

## ON24, Inc.

### ONTF: 3Q23 Beat/Raise While Pricing Continues to Pressure DD% Declines in ARR

We reiterate our SW rating on ONTF shares after 3Q23 revenue beat improved guide for full-year 2023. 2023 total revenue guidance, as well as Total ARR and Core ARR, were raised compared to expectation, but we still expect incremental declines due to continued down-sells with existing customers due to continued budget constraints. Management guided 4Q23 Core ARR to decline 2-3% q/q in 4Q, as well as Virtual Conference ARR decline of “at least half a million dollars” sequentially in 4Q, resulting in total ARR to decline by ~-2.3% to -3.3% q/q. We previously estimated a ~-3.5% decline in Core ARR, and ~-3.5% decline in total ARR in 4Q23. Despite continued sequential decline in ARR through 4Q23, total revenue for FY23 to be raised ~\$3M to account for this quarter's beat, as well as the slight raise for 4Q (~\$1M). ON24 remained profitable this quarter due to improved margins primarily driven by benefits of cost-saving measures previously taken by the Company. Continued sequential decline in ARR through 4Q23 to likely impact revenue into F1Q24. We currently model total ARR to continue to decline through 1H24 y/y, with ARR growth turning positive q/q into C2H24, as pricing pressures possibly begin to abate, and the Company potentially experiences tailwinds due to its expanded AI capabilities expected to launch in 1Q24. ON24 looks to continue to build out its AI suite with its ACE product, where customers in the beta cohort have reportedly responded positively according to management. The AI-powered ACE platform will offer segmentation, hyper personalization, AI generated content, insights, and analytics to further enhance ON24 competitive position and potentially drive new business and ARR expansion. We look for more details around ACE, which will be provided on the 4Q23 conference call. 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 and profitability goals, yet top-line declines accelerate, informing our SW rating despite shares trading at ~1.4x CY24E EV/sales.

### Key Investment Points

Key Investment Points on page 2.

### Estimates

FY ends 12/31	F2022A	1Q23A	2Q23A	3Q23A	4Q23E	F2023E	F2024E
EPS (Net)	\$(0.37)	\$(0.04)	\$0.04	\$0.03	\$0.02	\$0.05	\$0.05
Cons. EPS	--	--	--	--	\$0.01	\$0.01	\$0.05
Previous	--	--	--	\$0.00	\$0.01	\$0.02	\$0.04
Revenue (M)	\$190.9	\$43.1	\$42.1	\$39.2	\$37.3	\$161.7	\$149.2
Cons. Revenue	--	--	--	--	\$35.4	\$158.4	\$146.7
Previous	--	--	--	\$37.9	\$36.4	\$159.4	\$147.4
<b>Valuation</b>							
EV/Sales	0.5x	--	--	--	--	0.6x	0.7x

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

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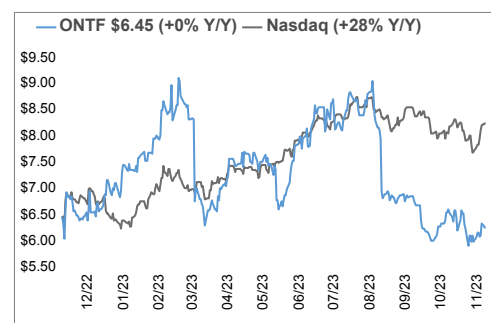
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### NYSE: ONTF

<b>Rating:</b>	<b>Sector Weight</b>
<b>Price Target:</b>	<b>NA</b>
<b>Price:</b>	<b>\$6.45</b>



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

### Company Data

52-week range	\$6 - \$10
YTD Price % Chg.	(16.1)%
Market Cap. (M)	\$311.5
Shares Out. (M)	48.30
Enterprise Value (M)	\$103.7
Avg. Daily Volume (30D)	325,705.0
Total Debt (M)	5.9
Total cash & equivalents (M)	\$213.7

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

We are reiterating our Sector Weight rating on ON24. Shares currently trade at 1.4x 2024E EV/sales compared to ON24's three-year NTM average EV/sales of ~2x.

**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)**

**3Q23 top line above expectations, while continuing to hit profitability goals.** ON24 reported 3Q23 revenue of \$39.2M, a decrease by -17.6% y/y, beating KBCM and Street estimates of \$38M (-20% y/y). The top-line beat was driven by platform revenue of \$36.4M, representing a 15.8% decrease y/y, compared to KBCM estimates of \$35.2M (-18% y/y) and consensus of \$34.7M (-20% y/y). Services revenue was \$2.8M (-35.1% y/y), slightly above our estimates of \$2.6M (-38.4% y/y) for the quarter. Gross margin for 3Q23 was 76.1%, which was 3% above our estimate of 73%, as well as above the Street estimate of 73.1%. EBIT margin for the quarter was -2.8% compared to -7.7% in 3Q22, which was well above the top end of guidance of -4.4%, as well as KBCM and consensus estimates of -7% and -6%, respectively. Management cited margin improvements were driven by cost reduction actions previously taken in the first half of this year. EPS for the quarter of \$0.03 beat guidance by \$0.03, and our estimates of EPS breakeven by \$0.03, due to better-than-expected margins and top-line beat.

**Core platform driven by Enterprise, but still experiencing downsell; SMB Driving Churn.** ON24 generated revenue of \$38M in its core platform segment, which was \$40.46M for 2Q23, comprises ~97.3% of total revenue, and declined ~6% sequentially and -14% y/y; core platform subscription revenue was \$35.5M for the quarter (-12.8% y/y), and represented nearly 91% of total revenue, whereas core platform professional services revenue was \$2.64M for the quarter and declined ~30% y/y. Total ARR decreased 15% y/y to \$140.2M, while core platform ARR decreased 13% y/y, and was reported as \$136.5M in 3Q23, a 3% decline from 2Q22 (\$140.6M). Total core platform revenue was pressured by enterprise customers, with management citing the highest level of down-sells coming from enterprise customers pressuring price particularly on large deal activity. Total customer count declined to 1,804 in 3Q23 compared to 1,826 for 2Q23, and 1,916 in 1Q23. Management reported the highest levels of customer churn within the SMB cohort with companies with fewer than 200 employees contributing the greatest net logo reduction in 3Q, similar to 2Q23.

**CY23 revenue guidance raised for the first time in two quarters, with continued improvement in profitability.** Management guided 4Q23 revenue to \$37.3M at the midpoint of guidance, -20% y/y, compared to our previous estimates of \$36.4M and consensus of \$35.4M, with EPS expected to be \$0.01-\$0.02 for 4Q23, compared to our previous estimate of \$0.01 and consensus of \$0.01. Management reiterated guidance of adjusted EBITDA breakeven in 4Q23. Top-line revenue for FY23 was guided to \$161.2M-\$162.2M (-15.3% y/y at the midpoint) compared to previous guidance of \$157M-\$160M provided at the close of 2Q23, a 17% decline y/y, and guidance of \$165M-\$170M provided in 4Q22. Management updated guidance due to an improved outlook due to new go-to-market motion and optimism around its new AI-driven capabilities. Due to improved cost discipline, management guided EBIT to -\$7.2M at the midpoint compared to previous guidance of -\$9.5M to -\$7.5M. Management expects EPS to be in the range of \$0.04-\$0.05 for the year compared to prior expectations of EPS breakeven.

(\$-Millions)

		3Q23 Results		Estimates		Guidance			vs. Prior KBCM Est	
		Actual		Consensus	KBCM	Low	Mid	High	\$ / %	%
+	Total Revenue	39.2		38.0	37.9	37.5	38.0	38.5	1	3.6%
	Y/Y%	-17.6%		-20.1%	-20.4%	-21.2%	-20.1%	-19.1%	2.9%	-
+	Platform	36.4		34.7	35.2				1	3.5%
	Y/Y%	-15.8%		-19.9%	-18.6%				2.8%	-
+	Services	2.8		2.9	2.6				0	5.4%
	Y/Y%	-35.1%		-32.6%	-38.4%				3.3%	-
+	Gross Profit	29.8		27.8	27.6				2	8.2%
	Y/Y%	-16.4%		-22.2%	-22.7%				6.3%	-
+	Gross Margin	76.1%		73.1%	72.9%				3.2%	-
-	Billings	31.4		37.6	37.1				(6)	-15.5%
	Y/Y%	-17.1%		-0.6%	-1.9%				-15.2%	-
+	EBIT	(1.1)		(2.2)	(2.8)	(2.7)	(2.2)	(1.7)	2	60.9%
+	EBIT Margin	-2.8%		-5.9%	-7.4%	-7.2%	-5.8%	-4.4%	4.6%	-
-	CFFO	(2.9)		0.3	(1.4)				(1)	-109.9%
-	FCF	(3.2)		(0.6)	(2.5)				(1)	-30.1%
+	EPS	\$0.03		\$0.01	\$0.00		\$0.00		\$0.03	1019.2%

		4Q23 Estimates		Prior Estimates		Guidance			vs. Prior KBCM Est	
		New Estimate		Consensus	KBCM	Low	Mid	High	\$ / %	%
+	Total Revenue	37.3		35.4	36.4	36.8	37.3	37.8	1	2.5%
	Y/Y%	-19.9%		-23.9%	-21.8%	-21.0%	-19.9%	-18.8%	2.0%	-
+	Platform	34.7		32.3	32.9				2	5.4%
	Y/Y%	-17.4%		-21.6%	-21.6%				4.2%	-
-	Services	2.6		2.8	3.5				(1)	-24.4%
	Y/Y%	-42.4%		-35.9%	-23.8%				-18.6%	-
+	Gross Profit	28.3		26.1	26.7				2	5.9%
	Y/Y%	-17.6%		-24.0%	-22.2%				4.6%	-
+	Gross Margin	75.8%		73.7%	73.4%				2.4%	-
+	Billings	40.6		38.1	40.1				1	1.4%
	Y/Y%	-17.0%		-22.1%	-18.2%				1.2%	-
+	EBIT	(1.1)		(1.9)	(2.3)	(1.4)	(1.1)	(0.8)	1	52.0%
+	EBIT Margin	-3.0%		-5.3%	-6.4%				3.4%	-
-	CFFO	(4.0)		(0.6)	1.7				(6)	-339.7%
-	FCF	(5.1)		(1.5)	0.6				(6)	-1014.3%
+	EPS	\$0.02		(\$0.00)	\$0.0	\$0.01	\$0.02	\$0.02	\$0.00	34.0%

		2023 Estimates		Prior Estimates		Guidance			vs. Prior KBCM Est	
		New Estimate	Consensus	KBCM	Low	Mid	High		\$ / %	%
+	Total Revenue	161.7	158.6	159.4	161.2	161.7	162.2	2	1.4%	
	Y/Y%	-15.3%	-16.9%	-16.5%	-15.5%	-15.3%	-15.0%	1.2%	-	
+	Platform	148.8	143.5	145.8				3	2.1%	
	Y/Y%	-13.4%	-15.2%	-15.1%				1.7%	-	
-	Services	12.9	12.9	13.6				(1)	-5.2%	
	Y/Y%	-32.5%	-30.3%	-28.8%				-3.7%	-	
+	Gross Profit	121.5	117.2	117.6				4	3.3%	
	Y/Y%	-14.8%	-17.8%	-17.5%				2.7%	-	
+	Gross Margin	75.1%	73.9%	73.8%				1.3%	-	
-	Billings	148.2	151.9	153.3				(5)	-3.4%	
	Y/Y%	-16.8%	-14.7%	-13.9%				-2.9%	-	
+	EBIT	(7.2)	(9.2)	(10.2)	(7.5)	(7.2)	(6.9)	3	28.7%	
+	EBIT Margin	-4.5%	-5.8%	-6.4%	-4.7%	-4.5%	-4.3%	1.9%	-	
-	CFFO	(15.3)	(8.8)	(8.2)				(7)	-86.9%	
-	FCF	(17.5)	(11.4)	(11.1)				(6)	-57.2%	
+	EPS	\$0.05	\$0.01	\$0.02	\$0.04	\$0.05	\$0.06	\$0.03	157.1%	

		2024 Estimates		Prior Estimates		Guidance			vs. Prior KBCM Est	
		New Estimate	Consensus	KBCM	Low	Mid	High		\$ / %	%
+	Total Revenue	149.2	145.9	147.4				2	1.2%	
	Y/Y%	-7.7%	-8.0%	-7.5%				-0.2%	-	
+	Platform	137.5	133.6	133.9				4	2.7%	
	Y/Y%	-7.6%	-6.9%	-8.2%				0.6%	-	
-	Services	11.7	11.8	13.5				(2)	-13.0%	
	Y/Y%	-8.7%	-9.1%	-0.5%				-8.2%	-	
+	Gross Profit	112.1	107.8	108.4				4	3.5%	
	Y/Y%	-7.7%	-8.0%	-7.9%				0.2%	-	
+	Gross Margin	75.1%	73.9%	73.5%				1.6%	-	
+	Billings	154.5	146.3	153.2				1	0.8%	
	Y/Y%	4.3%	-3.7%	-0.1%				4.3%	-	
+	EBIT	(8.1)	(5.6)	(10.0)				2	19.7%	
+	EBIT Margin	-5.4%	-3.8%	-6.8%				1.4%	-	
-	CFFO	3.5	2.8	3.9				(0)	-9.4%	
-	FCF	(1.3)	(1.1)	(0.9)				(0)	-40.9%	
+	EPS	\$0.05	\$0.04	\$0.04				\$0.01	25.0%	

Sources: Visible Alpha, KeyBanc Capital Markets Inc. estimates Note: In millions except per share items.

## 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 3QA	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	\$ 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%
<b>Services Revenue</b>	\$ 5.0	\$ 5.2	\$ 4.3	\$ 4.5	\$ 19.0	\$ 3.7	\$ 3.8	\$ 2.8	\$ 2.6	\$ 12.9	\$ 2.6	\$ 3.0	\$ 3.1	\$ 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%
<b>Legacy Revenue</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Revenue</b>	\$ 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%	-
<b>COGS: Platform</b>	\$ 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%
<b>COGS: Services</b>	\$ 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%
<b>Total Cost of Revenue</b>	\$ 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%
<b>Gross Profit</b>	\$ 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%
<b>Sales &amp; Marketing</b>	\$ 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%
<b>Research &amp; Development</b>	\$ 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%
<b>General &amp; Administrative</b>	\$ 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%
<b>Total Operating Expenses</b>	\$ 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
<b>EBIT</b>	\$ (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
<b>Pre-Tax Income</b>	\$ (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%
<b>Net Income</b>	\$ (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%
<b>Non-GAAP EPS</b>	\$ (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
<b>GAAP Net Income</b>	\$ (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)
<b>GAAP EPS</b>	\$ (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)
<b>EBITDA</b>	\$ (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; KeyBanc Capital Markets, Inc. estimates

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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
<b>Assets</b>												
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
<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>\$ 258.5</b>	<b>\$ 244.4</b>	<b>\$ 243.3</b>	<b>\$ 243.2</b>	<b>\$ 243.3</b>	<b>\$ 247.9</b>
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
<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>\$ 286.0</b>	<b>\$ 272.2</b>	<b>\$ 271.4</b>	<b>\$ 271.9</b>	<b>\$ 272.7</b>	<b>\$ 277.9</b>
<b>Liabilities &amp; Shareholders' Equity:</b>												
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
<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>\$ 89.0</b>	<b>\$ 93.2</b>	<b>\$ 92.6</b>	<b>\$ 92.2</b>	<b>\$ 92.3</b>	<b>\$ 96.5</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	\$ 3.2	\$ 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
<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>\$ 93.4</b>	<b>\$ 97.6</b>	<b>\$ 97.0</b>	<b>\$ 96.6</b>	<b>\$ 96.8</b>	<b>\$ 101.0</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	\$ 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)
<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>\$ 192.5</b>	<b>\$ 174.6</b>	<b>\$ 174.4</b>	<b>\$ 175.3</b>	<b>\$ 175.9</b>	<b>\$ 176.9</b>
Convertible preferred stock												
Redeemable convertible preferred stock												
<b>Preferred Stock</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>\$ 286.0</b>	<b>\$ 272.2</b>	<b>\$ 271.4</b>	<b>\$ 271.9</b>	<b>\$ 272.7</b>	<b>\$ 277.9</b>

Sources: Company reports, KeyBanc Capital Markets Inc. estimates



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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 3QA	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)	\$ (11.5)	\$ (12.2)	\$ (13.4)	\$ (12.4)	\$ (12.8)	\$ (12.5)
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	\$ 1.2	\$ 1.5	\$ 1.4	\$ 1.4	\$ 1.2	\$ 1.5
Stock-based compensation expense	\$ 9.5	\$ 9.7	\$ 9.9	\$ 9.4	\$ 10.1	\$ 11.6	\$ 11.6	\$ 13.1	\$ 13.2	\$ 13.3	\$ 13.4	\$ 13.5
Amortization of deferred contract acquisition cost	\$ 4.1	\$ 4.0	\$ 3.8	\$ 3.8	\$ 3.9	\$ 4.0	\$ 3.8	\$ -	\$ -	\$ -	\$ -	\$ -
Provision for allowance for doubtful accounts	\$ 0.3	\$ 0.5	\$ 0.5	\$ 0.7	\$ 0.9	\$ 0.8	\$ 0.7	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 0.8	\$ 0.6	\$ 0.1	\$ (0.6)	\$ (1.2)	\$ (0.2)	\$ (1.4)	\$ -	\$ -	\$ -	\$ -	\$ -
Changes in operating assets and liabilities:												
Accounts receivable	\$ 3.8	\$ 1.9	\$ 8.1	\$ (13.3)	\$ 9.4	\$ 1.3	\$ 4.8	\$ (8.9)	\$ (0.8)	\$ 0.8	\$ 1.4	\$ (4.0)
Deferred contract acquisition cost	\$ (3.6)	\$ (3.7)	\$ (2.7)	\$ (3.7)	\$ (3.5)	\$ (2.7)	\$ (2.4)	\$ (1.5)	\$ (1.0)	\$ (1.0)	\$ (1.3)	\$ (1.8)
Prepaid expense and other current assets	\$ (3.6)	\$ 2.0	\$ 1.6	\$ 2.3	\$ (2.1)	\$ 1.2	\$ 0.8	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	\$ 1.7	\$ (1.4)	\$ (0.1)	\$ 1.3	\$ (1.4)	\$ 0.9	\$ (1.7)	\$ 1.8	\$ (1.6)	\$ (0.4)	\$ 0.6	\$ 1.6
Accrued liabilities	\$ (0.8)	\$ 1.0	\$ (1.6)	\$ 1.4	\$ (1.1)	\$ (1.7)	\$ (0.3)	\$ (0.9)	\$ (1.1)	\$ 0.3	\$ 0.3	\$ (1.6)
Deferred revenue	\$ (4.1)	\$ (1.4)	\$ (9.7)	\$ 2.4	\$ (2.3)	\$ (6.7)	\$ (7.9)	\$ 3.3	\$ 2.1	\$ (0.4)	\$ (0.7)	\$ 4.3
Other	\$ (0.6)	\$ (0.8)	\$ (0.4)	\$ (0.7)	\$ (0.8)	\$ (1.4)	\$ (0.5)	\$ -	\$ -	\$ -	\$ -	\$ -
<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>\$ (2.9)</b>	<b>\$ (4.0)</b>	<b>\$ (1.2)</b>	<b>\$ 1.6</b>	<b>\$ 2.2</b>	<b>\$ 1.0</b>
<b>Cash Flow from Investing</b>												
Purchases/Sales of investments, net	\$ (45.6)	\$ (4.0)	\$ (39.8)	\$ 6.6	\$ 88.9	\$ 1.0	\$ 14.7	\$ -	\$ -	\$ -	\$ -	\$ -
Purchases of property and equipment	\$ (1.0)	\$ (0.7)	\$ (0.7)	\$ (1.3)	\$ (0.2)	\$ (0.6)	\$ (0.3)	\$ (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>\$ 14.4</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	\$ 0.5	\$ -	\$ -	\$ -	\$ -	\$ -
Repurchase of common stock	\$ (13.1)	\$ (8.7)	\$ -	\$ (7.3)	\$ (10.7)	\$ (22.6)	\$ (25.9)	\$ (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)	\$ (0.1)	\$ -	\$ -	\$ -	\$ -	\$ -
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)	\$ (0.4)	\$ -	\$ -	\$ -	\$ -	\$ -
<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>\$ (25.9)</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>\$ (0.1)</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>\$ (14.4)</b>	<b>\$ (23.8)</b>	<b>\$ (2.4)</b>	<b>\$ 0.4</b>	<b>\$ 1.0</b>	<b>\$ (0.2)</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>\$ 10.9</b>	<b>\$ (12.9)</b>	<b>\$ (15.3)</b>	<b>\$ (14.9)</b>	<b>\$ (14.0)</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>\$ 10.9</b>	<b>\$ (12.9)</b>	<b>\$ (15.3)</b>	<b>\$ (14.9)</b>	<b>\$ (14.0)</b>	<b>\$ (14.2)</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>\$ (3.2)</b>	<b>\$ (5.1)</b>	<b>\$ (2.4)</b>	<b>\$ 0.4</b>	<b>\$ 1.0</b>	<b>\$ (0.2)</b>
% of Revenue	-16.0%	-7.0%	-8.8%	-19.0%	-10.1%	-11.6%	-8.2%	-13.6%	-6.6%	1.1%	2.5%	-0.5%

Sources: Company reports, KeyBanc Capital Markets Inc. estimates

## Disclosure Appendix

### Important Disclosures

#### ON24, Inc. - ONTF

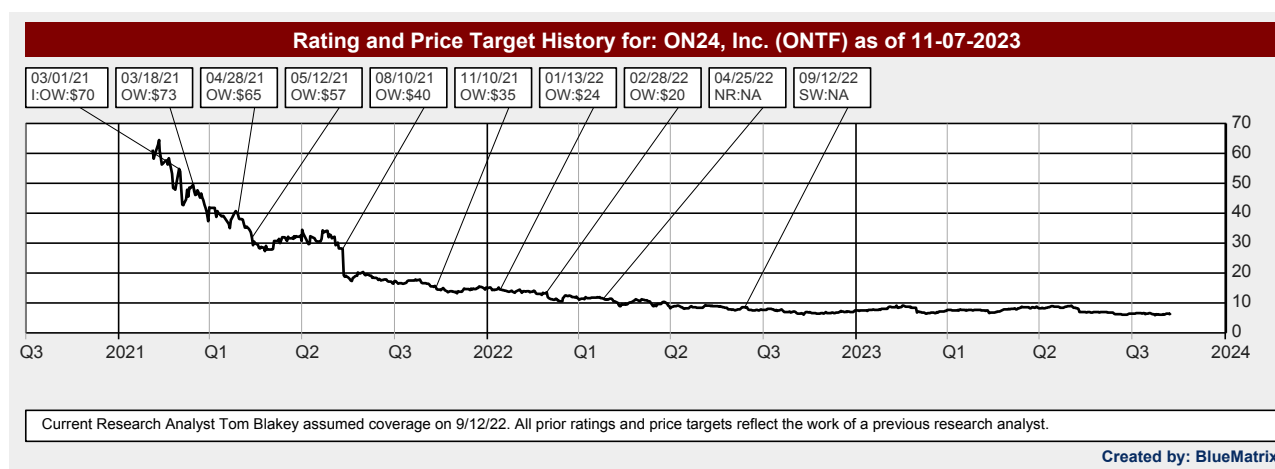
We expect to receive or intend to seek compensation for investment banking services from ON24, Inc. within the next three months. As of the date of this report, we make a market in ON24, Inc..

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]	239	48.28	43	17.99	Overweight [OW]	99	54.10	5	5.05
Sector Weight [SW]	251	50.71	40	15.94	Sector Weight [SW]	84	45.90	4	4.76
Underweight [UW]	5	1.01	2	40.00	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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