

REFINITIV

DELTA REPORT

10-Q

ONTF - ON24 INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1359

■ CHANGES	245
■ DELETIONS	614
■ ADDITIONS	500

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2023** **March 31, 2024**
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number: 001-39965

ON24, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	94-3292599
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
50 Beale Street, 8th Floor, San Francisco, CA	94105
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (415) 369-8000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	ONTF	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	..	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	..	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of **November 3, 2023** **May 2, 2024**, the registrant had **41,501,280** **41,865,360** shares of common stock outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, or this Report, contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to our management. The forward-looking statements are contained principally in, but not limited to, the sections titled "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements include all statements that are not historical facts and can be identified by terms such as "anticipates," "believes," "could," "seeks," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "will," "would" or similar expressions and the negatives of those terms. Forward-looking statements include, but are not limited to, statements **about: about**

- our ability to grow our revenue;
- our ability to attract new customers and expand sales to existing customers;
- fluctuation in our performance, our history of net losses and any increases in our expenses;
- competition and technological development in our markets and any decline in demand for our solutions or generally in our markets;
- adverse general economic and market conditions and spending on sales and marketing technology;
- our ability to expand our sales and marketing capabilities and achieve growth;
- the impact of the resumption of in-person marketing activities on our customer growth rate;
- disruptions, interruptions, outages or other issues with our technology or our use of third-party services, data connectors and data centers;
- the impact of any cybersecurity-related attack, significant data breach or disruption of the information technology systems or networks on which we rely;
- our sales cycle, our international presence and our timing of revenue recognition from our sales;
- interoperability with other devices, systems and applications;
- compliance with data privacy, import and export controls, customs, sanctions and other laws and regulations;
- intellectual property matters, including any infringements of third-party intellectual property rights by us or infringement of our intellectual property rights by third parties; and
- the market for, trading price of and other matters associated with our common stock.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We discuss these risks in greater detail in the section entitled "Risk Factors" and elsewhere in this Report. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management's beliefs and assumptions only as of the date of this Report. You should read this Report completely and with the understanding that our actual future results may be materially different from what we expect.

Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

				ON24, Inc. Condensed Consolidated Balance Sheets (in thousands, except share and per share data) (Unaudited)	
		September 30, 2023			
		March 31, 2024		March 31, 2024	December 31, 2023
Assets	Assets				
Current assets	Current assets				
Current assets					
Current assets					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents	Cash and cash equivalents	\$ 10,804	\$ 26,996	\$ 18,292	\$ 53,209
Marketable securities	Marketable securities	202,935	301,125	177,766	145,497
Accounts receivable, net of allowances and reserves of \$3,475 and \$2,930 as of September 30, 2023 and December 31, 2022, respectively		25,885	43,757		
Accounts receivable, net of allowances and reserves of \$3,857 and \$3,621 as of March 31, 2024 and December 31, 2023, respectively				28,523	37,939
Deferred contract acquisition costs, current	Deferred contract acquisition costs, current	12,327	13,136	12,349	12,428
Prepaid expenses and other current assets	Prepaid expenses and other current assets	6,538	6,281	6,922	4,714

Total current assets	Total current assets	258,489	391,295
Property and equipment, net	Property and equipment, net	5,851	7,212
Operating right-of-use assets	Operating right-of-use assets	3,312	5,606
Intangible asset, net	Intangible asset, net	1,394	1,979
Deferred contract acquisition costs, non-current	Deferred contract acquisition costs, non-current	15,642	17,773
Other long-term assets	Other long-term assets	1,271	1,608
Total assets	Total assets	\$285,959	\$425,473
Liabilities and Stockholders' Equity			
Liabilities	Stockholders' Equity		
Current liabilities	Current liabilities		
Current liabilities			
Accounts payable			
Accounts payable	Accounts payable	\$ 2,696	\$ 4,611
Accrued and other current liabilities	Accrued and other current liabilities	16,626	18,465
Deferred revenue	Deferred revenue	66,603	83,453
Finance lease liabilities, current	Finance lease liabilities, current	345	1,554
Operating lease liabilities, current	Operating lease liabilities, current	2,692	2,648
Total current liabilities	Total current liabilities	88,962	110,731
Operating lease liabilities, non-current	Operating lease liabilities, non-current	3,176	5,040
Operating lease liabilities, non-current			
Operating lease liabilities, non-current			
Other long-term liabilities	Other long-term liabilities	1,302	1,741
Total liabilities	Total liabilities	93,440	117,512
Commitments and contingencies (See Note 9)			

Commitments and contingencies (Note 8)		Commitments and contingencies (Note 8)	
Stockholders' equity	Stockholders' equity		
Common stock, \$0.0001 par value per share; 500,000,000 shares authorized as of September 30, 2023 and December 31, 2022; 42,595,628 and 47,554,801 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively		4	5
Common stock, \$0.0001 par value per share; 500,000,000 shares authorized as of March 31, 2024 and December 31, 2023; 41,796,012 and 41,189,321 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively			
Common stock, \$0.0001 par value per share; 500,000,000 shares authorized as of March 31, 2024 and December 31, 2023; 41,796,012 and 41,189,321 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively			
Common stock, \$0.0001 par value per share; 500,000,000 shares authorized as of March 31, 2024 and December 31, 2023; 41,796,012 and 41,189,321 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively			
Additional paid-in capital	Additional paid-in capital	488,305	562,555
Accumulated deficit	Accumulated deficit	(295,638)	(253,727)
Accumulated other comprehensive loss		(152)	(872)
Accumulated other comprehensive income (loss)			
Total stockholders' equity	Total stockholders' equity	192,519	307,961
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$285,959	\$425,473

See accompanying notes to condensed consolidated financial statements.

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ON24, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except share and per share amounts)
(Uaudited)

		Three Months Ended March 31,		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022	2023	2022
Three Months Ended March 31,							
Three Months Ended March 31,							
2024							
Revenue	Revenue						
Revenue	Revenue						
Subscription and other platform	Subscription and other platform	\$ 36,430	\$ 43,271	\$ 114,130	\$ 129,812		
Subscription and other platform	Subscription and other platform						
Subscription and other platform	Subscription and other platform						
Professional services	Professional services	2,792	4,304	10,241	14,493		
Total revenue	Total revenue	39,222	47,575	124,371	144,305		
Total revenue	Total revenue						
Cost of revenue	Cost of revenue						
Cost of revenue	Cost of revenue						
Subscription and other platform	Subscription and other platform	8,390	10,120	27,345	29,680		
Subscription and other platform	Subscription and other platform						
Subscription and other platform	Subscription and other platform						
Professional services	Professional services	2,457	3,182	8,908	9,867		
Total cost of revenue	Total cost of revenue	10,847	13,302	36,253	39,547		
Total cost of revenue	Total cost of revenue						
Gross profit	Gross profit						
Gross profit	Gross profit						
Gross profit	Gross profit	28,375	34,273	88,118	104,758		
Operating expenses	Operating expenses						
Operating expenses	Operating expenses						
Sales and marketing	Sales and marketing	21,510	26,553	68,555	84,596		
Sales and marketing	Sales and marketing						
Research and development	Research and development	9,730	11,324	31,759	32,916		
Research and development	Research and development						
General and administrative	General and administrative						

General and administrative					
General and administrative	General and administrative	11,200	11,164	37,583	33,199
Total operating expenses	Total operating expenses	42,440	49,041	137,897	150,711
Total operating expenses					
Total operating expenses					
Loss from operations					
Loss from operations	Loss from operations	(14,065)	(14,768)	(49,779)	(45,953)
Interest expense	Interest expense	18	42	80	145
Interest expense					
Interest expense					
Other income, net					
Other income, net	Other income, net	(2,718)	(463)	(8,483)	(183)
Loss before provision for income taxes	Loss before provision for income taxes	(11,365)	(14,347)	(41,376)	(45,915)
Loss before provision for income taxes					
Loss before provision for income taxes					
Provision for income taxes	Provision for income taxes	109	40	535	163
Provision for income taxes					
Provision for income taxes					
Net loss	Net loss	(11,474)	(14,387)	(41,911)	(46,078)
Net loss per share:					
Net loss per share					
Net loss per share					
Net loss per share					
Basic and diluted	Basic and diluted	\$ (0.26)	\$ (0.30)	\$ (0.92)	\$ (0.97)
Weighted-average shares used in computing net loss per share:					
Weighted-average shares used in computing net loss per share					
Weighted-average shares used in computing net loss per share					
Weighted-average shares used in computing net loss per share					
Basic and diluted	Basic and diluted	43,832,475	47,640,200	45,655,106	47,357,711

See accompanying notes to condensed consolidated financial statements.

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ON24, Inc.
Condensed Consolidated Statements of Comprehensive Loss
 (in thousands)
 (Unaudited)

Three Months Ended September 30,

Nine Months Ended September 30,

		2023	2022	2023	2022
		Three Months Ended March 31,			
		Three Months Ended March 31,			
2024					
Net loss	Net loss	\$ (11,474)	\$ (14,387)	\$ (41,911)	\$ (46,078)
Other comprehensive income (loss)					
Net loss					
Net loss					
Other comprehensive (loss) income					
Other comprehensive (loss) income					
Other comprehensive (loss) income					
Foreign currency translation adjustment, net of tax	Foreign currency translation adjustment, net of tax	(36)	18	(18)	(59)
Unrealized gain (loss) on available for sale debt securities, net of tax		154	235	738	(1,611)
Total other comprehensive income (loss)		118	253	720	(1,670)
Foreign currency translation adjustment, net of tax					
Foreign currency translation adjustment, net of tax					
Unrealized (loss) gain on available for sale debt securities, net of tax					
Unrealized (loss) gain on available for sale debt securities, net of tax					
Unrealized (loss) gain on available for sale debt securities, net of tax					
Total other comprehensive (loss) income					
Total other comprehensive (loss) income					
Total other comprehensive (loss) income					
Total comprehensive loss					
Total comprehensive loss					
Total comprehensive loss	Total comprehensive loss	\$ (11,356)	\$ (14,134)	\$ (41,191)	\$ (47,748)

See accompanying notes to condensed consolidated financial statements.

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ON24, Inc. Condensed Consolidated Statements of Stockholders' Equity (Unaudited) (in thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balance as of June 30, 2023	45,013,743	\$ 4	\$ 501,416	\$ (284,164)	\$ (270)	\$ 216,986
Repurchase of common stock	(3,416,682)	—	(25,026)	—	—	(25,026)
Excise taxes on repurchase of common stock	—	—	(179)	—	—	(179)
Issuance of common stock upon exercise of stock options	335,662	—	529	—	—	529
Issuance of common stock upon release of restricted stock units	662,905	—	—	—	—	—
Stock-based compensation expense	—	—	11,565	—	—	11,565
Other comprehensive income	—	—	—	—	118	118
Net loss	—	—	—	(11,474)	—	(11,474)
Balance as of September 30, 2023	<u>42,595,628</u>	<u>\$ 4</u>	<u>\$ 488,305</u>	<u>\$ (295,638)</u>	<u>\$ (152)</u>	<u>\$ 192,519</u>

(Unaudited)

Common Stock		Common Stock		Additional		Accumulated		Total
Shares		Shares		Paid-in Capital		Other Deficit		Stockholders' Equity
Balance as of December 31, 2023								
Balance as of December 31, 2023								
Balance as of December 31, 2023								
Repurchase of common stock								
		Common Stock		Additional		Accumulated		
		Shares		Paid-in Capital		Other Deficit		Total Stockholders' Equity
Balance as of June 30, 2022	47,421,627	\$ 5	\$548,740	\$ (227,210)	\$ (2,158)	\$ 319,377		
Repurchase of common stock	—	—	—	—	—	—	—	
Issuance of common stock upon exercise of stock options								
Issuance of common stock upon exercise of stock options								
Issuance of common stock upon exercise of stock options	315,501	—	738	—	—	738		
Issuance of common stock upon release of restricted stock units								
Issuance of common stock upon release of restricted stock units	235,076	—	—	—	—	—	—	
Stock-based compensation expense								
Stock-based compensation expense	—	—	9,903	—	—	9,903		
Other comprehensive income	—	—	—	—	253	253		
Stock-based compensation expense								
Stock-based compensation expense								
Other comprehensive loss								
Net loss	Net loss	—	—	—	(14,387)	—	(14,387)	
Balance as of September 30, 2022	47,972,204	\$ 5	\$559,381	\$ (241,597)	\$ (1,905)	\$ 315,884		
Balance as of March 31, 2024								

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ON24, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(Uncaudited)

	Common Stock		Additional Paid-in Capital		Accumulated Other Comprehensive Loss		Total Stockholders' Equity
	Shares	Amount			Deficit		
Balance as of December 31, 2022	47,554,801	\$ 5	\$ 562,555	\$ (253,727)	\$ (872)	\$ 307,961	
Cash dividend declared (\$1.09 per share)	—	—	(49,872)	—	—	(49,872)	
Repurchase of common stock	(7,517,260)	(1)	(59,238)	—	—	(59,239)	
Excise taxes on repurchase of common stock	—	—	(394)	—	—	(394)	
Issuance of common stock upon exercise of stock options	733,884	—	1,417	—	—	1,417	
Issuance of common stock upon release of restricted stock units	1,741,765	—	—	—	—	—	
Issuance of common stock under Employee Stock Purchase Plan (ESPP)	82,438	—	546	—	—	546	
Stock-based compensation expense	—	—	33,291	—	—	33,291	
Other comprehensive income	—	—	—	—	720	720	
Net loss	—	—	—	(41,911)	—	(41,911)	
Balance as of September 30, 2023	42,595,628	\$ 4	\$ 488,305	\$ (295,638)	\$ (152)	\$ 192,519	

	Common Stock		Common Stock		Additional Paid-in Capital		Accumulated Other Comprehensive Income (Loss)		Total Stockholders' Equity
	Shares								
Balance as of December 31, 2022									
Balance as of December 31, 2022									
Balance as of December 31, 2022									
	Common Stock	Additional	Accumulated	Common Stock	Additional	Accumulated	Accumulated	Other	Total
	Shares	Paid-in Capital	Deficit	Shares	Paid-in Capital	Deficit	Other Comprehensive Loss	Comprehensive Income (Loss)	Stockholders' Equity
Balance as of December 31, 2021	47,727,346	\$ 5	\$ 550,839	\$ (195,519)	\$ (235)	\$ 355,090			
Repurchase of common stock	(1,531,209)	—	(21,808)	—	—	(21,808)			
Repurchase of common stock									
Repurchase of common stock									
Excise taxes on repurchase of common stock									
Issuance of common stock upon exercise of stock options	978,629	—	2,165	—	—	2,165			
Issuance of common stock upon exercise of stock options									
Issuance of common stock upon release of restricted stock units	708,237	—	—	—	—	—			
Issuance of common stock under ESPP	89,201	—	833	—	—	833			
Payment for employee tax withholding upon net share settlement on equity awards	—	—	(1,756)	—	—	(1,756)			

Stock-based compensation expense	Stock-based compensation expense	—	—	29,108	—	—	29,108
Other comprehensive loss		—	—	—	—	(1,670)	(1,670)
Stock-based compensation expense							
Stock-based compensation expense							
Other comprehensive income							
Net loss	Net loss	—	—	—	(46,078)	—	(46,078)
Balance as of September 30, 2022		47,972,204	\$ 5	\$559,381	\$(241,597)	\$ (1,905)	\$ 315,884
Balance as of March 31, 2023							

See accompanying notes to condensed consolidated financial statements.

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ON24, Inc.
Condensed Consolidated Statements of Cash Flows
 (In thousands)
 (Unaudited)

Three Months Ended	
March 31,	
Three Months Ended	
March 31,	
Three Months Ended	
March 31,	

2024	
Cash flows	
from operating	
activities:	
Cash flows	
from operating	
activities:	
Cash flows	
from operating	
activities:	
Net loss	
Net loss	
Net loss	
Adjustments to	
reconcile net	
loss to net	
cash provided	
by (used in)	
operating	
activities:	
Adjustments to	
reconcile net	
loss to net	
cash provided	
by (used in)	
operating	
activities:	

Adjustments to
reconcile net
loss to net
cash provided
by (used in)
operating
activities:

Depreciation
and
amortization

Depreciation
and
amortization

Depreciation
and
amortization

Stock-based
compensation
expense

Stock-based
compensation
expense

Stock-based
compensation
expense

Amortization
of deferred
contract
acquisition
costs

Amortization
of deferred
contract
acquisition
costs

Amortization
of deferred
contract
acquisition
costs

Provision for
allowance for
doubtful
accounts and
billing
reserves

Provision for
allowance for
doubtful
accounts and
billing
reserves

Provision for
allowance for
doubtful
accounts and
billing
reserves

Non-cash
lease
expense

Non-cash lease expense
Non-cash lease expense
Accretion of marketable securities
Accretion of marketable securities
Accretion of marketable securities
Other
Other
Other
Changes in operating assets and liabilities:
Changes in operating assets and liabilities:
Changes in operating assets and liabilities:
Accounts receivable
Accounts receivable
Accounts receivable
Deferred contract acquisition costs
Deferred contract acquisition costs
Deferred contract acquisition costs
Prepaid expenses and other assets
Prepaid expenses and other assets
Prepaid expenses and other assets

Accounts payable	
Accounts payable	
Accounts payable	
Accrued liabilities	
Accrued liabilities	
Accrued liabilities	
Deferred revenue	
Deferred revenue	
Deferred revenue	
Other liabilities	
Other liabilities	
Other liabilities	
Net cash provided by (used in) operating activities	
Net cash provided by (used in) operating activities	
Net cash provided by (used in) operating activities	
Cash flows from investing activities:	
Cash flows from investing activities:	
Cash flows from investing activities:	
Purchase of property and equipment	
Purchase of property and equipment	
Purchase of property and equipment	

Purchase of marketable securities	
Purchase of marketable securities	
Purchase of marketable securities	
Proceeds from maturities of marketable securities	
Proceeds from maturities of marketable securities	
Proceeds from maturities of marketable securities	
Proceeds from sale of marketable securities	
Proceeds from sale of marketable securities	
Proceeds from sale of marketable securities	
Net cash (used in) provided by investing activities	
Net cash (used in) provided by investing activities	
Net cash (used in) provided by investing activities	
Cash flows from financing activities:	
Cash flows from financing activities:	
Cash flows from financing activities:	
Proceeds from exercise of stock options	

Proceeds from exercise of stock options
Proceeds from exercise of stock options
Payment for repurchase of common stock
Payment for repurchase of common stock
Payment for repurchase of common stock
Repayment of equipment loans
Repayment of equipment loans
Repayment of equipment loans
Repayment of finance lease obligations
Repayment of finance lease obligations
Repayment of finance lease obligations
Net cash used in financing activities
Net cash used in financing activities
Net cash used in financing activities
Effect of exchange rate changes on cash, cash equivalents and restricted cash

Effect of
exchange rate
changes on
cash, cash
equivalents
and restricted
cash

Effect of
exchange rate
changes on
cash, cash
equivalents
and restricted
cash

Net (decrease)
increase in
cash, cash
equivalents
and restricted
cash

Net (decrease)
increase in
cash, cash
equivalents
and restricted
cash

Net (decrease)
increase in
cash, cash
equivalents
and restricted
cash

Cash, cash
equivalents
and restricted
cash,
beginning of
period

Cash, cash
equivalents
and restricted
cash,
beginning of
period

Cash, cash
equivalents
and restricted
cash,
beginning of
period

Cash, cash
equivalents
and restricted
cash, end of
period

Cash, cash
equivalents
and restricted
cash, end of
period

Cash, cash
equivalents
and restricted
cash, end of
period

**Reconciliation
of cash, cash
equivalents,
and restricted
cash to the
condensed
consolidated
balance
sheets:**

**Reconciliation
of cash, cash
equivalents,
and restricted
cash to the
condensed
consolidated
balance
sheets:**

**Reconciliation
of cash, cash
equivalents,
and restricted
cash to the
condensed
consolidated
balance
sheets:**

Cash and cash
equivalents

Cash and cash
equivalents

Cash and cash
equivalents

Restricted
cash included
in other assets,
non-current

Restricted
cash included
in other assets,
non-current

Restricted
cash included
in other assets,
non-current

Total cash,
cash
equivalent, and
restricted cash

Total cash,
cash
equivalent, and
restricted cash

Total cash,
cash
equivalent, and
restricted cash

**Supplemental
disclosures of
cash flow
information:**

**Supplemental
disclosures of
cash flow
information:**

**Supplemental
disclosures of
cash flow
information:**

Cash paid for
taxes, net of
refunds

Cash paid for
taxes, net of
refunds

Cash paid for
taxes, net of
refunds

Cash paid for
interest

Cash paid for
interest

Cash paid for
interest

**Nine Months Ended
September 30,**

2023 2022

Cash flows
from operating
activities:

Net loss \$ (41,911) \$(46,078)

Adjustments to
reconcile net
loss to net
cash used in
operating
activities:

Depreciation
and
amortization 4,041 3,953

Stock-based
compensation
expense 33,291 29,108

Amortization
of deferred
contract
acquisition
costs 11,621 11,850

Provision for
allowance for
doubtful
accounts and
billing reserve 2,360 1,203

Non-cash
lease
expense 1,339 1,475

Accretion of marketable securities	(5,853)	(117)
Lease impairment charge	1,461	—
Other	206	103
Changes in operating assets and liabilities:		
Accounts receivable	15,512	13,741
Deferred contract acquisition costs	(8,681)	(10,040)
Prepaid expenses and other assets	(43)	(5)
Accounts payable	(2,128)	263
Accrued liabilities	(3,037)	(1,369)
Deferred revenue	(16,850)	(15,231)
Other liabilities	(2,671)	(1,749)
Net cash used in operating activities	<u>(11,343)</u>	<u>(12,893)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(1,076)	(2,400)
Acquisition, net of cash acquired	—	(2,495)
Purchase of marketable securities	(232,504)	(211,310)
Proceeds from maturities of marketable securities	319,466	121,965
Proceeds from sale of marketable securities	17,739	—
Net cash provided by (used in) investing activities	<u>103,625</u>	<u>(94,240)</u>
Cash flows from financing activities:		

Proceeds from exercise of stock options	1,341	2,467
Proceeds from issuance of common stock under ESPP	546	833
Payment of tax withholding obligations related to net share settlements on equity awards	—	(1,756)
Payment for repurchase of common stock	(59,239)	(21,808)
Payment of cash dividend	(49,872)	—
Repayment of equipment loans	(187)	(201)
Repayment of finance lease obligations	(1,315)	(1,399)
Net cash used in financing activities	<u>(108,726)</u>	<u>(21,864)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	164	487
Net decrease in cash, cash equivalents and restricted cash	(16,280)	(128,510)
Cash, cash equivalents and restricted cash, beginning of period	<u>27,169</u>	<u>165,043</u>
Cash, cash equivalents and restricted cash, end of period	\$ 10,889	\$ 36,533

Reconciliation	of cash, cash equivalents, and restricted cash to the consolidated balance sheets:
Cash and cash equivalents	\$ 10,804 \$ 36,367
Restricted cash included in other assets, non-current	\$ 85 \$ 166
Total cash, cash equivalent, and restricted cash	\$ 10,889 \$ 36,533
Supplemental disclosures of cash flow information:	
Cash paid for taxes, net of refunds	\$ 1,074 \$ 353
Cash paid for interest	\$ 46 \$ 120

See accompanying notes to condensed consolidated financial statements.

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ON24, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1. Description of Business and Significant Accounting Policies

Description of Business

ON24, Inc. and its subsidiaries (together, ON24 or the Company) provides a leading, cloud-based intelligent engagement platform for digital engagement that delivers combines best-in-class experiences with personalization and content, to enable sales and marketing organizations to capture and act on connected insights for revenue growth through interactive webinar experiences, virtual event experiences and multimedia content experiences at scale. The Company's platform offers a portfolio of interactive personalized and content-rich hyper-personalized digital experience products that creates and captures actionable, real-time data at scale from millions of professionals every month to provide businesses with buying signals and behavioral insights to efficiently convert prospects into customers. The Company was incorporated in the state of Delaware in January 1998 as NewsDirect, Inc. and in December 1998 changed its name to ON24, Inc. The Company is headquartered in San Francisco, California.

Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of ON24 Inc. and its wholly owned subsidiaries and have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP) and applicable rules and regulations of the Securities and Exchange Commission (SEC) for interim financial reporting. Certain information and note disclosures included in the Company's annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Therefore, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's annual report on Form 10-K for the year ended December 31, 2022 December 31, 2023. In the opinion of management, the condensed consolidated financial statements reflect all adjustments that are normal and recurring in nature and necessary for fair financial statement presentation. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include, but are not limited to, the estimated expected benefit period for deferred contract acquisition costs, the determination of standalone selling price for the Company's performance obligations, the expected benefit period for deferred

contract acquisition costs, the allowance for doubtful accounts and billing reserve, reserves, the useful lives of long-lived assets and the assumptions used to measure stock-based compensation, the valuation of deferred income tax assets and uncertain tax positions. Actual results could differ materially from those these estimates.

Significant Accounting Policies

The Company's significant accounting policies are disclosed in its Annual Report annual report on Form 10-K for the year ended December 31, 2022 December 31, 2023. There have been no significant changes to these policies during the nine three months ended September 30, 2023 March 31, 2024.

Recently Adopted Issued Accounting Standards

In June 2016, December 2023, the FASB issued ASU No. 2016-13, 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, Financial Instruments Topic 326: Credit Losses Measurement which expands income tax disclosure to require consistent categories and greater disaggregation of Credit Losses on Financial Instruments, as amended, which requires an entity to measure all expected credit losses for financial instruments held at information in the rate reconciliation and income taxes paid. This ASU is effective with the Company's 2026 reporting date based on historical experience, current conditions, and reasonable and supportable forecasts utilizing a new impairment model known as the current expected credit loss (CECL) model. This new standard also requires credit losses related to available for sale debt securities to be recorded as an allowance through net income rather than by reducing the carrying amount under the other-than-temporary-impairment model. The Company adopted ASU No. 2016-13 on January 1, 2023 and is currently assessing the impact of the requirements and does not expect the adoption was not of this ASU to have a material to the Company's condensed impact on its consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This ASU updates reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses and information used to assess segment performance. This ASU is effective beginning with the Company's 2024 annual reporting period. Early adoption is permitted and the amendments must be applied retrospectively to all prior periods presented. The Company is currently assessing the impact of the requirements and does not expect the adoption of this ASU to have a material impact on its consolidated financial statements and disclosures.

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Note 2. Revenue

Disaggregation of Revenue

The following table depicts the disaggregation of revenue by geographic region based on the shipping address of customers (in thousands):

		Three Months Ended March 31,		Three Months Ended September 30,		Nine Months Ended September 30,	
		Three Months Ended March 31,		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022	2023	2022
Three Months Ended March 31,							
United States	United States	\$ 30,238	\$ 36,424	\$ 96,181	\$ 109,353		
EMEA	EMEA	6,721	7,596	20,605	23,678		
EMEA							
EMEA							
Other	Other	2,263	3,555	7,585	11,274		
Total revenue	Total revenue	\$ 39,222	\$ 47,575	\$ 124,371	\$ 144,305		
Total revenue							
Total revenue							

No individual foreign country contributed 10% or more than 10% of the total revenue for during the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023.

No single customer accounted for 10% or more of the total revenue during the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023. Additionally, no single customer accounted for 10% or more of accounts receivable as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

Contract Balances

Accounts receivable: The Company records accounts receivable when the Company has a contractual right to consideration. In some arrangements, a right to consideration for the Company's performance under the customer contract may occur before invoicing to the customer, resulting in an unbilled receivable. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, unbilled receivables were included within accounts receivable, net of allowance for doubtful accounts and billing reserves on the condensed consolidated balance sheets and were not material.

Contract assets: The Company records a contract asset when the Company has satisfied a performance obligation but does not yet have an unconditional right to consideration. Contract assets are included in prepaid expenses and other current assets in the condensed consolidated balance sheets and were not material as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

Contract liabilities: The Company defers its revenue when the Company has the right to invoice in advance of performance under a customer contract. The current portion of deferred revenue balances is recognized during the following 12-month period and the remaining portion is recorded as noncurrent, which is included in other long-term liabilities on the condensed consolidated balance sheet. The amount of revenue recognized in the three and nine months ended **September 30, 2023** **March 31, 2024** that was included in deferred revenue at the beginning of the period was **\$11.8 million** and **\$71.0 million, respectively**; **\$30.9 million**.

Remaining Performance Obligations

The terms of the Company's subscription agreements are primarily annual and, to a lesser extent, multi-year. The Company may bill for the full term in advance or on an annual, quarterly or monthly basis, depending on the terms of the agreement. As of **September 30, 2023** **March 31, 2024**, the aggregate amount of the transaction price allocated to remaining performance obligations was **\$127.3 million** **\$127.5 million**, which consists of both billed consideration in the amount of **\$67.2 million** **\$73.5 million** and unbilled consideration in the amount of **\$60.1 million** **\$54.0 million** that the Company expects to recognize as revenue. As of **September 30, 2023** **March 31, 2024**, the Company expects to recognize 77% of its remaining performance obligations as revenue over the subsequent 12 months and the remainder thereafter.

Costs to Obtain a Contract

The Company capitalizes sales commissions and associated payroll taxes paid to internal sales personnel and third-party referral fees that are incremental costs resulting from obtaining a contract with a customer. These costs are recorded as deferred contract acquisition costs on the condensed consolidated balance sheets. The Company determines whether costs should be deferred based on its sales compensation plans and if the commissions are incremental and would not have occurred absent the customer contract.

Sales commissions paid upon the initial acquisition of a customer contract are amortized over an estimated period of benefit of five years as the Company specifically anticipates renewals of customer contracts and commissions paid on renewal contracts are not commensurate with commissions paid on new customer contracts. Sales commissions paid upon renewal of customer contracts are amortized over the contractual renewal term. Amortization is recognized on a

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straight-line basis commensurate with the pattern of revenue recognition. Sales commissions paid related to professional

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services are amortized over the expected service period. The Company determines the period of benefit for commissions paid for the acquisition of the initial customer contract by taking into consideration the initial estimated customer life and the technological life of its platform and related significant features. Amortization of deferred contract acquisition costs was **\$3.8 million** and **\$11.6 million** **\$3.9 million** for the three and nine months ended **September 30, 2023**, respectively, **March 31, 2024** and **\$3.9 million** and **\$11.9 million** for the three and nine months ended **September 30, 2022**, **2023**, respectively. Amortization of deferred contract acquisition costs is included in sales and marketing expense in the condensed consolidated statements of operations.

The Company periodically reviews these deferred contract acquisition costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit. The Company had no impairment losses relating to deferred contract acquisition costs during the periods presented.

Note 3. Marketable Securities

Marketable securities consisted of the following as of the periods presented (in thousands):

	September 30, 2023					
	Amortized Cost	Gross Unrealized Gains		Gross Unrealized Losses		Fair Value
Marketable Securities						
U.S. Treasury securities	\$ 159,288	\$ —	\$ (238)	\$ 159,050		
U.S. Agency securities	29,352	—	(22)	29,330		
Certificates of deposit	3,365	—	—	3,365		
Corporate debt securities	1,687	—	(3)	1,684		
Commercial paper	9,513	—	(7)	9,506		

Total marketable securities	\$ 203,205	\$ —	\$ (270)	\$ 202,935
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	March 31, 2024				
	Amortized Cost	Gross Unrealized Gains		Gross Unrealized Losses	
		1	25	—	(250)
Marketable securities					
U.S. Treasury securities	\$ 176,264	\$ 25	\$ (250)	\$ 176,039	
U.S. Agency securities	1,726	1	—	—	1,727
Total marketable securities	\$ 177,990	\$ 26	\$ (250)	\$ 177,766	

	December 31, 2023			December 31, 2023		
	Amortized Cost	Amortized Cost		Gross Unrealized Gains		Gross Unrealized Losses
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	
Marketable Securities						
Marketable securities						
Marketable securities						
Marketable securities						
U.S. Treasury securities						
U.S. Treasury securities						
U.S. Treasury securities	\$ 219,895	\$ 10	\$ (801)	\$ 219,104		
U.S. Agency securities						
U.S. Agency securities	19,247	19	(2)	19,264		
Certificates of deposit	26,624	4	(119)	26,509		
Corporate debt securities						
Corporate debt securities						
Corporate debt securities						
Corporate debt securities	\$ 13,934	—	(86)	13,848		
Commercial paper						
Commercial paper	22,433	10	(43)	22,400		
Total marketable securities	\$ 302,133	\$ 43	\$ (1,051)	\$ 301,125		

The Company's marketable securities have been classified as available for sale. All available for sale debt securities are available for use in current operations. Accordingly, they have been classified as current.

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Marketable securities that have been in a continuous unrealized loss position consisted of the following as of the periods presented (in thousands):

	September 30, 2023		
	Less Than 12 Months	12 Months or More	Total

	Gross Unrealized		Gross Unrealized		Gross Unrealized	
	Fair Value	Loss	Fair Value	Loss	Fair Value	Loss
U.S. Treasury securities	\$ 153,622	\$ (238)	\$ —	\$ —	\$ 153,622	\$ (238)
U.S. Agency securities	29,330	(22)	—	—	29,330	(22)
Certificates of deposit	3,365	—	—	—	3,365	—
Corporate debt securities	1,684	(3)	—	—	1,684	(3)
Commercial paper	9,506	(7)	—	—	9,506	(7)
Total	\$ 197,507	\$ (270)	\$ —	\$ —	\$ 197,507	\$ (270)

	March 31, 2024					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized	Fair Value	Gross Unrealized	Fair Value	Gross Unrealized
U.S. Treasury securities	\$ 148,341	\$ (250)	\$ —	\$ —	\$ 148,341	\$ (250)
Total	\$ 148,341	\$ (250)	\$ —	\$ —	\$ 148,341	\$ (250)

	December 31, 2022					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized	Fair Value	Gross Unrealized	Fair Value	Gross Unrealized
U.S. Treasury securities	\$ 116,161	\$ (151)	\$ 77,173	\$ (650)	\$ 193,334	\$ (801)
U.S. Agency securities	3,197	(2)	—	—	3,197	(2)
Certificates of deposit	22,402	(119)	—	—	22,402	(119)
Corporate debt securities	4,253	(13)	8,345	(73)	12,598	(86)
Commercial paper	12,853	(43)	—	—	12,853	(43)
Total	\$ 158,866	\$ (328)	\$ 85,518	\$ (723)	\$ 244,384	\$ (1,051)

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	December 31, 2023					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized	Fair Value	Gross Unrealized	Fair Value	Gross Unrealized
U.S. Treasury securities	\$ 60,150	\$ (40)	\$ —	\$ —	\$ 60,150	\$ (40)
U.S. Agency securities	4,176	(3)	—	—	4,176	(3)
Corporate debt securities	1,695	(1)	—	—	1,695	(1)
Commercial paper	1,818	(1)	—	—	1,818	(1)
Total	\$ 67,839	\$ (45)	\$ —	\$ —	\$ 67,839	\$ (45)

The Company periodically evaluates whether any security has experienced credit-related declines in fair value. The Company did not recognize any credit loss related to its available for sales debt securities during the three and nine months ended September 30, 2023 March 31, 2024 or 2022, 2023.

The amount of realized gains or losses from marketable securities that were reclassified out from accumulated other comprehensive loss income (loss) to other income, (income) expense, net was based on specific identification and such amount was immaterial in the three and nine months ended September 30, 2023. The Company had no realized gains or losses from marketable securities that were reclassified out of accumulated other comprehensive loss in the three March 31, 2024 and nine months ended September 30, 2022, 2023.

The following summarizes the remaining contractual maturities of the Company's marketable securities as of September 30, 2023 March 31, 2024 (in thousands):

	Fair Value
One year or less	\$ 187,079 128,623
Over one year through five three years	49,143 15,856
Total marketable securities	\$ 202,935 177,766

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Note 4. Fair Value Measurement

The following tables summarize the Company's financial instruments recorded at fair value on a recurring basis by level within the fair value hierarchy as of the periods presented (in thousands):

	September 30, 2023				
	Level 1	Level 2	Level 3	Total	
Cash and cash equivalent					
Cash equivalents - money market mutual funds	\$ 8,842	\$ —	\$ —	\$ 8,842	
Marketable Securities					
U.S. Treasury securities	—	159,050	—	159,050	
U.S. Agency securities	—	29,330	—	29,330	
Certificates of deposit	—	3,365	—	3,365	
Corporate debt securities	—	1,684	—	1,684	
Commercial paper	—	9,506	—	9,506	
Total cash equivalents and marketable securities	\$ 8,842	\$ 202,935	\$ —	\$ 211,777	

	March 31, 2024				
	Level 1	Level 2	Level 3	Total	
Cash and cash equivalents					
Cash equivalents - money market mutual funds	\$ 8,798	\$ —	\$ —	\$ 8,798	
Marketable securities					
U.S. Treasury securities	—	176,039	—	176,039	
U.S. Agency securities	—	1,727	—	1,727	
Total cash equivalents and marketable securities	\$ 8,798	\$ 177,766	\$ —	\$ 186,564	

	December 31, 2022			
	Level			
	Level 1	Level 2	3	Total
Cash and cash equivalent				
Cash and cash equivalents				
Cash equivalents - money market mutual funds	\$ 5,608	\$ —	\$ —	\$ 5,608
Marketable Securities				
	December 31, 2023			December 31, 2023
	Level 1		Level 1	Level 2
			Level 2	Level 3
				Total
Cash and cash equivalents				
Cash equivalents - money market mutual funds	\$ 5,608	\$ —	\$ —	\$ 5,608
Marketable Securities				

Cash equivalents -			
money market mutual			
funds			
Cash equivalents -			
money market mutual			
funds			
Marketable			
securities			
U.S. Treasury securities			
U.S. Treasury securities			
U.S. Treasury securities	U.S. Treasury securities	— 219,104	— 219,104
U.S. Agency securities	U.S. Agency securities	— 19,264	— 19,264
Certificates of deposit		— 26,509	— 26,509
Corporate debt securities			
Corporate debt securities			
Corporate debt securities	Corporate debt securities	— 13,848	— 13,848
Commercial paper	Commercial paper	— 22,400	— 22,400
Total cash equivalents and marketable securities	Total cash equivalents and marketable securities	\$ 5,608	\$ 301,125
		\$ —	\$ 306,733

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As of **September 30, 2023** **March 31, 2024** and **December 31, 2022, 2023**, the Company classified its cash equivalents within level 1 of the fair value hierarchy because they are valued using quoted market prices. The Company classified its marketable securities within level 2 of the fair value hierarchy because they are valued using inputs other than quoted prices that are directly or indirectly observable in the market, including readily available pricing sources for the identical underlying security, which may not be actively traded.

Note 5. Balance Sheets Components

Property and Equipment, Net

Property and equipment, net consisted of the following as of the periods presented (in thousands):

	September December		March 31, 2024	December 31, 2023
	30, 2023	31, 2022		
Computer, equipment and software ⁽¹⁾	Computer, equipment and software ⁽¹⁾	\$ 33,255	\$ 31,243	
Furniture and fixtures	Furniture and fixtures	1,073	1,071	
Leasehold improvements	Leasehold improvements	3,793	3,606	
Property and equipment, gross	Property and equipment, gross	38,121	35,920	

Less:	Less:
Accumulated depreciation and amortization ⁽²⁾	Accumulated depreciation and amortization ⁽²⁾
	(32,270)
Property and equipment, net	Property and equipment, net
	\$ 5,851 \$ 7,212

(1) Includes assets recorded under finance leases of \$3.2 million \$0.4 million and \$5.3 million \$1.7 million as of September 30, 2023 March 31, 2024 and December 31, 2022, December 31, 2023, respectively.

(2) Includes amount for assets recorded under finance leases of \$3.0 million \$0.4 million and \$4.0 million \$1.6 million as of September 30, 2023 March 31, 2024 and December 31, 2022, December 31, 2023, respectively.

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Depreciation and amortization expense for property and equipment was \$1.1 million and \$3.6 \$1.3 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and \$1.3 million and \$3.7 million for the three and nine months ended September 30, 2022, 2023, respectively.

The following table presents the property and equipment, net of depreciation and amortization, by geographic region as of the periods presented (in thousands):

	United States	September December		March 31, 2024	December 31, 2023
		30, 2023	31, 2022		
United States	United States	\$ 5,450	\$ 6,449		
EMEA	EMEA	378	722		
Other	Other	23	41		
Total property and equipment, net	Total property and equipment, net				
		\$ 5,851	\$ 7,212		

Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following as of the periods presented (in thousands):

	Accrued compensation and benefits	September December		March 31, 2024	December 31, 2023
		30, 2023	31, 2022		
Accrued compensation and benefits	Accrued compensation and benefits	\$ 4,976	\$ 5,390		
Accrued bonus and commissions	Accrued bonus and commissions	4,934	6,814		
Other	Other	6,716	6,261		
Accrued and other current liabilities	Accrued and other current liabilities	\$ 16,626	\$ 18,465		

Note 6. Business Combination

In April 2022, the Company acquired Vibbio AS (Vibbio), a privately-held cloud video software company in Norway, for approximately \$3.0 million in cash. The integration of Vibbio's video capabilities across the ON24 platform is intended to allow customers to produce video content that creates more engagement, generates first-party data, and drives further personalization. [Contents](#)

The purchase consideration was primarily allocated to developed technology intangible asset with an estimated fair value of \$2.7 million at the acquisition date, which was valued using the cost to recreate method. The fair value of the remaining acquired tangible net assets was immaterial. The goodwill that was recorded represents the excess of the purchase consideration over the assets acquired and liabilities assumed relating to the acquisition and is immaterial.

Note 7.6. Intangible Assets

The Company's acquired intangible asset subject to amortization as of the periods presented was as follows (in thousands):

September 30, 2023				March 31, 2024			
	Gross	Carrying Amount	Net		Gross	Carrying Amount	Net Carrying Amount
Developed technology	\$ 2,700	\$ (852)	\$ 1,848				
Effect of foreign currency translation	(486)	32	(454)				
Total	<u>\$ 2,214</u>	<u>\$ (820)</u>	<u>\$ 1,394</u>				
December 31, 2022				December 31, 2022			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	\$ 2,700	\$ (434)	\$ 2,266		\$ 2,700	\$ (434)	\$ 2,266
Effect of foreign currency translation	(276)	(11)	(287)		(276)	(11)	(287)
Total	<u>\$ 2,424</u>	<u>\$ (445)</u>	<u>\$ 1,979</u>		<u>\$ 2,424</u>	<u>\$ (445)</u>	<u>\$ 1,979</u>

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December 31, 2023			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	\$ 2,700	\$ (992)	\$ 1,708
Effect of foreign currency translation	(397)	(6)	(403)
Total	<u>\$ 2,303</u>	<u>\$ (998)</u>	<u>\$ 1,305</u>

The intangible asset is amortized on a straight-line basis over its useful life of 4 years. As of **September 30, 2023** **March 31, 2024**, the intangible asset had a remaining amortization period of **2.5** **2.0** years.

The amortization expense was \$0.1 million and \$0.4 million for the three and nine months ended **September 30, 2023**, **March 31, 2024** and was \$0.2 million and \$0.3 million for the three and nine months ended **September 30, 2022**. The amortization expense was included in research and development in the condensed consolidated statements of operations as the acquired technology is used to enhance our existing product capabilities.

The estimated future amortization expense for the intangible asset is as follows (in thousands):

Remaining 2023		\$ 139
2024		555
Remainder 2024		
2025	2025	553
2026	2026	147
Total	Total	\$ 1,394

Note 8.7. Credit Facility

In September 2021, the Company amended its revolving line of credit with a financial institution effective August 2021, which increased the Company's borrowing capacity to a maximum of \$50.0 million with a letter of credit sublimit of \$4.0 million and a credit card sublimit of \$1.0 million. The amendment allows the Company to borrow up to \$50.0 million if the Company maintains at least \$100.0 million on deposit at the institution. If such deposit is less than \$100.0 million, the Company may borrow up to the lesser of \$50.0 million or an amount determined by the Company's trailing five months of recurring revenue, annualized renewal rate and annualized monthly churn rate, as defined by the agreement. As of **September 30, 2023** **March 31, 2024**, the Company had not drawn down on its line of credit and has a borrowing capacity of \$50.0 million. The terms of the agreement permit voluntary prepayment without premium or penalty. The revolving credit facility matures in August 2024 and is secured by substantially all of the Company's assets. The outstanding principal balance on the revolving line of credit, if any, is due at maturity. The Company is required to pay quarterly in arrears a commitment fee of 0.15% per annum on the undrawn

portion available under the revolving line of credit. As of **September 30, 2023** **March 31, 2024**, the Company had an outstanding standby letter of credit of \$1.2 million as a guarantee for a leased space.

Interest on the revolving credit facility is payable monthly in arrears at a rate equal to the lender's prime referenced rate as defined in the agreement. The prime referenced rate was 8.50% as of **September 30, 2023** **March 31, 2024** and 7.50% as of **December 31, 2022** **December 31, 2023**.

The revolving credit facility is subject to certain restrictions and financial covenants, including the requirement of maintaining a minimum debt to EBITDA ratio when the Company's current portion of the total borrowing exceeds \$5.0 million and the Company fails to maintain \$100.0 million in deposits. As of **September 30, 2023** **March 31, 2024**, the Company was not subject to the financial covenant as the Company met the deposit requirement and had not drawn down from its line of credit. In addition, the revolving line of credit agreement restricts the Company from paying dividends without prior approval from the financing institution. In April 2023, the Company further amended its revolving line of credit to allow for certain transactions including payment of dividends and share repurchases from open market purchases or through an accelerated share repurchase program, subject to certain terms and conditions.

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Note 9.8. Commitment and Contingencies

Purchase Obligations

The As of March 31, 2024, the Company has non-cancelable unrecognized purchase commitments of \$4.2 million as of September 30, 2023, primarily related to software license fees and co-location facilities and services as follows (in thousands):

	Purchase Obligations⁽¹⁾
Remainder 2024	\$ 2,089
2025	1,852
2026	1,108
2027	115
Total	\$ 5,164

(1) Excludes non-cancelable recognized purchase commitments related to software license fees of which \$1.0 million is expected to be paid \$2.0 million that are included in accrued liabilities and other long-term liabilities in the remainder of 2023, \$2.4 million in 2024, \$0.6 million in 2025, and \$0.1 million in both 2026 and 2027. condensed consolidated balance sheets.

Contingencies

The Company has agreed to indemnify its directors and executive officers for costs associated with any fees, expenses, judgments, fines, and settlement amounts incurred by any of these persons in any action or proceeding to which any of those persons is, or is threatened to be, made a party by reason of the person's service as a director or officer, including any action by the Company, arising out of that person's services as the Company's director or officer or that person's services provided to any other company or enterprise at the Company's request. The Company maintains director and officer insurance coverage that may enable the Company to recover a portion of any future amounts paid.

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FASB ASC 450-20, *Contingencies*, sets forth the rules for accounting for uncertain tax positions for taxes not based on income. When a loss contingency exists, the likelihood of the incurrence of the liability can range from probable to remote. The Company believes it is reasonably possible that a loss will result from the sales and use tax assessments in the range of zero to \$0.4 million. The Company has not recorded an accrual as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

Legal Proceedings

The Company, its Chief Executive Officer, its Chief Financial Officer, certain current and former members of its Board of Directors and the underwriters that participated in the Company's IPO are named as defendants in a consolidated putative class action, captioned *In re ON24, Inc. Securities Litigation*, 4:21-cv-08578-YGR (filed in November 2021), that is currently pending in the United States District Court for the Northern District of California. The consolidated complaint purports to assert claims under Sections 11 and 15 of the Securities Act of 1933 on behalf of all persons and entities that purchased, or otherwise acquired, the Company's common stock issued in connection with the Company's IPO. The complaint alleges that the Company's registration statement and prospectus contained untrue statements of material fact and/or omitted material facts about ON24's growth and customer base. Plaintiff seeks, among other things, an award of damages and attorneys' fees and costs. Defendants The defendants filed a motion to dismiss the complaint in May 2022, which the district court granted with leave to amend on July 7, 2023. Plaintiff in July 2023. Plaintiff filed its amended complaint on September 1, 2023, and Defendants in September 2023, and the defendants filed a motion to dismiss the amended complaint on October 16, 2023. In October 2023. In March 2024, the district court granted the defendants' motion to dismiss with prejudice. Plaintiff has filed a notice of appeal of the district court's order. The Company believes the allegations in the amended complaint are without merit. The Company is unable to reasonably estimate a possible loss or range of possible loss, if any, arising from this matter at this early stage. Accordingly, no accrued litigation expense has been recorded in the accompanying condensed consolidated financial statements.

In the ordinary course of business, the Company may be subject from time to time to various proceedings, lawsuits, disputes or claims. Although the Company cannot predict with assurance the outcome of any litigation, the Company does not believe there are currently any actions, other than those described in the prior paragraph, that if resolved unfavorably, would have a material impact on its financial condition, results of operations or cash flows.

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Note 10.9. Stockholders' Equity and Equity Incentive Plan

Preferred Stock

The Company's amended and restated certificate of incorporation authorized the issuance of 10,000,000 shares of undesignated preferred stock with a par value of \$0.0001 per share.

Common Stock

The Company's amended and restated certificate of incorporation authorized the issuance of 500,000,000 shares of common stock, \$0.0001 par value per share. Holders of common stock are entitled to one vote per share.

Common Stock Reserved for Future Issuance

As of **September 30, 2023** **March 31, 2024**, the Company had the following shares of common stock reserved for future issuance under its equity incentive plan and employee share purchase plan:

Stock options outstanding	7,157,218	6,604,136
Restricted stock outstanding	6,763,380	5,755,580
Remaining shares available for future grant under 2021 Equity Incentive Plan ⁽¹⁾	4,107,198	5,572,289
Remaining shares available for future issuance under ESPP 2021 Employee Stock Purchase Plan ⁽²⁾	1,895,121	2,229,916
Total shares of common stock reserved as of September 30, 2023 March 31, 2024	19,922,917	20,161,921

(1) Includes the automatic annual increase of **2,377,740****2,059,466** additional shares under the Company's 2021 Equity Incentive Plan ("2021 Plan") on **January 1, 2023** **January 1, 2024**.

(2) Includes the automatic annual increase of **475,548****411,893** additional shares under the Company's **ESPP** 2021 Employee Stock Purchase Plan on **January 1, 2023** **January 1, 2024**.

Repurchase of Common Stock

In February 2024, the Company completed the \$75 million share repurchase program as part of its \$125 million capital return program. In March **2023** **2024**, the Company's board of directors **authorized** **approved** a new \$125.0 million capital return program, \$50.0 million of which is effected through a special dividend and \$75.0 million of which is effected through the combination of an accelerated stock repurchase program and/or open market purchases. The Company may pay an additional special dividend if this \$75.0 million threshold is not reached by March 2024. This capital return program replaced the prior \$25 million share repurchase program originally announced in December 2021, which ended in March 2023.

[Table \(the "2024 Repurchase Program"\) allowing the Company to repurchase shares of Contents](#)

common stock on a discretionary basis from time to time over a 12-month term through open market purchases, privately negotiated transactions, or other means.

The following table presents certain information regarding shares repurchased during the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023		2022	
	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,
2024				
Number of shares repurchased				
Number of shares repurchased				
Number of shares repurchased	3,416,682	—	7,517,260	1,531,209

Average price per share, including commissions	Average price per share, including commissions	\$ 7.32	\$ —	\$ 7.88	\$ 14.24
Average price per share, including commissions					
Average price per share, including commissions					
Total repurchase costs, including commissions (in millions)	Total repurchase costs, including commissions (in millions)	\$ 25.0	\$ —	\$ 59.2	\$ 21.8
Total repurchase costs, including commissions (in millions)					
Total repurchase costs, including commissions (in millions)					

As of **September 30, 2023** **March 31, 2024**, the Company **had \$20.5 million** **has \$25.0 million** available for future share **buybacks** repurchases under the **repurchase program**. **2024 Repurchase Program**.

The Company **has not repurchased** **an additional 1,234,909 shares of common stock at an average per share price of \$6.33 (including commissions)** in October 2023. As of **October 31, 2023**, from April 1, 2024 through May 8, 2024 pursuant to the **Company has \$12.7 million remaining for future share buyback under the repurchase program**. The Company expects its repurchase program to be completed in the first quarter of 2024.

Dividend 2024 Repurchase Program.

Pursuant to the capital return program, on May 8, 2023, the Company's board

Table of directors declared a one-time special cash dividend of \$1.09 per share, which was paid on June 15, 2023 in an aggregate amount of \$49.9 million, to all stockholders of record as of the close of business on May 22, 2023 (the "Special Dividend").

Anti-Dilution Adjustment to the Outstanding Awards

Pursuant to the terms of the Company's 2021 Plan, 2014 Stock Option Plan ("2014 Plan") and 2000 Stock Option Plan ("2000 Plan," and together with the 2021 Plan and 2014 Plan, the "Plans"), participants holding outstanding equity awards are entitled to receive an anti-dilution adjustment in the event of payment of a dividend. In conjunction with the declaration of the Special Dividend on May 8, 2023, the compensation committee of the Company's board of directors approved an adjustment to outstanding equity awards (both vested and unvested) in the form of exercise price reductions and/or increases in the number of shares issuable upon vesting and settlement of each award. This anti-dilution adjustment was designed to equalize the fair value of the awards before and after the Special Dividend. Accordingly, no incremental compensation cost was recognized.

Grant Activities

Stock Options

A summary of stock option activity and related information is as follows:

	Options Outstanding				
	Number of Shares	Weighted-Average Exercise Price	Remaining Contractual Life (in years)	Weighted-Average	
				Weighted-Average Price	Aggregate Intrinsic Value (in thousands)
Balance as of December 31, 2022	7,756,680	\$ 6.96			
Granted	—	—			
Anti-dilution adjustment ⁽¹⁾	389,037	1.92			
Exercised	(733,884)	1.93		\$	4,415
Cancelled and forfeited	(254,615)	19.14			
Balance as of September 30, 2023	7,157,218	\$ 5.91		5.09	\$ 23,721
Vested and exercisable	6,289,769	\$ 4.89		4.82	\$ 22,948

⁽¹⁾ Represents the incremental increase in the number of shares issuable upon vesting of options outstanding prior to the Special Dividend pursuant to the anti-dilution adjustment.

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	Options Outstanding			
	Number of Shares	Weighted-Average Exercise Price	Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Balance as of December 31, 2023	6,974,082	\$ 5.98		
Granted	—	—		
Exercised	(314,181)	1.71		\$ 1,849
Cancelled and forfeited	(55,765)	13.51		
Balance as of March 31, 2024	<u>6,604,136</u>	\$ 6.76	4.74	\$ 22,607
Vested and exercisable	<u>6,186,093</u>	\$ 6.12	4.61	\$ 22,440

Restricted Stock Units

A summary of RSU activity and related information is as follows:

	RSUs Outstanding		
	Number of Shares	Weighted-Average Grant Date Fair Value	
Unvested balance as of December 31, 2022	5,134,934	\$ 14.37	
Granted	2,771,342	8.42	
Anti-dilution adjustment ⁽¹⁾	950,208	12.43	
Vested	(1,727,598)	14.61	
Cancelled and forfeited	(996,281)	13.47	
Unvested balance as of September 30, 2023	<u>6,132,605</u>	\$ 11.46	

(1) Represents the incremental increase in the number of shares issuable upon vesting of RSUs outstanding prior to the Special Dividend pursuant to the anti-dilution adjustment.

	RSUs Outstanding		
	Number of Shares	Weighted-Average Grant Date Fair Value	
Unvested balance as of December 31, 2023	5,952,386	\$ 10.89	
Granted	395,000	7.79	
Vested	(870,662)	12.31	
Cancelled and forfeited	(134,712)	12.26	
Unvested balance as of March 31, 2024	<u>5,342,012</u>	\$ 10.34	

The total fair value of RSUs vested in the three March 31, 2024 and nine months ended September 30, 2023 was \$9.1 million \$10.7 million and \$25.2 million, respectively. The total fair value of RSUs vested in the three and nine months ended September 30, 2022 was \$4.9 million and \$15.7 million \$7.8 million, respectively.

Restricted Stock Unit with Performance Conditions (PSUs)

In the fourth quarter of 2022, the Company's board of directors granted 341,404 market performance-based restricted stock units ("PSUs") to an executive officer with a grant date fair value of \$4.2 million. The PSUs vest following three annual performance periods beginning in 2023, each in an amount equal to one-third of the target number of PSUs multiplied by a percentage determined by comparing the Company's total stockholder return to a benchmark index during the performance period. The actual payout can range from 0% to 200% of the shares granted under this award, with the maximum earned PSUs capped at 125% for the first two performance periods. The maximum payout for the entire award is capped at 200% of the granted shares. These PSUs additionally are subject to continued service by the award holder through the end of each performance period. In May 2023, an additional 54,167 PSUs were issued in connection with the anti-dilution adjustment. As of September 30, 2023, none March 31, 2024, 75,976 of these PSUs have vested.

In the second quarter of 2023, the Company's board of directors granted 203,000 market performance-based restricted stock units to certain executive officers with a grant date fair value of \$2.5 million. The PSUs vest following three annual performance periods beginning in 2023, each in an amount equal to one-third of the target number of PSUs multiplied by a percentage determined by comparing the Company's total stockholder return to a benchmark index during the performance period. The actual payout can range from 0% to 200% of the shares granted under this award, with the maximum earned PSUs capped at 125% for the first two performance periods. The maximum payout for the entire award is capped at 200% of the granted shares. These PSUs additionally are subject to continued service by the award holder through the end of each performance period. In

May 2023, an additional 32,204 PSUs were issued in connection with the anti-dilution adjustment. As of **September 30, 2023**, none **March 31, 2024**, 47,819 of these PSUs have vested.

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Stock-Based Compensation

The stock-based compensation expense by line item in the condensed consolidated statements of operations is summarized as follows (in thousands):

		Three Months Ended March 31,		Three Months Ended September 30,		Nine Months Ended September 30,	
		Three Months Ended March 31,					
		2023		2022		2023	
		Three Months Ended March 31,					
2024							
Cost of revenue							
Cost of revenue							
Cost of revenue	Cost of revenue						
Subscription and other platform	Subscription and other platform	\$	638	\$	849	\$	2,132
Subscription and other platform	Subscription and other platform						\$ 2,540
Professional services	Professional services						
Professional services	Professional services						
Professional services	Professional services		123		165		419
Total cost of revenue	Total cost of revenue		761		1,014		2,551
Total cost of revenue	Total cost of revenue						\$ 3,045
Sales and marketing	Sales and marketing						
Sales and marketing	Sales and marketing						
Sales and marketing	Sales and marketing		3,693		3,597		10,305
Research and development	Research and development						
Research and development	Research and development		2,332		2,019		6,716
Research and development	Research and development						\$ 5,925
General and administrative	General and administrative						
General and administrative	General and administrative						
General and administrative	General and administrative		4,779		3,273		13,719
Total stock-based compensation expense	Total stock-based compensation expense						
Total stock-based compensation expense	Total stock-based compensation expense	\$	11,565	\$	9,903	\$	33,291
Total stock-based compensation expense	Total stock-based compensation expense						\$ 29,108

The following table presents the unrecognized stock-based compensation expense and weighted-average recognition periods as of **September 30, 2023** **March 31, 2024** (in thousands, except years):

	Stock Option	Restricted Stock	ESPP		Stock Option	Restricted Stock	ESPP
	Stock Option				Stock Option		
Unrecognized stock-based compensation expense	Unrecognized stock-based compensation expense						
	\$ 14,427	\$ 58,991	\$ 46				

Weighted-average amortization period	Weighted-average amortization period	1.47	2.24	0.13	Weighted-average amortization period	0.71 years	2.01 years	0.12 years
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Note 11.10. Other Income, Net

Other income, net consisted of the following for the periods presented (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	2023	2022		
Three Months Ended March 31,						
Three Months Ended March 31,						
Three Months Ended March 31,						
2024						
Interest income						
Interest income						
Interest income	Interest income	\$ (694)	\$ (477)	\$ (3,191)	\$ (1,236)	
Accretion on marketable securities	Accretion on marketable securities	(2,142)	(447)	(5,853)	(117)	
Accretion on marketable securities						
Accretion on marketable securities						
Foreign currency losses						
Foreign currency losses						
Foreign currency losses	Foreign currency losses	119	555	610	1,322	
Other	Other	(1)	(94)	(49)	(152)	
Other						
Other						
Other income, net						
Other income, net						
Other income, net	Other income, net \$ (2,718)	\$ (463)	\$ (8,483)	\$ (183)		

Note 12.11. Income Taxes

The Company's provision for income taxes were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Provision for income taxes	\$ 109	\$ 40	\$ 535	\$ 163

	Three Months Ended March 31,	
	2024	2023
Provision for income taxes	\$ 495	\$ 196

The Company's provision for income taxes for interim periods is determined using an estimate of its annual effective tax rate, adjusted for discrete items, if any. The Company updates its estimate of the annual effective tax rate and makes a year-to-date adjustment to the provision quarterly. Provision for income taxes for the three and nine months ended **September 30, 2023** **March 31, 2024** increased **\$0.1 million and \$0.4 million, \$0.3 million** compared to the three and nine months ended **September 30, 2022** **March 31, 2023**. These changes in provision for income taxes were primarily driven by the **increased activity and higher tax rates** **increase in a realized foreign jurisdiction**, exchange gains in the foreign jurisdictions.

The Company regularly performs an assessment of the likelihood of realizing benefits of its deferred tax assets. As of September 30, 2023 March 31, 2024, the Company recorded a valuation allowance against its U.S. deferred tax assets based on available evidence. However, if there are favorable changes to actual operating results or to projections of future income, the Company may determine that it is more likely than not that such deferred tax assets may be realizable.

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Utilization of net operating loss carryforwards, tax credits and other attributes may be subject to future annual limitations due to the ownership change limitations provided by Section 382 of the Internal Revenue Code and similar state provisions.

Note 13, 12. Net Loss Per Share

The following tables set forth the computation of basic and diluted net loss per share for the periods presented (in thousands, except share and per share data):

		Three Months Ended March 31,		Three Months Ended September 30,		Nine Months Ended September 30,	
		Three Months Ended March 31,		2022		2023	
		Three Months Ended March 31,		2022		2023	
		2024		2022		2023	
Net loss	Net loss	\$ (11,474)		\$ (14,387)		\$ (41,911)	\$ (46,078)
Net loss per share of common stock, basic and diluted	Net loss per share of common stock, basic and diluted						
Net loss per share of common stock, basic and diluted	Net loss per share of common stock, basic and diluted	\$ (0.26)		\$ (0.30)		\$ (0.92)	\$ (0.97)
Weighted-average common stock outstanding, basic and diluted	Weighted-average common stock outstanding, basic and diluted	43,832,475		47,640,200		45,655,106	47,357,711
Weighted-average common stock outstanding, basic and diluted	Weighted-average common stock outstanding, basic and diluted						
Weighted-average common stock outstanding, basic and diluted	Weighted-average common stock outstanding, basic and diluted						

The following table sets forth the potential shares of common stock that were excluded from the computation of diluted net loss per share for the periods presented because including them would have been antidilutive:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Stock options	Stock options				
Stock options	Stock options	7,157,218	7,957,539	7,157,218	7,957,539
Restricted stock units	Restricted stock units	6,132,605	4,270,636	6,132,605	4,270,636
Restricted stock units	Restricted stock units				
Performance stock units	Performance stock units	630,775	—	630,775	—
Performance stock units	Performance stock units				
ESPP purchase rights	ESPP purchase rights	110,887	126,708	110,887	126,708
ESPP purchase rights	ESPP purchase rights				

ESPP purchase rights					
Total antidilutive securities	Total antidilutive securities	14,031,485	12,354,883	14,031,485	12,354,883
Total antidilutive securities					
Total antidilutive securities					

Note 14, 13. Related Party Transactions

The Company incurred engineering and quality assurance costs from a third-party vendor in the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023. The chief executive officer of the third-party vendor is considered an immediate family member of the Company's chief technology officer. The Company recorded \$0.7 million \$0.6 million and \$2.1 million \$0.7 million in the three and nine months ended September 30, 2023, respectively, March 31, 2024 and \$0.8 million and \$2.2 million in the three and nine months ended September 30, 2022, 2023, respectively, in research and development expense relating to this third-party vendor on the condensed consolidated statements of operations. As of September 30, 2023 and December 31, 2022, the Company recorded \$0.2 million in accrued liabilities as of March 31, 2024 and \$0.7 million, respectively, \$0.2 million in accounts payable and accrued liabilities as of December 31, 2023 on the condensed consolidated balance sheets for the amount owed to this third-party vendor.

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Note 15, 14. Restructuring

In the third quarter of 2022, the Company initiated a strategic cost reduction plan to reduce its cost structure and lower its net loss, including voluntary and involuntary global headcount reductions as well as reductions in spending with various vendors. This plan was substantially completed in the first quarter of 2023, and the 2023. The Company has pursued additional reductions in its workforce in 2023 and in the first nine months quarter of 2023 2024 to further reduce its cost structure.

The following table summarizes the restructuring costs, and lease impairment charges under both plans in our condensed consolidated statements of operations for the three and nine months ended September 30, 2023 (in thousands):

	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
	Severance and Related Charges ⁽¹⁾	Lease Impairment Charge ⁽²⁾	Total	Severance and Related Charges ⁽¹⁾	Lease Impairment Charge ⁽²⁾	Total
Cost of revenue						
Subscription and other platform	\$ 629	\$ 19	\$ 648	\$ 2,134	\$ 108	\$ 2,242
Professional services	39	18	57	143	119	262
Total cost of revenue	668	37	705	2,277	227	2,504
Sales and marketing	150	48	198	1,958	256	2,214
Research and development	174	97	271	1,287	569	1,856
General and administrative	21	70	91	303	409	712
Total restructuring costs	\$ 1,013	\$ 252	\$ 1,265	\$ 5,825	\$ 1,461	\$ 7,286

(1) Severance and related charges which primarily include severance and one-time termination benefits.

(2) Lease impairment charge represents benefits, in the underutilized real estate charge on the Company's headquarters lease.

The following table summarizes the restructuring costs in our condensed consolidated statements of operations for the three and nine months ended September 30, 2022 (in thousands):

	Three and Nine Months Ended September 30, 2022	
	Severance and Related Charges(a)	
Cost of revenue		
Subscription and other platform	\$	363
Professional services		27
Total cost of revenue		390
Sales and marketing		582
Research and development		61
General and administrative		37
Total restructuring costs	\$	1,070

(1) Severance and related charges primarily include severance and one-time termination benefits.

	Three Months Ended March 31,	
	2024	2023
Cost of revenue		
Subscription and other platform	\$ 192	\$ 785
Professional services	12	54
Total cost of revenue	204	839
Sales and marketing	675	1,211
Research and development	112	773
General and administrative	190	230
Total restructuring costs	\$ 1,181	\$ 3,053

The Company paid restructuring costs of \$1.3 million \$0.7 million and \$5.4 million \$2.4 million during the first quarter of 2024 and nine months ended September 30, 2023, respectively, and \$0.5 million during the three and nine months ended September 30, 2022, 2023, respectively. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the restructuring liability was \$0.6 million and \$0.2 million \$0.1 million, respectively, and is included in accrued and other current liabilities on the condensed consolidated balance sheets.

The Company expects to incur additional restructuring costs of \$0.4 million \$0.6 million to \$0.8 million \$0.9 million in the second quarter of 2024 and may incur additional costs in future periods for restructuring activities.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with the condensed consolidated financial statements and related notes included elsewhere in this Report. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed in the section titled "Risk Factors" and in other parts of this Report.

Overview

We provide a leading, cloud-based intelligent engagement platform for digital engagement that delivers combines best-in-class experiences with personalization and content, to enable sales and marketing organizations to capture and act on connected insights for revenue growth through interactive webinar experiences, virtual event experiences and multimedia content experiences at scale. Our platform's portfolio of interactive personalized and content-rich hyper-personalized digital experience products creates create and captures capture actionable, real-time data at scale from millions of professionals every month to provide businesses with buying signals and behavioral insights to efficiently convert prospects into customers.

Similar to what has taken place in the business-to-consumer, or B2C, market, our platform for digital engagement empowers business-to-business, or B2B, companies with insights to better personalize their engagement. Large social media platforms have been successful at leveraging experiences and insights of consumers on their platforms to enable B2C companies to effectively understand their potential consumers. While these have been effective in the B2C market, B2B companies often lack deep insights about prospective customers to effectively understand and engage them.

Businesses today primarily use automated traditional sales and marketing solutions, such as digital advertising and email, for marketing. While these automated traditional solutions reach large numbers of prospective customers, they have generally failed to deepen customer engagement because they were designed with the simple purpose of pushing marketing messages in one direction—direction — from the business to the prospective customer. For most businesses to succeed, we believe their sales and marketing

strategies must evolve from **utilize digital engagement that is powered by the era of automation to the era of engagement, latest technology**. Our platform provides an innovative way both to scale digital marketing and deepen prospective customer engagement. We believe our opportunity to help businesses convert digital engagement into revenue will continue to grow as industries modernize their sales and marketing processes.

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We sell subscriptions to our platform's **experience** products that are backed by analytics and our ecosystem of third-party integrations. Before 2013, we offered services and licensed software for managing webinars and virtual events primarily on a per event basis. In 2013, we transitioned to be a software-as-a-service company with the release of ON24 Elite as our self-service cloud-based subscription product. ON24 Virtual Conference, which we **are now de-emphasizing**, have **de-emphasized**, was also launched as a managed-service cloud-based subscription product. Substantially all of our customers subscribe to ON24 Elite, which is our Core Platform's flagship product, and enables customers to seamlessly broadcast video-based content and drive real-time interactivity in a single immersive experience. We have since added **five** **six** other **experience** products to our Core Platform.

In 2018, we launched two complementary experience products, ON24 Engagement Hub and ON24 Target, to provide our customers with a system for digital engagement, offering customers the ability to curate and disseminate rich, multimedia content experiences. In addition to our products, we also provide professional services such as experience management, monitoring and premium support services, which provide the opportunity for recurring revenue, as well as implementation and other services.

In 2021, we launched ON24 Breakouts, which expanded the functionality and interactivity of webinars built with ON24 Elite. For example, breakouts enable attendees and presenters to network with each other face-to-face, sales teams to connect immediately with prospects and subject matter experts to offer two-way communication to support customer education and training.

In 2021, we also launched ON24 Go Live, which provides a new self-service virtual event solution for companies to stand up live-streaming video events faster and easier. Organizations can build a complete end-to-end external or internal event ranging from roadshows, customer conferences, virtual pop-ups, town halls, and company meetings, using pre-built templates and an easy-to-use and engaging interface.

In 2022, we launched ON24 Forums that joins our portfolio of experience products and unifies engagement and data. ON24 Forums provides a new way to moderate interactive discussions and drive immediate action with audiences. For example, it enables audiences to participate in face-to-face, two-way video discussions.

In April 2022, we acquired Vibbio AS (**Vibbio**) ("Vibbio"), a video software company in Norway. The integration of Vibbio's video capabilities across the ON24 platform is intended to allow customers to produce video content that creates more engagement, generates first-party data, and drives further personalization.

In January 2024, we launched the ON24 AI-powered Analytics and Content Engine ("ACE"). This solution enables hyper-personalization at scale across ON24 experiences, uses generative artificial intelligence ("AI") to automatically create content and videos to feed ongoing nurture streams and provides an advanced set of intelligent analytics to our customers.

We deliver our platform products as cloud-based subscriptions that are easy to use and purpose-built for sales and marketing professionals. As of **September 30, 2023** **March 31, 2024**, we had **1,804** **1,698** customers.

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Our revenue for the **third first quarter and first nine months of 2023** **2024** was **\$39.2 million** and **\$124.4 million**, respectively, **\$37.7 million** compared to **\$47.6 million** and **\$144.3 million** **\$43.1 million** for the same periods period of **2022, 2023**, representing a period-over-period decrease of **18%** and **14%** **12%**. We had a net loss of **\$11.5 million** **\$10.7 million** and **\$41.9 million** **\$17.6 million** for the **third first quarter of 2024** and **nine months of 2023**, respectively, compared to **\$14.4 million** and **\$46.1 million** for same periods of **2022**.

COVID-19 Update

During the COVID-19 pandemic, optimizing digital sales and marketing investments to drive revenue conversion became increasingly important to businesses. This resulted in increased subscriptions and usage of our platform, especially during 2020 and early 2021. We may not experience such growth in future periods. For example, our revenue decreased 18% and 14% in the third quarter and first nine months of 2023 compared to the same periods in 2022. We may continue to face declines in our revenue if our customers and their users increasingly opt for in-person marketing activities in a way that decreases usage of our platform. See the section titled "Risk Factors." respectively.

Key Factors Affecting Our Performance

Cost Management

We initiated a number of cost control measures in the latter part of 2022 to reduce our cost structure and lower our net loss, including voluntary and involuntary global headcount reductions as well as reductions in spending with various vendors. We **have** pursued additional reductions in our workforce in 2023 to further reduce our cost **structure**, **structure** and have continued to do so in the first quarter of 2024. We expect to incur additional restructuring costs in the second quarter of 2024 related to our ongoing cost reduction efforts.

Acquiring New Customers

We are focused on growing the number of customers that use our platform. We define a customer as a unique organization, including its subsidiaries and affiliates, that has entered into an agreement for paid access to our platform. A single customer may have multiple agreements with us for separate divisions, subsidiaries or affiliates. Our operating results and growth prospects will depend in part on our ability to attract new customers. While we believe we have a significant market opportunity that our platform addresses, it is difficult to predict customer adoption rates or the future growth rate and size of the market for our platform. We will need to continue to invest in our sales and marketing functions

over time in order to address this opportunity by hiring, developing and retaining talented sales personnel who are able to achieve desired productivity levels in a reasonable period of time while we actively manage costs given the current macro-economic environment.

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We believe our market is still relatively underpenetrated and, as a result, we see significant opportunity to market our solutions globally. We intend to pursue new customers through specialized and aligned sales teams focused on Enterprise customers, which includes companies with more than 2,000 employees, and Commercial customers, which includes companies with less than 2,000 employees, which we further divide into Mid-Market companies with 200-1,999 employees, and small and midsize, or SMB, companies with 1-199 employees.

Retention and Expansion of ON24 Across Existing Customers

We believe we can achieve growth in our business by retaining and further penetrating our existing customer base with the addition of new users and new products, and through upsell and cross sell. Our multi-dimensional land and expand model drives onboarding and allows us to acquire customers via free trials, live demos and continuous engagement with an efficient sales and marketing investment. As we continue to drive more actionable revenue generating marketing insights, we believe that we have a significant opportunity to further increase sales among existing customers across different functional and geographic departments within each respective organization. Our ability to pursue this opportunity will require us to retain our customers, scale our sales and marketing organization and otherwise increase our operating expenses, and we may not be successful on the timetable we anticipate, or at all, for any number of reasons, which may cause our results to vary from period to period.

Innovation and Expansion of Our Platform

We plan to continually develop new products that enhance the functionality of our platform, improve our user experiences and drive customer engagement in order to further capitalize on new opportunities, which includes building **artificial intelligence (AI)** powered AI-powered capabilities into our product offerings to drive the next generation of our **platform, offerings**. For example, our new AI-powered **analytics and content engine** is currently in the beta phase and we plan to make it **ACE became** available across our platform once it is ready to go live, starting in January 2024. We intend to sell these new solutions to both existing and new customers, with the goal of driving an increase in revenue as the breadth and depth of our solutions and use cases expands. We also intend to continue investing in our platform and related infrastructure over time to improve capacity, security and scalability. These development efforts will require significant investments, some of which may be episodic or otherwise cause our expenses to vary from period to period.

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International Expansion

We believe the expansion of real-time, revenue-generating marketing intelligence in international markets is a significant opportunity. For the **third first quarter of 2024 and first nine months of 2023**, approximately 23% of our revenue came from outside the United States, compared to 23% and 24% of each respective period in 2022. We believe there is a compelling opportunity to continue to elevate expansion opportunities for our solutions internationally, both in countries where we currently operate and countries where we do not yet sell subscriptions to our solutions. Expanding our international operations will require considerable management attention and other resources and may present challenges associated with complying with local expectations, customs, laws and regulations, and geopolitical disputes (including the Ukraine-Russia war and Gaza-Israel conflict), which may impact our ability to sell subscriptions to our solutions and otherwise cause our results to vary from period to period.

Key Business Metrics

We review the following key business metrics to measure our performance, identify trends, formulate financial projections and make strategic decisions. Our methods for calculating these metrics may differ from similarly titled metrics at other companies, which may hinder comparability with other companies. The following table sets forth our number of customers, our annual recurring revenue (ARR) ("ARR") and our customers contributing at least \$100,000 in ARR (\$ ("100k Customers) Customers) as of the dates indicated (dollars in thousands):

		Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
Customers	Customers	1,804	1,826	1,916	1,990	2,053	2,101	2,145
Customers								
Customers								
ARR	ARR	\$ 140,245	\$ 144,792	\$ 155,584	\$ 159,570	\$ 165,598	\$ 167,832	\$ 167,657
ARR - Core	ARR - Core							
Platform ⁽¹⁾	Platform ⁽¹⁾	\$ 136,505	\$ 140,619	\$ 149,242	\$ 152,554	\$ 155,948	\$ 156,424	\$ 155,535
ARR - Core Platform ⁽¹⁾								
ARR - Core Platform ⁽¹⁾								
\$100k	\$100k							
Customers	Customers	317	323	333	345	351	349	367

\$100k Customers

\$100k Customers

(1) ARR for Core Platform excludes Virtual Conference product.

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Number of Customers

Increasing awareness of our platform and its broad range of capabilities has enabled us to substantially expand our customer base over the years. We define a customer as a unique organization, including its subsidiaries and affiliates, that has entered into an agreement for paid access to our platform. We serve customers of all sizes, ranging from small businesses to global Fortune 100 organizations across a diverse set of industries, including technology, financial services, healthcare, industrial and manufacturing, professional services and B2B information services companies. We had a diverse customer base of 1,804 1,698 customers as of **September 30, 2023** **March 31, 2024**. We have seen a decrease in our customer count in recent quarters, years, and our net customers decreased by 2286 in the third first quarter of **2023** **2024** compared to the second fourth quarter of 2023, primarily due to customer churn, partially offset by particularly in the lower value contracts, and fewer new customers acquired during the quarter period. While we believe the change in our net customer numbers reflects the current budget pressures in marketing departments in some organizations, our platform is designed with a long-term view toward our customer relationships and to grow with customers as their needs expand.

Annual Recurring Revenue

We believe that ARR is a key metric to measure our business because it is driven by our ability to acquire new subscription customers and to maintain and expand our relationship with existing subscription customers. ARR is calculated as the sum of the annualized value of our subscription contracts as of the measurement date, including existing customers with expired contracts that we expect to be renewed. Our ARR amounts exclude professional services, overages from subscription customers and Legacy revenue. As of **September 30, 2023** **March 31, 2024**, **December 31, 2022** **December 31, 2023** and **September 30, 2022** **March 31, 2023**, our ARR was \$140.2 million \$136.5 million, \$159.6 million \$139.7 million and \$165.6 million \$155.6 million, respectively, and our ARR for Core Platform, which excludes Virtual Conference product, was \$136.5 million \$133.3 million, \$152.6 million \$136.2 million and \$155.9 million \$149.2 million, respectively. The decrease in ARR from **December 31, 2022** **December 31, 2023** and **March 31, 2023** was primarily due to customer churn and rationalizing of contractual entitlements, customer churn and decreased demand for our deemphasized Virtual Conference product, offset in part by new customer contracts and contract expansions within existing customers. The decrease in ARR from **December 31, 2023** was also due to seasonally lower new business activity during the first quarter of the year.

Customers Contributing \$100,000 or More to ARR

As of **September 30, 2023**, **December 31, 2022** **March 31, 2024**, **December 31, 2023** and **September 30, 2022** **March 31, 2023**, we had 317, 345 324, 325 and 351 333 \$100k Customers, respectively, demonstrating our penetration of larger organizations. The ARR contribution from our \$100k customers in the first quarter of 2024 was consistent with the fourth quarter of 2023. The decrease in ARR contribution from our \$100k customers from **December 31, 2022** **March 31, 2023** was primarily driven by lower value contract renewals as some customers adjusted to the macro-economic environment as well as fewer and fewer new customer acquisitions in the period. The decrease in ARR

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contribution from the \$100k customers from June 30, 2023 was primarily due to some customers reducing their spend under the \$100K threshold in light of budget pressure in their organizations.

Results of Operations

We manage and operate as one reportable segment. The discussion below summarizes our results of operations for the periods presented, which we derived from the condensed consolidated financial statements included elsewhere in this Report.

The following tables set forth selected condensed consolidated statements of operations data for each of the periods presented:

		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
2024		Three Months Ended September 30,		Nine Months Ended September 30,	
		(in thousands)			
2023		2023	2022	2023	2022
		(in thousands)			
Revenue:		(in thousands)			
Revenue:	Revenue:				

Subscription and other platform	Subscription and other platform	\$ 36,430	\$ 43,271	\$ 114,130	\$ 129,812
Subscription and other platform					
Subscription and other platform					
Professional services					
Professional services					
Professional services	Professional services	2,792	4,304	10,241	14,493
Total revenue	Total revenue	39,222	47,575	124,371	144,305
Total revenue					
Total revenue					
Cost of revenue:					
Cost of revenue:					
Cost of revenue:	Cost of revenue:				
Subscription and other platform ⁽¹⁾⁽⁴⁾	Subscription and other platform ⁽¹⁾⁽⁴⁾	8,390	10,120	27,345	29,680
Subscription and other platform ⁽¹⁾⁽⁴⁾					
Subscription and other platform ⁽¹⁾⁽⁴⁾					
Professional services ⁽¹⁾⁽⁴⁾	Professional services ⁽¹⁾⁽⁴⁾				
Professional services ⁽¹⁾⁽⁴⁾	Professional services ⁽¹⁾⁽⁴⁾				
Professional services ⁽¹⁾⁽⁴⁾	Professional services ⁽¹⁾⁽⁴⁾				
Professional services ⁽¹⁾⁽⁴⁾	Professional services ⁽¹⁾⁽⁴⁾	2,457	3,182	8,908	9,867
Total cost of revenue	Total cost of revenue	10,847	13,302	36,253	39,547
Total cost of revenue					
Total cost of revenue					
Gross profit					
Gross profit					
Gross profit	Gross profit	28,375	34,273	88,118	104,758
Operating expenses:	Operating expenses:				
Operating expenses:					
Operating expenses:					
Sales and marketing ⁽¹⁾⁽⁴⁾					
Sales and marketing ⁽¹⁾⁽⁴⁾					
Sales and marketing ⁽¹⁾⁽⁴⁾	Sales and marketing ⁽¹⁾⁽⁴⁾	21,510	26,553	68,555	84,596
Research and development ⁽¹⁾⁽²⁾⁽⁴⁾	Research and development ⁽¹⁾⁽²⁾⁽⁴⁾	9,730	11,324	31,759	32,916
Research and development ⁽¹⁾⁽²⁾⁽⁴⁾					
Research and development ⁽¹⁾⁽²⁾⁽⁴⁾					
General and administrative ⁽¹⁾⁽³⁾⁽⁴⁾	General and administrative ⁽¹⁾⁽³⁾⁽⁴⁾				
General and administrative ⁽¹⁾⁽³⁾⁽⁴⁾	General and administrative ⁽¹⁾⁽³⁾⁽⁴⁾				
General and administrative ⁽¹⁾⁽³⁾⁽⁴⁾	General and administrative ⁽¹⁾⁽³⁾⁽⁴⁾	11,200	11,164	37,583	33,199
Total operating expenses	Total operating expenses	42,440	49,041	137,897	150,711
Total operating expenses					
Total operating expenses					
Loss from operations					
Loss from operations					
Loss from operations	Loss from operations	(14,065)	(14,768)	(49,779)	(45,953)
Interest expense	Interest expense	18	42	80	145
Interest expense	Interest expense				
Interest expense	Interest expense				

Other income, net					
Other income, net					
Other income, net	Other income, net	(2,718)	(463)	(8,483)	(183)
Loss before provision for income taxes	Loss before provision for income taxes	(11,365)	(14,347)	(41,376)	(45,915)
Loss before provision for income taxes					
Loss before provision for income taxes					
Provision for income taxes	Provision for income taxes	109	40	535	163
Net loss	Net loss	\$ (11,474)	\$ (14,387)	\$ (41,911)	\$ (46,078)
Net loss					
Net loss					

(1) Includes stock-based compensation as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
	(in thousands)							
Cost of revenue								
Subscription and other platform	\$ 638	\$ 849	\$ 2,132	\$ 2,540				
Professional services	123	165	419	505				
Total cost of revenue	761	1,014	2,551	3,045				
Sales and marketing	3,693	3,597	10,305	10,986				
Research and development	2,332	2,019	6,716	5,925				
General and administrative	4,779	3,273	13,719	9,152				
Total stock-based compensation expense	\$ 11,565	\$ 9,903	\$ 33,291	\$ 29,108				

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	Three Months Ended March 31,			
	2024		2023	
	(in thousands)			
Cost of revenue				
Subscription and other platform	\$ 668	\$ 785		
Professional services	121	152		
Total cost of revenue	789	937		
Sales and marketing	3,058	3,057		
Research and development	2,128	2,021		
General and administrative	4,362	4,106		
Total stock-based compensation expense	\$ 10,337	\$ 10,121		

(2) Research and development expense includes amortization of acquired intangible asset of \$142 thousand and \$419 thousand for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and \$148 thousand and \$285 thousand for the three and nine months ended September 30, 2022, 2023, respectively.

(3) General and administrative expense for the three and nine months ended September 30, 2023 March 31, 2023 includes professional advisory expenses associated with activism defense and related costs of nil and \$2,656 thousand, respectively, \$2,446 thousand. We did not incur such costs in the three months ended March 31, 2024.

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(4) The results of operations for the three and nine months ended September 30, 2023 include restructuring costs, which primarily represent severance and related expense due to restructuring activities and impairment charges on our headquarters lease, as follows. See Note 15 for additional information.

	Three Months Ended September 30, 2023					Nine months ended September 30, 2023						
	Severance and Related Charges ⁽¹⁾		Lease Impairment Charge			Total	Severance and Related Charges		Lease Impairment Charge			Total
(in thousands)												
Cost of revenue												
Subscription and other platform	\$ 629	\$ 19	\$ 648	\$ 2,134	\$ 108	\$ 2,242						
Professional services	39	18	57	143	119	262						
Total cost of revenue	668	37	705	2,277	227	2,504						
Sales and marketing	150	48	198	1,958	256	2,214						
Research and development	174	97	271	1,287	569	1,856						
General and administrative	21	70	91	303	409	712						
Total restructuring costs	\$ 1,013	\$ 252	\$ 1,265	\$ 5,825	\$ 1,461	\$ 7,286						

The results of operations for the three and nine months ended September 30, 2022 includes restructuring costs, which primarily represent severance and related expenses due to restructuring activities (in thousands):

	Three and Nine Months Ended September 30, 2022	
	Severance and Related Charges	
Cost of revenue		
Subscription and other platform	\$	363
Professional services		27
Total cost of revenue		390
Sales and marketing		582
Research and development		61
General and administrative		37
Total restructuring costs	\$	1,070

Comparison of the Three and Nine Months Ended September 30, 2023 March 31, 2024 and 2022 2023

Revenue	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	As a % of Total	As a % of Total
2024				2024	2023
	Three Months Ended September 30,			Revenue	Revenue

	As a %		As a %		% Change										
	of	of	Total	Total											
	Total	Revenue	2022	Revenue											
(in thousands, except percentages)															
(in thousands, except percentages)															
(in thousands, except percentages)															
(in thousands, except percentages)															
Subscription and other platform	Subscription and other platform	\$ 36,430	93%	\$ 43,271	91%	\$ (6,841)	(16)%	Subscription and other platform	\$ 34,829	92%	92%	\$ 39,364	91%	91%	\$ (4,535)
Professional services	Professional services	2,792	7%	4,304	9%	(1,512)	(35)%	Professional services	2,898	8%	8%	3,699	9%	9%	\$ 1,800
Total revenue	Total revenue	\$ 39,222	100%	\$ 47,575	100%	\$ (8,353)	(18)%	Total revenue	\$ 37,727	100%	100%	\$ 43,063	100%	100%	\$ (5,336)

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	Nine Months Ended September 30,							
	2023	As a % of Total Revenue		2022	As a % of Total Revenue		\$ Change	% Change
		2023	2022		2022	2023		
(in thousands, except percentages)								
Subscription and other platform	\$ 114,130	92%	\$ 129,812	90%	\$ (15,682)	(12)%		
Professional services	10,241	8%	14,493	10%	(4,252)	(29)%		
Total revenue	\$ 124,371	100%	\$ 144,305	100%	\$ (19,934)	(14)%		

	Three Months Ended September 30,							
	2023	As a % of Total Revenue		2022	As a % of Total Revenue		\$ Change	% Change
		2023	2022		2022	2023		
(in thousands, except percentages)								
Core Platform								
Subscription and other platform	\$ 35,505	91%	\$ 40,723	86%	\$ (5,218)	(13)%		
Professional services	2,644	6%	3,765	8%	(1,121)	(30)%		
Total core platform revenue	<u>38,149</u>	<u>97%</u>	<u>44,488</u>	<u>94%</u>	<u>(6,339)</u>	<u>(14)%</u>		
Virtual Conference								
Subscription and other platform	925	2%	2,548	5%	(1,623)	(64)%		
Professional service	148	1%	539	1%	(391)	(73)%		
Total virtual conference revenue	<u>1,073</u>	<u>3%</u>	<u>3,087</u>	<u>6%</u>	<u>(2,014)</u>	<u>(65)%</u>		
Total revenue	\$ 39,222	100%	\$ 47,575	100%	\$ (8,353)	(18)%		

Three Months Ended March 31,		As a % of Total		As a % of Total	
2024	Revenue	2024	Revenue	2023	Revenue
Nine Months Ended September 30,					
	As a % of Total		As a % of Total		
2023	Revenue	2022	Revenue	\$ Change	Change
	(in thousands, except percentages)				
	(in thousands, except percentages)				

											(in thousands, except percentages)						
Core Platform		Core Platform															
Subscription and other platform		Subscription and other platform															
Subscription and other platform		Subscription and other platform															
Subscription and other platform	\$110,316	89%	\$120,820	84%	\$10,504	(9)%	\$34,060	90%	90%	\$37,811	88%						
Professional services	9,499	7%	12,806	9%	(3,307)	(26)%	2,755	8%	8%	3,395	8%						
Total core platform revenue	119,815	96%	133,626	93%	(13,811)	(10)%	36,815	98%	98%	41,206	96%						
Virtual Conference		Virtual Conference															
Subscription and other platform	3,814	3%	8,992	6%	(5,178)	(58)%											
Subscription and other platform		Subscription and other platform															
Subscription and other platform		Subscription and other platform															
Professional service	742	1%	1,687	1%	(945)	(56)%	769	2%	2%	1,553	4%						
Total virtual conference revenue	4,556	4%	10,679	7%	(6,123)	(57)%	143	—%	—%	304	1%						
Total revenue	\$124,371	100%	\$144,305	100%	\$19,934	(14)%	912	2%	2%	1,857	4%						
Total revenue	\$124,371	100%	\$144,305	100%	\$19,934	(14)%	\$37,727	100%	100%	\$43,063	100%						

Total revenue for the first quarter of 2024 decreased \$8.4 million \$5.3 million, or 18% 12%, in the third quarter of 2023 and decreased \$19.9 million, or 14%, in the first nine months of 2023, compared to the same periods period of 2022, 2023. Revenue excluding our Virtual Conference product decreased \$6.3 million \$4.4 million, or 14% 11%, in the third quarter of 2023 and decreased \$13.8 million, or 10%, in the first nine months of 2023, compared to the same periods period of 2022, 2023. We continue to see less demand for our Virtual Conference product and we have deemphasized this product.

Subscription and other platform revenue decreased \$6.8 million in for the third first quarter of 2023 and \$15.7 million in the first nine months of 2023, 2024 decreased \$4.5 million compared to the same periods period of 2022, 2023. Subscription and other platform revenue excluding our Virtual Conference product decreased \$5.2 million in the third quarter of 2023 and \$10.5 million \$3.8 million in the first nine months quarter of 2023, 2024, compared to the same periods period of 2022, 2023. These decreases were 2023. The decrease was primarily due to lower net customers and reduced ARR as discussed in the section titled "Key Business Metrics."

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Professional services revenue decreased \$1.5 million in the third quarter and \$4.3 million in for the first nine months quarter of 2023 2024 decreased \$0.8 million compared to the same periods period of 2022, 2023. Professional services revenue excluding our Virtual Conference product decreased \$1.1 million in the third quarter and \$3.3 million \$0.6 million in the first nine months quarter of 2023, 2024 compared to the same periods period of 2022. These decreases were 2023. The decrease was primarily due to more customers electing to be "self-service" and not utilize our professional services offerings.

[Cost of Revenue and Gross Margin](#)

	Three Months Ended September 30,					
	2023	As a % of Total Revenue		2022	As a % of Total Revenue	
		\$	(in thousands, except percentages)		\$	(in thousands, except percentages)
Subscription and other platform	\$ 8,390	21%		\$ 10,120	21%	\$ (1,730) (17)%
Professional services	2,457	6%		3,182	7%	(725) (23)%
Total cost of revenue	\$ 10,847	28%		\$ 13,302	28%	(2,455) (18)%

Gross profit	\$ 28,375	72%	\$ 34,273	72%	(5,898)	(17)%
Gross margin	72 %		72 %			
Three Months Ended March 31,						
2024						
Nine Months Ended September 30,						
2023						
	As a % of Total Revenue	2024	As a % of Total Revenue	2023	As a % of Total Revenue	2024
	2022	Revenue Change	2022	Revenue Change	2023	\$ Change
(in thousands, except percentages)						
(in thousands, except percentages)						
(in thousands, except percentages)						
Subscription and other platform	\$ 27,345	22%	\$ 29,680	21%	\$ (2,335)	(8)%
Professional services	8,908	7%	9,867	7%	(959)	(10)%
Total cost of revenue	\$ 36,253	29%	\$ 39,547	27%	(3,294)	(8)%
Gross profit	Gross profit \$ 88,118	71%	\$ 104,758	73%	(16,640)	(16)%
Gross margin	Gross margin 71 %		73 %			

Cost of Revenue

Cost of revenue decreased \$2.5 million, or 18%, for the third quarter of 2023 and decreased \$3.3 million, or 8%, for the first nine months quarter of 2023, 2024 decreased \$3.4 million, or 26%, compared to the same period of 2022, 2023, primarily reflecting the result of our active cost management and headcount reduction related to our restructuring activities that began in the second half of 2022, activities. We anticipate the restructuring activities to continue in the fourth quarter of 2023, 2024.

Gross Margin

Gross margin for the third first quarter of 2023 remained flat 2024 was 74% compared to the same period of 2022. Gross margin for the first nine months of 2023 was 71% compared to 73% 69% for the same period of 2022. The decrease was primarily attributable to the \$2.5 million restructuring costs incurred in 2023 compared to \$0.4 million in the same period of 2022. In addition, while we made cost reductions across our business starting in the second half of 2022, 2023. While we continued to invest in our cloud infrastructure capabilities, capabilities to support our business needs, we have made cost reductions across our business since the second half of 2022 to streamline our operations.

We expect gross margin for the remainder of 2023 2024 to be relatively consistent with 2022, 2023. We have continued to increase our utilization of the public cloud for our newer product offerings while we actively manage costs given the current macro-economic environment.

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Operating Expenses

Sales and Marketing

Three Months Ended September 30,						
	2023	As a % of Total Revenue	2022	As a % of Total Revenue	\$ Change	% Change
(in thousands, except percentages)						
Sales and marketing	\$ 21,510	55%	\$ 26,553	56%	\$ (5,043)	(19)%
Nine Months Ended September 30,						

	2023	As a % of		2022	As a % of		\$ Change	% Change
		Total Revenue	2022		Total Revenue	Total Revenue		
		(in thousands, except percentages)						
Sales and marketing	\$ 68,555	55%	\$ 84,596	59%	\$ (16,041)	(19)%		

	Three Months Ended March 31,							
	2024	As a % of		2023	As a % of		\$ Change	% Change
		Total Revenue	2023		Total Revenue	Total Revenue		
Sales and marketing	\$ 20,074	53%	\$ 24,417	57%	\$ (4,343)	(18)%		

Sales and marketing expense for the first quarter of 2024 decreased \$5.0 million \$4.3 million, or 19% 18%, for the third quarter of 2023 and decreased \$16.0 million, or 19%, in the first nine months of 2023, compared to the same period of 2022, 2023. The decrease in each respective period was primarily attributable to a decrease in personnel-related expenses of \$3.6 million and \$10.4 million \$3.0 million due to headcount reduction related to our restructuring activities that began in the second half of 2022, activities. The remainder of the decrease was primarily driven by our active cost management given as we focused on driving improved sales efficiency under the current macro-economic environment.

We expect our sales and marketing expense to decrease in absolute dollars in the remainder of 2024 compared to 2023 as we continue to support demand for our digital experiences while tightening our sales and marketing spend given the current macro-economic environment while supporting demand for our digital experiences and continuing to develop our next generation intelligent engagement platform.

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Research and Development

	Three Months Ended September 30,							
	2023	As a % of		2022	As a % of		\$ Change	% Change
		Total Revenue	2022		Total Revenue	Total Revenue		
Research and development	\$ 9,730	25%	\$ 11,324	24%	\$ (1,594)	(14)%		

	Nine Months Ended September 30,							
	2023	As a % of		2022	As a % of		\$ Change	% Change
		Total Revenue	2022		Total Revenue	Total Revenue		
Research and development	\$ 31,759	26%	\$ 32,916	23%	\$ (1,157)	(4)%		

	Three Months Ended March 31,							
	2024	As a % of		2023	As a % of		\$ Change	% Change
		Total Revenue	2023		Total Revenue	Total Revenue		
Research and development	\$ 9,109	24%	\$ 11,099	26%	\$ (1,990)	(18)%		

Research and development expense for the first quarter of 2024 decreased \$1.6 million \$2.0 million, or 14%, for the third quarter of 2023 and decreased \$1.2 million, or 4% 18%, in the first nine months of 2023, 2024 compared to the same period of 2022, 2023. The decrease in each respective period was primarily attributable to our active cost management and headcount reduction related to our restructuring activities that began in the second half of 2022, offset in part by the increased stock-based compensation expense of \$0.3 million and \$0.8 million in each respective period, activities. We have been applying a disciplined approach to focus our investments on research and development areas that offer the greatest opportunities, including our investments in generative AI capabilities for our product offering, such as our new AI-powered analytics and content engine that is currently in the beta phase, ACE, as we attempt to expand our platform and bring new products to the market.

We expect our research and development expense to decrease moderately in absolute dollars in the remainder of 2024 compared to 2023 as we focus on further developing our platform and infrastructure while we actively manage costs given the current macro-economic environment.

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General and Administrative

	Three Months Ended September 30,							
	2023	As a % of Total Revenue		2022	As a % of Total Revenue		\$ Change	% Change
		(in thousands, except percentages)			(in thousands, except percentages)			
General and administrative	\$ 11,200	29%		\$ 11,164	23%	\$ 36	—%	
Nine Months Ended September 30,								
	2023	As a % of Total Revenue		2022	As a % of Total Revenue		\$ Change	% Change
		(in thousands, except percentages)			(in thousands, except percentages)			
	General and administrative	\$ 37,583	30%	\$ 33,199	23%	\$ 4,384	13%	
Three Months Ended March 31,								
	2024	As a % of Total Revenue		2023	As a % of Total Revenue		\$ Change	% Change
		(in thousands, except percentages)			(in thousands, except percentages)			
	General and administrative	\$ 11,236	30%	\$ 14,278	33%	\$ (3,042)	(21)%	

General and administrative expense remained relatively flat in the third quarter of 2023 and increased \$4.4 million, or 13%, in the first nine months of 2023, compared to the same periods of 2022. Excluding the \$1.5 million and \$4.6 million increase of stock-based compensation expense in each respective period, general and administrative expense decreased \$1.5 million and \$0.2 million compared to the same periods of 2022. These decreases were primarily attributable to the decrease in other overhead costs due to active cost management and headcount reduction related to our restructuring activities that began in the second half of 2022. The decrease in general and administrative expense for the first nine months quarter of 2023 2024 decreased \$3.0 million, or 21%, compared to the same period of 2023. The decrease was partially offset by primarily attributable to the \$2.7 million \$2.4 million professional advisory expenses associated with activism defense we incurred in the first half quarter of 2023, 2023 while we did not incur such costs in the same period of 2024. The remainder of decrease was due to our active cost management and headcount reduction related to our restructuring activities.

We expect our general and administrative expense to fluctuate decrease modestly in absolute dollars in the remainder of 2024 compared to 2023 as we continue to actively manage costs given the current macro-economic environment.

Interest Expense

	Three Months Ended September 30,							
	2023	As a % of Total Revenue		2022	As a % of Total Revenue		\$ Change	% Change
		(in thousands, except percentages)			(in thousands, except percentages)			
Interest expense	\$ 18	—%		\$ 42	—%	\$ (24)	(57%)	
Nine Months Ended September 30,								
	2023	As a % of Total Revenue		2022	As a % of Total Revenue		\$ Change	% Change
		(in thousands, except percentages)			(in thousands, except percentages)			
	Interest expense	\$ 80	—%	\$ 145	—%	\$ (65)	(45%)	
Three Months Ended March 31,								
	2024	As a % of Total Revenue		2023	As a % of Total Revenue		\$ Change	% Change
		(in thousands, except percentages)			(in thousands, except percentages)			
	Interest expense	\$ 11	—%	\$ 29	—%	\$ (18)	(62%)	

Interest expense for the **third** **first** quarter and first nine months of **2023** **2024** remained relatively flat in absolute dollars compared to the same **periods** period of **2022** **2023**.

Other Income, Net

	Three Months Ended March 31,							
	2024	As a % of Total Revenue		2023	As a % of Total Revenue		\$ Change	% Change
Other income, net	\$ (2,277)	(6)%		\$ (2,572)	(6)%		\$ (295)	(11)%

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Other Income, Net

	Three Months Ended September 30,							
	2023	As a % of Total Revenue		2022	As a % of Total Revenue		\$ Change	% Change
Other income, net	\$ (2,718)	(7)%		\$ (463)	(1)%		\$ 2,255	487%

	Nine Months Ended September 30,							
	2023	As a % of Total Revenue		2022	As a % of Total Revenue		\$ Change	% Change
Other income, net	\$ (8,483)	(7)%		\$ (183)	—%		\$ 8,300	4536%

The change in other income, net for the **third** **first** quarter and first nine months of **2023** **2024** compared to the same **periods** period of **2022** **2023** was primarily driven by the increase in investment income. See Note [11](#) [10](#) for additional information.

Provision for Income Taxes

	Three Months Ended September 30,							
	2023	As a % of Total Revenue		2022	As a % of Total Revenue		\$ Change	% Change
Provision for income taxes	\$ 109	—%		\$ 40	—%		\$ 69	173%

	Nine Months Ended September 30,							
	2023	As a % of Total Revenue		2022	As a % of Total Revenue		\$ Change	% Change
Provision for income taxes	\$ 535	—%		\$ 163	—%		\$ 372	228%

	Three Months Ended March 31,							
	2024	As a % of Total Revenue		2023	As a % of Total Revenue		\$ Change	% Change
Provision for income taxes	\$ 495	1%		\$ 196	—%		\$ 299	153%

The change in provision for income taxes for the **third** **first** quarter and first nine months of **2023** **2024** compared to the same **periods** period of **2022** **2023** was primarily driven by the increased activity and higher tax rates increase in a realized foreign jurisdiction, exchange gains in foreign jurisdictions.

Liquidity and Capital Resources

As of **September 30, 2023** **March 31, 2024**, we had cash, cash equivalents and marketable securities of **\$213.7 million** **\$196.1 million**. Our investments generally consist of money market mutual funds, certificates of deposit, U.S. Treasury securities, U.S. Agency securities and debt securities, all of which are available for use in our current operations. Our liquidity requirements arise primarily from our working capital needs, capital expenditures and debt service requirements. We have historically funded our liquidity requirements through sales of convertible preferred stock, cash generated from our operations, borrowings and availability under our revolving credit facility, and most recently through our IPO in February 2021.

In Prior to the first quarter conclusion of 2023, our board of directors authorized a \$125.0 million **\$125 million** capital return program which replaced the prior share repurchase program. Pursuant to the capital return program, on May 8, 2023, our board of directors declared a one-time special cash dividend of \$1.09 per share, which was paid on June 15, 2023 in an aggregate amount of \$49.9 million, to the stockholders of record as of the close of business on May 22, 2023 (the "Special Dividend"). We expect the remaining \$75.0 million of capital return being effected through a combination of an accelerated share repurchase ("ASR") program and/or open market purchases with the possibility of an additional special dividend if this \$75.0 million threshold is not reached by March 2024. We expect to complete this program in the next six months. In the third quarter and first nine months of 2023, February 2024, we spent a total of \$25.0 million and \$59.2 million, respectively, **\$5.3 million** on share repurchases (including commissions). In the fourth quarter of 2023 through October 31, 2023, we spent \$7.8 million on share repurchases (including commissions).

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We substantially completed our 2022 cost reduction plan during the first quarter of 2023. 2024. In March 2024, our board of directors approved a new \$25 million share repurchase program (the "2024 Repurchase Program") allowing us to purchase shares of our common stock on a discretionary basis from time to time over a 12-month term through open market repurchases, privately negotiated transactions, or other means. As of March 31, 2024, we had \$25.0 million available for future share repurchases under the 2024 Repurchase Program.

In an ongoing effort to streamline our organization, we have pursued additional reductions in our workforce and other charges in the first nine months quarter of 2023 2024 to further reduce our cost structure. As of September 30, 2023, our full-time headcount decreased by approximately 25% from December 31, 2022. Additionally, we We incurred aggregate restructuring costs and other charges of \$1.3 million and \$7.3 million \$1.2 million in the third first quarter and first nine months of 2023, respectively, 2024, primarily related to severance and one-time termination benefits and impairment charges on our headquarters lease, benefits. See Note 15 to the condensed consolidated financial statements for further information. We expect to incur additional restructuring costs of \$0.4 million \$0.6 million to \$0.8 million \$0.9 million in the fourth second quarter of 2023 2024 related to our ongoing cost reduction efforts and may incur additional costs in future periods for restructuring activities.

Our principal uses of cash in recent periods have been to fund our operations, invest in research and development, purchase investments and to a lesser extent fund share repurchases and strategic transactions.

We believe our existing cash, cash equivalents and marketable securities will be sufficient to meet our needs for at least the next 12 months. Our future capital requirements will depend on many factors including our revenue growth rate, subscription renewal activity, billing frequency, the timing and extent of spending to support further sales and marketing and research and development efforts and the timing and extent of additional capital expenditures to invest in existing office spaces. We may in the future enter into arrangements to acquire or invest in complementary businesses, products, services and technologies, and we may need to seek additional equity or debt financing. In the event that additional financing is needed from outside sources, we may not be able to raise the necessary capital or raise the capital on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, results of operations and financial condition could be materially and adversely affected.

The following table summarizes our cash flows for the periods presented (in thousands):

	Nine Months Ended September 30,	
	2023	2022
Net cash used in operating activities	\$ (11,343)	\$ (12,893)
Net cash provided by (used in) investing activities	\$ 103,625	\$ (94,240)
Net cash used in financing activities	\$ (108,726)	\$ (21,864)

	Three Months Ended March 31,	
	2024	2023
Net cash provided by (used in) operating activities	\$ 2,138	\$ (4,167)
Net cash (used in) provided by investing activities	(32,250)	88,762
Net cash used in financing activities	(4,636)	(10,947)

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Operating Activities

Our largest source of operating cash is cash collections from our customers for subscriptions to use our platform. Our primary uses of cash from operating activities are from personnel-related expenditures, costs related to hosting our platform and marketing expenses. Our cash flow from operating activities will continue to be influenced principally by the

extent to which we increase spending on our business and our working capital requirements.

Net cash used in provided by (used in) operating activities is primarily impacted by our net loss adjusted for certain non-cash items such as stock-based compensation, depreciation and amortization, amortization of deferred contract acquisition costs, amortization (accretion) on marketable securities, as well as the effect of changes in operating assets and liabilities. Our cash flows from operating activities used provided net cash of \$11.3 million for \$2.1 million in the nine months ended 2023 first quarter of 2024 compared to \$12.9 million for used cash of \$4.2 million in the same period of 2022, 2023, resulting in a decrease an increase of cash outflow inflow of \$1.6 million \$6.3 million. The decrease increase was primarily attributable to the \$4.2 million \$6.9 million decrease in net loss, and \$0.9 million increase in non-cash expenses, partially reduced by the \$3.5 million \$0.2 million decrease in non-cash expenses and \$0.4 million unfavorable changes in operating assets and liabilities between the periods. In addition, the first quarter of 2024, we made total restructuring related payments of \$5.4 million \$0.7 million compared to \$2.4 million in the first nine months same period of 2023. See Note 15 14 for additional information.

The total non-cash adjustments for the nine months first quarter of 2023 2024 was \$48.5 million \$14.9 million compared to \$47.6 million \$15.1 million for the same period of 2022, 2023, reflecting a \$0.9 million favorable \$0.2 million unfavorable change of non-cash adjustment.

Working capital used cash of \$17.9 million for \$2.1 million in the nine months ended 2023 first quarter of 2024 compared to \$14.4 million for \$1.7 million in the same period of 2022, 2023, an increase of cash outflow of \$3.5 million \$0.4 million. The This unfavorable change in working capital in the comparative periods were was impacted by, among other items, the timing of vendor payments and prepayments, prepayment as well as the timing of cash receipts from customers, and increased business activities. customers.

Investing Activities

Net cash provided by used in investing activities for the nine months ended 2023 first quarter of 2024 was \$103.6 million \$32.3 million compared to used provided cash of \$94.2 million \$88.8 million for the same period of 2022, 2023. The favorable unfavorable change was primarily driven by an increase a decrease in proceeds from maturities and sales of marketable securities of \$215.2 million \$165.7 million, partially offset in part by an increase a decrease in purchases of marketable securities of \$21.2 million \$45.5 million.

Our most significant capital expenditures have been investments in our equipment to support ongoing operations. We expect our capital investment to continue in the future.

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Financing Activities

Net cash used in financing activities for the nine months ended 2023 first quarter of 2024 was \$108.7 million \$4.6 million compared to \$21.9 million \$10.9 million for the same period of 2022, 2023. The increase decrease in cash outflow was primarily driven by the \$49.9 million payment of the special one-time dividend in the second quarter of 2023 and \$37.4 \$5.5 million of increased decreased spending on our share repurchases during the period.

Debt Obligations

Revolving Credit Facility

In September 2021, we amended our revolving credit facility with Comerica Bank with an effective date of August 31, 2021, which increases our borrowing capacity to a maximum of \$50.0 million with a letter of credit sublimit of \$4.0 million and a credit card sublimit of \$1.0 million. The amendment allows us to borrow up to \$50.0 million if we maintain at least \$100.0 million on deposit with Comerica Bank. If such deposit is less than \$100.0 million, we may borrow up to the lesser of \$50.0 million \$50.0 million or an amount determined by our trailing five months of recurring revenue, annualized renewal rate and annualized monthly churn rate. The terms of the agreement permit voluntary prepayment without premium or penalty. The revolving credit facility matures in August 2024 and is secured by substantially all of our assets. We are required to pay a quarterly commitment fee of 0.15% per annum on the undrawn portion available under the revolving line of credit. In April 2023, we further amended our revolving line of credit to allow for certain transactions, including payment of dividends and share repurchases from open market purchases or through an accelerated share repurchase program, subject to certain terms and conditions.

Outstanding principal amounts on the revolving credit facility incur interest at a rate equal to Comerica Bank's prime referenced rate, as defined in the loan agreement. The referenced prime rate was 8.50% as of September 30, 2023 March 31, 2024 and 7.50% as of December 31, 2022 December 31, 2023.

As of September 30, 2023 March 31, 2024, we had not drawn down on our line of credit and have a borrowing capacity of \$50.0 million under the revolving credit facility.

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Commitments and Contractual Obligations

The following table summarizes our non-cancelable contractual obligations as of September 30, 2023 March 31, 2024 (in thousands):

Payments Due by Period						
	2026					
Total	Remainder of 2023	2024 to 2025	to 2027	2028 and Thereafter		
Payments Due by Period						
Total		Total	Remainder of 2024	2025 to 2026	2027 to 2028	2029 and Thereafter

Operating lease obligations	Operating lease obligations	\$ 6,129	\$ 699	\$ 5,250	\$ 180	\$ —
Finance lease obligations	Finance lease obligations	349	269	80	—	—
Equipment loans	Equipment loans	121	49	72	—	—
Purchase commitments ⁽¹⁾						
Other ^{(1) (2)}	Other ^{(1) (2)}	4,220	948	3,042	230	—
Total	Total	\$10,819	\$ 1,965	\$8,444	\$410	\$ —

(1) Amounts primarily represent our **commitment** off-balance sheet **commitments** under various software license and co-location facilities and services agreements. See Note **8** to condensed consolidated financial statements for additional information.

(2) Amounts represent our **recognized commitments** under various software license agreements and are included in our accrued liabilities and other long-term liabilities on our condensed consolidated balance sheets.

Critical Accounting Policies and Estimates

There has been no significant change during this quarter to our critical accounting policies and estimates as discussed in our **Annual Report** annual report on Form 10-K for the year ended **December 31, 2022** December 31, 2023.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There has been no material change in our exposure to market risks from that discussed in Item 7A of our **Annual Report** annual report on Form 10-K for the year ended **December 31, 2022** December 31, 2023.

Interest Rate Risk

Our exposure to changes in interest rates relates primarily to our investment portfolio. Changes in U.S. interest rates affect the interest earned on our cash, cash equivalents and investments and the fair value of those investments.

Our cash equivalents primarily consist of money market mutual funds, which are not significantly exposed to interest rate risk. Our marketable securities are subject to interest rate risk because these securities primarily include a fixed interest rate. As a result, the market values of these securities are affected by changes in prevailing interest rates. We attempt to limit our exposure to interest rate risk and credit risk by investing our investment portfolio in instruments that meet the minimum credit quality, liquidity, diversification and other requirements of our investment policy. Our marketable securities consist of liquid, investment-grade securities. We do not enter into investments for trading or speculative purposes.

The following table presents the hypothetical fair values of our marketable securities assuming immediate parallel shifts in the yield curve of 50 basis points (BPS) ("BPS"), 100 BPS and 150 BPS as of **September 30, 2023** March 31, 2024 (in thousands):

	(150 BPS)	(100 BPS)	(50 BPS)	Fair Value as of September 30, 2023	50 BPS	100 BPS	150 BPS
	Marketable securities	\$ 204,067	\$ 203,690	\$ 203,312	\$ 202,935	\$ 202,558	\$ 202,181
Marketable securities	(150 BPS)	(100 BPS)	(50 BPS)	Fair Value as of March 31, 2024	50 BPS	100 BPS	150 BPS
	\$ 179,454	\$ 178,891	\$ 178,328	\$ 177,766	\$ 177,203	\$ 176,640	\$ 176,078

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Item 4.9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of **September 30, 2023** **March 31, 2024**. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based upon the evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of **September 30, 2023** **March 31, 2024**, our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

There **were** **was** **no** **changes** **change** in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the three months ended **September 30, 2023** **March 31, 2024**, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

We, our Chief Executive Officer, our Chief Financial Officer, certain current and former members of our board of directors, and the underwriters that participated in our initial public offering (**IPO**) ("IPO") are named as defendants in a consolidated putative class action, captioned In re ON24, Inc. Securities Litigation, 4:21-cv-08578-YGR (filed in November 2021), that is currently pending in the United States District Court for the Northern District of California. The consolidated complaint purports to assert claims under Sections 11 and 15 of the Securities Act of 1933 on behalf of all persons and entities that purchased, or otherwise acquired, our common stock issued in connection with our IPO. The complaint alleges that our registration statement and prospectus contained untrue statements of material fact and/or omitted material facts about ON24's growth and customer base. The plaintiff seeks, among other things, an award of damages and attorneys' fees and costs. **Defendants** **The defendants** filed a motion to dismiss the complaint in May 2022, which the **district** court granted with leave to amend on July 7, 2023, in July 2023. Plaintiff filed its amended complaint on September 1, 2023, in September 2023, and **Defendants** **the** defendants filed a motion to dismiss the amended complaint on October 16, 2023, in October 2023. In March 2024, the district court granted the defendants' motion to dismiss with prejudice. Plaintiff has filed a notice of appeal of the district court's order. We believe that the allegations in the amended complaint are without merit.

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From time to time, we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. Except as set forth in the prior paragraph, we are not presently a party to any legal proceedings that we believe, if determined adversely to us, would have a material adverse effect on our business, financial condition, operating results, or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

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Item 1A. Risk Factors.

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this report, including our condensed consolidated financial statements and related notes, as well as in our other filings with the SEC, in evaluating our business and before investing in our common stock. The occurrence of any of the events or developments described below could materially and adversely affect our business, financial condition, results of operations, and growth prospects. In such an event, the market price of our common stock could decline, and our stockholders may lose all or part of their investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.

Summary of Risk Factors

Our business is subject to a number of risks and uncertainties, including those risks discussed at length below. You should read these risks before you invest in our common stock.

- our ability to grow our revenue;
- our ability to attract new customers and expand sales to existing customers;
- fluctuation in our performance, our history of net losses and any increases in our expenses;
- competition and technological development in our markets and any decline in demand for our solutions or generally in our markets;
- adverse general economic and market conditions and spending on sales and marketing technology;
- our ability to expand our sales and marketing capabilities and achieve growth;
- the impact of the resumption of in-person marketing activities on our customer growth rate;
- disruptions, interruptions, outages or other issues with our technology or our use of third-party services, data connectors and data centers;
- the impact of any cybersecurity-related attack, significant data breach or disruption of the information technology systems or networks on which we rely;

- our sales cycle, our international presence and our timing of revenue recognition from our sales;
- interoperability with other devices, systems and applications;
- compliance with data privacy, import and export controls, customs, sanctions and other laws and regulations;
- intellectual property matters, including any infringements of third-party intellectual property rights by us or infringement of our intellectual property rights by third parties; and
- the market for, trading price of and other matters associated with our common stock.

Risks Related to Our Business and Our Industry

We have not consistently sustained our Our revenue growth rate has decreased in recent years following a period of rapid growth, and we may not be able to increase our revenue in future periods.

We have grown rapidly Our revenue growth rate has decreased in prior periods, particularly in 2021 and 2020. For example, for full recent years 2021 and 2020, our following a period of rapid growth. Although we experienced significant revenue was \$203.6 million and \$156.9 million, respectively, representing annual growth of 30% and 76% in 2021 and 2020, respectively. Our including a revenue growth increase of 30% in these prior periods, particularly 2021 compared to 2020, in 2020, was significantly impacted by increased demand subsequent years we have seen declines. For example, in the three months ended March 31, 2024, our revenue decreased 12% compared to the same period of 2023. The decreases reflect a number of factors including reduced budgets for our platform and products following the onset of the COVID-19 pandemic and resulting precautionary measures. While some of our subscriptions have multi-year terms, most have terms of one year. Customers may not renew their subscriptions at the same rate, may decrease their usage of our solutions or may not purchase subscriptions for additional solutions, if they renew at all. For example, as subscription terms expired in 2021 and 2022 for customers, who subscribed during the beginning of the pandemic, many customers did not renew their subscriptions or decreased their usage of our solutions, which we believe reflects the reduced impact of COVID-19 on demand as well as other factors. These dynamics continued into the third quarter of 2023. Our revenue which resulted in the three customers doing more in-person marketing and nine months ended September 30, 2023 decreased 18% and 14%, respectively, compared to the same periods of 2022. competitive dynamics. If our revenue does not increase in future periods, our business, financial condition and results of operations could be harmed. Furthermore, if we cannot attract new customers to our platform or our existing customers do not continue their subscriptions, our business, financial condition and results of operations would be harmed.

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As a result of our limited operating history at our current scale, our ability to forecast our future results of operations is limited and subject to a number of uncertainties. You should not rely on our rapid growth in 2021 or 2020, our revenue growth rates, decline in 2023 or our level of revenue for the three and nine months ended September 30, 2023 and 2022, or any other trend in a prior period, as an indication of our future performance. In future periods, our revenue may decline for a number of reasons, including any reduction in demand for our platform, increased competition, higher market penetration, a contraction of our overall market, our inability to accurately forecast demand for our platform and plan for capacity constraints or our failure, for any reason, to capitalize on growth opportunities. If our revenue does not grow, investors' perceptions of our business and the trading price of our common stock may continue to be adversely affected.

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Our quarterly results may fluctuate significantly and may not fully reflect the underlying performance of our business.

Our quarterly results of operations and financial condition may vary significantly in the future, and period-to-period comparisons may not be meaningful. Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. Our quarterly results of operations and financial condition may fluctuate as a result of a variety of factors, many of which are outside of our control and may not fully reflect the underlying performance of our business. For example, our revenue decreased in the first nine months quarter of 2023 2024 compared to the same periods period in 2022 2023 and we may face similar declines in future periods, as our customers and their users resume more in-person marketing activities. Further, because we generally invoice our customers at the beginning of the contractual terms of their subscriptions to our solutions, our financial condition reflects deferred revenue that we recognize ratably as revenue over the contractual term. As the impact of COVID-19 has lessened, we have observed fewer new subscriptions and renewals, and our cash and deferred revenue have decreased. Fluctuation in quarterly results may negatively impact the value of our securities. Factors that may cause fluctuations in our quarterly results of operations include:

- our ability to retain and expand customer usage;
- our ability to attract new customers;
- our ability to hire and retain employees, in particular those responsible for the selling or marketing of our platform and provide sales leadership in areas in which we are expanding our sales and marketing efforts;
- changes in the way we organize and compensate our sales teams;
- the timing of expenses and recognition of revenue;
- the length of sales cycles;
- **Seasonality of customer utilization and marketing budgets;**
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure, as well as international expansion and entry into operating leases;
- timing and effectiveness of new sales and marketing initiatives;

- changes in our pricing policies or those of our competitors;
- the timing and success of new products, features and functionality by us or our competitors;
- interruptions or delays in our service, network outages, or actual or perceived privacy or security breaches;
- changes in the competitive dynamics of our industry, including consolidation among competitors;
- changes in laws and regulations that impact our business;
- the timing or amount of any share repurchases, including any impact from the excise tax on stock **buybacks** **repurchases** created by the Inflation Reduction Act of 2022;
- one or more large indemnification payments to our customers or other third parties;
- the timing of expenses related to any future acquisitions; and
- general economic and market conditions.

Failure to attract new customers or retain, expand the usage of, and upsell our products to existing customers would harm our business and growth prospects.

We derive, and expect to continue to derive, a significant portion of our revenue and cash flows from sales of subscriptions to our products. As such, our business depends upon our ability to attract new customers and to maintain and expand our relationships with our existing customers, including by expanding their usage and upselling additional solutions. Our business is largely subscription-based, and customers are not obligated to and may not renew their subscriptions after their existing subscriptions expire. As a result, customers may not renew their subscriptions at the same rate, increase their usage of our solutions or purchase subscriptions for additional solutions, if they renew at all.

Renewals of subscriptions may decline or fluctuate because of several factors, such as dissatisfaction with our solutions or support, the loss or reduction of available budget, a change in key stakeholders or decision makers, a customer no longer having a need for our solutions or the perception that competitive products provide better or less expensive options. For example, some organizations that purchased our ON24 Virtual Conference product are returning

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to in-person events and no longer need the large-scale virtual event experience functionality provided by this product. In order to grow our business, we strive to add new customers and replace customers who choose not to continue to use our platform. Any decrease in user satisfaction with our solutions or support may result in negative online customer reviews and decreased word-of-mouth referrals, which would harm our brand and our ability to grow.

In addition to striving to attract new customers to our platform, we seek to expand the usage of our solutions by our existing customers by increasing the number of departments, divisions and teams that use our solutions within each of our

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customers. If we fail to expand the usage of our solutions by existing customers or if customers fail to purchase other solutions from us, our business, financial condition and results of operations would be harmed.

Competition in our markets is intense, and if we do not compete effectively, our operating results could be harmed.

We compete for customers with a number of different types of companies that offer a variety of products and services, including meeting tools, webinar software, virtual event software, video portal software, content management software, physical events, physical event software, marketing automation software, and digital marketing tools. Our competitors vary in size and in the breadth and scope of the products and services they offer. Many of our current and potential competitors have larger customer bases, greater brand recognition and significantly greater financial, marketing and other resources than we have. Our solutions face competition from a number of web-based meeting, webinar, physical event and marketing software products offered by companies such as Zoom, LogMeIn, **Intrado**, Microsoft, Cisco, Cvent, Adobe, **Kaltura** **RingCentral**, **Notified** and **Hopin**. **Kaltura**. Many of these products have significantly lower prices. Although many of these companies do not currently offer products with real-time engagement features that gather the types and extent of actionable data that we gather, many of these companies have significantly greater resources and may be able to introduce similar products in the future. Additionally, we operate in a market characterized by an increasing which has experienced a rapid increase in the number of new and competitive **entrants**, entrants in the recent past and may again in the future. Furthermore, this market has seen rapid expansion, which may attract additional entrants, any of which could be our current business partners. As we introduce new solutions and services, and with the introduction of new technologies and market entrants, we expect competition to intensify in the future.

Many factors, including our pricing and marketing strategies, customer acquisition, and technology costs, as well as the pricing and marketing strategies of our competitors, can significantly affect our pricing strategies. Certain competitors offer, or may in the future offer, lower-priced or free products or services that compete with our entire platform or certain aspects of our platform, and they may offer a broader range of products and services than we do. Even if such competing products do not include all of the features and functionality that our solutions provide, we could face pricing pressure to the extent that customers find such alternative products to be sufficient to meet their needs. Similarly, certain competitors or potential competitors may use marketing strategies that enable them to acquire customers at a lower cost than we can. Moreover, larger organizations, which are a primary focus of our direct sales efforts, may demand substantial price concessions. As a result, we may be required to provide larger organizations with pricing below our targets in the future. As a result, we could lose market share to our competitors or be forced to engage in price-cutting initiatives or other discounts to attract and retain customers, each of which could harm our business, results of operations and financial condition.

Adverse or weakened general economic and market conditions may cause a reduction in spending on sales and marketing technology, which could harm our revenue, results of operations, and cash flows.

Our revenue, results of operations, and cash flows depend on the overall demand for and use of technology for sales and marketing, which depends in part on the amount of spending allocated by our customers or potential customers on sales and marketing technology. This spending depends on worldwide economic and geopolitical conditions. The U.S. and other key international economies have experienced cyclical downturns from time to time in which economic activity was impacted by falling demand for a variety of goods and services, inflation (including wage inflation), labor market constraints, restricted credit, poor liquidity, reduced corporate profitability, volatility in credit, equity, and foreign exchange markets, bankruptcies, pandemics such as COVID-19, and overall economic uncertainty. These economic conditions can arise suddenly, including the recent rise in inflation and the full impact of such conditions often remains uncertain. overall macroeconomic environment, which has negatively impacted our customers' marketing budgets. In addition, geopolitical developments, such as potential trade wars, and actions or inactions of the U.S. or other major national governments, can increase levels of political and economic unpredictability globally and increase the volatility of global financial markets. In response to general economic uncertainty and over-hiring during COVID-19, many U.S. companies, particularly in the technology sector, have laid off employees in mass job cuts in 2022 and 2023. Since the third quarter of 2022, we have initiated multiple strategic cost reductions, which included a reduction of our global full-time employee significant headcount by approximately 11% from June 30, 2022 to December 31, 2022, as well as multiple reductions in the first nine months of 2022 and 2023 that reduced to reduce our headcount as of September 30, 2023 by approximately 25% from December 31, 2022 levels, cost structure, which may impact our ability to operate our business. In the future we may have to consider Any additional or larger scale reductions in force if economic conditions worsen and may harm our business, results of operations and financial condition.

Market volatility, decreased consumer confidence, and diminished growth expectations in the U.S. economy and abroad as a result of the foregoing events could affect the rate of sales and marketing spending and could adversely affect our customers' ability or willingness to purchase our services, delay prospective customers' purchasing decisions, reduce the value or duration of their subscription contracts, or affect attrition rates, all of which could adversely affect our future sales and operating results. Some of our customers may view a subscription to our platform as a discretionary

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purchase, and our customers may reduce their discretionary spending on our platform during an economic downturn. In addition, weak economic conditions, including during times of high inflation and tightening budgets, can result in customers seeking to utilize lower-cost solutions that are available from alternative sources. Prolonged economic slowdowns may result in requests to renegotiate existing contracts on less advantageous terms to us than those currently in place, payment defaults on existing contracts, or non-renewal at the end of a contract term.

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A decline in demand for our solutions or for live engagement technologies in general could harm our business.

We derive, and expect to continue to derive, a significant portion of our revenue and cash flows from sales of subscriptions to our solutions. As a result, widespread adoption and use of live engagement technologies, webinars and event software in general, and our platform in particular, are critical to our future growth and success. If this market fails to grow or grows more slowly than we currently anticipate, demand for our platform could be negatively affected. Demand for our platform is affected by a number of factors, many of which are beyond our control. Some of these potential factors include:

- availability of products and services that compete, directly or indirectly, with ours;
- introduction of free or "do-it-yourself" products;
- awareness and adoption of the live engagement technologies category generally as a substitute for in-person events;
- ease of adoption and use;
- features and platform experience;
- reliability of our platform, including frequency of outages;
- performance and user support;
- our brand and reputation;
- security and privacy;
- our pricing and our competitors' pricing; and
- new modes of live engagement that may be developed in the future.

If we fail to successfully predict and address these factors, meet customer demands or achieve more widespread market adoption of our platform, our business would be harmed.

We have a history of net losses, and we may increase our expenses in the future, which could prevent us from achieving or maintaining profitability.

We had a net loss of \$11.5 million \$10.7 million and \$41.9 million \$17.6 million in the three and nine months ended September 30, 2023, respectively, March 31, 2024 and \$14.4 million and \$46.1 million in the three and nine months ended September 30, 2022, 2023, respectively, and we may incur net losses in the future. We intend to continue to expend funds on our direct sales force and marketing efforts to attract new customers and increase usage of our platform and products by our existing customers, to develop and enhance our platform and for general corporate purposes. To the extent we are successful in increasing our customer base, we may also incur increased losses because most of the costs associated with acquiring customers (other than sales commissions) are incurred up front, while the related subscription revenue is generally recognized ratably over the applicable subscription term. In addition, we may incur increased losses because most of the costs associated with acquiring customers, including sales commissions, require us to make cash outlays at the time we acquire a customer, and, similarly, the timing of our recognition of subscription revenue and sales commissions may not correspond with our cash position.

Our subscriptions typically have terms of one year that automatically renew for successive one-year terms unless terminated. We also have certain customers with subscription terms for up to three years. Our efforts to grow our business may be costlier than we expect, and we may not be able to increase our revenue enough to offset our higher operating expenses and any increase in our cost of sales, including as a result of a shift to a hybrid cloud. If we are unable to achieve and sustain profitability, the value of our business and common stock may significantly decrease. Furthermore, it is difficult to predict the size and growth rate of our market, customer demand for our platform, user adoption and renewal of subscriptions to our platform, and the entry or the success of competitive products and services. As a result, we may not achieve or maintain profitability in future periods.

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The failure to effectively develop and expand our marketing and sales capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our platform.

Our ability to increase our customer base, expand the usage of our existing customers and achieve broader market acceptance of our solutions will depend to a significant extent on our ability to effectively manage our sales and marketing operations and activities. We are substantially dependent on our direct sales force and on our marketing efforts in order to obtain new customers. We have in the past expanded and may in the future expand our direct sales force both domestically and internationally. We believe that there is significant competition for experienced sales professionals with the sales skills and technical knowledge that we currently require or may require in the future. Our ability to achieve revenue growth will depend, in part, on our success in recruiting, training and retaining a sufficient number of qualified and experienced sales professionals. New hires require significant training and time before they achieve full productivity, particularly in new industries or geographies. New hires may not become as productive as quickly as we expect, or at all, and we may be unable to hire or retain sufficient numbers of qualified individuals in the future in the markets and segments where we do business. Our business may be harmed if our sales efforts do not generate a significant increase in revenue.

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Issues with the use of AI/ML AI in our platform may result in reputational harm or liability, or could otherwise adversely affect our business.

We have built and are building AI/ML-powered continuing to build AI-powered capabilities, which includes generative AI, natural language processing and machine learning, into our platform, leveraging the data collected by or on behalf of our customers through our platform to enable better prediction of which content will drive the most engagement for individual prospects and customer segments as well as to create enhanced content for our customers. We are growing content. While we have incorporated these elements capabilities into several of our business products, including our newly launched ACE, and we anticipate adding new features in the future. We envision a future in which AI/ML operating plan to further use AI in our platform, helps our customers drive more meaningful engagement and deliver targeted content to their customers. As with many innovations, AI/ML AI presents risks and challenges that could affect its availability and adoption, including current legal uncertainties around the use of AI and possible new laws and regulations, and therefore our business. We partially rely on third-party providers of AI/ML AI technology, and those third-party providers may be required to change, suspend, or restrict access to their services. AI/ML AI algorithms may be flawed. Datasets may be insufficient or contain biased information. Generated content may contain copyrighted or infringing materials. Any deficiencies and other failures of the AI/ML powered AI-powered capabilities in our platform could reduce the demand for our marketplace, result in user dissatisfaction and adversely affect our business. Ineffective or inadequate AI/ML AI development or deployment practices by us or others could also result in incidents that impair the acceptance of AI/ML AI solutions. These deficiencies and other failures of AI/ML AI systems could require us to refund fees to customers or subject us to competitive harm, regulatory action, legal liability including (including under new proposed legislation regulating AI in jurisdictions such as the US and EU, the application of existing data protection, to AI and AI outputs, privacy, intellectual property, and other laws, laws), and brand or reputational harm. Some AI/ML AI scenarios may present ethical issues. If AI/ML AI features that we enable or offer are controversial because of their impact on human rights, privacy, employment, or other social, economic, or political issues, we may experience brand or reputational harm.

Our results of operations may be adversely impacted by COVID-19.

As the impact of COVID-19 has subsided, our current and prospective customers, and their users, have chosen to do more in-person marketing. The extent of the impact of COVID-19 on our business and financial performance may be influenced by a number of factors, many of which we cannot control, including future spikes of COVID-19 infections and future variants, the severity of economic decline attributable to COVID-19, the impact on our customers and our sales cycles, and our ability to generate new business leads.

Due to our subscription-based business model, the effect of COVID-19 may not be fully reflected in our results of operations until future periods. In addition, uncertainty regarding the impact of COVID-19 on our future operating results and financial condition may result in our taking cost-cutting measures, reducing the level of our capital investments and delaying or canceling the implementation of strategic initiatives, any of which may negatively impact our business and reputation. The global macroeconomic effects of COVID-19 and related impacts on our customers' business operations and their demand for our solutions may persist, even after any future spikes of COVID-19. In addition, the effects of COVID-19 may heighten many of the other risks we face, including those described in this Report.

We rely heavily on third parties for parts of our computing, storage, processing, application integration and similar services. Any disruption or interference with our use of these third-party services could have an adverse effect on our business, financial condition, and operating results.

We have outsourced aspects of our infrastructure to third-party providers, and we currently use these providers to host and stream content and support our platform. For example, our content delivery networks and some of our interactive video functionality and integration services are provided by third parties, and we plan to continue our transition to a hybrid cloud infrastructure in the future. Accordingly, we are vulnerable to service interruptions experienced by these providers, and we expect to experience interruptions, delays, or outages in service availability in the future due to a variety of factors, including infrastructure changes, human, hardware or software errors, hosting disruptions, and capacity constraints. We expect that our transition to a hybrid cloud infrastructure will require significant investment and have a continuing effect on our cost of revenue and may not be effective in improving our capacity or redundancy. Outages and capacity constraints could also arise from a number of causes such as technical failures, natural disasters, fraud, or security attacks. The level

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of service provided by these providers, or regular or prolonged interruptions in that service, could also affect the use of, and our customers' satisfaction with, our solutions and could harm our business and reputation. In addition, third-party costs will increase as subscriptions and customer use of our platform grows, which could harm our business if we are unable to grow our revenue faster than the cost of using these services or the services of similar providers.

Furthermore, our providers may change the terms of service and policies pursuant to which they provide services to us, and those actions may be unfavorable to our business operations. Our providers may also take actions beyond our control that could seriously harm our business, including discontinuing or limiting our access to one or more services, increasing pricing terms, terminating or seeking to terminate our contractual relationship altogether, or altering how we are able to process data in a way that is unfavorable or costly to us. For example, some businesses providing data connectors to our products may fail to properly integrate with our platform and third-party sales and marketing systems, stop servicing the data connectors or cease development and support, any of which may limit functionality of our products. In addition, some businesses that provide cloud services and data connectors are or may become our competitors and may take one or more of the foregoing actions in an effort to compete with our platform. Although we expect that we could obtain similar services from other third parties, if our arrangements with our current providers were terminated, we could experience interruptions on our platform and in our ability to make our content available to customers, as well as delays and additional expenses in arranging for alternative cloud infrastructure services.

Any of these factors could cause network disruptions, or even network failure, reduce our revenue, subject us to liability, and cause our customers to decline to renew their subscriptions, any of which could harm our business.

Interruptions, delays or outages in service from the data centers we use for our technology or infrastructure could impair the delivery and the functionality of our solutions, which may harm our business.

Our growth, brand, reputation and ability to attract and retain customers depends in part on the ability of our customers to access our platform at any time and within an acceptable amount of time. We currently use U.S. data centers in Colorado and California. While each of our U.S. data centers provide fully redundant processing, we estimate that failover may require as long as 120 minutes to complete, during which time our platform may not be fully available to customers in the event of catastrophic failure at one of those data centers. In addition, our data center redundancy does not ensure that all platform disruptions can be restored within 120 minutes in the absence of a catastrophic failure at one of these data centers. For example, it is possible that ON24 platform services could be impacted by a cybersecurity incident that cannot be fully resolved by failover to another data center.

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To facilitate additional growth in Europe, we opened a data center in the EU in 2021. We have limited experience operating a data center in the EU. Our efforts to further diversify our data centers, including internationally, may not be successful. We intend to add failover redundancy for our EU data center, but we currently do not have it, and it may take longer than we expect to add it. While the data in our EU data center is fully backed up in a different location, restoring from backup may take a meaningful period of time.

We also do not control the operation of the data centers we use, and they are vulnerable to damage or interruption from human error, intentional bad acts, natural disasters, war, terrorist attacks, cyber attacks and other cybersecurity incidents, power losses, hardware failures, systems failures, telecommunications failures and similar events, any of which could disrupt our service. In the event of significant physical damage to one of these data centers, it may take a significant period of time to achieve full resumption of our platform, and our disaster recovery planning may not account for all eventualities.

In addition, our platform is proprietary, and we depend on the expertise and efforts of members of our operations and software development teams for its continued performance. Our ability to retain, attract, hire and train staff in these groups may prove to be a challenge for a variety of factors and could have an adverse impact on the platform. We have experienced, and may in the future experience, service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, zero-day vulnerabilities, capacity constraints due to an overwhelming number of users accessing our platform concurrently and denial-of-service attacks, ransomware attacks and other cybersecurity incidents by malicious actors. In some instances, we may not be able to rectify these performance issues within an acceptable period of time.

Our ability to attract and retain customers depends on our ability to provide our customers and their users with a highly reliable platform. If our platform is unavailable or if our customers and their users are unable to access our platform within a reasonable amount of time, or at all, our business, results of operations and financial condition would be adversely affected. Additionally, if the data centers we use are unable to keep up with our increasing need for capacity, our customers may experience delays as we seek to obtain additional capacity, which could harm our business.

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Cybersecurity-related attacks, significant data breaches or disruptions of the information technology systems or networks on which we rely could negatively affect our business.

Our operations rely on information technology systems for the use, storage and transmission of sensitive and confidential information with respect to our customers, our customers' users, third-party technology platforms and our employees. In addition, our solutions gather more information from our customers and their users than many competing products, which may make us an attractive target for a malicious cybersecurity attack, intrusion or disruption, or other breach of our systems. Any such event could lead to unauthorized access to, use of, disclosure of or the loss of sensitive and confidential information, disruption of our platform, and resulting regulatory enforcement actions, litigation, indemnity obligations and other possible liabilities, as well as negative publicity, any of which could damage our reputation, impair sales and harm our business. For example, in June 2021 we were subject to a security incident involving ransomware, which impacted certain internal systems and a limited number of customer events. Some data maintained in our internal systems was also impacted. Promptly upon detecting the incident, we launched an investigation, engaged with law enforcement, and took steps to contain the incident and restore impacted event types. Such security incident has not resulted in any material impact to our operations, ability to provide our services, results of operations or financial

position. While we believe we have responded appropriately to date, including with respect to the steps we have taken to contain the security incident in 2021 and our implementation of remedial measures with the goal of preventing security incidents in the future, these remedial measures may not be successful in preventing future security incidents, which may result in adverse impacts to our operations, ability to provide our services, results of operations or financial position. Additionally, as our market presence grows, we may face increased risks of cyber-related attacks or security threats in the future.

Cyberattacks and other malicious internet-based activity continue to increase, and cloud-based providers of products and services have been and are expected to be targeted. In addition to traditional computer "hackers," malicious code (such as viruses and worms), phishing, ransomware, employee theft or misuse and other insider threats, and denial-of-service attacks, sophisticated nation-state and nation-state supported actors now engage in attacks (including advanced persistent threat intrusions). As we grow, we may face increased risk of any such attacks. Despite efforts to create security barriers to such threats, it is not feasible, as a practical matter, for us to entirely mitigate these risks. If our security measures are compromised as a result of third-party action, employee, customer, or user error, malfeasance, stolen or fraudulently obtained log-in credentials or otherwise, our reputation would be damaged, our data, information or intellectual property, or those of our customers, may be destroyed, stolen or otherwise compromised, our business may be harmed and we could incur significant liability. We may be unable in the future to anticipate or prevent techniques used to obtain unauthorized access to or compromise of our systems because they change frequently and are generally not detected until after an incident has occurred. We may not be able to prevent vulnerabilities in our software or address vulnerabilities that we may become aware of in the future. Further, as we rely on third-party cloud infrastructure, we depend in part on third-party security measures to protect against unauthorized access, cyberattacks and the mishandling of data and information.

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Any cybersecurity event or any future vulnerability in our software, cyberattack, intrusion or disruption, could result in significant increases in costs, including costs for remediating the effects of such an event, lost revenue due to network downtime, a decrease in customer and user trust, increases in insurance premiums due to cybersecurity incidents, increased costs to address cybersecurity issues and attempts to prevent future incidents, and harm to our business and our reputation because of any such incident. In addition, such incidents and data breaches can give rise to penalties and fines under data protection and cybersecurity laws, rules and regulations, enforcement actions, contractual damages, class actions, customer audits and other liability.

Many jurisdictions have enacted laws requiring companies to provide notice of data security incidents involving certain types of personal data. Under some of these laws, such as the EU General Data Protection Regulation ("GDPR"), data breach is defined very broadly to include any accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to any personal data, regardless of the sensitivity of such data. In addition, certain platform information may be made available via unique links to publicly accessible webpages, which could be accessed by unauthorized individuals. While the information accessible via these pages is limited, it is possible that a regulator, customer or third party could view this negatively, in particular in light of the broad definition of personal data and data breach under certain laws. In addition, we have contractual obligations to notify our customers of any data breaches involving their personal data processed by us.

Any limitation of liability provisions in our subscription agreements may not be enforceable or adequate or may not otherwise protect us from any such liabilities or damages with respect to any claim related to a cybersecurity incident. Our existing general liability insurance coverage and coverage for errors or omissions may not continue to be available on acceptable terms or may not be available in sufficient amounts to cover one or more large claims. The insurer may deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, would harm our business.

Further, security compromises experienced by our competitors, by our customers or by us may lead to widespread negative publicity. Any security compromise in our industry, whether actual or perceived, could harm our reputation, erode confidence in the effectiveness of our security measures, negatively affect our ability to attract new customers, encourage consumers to restrict the sharing of their personal data with our customers or social media networks, cause existing customers to elect not to renew their subscriptions or subject us to lawsuits, regulatory fines or other action or liability, which could harm our business.

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We may not be able to respond to rapid technological changes, extend our platform or develop new features.

The markets in which we compete are characterized by rapid technological change and frequent new product and service introductions. Our ability to attract new customers and retain and expand the usage of existing customers depends on our ability to continue to enhance and improve our platform, to introduce new features and solutions and to interoperate across an increasing range of devices, operating systems and third-party applications. Our customers may require features and capabilities that our current platform does not have. While we are committed to investing in research and development and are focused on improving the quality and range of our product offerings, we have recently reduced our level of investment in research and development which may impact the rate at which we are able to enhance and improve our platform or introduce new features and solutions. Furthermore, we made significant headcount reductions in 2022 and the first nine months of 2023 to reduce our cost structure. Reductions in our workforce could result in the loss of valuable skills and knowledge and have a negative impact on morale, which can impact our ability to innovate. Our enhancements to our platform and our new product experiences, features or capabilities may not be compelling to our existing or potential customers and may not gain market acceptance. If our research and development investments do not accurately anticipate customer demand, or if we fail to develop our platform in a manner that satisfies customer preferences in a timely and cost-effective manner, we may fail to retain our existing customers or increase demand for our platform.

The introduction of competing products and services or the development of entirely new technologies to replace existing offerings could make our platform obsolete or adversely affect our business, results of operations and financial condition. We may experience difficulties with software development, design or marketing that could delay or prevent our development, introduction, or implementation of new product experiences, features, or capabilities. New product experiences, features or capabilities may not be released according to schedule. Any delays could result in adverse publicity, loss of revenue or market acceptance, or claims by customers brought against us, all of which could harm our business. If customers do not widely adopt our new product experiences, features and capabilities, we may not be able to realize a return on our investment. If we are unable to develop, license or acquire new features and capabilities to our platform on a timely and cost-effective basis, or if such enhancements do not achieve market acceptance, our business would be harmed.

[Table of Contents](#)***Our sales cycle with Enterprise customers can be long and unpredictable.***

A substantial portion of our business is with large Enterprise customers. We define a customer as a unique organization, including its subsidiaries and affiliates, that has entered into an agreement for paid access to our platform. As of **September 30, 2023** **March 31, 2024**, we had **317,324** \$100k Customers, which are generally large organizations, representing **66%** **67%** of our ARR. The timing of our sales with our Enterprise customers and related revenue recognition is difficult to predict because of the length and uncertainty of the sales cycle for these customers. We are often required to spend significant time and resources to educate and familiarize these potential customers with the value proposition of paying for our platform. The length of our sales cycle for these customers, from initial evaluation to payment for our platform, is often around three to six months or more and can vary substantially from customer to customer. As a result, it is difficult to predict whether and when a sale will be completed. An inability to increase our Enterprise customer base could harm our business.

Our results of operations have been and may be adversely impacted by market behavior as COVID-19 has subsided.

As the impact of COVID-19 has subsided, our current and prospective customers, and their users, have chosen to do more in-person marketing. This has contributed to reduced demand for our platform. Due to our subscription-based business model, the effect of COVID-19 may not be fully reflected in our results of operations until future periods. In addition, uncertainty regarding the impact of COVID-19 on our future operating results and financial condition has contributed to our decisions to pursue cost-cutting measures and reduce the level of our capital investments, and similar concerns may contribute to our delaying or canceling the implementation of strategic initiatives, any of which may negatively impact our business and reputation. The global macroeconomic effects of COVID-19 and related impacts on our customers' business operations and their demand for our solutions may persist, even after any future spikes of COVID-19. In addition, the effects of COVID-19 may heighten many of the other risks we face, including those described in this Report.

We have significant operations outside the United States, where we may be subject to increased business and economic risks that could harm our business.

We have significant operations outside of the United States. In the three and nine months ended **September 30, 2023** **March 31, 2024**, we generated 23% of our revenue from customers outside of the United States. In prior periods, we have focused on expanding our international operations and we may continue to do so in future periods. For example, in 2020, we established a subsidiary in Japan to support our operations in the Asia-Pacific region and in 2022 we established a subsidiary in Germany to support our operations in the EMEA. Future efforts to expand our current international operations, including entering new markets or countries, may not be effective. For example, we may not be able to expand further in some markets if we are not able to satisfy certain government- and industry-specific requirements. In addition, our ability to manage our business and conduct our operations internationally in the future may require considerable management attention and resources and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal and regulatory systems and commercial markets. Any future international expansion will require investment of significant funds and other resources. Operating internationally subjects us to special risks, including risks associated with:

- recruiting and retaining talented and capable employees outside the United States and maintaining our company culture across all of our offices;
- providing our platform and operating our business across a significant distance, in different languages and among different cultures, including the potential need to modify our platform and features to ensure that they are culturally appropriate and relevant in different countries;
- determining the appropriate pricing strategy to enable us to compete effectively internationally, which may be different than the pricing strategies that have worked for us in the United States;

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- compliance with applicable international laws and regulations, including laws and regulations with respect to privacy, data protection and marketing, and the risk of penalties to us and individual members of management or employees if our practices are deemed to be out of compliance;
- management of an employee base in jurisdictions that may not give us the same employment and retention flexibility as does the United States;
- difficulties in managing and staffing international operations including the proper classification of independent contractors and other contingent workers, differing employer/employee relationships, and local employment laws;
- operating in jurisdictions that do not protect intellectual property rights to the same extent as does the United States and the practical enforcement of such intellectual property rights outside of the United States;
- foreign government interference with our intellectual property that is developed outside of the United States, such as the risk that changes in foreign laws could restrict our ability to use our intellectual property outside of the jurisdiction in which we developed it;
- integration with partners outside of the United States;

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- compliance by us and our business partners with anti-corruption laws, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory limitations on our ability to provide our platform in certain international markets;

- foreign business restrictions, foreign exchange controls and similar laws that might require significant lead time in setting up operations in certain geographic territories and might prevent us from repatriating cash earned outside the United States;
- political and economic instability;
- changes in diplomatic and trade relationships, including the imposition of new trade restrictions, trade protection measures, import or export requirements, trade embargoes and other trade barriers;
- generally longer payment cycles and greater difficulty in collecting accounts receivable;
- double taxation of our international earnings and potentially adverse tax consequences due to changes in the income and other tax laws of the United States or the international jurisdictions in which we operate; and
- higher costs of doing business internationally, including increased accounting, travel, infrastructure and legal compliance costs.

In addition, following Russia's military invasion of Ukraine in February 2022, NATO deployed additional military forces to Eastern Europe, and the United States, European Union, and other nations announced various sanctions against Russia. The invasion of Ukraine has triggered unprecedented sanctions against Russia by the U.S., NATO, and other countries which has created global security concerns that have had a lasting impact on regional and global economies, any or all of which could adversely affect our business. In the **third first quarter and first nine months of 2023, 2024**, we experienced a decrease of **12% and 13%, respectively, 6%** in total revenue from customers in the EMEA region as compared to the same **periods in 2022, period of 2023**, which we believe was in part driven by the uncertain macroeconomic environment surrounding the Ukraine-Russia war. We are actively monitoring the conflict in Ukraine to assess its ongoing impact on our business, as well as on our customers and other parties with whom we do business. Separately, in October 2023, an armed conflict began in Israel and the Gaza **Strip, Strip, which has also involved hostilities in surrounding countries**. It is not possible to predict the broader consequences of these ongoing conflicts, which could include further sanctions, embargoes, regional instability, and geopolitical shifts. It is also not possible to predict **with certainty** if these ongoing conflicts and additional may have adverse effects on existing macroeconomic conditions, consumer spending habits, currency exchange rates, and financial markets. We are actively monitoring these conflicts to assess their ongoing impact on our business, as well as on our customers and other parties with whom we do business.

Compliance with laws and regulations applicable to our global operations substantially increases our cost of doing business in international jurisdictions. We may be unable to keep current with changes in laws and regulations in each jurisdiction as they occur. Our policies and procedures designed to support compliance with these laws and regulations may not always result in our compliance or that of our employees, contractors, partners and agents. Any violations could result in enforcement actions, fines, civil and criminal penalties, damages, injunctions or reputational harm. If we are unable to comply with these laws and regulations or manage the complexity of our global operations successfully, we may need to relocate or cease operations in certain foreign jurisdictions.

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We recognize revenue from subscriptions to our platform over the terms of the subscriptions. Consequently, increases or decreases in new sales are generally not immediately reflected in our results of operations and may be difficult to discern.

We recognize revenue from subscriptions to our platform over the terms of the subscriptions. As a result, a substantial portion of the revenue we report in each quarter is derived from the recognition of deferred revenue relating to subscriptions entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any single quarter may have a small impact on the revenue that we recognize for that quarter. However, such a decline will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and potential changes in our pricing policies or rate of customer expansion or retention may not be fully reflected in our results of operations until future periods. In addition, a significant portion of our costs are recognized as they are incurred, while revenue is recognized over the term of the subscription. As a result, growth in the number of new customers has in the past and may in the future result in our recognition of higher costs and lower revenue in the earlier periods of such growth. Finally, our subscription-based revenue model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers or from existing customers that increase their usage of our product offerings must be recognized over the applicable subscription term.

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Our ability to sell subscriptions to our products could be harmed by real or perceived material defects or errors in our platform or by other matters that may interrupt the availability of our platform or cause performance issues.

The software underlying our platform is inherently complex and may contain material defects or errors, particularly when we first introduce new solutions or when we release new features or capabilities. We have from time to time found defects or errors in our platform, and we or our users may detect new defects or errors in our existing or future platform or solutions. Any real or perceived errors, failures, vulnerabilities, or bugs in our platform could result in negative publicity or lead to data security, access, retention or other performance issues, all of which could harm our business. We may incur substantial costs in correcting such defects or errors and such costs could harm our business. Moreover, the harm to our reputation and potential legal liability related to such defects or errors may be substantial and could harm our business.

Our platform also utilizes hardware that we purchase or lease and software and services that we procure from third parties. In some cases, this includes software we license from international companies that may in the future become subject to legal or regulatory limitations on their ability to provide software outside of their jurisdiction. Any defects in, or unavailability of, our third-party hardware, software or services that cause interruptions to the availability of our platform, loss of data or performance issues could, among other things:

- cause a reduction in our revenue or a delay in market acceptance of our platform;
- require us to issue refunds to our customers or expose us to claims for damages;

- cause us to lose existing customers and make it more difficult to attract new customers;
- divert our development resources or require us to make extensive changes to our platform, which would increase our expenses;
- increase our technical support costs; and
- harm our reputation and brand.

The contractual protections, such as warranty disclaimers and limitation of liability provisions, in our customer agreements may not fully or effectively protect us from claims by customers or other third parties. Any insurance coverage we may have may not adequately cover all claims asserted against us or may only cover a portion of such claims. A successful product liability, warranty, or other similar claim against us could have an adverse effect on our business, operating results, and financial condition. In addition, even claims that ultimately are unsuccessful could result in our expenditure of funds in litigation and divert management's time and other resources.

The experience of our customers and their users depends upon the interoperability of our platform across devices, operating systems and third-party applications that we do not control, and if we are not able to maintain and expand our relationships with third parties in order to integrate our platform with their products, our business may be harmed.

Our products have broad interoperability with a range of diverse devices, operating systems and supported third-party applications. Our platform is accessible from the web and from devices running Windows, Mac OS, iOS and Android. We depend on the accessibility of our platform across these and other third-party operating systems and applications that we do not control. For example, given the broad adoption of Salesforce's products, it is important that we are able to integrate with its software. Several potential competitors have inherent advantages by being able to develop products and services internally that more tightly integrate with their own software platforms or those of their business partners.

We may not be able to modify our platform or products to maintain their continued compatibility with that of third parties' products and services that are constantly evolving. In addition, some of our competitors may be able to disrupt the ability of our platform and products to operate with their products or services, or they could exert strong business influence

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on our ability to, and the terms on which we, operate and provide access to our platform and products. Should any of these third parties modify their products or services in a manner that degrades the functionality of our platform or products, or that gives preferential treatment to their own or competitive products or services, whether to enhance their competitive position or for any other reason, the interoperability of our platform and products with these third-party products and services could decrease and our business could be harmed.

Our business depends on a strong brand, and if we are not able to maintain and enhance our brand, our ability to expand our base of users will be impaired and our business will be harmed.

We believe that our brand identity and awareness have contributed to our success. We believe that the importance of our brand and market awareness of the benefits of our platform and products will increase as competition in our market further intensifies. Successful promotion of our brand will depend on a number of factors, including the effectiveness of our marketing efforts, thought leadership, our ability to provide a high-quality, reliable and cost-effective platform, the perceived value of our platform and products and our ability to provide quality customer success and support experience. Brand promotion activities require us to make substantial investments. The promotion of our brand, however, may not generate customer awareness or increase revenue, and any increase in revenue may not offset the expenses we incur in building and maintaining our brand.

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Our estimates of market opportunity and forecasts of market growth may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at a similar rate, if at all.

Market opportunity estimates and growth forecasts, including those we have generated ourselves, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Not every organization covered by our market opportunity estimates will necessarily purchase subscriptions for our solutions or similar products or services at all, and some or many of those organizations may choose to continue using products or services offered by our competitors. It is impossible to build every product feature that every customer wants, and our competitors may develop and offer features that our platform does not provide. The variables used in the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of the organizations covered by our market opportunity estimates will generate any particular level of revenue for us, if any. Even if the market in which we compete meets our size estimates and growth forecasts, our business could fail to grow for a variety of reasons outside of our control, including competition in our industry, customer preferences or the other risks set forth in this Report and other documents we filed with the SEC from time to time. If any of these risks materialize, it could harm our business and prospects.

If we were to lose the services of our Chief Executive Officer or other members of our senior management team, we may not be able to execute our business strategy.

Our success depends in a large part upon the continued service of key members of our senior management team. In particular, our co-founder, President and Chief Executive Officer, Sharat Sharan, is critical to our overall management, as well as the continued development of our solutions, our culture, our strategic direction, our engineering and our operations. All of our executive officers are at-will employees, and we do not maintain any key person life insurance policies. The loss of any member of our senior management team could harm our business.

The failure to attract and retain additional qualified personnel could harm our business and culture and prevent us from executing our business strategy.

To execute our business strategy, we must attract and retain highly qualified personnel. Competition for executives, software developers, sales personnel and other key employees in our industry is intense. In particular, we compete with many other companies for software developers with high levels of experience in designing, developing and managing software for live engagement technologies, as well as for skilled sales and operations professionals. At times, we have experienced, and we may continue to experience, difficulty in hiring and retaining employees with appropriate qualifications, and we may not be able to fill positions. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business could be harmed.

Many of the companies with which we compete for experienced personnel have greater resources than we have, and some of these companies may offer greater compensation packages. Particularly, in the San Francisco Bay Area, job candidates and existing employees carefully consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, or if the mix of equity and cash compensation that we offer is unattractive, it may adversely affect our ability to recruit and retain highly skilled employees. Job candidates may also be threatened with legal action under agreements with their existing employers if we attempt to hire them, which could impact hiring and result in a diversion of our time and resources. Additionally, laws and regulations, such as restrictive immigration laws, may limit our ability to recruit internationally. We must also continue to retain and motivate existing employees through our compensation practices, company culture and career development opportunities. If we fail to attract new personnel or to retain our current personnel, our business would be harmed.

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In addition, many of our employees may be able to receive significant proceeds from sales of our equity in the public markets, which may reduce their motivation to continue to work for us. Moreover, these proceeds could create disparities in wealth among our employees, which may harm our culture and relations among employees and our business.

We may not successfully plan for future growth.

The growth and expansion of our business experienced in **2020 2021** and **2021 2020** placed a continuous, significant strain on our management, operational and financial resources. Our information technology systems and our internal controls and procedures may not adequately keep pace with **any** future growth. In addition, we face challenges of integrating, developing, motivating and retaining an employee base in various countries around the world. Managing **any** future growth would also require significant expenditures and allocation of valuable management resources.

Our ability to forecast our future results of operations is subject to a number of uncertainties, including our ability to effectively plan for and model future growth. We have encountered in the past, and may encounter in the future, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If we fail to achieve the necessary level of efficiency in our organization as it grows, or if we are not able to accurately forecast **any** future growth, our business would be harmed.

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If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, and the rules and regulations of the applicable listing standards of the NYSE. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming and costly and place significant strain on our personnel, systems and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the Securities and Exchange Commission, or the SEC, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. In addition, changes in accounting principles or interpretations could also challenge our internal controls and require that we establish new business processes, systems and controls to accommodate such changes. We have limited experience with implementing the systems and controls that will be necessary to operate as a public company, as well as adopting changes in accounting principles or interpretations mandated by the relevant regulatory bodies. Additionally, if these new systems, controls or standards and the associated process changes do not give rise to the benefits that we expect or do not operate as intended, it could adversely affect our financial reporting systems and processes, our ability to produce timely and accurate financial reports or the effectiveness of internal control over financial reporting. Moreover, our business may be harmed if we experience problems with any new systems and controls that result in delays in their implementation or increased costs to correct any post-implementation issues that may arise.

Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our business or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the NYSE.

We are required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for our fiscal year ended December 31, 2021 and each subsequent year, **reporting**. This assessment includes disclosure of any material weaknesses identified by

our management in our internal control over financial reporting. Our independent registered public accounting firm is not required to attest to the effectiveness of our internal control over financial reporting until our first annual report required to be filed with the SEC following the later of the date we are deemed to be an "accelerated filer" or a "large accelerated filer," each as defined in the Exchange Act, or the date we are no longer an "emerging growth company," as defined in the JOBS Act. We are required to disclose, to the extent material, changes made in our internal control over financial reporting on a quarterly basis. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or

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operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could harm our business and could cause a decline in the trading price of our common stock.

Any failure to offer high-quality support may harm our relationships with our customers and, consequently, our business.

We have designed our platform to be easy to adopt and use with minimal support. However, if we experience increased demand for support, we may face increased support costs. In addition, as we grow our operations and support our global customer base, we must provide efficient support that meets our customers' needs, including by integrating with or building solutions that allow streamlined support workflows, or by hiring additional support personnel if necessary. Our ability to acquire new customers significantly depends on our business reputation and on positive recommendations from our existing customers. Any failure to maintain, or a market perception that we do not maintain, high-quality support could harm our business.

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Our business could be disrupted by catastrophic events.

Occurrence of any catastrophic event, including pandemics, a pandemic such as COVID-19, earthquake, fire, flood, tsunami or other weather event, power loss, telecommunications failure, software or hardware malfunctions, cyberattacks, malfunction, cyberattack, war or terrorist attacks, attack, could result in lengthy interruptions in our service. In particular, our U.S. headquarters and one of the data centers we utilize are located in the San Francisco Bay Area, a region known for seismic activity, and our insurance coverage may not compensate us for losses that may occur in the event of an earthquake or other significant natural disaster. In addition, acts of terrorism could cause disruptions to the internet, the electric grid or the economy as a whole. Even with our disaster recovery arrangements, our service could be interrupted. If our systems were to fail or be negatively impacted as a result of a natural disaster or other catastrophic event, our ability to deliver our solutions to our customers would be impaired or we could lose critical data. If we are unable to develop adequate plans to ensure that our business functions continue to operate during and after a disaster and to execute successfully on those plans in the event of a disaster or emergency, our business could be harmed.

Our actual or perceived failure to comply with privacy laws could harm our business.

Businesses use our platform to facilitate better engagement with their customers and prospects, derive insights about content and usage, and provide more meaningful and targeted experiences and content. These capabilities rely on collection and processing of personal information through our platform. As a result, compliance with laws and regulations regarding data privacy, cybersecurity, data protection, data breaches, and the collection, processing, storage, transfer and use of personal data, which we collectively refer to as privacy laws, are critical to our business. While we strive to comply with applicable privacy laws and legal obligations, the impact, requirements and enforcement risks associated with privacy laws vary, and in some cases may even conflict, across jurisdictions.

Our roles and obligations under privacy laws, and consequently our potential liability, may vary. In some cases, our customers may pass through privacy law compliance obligations and requirements to us contractually. We have customers in numerous jurisdictions worldwide, and our customers may try to impose broad obligations on us pursuant to all privacy laws applicable to them and may decide not to do business with us if we will not agree to their privacy terms. Certain significant privacy laws (such as the GDPR) impose obligations directly on many of our customers, as "data controllers," as well as on us both as a "data processor" for personal data processed on behalf of our customers pursuant to our platform, which we refer to as the platform personal data, and as a "controller" for the personal data we collect related to employees and personnel, our B2B relationships, and our marketing, sales and other activities, which we refer to as the ON24 business data. Under these privacy laws, we typically have fewer direct obligations as a "data processor" or "service provider" than our customers do, with respect to platform personal data. However, we can still be subject to significant liability for noncompliance with such laws, including, for example, under the GDPR, which provides for penalties of up to the greater of €20 million or four percent of worldwide annual revenue. Certain other privacy laws do not clearly distinguish between "controller" and "processor" or similar roles. Where such privacy laws apply, we could be subject to increased risks if our customers fail to comply with notice, consent and other requirements under applicable privacy laws in their use of our platform. While we generally require and rely on our customers to ensure that their use of our platform and associated personal information processing complies with applicable privacy laws, our customers could fail to comply with these requirements, which could expose us to risks under certain privacy laws.

Further, even similar privacy laws may be subject to evolving or differing interpretations and enforcement risks. For example, across the EU, supervisory authorities of EU member states may issue data protection guidance and opinions regarding the GDPR that may vary. Also, under the current ePrivacy Directive and associated EU member state legislation, the rules governing marketing, "cookies" and online advertising vary among EU member states. In addition, across jurisdictions, privacy laws may include varied and inconsistent requirements. As a result, certain features of our platform and products could pose risks or need to be modified for certain jurisdictions, but not for others. Such requirements could reduce demand for our products, require us to take on more onerous obligations in our contracts, restrict our ability to collect, store, transfer and process data or, in some cases, impact our customers' use of our platform.

Furthermore, general customer and buyer trust as to the responsible use of data may cause business buyers to resist providing the data necessary to allow our customers to use our platform effectively. Even the perception that the privacy

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and security of personal information are not satisfactorily protected or do not meet regulatory requirements could inhibit sales of our products or services and limit adoption of our products.

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Evolving privacy laws may impact use and adoption of our platform and adversely affect our business.

Laws and regulations related to privacy, personal data and the provision of services over the Internet are evolving in the United States and globally, with the adoption of new and amended privacy laws. The impact, requirements and enforcement risks associated with these privacy laws vary, and in some cases may even conflict, across jurisdictions.

In addition, new U.S. and international privacy laws may impose new obligations on us and many of our customers. Both in the United States and globally, numerous jurisdictions have passed or are actively considering new or amended privacy laws. For example, the California Consumer Privacy Act, which took effect in January 2020 and was substantially amended by the California Privacy Rights Act effective January 1, 2023 (as amended, the "CCPA"), applies to us and to many of our customers. Under the CCPA, we are both a "business," as to the ON24 business data, and a "service provider," as to the platform personal data. The CCPA introduced sweeping definitions and broad individual rights, and imposes substantial requirements and restrictions on the collection, use and disclosure of personal information. The CCPA also introduced a private right of action for certain data breaches, which gives rise to increased class action risk. Notably, since the CCPA was signed into law, it has been amended multiple times, has been subject to further implementing regulations, and may face further amendment, refinement or replacement.

As the CCPA continues to evolve, several U.S. states have recently adopted new privacy laws and various other U.S. states are also actively introducing and considering so-called "omnibus" privacy legislation. In 2023, omnibus privacy laws ~~take~~ took effect in Colorado, Connecticut, Virginia and Utah, and several other states have passed omnibus privacy laws. Similarly, numerous foreign jurisdictions have enacted or are actively considering legislation introducing new or amended laws and regulations addressing data privacy, cybersecurity, marketing, data protection, data localization and personal data. Further, privacy laws such as the EU's proposed e-Privacy Regulation are increasingly aimed at the use of personal information for marketing purposes and the tracking of individuals' online activities, which could expose us to additional regulatory burdens, limit our marketing, advertising, business development and sales efforts, and impact features made available to our customers through our platform. In addition, Brexit has also created additional uncertainty with regard to UK privacy laws, as well as the treatment of data transfers to and from the United Kingdom, where we have operations and customers. The ongoing development of privacy laws gives rise to uncertainty regarding the impact of privacy laws on us and our customers, and we and our customers could be exposed to additional burdens.

In addition, decisions by courts and regulatory bodies relating to privacy laws can also have a significant impact on us and other businesses that operate across international jurisdictions. For example, in 2020 both the EU-U.S. and Swiss-EU privacy shield frameworks were invalidated as an "adequacy" mechanism for the transfer of personal data from the European Economic Area, or the EEA-Switzerland, to the United States in compliance with the GDPR and Swiss data protection laws, respectively. Following this, we took measures to implement alternative adequacy mechanisms by using the EU standard contractual clauses for transfers of personal data for processors established in third countries, and agreed to, additional safeguards with certain customers. In July 2023, the US and the EU agreed to the EU-US Data Privacy Framework, and the US and Switzerland agreed to the Swiss-US Data Privacy Framework, which frameworks will now replace the previous privacy shield frameworks. In October 2023, the UK extension to the EU-US Data Privacy Framework came into force. While we ~~will~~ will participate in these new frameworks, certain customers may also require that we continue to agree to alternative adequacy mechanisms, such as the EU standard contractual clauses, and additional safeguards, such as additional security controls and other contractual measures, which will need to be assessed on a case-by-case basis. We expect continued guidance from applicable authorities, as well as legal challenges to the new frameworks.

Other jurisdictions have also instituted specific requirements and restrictions on the cross-border transfer of personal data, and certain countries have passed or are considering passing data localization laws and regulations, which in some cases would require personal data be maintained in the originating jurisdiction and in other cases may prohibit such personal data from being transferred outside of the originating jurisdiction. While our solutions allow customers to receive and store local copies of platform data on their or other third-party servers, we do not maintain local servers to enable customers to maintain personal data only on servers in the originating jurisdiction. As with most cloud-based solutions, restrictions on the transfer of platform data outside of the originating jurisdiction could pose particular challenges and result in additional costs or otherwise impact platform use.

New and proposed marketing, advertising and other privacy laws and guidelines have recently been enacted or proposed that could impose more restrictions and give individuals more rights regarding marketing, targeting, and analytics or "profiling" activities. Some of these regulations seek, among other things, to give consumers greater control over how their personal information is processed for these purposes, or impose prior, affirmative consent obligations on companies related to these activities. For example, in the EU, cookies and similar technologies used for personalization, advertising, and analytics may not be used without affirmative consent and the proposed ePrivacy Regulation may further restrict these activities and technologies and increase restrictions. Further, in the US, privacy litigation claims related to online tracking and cookies are on the rise. These litigation and enforcement developments could require us to change one or more aspects of the way we operate our business, limit our marketing, advertising, business development and sales efforts, impact certain features made available to customers through our platform or require us to introduce changes to our platform or solutions.

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Although we monitor the regulatory environment and have invested in addressing these developments, including the GDPR, the EU ePrivacy Directive and the CCPA, the ongoing development of privacy laws means that we cannot predict with certainty the impact of these developments. These evolving privacy laws may require us to make additional changes

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to our practices and services to enable us or our customers to meet the new legal requirements, and may also increase our potential liability exposure through new or higher potential penalties for non-compliance. In addition, cyber incidents and data breaches present potential risks and could have financial, operational and reputational impacts on the Company. In addition, many of our customers and potential customers in the healthcare, financial services and other industries are subject to substantial regulation regarding their collection, use and protection of data and may be the subject of further regulation in the future. These laws or other privacy law developments may change the way these customers do business and may require us to implement additional features or offer additional contractual terms to satisfy customer and regulatory requirements. As a result of these privacy law developments, certain features of our platform and products could pose risks or need to be modified for certain jurisdictions, but not for others. They also could cause the demand for and sales of our platform to decrease and adversely impact our financial results.

The costs of compliance with, and other burdens imposed by, privacy laws may limit the use and adoption of our platform, reduce overall demand for our platform, make it more difficult to meet expectations from or commitments to our customers and their users, require us to implement additional features or offer additional contractual terms to satisfy customer and regulatory requirements, lead to significant fines, penalties or liabilities for noncompliance, impact our reputation, or slow the pace at which we close sales transactions, any of which could harm our business. In addition, these laws raise additional enforcement and liability risks and penalties. For example, statutory damages available through a private right of action for certain data breaches under CCPA, and potentially other U.S. and international laws, may increase our and our customers' potential liability. In some cases, violations of privacy laws can lead to government enforcement or private litigation and could subject us to civil and criminal sanctions, including both monetary fines and injunctive action that could force us to change our business practices, all of which could adversely affect our financial performance and harm our reputation and our business.

We are subject to export and import controls, customs, sanctions, embargo, and anti-boycott laws and regulations that could seriously impair our ability to compete in international markets due to licensing requirements and subject us to liability if we are not in compliance with applicable laws and regulations.

Our platform and products are subject to various restrictions under U.S. export control and sanctions laws and regulations, including the U.S. Department of Commerce's Export Administration Regulations, or EAR, and various economic and trade sanctions regulations administered by the U.S. Department of the Treasury's Office of Foreign Assets Control, or OFAC, as well as other U.S. government agencies. U.S. export control and economic sanctions laws include trade, commerce, and investment restrictions or prohibitions, including those on the sale, supply, import, or export of certain products and services to or from U.S. embargoed or sanctioned countries, governments, persons and entities, and also require authorization for the export of certain encryption and other items. Parties that facilitate transactions that violate or otherwise seek to evade export controls or sanctions can face liability. Also, in certain circumstances, sanctions require U.S. persons to block or freeze the property of sanctioned persons.

U.S. export controls and sanctions are complex and vary according to specific programs administered by relevant government agencies. Each program can be tied to a specific country or policy initiative. In certain cases, parties can request the U.S. government to issue a license to allow certain transactions. However, the scope and substance of those licenses can be fact specific and limited in scope.

The United States currently imposes comprehensive sanctions on Cuba, Iran, North Korea, Syria, and the Crimea, Donetsk People's Republic (DPR) ("DPR") and Luhansk People's Republic (LPR) ("LPR") regions of Ukraine. In addition, numerous other countries throughout the world are subject to partial or limited sanctions and restrictions imposed by the U.S. government. Sanctions also apply to persons that appear on, or are majority owned by a person that appears on, OFAC's List of Specially Designated Nationals and Blocked Persons, or the SDN List. The Department of Commerce and the Department of State also maintain their own sanctions and export control lists. The above list of countries that are the subject of U.S. sanctions and export controls can change at any time. In addition, the SDN List as well as other sanctions lists contain thousands of names and are updated on a regular basis. All of those changes can impact our business. The U.S. government generally applies a strict liability standard when it comes to compliance with sanctions, embargoes, and export controls. This means that we can face liability even if we did not intentionally violate those rules.

We are also subject to U.S. restrictions under the EAR and the Internal Revenue Code that prevent us from participating in boycotts imposed by other countries if those boycotts are not approved by the United States. Companies and individuals that violate these anti-boycott restrictions may face criminal consequences. In addition, companies that are asked to comply with such boycotts are obligated to report those requests to the U.S. government, even if they do not agree to abide by such boycotts.

In addition, various countries regulate the import of certain encryption and other technology, including through import permitting and licensing requirements and have enacted or could enact laws that could limit our ability to provide access to our platform. We maintain internal controls and procedures to facilitate compliance with applicable export control requirements, but our company has expanded, has detected past filing issues, and in the future may face material noncompliance that we fail to detect. If any precautions we take fail to prevent our platform and products from being accessed or used in violation of such laws, we may face fines and penalties, reputational harm, loss of access to certain markets, or other harm to our business.

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Changes in our platform or changes in export, sanctions and import laws may delay the introduction and sale of subscriptions to our platform in international markets, prevent our customers with international operations from using our platform or, in some cases, prevent the access or use of our platform to and from certain countries, governments, persons or entities altogether. Further, any change in export or import regulations, economic sanctions or related laws, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations could result in decreased use of our platform or in our decreased ability to export or sell our platform to existing or potential customers with international operations. Any decreased use of our platform or limitation on our ability to export or sell our platform would likely harm our business.

We are subject to a variety of U.S. and non-U.S. laws and regulations, compliance with which could impair our ability to compete in domestic and international markets and non-compliance with which may result in claims, fines, penalties, and other consequences, all of which could adversely impact our operations, business, or performance.

As a service provider, we do not regularly monitor our platform to evaluate the legality of content shared on it by our customers. While to date we have not been subject to legal or administrative actions as a result of this content, the laws in this area are evolving and vary widely between jurisdictions. Accordingly, it may be possible that in the future we and our business partners may be subject to legal actions involving our customers' content or use of our platform.

Our platform depends on the ability of our customers and their users to access the internet. If we fail to anticipate developments in the law, or we fail for any reason to comply with relevant law, our platform could be blocked or restricted, and we could be exposed to significant liability that could harm our business.

From time to time, we may be involved in disputes or regulatory inquiries that arise in the ordinary course of business involving labor and employment, wage and hour, commercial, securities or investment, intellectual property, data breach and other matters. For example, we were named in a consolidated securities class action as described further in the section titled "Legal Proceedings." We expect that the number and significance of these potential disputes may increase as our business expands and our company grows larger. Contractual provisions and insurance coverage may not cover potential claims and may not be adequate to indemnify us for all liabilities we may face. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time, and result in the diversion of significant operational resources. Litigation is inherently unpredictable, and the results of any claims may have a material adverse effect on our business, financial condition, results of operations, and prospects.

We are an international company and may engage in business in jurisdictions that present material legal compliance risk. We are subject to various U.S. and non-U.S. laws and regulations prohibiting corruption, bribery, kickbacks, money laundering, terrorist financing, fraud and similar matters, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, the Uniting and Strengthening America by Providing Appropriate Tools to Restrict, Intercept, and Obstruct Terrorism Act of 2001, the UK Bribery Act 2010, and the UK Proceeds of Crime Act 2002. These laws and regulations are actively enforced and generally prohibit companies and their agents, employees, representatives, business partners, and intermediaries from authorizing, promising, offering, providing, soliciting, or accepting, directly or indirectly, improper payments or benefits to or from government officials and other persons in the public or private sector for improper purposes.

We may engage resellers and other third parties from time to time to sell subscriptions to our solutions, obtain necessary permits, licenses, patent registrations, and other regulatory approvals, or otherwise support our business or operations. Oftentimes, improper payments by these types of third parties can raise anti-corruption and other legal compliance risk for companies in our position. We also have direct and indirect interactions with officials and employees of U.S. and non-U.S. government agencies or government-affiliated organizations. These factors raise our legal risk exposure. There can be cases where enforcement authorities seek to hold us liable for the corrupt or other illegal activities of our employees, agents, contractors, vendors, and other business partners, even if we do not explicitly authorize or have actual knowledge of such activities.

In addition to prohibiting bribery, the FCPA and other laws require us to maintain accurate and complete books and records and a system of internal controls. Enforcement agencies interpret these requirements very broadly and violations can occur if companies or their representatives knowingly or unknowingly conceal bribes or other fraudulent or illegal payments in their records or execute transactions or access company assets without management's general or specific authorization. These requirements are so broad that in certain cases enforcement agencies may claim that violations are possible even if there is no evidence of bribery or corruption.

To the extent we expand our domestic and international presence, our exposure for violating these laws will increase. If we fail to comply with those legal standards, we may face substantial civil and criminal fines, penalties, profit disgorgement, reputational harm, loss of access to certain markets, disbarment from government business, the loss of export privileges, tax reassessments, breach of contract, fraud and other litigation, reputational harm, and other collateral consequences that could harm our business.

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We use open source software in our platform, which may subject us to litigation or other actions that could harm our business.

We use open source software in our platform, and we may use more open source software in the future. In the past, companies that have incorporated open source software into their products have faced claims challenging the ownership or use of open source software or compliance with open source license terms. Accordingly, we could be subject to suits by parties claiming ownership of what we believe to be open source software or claiming noncompliance with open source licensing terms. Some open source software licenses require users who use, distribute or make available across a network software or services that include open source software to publicly disclose all or part of the source code to such software or make available any derivative works of the open source code on terms unfavorable to the developer or at no cost. Additionally, if a third-party software provider has incorporated open source software into software that we license from such provider, we could be required to disclose any of our source code that incorporates or is a modification of our licensed software. If we were to use open source software subject to such licenses, we could be required to release our proprietary source code, pay damages, re-engineer our platform or solutions, discontinue sales, or take other remedial action, any of which could harm our business. In addition, if the license terms for updated or enhanced versions of the open source software we utilize change, we may be forced to expend substantial time and resources to re-engineer our components of our platform.

In addition, the use of third-party open source software typically exposes us to greater risks than the use of third-party commercial software because open source licensors generally do not provide warranties or controls on the functionality or origin of the software. Use of open source software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to determine how to compromise our platform. Any of the foregoing could harm our business and could help our competitors develop products and services that are similar to or better than ours.

Our business may suffer if it is alleged or determined that our technology infringes the intellectual property rights of others.

The software industry is characterized by the existence of a large number of patents, copyrights, trademarks, trade secrets and other intellectual and proprietary rights. Like other companies operating in the software industry, we have been threatened with, and may in the future become party to, adversarial proceedings or litigation regarding intellectual property rights with respect to our current technology, whether or not we are actually infringing, misappropriating or otherwise violating the rights of third parties. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise assert their rights and urge us to take licenses. Our applications, software, and our use of **AI/ML** technologies (both third-party and proprietary) could be found to infringe upon or otherwise violate a third party's intellectual property rights. Companies in the software industry are often required to defend against litigation claims based on these allegations of infringement or other violations of intellectual property rights. Many of our competitors and other industry participants have been issued patents or have filed patent applications and may assert patent or other intellectual property rights within the industry. Moreover, non-practicing entities, commonly referred to as "patent trolls," have reached out to us and numerous other companies to make claims of infringement in order to extract licenses or settlements.

We may from time to time in the future become a party to litigation and disputes related to our intellectual property and our platform. Patent litigation is inherently risky and uncertain, and current or future litigation may not result in a favorable outcome for us. The costs of supporting litigation and dispute resolution proceedings are considerable, and a favorable outcome may not be obtained. We may need to settle litigation and disputes on terms that are unfavorable to us, or we may be subject to an unfavorable judgment that

may not be reversible upon appeal. The terms of any settlement or judgment may require us to cease some or all of our operations or pay substantial amounts to the other party. Even if we were to prevail in such a litigation or dispute, it could be costly and time consuming, and divert the attention of our management and key personnel from our business operations. Our technologies, including the use of **AI/ML** in our platform, may not be able to withstand any third-party claims or rights against their use. Claims of intellectual property infringement might require us to redesign our platform, delay releases, enter into costly settlement or license agreements or pay costly damage awards, or face a temporary or permanent injunction prohibiting us from marketing or selling our platform. If we cannot or do not license the infringed technology on reasonable terms or at all, or substitute similar technology from another source, our revenue and operating results could be adversely impacted. Additionally, our customers may not purchase subscriptions to our platform if they are concerned that they may infringe third-party intellectual property rights. The occurrence of any of these events may have a material adverse effect on our business.

In our customer agreements, we agree to defend and hold our customers harmless against claims, demands, suits, or proceedings made or brought against them by a third party alleging that their use of our platform infringes the intellectual property rights of a third party. Any existing limitations of liability provisions in our contracts may not be enforceable or adequate, and they may not otherwise protect us from any such liabilities or damages with respect to any particular claim. Our customers who are accused of intellectual property infringement may in the future seek indemnification from us. If we are required to defend our customers against, or hold them harmless from, infringement or other claims, our business may be disrupted, our management's attention may be diverted, and our operating results and financial condition may suffer.

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Our failure to protect our intellectual property rights and proprietary information could diminish our brand and other intangible assets.

We primarily rely on a combination of patents, trade secrets, domain name protections, trademarks and copyrights, as well as confidentiality, license and subscription agreements with our employees, consultants and third parties, to protect our intellectual property and proprietary rights. In the United States and abroad, as of **September 30, 2023** **March 31, 2024**, we have **18** **20** issued patents and **27** **19** pending patent applications. We make business decisions about when to seek patent protection for a particular technology and when to rely upon copyright or trade secret protection, and the approach we select may ultimately prove to be inadequate. Even in cases where we seek patent protection, the resulting patents may not effectively protect every significant feature of our solutions. For example, we have received a summary judgment ruling that a patent which is immaterial to our business is invalid. It is possible that our efforts to protect **important** **our** intellectual property **rights** are unsuccessful.

In addition, we believe that the protection of our trademark rights is an important factor in product recognition, protecting our brand and maintaining goodwill. If we do not adequately protect our rights in our trademarks from infringement and unauthorized use, any goodwill that we have developed in those trademarks could be lost or impaired, which could harm our brand and our business. Third parties may knowingly or unknowingly infringe our proprietary rights, third parties may challenge our proprietary rights, pending and future patent, trademark and copyright applications may not be approved, and we may not be able to prevent infringement without incurring substantial expense.

We have also devoted substantial resources to the development of our proprietary technologies and related processes. In order to protect our proprietary technologies and processes, we rely in part on trade secret laws and confidentiality and invention assignment agreements with our employees, consultants and third parties. These agreements may not effectively protect our proprietary rights. In addition, others may independently discover our trade secrets, in which case we would not be able to assert trade secret rights, or may develop similar technologies and processes. We may not be able to protect our source code from copying if there is an unauthorized disclosure. Source code, the detailed program commands for our operating systems and other software programs, is critical to our business. We take significant measures to protect the secrecy of our source code. If our source code leaks, we might lose future trade secret protection for that code. It may then become easier for third parties to compete with our products by copying functionality, which could adversely affect our revenue and operating margins. Unauthorized disclosure of source code also could increase the security risks described elsewhere in these risk factors. Further, laws in certain jurisdictions may afford little or no trade secret protection, and any changes in, or unexpected interpretations of, the intellectual property laws in any countries in which we operate may compromise our ability to enforce our intellectual property rights. To the extent we expand our international activities, our exposure to unauthorized copying and use of our technology and proprietary information may increase. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights. If the protection of our proprietary rights is inadequate to prevent use or appropriation by third parties, the value of our platform, brand and other intangible assets may be diminished, and competitors may be able to more effectively replicate our platform and its features. Any of these events would harm our business.

Our reported results of operations may be adversely affected by changes in accounting principles generally accepted in the United States.

Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board, or the FASB, the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported results of operations and may even affect the reporting of transactions completed before the announcement or effectiveness of a change. For example, we adopted Accounting Standards Codification, or ASC, Topic 606, *Revenue from Contracts with Customers*, or Topic 606, utilizing the full retrospective method of adoption and ASC Topic 340, *Other Assets and Deferred Costs*, or Topic 340. The adoption of Topic 606 and Topic 340 changed the timing and manner in which we report our revenue and expenses, especially with respect to our sales commissions. It is also difficult to predict the impact of future changes to accounting principles or our accounting policies, any of which could harm our business.

We may acquire other companies, products and technologies, which could require significant management attention, disrupt our business or dilute stockholder value.

We may make acquisitions of other companies, products and technologies. We have limited experience in acquisitions. We may not be able to find suitable acquisition candidates and we may not be able to complete acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisitions we complete could be viewed negatively by our customers, users, industry analysts or investors. In addition, we may not be able to integrate acquired businesses successfully or effectively manage the combined company following an acquisition. If we fail to successfully integrate our acquisitions, or the people or technologies associated with those acquisitions, into our company, the results of operations of the combined company could be adversely affected. Any integration process will require significant time and resources, require significant attention from management and disrupt the ordinary functioning of our business, and we may not be able to manage the process successfully, which could harm our business. In addition, we may not successfully evaluate or utilize the acquired technology or accurately forecast the financial impact of an acquisition transaction, including accounting charges, operating costs or revenue.

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We may have to pay cash, incur debt or issue equity securities to pay for any such acquisition, each of which could affect our financial condition or the value of our capital stock. The sale of equity to finance any such acquisitions could result in dilution to our stockholders. If we incur more debt, it would result in increased fixed obligations and could also subject us to covenants or other restrictions that would impede our ability to flexibly operate our business.

We may need additional capital, which may not be available on favorable terms, or at all.

Historically, we have funded our operations and capital expenditures primarily through equity issuances and cash generated from our operations. Although we currently anticipate that our existing cash and cash equivalents and cash flow from operations will be sufficient to meet our cash needs for the foreseeable future, we may require additional financing. We evaluate financing opportunities from time to time, and our ability to obtain financing will depend, among other things, on our development efforts, business plans, operating performance, levels of indebtedness and condition of the capital markets at the time we seek financing. Additional financing may not be available to us on favorable terms when required, or at all. If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our common stock, including with respect to dividends and other distributions, and our stockholders may experience dilution.

Covenants in our loan agreement governing our revolving line of credit may restrict our operations, and our failure to comply with these covenants may adversely affect our business, results of operations and financial condition.

We are party to a loan and security agreement with Comerica Bank, or the Revolving Credit Facility, which is secured by a security interest on substantially all of our assets and contains various restrictive covenants, including restrictions on our ability to dispose of our assets, merge with or acquire other entities, incur other indebtedness, make investments and engage in transactions with our affiliates. Our Revolving Credit Facility also contains certain financial covenants. Our ability to meet these restrictive and financial covenants can be affected by events beyond our control. Our Revolving Credit Facility provides that our breach or failure to satisfy certain covenants constitutes an event of default thereunder. Upon the occurrence of an event of default, the lender under our Revolving Credit Facility could elect to declare any future amounts outstanding under our Revolving Credit Facility to be immediately due and payable, exercise the remedies of a secured party in respect of the secured interest on substantially all of our assets and terminate all commitments to extend further credit under that facility. If we are unable to repay those amounts, our financial condition could be adversely affected.

We may incur indebtedness, which could adversely affect our business and limit our ability to expand our business or respond to changes, and we may be unable to generate sufficient cash flow to satisfy our debt service obligations.

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022**, **2023**, we had no outstanding indebtedness under the **Revolving Credit Facility**. In the first quarter of 2021, we repaid in full the \$22.4 million outstanding principal balance on our **Revolving Credit Facility**. We may incur indebtedness in the future, which may require us to secure such obligations with substantially all of our assets; to comply with various restrictive covenants, including restrictions on our ability to dispose of our assets, merge with or acquire other entities, incur other indebtedness, make investments and engage in transactions with our affiliates; and to meet certain financial covenants. Any substantial indebtedness, and the fact that a substantial portion of our cash flow from operating activities could be needed to make payments on this indebtedness, could restrict our business operations or have other adverse consequences, including the following:

- reducing the availability of our cash flow for our operations, capital expenditures, future business opportunities and other purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate, which could place us at a disadvantage compared to our competitors that may have less debt;
- limiting our ability to borrow additional funds; and
- increasing our vulnerability to general adverse economic and industry conditions.

Our ability to borrow any funds needed to operate and expand our business will depend in part on our ability to generate cash. If our business does not generate sufficient cash flow from operating activities or if future borrowings, under our Revolving Credit Facility or otherwise, are not available to us in amounts sufficient to enable us to fund our liquidity needs, our operating results, financial condition and ability to expand our business may be adversely affected.

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Our results of operations, which are reported in U.S. dollars, could be adversely affected if currency exchange rates fluctuate substantially in the future.

We sell to customers globally and have international operations primarily in the United Kingdom, Australia, Singapore and Japan. To the extent we expand our international operations, we will become more exposed to the effects of fluctuations in currency exchange rates. Although the majority of our cash generated from revenue is denominated in U.S. dollars, a small amount is denominated in foreign currencies, and our expenses are generally denominated in the currencies of the jurisdictions in which we conduct our operations. For the three **and nine** months ended **September 30, 2023** **March 31, 2024**, 13% of our revenue and **11% and 12%** **10%** of our expenses **respectively** were denominated in currencies other than U.S. dollars. For the three **and nine** months ended **September 30, 2022** **March 31, 2023**, 13% of our revenue and **13% and 14%** of our expenses **respectively**, were denominated in currencies other than U.S. dollars. Because we conduct business in currencies other than U.S. dollars but report our results of operations in U.S. dollars, we also face remeasurement exposure to fluctuations in currency exchange rates, which could hinder our ability to predict our future results and earnings and could materially impact our results of operations. We do not currently maintain a program to hedge exposures to non-U.S. dollar currencies.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

Under legislative changes made in December 2017, U.S. federal net operating losses incurred in 2018 and in future years may be carried forward indefinitely, but the deductibility of such net operating losses is limited. The deductibility of state net operating losses varies by state. As of **December 31, 2022** **December 31, 2023**, we had **\$123.5 million** **\$123.7 million** of U.S. federal net operating loss carryforwards available to reduce future taxable income, a portion of which will begin to expire in **2023** **2024** if unused. As a result of the legislative changes in December 2017, **\$88.2 million** **\$70.2 million** of the federal net operating loss carryovers will **carryover** **carry over** indefinitely and are limited to 80% of taxable

income. As of December 31, 2022 December 31, 2023, we had state net operating loss carryforward of \$87.6 million \$91.0 million, which will begin to expire in the year 2025 if unused. It is possible that we will not generate taxable income in time to use these net operating loss carryforwards before their expiration or at all. In addition, the federal and state net operating loss carryforwards and certain tax credits may be subject to significant limitations under Section 382 and Section 383 of the Internal Revenue Code of 1986, as amended, or the Code, respectively, and similar provisions of state law. Under those sections of the Code, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change attributes, such as research tax credits, to offset its post-change income or tax may be limited. In general, an "ownership change" will occur if there is a cumulative change in our ownership by "5-percent shareholders" that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. We may experience ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. If an ownership change occurs and our ability to use our net operating loss carryforwards and tax credits is materially limited, it would harm our business by effectively increasing our future tax obligations.

We may be subject to liabilities on past sales for taxes, surcharges and fees.

We currently collect and remit applicable sales tax in jurisdictions where we have determined, based on applicable laws and regulations, that sales of our platform are classified as taxable. We do not currently collect and remit other state and local excise, utility user and ad valorem taxes, fees or surcharges that may apply to our customers. We believe that we are not otherwise subject to, or required to collect, any additional taxes, fees or surcharges imposed by state and local jurisdictions because we do not have a sufficient physical presence or "nexus" in the relevant taxing jurisdiction or such taxes, fees, or surcharges do not apply to sales of our platform in the relevant taxing jurisdiction. However, there is uncertainty as to what constitutes sufficient physical presence or nexus for a state or local jurisdiction to levy taxes, fees and surcharges for sales made over the internet, and there is also uncertainty as to whether our characterization of our platform as not taxable in certain jurisdictions will be accepted by state and local taxing authorities. Additionally, we have not historically collected value-added tax, or VAT, or goods and services tax, or GST, on sales of our platform because we make all of our sales through our office in the United States, and we believe, based on information provided to us by our customers, that most of our sales are made to business customers.

Taxing authorities may challenge our position that we do not have sufficient nexus in a taxing jurisdiction or that our platform is not taxable in the jurisdiction and may decide to audit our business and operations with respect to sales, use, telecommunications, VAT, GST and other taxes, which could result in increased tax liabilities for us or our customers, which could harm our business.

The application of indirect taxes (such as sales and use tax, VAT, GST, business tax and gross receipt tax) to businesses that transact online, such as ours, is a complex and evolving area. Following the 2018 U.S. Supreme Court decision in South Dakota v. Wayfair, Inc., states are now free to levy taxes on sales of goods and services based on an "economic nexus," regardless of whether the seller has a physical presence in the state. As a result, it may be necessary to reevaluate whether our activities give rise to sales, use and other indirect taxes as a result of any nexus in those states in which we are not currently registered to collect and remit taxes. Additionally, we may need to assess our potential tax collection and remittance liabilities based on existing economic nexus laws' dollar and transaction thresholds. The application of existing, new, or future laws, whether in the U.S. or internationally, could harm our business. There have been, and will continue to be, substantial ongoing costs associated with complying with the various indirect tax requirements in the numerous markets in which we conduct or will conduct business.

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We may have exposure to greater than anticipated tax liabilities, which could harm our business.

While to date we have not incurred significant income taxes in operating our business, we are subject to income taxes in the United States and various jurisdictions outside of the United States. Our effective tax rate could fluctuate due to changes in the proportion of our earnings and losses in countries with differing statutory tax rates. Some jurisdictions may seek to impose incremental or new sales, use or other tax collection obligations on us. Our tax expense could also be impacted by changes in non-deductible expenses, changes in excess tax benefits of stock-based compensation, changes in the valuation of, or our ability to use, deferred tax assets and liabilities, the applicability of withholding taxes and effects from acquisitions.

The provision for taxes on our financial statements could also be impacted by changes in accounting principles, changes in U.S. federal, state or international tax laws applicable to corporate multinationals such as the recent legislation enacted in Australia, the United Kingdom and the United States, other fundamental changes in law currently being considered by many countries and changes in taxing jurisdictions' administrative interpretations, decisions, policies and positions.

We are subject to review and audit by U.S. federal, state, local and foreign tax authorities. Such tax authorities may disagree with tax positions we take, and if any such tax authority were to successfully challenge any such position, our business could be harmed. We may also be subject to additional tax liabilities due to changes in non-income based taxes resulting from changes in federal, state or international tax laws, changes in taxing jurisdictions' administrative interpretations, decisions, policies and positions, results of tax examinations, settlements or judicial decisions, changes in accounting principles, changes to our business operations, including acquisitions, as well as the evaluation of new information that results in a change to a tax position taken in a prior period.

Risks Related to Ownership of Our Common Stock

Our share repurchase program may not be fully consummated, repurchases may not enhance long-term stockholder value, may increase the volatility of our stock prices and, as we implement it, would will diminish our cash reserves.

Since the fourth quarter in February 2024, we completed our \$125.0 million capital return program. While this program returned capital to our stockholders, we now have fewer capital resources with which to fund our operations and pursue other opportunities. In addition, in March 2024, our board of 2021 directors approved our 2024 Repurchase Program, which allows us to February 2023, we have repurchased \$41.0 million repurchase \$25 million in shares of our outstanding common stock and in March 2023 we expanded our previously announced \$100.0 million capital return program by an incremental \$25.0 million. Pursuant on a discretionary basis from time to the expanded \$125.0 million capital return program, we declared the Special Dividend, which was paid on June 15, 2023 in an aggregate amount of \$49.9 million, to all stockholders of record as of the close of business on May 22, 2023. We expect to complete the remaining \$75.0 million of capital return in the next six months, to be effected time over a 12-month term through a combination of an accelerated share repurchase ("ASR") program and/or open market purchases, with the possibility of an additional special dividend if this \$75.0 million threshold is not reached by March privately negotiated transactions, or other means. Our 2024 (the "Contingent Dividend"). Accordingly, we expect to engage in share repurchases of our

common stock from time to time. Our capital repurchase program does not have an expiration date and Repurchase Program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares, or to do so in any particular manner. Further, our share repurchases could affect our share trading prices or increase their volatility, and any repurchases will reduce our cash reserves. We are under no legal obligation to If we do not repurchase any shares and if we do not do so or if we commence repurchases and then suspend or terminate them, the trading prices of our stock may decrease and their volatility increase. Even if we complete our capital return program, 2024 Repurchase Program, we may not be successful in our goal of enhancing long-term stockholder value. As we use our cash resources in our capital return program, 2024 Repurchase Program, we will have less cash to fund our operations and pursue other opportunities that may provide superior value to stockholders. In addition, we do not plan to pay cash dividends in the foreseeable future and we intend to retain any future earnings for use in the operation and expansion of our business. Our ability to pay dividends is restricted by the terms of our Revolving Credit Facility. As a result, stockholders should assume that sales of their common stock after price appreciation is the only way to realize any future gains on their investment.

The trading price of our common stock may be volatile or may decline steeply and suddenly regardless of our operating performance, and you could lose all or part of your investment.

The trading price of our common stock has been and will likely continue to be volatile and could be subject to fluctuations in response to various factors, some of which are beyond our control. Factors that could cause fluctuations in the trading price of our common stock include the following:

- the COVID-19 pandemic, including recent and any future variants of the virus;
- price and volume fluctuations in the overall stock market from time to time;
- volatility in the trading prices and trading volumes of technology stocks;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- sales or purchases of shares of our common stock, or anticipation of such sales, including our repurchases of shares;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public, any changes in those projections, or our failure to meet those projections;

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- announcements by us or our competitors of new products, features, or services;

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- the public's reaction to our press releases, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our results of operations or fluctuations in our results of operations, including as a result of reduced demand for our solutions;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses, products, services or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- any significant change in our management; and
- general economic conditions, including increased inflation, and slow or negative growth of our markets.

In addition, extreme price and volume fluctuations in the stock markets have affected and continue to affect the stock prices of many companies. Often, their stock prices have fluctuated in ways unrelated or disproportionate to their operating performance. In the past, stockholders have filed securities class action litigation against companies following periods of market volatility. Such securities litigation, if instituted against us, could subject us to substantial costs, divert resources and the attention of management from our business and seriously harm our business.

Substantial future sales of shares of our common stock by existing stockholders, or the perception that those sales may occur, could cause the market price of our common stock to decline.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our common stock.

Provisions in our organizational documents and certain rules imposed by regulatory authorities may delay or prevent our acquisition by a third party.

Our amended and restated certificate of incorporation, or our Certificate of Incorporation, and our amended and restated bylaws, or our Bylaws, contain several provisions that may make it more difficult or expensive for a third party to acquire control of us without the approval of our board of directors. These provisions, which may delay, prevent or deter a merger, acquisition, tender offer, proxy contest, or other transaction that stockholders may consider favorable, include the following:

- the division of our board of directors into three classes until the declassification is completed by 2026;
- advance notice requirements for stockholder proposals and director nominations;
- provisions limiting our stockholders' ability to call special meetings of stockholders and to take action by written consent;
- restrictions on business combinations with interested stockholders;
- in certain cases, the approval of holders representing at least 66.7% of the total voting power of the shares entitled to vote generally in the election of directors will be required for stockholders to adopt, amend or repeal our Bylaws, or amend or repeal certain provisions of our Certificate of Incorporation, including those relating to who may call special meetings of our stockholders, our stockholders' ability to act by written consent, our board of directors (including the removal of one or more directors), indemnification of our directors and officers and exculpation of our directors, supermajority voting, amendments to our Bylaws and the exclusive forum for litigating specified matters;
- no cumulative voting;
- the required approval of holders representing at least 66.7% of the total voting power of the shares entitled to vote at an election of the directors to remove directors; and
- the ability of our board of directors to designate the terms of and issue new series of preferred stock without stockholder approval, which could be used, among other things, to institute a rights plan that would have the effect of significantly diluting the stock ownership of a potential hostile acquirer, likely preventing acquisitions that have not been approved by our governing body.

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Moreover, because we are incorporated in Delaware and our Certificate of Incorporation does not contain a provision opting out Section 203 of the Delaware General Corporation Law, or Section 203, we are governed by the provisions of Section 203, which prohibit a person, individually or as a group, who owns, or owned in the preceding three years, 15% or more of our outstanding voting stock from merging or combining with us, unless the merger or combination is approved in a prescribed manner.

The terms of our authorized preferred stock selected by our Board at any point could decrease the amount of earnings and assets available for distribution to holders of our common stock or adversely affect the rights and powers, including voting rights, of holders of our common stock without any further vote or action by the stockholders. As a result, the rights of holders of our common stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued by us in the future, which could have the effect of decreasing the market price of our common stock.

Any provision of our Certificate of Incorporation or Bylaws or Delaware corporate law that has the effect of delaying or deterring a change in control could limit opportunities for our stockholders to receive a premium for their shares of common stock, and it could also reduce the price that investors are willing to pay for our common stock.

The provision of our Certificate of Incorporation designating the Court of Chancery in the State of Delaware and the federal district courts of the United States as the exclusive forums for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers.

Our Certificate of Incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware be the sole and exclusive forum for: (1) any derivative action or proceeding brought on behalf of our company, (2) any action asserting a claim of breach of fiduciary duty owed by any director, officer, agent or other employee or stockholder of our company to us or our stockholders, (3) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, or the DGCL, our Certificate of Incorporation or our Bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (4) any action asserting a claim governed by the internal affairs doctrine, in each case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Our Certificate of Incorporation further provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolutions of any complaint asserting a cause of action arising under the Securities Act. The exclusive forum clauses described above shall not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and consented to, the exclusive forum provisions in our Certificate of Incorporation.

Although we believe these provisions benefit us by providing increased consistency in the application of applicable law in the types of lawsuits to which they apply, the provisions may have the effect of discouraging lawsuits against our directors and officers, which may limit a stockholder's ability to bring a claim in a judicial forum it finds favorable for disputes with us or our directors, officers or employees or cause stockholders to incur additional costs to bring claims in the forums designated in our Certificate of Incorporation. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a jurisdiction other than those designated in the exclusive forum provision, and the provision may not be enforced by a court in that jurisdiction. In addition, investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. It is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in our Certificate of Incorporation to be inapplicable or unenforceable in such action. If so, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

Our common stock market price and trading volume could decline if securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business or our market, if they adversely change their recommendations regarding our common stock or if our operating results do not meet their expectations or any financial guidance we may provide.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us, our business, our competitors and our market. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, the price of our securities would likely decline. If few securities analysts commence

coverage of us, or if one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our securities could decrease, which might cause the price and trading volume of our common stock to decline. In addition, if we do not meet any financial guidance that we may provide to the public or if we do not meet expectations of securities analysts or investors, the trading price of our common stock could decline significantly.

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Actions of activist stockholders could impact the pursuit of our business strategies and adversely affect our results of operations, financial condition and/or share price.

We value constructive input from investors and regularly engage in dialogue with our stockholders regarding strategy and performance. Our board of directors and management team are committed to acting in the best interests of all of our stockholders. The actions taken by our board of directors and management in seeking to maintain constructive engagement with certain stockholders, however, may not be successful.

Campaigns by activist stockholders to effect changes at publicly traded companies are sometimes led by investors seeking to increase short-term stockholder value by means of financial restructuring, increased debt, special dividends, share repurchases, sales of assets or other transactions. Campaigns may also be initiated by activist stockholders advocating for particular governance, environmental or social causes. Activist stockholders who disagree with the composition of a publicly traded company's board of directors, or with its strategy and/or management seek to involve themselves in the governance and strategic direction of a company through various activities that range from private engagement to publicity campaigns, proxy contests, efforts to force transactions not supported by the company's board of directors, and in some instances, litigation.

We have been, and may in the future be, subject to activities initiated by activist stockholders. ~~In~~ For example, in March 2023, we entered into the Cooperation Agreement with ~~Indaba~~, Indaba Capital Management L.P. (the "Cooperation Agreement"). Pursuant to the Cooperation Agreement, we agreed to: pursue the Board Expansion, Director Appointments expanded our board of directors, appointed two new directors, and ~~the Board Declassification~~, declassified our board of directors. Partly in response to stockholder requests, since the fourth quarter of 2021 we returned \$125 million to February 2023, we have repurchased \$41.0 million of stockholders through our outstanding common stock, and in March 2023 we expanded our previously announced \$100.0 million capital return program, by an incremental \$25.0 million. Under the expanded \$125.0 million authorization, we have returned an aggregate of including a \$49.9 million to investors since special dividend in June 2023 pursuant to the Special Dividend, with the remaining \$75.0 and \$75 million of capital return being effected through the combination of an ASR program and/or in open market purchases, with the possibility of the Contingent Dividend in 2024, stock repurchases.

Responding to proxy contests and other actions by activist stockholders may be costly and time-consuming, divert the attention of our board of directors and employees from the management of our operations and the pursuit of our business strategies, and result in reduced capital resources to pursue those strategies. Accordingly, activist stockholder campaigns could adversely affect our business, results of operations, financial condition or share price.

We will incur increased costs and impose additional demands upon management as a result of complying with the laws and regulations affecting public companies in the United States, which may harm our business, results of operations and financial condition.

As a public company listed in the United States, we have incurred and will continue to incur significant legal, accounting and other expenses. In addition, changing laws, regulations and standards relating to corporate governance and public disclosure, including regulations implemented by the SEC and the NYSE, may increase legal and financial compliance costs and make some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. We will also need to continue developing our investor relations function. If, notwithstanding our efforts, we fail to comply with new laws, regulations and standards, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

Failure to comply with these rules might also make it more difficult for us to obtain certain types of insurance, including director and officer liability insurance, and we might be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events would also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on committees of our board of directors or as members of senior management.

We are an "emerging growth company," and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to public companies that are not "emerging growth companies," including not being required to comply with the independent auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, being required to provide fewer years of audited financial statements and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We intend to take advantage of these provisions until we are no longer an "emerging growth company." We will cease to be an "emerging growth company" upon the earliest to occur of: (i) the last day of the fiscal year in which we have more than \$1.235 billion in annual revenue; (ii) the date we qualify as a large accelerated filer, with at least \$700 million of equity securities held by non-affiliates; (iii) the issuance, in any three-year period, by us of more than \$1.0 billion in non-convertible debt securities; and (iv) December 31, 2026. We may choose to take advantage of some but not all of these reduced reporting burdens. We have taken advantage of certain reduced

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reporting burdens in ~~this Annual Report on Form 10-K~~, our reports with the SEC. Accordingly, the information contained herein and in our other SEC reports may be different than the information you receive from other public companies in which you hold stock.

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In addition, the JOBS Act also provides that an "emerging growth company" can take advantage of an extended transition period for complying with new or revised accounting standards. We have elected to take advantage of such extended transition period, and, as a result, we will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies or that have opted out of using such extended transition period. Our consolidated financial statements may therefore not be comparable to those of companies that comply with new or revised accounting pronouncements as of the effective dates applicable to public companies.

Investors may find our common stock less attractive because we intend to rely on these exemptions, which may result in a less active trading market, increased volatility, or lower market prices for our common stock.

We do not intend to pay regular dividends for the foreseeable future.

While we have declared the Special Dividend as part of our capital return program with the possibility of the Contingent Dividend, we do not expect that our capital return program will include any other dividend. Other than the Special Dividend and possibly the Contingent Dividend, we currently intend to retain any future earnings for use in the operation and expansion of our business, and we do not plan to declare or pay cash dividends in the foreseeable future. In addition, our ability to pay dividends is currently restricted by the terms of our Revolving Credit Facility. As a result, stockholders should assume that sales of their common stock after price appreciation is the only way to realize any future gains on their investment.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table summarizes the repurchases of our shares of common stock in the **third** first quarter of **2023**, **2024**.

Period	Total number of shares purchased	Average price paid per shares ⁽¹⁾	Total number of shares purchased as part of publicly announced plans or program	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs (in millions) ⁽²⁾
July 1, 2023 to July 31, 2023	1,130,396	\$ 8.58	1,130,396	\$ 35.8
August 1, 2023 to August 31, 2023	1,135,604	\$ 7.04	1,135,604	\$ 27.8
September 1, 2023 to September 30, 2023	1,150,682	\$ 6.37	1,150,682	\$ 20.5
Total	3,416,682	\$ 7.32	3,416,682	\$ 20.5

Period	Total number of shares purchased	Average price paid per shares ⁽¹⁾	Total number of shares purchased as part of publicly announced plans or program	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs (in millions) ⁽²⁾
January 1, 2024 to January 31, 2024	472,685	\$ 7.31	472,685	\$ 1.8
February 1, 2024 to February 29, 2024	229,935	\$ 7.88	229,935	\$ —
March 1, 2024 to March 31, 2024	—	\$ —	—	\$ 2.5
Total	702,620	\$ 7.50	702,620	\$ 2.5

(1) Includes commission of \$0.02 per share paid to broker.

(2) In March 2023, our board of directors authorized a new \$125.0 million capital return program, \$75.0 million of which was to be effected through the combination of an ASR program and/or open market purchases. This capital return program replaced concluded in February 2024. In March 2024, our board of directors authorized the prior 2024 Repurchase Program for up to \$25 million in share repurchase program, repurchases over a 12-month term.

Item 3. Defaults upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

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Item 5. Other Information.

Rule 10b5-1 Trading Plans

On **August 31, 2023** **March 15, 2024**, **Sharat Sharan, Jayesh Sahasi, Executive Vice President, Product and Chief Executive Technology Officer**, adopted a Rule 10b5-1 trading plan. Mr. **Sharan's Sahasi's** plan provides for the sale of up to **221,066** **108,000** shares of our common stock by **May 23, 2024** **June 30, 2025**. This plan was entered into during an open insider trading window and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act and our policies regarding transactions in our securities.

On **February 12, 2024**, **Sharat Sharan, Chief Executive Officer**, terminated the Rule 10b5-1 trading plan that was adopted on **August 31, 2023**. On **February 29, 2024**, Mr. **Sharan** entered into a sell-to-cover instruction that provides for sales of only such number of shares of our common stock as are necessary to satisfy the applicable tax withholding obligations arising from the vesting of RSUs and PSUs granted to him. The total number of shares that may be sold pursuant to the sell-to-cover instruction letter is not determinable. **The instruction terminates on October 1, 2024**. This instruction was entered into during an open insider trading window and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act and our policies regarding transactions in our securities.

On **September 14, 2023**, **Steven Vattuone, Chief Financial Officer**, adopted a Rule 10b5-1 trading plan. Mr. **Vattuone's** plan provides for the sale

[Table of up to 214,398 shares of our common stock by January 31, 2025 and a specified portion of the net shares received on settlement of RSUs and PSUs after sales to cover taxes. This plan was entered into during an open insider trading window and is intended to satisfy the affirmative defense of Rule 10b5-1\(c\) under the Exchange Act and our policies regarding transactions in our securities.](#)
[On September 14, 2023, Mr. Vattuone entered into a sell-to-cover instruction that provides for sales of only such number of shares of our common stock as are necessary to satisfy the applicable tax withholding obligations arising from the vesting of RSUs and PSUs granted to him. The total number of shares that may be sold pursuant to the sell-to-cover instruction letter is not determinable. This instruction was entered into during an open insider trading window and is intended to satisfy the affirmative defense of Rule 10b5-1\(c\) under the Exchange Act and our policies regarding transactions in our securities.](#)
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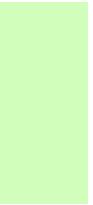
On **September 14, 2023**, **James Blackie, Chief Revenue Officer**, adopted a Rule 10b5-1 trading plan. Mr. **Blackie's** plan provides for the sale of up to **120,000** shares of our common stock by **December 31, 2024**. This plan was entered into during an open insider trading window and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act and our policies regarding transactions in our securities. On **September 14, 2023**, Mr. **Blackie** entered into a sell-to-cover instruction that provides for sales of only such number of shares of our common stock as are necessary to satisfy the applicable tax withholding obligations arising from the vesting of RSUs and PSUs granted to him. The total number of shares that may be sold pursuant to the sell-to-cover instruction letter is not determinable. This instruction was entered into during an open insider trading window and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act and our policies regarding transactions in our securities.

Item 6. Exhibits.

Incorporated by Reference										Incorporated by Reference					
Exhibit Number	Exhibit Number	Exhibit Title	Form	File No.	Exhibit	Filed/ Furnished Date	Filing with This Report	Exhibit Number	Exhibit Title	Form	File No.	Exhibit	Filed/ Furnished Date	Filing with This Report	
3.1	3.1	Amended and Restated Certificate of Incorporation.	8-K	001-39965	3.2	2/8/2021									
3.1															
3.1															
3.2	3.2	Amended and Restated Bylaws.	8-K	001-39965	3.2	2/8/2021									
3.2															
3.2															
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10.1															
31.1															
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31.1	31.1	<u>Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>	X	<u>Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>			X
31.2	31.2	<u>Certification of Principal Financial and Accounting Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>	X	31.2	<u>Certification of Principal Financial and Accounting Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>		X
32.1	32.1	<u>Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>	X	32.1	<u>Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>		X

32.2	32.2	<u>Certification of Principal Financial and Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>	X	32.2	<u>Certification of Principal Financial and Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>		X
101.INS	101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.	X	101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.		X
101.SCH	101.SCH	Inline XBRL Taxonomy Extension Schema Document	X	101.SCH	Inline XBRL Taxonomy Extension Schema Document with Embedded Linkbase.		X
101.CAL		Inline XBRL Taxonomy Extension Calculation Linkbase Document	X				
101.DEF		Inline XBRL Taxonomy Extension Definition Linkbase Document	X				
101.LAB		Inline XBRL Taxonomy Extension Label Linkbase Document	X				
101.PRE		Inline XBRL Taxonomy Extension Presentation Linkbase Document	X				

104	104	Cover Page Interactive Data File (embedded within the Inline XBRL document)	X	104	Cover Page Interactive Data File (embedded within the Inline XBRL document)		X
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ON24, Inc.

Date: **November 8, 2023** **May 8, 2024**

By: _____ */s/ Sharat Sharan*

Sharat Sharan

President and Chief Executive Officer

(Duly Authorized Officer and Principal Executive Officer)

Date: **November 8, 2023** **May 8, 2024**

By: _____ */s/ Steven Vattuone*

Steven Vattuone

Chief Financial Officer

(Principal Financial and Accounting Officer)

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Exhibit 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sharat Sharan, certify that:

1. I have reviewed this Form 10-Q of ON24, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 8, 2023** **May 8, 2024**

By: _____ /s/ Sharat Sharan
 Sharat Sharan
 President and Chief Executive Officer
 (Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION PURSUANT OF CHIEF FINANCIAL OFFICER PURSUANT TO
 RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
 AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven Vattuone, certify that:

1. I have reviewed this Form 10-Q of ON24, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 8, 2023** **May 8, 2024**

By: _____ **/s/ Steven Vattuone**
Steven Vattuone
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of ON24, Inc. (the "Company") on Form 10-Q for the period ending **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: **November 8, 2023** **May 8, 2024**

By: _____ **/s/ Sharat Sharan**
Sharat Sharan
President and Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of ON24, Inc. (the "Company") on Form 10-Q for the period ending **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: **November 8, 2023** **May 8, 2024**

By: _____ **/s/ Steven Vattuone**
Steven Vattuone
Chief Financial Officer
(Principal Financial and Accounting Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

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