



ONON BULLISH ALERT

January 13, 2023



Bullish Opportunity Alert: **ONON**

Actionable Trade Idea

Buy ON Running (ONON) up to \$20/share**

We believe this stock could gain by more than 100% within the next two years.

**ON ALL TRADES, it is important to use proper risk management to correctly allocate and protect your capital.



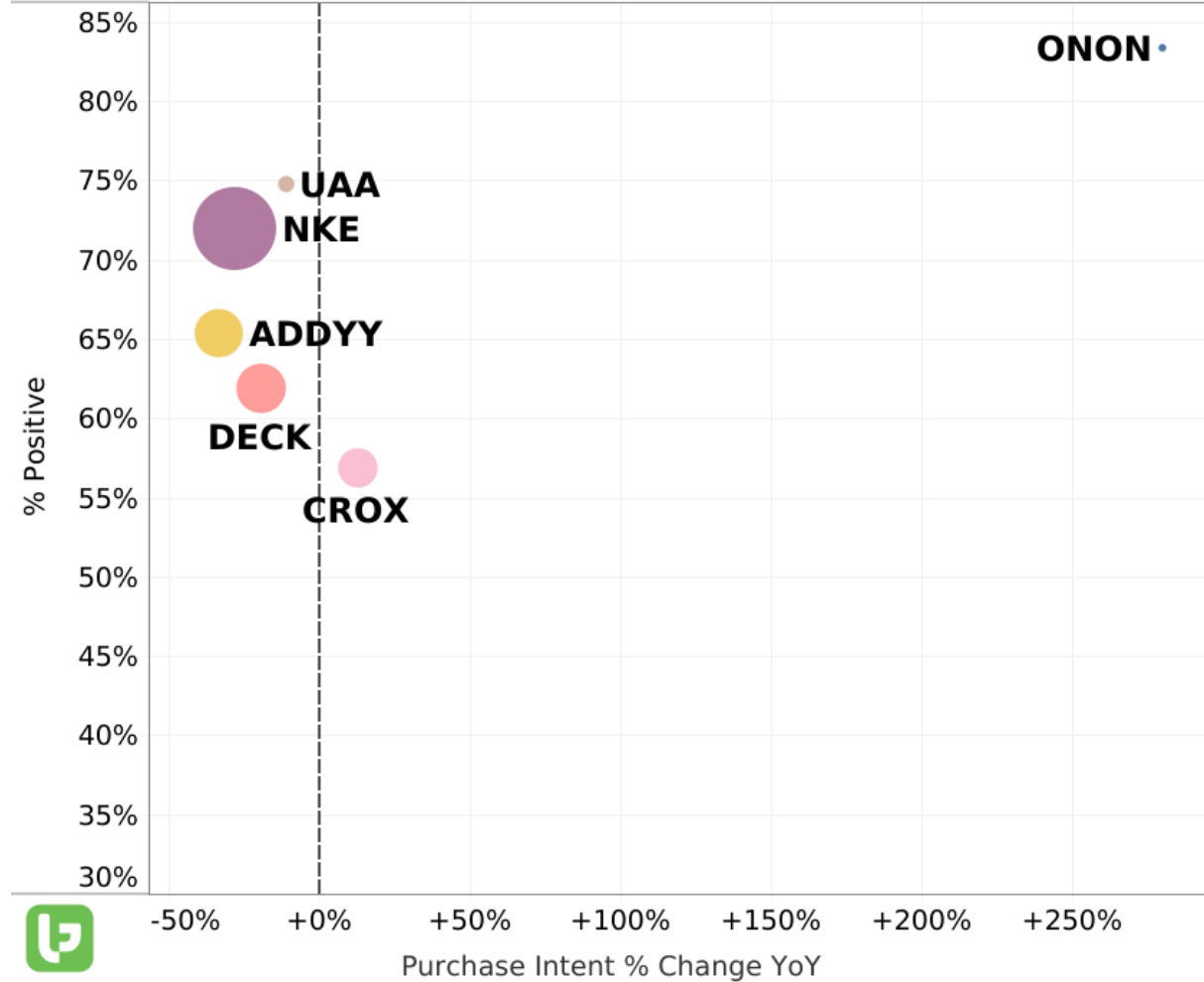
Competitive Analysis

- The LikeFolio Outlier Grid reveals potential opportunities, by comparing Purchase Intent growth (x axis) against Consumer Happiness (y axis). Tomorrow's big winners are often found in the top right quadrant, which constitutes ideal bullish positioning.
- ONON is outperforming larger footwear & apparel companies like Nike, Under Armour, and Adidas in terms of both consumer demand and happiness.
- Purchase Intent mentions are up +265% YoY on a 30-day average, a reflection of On Running's fast-growing global customer base.



ONON: Sprinting Past The Competition

Purchase Intent vs. Sentiment, 30-day Moving Average

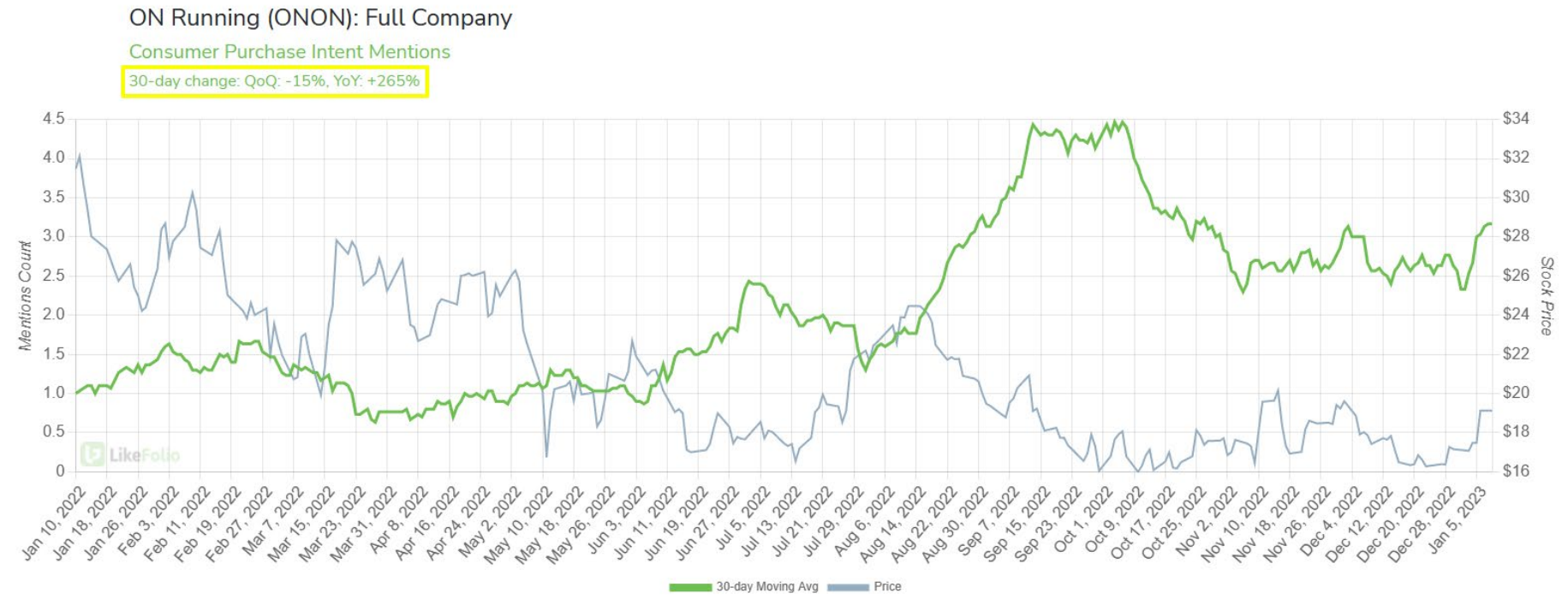


Consumer Demand:

- ONON Purchase Intent — consumer mentions of buying On Running shoes, apparel, and accessories — are strengthening into 2023 which could relate to New Year’s health & wellness resolutions.
- **23Q1 demand is on pace to smash the previous high thanks to booming retail and direct-to-consumer businesses.**
- On the heels of the successful Cloudbunner and Cloudmonster launches, recent product drops for road, trail, and indoor training are attracting serious runners from around the world.
- ONON’s CloudTec innovation for ‘soft landings’ and ‘explosive takeoffs’ is designed to make people feel like they’re ‘running on clouds’.



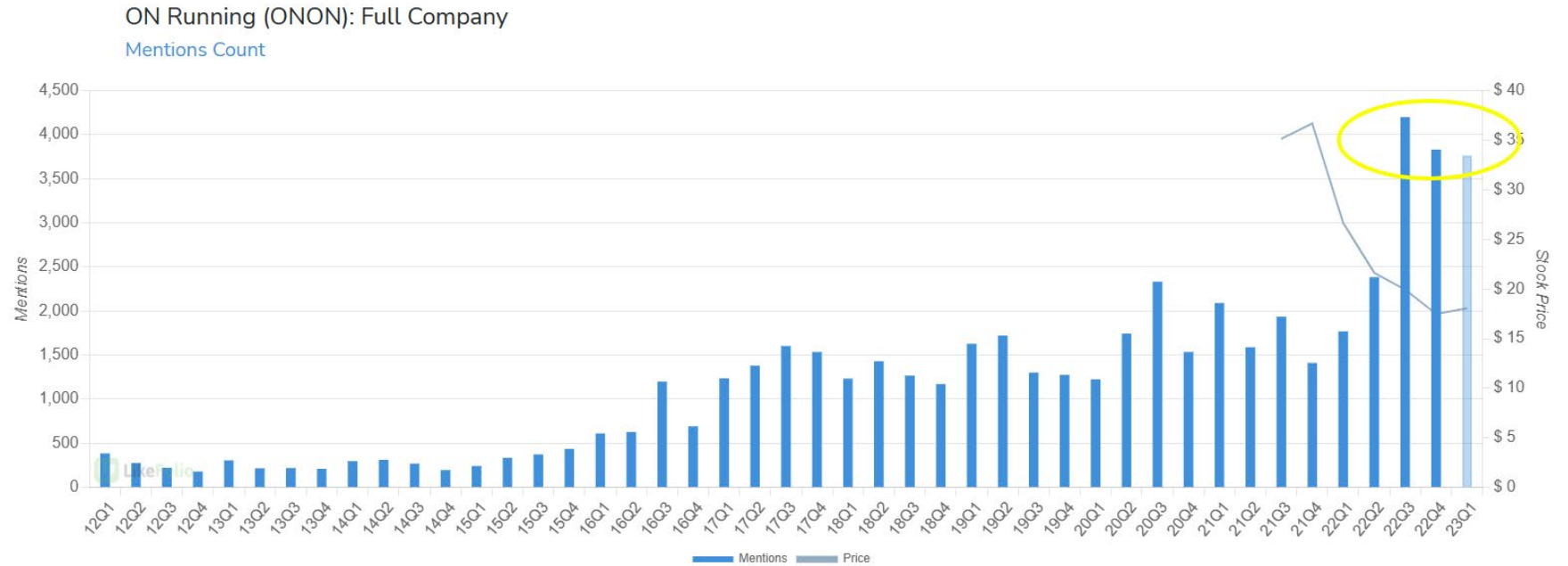
ONON: Resilient Product Demand



Consumer Demand:

- Comprehensive ONON demand finished the year strong and is keeping up the hot pace in January.
- **A healthy level of consumer buzz bodes well for sales because the company leans heavily on social media and customer recommendations to drive global brand awareness.**
- In addition to avid runners, ONON's premium sneakers are appealing to other athletes, hikers, and everyday consumers in search of ultra-comfortable all-day shoes.

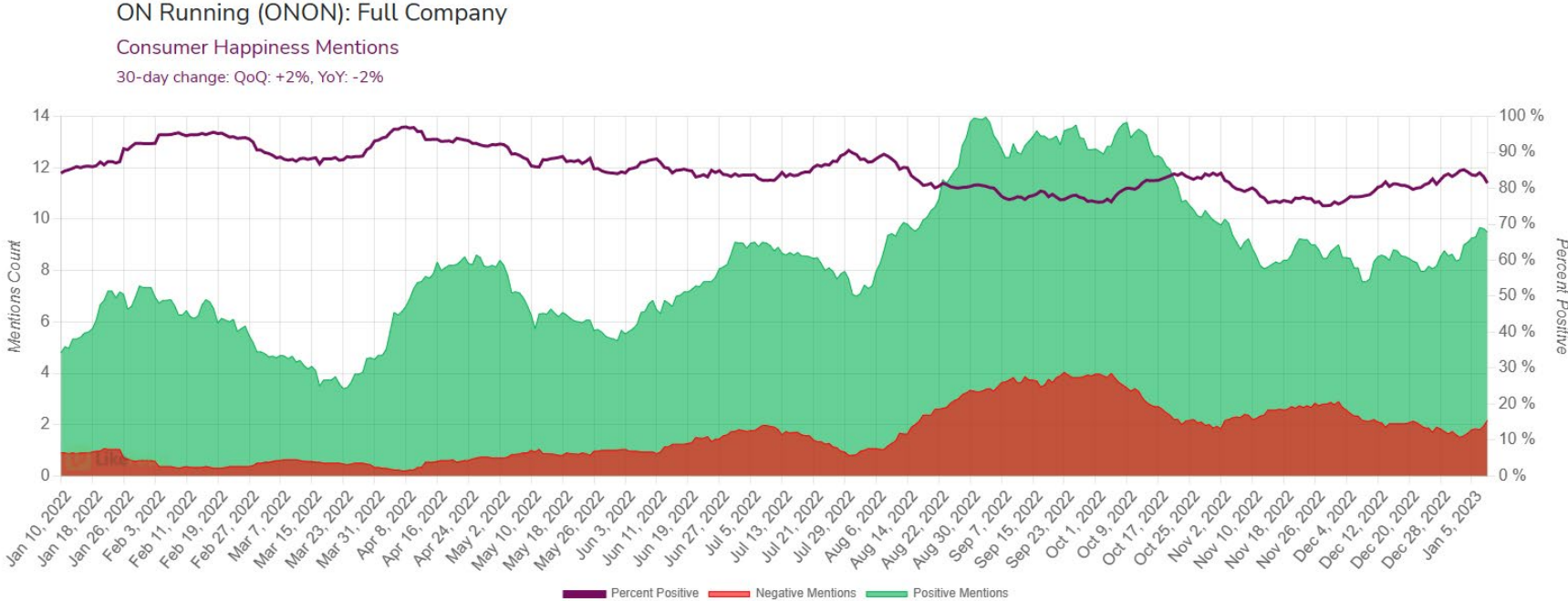
ONON: Discussion Kicks Into High Gear



Customer Happiness:

- Consumer Sentiment Mentions for ONON are 80% positive over the past month—by far the strongest within our footwear coverage.
- ONON is disrupting the footwear market by offering lightweight, long-lasting shoes that strike a balance between performance and comfort. Management stated that recent running and trail shoe launches are “extremely hot” and winning market share globally.
- On Running is getting high marks for customer service and its use of CleanCloud, a high-performance foam that uses carbon emissions as a raw material.

ONON: Customers Reach Runner’s High



ONON: Cult-Like Following Is On Cloud 9



Simon Cules Würtz
@SimonWurtz

@on_running pair no. 17+18 & 19 just bought 🙌🤔 some sort of addiction I guess 🤔



4:40 AM · 12/28/22 from Norddjurs, Danmark · Twitter for Android



rosie
@_earthtorosie

Hiking in North Iceland is a dream 🥰 wearing @on_running @Gymshark



5:23 PM · 12/12/22 · Twitter for iPhone



Gerardo de Icaza @gerardodeicaza · 12/10/22
On Cloud Hi Waterproof...Best and most comfortable winter sneakers eveeeeeer. Well done @on_running very well done.



434 views



Robert Sterling @RobertMSterling · 12/12/22
Love all my Js, but not every pair of sneakers needs to be Jordans. 🥰 I wear these high tops from @on_running at least 3x/week. They're comfy af and they always get compliments.



Ben Horsfield @BenTheHorse · 12/7/22
Really pleased with these @on_running @rogerfederer clubhouse mids. Incredibly comfortable and lightweight 🥰

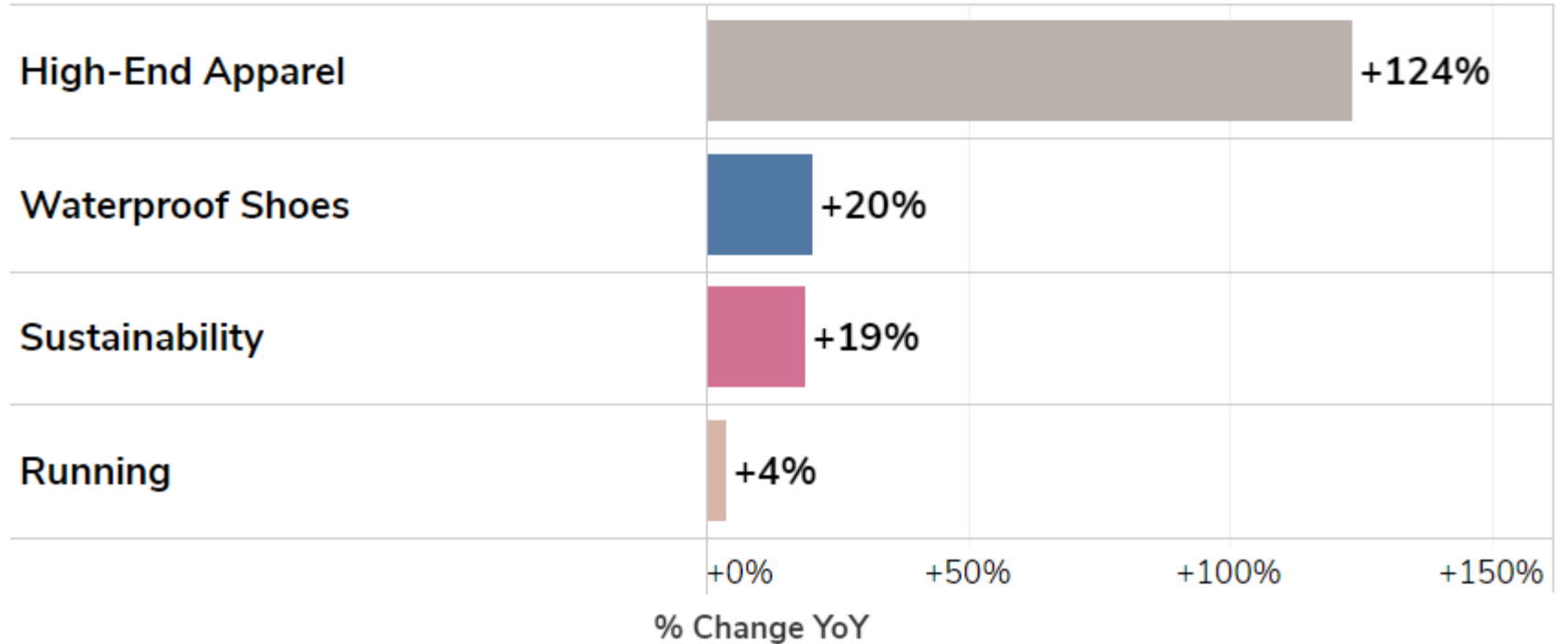


Macro Tailwinds:

- Higher priced footwear and apparel continues to be immune from inflation. Unwavering, growing demand from affluent consumers could make the category resistant to a recessionary economy.
- While interest in other activities fades from pandemic levels, interest in running for the physical and mental health benefits is persisting.
- Demand for waterproof shoes for hiking and winter weather along with comfortable attire for work commutes is expanding the athletic footwear market.
- Sustainability remains a hot button topic influencing consumer purchase behavior.

ONON: Active Affluent Big ON Premium

YoY % Change, 90-day Moving Average



ONON: The Bottom Line

- **Luxury footwear and clothing brands are proving to be inflation-proof.** Demand for [premium personal attire](#) is expected to grow in 2023 potentially leading to the continued outperformance of high-end brands. On Running's high-priced, ultra-comfy sneakers for running, hiking, and all-day use are attracting an affluent global fanbase that is downright obsessed!
- **ONON is on target with sustainability trends.** The summer 2022 launch of the fully recyclable Cloudneo running shoe made from carbon emissions sparked interest from planet-conscious consumers. A new circular subscription service called Cyclon will allow avid runners to recycle their shoes and get a new pair every 6 months. The unique, \$29.99/month subscription model could attract more people to the brand and create a valuable recurring revenue stream for the Swiss-based company.
- **Coming of its strongest quarter yet, ONON has a bright 2023 outlook.** Despite a mix of macro challenges, supply chain constraints, and forex headwinds, Q3 sales and profits were up 50% and 59%, respectively, with strong growth in both the wholesale and DTC channels. Based on YTD results and order book strength, management raised its 2022 guidance to imply 55% revenue growth and said it sees "[significant growth](#)" ahead.
- **Note:** Hedge fund ownership in ONON spiked in 22Q3 mainly due to a \$70 million investment from Atriedes Management. The stock is also held in the Bill & Melinda Gates Foundation Trust.

ONON is an up-and-coming footwear disruptor experiencing strong underlying demand in a weakened economy. Its premium shoes are highly sought after by a cult-like following of affluent, serious runners who value their look, comfort, and durability. A growing list of elite athletes as brand ambassadors and peer-to-peer recommendations are driving strong brand awareness. The company is well-aligned with consumers' sustainability interests and a new subscription service could be a game changer for reputation and financials. We feel the market has yet to recognize the brand's power and the discounted stock price is inconsistent with the long-term growth opportunity.

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LikeFolio

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