

Canaccord Genuity

## **US Equity Research**

7 November 2023



**Estimates Revised** 

Rating
HOLD
Unchanged

Price Target
US\$10.00
Unchanged

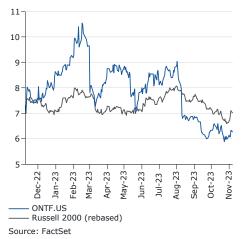
Price
US\$6.45

#### **Market Data**

52-Week Range (US\$):	5.73 - 11.20
Avg Daily Vol (000s) :	319
Market Cap (US\$M):	311.6
Shares Out. (M) :	48.3
Enterprise Value (US\$M):	247.1
Net Cash (US\$M):	356.0

FYE Dec	2022A	2023E	2024E
Sales (US\$M)	190.9	161.7↑	149.1↑
Previous	-	158.5	147.0
EV/Sales (x)	0.5	0.6	0.7
Free Cash Flow (US\$M)	(24.2)	(10.1)	(7.5)
EV/FCF (x)	NA	NA	NA
EPS Non-GAAP (US\$)	(0.37)	0.05↑	0.02↑
Previous	-	0.02	0.01

Quarterly Sales	Q1	Q2	Q3	Q4
2022A	48.5	48.2	47.6	46.6
2023E	43.1A	42.1A	39.2A	37.3
2024E	36.0	36.6	37.5	39.1
Quarterly EPS Non- GAAP	Q1	Q2	Q3	Q4
EPS Non-	<b>Q1</b> (0.13)	<b>Q2</b> (0.14)	<b>Q3</b> (0.07)	<b>Q4</b> (0.04)
EPS Non- GAAP				
EPS Non- GAAP 2022A	(0.13)	(0.14)	(0.07)	(0.04)



Priced as of close of business 7 November 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.

David Hynes Jr. | Analyst | Canaccord Genuity LLC (US) | DHynes@cgf.com | 617.371.3882

Luke Morison, CFA | Associate | Canaccord Genuity LLC (US) | Imorison@cgf.com | 617.371.3837

Daniel Reagan | Associate | Canaccord Genuity LLC (US) | dreagan@cgf.com | 617.784.0796

Ryan Shanahan, CFA | Associate | Canaccord Genuity LLC (US) | RShanahan@cgf.com | 617.371.3864

# Downsell pressures persist, but churn stabilizing and continued progress on path back to profitability

The headline metrics for On24 still aren't great – revenue and ARR metrics continued a 7-quarter stretch of sequential declines – but if you dig a layer deeper, there were signs of progress in Q3. Specifically, (1) overall gross retention improved quarter-over-quarter, (2) management pointed to signs of stabilization in the renewal base, and (3) On24 delivered on profit targets, reaching EBITDA breakeven for the second consecutive quarter. The biggest challenge here continues to be downsell pressure with large, enterprise customers, but management believes that we're within a few quarters of that cycle ending, giving them the confidence to suggest that positive ARR growth is in the cards at some point in the second half of 2024.

Looking ahead, On24 laid out three strategic priorities that management believes should put the firm back on a path to profitable growth: (1) AI-led product innovation – the firm launched ACE this quarter, which is On24's AI-powered analytics and content engine; (2) GTM alignment around better-performing areas of the business – this means an enterprise focus on regulated industries, where today On24 is seeing the best traction in pharma and life sciences, commercial health insurance, financial services, and professional services organizations; and (3) a focus on profitability – the firm has already taken \$56M of run-rate costs out of the model through a series of restructurings and management is committed to a multi-year path back to 10%+ EBITDA margins, irrespective of growth rates (obviously a return to growth is the gating factor on how quickly they can get there).

In terms of the stock, ONTF shares are unquestionably cheap at 0.6x EV/R, but it's been justifiably challenging for value investors to see past the continued degradation in ARR metrics. Management has done a nice job controlling costs and returning balance sheet cash to shareholders, but that can only do so much to buoy the stock. We get the sense that confidence is increasing internally with respect to a return to growth, but we're still at least several quarters away from seeing that play out in the numbers. To that end, we're going to take a wait-and-see. This stock will start to work if management can execute the plan they've laid out, but for now, it feels like there's still too much uncertainty to reassess our rating. Maintain HOLD.

## Highlights from the print

**Numbers and key metrics.** Total revenue for the quarter came in at \$39.2M (-18% year-over-year), with Core platform revenue of \$35.5M falling 18% over the prior year period. In terms of profitability, non-GAAP operating loss came in at -\$1.1M, nearly \$1M ahead of prior guidance, attributable to savings from cost-cutting measures, which have lowered the firm's run-rate cost structure by nearly \$56M since 5 quarters ago. Q3 also marked the firm's second consecutive quarter of adjusted EBITDA breakeven profitability, coming in at \$0.1M.

- Total ARR and Core Platform ARR were \$140.2M and \$136.5M, respectively, slightly beating the firm's prior guidance calling for low single-digit sequential declines as compared to Q2. On24 continues to see demand headwinds as customers reduce marketing budgets, but is seeing some signs of stabilization as customer activity is less frenetic than prior quarters.
- Total customer count came in at 1,804, down 22 sequentially, with customers with ARR > \$100K numbering 317, down 6 vs. Q2. Though management noted that churn improved over the quarter, smaller customers still made up most of the attrition. Within the larger cohort, On24 is not losing customers on a logo basis but rather some are renewing at levels below the \$100K threshold.

Canaccord Genuity is the global capital markets group of Canaccord Genuity Group Inc. (CF: TSX)

The recommendations and opinions expressed in this research report accurately reflect the research analyst's personal, independent and objective views about any and all the companies and securities that are the subject of this report discussed herein.



**Incremental capital return program progress.** On24 continued to execute on its capital return program, buying back roughly \$25M worth of common stock in Q3, bringing the year's total to approximately \$59.2M of the \$75M approved program. On24 has currently repurchased approximately \$8M in Q4, bringing the year-to-date total to roughly \$67M and putting it on pace to complete the program by Q1'24. Inclusive of the \$50M special dividend paid in Q2, On24 has returned \$117M to shareholders in 2023.

**Updated 2023 guidance.** Management raised full-year total revenue guidance to \$161.7M at the midpoint, of which core platform revenue comprises \$156.1 at its respective midpoint, representing year-over-year growth of -15% and -12%. Management also raised its non-GAAP operating income guidance to a loss of \$7.2M for the year, or a margin of -4.5%. On the bottom line, thanks in part to the ongoing success of cost-cutting measures, the firm raised non-GAAP EPS guidance to \$0.05, nearly 5 cents higher than prior guidance. In terms of Q4, management called for sequential total and core platform ARR declines of -2.8% and -2.5%, with the magnitude of sequential declines decreasing with a hopeful return to growth in H2′24 as macro headwinds abate, churn continues to stabilize, and upsell activity within the firm's Enterprise cohort begins to accelerate again.



# Valuation and price target

We are maintaining our price target at \$10. This price target is based on a  $\sim$ 1.6x EV/revenue multiple applied to our C2024 revenue estimate of \$149M and assumes  $\sim$ \$220M of net cash and  $\sim$ 46M fully diluted shares outstanding.

# **Quarterly results**

The table below details ON24's September quarter (Q3/23) results compared to our published estimates and the year ago quarter's results.

Figure 1: ONTF September 2023 (Q3/23)

\$ Millions	<u>Sep-22</u>	Sept-23	Sept-23E	<u>Actual -</u> <u>Estimate</u>	<u>Percent</u> <u>Difference</u>
Annual Recurring Revenue (ARR)	\$165.6	\$140.2	\$138.0	\$2.2	2%
Growth	-1%	-15%	-17%		
Sequential Dollar Change in ARR	(\$2.2)	(\$4.6)	(\$6.8)	\$2.2	-32%
Core Platform ARR Growth	- -	\$136.5 	\$135.0 		
Sequential Dollar Change in ARR		(\$4.1)	(\$5.6)		
Core Subscription Revenue	43.3	35.5	34.1	1.4	4%
Core Service Revenue	4.3	<u>2.6</u>	<u>2.7</u>	(0.1)	<u>-2%</u>
Core Revenue	<b>47.6</b>	38.1	36.8	1.3	4%
Non-Core Revenue (Virtual)  Total Revenue	<u>0.0</u> <b>47.6</b>	<u>1.1</u> 39.2	1.2 38.0	(0.1) <b>1.2</b>	<u>n/a</u> <b>3%</b>
Cost of Platform				0.7	9%
Cost of Platform	(8.9) (3.0)	(7.1) (2.3)	(7.8) (2.3)	0.7	1%
Cost of Legacy	0.0	0.0	0.0	0.0	<u>n/a</u>
non-GAAP Gross Profit	35.7	29.8	27.9	2.0	7%
Sales & Marketing	(22.4)	(17.6)	(16.3)	(1.4)	-8%
Research & Development	(9.1)	(7.0)	(7.0)	0.0	1%
General & Administrative	(7.9)	(6.3)	(6.7)	0.3	5%
Cost of Operations	(39.3)	(30.9)	(29.9)	(1.0)	-3%
non-GAAP Operating Income	(3.6)	(1.1)	(2.1)	1.0	-48%
Depreciation & Amortization, Other	(1.3)	(1.1)			
Adjusted EBITDA	(2.4)	0.1			
Stock Based Compensation	(9.9)	(11.6)	(7.6)	(4.0)	-52%
Amortization & Other	(1.2)	(1.4)	(0.7)	(0.7)	101%
GAAP Operating Income	(14.8)	(14.1)	(10.4)	(3.7)	35%
Interest Income	0.0	0.0	0.0	0.0	n/a
Interest Expense	(0.0)	(0.0)	2.1	(2.1)	n/a
Other Income (Expense)	0.5	2.7	0.0	2.7	n/a
GAAP Pre-Tax Income	(14.3)	(11.4)	(8.3)	(3.1)	37%
Tax Rate	<u>0%</u>	<u>-1%</u>	<u>0%</u>	<u>-1%</u>	<u>n/a</u>
Income Tax Benefit (Expense)	(0.0)	(0.1)	0.0	(0.1)	n/a
GAAP Net Income	(14.4)	(11.5)	(8.3)	(3.2)	38%
Reversal of SBC, Amort, & Other	11.1	13.0	8.3	4.7	56%
Tax Effect of Add-Backs non-GAAP Net Income	<u>0.0</u> (3.3)	0.0 1.5	0.0 <b>0.0</b>	0.0 1.5	<u>n/a</u> 10600%
Basic Shares Outstanding Pro Forma/Diluted Shares Outstanding	47.6 <i>56.3</i>	43.8 48.3	44.0 49.2	(0.2) (0.9)	0% -2%
GAAP EPS non-GAAP EPS	(\$0.30) (\$0.07)	(\$0.26) \$0.03	(\$0.19) \$0.00	(\$0.07) \$0.03	39% 10641%
Free Cash Flow	(4.2)	(3.2)	(3.5)	0.3	-7%
Customer Count	2,053	1,804	1,751	53	3%
Growth	0%	-12%	-15%		
Net New Customer Additions	(48)	(22)	(75)	53	-71%
Customers with ARR >\$100K	351	317	318	(1)	0%
Growth	-2%	-10%	-9%		
% of Total Net New >\$100K ARR Additions	17%	18%	18%	/41	 n/a
<i>,</i>	2	(6)	(5)	(1)	n/a
ARR per Customer	79,730	77,245	<b>77,160</b> -3%	86	0%
Growth	-1%	-3%			
Calculated Billings (Revenue + Δ Deferred)  Growth	<b>37.8</b> -19%	<b>31.4</b> -17%	<b>31.0</b> - <i>18%</i>	0.4	1%
Net Cash & ST Investments per Share	\$6.04	\$4.42	\$4.59	(\$0.17)	-4%

Source: Company Reports, Canaccord Genuity estimates



Figure 2: Income statement

	On24 (ONTF/NYSE)																												
		*Reclassified	Virtual Event L	usiness to non-	core starting in					Quarte					Quarte					Quarte	4.				Quarte	al.			
					Quarte	,				Quarter	rly					erly										-			
	\$ Millions	CY-2018	CY-2019	Mar-20	Jun-20		Dec-20	CY-2020			Sep-21	Dec-21	CY-2021	Mar-22	Jun-22	Sep-22	Dec-22	CY-2022	Mar-23			Dec-23E	<u>CY-2023E</u>				Dec-24E	CY-2024E	CY-2025E
	Annual Recurring Revenue (ARR)  Growth	61.2 n/a	76.9 25%	\$85.9 35%	\$114.2 70%	\$138.9 98%	\$153.4 100%	153.4 100%	\$163.1 90%	\$164.1 44%	\$167.2 20%	\$171.4 12%	171.4 12%	\$167.7 3%	\$167.8 2%	\$165.6 -1%	\$159.6 -7%	159.6 -7%	\$155.6 -7%	\$144.8 -14%	\$140.2 -15%	\$136.0 -15%	136.0 -15%	\$134.0 -14%	\$133.0 -8%	\$133.0 -5%	\$136.0 0%	136.0 0%	139.0 2%
S	Sequential Dollar Change in ARR	n/a	\$15.6	\$9.0	\$28.3	\$24.7	\$14.5	\$76.5	\$9.7	\$1.0	\$3.1	\$4.2	\$18.0	(\$3.7)	\$0.1	(\$2.2)	(\$6.0)	-\$11.8	(\$4.0)	(\$10.8)	(\$4.6)	(\$4.2)	-\$23.6	(\$2.0)	(\$1.0)	\$0.0	\$3.0	\$0.0	\$3.0
	Core Platform ARR Growth	-	71.9 26%	-	-	-	\$137.8	137.8 92%	-	-	-	\$157.6 14%	157.6 14%	\$155.4	\$156.2		\$152.6 -3%	152.6 -3%	\$149.2 -4%	\$140.6 -10%	\$136.5	\$133.0 -13%	133.0 -13%	\$131.0 -12%	\$130.0 -8%	\$131.0 -4%	\$134.0 1%	134.0 1%	139.0 4%
s	Sequential Dollar Change in ARR			_	_	_	-	\$65.9	_		_	1476	\$19.8	(\$2.2)	\$0.8	-	-5/6	-\$5.0	(\$3.4)	(\$8.6)	(\$4.1)	(\$3.5)	-\$19.6	(\$2.0)	(\$1.0)	\$1.0	\$3.0	\$1.0	\$5.0
	Core Subscription Revenue	57.8	66.3	19.3	26.4	34.3	41.2	121.2	42.9	44.4	43.6	45.0	175.8	43.5	43.1	43.3	40.0	169.8	37.8	37.0	35.5	33.8	144.1	32.3	32.8	34.0	35.5	134.6	137.9
	Core Service Revenue Core Revenue	11.1 68.8	14.4 80.7	4.4 23.7	9.1 35.5	8.2 42.5	11.9 53.1	33.6 154.8	7.2 50.0	7.7 52.1	5.8 49.4	7.0 52.0	27.7 203.5	5.0 48.5	5.2 48.2	4.3 47.6	4.2 44.2	18.7 188.5	3.4 41.2	3.5 40.5	2.6 38.1	2.6 36.4	12.1 156.2	2.9 35.2	2.9 35.7	3.0 37.0	3.2 38.7	12.0 146.6	12.2 150.1
	Non-Core Revenue (Virtual)	13.8	8.4	1.0	0.8	0.1	0.2	2.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	2.4	2.4	1.9	1.6	1.1	0.9	5.5	0.8	0.8	0.5	0.4	2.5	1.2
	Total Revenue Cost of Platform	82.6 (11.7)	89.1 (14.8)	24.7 (3.9)	36.3 (4.6)	<b>42.6</b> (5.3)	53.3 (6.3)	156.9 (20.1)	50.1 (7.2)	52.1 (7.8)	49.4 (8.1)	52.0 (8.3)	203.7 (31.5)	48.5 (8.7)	48.2 (9.1)	47.6 (8.9)	46.6 (8.7)	190.9 (35.5)	43.1 (8.3)	<b>42.1</b> (7.5)	39.2 (7.1)	37.3 (6.9)	161.7 (29.9)	36.0 (6.6)	36.6 (6.7)	37.5 (7.0)	39.1 (7.3)	149.1 (27.6)	151.4 (28.1)
	Cost of Flationii	(6.4)	(8.6)	(2.2)	(3.0)	(3.1)	(3.7)	(12.0)	(3.1)	(3.6)	(3.2)	(3.6)	(13.6)	(3.2)	(3.2)	(3.0)	(3.5)	(12.8)	(3.1)	(2.8)	(2.3)	(2.2)	(10.4)	(2.3)	(2.4)	(2.4)	(2.6)	(9.6)	(9.8)
	Cost of Legacy non-GAAP Gross Profit	(6.7) 57.8	(3.6) 62.1	(0.6) 18.1	(0.3)	(0.2) 34.0	0.0 43.3	(1.0) 123.8	0.0 39.7	0.0 40.7	0.0 38.0	0.0 40.1	0.0 158.6	0.0 36.6	0.0 35.9	0.0 35.7	0.0 34.3	0.0 142.5	0.0 31.6	0.0 31.7	0.0 29.8	0.0 28.2	0.0 121.3	0.0 27.0	0.0 27.5	0.0 28.2	0.0 29.2	0.0 111.9	0.0 113.5
	Sales & Marketing	(46.3)	(46.9)	(11.9)	(12.6)	(15.6)	(19.5)	(59.6)	(22.2)	(23.9)	(24.2)	(24.9)	(95.3)	(25.5)	(25.2)	(22.4)	(21.1)	(94.1)	(20.1)	(18.3)	(17.6)	(16.7)	(72.8)	(16.5)	(17.0)	(16.9)	(17.0)	(67.5)	(67.5)
	Research & Development	(14.1)	(15.5)	(4.0)	(4.5)	(4.6)	(5.8)	(18.9)	(7.2)	(7.3)	(7.9)	(8.1)	(30.4)	(8.7)	(9.0)	(9.1)	(9.0)	(35.8)	(8.2)	(7.6)	(7.0)	(7.0)	(29.8)	(6.5)	(6.5)	(6.3)	(6.6)	(25.9)	(24.4)
	General & Administrative Cost of Operations	(12.8) (73.3)	(13.9) (76.2)	(3.3) (19.2)	(4.0) (21.0)	(6.4) (26.5)	(6.9) (32.2)	(20.5)	(7.5) (36.9)	(7.0) (38.2)	(7.3) (39.4)	(8.9) (41.9)	(30.8) (156.5)	(8.1) (42.2)	(7.9) (42.1)	(7.9) (39.3)	(7.7) (37.8)	(31.6) (161.5)	(7.5) (35.8)	(6.9) (32.8)	(6.3) (30.9)	(5.4) (29.2)	(26.1) (128.7)	(5.4) (28.4)	(5.0) (28.5)	(5.4) (28.6)	(5.7) (29.4)	(21.6) (114.9)	(22.1) (114.0)
	non-GAAP Operating Income	(15.5)	(14.1)	(1.1)	7.3	7.5	11.1	24.8	2.8	2.5	(1.4)	(1.8)	2.1	(5.7)	(6.2)	(3.6)	(3.5)	(18.9)	(4.2)	(1.1)	(1.1)	(1.0)	(7.3)	(1.4)	(1.0)	(0.5)	(0.1)	(3.0)	(0.5)
Depr	preciation & Amortization, Other Adjusted EBITDA			-	-	-	-	-	-	-	-	-		-	(1.2)	(2.4)	=		-	(1.5) 0.4	(1.1) 0.1	(0.8)	-	0.0 (1.4)	(1.0)	0.0 (0.5)	0.0 (0.1)	0.0 (3.0)	(0.5)
	Stock Based Compensation	(1.5)	(2.0)	(0.4)	(0.4)	(0.6)	(1.5)	(2.9)	(5.0)	(5.0)	(7.8)	(7.9)	(25.7)	(9.5)	(9.7)	(9.9)	(9.4)	(38.5)	(10.1)	(11.6)	(11.6)	(7.5)	(40.8)	(7.2)	(7.3)	(7.5)	(7.8)	(29.8)	(30.3)
	Amortization & Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)	(1.2)	(0.7)	(2.1)	(5.6)	(3.1)	(1.4)	(0.8)	(11.0)	0.0	0.0	0.0	0.0	0.0	0.0
	GAAP Operating Income Interest Income	(16.9) 0.1	(16.1) 0.3	(1.5) 0.1	6.9 0.0	6.8	9.6	21.8 (0.1)	(2.2) 0.0	(2.5)	(9.2) 0.0	(9.6) 0.0	(23.6)	(15.2) 0.0	(16.0) 0.0	(14.8)	(13.6) (0.0)	(59.6) (0.0)	(19.9) 0.0	(15.8)	(14.1) 0.0	(9.3) 0.0	(59.0) 0.0	(8.6)	(8.3) 0.0	(7.9) 0.0	(8.0)	(32.8)	(30.8)
	Interest Expense	(1.2)	(1.4)	(0.3)	(0.2)	(0.3)	0.3	(0.4)	(0.2)	(0.1)	(0.1)	(0.1)	(0.5)	(0.1)	(0.0)	(0.0)	2.3	2.2	(0.0)	(0.0)	(0.0)	1.0	0.9	1.0	1.0	1.0	1.0	4.0	4.0
	Other Income (Expense)	0.6	(0.0)	(0.3)	0.0	0.0	0.0	(0.2)	(0.1)	(0.2)	(0.1)	(0.1)	(0.5)	(0.2)	(0.1)	0.5	0.0	0.2	2.6	3.2	2.7	0.5	9.0	0.0	0.0	0.0	0.0	0.0	0.0
	GAAP Pre-Tax Income Tax Rate	(17.4) -1%	(17.2) -2%	(2.0)	6.7 1%	6.6 0%	9.7 2%	21.1 1%	(2.6)	(2.8) 10%	(9.4) 0%	(9.7) 2%	(24.5) 1%	(15.4) -1%	(16.2) 0%	(14.3) 0%	(11.3) -7%	(57.3) -2%	(17.4) -1%	(12.6) -2%	(11.4) -1%	(7.8) 0%	(37.8) -1%	(7.6) 0%	(7.3) 0%	(6.9) 0%	(7.0) 0%	(28.8)	(26.8) 0%
	Income Tax Benefit (Expense)	(0.2)	(0.4)	(0.1)	(0.0)	(0.0)	(0.2)	(0.3)	(0.2)	0.3	0.0	0.2	0.3	(0.1)	(0.0)	(0.0)	(0.8)	(1.0)	(0.2)	(0.2)	(0.1)	0.0	(0.5)	0.0	0.0	0.0	0.0	0.0	0.0
	GAAP Net Income	(17.6)	(17.5)	(2.1)	6.7	6.6	9.5	20.8	(2.8)	(2.5)	(9.4)	(9.5)	(24.2)	(15.5)	(16.2)	(14.4)	(12.1)	(58.2)	(17.6)	(12.8)	(11.5)	(7.8)	(49.7)	(7.6)	(7.3)	(6.9)	(7.0)	(28.8)	(26.8)
F	Reversal of SBC, Amort, & Other Tax Effect of Add-Backs	1.5 0.0	2.0 0.0	0.4	0.4	0.6	1.5 0.0	2.9 0.0	5.0 0.0	5.0 0.0	7.8 0.0	7.9 0.0	25.7 0.0	9.5 0.0	9.8	11.1	10.2	40.6 0.0	15.8 0.0	14.9 0.0	13.0 0.0	8.3 0.0	51.9 0.0	7.2 0.0	7.3 0.0	7.5 0.0	7.8 0.0	29.8 0.0	30.3 0.0
	non-GAAP Net Income	(16.1)	(15.5)	(1.7)	7.1	7.2	11.0	23.7	2.2	2.5	(1.5)	(1.7)	1.4	(6.0)	(6.4)	(3.3)	(2.0)	(17.6)	(1.8)	2.1	1.5	0.5	2.2	(0.4)	(0.0)	0.5	0.9	1.0	3.5
D F	Basic Shares Outstanding orma/Diluted Shares Outstanding		9.1 13.4	9.1 13.4	9.7 13.4	10.4 13.4	10.8 19.1	10.0 14.8	32.6 42.2	46.6 55.0	47.1 55.6	47.8 56.4	43.5 52.3	47.6 56.2	47.2 55.7	47.6 56.3	48.0 56.5	47.6 56.2	47.3 53.2	45.9 50.7	43.8 48.3	42.0 45.8	44.8 49.5	42.0 45.8	42.0 45.8	42.0 45.8	42.0 45.8	42.0 45.8	42.0 45.8
PIO FOII	GAAP EPS	-	(\$1.93)	(\$0.23)	\$0.50	\$0.49	\$0.17	\$0.94	(\$0.09)	(\$0.05)	(\$0.20)	(\$0.20)	(\$0.54)	(\$0.32)	(\$0.34)	(\$0.30)	(\$0.25)	(\$1.22)	(\$0.37)	(\$0.28)	(\$0.26)	(\$0.18)	(\$1.10)	(\$0.18)	(\$0.17)	(\$0.17)	(\$0.17)	(\$0.69)	(\$0.64)
	non-GAAP EPS		(\$1.71)	(\$0.18)	\$0.53	\$0.54	\$0.57	\$1.46	\$0.05	\$0.04	(\$0.03)	(\$0.03)	\$0.03	(\$0.13)	(\$0.14)	(\$0.07)	(\$0.04)	(\$0.37)	(\$0.04)	\$0.05	\$0.03	\$0.01	\$0.05	(\$0.01)	(\$0.00)	\$0.01	\$0.02	\$0.02	\$0.08
	Free Cash Flow	(12.1)	(12.5)	1.2	13.8	11.1	10.3	36.5	3.2	5.7	(1.6)	(5.6)	1.6	(7.8)	(3.4)	(4.2)	(8.9)	(24.2)	(4.3)	(4.9)	(3.2)	2.3	(10.1)	(4.3)	(3.4)	0.4	(0.1)	(7.5)	(3.0)
	Customer Count Growth	1,241	1,401 13%	1,503 18%	1,769 35%	1,918 43%	1,994 42%	1,994 42%	2,062 37%	2,078 17%	2,054 7%	2,122 6%	2,122	2,145 4%	2,101 1%	2,053 0%	1,990 -6%	1,990 -6%	1,916 -11%	1,826 -13%	1,804 -12%	1,774 -11%	1,774 -11%	1,754 -8%	1,754 -4%	1,779 -1%	1,804 2%	1,804 2%	1,824 1%
	Net New Customer Additions	_	160	102	266	149	76	593	68	16	(24)	68	128	23	(44)	(48)	(63)	(132)	(74)	(90)	(22)	(30)	(216)	(20)	0	25	25	30	20
	Customers with ARR >\$100K	116	144	161	229	271	302	302	325	345	359	366	366	367	349	351	345	345	333	323	317	314	314	314	317	320	325	325	336
	Growth % of Total	9%	24% 10%	35% 11%	85% 13%	110% 14%	110% 15%	110% 15%	102% 16%	51% 17%	32% 17%	21% 17%	21% 17%	13% 17%	1% 17%	-2% 17%	-6% 17%	-6% 17%	-9% 17%	-7% 18%	-10% 18%	-9% 18%	-9% 18%	-6% 18%	-2% 18%	1% 18%	4% 18%	4% 18%	3% 18%
1	Net New >\$100K ARR Additions	-	28	17	68	42	31	158	23	20	14	7	64	1	(18)	2	(6)	(21)	(12)	(10)	(6)	(3)	(31)	0	3	3	5	11	11
	ARR per Customer Growth		56,035	<b>59,143</b> 17%	69,794 34%	75,331 43%	78,425 40%	78,425 40%	80,424 36%	<b>79,275</b> 14%	80,929 7%	82,088 5%	82,088 5%	78,603 -2%	79,039 0%	79,730 -1%	78,951 -4%	78,951 -4%	79,672 1%	77,392 -2%	77,245 -3%	76,020 -4%	76,020 -4%	75,964 -5%	75,827 -2%	75,290 -3%	75,914 0%	75,914 0%	76,732 1%
Calculated :	Billings (Revenue + Δ Deferred)	-	97.7	36.0	58.1	53.3	56.2	203.6	53.4	50.5	46.7	57.1	207.6	44.4	46.9	37.8	49.0	178.1	43.1	33.1	31.4	48.5	156.0	35.8	30.6	32.5	48.2	147.0	149.5
	Growth			42%	149%	172%	91%	108%	48%	-13%	-12%	1%	2%	-17%	-7%	-19%	-14%	-14%	-3%	-29%	-17%	-1%	-12%	-17%	-8%	4%	-1%	-6%	2%
Net Ca	Cash & ST Investments per Share	\$0.00	\$0.10	\$0.22	\$1.35	\$2.25	\$1.85	\$1.85	\$9.15	\$7.11	\$7.10	\$6.71	\$6.71	\$6.33	\$6.14	\$6.04	\$5.77	\$5.77	\$5.91	\$4.74	\$4.42	\$4.47	\$4.47	\$4.83	\$4.75	\$4.75	\$4.75	\$4.75	\$4.67
	Annual Pct. Change						1															1							
	Platform Revenue Service Revenue	n/a n/a	15% 30%	30% 37%	64% 136%	99% 172%	129% 174%	83% 133%	122% 63%	68% -15%	27% -30%	9% -41%	45% -18%	1% -30%	-3% -33%	-1% -25%	-4% -30%	0% -27%	n/a n/a	n/a n/a	n/a n/a	-15% -38%	-10% -29%	-15% -15%	-11% -15%	-4% 12%	5% 24%	-7% -1%	3% 1%
	Core Revenue	n/a	17%	31%	78%	110%	137%	92%	111%	47%	16%	-2%	31%	-30%	-33% -7%	-4%	-7%	-3%	n/a	n/a	n/a	-18%	-12%	-15%	-15% -12%	-3%	6%	-6%	2%
	Legacy Revenue Total Revenue	n/a n/a	-39% 8%	-60% 20%	-67% 62%	-94% 92%	-87% 123%	-75% 76%	-93% 102%	-99% 43%	-66% 16%	-95% - <b>2</b> %	<u>-94%</u> <b>30%</b>	<u>n/a</u> -3%	<u>n/a</u> -7%	<u>n/a</u> -4%	-47% -11%	-34% -6%	<u>n/a</u> -11%	<u>n/a</u> -13%	<u>n/a</u> -18%	-62% -20%	-58% -15%	-57% -16%	-50% -13%	-50% -4%	-60% 5%	<u>-54%</u> -8%	-51% <b>2</b> %
	non-GAAP Gross Profit	n/a	8%	31%	81%	117%	154%	99%	120%	43%	12%	-7%	28%	-8%	-12%	-6%	-14%	-10%	-14%	-12%	-16%	-18%	-15%	-15%	-13%	-6%	4%	-8%	1%
	Sales & Marketing	n/a	1%	-7%	10%	44%	65%	27%	87%	90%	55%	27%	60%	15%	5%	-8%	-15%	-1%	-21%	-27%	-21%	-21%	-23%	-18%	-7%	-4%	2%	-7%	0%
	Research & Development General & Administrative	n/a n/a	10% 8%	5% -9%	22% 17%	14% 93%	45% 96%	22% 48%	77% 131%	64% 74%	72% 15%	39% 30%	61% 50%	21% 7%	24% 14%	15% 7%	11% -14%	18% 3%	-6% -7%	-16% -13%	-23% -19%	-22% -29%	-17% -17%	-21% -28%	-15% -27%	-10% -15%	-5% 6%	-13% -17%	-6% 2%
	non-GAAP Operating Income	n/a	9%	83%	n/a	n/a	n/a	n/a	347%	n/a	n/a	n/a	n/a	305%	349%	n/a	n/a	n/a	26%	83%	n/a	-71%	n/a	67%	3%	59%	86%	n/a	n/a
	GAAP EPS	n/a	n/a	71%	n/a	n/a	n/a	n/a	62%	n/a	n/a	n/a	n/a	-275%	-536%	-52%	-27%	-127%	-14%	18%	13%	27%	10%	51%	38%	37%	10%	38%	7%
	non-GAAP EPS	n/a	n/a	76%	n/a	n/a	n/a	n/a	128%	n/a	n/a	n/a	n/a	344%	403%	n/a	n/a	1386%	69%	133%	150%	129%	114%	76%	102%	62%	-74%	55%	-255%
	Free Cash Flow	n/a	-4%	n/a	n/a	n/a	n/a	n/a	n/a	-59%	n/a	n/a	n/a	344%	-159%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Margins, E	Expense Ratios & Other Metrics Non-GAAP Gross Margin	69.9%	69.7%	73.0%	78.2%	79.8%	81.3%	78.9%	79.3%	78.0%	77.0%	77.1%	77.9%	75.5%	74.5%	75.0%	73.7%	74.7%	73.5%	75.3%	76.1%	75.5%	75.0%	75.2%	75.2%	75.1%	74.7%	75.0%	75.0%
Percent of So	Sales & Marketing	56%	53%	48%	35%	37%	37%	38%	44%	46%	49%	48%	47%	53%	52%	47%	45%	49%	47%	43%	45%	45%	45%	46%	47%	45%	44%	45%	45%
	Research & Development General & Administrative	17% 15%	17% 16%	16% 13%	12% 11%	11% 15%	11% 13%	12% 13%	14% 15%	14% 13%	16% 15%	16% 17%	15% 15%	18% 17%	19% 16%	19% 17%	19% 17%	19% 17%	19% 17%	18% 16%	18% 16%	19% 15%	18% 16%	18% 15%	18% 14%	17% 14%	17% 15%	17% 14%	16% 15%
	non-GAAP Operating Margin	-18.7%	-15.8%	-4.5%	20.2%	17.5%	20.8%	15.8%	5.5%	4.8%	-2.8%	-3,4%	1.0%	-11.7%	-12.8%	-7.7%	-7.4%	-9.9%	-9.7%	-2.5%	-2.8%	-2.7%	-4.5%	-3.9%	-2.8%	-1.2%	-0.4%	-2.0%	-0.3%
	FCF Margin	-14.6%	-14.0%	5.0%	38.1%	26.0%	19.4%	23.3%	6.4%	10.9%	-3.2%	-10.8%	0.8%	-16.0%	-7.0%	-8.8%	-19.0%	-12.7%	-10.1%	-11.6%	-8.2%	6.2%	-6.3%	-12.0%	-9.4%	1.1%	-0.4%	-5.0%	-2.0%
	TTM FCF Margin	-14.6%	-14.0%	-10.3%	7.9%	17.1%	23.3%	23.3%	21.1%	15.3%	8.6%	0.8%	0.8%	-4.6%	-9.2%	-10.6%	-12.7%	-12.7%	-11.2%	-12.4%	-12.5%	-6.3%	-6.3%	-11.6%	-9.8%	-3.4%	-5.0%	-5.0%	-2.0%
Δ.	Sequential Pct. Change Annual Recurring Revenue (ARR)			12%	33%	22%	10%		6%	1%	2%	3%		-2%	0%	-1%	-4%		-3%	-7%	-3%	-3%		-1%	-1%	0%	2%		
-	Total Revenue			3%	47%	17%	25%		-6%	4%	-5%	5%		-7%	-1%	-1%	-2%		-8%	-2%	-7%	-5%		-4%	2%	3%	4%		

Source: Company Reports, Canaccord Genuity estimates. Note: A more detailed financial model, including balance sheet, income statement, and cash flow projections, if available, may be obtained by contacting your Canaccord Genuity Sales Person or the Authoring Analyst, whose contact information appears on the front page of this report.

Most Sept-23A 10.8 202.9 25.9 12.3 6.5 258.5 5.9 3.3 15.6 2.7 286.0

> 2.7 16.6 66.6 0.0 2.7 0.3 89.0 0.0 0.0 0.0 3.2 1.3 93.4 192.5 286.0



Figure 3: Balance sheet and SOCF

On24 (ONTF/NYSE)

11/7/2023 Statement of Cash Flows

Statement of Cash Flows			Fiscal Year		
\$ Millions			1100011001		
,	Dec-21A	Dec-22A	Dec-23E	Dec-24E	Dec-25E
Operating Activities					
Net Income	(24.3)	(58.2)	(49.7)	(28.8)	(26.8
Depreciation & other	19.3	23.9	19.4	17.0	17.0
Stock-Based Compensation	29.7	38.5	40.8	29.8	30.3
Changes in Assets & Liabilities:					
Accounts Receivable	(0.4)	0.5	2.0	(2.0)	(2.0
Prepaid Expenses & Other	(19.0)	(11.5)	(10.0)	(11.1)	(10.7
Accounts Payable	(1.2)	1.5	0.8	(0.7)	(1.3
Accrued & Other Liabilities	(2.7)	(2.4)	(5.9)	(6.6)	(4.5
Deferred Revenue	4.0	(12.8)	<u>(5.7)</u>	(2.1)	(1.9
Net Cash Flow from Operating Activities	5.2	(20.5)	(8.3)	(4.6)	0.1
Investing Activities					
Capital Expenditures	(3.6)	(3.7)	(1.8)	(2.9)	(3.1
Cash Paid for Acquisitions, net of acquired	0.0	(2.5)	0.0	0.0	0.0
Other Investing Activities	(215.6)	(82.8)	104.7	25.0	0.0
Net Cash Flow from Investing Activities	(219.2)	(89.0)	102.9	22.1	(3.1
Financing Activities					
Proceeds from Borrowing and Issuance	349.0	(19.7)	0.4	1.0	1.0
Payment for repurchase of common stock	0.0	0.0	(70.7)	(4.3)	0.0
Payment of cash dividend	0.0	0.0	(49.9)	0.0	0.0
Changes in Debt and Other Liabilities	(28.5)	(1.6)	0.3	(1.6)	(1.6
Cash Flow from Financing	320.5	(21.3)	(120.0)	(4.9)	(0.6
· ·		. ,	, ,	` '	
Effect of Exchange Rate	0.2	0.2	0.2	0.0	0.0
Change In Cash	106.7	(130.6)	(25.2)	12.6	(3.6
Cash Balance Beginning	63.3	170.0	39.5	14.3	26.9
Cash Ending	170.0	39.5	14.3	26.9	23.3
Free Cash Flow	1.6	(24.2)	(10.1)	(7.5)	(3.0
FCF/Share	\$0.03	(\$0.43)	(\$0.20)	(\$0.16)	(\$0.06
FCF Margin	0.8%	-12.7%	-6.3%	-5.0%	-2.0%

Source: Company Reports, Canaccord Genuity estimates

On24 (ONTF/NYSE)

11/7/202	3				
Balance Shee	t		Fiscal Year		
\$ Million.	s				
	Dec-21A	Dec-22A	Dec-23E	Dec-24E	Dec-25E
<u>Assets</u>					
Cash and Cash Equivalents	164.9	27.0	2.0	14.6	11.0
Marketable Securities	217.6	301.1	202.9	202.9	202.9
Accounts Receivable, net	46.1	43.8	39.4	41.4	43.4
Deferred Contract Acquisition Costs, current	11.9	13.1	14.2	19.9	25.1
Prepaid Expenses & Other Current Assets	<u>8.5</u>	6.3	6.7	9.4	9.8
Total Current Assets	449.1	391.3	265.1	288.2	292.2
Property and Equipment, net	8.8	7.2	5.7	5.2	4.9
Operating Right-of-use Assets	0.0	5.6	3.3	3.3	3.3
Deferred Contract Acquisition Costs, non current	20.9	17.8	14.9	17.6	22.7
Other Assets	1.8	3.6	2.7	2.7	2.7
Total Assets	480.5	425.5	291.7	317.0	325.8
Liabilities and Shareholders' Equity					
Accounts Payable	3.1	4.6	5.6	4.9	3.6
Accrued Liabilities	19.0	18.5	16.4	9.8	5.3
Deferred Revenue	96.2	83.5	77.8	75.7	73.8
Debt, current portion	1.8	1.6	0.0	0.0	0.0
Operating Lease Liabilities, current	0.0	2.6	2.7	2.7	2.7
Other current liabilities	0.0	0.0	0.3	0.3	0.3
Total Current Liabilities	120.1	110.7	102.8	93.4	85.7
Deferred Rent	0.0	0.0	0.0	0.0	0.0
Capital Lease	0.0	0.0	0.0	0.0	0.0
Long-Term Debt	1.6	0.1	0.0	0.0	0.0
Operating Lease Liabilities, non-current	0.0	5.0	3.2	3.2	3.2
Other Long-Term Liabilities	3.6	1.7	1.3	1.3	1.3
Total Liabilities	125.4	117.5	107.3	97.8	90.2
Total Shareholders' Equity	355.1	308.0	184.4	219.1	235.6
Total Liabilities and Shareholders' Equity	480.5	425.5	291.7	317.0	325.8
Sales/Assets	0.4x	0.4x	0.6x	0.5x	0.5>
Assets/Equity	1.4x	1.4x			
NGOI/Sales	1.0%	-9.9%		-2.0%	-0.39
ROE	0.6%	-6.2%	-4.0%	-1.4%	-0.29



# Appendix: Important Disclosures

# **Analyst Certification**

Each authoring analyst of Canaccord Genuity whose name appears on the front page of this research hereby certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst's coverage universe and (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the research, and (iii) to the best of the authoring analyst's knowledge, she/he is not in receipt of material non-public information about the issuer.

Analysts employed outside the US are not registered as research analysts with FINRA. These analysts may not be associated persons of Canaccord Genuity LLC and therefore may not be subject to the FINRA Rule 2241 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

#### **Sector Coverage**

Individuals identified as "Sector Coverage" cover a subject company's industry in the identified jurisdiction, but are not authoring analysts of the report.

#### **Investment Recommendation**

Date and time of first dissemination: November 07, 2023, 23:19 ET

Date and time of production: November 07, 2023, 23:19 ET

## **Target Price / Valuation Methodology:**

ON24 - ONTF

Our \$10 price target is based on a  $\sim$ 1.6x EV/revenue multiple applied to our C2024 revenue estimate of \$149M and assumes \$220M of net cash and  $\sim$ 46M 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 11/07/23)

Rating	Coverag	IB Clients	
	#	%	%
Buy	606	66.89%	23.43%
Hold	119	13.13%	10.92%
Sell	14	1.55%	7.14%
Speculative Buy	159	17.55%	50.94%
	906*	100.0%	

<sup>\*</sup>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

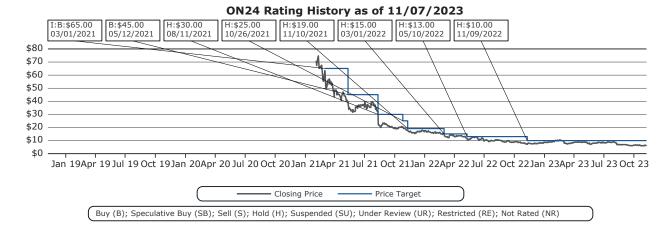


### Required Company-Specific Disclosures (as of date of this publication)

Canaccord Genuity or one or more of its affiliated companies is a market maker or liquidity provider in the securities of ON24 or in any related derivatives.

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.



## Past performance

In line with Article 44(4)(b), MiFID II Delegated Regulation, we disclose price performance for the preceding five years or the whole period for which the financial instrument has been offered or investment service provided where less than five years. Please note price history refers to actual past performance, and that past performance is not a reliable indicator of future price and/or performance.

#### **Online Disclosures**

Up-to-date disclosures may be obtained at the following website (provided as a hyperlink if this report is being read electronically) <a href="http://disclosures.canaccordgenuity.com/EN/Pages/default.aspx">http://disclosures.canaccordgenuity.com/EN/Pages/default.aspx</a>; or by sending a request to Canaccord Genuity Corp. Research, Attn: Disclosures, P.O. Box 10337 Pacific Centre, 2200-609 Granville Street, Vancouver, BC, Canada V7Y 1H2; or by sending a request by email to disclosures@cgf.com. The reader may also obtain a copy of Canaccord Genuity's policies and procedures regarding the dissemination of research by following the steps outlined above.

# **General Disclaimers**

See "Required Company-Specific Disclosures" above for any of the following disclosures required as to companies referred to in this report: manager or co-manager roles; 1% or other ownership; compensation for certain services; types of client relationships; research analyst conflicts; managed/co-managed public offerings in prior periods; directorships; market making in equity securities and related derivatives. For reports identified above as compendium reports, the foregoing required company-specific disclosures can be found in a hyperlink located in the section labeled, "Compendium Reports." "Canaccord Genuity" is the business name used by certain wholly owned subsidiaries of Canaccord Genuity Group Inc., including Canaccord Genuity LLC, Canaccord Genuity Limited, Canaccord Genuity Corp., and Canaccord Genuity (Australia) Limited, an affiliated company that is 80%-owned by Canaccord Genuity Group Inc.

The authoring analysts who are responsible for the preparation of this research are employed by Canaccord Genuity Corp. a Canadian broker-dealer with principal offices located in Vancouver, Calgary, Toronto, Montreal, or Canaccord Genuity LLC, a US broker-dealer with principal offices located in New York, Boston, San Francisco and Houston, or Canaccord Genuity Limited., a UK broker-dealer with principal offices located in London (UK) and Dublin (Ireland), or Canaccord Genuity (Australia) Limited, an Australian broker-dealer with principal offices located in Sydney and Melbourne.

The authoring analysts who are responsible for the preparation of this research have received (or will receive) compensation based upon (among other factors) the Investment Banking revenues and general profits of Canaccord Genuity. However, such authoring analysts have not received, and will not receive, compensation that is directly based upon or linked to one or more specific Investment Banking activities, or to recommendations contained in the research.

Some regulators require that a firm must establish, implement and make available a policy for managing conflicts of interest arising as a result of publication or distribution of research. This research has been prepared in accordance with Canaccord Genuity's policy on managing conflicts of interest, and information barriers or firewalls have been used where appropriate. Canaccord Genuity's policy is available upon request.

The information contained in this research has been compiled by Canaccord Genuity from sources believed to be reliable, but (with the exception of the information about Canaccord Genuity) no representation or warranty, express or implied, is made by Canaccord



Genuity, its affiliated companies or any other person as to its fairness, accuracy, completeness or correctness. Canaccord Genuity has not independently verified the facts, assumptions, and estimates contained herein. All estimates, opinions and other information contained in this research constitute Canaccord Genuity's judgement as of the date of this research, are subject to change without notice and are provided in good faith but without legal responsibility or liability.

From time to time, Canaccord Genuity salespeople, traders, and other professionals provide oral or written market commentary or trading strategies to our clients and our principal trading desk that reflect opinions that are contrary to the opinions expressed in this research. Canaccord Genuity's affiliates, principal trading desk, and investing businesses also from time to time make investment decisions that are inconsistent with the recommendations or views expressed in this research.

This research is provided for information purposes only and does not constitute an offer or solicitation to buy or sell any designated investments discussed herein in any jurisdiction where such offer or solicitation would be prohibited. As a result, the designated investments discussed in this research may not be eligible for sale in some jurisdictions. This research is not, and under no circumstances should be construed as, a solicitation to act as a securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. This material is prepared for general circulation to clients and does not have regard to the investment objectives, financial situation or particular needs of any particular person. Investors should obtain advice based on their own individual circumstances before making an investment decision. To the fullest extent permitted by law, none of Canaccord Genuity, its affiliated companies or any other person accepts any liability whatsoever for any direct or consequential loss arising from or relating to any use of the information contained in this research.

## **Research Distribution Policy**

Canaccord Genuity research is posted on the Canaccord Genuity Research Portal and will be available simultaneously for access by all of Canaccord Genuity's customers who are entitled to receive the firm's research. In addition research may be distributed by the firm's sales and trading personnel via email, instant message or other electronic means. Customers entitled to receive research may also receive it via third party vendors. Until such time as research is made available to Canaccord Genuity's customers as described above, Authoring Analysts will not discuss the contents of their research with Sales and Trading or Investment Banking employees without prior compliance consent.

For further information about the proprietary model(s) associated with the covered issuer(s) in this research report, clients should contact their local sales representative.

#### **Short-Term Trade Ideas**

Research Analysts may, from time to time, discuss "short-term trade ideas" in research reports. A short-term trade idea offers a near-term view on how a security may trade, based on market and trading events or catalysts, and the resulting trading opportunity that may be available. Any such trading strategies are distinct from and do not affect the analysts' fundamental equity rating for such stocks. A short-term trade idea may differ from the price targets and recommendations in our published research reports that reflect the research analyst's views of the longer-term (i.e. one-year or greater) prospects of the subject company, as a result of the differing time horizons, methodologies and/or other factors. It is possible, for example, that a subject company's common equity that is considered a long-term 'Hold' or 'Sell' might present a short-term buying opportunity as a result of temporary selling pressure in the market or for other reasons described in the research report; conversely, a subject company's stock rated a long-term 'Buy' or "Speculative Buy' could be considered susceptible to a downward price correction, or other factors may exist that lead the research analyst to suggest a sale over the short-term. Short-term trade ideas are not ratings, nor are they part of any ratings system, and the firm does not intend, and does not undertake any obligation, to maintain or update short-term trade ideas. Short-term trade ideas are not suitable for all investors and are not tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any securities or strategies discussed herein. Please contact your salesperson for more information regarding Canaccord Genuity's research.

# For Canadian Residents:

This research has been approved by Canaccord Genuity Corp., which accepts sole responsibility for this research and its dissemination in Canada. Canaccord Genuity Corp. is registered and regulated by the Canadian Investment Regulatory Organization (CIRO) and is a Member of the Canadian Investor Protection Fund. Canadian clients wishing to effect transactions in any designated investment discussed should do so through a qualified salesperson of Canaccord Genuity Corp. in their particular province or territory.

# For United States Persons:

Canaccord Genuity LLC, a US registered broker-dealer, accepts responsibility for this research and its dissemination in the United States. This research is intended for distribution in the United States only to certain US institutional investors. US clients wishing to effect transactions in any designated investment discussed should do so through a qualified salesperson of Canaccord Genuity LLC. Analysts employed outside the US, as specifically indicated elsewhere in this report, are not registered as research analysts with FINRA. These analysts may not be associated persons of Canaccord Genuity LLC and therefore may not be subject to the FINRA Rule 2241 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

# For United Kingdom and European Residents:

This research is distributed in the United Kingdom and elsewhere Europe, as third party research by Canaccord Genuity Limited, which is authorized and regulated by the Financial Conduct Authority. This research is for distribution only to persons who are Eligible Counterparties or Professional Clients only and is exempt from the general restrictions in section 21 of the Financial Services and Markets Act 2000 on the communication of invitations or inducements to engage in investment activity on the grounds that it is being distributed in the United Kingdom only to persons of a kind described in Article 19(5) (Investment Professionals) and 49(2) (High Net



Worth companies, unincorporated associations etc) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended). It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. This material is not for distribution in the United Kingdom or elsewhere in Europe to retail clients, as defined under the rules of the Financial Conduct Authority.

# For Jersey, Guernsey and Isle of Man Residents:

This research is sent to you by Canaccord Genuity Wealth (International) Limited (CGWI) for information purposes and is not to be construed as a solicitation or an offer to purchase or sell investments or related financial instruments. This research has been produced by an affiliate of CGWI for circulation to its institutional clients and also CGWI. Its contents have been approved by CGWI and we are providing it to you on the basis that we believe it to be of interest to you. This statement should be read in conjunction with your client agreement, CGWI's current terms of business and the other disclosures and disclaimers contained within this research. If you are in any doubt, you should consult your financial adviser.

CGWI is licensed and regulated by the Guernsey Financial Services Commission, the Jersey Financial Services Commission and the Isle of Man Financial Supervision Commission. CGWI is registered in Guernsey and is a wholly owned subsidiary of Canaccord Genuity Group Inc.

#### For Australian Residents:

This research is distributed in Australia by Canaccord Genuity (Australia) Limited ABN 19 075 071 466 holder of AFS Licence No 234666. To the extent that this research contains any advice, this is limited to general advice only. Recipients should take into account their own personal circumstances before making an investment decision. Clients wishing to effect any transactions in any financial products discussed in the research should do so through a qualified representative of Canaccord Genuity (Australia) Limited or its Wealth Management affiliated company, Canaccord Genuity Financial Limited ABN 69 008 896 311 holder of AFS Licence No 239052.

# For Hong Kong Residents:

This research is distributed in Hong Kong by Canaccord Genuity (Hong Kong) Limited which is licensed by the Securities and Futures Commission. This research is only intended for persons who fall within the definition of professional investor as defined in the Securities and Futures Ordinance. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. Recipients of this report can contact Canaccord Genuity (Hong Kong) Limited. (Contact Tel: +852 3919 2561) in respect of any matters arising from, or in connection with, this research.

#### Additional information is available on request.

- Copyright © Canaccord Genuity Corp. 2023 Member CIRO/Canadian Investor Protection Fund
- Copyright © Canaccord Genuity Limited. 2023 Member LSE, authorized and regulated by the Financial Conduct Authority.
- Copyright © Canaccord Genuity LLC 2023 Member FINRA/SIPC
- Copyright © Canaccord Genuity (Australia) Limited. 2023 Participant of ASX Group, Cboe Australia and of the NSX. Authorized and regulated by ASIC.

All rights reserved. All material presented in this document, unless specifically indicated otherwise, is under copyright to Canaccord Genuity Corp., Canaccord Genuity Limited, Canaccord Genuity LLC or Canaccord Genuity Group Inc. None of the material, nor its content, nor any copy of it, may be altered in any way, or transmitted to or distributed to any other party, without the prior express written permission of the entities listed above.

None of the material, nor its content, nor any copy of it, may be altered in any way, reproduced, or distributed to any other party including by way of any form of social media, without the prior express written permission of the entities listed above.