Group - SaaS Platforms

	5/9/2023	2023E	2023E	2024E
Ticker	Price	Growth	EV/S	EV/S
TWLO	\$56.00	12%	1.7x	0.6x
SPT	\$40.84	31%	6.3x	0.4x
HUBS	\$447.73	21%	10.0x	0.5x
LPSN	\$4.35	-19%	1.6x	1.1x
PD	\$29.10	21%	5.4x	0.5x
MNTV	\$9.39	2%	2.9x	0.9x
Average		11%	4.6x	0.7x
ONTF	\$8.60	-14%	1.3x	1.2x

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	2Q23E 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)	(\$7,568)	(\$3,865)	(\$1,904)		\$2,190	\$1,304	\$1,318	\$1,332	
Total ARR	\$153,400	\$171,400	\$167,700	\$167,800	\$165,600	\$159,600	\$159,600	\$155,600	\$148,032	\$144,167	\$142,264	\$142,264	\$144,453	\$145,757	\$147,074	\$148,406	\$148,406
% Y/Y Chg	100%	12%	3%	2%	-1%	-7%	-7%	-7%	-12%	-13%	-11%	-11%	-7%	-2%	2%	4%	4%
\$ chg q/q			(\$2,432)			(\$3,400)		(\$3,400)	(\$5,968)	(\$2,865)	(\$1,404)		\$1,390	\$1,404	\$1,418	\$1,432	
Core Platform ARR	\$137,800	\$157,600	\$155,168		\$156,000	\$152,600	\$152,600	\$149,200	\$143,232	\$140,367	\$138,964	\$138,964	\$140,353	\$141,757	\$143,174	\$144,606	\$144,606
% Y/Y Chg	92%	14%	-		-	-3%	-3%	-4%	-	-10%	-9%	-9%	-6%	-1%	2%	4%	4%
% Y/Y Chg																	
Platform Revenue	82.9%	45.0%	1.4%	(2.9%)	(0.7%)	(6.6%)	(2.2%)	(9.5%)	(14.6%)	(17.1%)	(12.9%)	(13.5%)	(5.3%)	2.7%	3.8%	6.9%	1.9%
Services Revenue	133.0%	(17.5%)	(30.0%)	(33.2%)	(25.3%)	(35.5%)	(31.3%)	(26.2%)	(16.0%)	(16.0%)	(14.0%)	(21.1%)	9.4%	9.6%	11.5%	11.8%	10.6%
Platform Revenue	\$121,214	\$175,777	\$43,477	\$43,064	\$43,271	\$42,029	\$171,841	\$39,364	\$36,768	\$35,869	\$36,615	\$148,616	\$37,278	\$37,762	\$37,237	\$39,127	\$151,403
Services Revenue	\$33,583	\$27,702	\$5,015	\$5,174	\$4,304	\$4,538	\$19,031	\$3,699	\$3,792	\$3,616	\$3,903	\$15,009	\$4,046	\$4,157	\$4,032	\$4,364	\$16,599
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	\$40,560	\$39,484	\$40,517	\$163,624	\$41,323	\$41,918	\$41,269	\$43,491	\$168,002
% Y/Y Chg	76.1%	29.7%	(3.2%)	(7.4%)	(3.6%)	(10.5%)	(6.3%)	(11.2%)	(15.9%)	(17.0%)	(13.0%)	(14.3%)	(4.0%)	3.3%	4.5%	7.3%	2.7%
% Y/Y Chg - Ex-Legacy	91.8%	31.4%	(3.1%)	(7.4%)	(3.5%)	(10.5%)	(6.2%)	(11.2%)	(15.9%)	(17.0%)	(13.0%)	(14.3%)	(4.0%)	3.3%	4.5%	7.3%	2.7%
\$ chg q/q			(\$3,542)	(\$254)	(\$663)	(\$1,008)		(\$3,504)	(\$2,503)	(\$1,075)	\$1,033		\$806	\$595	(\$649)	\$2,222	
Platform COGS	\$20,592	\$31,503	\$8,734	\$9,135	\$8,908	\$8,726	\$35,503	\$8,261	\$7,721	\$7,532	\$7,506	\$31,020	\$7,642	\$7,741	\$7,634	\$8,021	\$31,038
Services COGS	\$12,552	\$13,583	\$3,168	\$3,177	\$2,990	\$3,506	\$12,841	\$3,169	\$2,654	\$2,531	\$2,732	\$11,086	\$2,751	\$2,827	\$2,742	\$2,968	\$11,287
Total COGS	\$33,144	\$45,086	\$11,902	\$12,312	\$11,898	\$12,232	\$48,344	\$11,430	\$10,375	\$10,063	\$10,238	\$42,107	\$10,393	\$10,568	\$10,375	\$10,989	\$42,325
Gross Profit (Non-GAAP)	\$123,797	\$158,527	\$36,590	\$35,926	\$35,677	\$34,335	\$142,528	\$31,633	\$30,184	\$29,421	\$30,280	\$121,518	\$30,930	\$31,351	\$30,894	\$32,502	\$125,677
% Total Gross Margin	78.9%	77.9%	75.5%	74.5%	75.0%	73.7%	74.7%	73.5%	74.4%	74.5%	74.7%	74.3%	74.8%	74.8%	74.9%	74.7%	74.8%
% Gross Margin Ex-Legacy	80.0%	77.9%	75.5%	74.5%	75.0%	73.7%	74.7%	73.5%	74.4%	74.5%	74.7%	74.3%	74.8%	74.8%	74.9%	74.7%	74.8%
% Platform GM	83.0%	82.1%	79.9%	78.8%	79.4%	79.2%	79.3%	79.0%	79.0%	79.0%	79.5%	79.1%	79.5%	79.5%	79.5%	79.5%	79.5%
% Services GM	62.6%	51.0%	36.8%	38.6%	30.5%	22.7%	32.5%	14.3%	30.0%	30.0%	30.0%	26.1%	32.0%	32.0%	32.0%	32.0%	32.0%
Sales & Marketing	\$59,589	\$95,257	\$25,501	\$25,153	\$22,374	\$21,121	\$94,149	\$20,149	\$17,846	\$17,176	\$17,422	\$72,593	\$17,976	\$17,815	\$17,333	\$17,831	\$70,955
% of Revenue	38.0%	46.8%	52.6%	52.1%	47.0%	45.4%	49.3%	46.8%	44.0%	43.5%	43.0%	44.4%	43.5%	42.5%	42.0%	41.0%	42.2%
Research & Development	\$18,915	\$30,433	\$8,663	\$8,886	\$9,096	\$8,979	\$35,624	\$8,163	\$7,504	\$7,305	\$7,415	\$30,386	\$7,521	\$7,420	\$7,098	\$7,393	\$29,432
% of Revenue	12.1%	14.9%	17.9%	18.4%	19.1%	19.3%	18.7%	19.0%	18.5%	18.5%	18.3%	18.6%	18.2%	17.7%	17.2%	17.0%	17.5%
General & Administrative	\$20,521	\$30,777	\$8,085	\$8,071	\$7,854	\$7,692	\$31,702	\$7,496	\$6,692	\$6,317	\$6,402	\$26,908	\$6,405	\$6,288	\$6,190	\$6,308	\$25,189
% of Revenue	13.1%	15.1%	16.7%	16.7%	16.5%	16.5%	16.6%	17.4%	16.5%	16.0%	15.8%	16.4%	15.5%	15.0%	15.0%	14.5%	15.0%
Operating Expenses	\$99,025	\$156,467	\$42,249	\$42,110	\$39,324	\$37,792	\$161,475	\$35,808	\$32,042	\$30,798	\$31,239	\$129,887	\$31,902	\$31,523	\$30,622	\$31,531	\$125,577
% Y/Y	63.1%	76.8%	14.4%	10.3%	(0.3%)	(9.8%)	84.6%	(15.2%)	(23.9%)	(21.7%)	(17.3%)	79.4%	(10.9%)	(1.6%)	(0.6%)	0.9%	74.7%
Operating Income (Non-GAAP)	\$24,772	\$2,060	(\$5,659)	(\$6,184)	(\$3,647)	(\$3,457)	(\$18,947)	(\$4,175)	(\$1,858)	(\$1,377)	(\$959)	(\$8,369)	(\$971)	(\$172)	\$272	\$971	\$100
% Operating Margin	15.8%	1.0%	(11.7%)	(12.8%)	(7.7%)	(7.4%)	(9.9%)	(9.7%)	(4.6%)	(3.5%)	(2.4%)	(5.1%)	(2.4%)	(0.4%)	0.7%	2.2%	0.1%
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)	(\$40)	(\$40)	(\$40)	(\$149)	(\$40)	(\$40)	(\$40)	(\$40)	(\$160)
Other income (expense)	\$76	(\$487)	(\$177)	(\$103)	\$463	\$2,331	\$2,514	\$2,572	\$2,100	\$1,500	\$1,500	\$7,672	\$1,500	\$1,500	\$1,500	\$1,500	\$6,000
Pre-tax income (losses)	\$23,979	\$1,109	(\$5,890)	(\$6,336)	(\$3,226)	(\$1,162)	(\$16,614)	(\$1,632)	\$202	\$83	\$501	(\$846)	\$489	\$1,288	\$1,732	\$2,431	\$5,940
Tax expense	(\$297)	\$285	(\$82)	(\$41)	(\$795)		(\$958)	(\$196)	(\$100)	(\$100)	(\$100)	(\$496)	(\$100)	(\$100)	(\$100)	(\$100)	(\$400)
Tax rate	-9%	105%	328%	210%	-1102%	-6475%	-1389%	-8869%	-5250%	-3750%	-3750%	-149%	-3750%	-3750%	-3750%	-3750%	-3750%
Net Income (Non-GAAP)	\$23,682	\$1,394	(\$5,972)	(\$6,377)	(\$3,266)	(\$1,957)	(\$17,572)	(\$1,828)	\$102	(\$17)	\$401	(\$1,342)	\$389	\$1,188	\$1,632	\$2,331	\$5,540
% Net Margin	15.1%	0.7%	(12.3%)	(13.2%)	(6.9%)	(4.2%)	(9.2%)	(4.2%)	0.3%	(0.0%)	1.0%	(0.8%)	0.9%	2.8%	4.0%	5.4%	3.3%
EPS	\$1.46	\$0.03	(\$0.13)	(\$0.14)	(\$0.07)	(\$0.04)	(\$0.37)	(\$0.04)	\$0.00	(\$0.00)	\$0.01	(\$0.03)	\$0.01	\$0.03	\$0.03	\$0.05	\$0.12
Basic Shares Outstanding	10.0	43.6	47.6	47.2	47.6	48.0	47.6	47.3	45.9	44.5	43.1	45.2	43.3	43.5	43.7	43.9	43.6
Pro-forma Outstanding	16.2	51.5	56.7	56.7	56.7	56.7	56.7	56.7	50.5	47.5	46.1	50.2	46.3	46.5	46.7	46.9	46.6
Net Income (Non-GAAP)	\$23,682	\$1,394	(\$5,972)	(\$6,377)	(\$3,266)	(\$1,957)	(\$17,572)	(\$1,828)	\$102	(\$17)	\$401	(\$1,342)	\$389	\$1,188	\$1,632	\$2,331	\$5,540
Stock-based Compensation	(\$2,929)	(\$25,650)	(\$9,507)	(\$9,698)	(\$9,903)	(\$9,435)	(\$38,543)	(\$10,121)	(\$10,000)	(\$10,000)	(\$10,000)	(\$40,121)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$40,000)
Other	\$0	\$0	\$0	(\$137)	(\$1,218)	(\$738)	(\$2,093)	(\$5,641)	(\$3,500)	\$0	\$0	(\$9,141)	\$0	\$0	\$0	\$0	\$0
GAAP Net Income	\$20,753	(\$24,256)	(\$15,479)	(\$16,212)	(\$14,387)	(\$12,130)	(\$58,208)	(\$17,590)	(\$13,398)	(\$10,017)	(\$9,599)	(\$50,604)	(\$9,611)	(\$8,812)	(\$8,368)	(\$7,669)	(\$34,460)

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: 5/9/2023

ONTF: ON24, Inc. Balance Sheet	FY 2020	FY 2021	1Q22 MAR	2Q22 JUN	3Q22 SEP	4Q22 DEC	FY 2022	1Q23 MAR	2Q23E 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	\$198,207	\$169,549	\$130,398	\$130,398	\$129,076	\$132,093	\$138,387	\$136,939	\$136,939
Accounts receivable, net	\$48,617	\$46,117	\$42,078	\$39,765	\$31,213	\$43,757	\$43,757	\$33,451	\$31,958	\$25,481	\$40,066	\$40,066	\$32,542	\$31,348	\$26,167	\$42,210	\$42,210
Deferred Commission, current	\$10,528	\$11,921	\$14,345	\$12,212	\$12,018	\$13,136	\$13,136	\$12,571	\$12,334	\$12,138	\$13,267	\$13,267	\$12,697	\$12,457	\$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	\$6,849	\$5,591	\$3,749	\$3,749	\$6,438	\$4,698	\$3,314	\$1,288	\$1,288
Total Current Assets	\$127,467	\$449,062	\$427,209	\$406,791	\$393,430	\$391,295	\$391,295	\$370,138	\$249,348	\$212,759	\$187,480	\$187,480	\$180,753	\$180,596	\$180,128	\$193,837	\$193,837
Net property, plant & equipment	\$9,051	\$8,780	\$8,672	\$8,076	\$8,129	\$7,212	\$7,212	\$5,957	\$5,757	\$5,557	\$5,357	\$5,357	\$5,257	\$5,157	\$5,057	\$4,957	\$4,957
Deferred Commission, non-current	\$18,753	\$20,887	\$18,023	\$19,947	\$18,980	\$17,773	\$17,773	\$17,991	\$17,399	\$16,824	\$16,251	\$16,251	\$15,667	\$15,164	\$14,675	\$14,189	\$14,189
Other long-term assets	\$1,447	\$1,760	\$8,224	\$10,377	\$9,766	\$9,193	\$9,193	\$8,316	\$8,316	\$8,316	\$8,316	\$8,316	\$8,316	\$8,316	\$8,316	\$8,316	\$8,316
Total Assets	\$156,718	\$480,489	\$462,128	\$445,191	\$430,305	\$425,473	\$425,473	\$402,402	\$280,819	\$243,456	\$217,404	\$217,404	\$209,994	\$209,233	\$208,176	\$221,298	\$221,298
Liabilities																	
Accounts payable	\$4,730	\$3,123	\$5,149	\$3,626	\$4,283	\$4,611	\$4,611	\$3,187	\$1,902	\$1,856	\$3,253	\$3,253	\$2,035	\$879	\$837	\$2,374	\$2,374
Accrued liabilities	\$17,439	\$18,740	\$18,707	\$18,798	\$17,058	\$18,465	\$18,465	\$17,322	\$18,128	\$15,692	\$17,231	\$17,231	\$15,815	\$16,701	\$13,534	\$15,227	\$15,227
Deferred revenue	\$92,240	\$96,225	\$92,127	\$90,774	\$81,029	\$83,453	\$83,453	\$81,166	\$82,789	\$84,445	\$90,356	\$90,356	\$87,646	\$91,151	\$94,797	\$104,277	\$104,277
Long-term debt, current portion	\$2,359	\$2,039	\$1,637	\$1,755	\$1,762	\$1,554	\$1,554	\$1,245	\$0	\$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	\$2,644	\$2,644	\$2,644	\$2,644	\$2,644	\$2,644	\$2,644	\$2,644	\$2,644
Total Current Liabilities	\$116,768	\$120,127	\$120,082	\$117,516	\$106,808	\$110,731	\$110,731	\$105,564	\$105,463	\$104,637	\$113,484	\$113,484	\$108,140	\$111,375	\$111,813	\$124,522	\$124,522
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	\$5,902	\$5,902	\$5,902	\$5,902	\$5,902	\$5,902	\$5,902	\$5,902	\$5,902
Total Liabilities	\$146,517	\$125,399	\$129,582	\$125,814	\$114,421	\$117,512	\$117,512	\$111,466	\$111,365	\$110,539	\$119,386	\$119,386	\$114,042	\$117,277	\$117,715	\$130,424	\$130,424
Common Stock	\$1	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Additional paid in capital	\$181,369	\$550,839	\$545,144	\$548,740	\$559,381	\$562,555	\$562,555	\$562,151	\$572,151	\$582,151	\$592,151	\$592,151	\$602,151	\$612,151	\$622,151	\$632,151	\$632,151
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)	(\$402,701)	(\$449,239)	(\$494,137)	(\$494,137)	(\$506,204)	(\$520,200)	(\$531,695)	(\$541,282)	(\$541,282)
Total Liabilities & Stockholders Equity	\$156,718	\$480,489	\$462,128	\$445,191	\$430,305	\$425,473	\$425,473	\$402,402	\$280,819	\$243,456	\$217,404	\$217,404	\$209,994	\$209,233	\$208,176	\$221,298	\$221,298

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	2Q23E 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)	(\$13,398)	(\$10,017)	(\$9,599)	(\$50,604)	(\$9,611)	(\$8,812)	(\$8,368)	(\$7,669)	(\$34,460)
Depreciation	\$2,974	\$4,592	\$1,207	\$1,339	\$1,407	\$1,463	\$5,416	\$1,417	\$1,400	\$1,400	\$1,400	\$5,617	\$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	\$10,000	\$10,000	\$10,000	\$40,121	\$10,000	\$10,000	\$10,000	\$10,000	\$40,000
Amortization of deferred commissions	\$11,115	\$15,248	\$4,067	\$3,950	\$3,833	\$3,815	\$15,665	\$3,893	\$3,358	\$3,258	\$3,243	\$13,751	\$3,309	\$2,854	\$2,769	\$2,756	\$11,689
Provision for doubtful accounts	\$3,009	\$2,943	\$260	\$487	\$456	\$715	\$1,918	\$901	\$0	\$0	\$0	\$901	\$0	\$0	\$0	\$0	\$0
Noncash interest and dividends received and other	\$63	\$503	\$773	\$558	\$130	(\$582)	\$879	(\$1,201)	\$0	\$0	\$0	(\$1,201)	\$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	\$1,493	\$6,477	(\$14,585)	\$2,790	\$7,524	\$1,194	\$5,181	(\$16,043)	(\$2,144)
Deferred commissions	(\$26,354)	(\$18,775)	(\$3,627)	(\$3,741)	(\$2,672)	(\$3,726)	(\$13,766)	(\$3,546)	(\$5,612)	(\$4,008)	(\$4,099)	(\$17,264)	(\$4,610)	(\$7,295)	(\$5,210)	(\$5,328)	(\$22,443)
Prepaid expenses & other assets	(\$2,862)	(\$4,617)	(\$3,555)	\$1,978	\$1,572	\$2,303	\$2,298	(\$2,069)	\$1,582	\$1,258	\$1,842	\$2,613	(\$2,690)	\$1,741	\$1,383	\$2,027	\$2,461
Accounts payable	\$2,032	(\$1,247)	\$1,742	(\$1,428)	(\$51)	\$1,270	\$1,533	(\$1,353)	(\$1,285)	(\$46)	\$1,397	(\$1,287)	(\$1,218)	(\$1,157)	(\$41)	\$1,537	(\$879)
Accrued liabilities	\$4,986	\$2,311	(\$752)	\$1,007	(\$1,624)	\$1,399	\$30	(\$1,089)	\$806	(\$2,436)	\$1,539	(\$1,181)	(\$1,416)	\$886	(\$3,167)	\$1,693	(\$2,004)
Other liabilities	\$122	(\$705)	(\$594)	(\$782)	(\$373)	(\$695)	(\$2,444)	(\$769)	\$0	\$0	\$0	(\$769)	\$0	\$0	\$0	\$0	\$0
Deferred revenue	\$47,799	\$3,985	(\$4,098)	(\$1,388)	(\$9,745)	\$2,424	(\$12,807)	(\$2,287)	\$1,623	\$1,656	\$5,911	\$6,903	(\$2,711)	\$3,506	\$3,646	\$9,480	\$13,921
Net cash used by operating activities	\$37,542	\$5,189	(\$6,770)	(\$2,668)	(\$3,455)	(\$7,568)	(\$20,461)	(\$4,167)	(\$33)	\$7,542	(\$2,951)	\$391	(\$22)	\$4,317	\$7,594	(\$148)	\$11,741
% OCF margin	23.9%	2.5%	-14.0%	-5.5%	-7.3%	-16.3%	-10.7%	-9.7%	-0.1%	19.1%	-7.3%	0.2%	-0.1%	10.3%	18.4%	-0.3%	7.0%
Purchase/sales of investments, net	\$2,000	(\$215,626)	(\$45,563)	(\$6,454)	(\$39,823)	\$6,556	(\$85,284)	\$88,940	\$15,000	\$15,000	\$15,000	\$133,940	\$0	\$0	\$0	\$0	\$0
Capital expenditures	(\$1,030)	(\$3,564)	(\$984)	(\$690)	(\$726)	(\$1,297)	(\$3,697)	(\$178)	(\$1,200)	(\$1,200)	(\$1,200)	(\$3,778)	(\$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	\$13,800	\$13,800	\$13,800	\$130,162	(\$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)	(\$1,245)	\$0	\$0	(\$1,316)	\$0	\$0	\$0	\$0	\$0
Changes in other liabilities	\$602	(\$8,520)	(\$14,090)	(\$7,875)	\$302	(\$6,685)	(\$28,348)	(\$10,876)	(\$65,000)	(\$25,000)	(\$25,000)	(\$125,876)	\$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)	(\$66,245)	(\$25,000)	(\$25,000)	(\$127,192)	\$0	\$0	\$0	\$0	\$0
Effect of exchange rate changes	\$96	\$185	\$27	\$249	\$211	(\$301)	\$186	\$130				\$130					\$0
Net increase (decrease) in Cash	\$39,412	\$106,698	(\$67,446)	(\$17,505)	(\$43,559)	(\$9,364)	(\$137,874)	\$73,778	(\$52,478)	(\$3,658)	(\$14,151)	\$3,491	(\$1,322)	\$3,017	\$6,294	(\$1,448)	\$6,541
Cash at Beginning of Period	\$18,933	\$58,345	\$165,043	\$97,597	\$80,092	\$36,533	\$165,043	\$27,169	\$100,947	\$48,469	\$44,811	\$27,169	\$30,660	\$29,338	\$32,355	\$38,649	\$30,660
Cash at End of Period	\$58,345	\$165,043	\$97,597	\$80,092	\$36,533	\$27,169	\$27,169	\$100,947	\$48,469	\$44,811	\$30,660	\$30,660	\$29,338	\$32,355	\$38,649	\$37,201	\$37,201
Free Cash Flow	\$36,512	\$1,625	(\$7,754)	(\$3,358)	(\$4,181)	(\$8,865)	(\$24,158)	(\$4,345)	(\$1,233)	\$6,342	(\$4,151)	(\$3,387)	(\$1,322)	\$3,017	\$6,294	(\$1,448)	\$6,541
% FCF margin	23.3%	0.8%	-16.0%	-7.0%	-8.8%	-19.0%	-12.7%	-10.1%	-3.0%	16.1%	-10.2%	-2.1%	-3.2%	7.2%	15.3%	-3.3%	3.9%

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

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S: Suspending Coverage
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N: Neutral
UW: Underweight
NA: Not Available
UR: Under Review

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			Count	Percent
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SELL [UW]	42	4.32	0	0.00

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