UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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 June 30, 2022

OR

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

For transition period from to

Commission File Number 001-36773

WORKIVA INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**47-2509828** (I.R.S. Employer Identification Number)

2900 University Blvd
Ames, IA 50010
(888) 275-3125

(Address of principal executive offices and zip code)

(888) 275-3125

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A common stock, par value $.001	**WK**	**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, a 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 ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

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 August 4, 2022, there were approximately 48,456,215 shares of the registrant's Class A common stock and 3,890,583 shares of the registrant's Class B common stock outstanding.

WORKIVA INC.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Quarterly Report on Form 10-Q are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created thereby. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical facts, including statements regarding our future results of operations and financial position, our business strategy and plans and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2021, in “Item 1A. Risk Factors” in Part II of this Quarterly Report on Form 10-Q and in any subsequent filing we make with the SEC, as well as in any documents incorporated by reference that describe risks and factors that could cause results to differ materially from those projected in these forward-looking statements.

Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Quarterly Report on Form 10-Q may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. We are under no duty to update any of these forward-looking statements after completion of this Quarterly Report on Form 10-Q to conform these statements to actual results or revised expectations.

Part I. Financial Information

Item 1. Financial Statements

WORKIVA INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	As of June 30, 2022	As of December 31, 2021
	(unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 226,253	$ 300,386
Marketable securities	202,712	230,060
Accounts receivable, net of allowance for doubtful accounts of $577 and $591 at June 30, 2022 and December 31, 2021, respectively	75,607	76,848
Deferred costs	29,992	31,152
Other receivables	2,949	3,538
Prepaid expenses and other	17,776	15,108
Total current assets	555,289	657,092
Property and equipment, net	27,331	28,821
Operating lease right-of-use assets	15,049	17,760
Deferred costs, non-current	34,826	33,091
Goodwill	109,040	34,556
Intangible assets, net	30,162	10,434
Other assets	5,061	5,005
Total assets	$ 776,758	$ 786,759

WORKIVA INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (continued)
(in thousands, except share and per share amounts)

	As of June 30, 2022 (unaudited)	As of December 31, 2021
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 5,797	$ 4,114
Accrued expenses and other current liabilities	85,863	84,126
Deferred revenue	272,731	258,023
Convertible senior notes, current	—	298,661
Finance lease obligations	936	1,575
Total current liabilities	365,327	646,499
Convertible senior notes, non-current	339,608	—
Deferred revenue, non-current	34,063	34,181
Other long-term liabilities	1,380	1,605
Operating lease liabilities, non-current	13,688	16,408
Finance lease obligations, non-current	14,838	15,087
Total liabilities	768,904	713,780
Stockholders' equity		
Class A common stock, $0.001 par value per share, 1,000,000,000 shares authorized, 48,348,270 and 47,293,775 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	48	47
Class B common stock, $0.001 par value per share, 500,000,000 shares authorized, 3,890,583 and 4,150,583 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	4	4
Preferred stock, $0.001 par value per share, 100,000,000 shares authorized, no shares issued and outstanding	—	—
Additional paid-in-capital	498,115	525,646
Accumulated deficit	(481,523)	(452,430)
Accumulated other comprehensive loss	(8,790)	(288)
Total stockholders' equity	7,854	72,979
Total liabilities and stockholders' equity	$ 776,758	$ 786,759

See accompanying notes.

WORKIVA INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
Revenue				
Subscription and support	$ 113,353	$ 91,205	$ 220,473	$ 176,141
Professional services	18,196	14,382	40,750	33,668
Total revenue	131,549	105,587	261,223	209,809
Cost of revenue				
Subscription and support	18,915	14,098	37,448	27,300
Professional services	13,322	10,493	25,662	20,967
Total cost of revenue	32,237	24,591	63,110	48,267
Gross profit	99,312	80,996	198,113	161,542
Operating expenses				
Research and development	39,177	27,830	75,061	54,464
Sales and marketing	64,219	41,525	120,319	82,560
General and administrative	24,108	17,384	48,102	34,405
Total operating expenses	127,504	86,739	243,482	171,429
Loss from operations	(28,192)	(5,743)	(45,369)	(9,887)
Interest income	605	255	885	615
Interest expense	(1,512)	(3,502)	(3,030)	(6,987)
Other income (expense), net	668	(156)	503	(540)
Loss before provision for income taxes	(28,431)	(9,146)	(47,011)	(16,799)
Provision for income taxes	430	368	343	39
Net loss	$ (28,861)	$ (9,514)	$ (47,354)	$ (16,838)
Net loss per common share:				
Basic and diluted	$ (0.55)	$ (0.19)	$ (0.90)	$ (0.33)
Weighted-average common shares outstanding - basic and diluted	52,850,470	51,065,867	52,724,051	50,657,264

See accompanying notes.

WORKIVA INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
Net loss	$ (28,861)	$ (9,514)	$ (47,354)	$ (16,838)
Other comprehensive (loss) income				
Foreign currency translation adjustment	(6,172)	48	(6,088)	204
Unrealized loss on available-for-sale securities	(554)	(25)	(2,414)	(230)
Other comprehensive (loss) income	(6,726)	23	(8,502)	(26)
Comprehensive loss	$ (35,587)	$ (9,491)	$ (55,856)	$ (16,864)

See accompanying notes.

WORKIVA INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(in thousands)
(unaudited)

Six Months Ended June 30, 2022

	Common Stock (Class A and B)										
	Shares		Amount		Additional Paid-in-Capital		Accumulated Other Comprehensive Loss		Accumulated Deficit		Total Stockholders' Equity
Balances at December 31, 2021	51,444	$	51	$	525,646	$	(288)	$	(452,430)	$	72,979
Stock-based compensation expense	—		—		15,309		—		—		15,309
Issuance of common stock upon exercise of stock options	62		1		824		—		—		825
Issuance of common stock under employee stock purchase plan	53		—		5,218		—		—		5,218
Issuance of restricted stock units	545		—		—		—		—		—
Tax withholding related to net share settlements of stock-based compensation awards	(73)		—		(8,570)		—		—		(8,570)
Adoption of ASU 2020-06	—		—		(58,560)		—		18,261		(40,299)
Net loss	—		—		—		—		(18,493)		(18,493)
Other comprehensive loss	—		—		—		(1,776)		—		(1,776)
Balances at March 31, 2022	52,031	$	52	$	479,867	$	(2,064)	$	(452,662)	$	25,193
Stock-based compensation expense	—		—		18,447		—		—		18,447
Issuance of common stock upon exercise of stock options	76		—		1,145		—		—		1,145
Issuance of restricted stock units	144		—		—		—		—		—
Tax withholding related to net share settlements of stock-based compensation awards	(12)		—		(1,344)		—		—		(1,344)
Net loss	—		—		—		—		(28,861)		(28,861)
Other comprehensive loss	—		—		—		(6,726)		—		(6,726)
Balances at June 30, 2022	52,239	$	52	$	498,115	$	(8,790)	$	(481,523)	$	7,854

WORKIVA INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (continued)
(in thousands)
(unaudited)

	Six Months Ended June 30, 2021					
	Common Stock (Class A and B)					
	Shares	Amount	Additional Paid-in-Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balances at December 31, 2020	48,789	$ 49	$ 478,698	$ 230	$ (414,700)	$ 64,277
Stock-based compensation expense	—	—	11,623	—	—	11,623
Issuance of common stock upon exercise of stock options	312	1	4,137	—	—	4,138
Issuance of common stock under employee stock purchase plan	93	—	4,237	—	—	4,237
Issuance of restricted stock units	803	—	—	—	—	—
Tax withholding related to net share settlements of stock-based compensation awards	(70)	—	(7,146)	—	—	(7,146)
Net loss	—	—	—	—	(7,324)	(7,324)
Other comprehensive loss	—	—	—	(49)	—	(49)
Balances at March 31, 2021	49,927	$ 50	$ 491,549	$ 181	$ (422,024)	$ 69,756
Stock-based compensation expense	—	—	11,052	—	—	11,052
Issuance of common stock upon exercise of stock options	117	—	1,480	—	—	1,480
Issuance of restricted stock units	318	—	—	—	—	—
Tax withholding related to net share settlements of stock-based compensation awards	(8)	—	(731)	—	—	(731)
Net loss	—	—	—	—	(9,514)	(9,514)
Other comprehensive income	—	—	—	23	—	23
Balances at June 30, 2021	50,354	$ 50	$ 503,350	$ 204	$ (431,538)	$ 72,066

See accompanying notes.

WORKIVA INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
Cash flows from operating activities				
Net loss	$ (28,861)	$ (9,514)	$ (47,354)	$ (16,838)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	2,725	1,097	4,684	2,151
Stock-based compensation expense	18,447	11,052	33,756	22,675
Provision for (recovery of) doubtful accounts	20	17	(9)	(101)
Amortization of premiums and discounts on marketable securities, net	453	763	1,113	1,388
Amortization of issuance costs and debt discount	324	2,284	648	4,550
Deferred income tax	63	362	(148)	16
Changes in assets and liabilities:				
Accounts receivable	(4,844)	(12,106)	1,737	3,159
Deferred costs	(2,734)	(9,018)	(1,290)	(10,077)
Operating lease right-of-use asset	1,307	977	2,608	1,921
Other receivables	385	585	565	424
Prepaid expenses and other	(1,591)	722	(2,723)	(3,025)
Other assets	12	(110)	35	(683)
Accounts payable	(2,300)	(1,172)	2,064	736
Deferred revenue	13,192	11,900	13,798	12,079
Operating lease liability	(1,302)	(1,202)	(2,644)	(2,278)
Accrued expenses and other liabilities	13,388	16,123	907	8,166
Net cash provided by operating activities	8,684	12,760	7,747	24,263
Cash flows from investing activities				
Purchase of property and equipment	(671)	(811)	(1,203)	(1,660)
Purchase of marketable securities	(23,798)	(51,217)	(57,946)	(94,872)
Sale of marketable securities	—	250	14,981	250
Maturities of marketable securities	40,536	30,206	66,786	70,792
Acquisitions, net of cash acquired	(99,186)	—	(99,186)	—
Purchase of intangible assets	(6)	(52)	(46)	(123)
Other investments	—	(750)	—	(750)
Net cash used in investing activities	(83,125)	(22,374)	(76,614)	(26,363)

WORKIVA INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(in thousands)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
Cash flows from financing activities				
Proceeds from option exercises	1,145	1,480	1,970	5,618
Taxes paid related to net share settlements of stock-based compensation awards	(1,344)	(731)	(9,914)	(7,877)
Proceeds from shares issued in connection with employee stock purchase plan	—	—	5,218	4,237
Principal payments on finance lease obligations	(446)	(424)	(888)	(841)
Net cash (used in) provided by financing activities	(645)	325	(3,614)	1,137
Effect of foreign exchange rates on cash	(1,737)	310	(1,652)	326
Net decrease in cash and cash equivalents	(76,823)	(8,979)	(74,133)	(637)
Cash and cash equivalents at beginning of period	303,076	331,173	300,386	322,831
Cash and cash equivalents at end of period	$ 226,253	$ 322,194	$ 226,253	$ 322,194
Supplemental cash flow disclosure				
Cash paid for interest	$ 218	$ 242	$ 2,383	$ 2,430
Cash paid for income taxes, net of refunds	$ 438	$ (86)	$ 628	$ (66)
Supplemental disclosure of noncash investing and financing activities				
Purchases of property and equipment, accrued but not paid	$ —	$ 148	$ —	$ 148

See accompanying notes.

WORKIVA INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Significant Accounting Policies

Organization

Workiva Inc., a Delaware corporation, and its wholly-owned subsidiaries (the "Company" or "we" or "us") simplifies complex work for thousands of organizations worldwide. We are a leading provider of cloud-based compliance and regulatory reporting solutions that are designed to solve business challenges at the intersection of data, process and people. Our operational headquarters are located in Ames, Iowa, with additional offices located in the United States, Europe, the Asia-Pacific region and Canada.

Basis of Presentation and Principles of Consolidation

The financial information presented in the accompanying unaudited condensed consolidated financial statements has been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and in accordance with rules and regulations of the U.S. Securities and Exchange Commission ("SEC") regarding interim financial reporting. Accordingly, the financial statements do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The condensed consolidated balance sheet data as of December 31, 2021 was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, consisting primarily of normal recurring accruals, necessary for a fair presentation of our financial position and results of operations. The operating results for the three and six months ended June 30, 2022 are not necessarily indicative of the results expected for the full year ending December 31, 2022.

Seasonality has affected our revenue, expenses and cash flows from operations. Revenue from professional services has been higher in the first quarter as many of our customers file their Form 10-K in the first calendar quarter. Our sales and marketing expense also has some degree of seasonality. Sales and marketing expense has historically been higher in the third quarter due to our annual user conference in September. Our transition to a virtual event in September 2020 and September 2021 had mostly mitigated this trend, although we will sponsor a hybrid virtual and in-person event in 2022. In addition, the timing of the payments of cash bonuses to employees during the first and fourth calendar quarters may result in some seasonality in operating cash flow. The condensed consolidated financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in this report and the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021 filed with the SEC on February 22, 2022.

The unaudited condensed consolidated financial statements include the accounts of Workiva Inc. and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and various other assumptions believed to be reasonable. These estimates include, but are not limited to, the allowance for doubtful accounts, the determination of the relative selling prices of our services, the measurement of material rights, health insurance claims incurred but not yet reported, valuation of available-for-sale marketable securities, useful lives of deferred contract costs, intangible assets and property and equipment, goodwill, income taxes, discount rates used in the valuation of right-of-use assets and lease liabilities, and certain assumptions used in the valuation of equity awards. While these estimates are based on our best knowledge of current events and actions that may affect us in the future, actual results may differ materially from these estimates.

Recently Adopted Accounting Pronouncements

In October 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which amends the accounting related to contract assets and liabilities acquired in business combinations. This ASU requires that entities recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC 606, *Revenue from Contracts with Customers*. This update is effective for fiscal years beginning after December 15, 2022 with early adoption permitted. We adopted this standard on January 1, 2022. The adoption of this standard did not have a material impact on our consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. Under ASU 2020-06, embedded conversion features are no longer separated from the host contract for convertible instruments with conversion features that are not required to be accounted for as derivatives, or that do not result in substantial premiums accounted for as paid-in capital. The convertible debt instruments will now be accounted for as a single liability measured at amortized cost. This results in the interest expense recognized for convertible debt instruments to be closer to the coupon interest rate. The new guidance also requires the if-converted method to be applied for all convertible instruments when calculating earnings per share. The new standard is effective for interim and annual periods beginning after December 15, 2021 and can be adopted on either a modified retrospective or full retrospective basis.

We adopted this standard on January 1, 2022 using the modified retrospective method under which financial results reported in prior periods were not adjusted. Adoption of the new standard resulted in a decrease to accumulated deficit of $18.3 million, a decrease to additional paid-in capital of $58.6 million, and an increase to convertible senior notes, non-current of $40.3 million on the consolidated balance sheet. See Note 5 to the condensed consolidated financial statements for more information.

New Accounting Pronouncements Not Yet Adopted

None.

2. Supplemental Consolidated Balance Sheet Information

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	As of June 30, 2022	As of December 31, 2021
Accrued vacation	$ 13,965	$ 11,221
Accrued commissions	9,587	11,122
Accrued bonuses	10,875	8,292
Accrued payroll	3,779	4,494
Estimated health insurance claims	1,942	1,814
Accrued interest	1,455	1,455
ESPP employee contributions	5,586	5,349
Customer deposits	23,728	26,517
Operating lease liabilities	5,575	6,008
Accrued other liabilities	9,371	7,854
	$ 85,863	$ 84,126

3. Cash Equivalents and Marketable Securities

At June 30, 2022, cash equivalents and marketable securities consisted of the following (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
Money market funds	$ 162,180	$ —	$ —	$ 162,180
Commercial paper	10,492	—	—	10,492
U.S. treasury debt securities	53,886	6	(917)	52,975
Corporate debt securities	142,794	—	(2,033)	140,761
Foreign government debt securities	990	—	(6)	984
	$ 370,342	$ 6	$ (2,956)	$ 367,392
Included in cash and cash equivalents	$ 164,681	$ —	$ (1)	$ 164,680
Included in marketable securities	$ 205,661	$ 6	$ (2,955)	$ 202,712

At December 31, 2021, cash equivalents and marketable securities consisted of the following (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
Money market funds	$ 259,754	$ —	$ —	$ 259,754
Commercial paper	10,479	—	—	10,479
U.S. treasury debt securities	54,809	2	(206)	54,605
Corporate debt securities	161,792	3	(334)	161,461
Foreign government debt securities	5,014	1	—	5,015
	$ 491,848	$ 6	$ (540)	$ 491,314
Included in cash and cash equivalents	$ 261,254	$ —	$ —	$ 261,254
Included in marketable securities	$ 230,594	$ 6	$ (540)	$ 230,060

The contractual maturities of the investments classified as marketable securities are as follows (in thousands):

	As of June 30, 2022
Due within one year	$ 129,022
Due in one to two years	72,068
Due in three to five years	1,622
	$ 202,712

The following table presents gross unrealized losses and fair values for those cash equivalents and marketable securities that were in an unrealized loss position as of June 30, 2022, aggregated by investment category and the length of time that individual securities have been in a continuous loss position (in thousands):

	As of June 30, 2022			
	Less than 12 months		12 months or greater	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. treasury debt securities	$ 43,754	$ (881)	$ 2,464	$ (36)
Corporate debt securities	135,340	(1,958)	4,171	(75)
Foreign government debt securities	984	(6)	—	—
Total	$ 180,078	$ (2,845)	$ 6,635	$ (111)

We do not believe the unrealized losses represent credit losses based on our evaluation of available evidence as of June 30, 2022, which includes an assessment of whether it is more likely than not we will be required to sell the investment before recovery of the investment's amortized cost basis.

4. Fair Value Measurements

We determine the fair values of our financial instruments based on the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value assumes that the transaction to sell the asset or transfer the liability occurs in the principal or most advantageous market for the asset or liability and establishes that the fair value of an asset or liability shall be determined based on the assumptions that market participants would use in pricing the asset or liability. The classification of a financial asset or liability within the hierarchy is based upon the lowest level input that is significant to the fair value measurement. The fair value hierarchy prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3 - Inputs are unobservable inputs based on our assumptions.

Financial Assets

Cash equivalents primarily consist of AAA-rated money market funds with overnight liquidity and no stated maturities. We classified cash equivalents as Level 1 due to the short-term nature of these instruments and measured the fair value based on quoted prices in active markets for identical assets.

When available, our marketable securities are valued using quoted prices for identical instruments in active markets. If we are unable to value our marketable securities using quoted prices for identical instruments in active markets, we value our investments using broker reports that utilize quoted market prices for comparable instruments. We validate, on a sample basis, the derived prices provided by the brokers by comparing their assessment of the fair values of our investments against the fair values of the portfolio balances of another third-party professional pricing service. As of June 30, 2022, all of our marketable securities were valued using quoted prices for comparable instruments in active markets and are classified as Level 2.

Based on our valuation of our money market funds and marketable securities, we concluded that they are classified in either Level 1 or Level 2, and we have no financial assets measured using Level 3 inputs on a recurring basis. The following table presents information about our assets that are measured at fair value on a recurring basis using the above input categories (in thousands):

	Fair Value Measurements as of June 30, 2022			Fair Value Measurements as of December 31, 2021		
Description	**Total**	**Level 1**	**Level 2**	**Total**	**Level 1**	**Level 2**
Money market funds	$ 162,180	$ 162,180	$ —	$ 259,754	$ 259,754	$ —
Commercial paper	10,492	—	10,492	10,479	—	10,479
U.S. treasury debt securities	52,975	—	52,975	54,605	—	54,605
Corporate debt securities	140,761	—	140,761	161,461	—	161,461
Foreign government debt securities	984	—	984	5,015	—	5,015
	$ 367,392	$ 162,180	$ 205,212	$ 491,314	$ 259,754	$ 231,560
Included in cash and cash equivalents	$ 164,680			$ 261,254		
Included in marketable securities	$ 202,712			$ 230,060		

We completed an acquisition on April 1, 2022. The values of the net assets acquired and any resulting goodwill were recorded at fair value using Level 3 inputs. The majority of the related current assets acquired and liabilities assumed were recorded at their carrying values as of the date of acquisition, as their carrying values approximated their fair values due to their short-term nature. The fair values of goodwill and definite-lived intangible assets acquired in the acquisition were externally estimated primarily based on the income approach. The income approach estimates fair value based on the present value of the cash flows that the assets are expected to generate in the future. We developed internal estimates for the expected cash flows and discount rates used in the present value calculations.

Convertible Senior Notes

As of June 30, 2022, the fair value of our convertible senior notes was $373.2 million. The fair value was determined based on the quoted price of the convertible senior notes in an over-the-counter market on the last trading day of the reporting period and has been classified as Level 2 in the fair value hierarchy. See Note 5 to the condensed consolidated financial statements for more information.

5. Convertible Senior Notes

In August 2019, we issued $345.0 million aggregate principal amount of 1.125% convertible senior notes due 2026 in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended, including the exercise in full by the initial purchasers of their option to purchase an additional $45.0 million principal amount (the "Notes"). The Notes were issued pursuant to an indenture and are senior, unsecured obligations of the Company. The Notes bear interest at a fixed rate of 1.125% per annum, payable semi-annually in arrears on February 15 and August 15 of each year, commencing on February 15, 2020. Proceeds from the issuance of the Notes totaled $335.9 million, net of initial purchaser discounts and issuance costs.

The initial conversion rate is 12.4756 shares of our common stock per $1,000 principal amount of Notes, which is equivalent to an initial conversion price of approximately $80.16 per share, subject to adjustment upon the occurrence of specified events.

Holders of the Notes may convert all or a portion of their Notes prior to the close of business on May 15, 2026, in multiples of $1,000 principal amount, only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on September 30, 2019 (and only during such calendar quarter), if the last reported sale price of our Class A common stock, par value $0.001 per share (which we refer to in this offering memorandum as our "Class A common stock"), for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- during the five consecutive business day period immediately following any ten consecutive trading day period (the "measurement period") in which the trading price (as defined below) per $1,000 principal amount of Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our Class A common stock and the conversion rate on each such trading day;
- if we call any or all of the Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or
- upon the occurrence of certain specified corporate events as set forth in the indenture.

On or after May 16, 2026, holders of the Notes may convert their Notes at any time until the close of business on the second scheduled trading day immediately preceding the maturity date of the Notes.

Upon conversion, we will pay or deliver, as the case may be, cash, shares of our Class A common stock or a combination of cash and shares of our Class A common stock, at our election, in the manner and subject to the terms and conditions provided in the indenture. It is our current intent to settle conversions through a combination settlement of cash and shares of our Class A common stock.

The Company may redeem for cash all or any portion of the Notes, at its option, on or after August 21, 2023, if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus any accrued and unpaid interest to, but excluding, the redemption date.

During the second quarter of 2022 none of the conversion conditions were met and therefore the Notes are not convertible at the option of the holders. As a result, the Notes were classified as non-current liabilities on the condensed consolidated balance sheet as of June 30, 2022.

As discussed in Note 1, we adopted ASU 2020-06 on January 1, 2022 and the Notes are now accounted for as a single liability measured at amortized cost. Upon adoption, interest expense representing the amortization of the issuance costs as well as contractual interest expense is amortized to interest expense at an effective interest rate of 1.5% over the term of the notes. Prior to the adoption of ASU 2020-06, interest expense representing the amortization of the debt discount and issuance costs as well as contractual interest expense was amortized to interest expense at an effective interest rate of 4.3%. As of June 30, 2022 the if-converted value of the Notes was less than the principal amount by $61.0 million.

As of June 30, 2022, the remaining life of the Notes is approximately 4.2 years.

The net carrying amount of the liability and equity components of the Notes was as follows (in thousands):

	June 30, 2022	December 31, 2021
Liability component:		
Principal	$ 345,000	$ 345,000
Unamortized discount	—	(41,193)
Unamortized issuance costs	(5,392)	(5,146)
Net carrying amount	$ 339,608	$ 298,661
Equity component, net of purchase discounts and issuance costs	$ —	$ 58,560

Interest expense related to the Notes is as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Contractual interest expense	$ 970	$ 970	$ 1,940	$ 1,941
Amortization of debt discount	—	2,031	—	4,046
Amortization of issuance costs	324	253	648	504
Total interest expense	$ 1,294	$ 3,254	$ 2,588	$ 6,491

6. Commitments and Contingencies

Litigation

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We evaluate the development of legal matters on a regular basis and accrue a liability when we believe a loss is probable and the amount can be reasonably estimated. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of any currently pending legal proceedings to which we are a party will not have a material adverse effect on our business, operating results, financial condition 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.

7. Stock-Based Compensation

We grant stock-based incentive awards to attract, motivate and retain qualified employees, non-employee directors and consultants, and to align their financial interests with those of our stockholders. We utilize stock-based compensation in the form of restricted stock units, performance restricted stock units, options to purchase Class A common stock and Employee Stock Purchase Plan ("ESPP") purchase rights. Prior to our corporate conversion in December 2014, awards were provided under the 2009 Unit Incentive Plan (“the 2009 Plan”). The 2009 Plan was amended to provide that no further awards will be issued thereunder, and our board of directors and stockholders adopted and approved our 2014 Equity Incentive Plan (“the 2014 Plan” and, together with the 2009 Plan, “the Plans”).

As of June 30, 2022, awards outstanding under the 2009 Plan consisted of stock options, and awards outstanding under the 2014 Plan consisted of stock options, restricted stock units and performance restricted stock units.

On June 1, 2022, stockholders approved an amendment to the 2014 Plan that increased the number of shares available for grant by 3,000,000. As of June 30, 2022, 3,439,319 shares of Class A common stock were available for grant under the 2014 Plan.

Stock-Based Compensation Expense

Stock-based compensation expense was recorded in the following cost and expense categories consistent with the respective employee or service provider’s related cash compensation (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
Cost of revenue				
Subscription and support	$ 912	$ 597	$ 1,702	$ 1,093
Professional services	593	409	1,045	776
Operating expenses				
Research and development	3,148	2,417	5,873	4,848
Sales and marketing	5,646	2,837	9,731	6,386
General and administrative	8,148	4,792	15,405	9,572
Total	$ 18,447	$ 11,052	$ 33,756	$ 22,675

Stock Options

The following table summarizes the option activity under the Plans for the six months ended June 30, 2022:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)
Outstanding at December 31, 2021	1,755,180	$ 14.42	4.0
Granted	—	—	
Forfeited	(1,187)	14.97	
Expired	(2,970)	3.92	
Exercised	(138,404)	14.23	
Outstanding at June 30, 2022	1,612,619	$ 14.46	3.6
Exercisable at June 30, 2022	1,612,619	$ 14.46	3.6

Restricted Stock Units

The following table summarizes the restricted stock unit activity under the Plans for the six months ended June 30, 2022:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2021	1,891,699	$ 73.04
Granted	829,345	113.75
Forfeited	(58,869)	88.73
Vested(1)	(684,893)	57.05
Unvested at June 30, 2022	1,977,282	$ 95.26

(1) During the six months ended June 30, 2022, in accordance with our Nonqualified Deferred Compensation Plan, recipients of 18,491 shares had elected to defer settlement of the vested restricted stock units and 22,006 shares were released from deferral.

During the first quarter of 2022, performance restricted stock units ("PSUs") were granted for the first time to our executives under the 2014 Plan. The fair value of a PSU is determined using the closing price of our common stock on the grant date. Each PSU grant vests in annual tranches over a three-year service period. Total units earned for grants made in 2022 may vary between 0% and 200% of the units granted based on the attainment of company-specific performance targets during the related three-year period and upon continued service. Stock-based compensation expense for PSUs is recognized on a graded-vesting basis if it is probable that the performance conditions will be achieved. Adjustments to compensation expense are made each period based on changes in our estimate of the number of PSUs that are probable of vesting. PSUs will vest with continued service and upon achievement of the relevant performance targets.

The recipient of a restricted stock unit award under the 2014 Plan will have no rights as a stockholder until share certificates are issued by us. At the Annual Meeting of Stockholders on June 1, 2022, our stockholders approved the amendment and restatement of the Workiva Inc. Amended and Restated 2014 Equity Incentive Plan which prohibits payment of dividends or dividend equivalents on full-value awards prior to the vesting of such award. Additionally, until the shares are issued, they have no voting rights and may not be bought or sold.

Employee Stock Purchase Plan

During the six months ended June 30, 2022, 52,546 shares of common stock were purchased under the ESPP at a weighted-average price of $99.30 per share, resulting in cash proceeds of $5.2 million.

Compensation expense associated with ESPP purchase rights is recognized on a straight-line basis over the vesting period. At June 30, 2022, there was approximately $0.2 million of total unrecognized compensation expense related to the ESPP, which is expected to be recognized over a weighted-average period of 14 days.

8. Revenue Recognition

Disaggregation of Revenue

The following table presents our revenues disaggregated by industry (in thousands).

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Industrials	$ 19,018	$ 14,504	$ 37,588	$ 28,381
Diversified financials	17,265	13,883	34,392	27,162
Information technology	15,498	11,046	30,135	21,709
Banks	13,087	11,502	26,072	23,112
Consumer discretionary	12,628	9,824	24,846	19,355
Healthcare	11,832	9,524	23,457	18,581
Insurance	7,745	6,252	15,522	12,836
Real estate	5,928	4,911	12,004	10,250
Energy	5,846	5,161	11,592	10,445
Utilities	5,457	4,978	11,417	9,806
Materials	5,159	4,397	10,833	9,243
Other	12,086	9,605	23,365	18,929
Total revenues	$ 131,549	$ 105,587	$ 261,223	$ 209,809

Revenues by industry are derived from leading software providers. In the fourth quarter of 2021 we refined our policy surrounding customer industry categorization and accordingly the prior year amounts have been updated to reflect these refinements.

The following table presents our revenues disaggregated by type of good or service (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Subscription and support	$ 113,353	$ 91,205	$ 220,473	$ 176,141
XBRL professional services	13,517	10,069	31,210	24,555
Other services	4,679	4,313	9,540	9,113
Total revenues	$ 131,549	$ 105,587	$ 261,223	$ 209,809

Deferred Revenue

We recognized $106.9 million and $84.2 million of revenue during the three months ended June 30, 2022 and 2021, respectively, that was included in the deferred revenue balances at the beginning of the respective periods. We recognized $188.6 million and $145.6 million of revenue during the six months ended June 30, 2022 and 2021, respectively, that was included in the deferred revenue balances at the beginning of the respective periods.

Transaction Price Allocated to the Remaining Performance Obligations

As of June 30, 2022, we expect revenue of approximately $628.2 million to be recognized from remaining performance obligations for subscription contracts. We expect to recognize approximately $361.0 million of these remaining performance obligations over the next 12 months with the balance substantially recognized in the 24 months thereafter.

9. Net Loss Per Share

Basic net loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by giving effect to all potential shares of common stock, including convertible senior notes, outstanding stock options, stock related to unvested restricted stock units, and common stock issuable pursuant to the ESPP to the extent dilutive. Basic and diluted net loss per share was the same for each period presented, as the inclusion of all potential common shares outstanding would have been anti-dilutive.

The net loss per share is allocated based on the participation rights of the Class A and Class B common shares as if the loss for the year has been distributed. As the liquidation and dividend rights are identical, the net loss is allocated on a proportionate basis.

At the Annual Meeting of Stockholders on June 1, 2022, our stockholders approved the amendment and restatement of the Workiva Inc. Amended and Restated 2014 Equity Incentive Plan which prohibits payment of dividends or dividend equivalents on full-value awards prior to the vesting of such award. As such, we no longer consider unvested restricted stock granted under the 2014 Equity Incentive Plan to be participating securities.

A reconciliation of the denominator used in the calculation of basic and diluted loss per share is as follows (in thousands, except share and per share data):

	Three months ended			
	June 30, 2022		June 30, 2021	
	Class A	Class B	Class A	Class B
Numerator				
Net loss	$ (26,736)	$ (2,125)	$ (8,069)	$ (1,445)
Denominator				
Weighted-average common shares outstanding - basic and diluted	48,959,887	3,890,583	43,310,488	7,755,379
Basic and diluted net loss per share	$ (0.55)	$ (0.55)	$ (0.19)	$ (0.19)

	Six months ended							
	June 30, 2022				June 30, 2021			
	Class A		Class B		Class A		Class B	
Numerator								
Net loss	$	(43,802)	$	(3,552)	$	(14,223)	$	(2,615)
Denominator								
Weighted-average common shares outstanding - basic and diluted		48,768,827		3,955,224		42,790,278		7,866,986
Basic and diluted net loss per share	$	(0.90)	$	(0.90)	$	(0.33)	$	(0.33)

The anti-dilutive securities excluded from the weighted-average shares used to calculate the diluted net loss per common share were as follows:

	As of	
	June 30, 2022	June 30, 2021
Shares subject to outstanding common stock options	1,612,619	2,469,541
Shares subject to unvested restricted stock units	1,977,282	1,939,963
Shares issuable pursuant to the ESPP	60,892	57,485

In addition, as of June 30, 2022 and June 30, 2021 approximately 4.3 million shares of our Class A common stock underlying our Convertible Senior Notes were excluded from the weighted-average shares used to calculate the diluted net loss per common share as they are considered anti-dilutive. Upon adoption of ASU 2020-06 on January 1, 2022, we use the if-converted method for calculating any potential dilutive effect of the Notes on diluted net income per share, if applicable. Prior to adoption of ASU 2020-06 we used the treasury stock method.

10. Acquisitions

On April 1, 2022, we acquired all of the issued and outstanding equity interests in Denmark-based ParsePort ApS (“ParsePort”), a leading solution provider for the European Single Electronic Format (“ESEF”) financial reporting mandate, which complements Workiva's cloud platform, for $99.2 million net of cash acquired of $1.6 million.

The purchase price has been preliminarily allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The fair values of assets acquired and liabilities assumed may change over the measurement period as additional information is received. The primary area subject to change includes our review of the valuation of intangible assets. We expect to finalize the valuation as soon as practicable, but not later than one year from the acquisition date. The excess of the purchase price over the fair value of the net assets acquired was allocated to goodwill. The goodwill recognized was primarily attributable to the assembled workforce, operational synergies, and strategic benefits that are expected to be achieved and is not deductible for income tax purposes.

The following table presents a preliminary allocation of the purchase price to the assets acquired and liabilities assumed at the date of acquisition (in thousands):

Cash consideration	$	100,744
Total consideration	$	100,744
Cash	$	1,558
Accounts receivable, net		1,403
Intangible assets		23,300
Goodwill		78,925
Other assets		440
Accounts payable		(29)
Accrued liabilities		(1,444)
Deferred revenue		(3,299)
Other liabilities		(110)
Fair value of assets and liabilities	$	100,744

We incurred costs related to the acquisition of approximately $0.6 million during the six months ended June 30, 2022. Substantially all acquisition related costs were expensed as incurred and have been recorded in general and administrative expenses in our condensed consolidated statements of operations.

The amount of revenues and net loss from the acquisition included in our condensed consolidated statements of operations for the three and six months ended June 30, 2022 were insignificant.

11. Intangible Assets and Goodwill

The following table presents the components of net intangible assets (in thousands):

	As of June 30, 2022				As of December 31, 2021		
	Weighted Average Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Acquired technology	4.5	$ 15,281	$ (2,059)	$ 13,222	$ 7,920	$ (701)	$ 7,219
Acquired customer-related	10.0	14,421	(395)	14,026	360	(14)	346
Acquired trade names	2.8	2,045	(419)	1,626	1,478	(21)	1,457
Patents	10	2,786	(1,498)	1,288	2,740	(1,328)	1,412
Total	7.1	$ 34,533	$ (4,371)	$ 30,162	$ 12,498	$ (2,064)	$ 10,434

Amortization expense related to intangible assets was $1.5 million and $0.1 million for the three months ended June 30, 2022 and 2021, respectively, and $2.3 million and $0.2 million for the six months ended June 30, 2022 and 2021, respectively.

As of June 30, 2022, expected remaining amortization expense of intangible assets by fiscal year is as follows (in thousands):

Remainder of 2022	$	3,000
2023		5,961
2024		5,199
2025		4,469
2026		3,159
2027		1,955
Thereafter		6,419
Total expected amortization expense	$	30,162

The changes in the carrying amount of goodwill were as follows (in thousands):

December 31, 2021	$	34,556
Acquisition		78,925
Foreign currency translation adjustments		(4,441)
June 30, 2022	$	109,040

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

The following discussion and analysis of our financial condition and results of our operations should be read in conjunction with the condensed consolidated financial statements and related notes included elsewhere in this report and in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 22, 2022. In addition to historical consolidated financial information, this discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to these differences include, but are not limited to, those identified below, and those discussed in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2021, in "Item 1A. Risk Factors" in Part II of this Quarterly Report on Form 10-Q and in any subsequent filing we make with the SEC.

Overview

Workiva simplifies complex work for thousands of organizations worldwide. We are a leading provider of cloud-based compliance and regulatory reporting solutions that are designed to solve business challenges at the intersection of data, process and people.

Workiva changes the way enterprises manage and report business data. Our open, intelligent and intuitive platform is based on single instance, multi-tenant software applications deployed in the cloud. Our platform connects data, documents and teams, which results in improved efficiency, greater transparency and reduced risk of errors. We offer customers controlled collaboration, data linking, data integrations, granular permissions, process management and a full audit trail on our proprietary platform.

Customers use our platform to create, review and publish data-linked documents and reports with greater control, consistency, accuracy and productivity. Customers collaborate in the same document simultaneously, which improves efficiency and version control. Our platform is flexible and scalable, so customers can easily adapt it to define, automate and change their business processes in real time.

Our platform lets our customers connect data from Enterprise Resource Planning ("ERP"), Governance Risk and Compliance ("GRC"), Human Capital Management ("HCM") and Customer Relationship Management ("CRM") systems, as well as other third-party cloud and on-premise applications.

While our customers use our platform for dozens of different use cases, our sales and marketing resources are organized into four solution groups: Regulatory Reporting, Non-Regulatory Reporting, Financial Services and Integrated Risk.

We operate our business on a Software-as-a-Service ("SaaS") model. Customers enter into annual and multi-year subscription contracts to gain access to our platform. Our subscription fee includes the use of our software and technical support. Our subscription pricing is based primarily on a solution-based licensing model. Under this model, operating metrics related to a customer's expected use of each solution determine the price. We charge customers additional fees primarily for document setup and XBRL tagging services.

We generate sales primarily through our direct sales force and, to a lesser extent, our customer success and professional services teams. In addition, we augment our direct sales channel with partnerships. Our advisory and service partners offer a wider range of domain and functional expertise that broadens the capabilities of our platform, bringing scale and support to customers and prospects. Our technology partners enable more data and process integrations to help customers connect critical transactional systems directly to our platform.

We continue to invest in the development of our solutions, infrastructure and sales and marketing to drive long-term growth. Our full-time employee headcount expanded to 2,375 at June 30, 2022 from 1,868 at June 30, 2021, an increase of 27.1%.

We have achieved significant revenue growth in recent periods. Our revenue grew to $131.5 million and $261.2 million during the three and six months ended June 30, 2022, respectively from $105.6 million and $209.8 million during the three and six months ended June 30, 2021, respectively. We incurred a net loss of $28.9 million and $47.4 million during the three and six months ended June 30, 2022, respectively compared to $9.5 million and $16.8 million during the three and six months ended June 30, 2021, respectively.

Recent Business Developments

On April 1, 2022, we acquired all of the issued and outstanding equity interests in ParsePort ApS, a leading solution provider for the ESEF financial reporting mandate, which complements Workiva's cloud platform. See Note 10 to the condensed consolidated financial statements for more information.

Impact of COVID-19

Although the COVD-19 pandemic persists, we do not believe that it has adversely affected our business. We have been able to maintain business continuity and have experienced no pandemic-related employee furloughs or layoffs. We have remote-work options available for most employees, while permitting in-person collaboration at our various offices for employees. We continue to monitor and update our practices in response to changes in the COVID-19 workplace safety and health standards established by the Occupational Safety and Health Administration ("OSHA") and guidance provided by the Centers for Disease Control and Prevention ("CDC").

COVID-19 variants continue to develop and spread, and there is therefore the possibility of future disruption to Workiva's operations. The impact of any disruption is dependent upon a number of factors including the duration and severity of any COVID-19 resurgence, its impact on the overall economy and specific industry sectors, vaccination rates and the longer-term efficacy of vaccinations. We will continue to evaluate and refine our return-to-work and related policies in accordance with OSHA and CDC guidance.

Effects of Volatility in the IPO/SPAC Markets

In the United States, volatility in the public markets has led to a decrease in the number of initial public offerings ("IPOs") and special-purpose acquisition companies ("SPACs") in the first half of 2022. New sales of our SEC and capital markets solutions were adversely affected by this decline in the IPO and SPAC markets. We expect reduced valuation multiples caused by higher interest rates, inflation, and geopolitical instability to continue to negatively impact the number of IPO's and SPACs in the second half of 2022. We expect this volatility to continue to apply pressure to new sales of our SEC and capital markets solutions. Whether and to what extent the IPO and SPAC markets will moderate cannot be accurately predicted.

Key Factors Affecting Our Performance

Generate Growth From Existing Customers. The Workiva platform can exhibit a powerful network effect within an enterprise, meaning that the usefulness of our platform attracts additional users. Since solution-based licensing offers our customers an unlimited number of seats for each solution purchased, we expect customers to add more seats over time. As more employees in an enterprise use our platform, additional opportunities for collaboration and automation drive demand among their colleagues for additional solutions.

Pursue New Customers. We sell to organizations that manage large, complex processes with many contributors and disparate sets of business data. We market our platform to professionals in the areas of: finance and accounting, regulatory reporting, management and performance reporting, integrated risk management, and global statutory reporting. We intend to continue to build our sales and marketing organization and leverage our brand equity to attract new customers.

Offer More Solutions. We intend to introduce new solutions to continue to meet growing demand for our platform. Our close and trusted relationships with our customers are a source for new use cases, features and solutions. We have a disciplined process for tracking, developing and releasing new solutions that are designed to have immediate, broad applicability; a strong value proposition; and a high return on investment for both Workiva and our customers. Our advance planning team assesses customer needs, conducts industry-based research and defines new markets. This vetting process involves our sales, product marketing, customer success, professional services, research and development, finance and senior management teams.

Expand Across Enterprises. Our success in delivering multiple solutions has created demand from customers for a broader-based, enterprise-wide Workiva platform. In response, we have been improving our technology and realigning sales and marketing to capitalize on our growing enterprise-wide opportunities. We believe this expansion will add seats and revenue and continue to support our high revenue retention rates. However, we expect that enterprise-wide deals will be larger and more complex, which tend to lengthen the sales cycle.

Add Partners. We continue to expand and deepen our relationships with global and regional partners, including consulting firms, system integrators, large and mid-sized independent software vendors, and implementation partners. Our advisory and service partners offer a wider range of domain and functional expertise that broadens our platform's capabilities and promotes Workiva as part of the digital transformation projects they drive for their customers. Our technology partners enable powerful data and process integrations to help customers connect critical transactional systems directly to our platform, with powerful linking, auditability and control features. We believe that our partner ecosystem extends our global reach, accelerates the usage and adoption of our platform, and enables more efficient delivery of professional services.

Investment in growth. We plan to continue to invest in the development of our platform, fit-for-purpose solutions and application marketplace to enhance our current offerings and build new features. In addition, we expect to continue to invest in our sales, marketing, professional services and customer success organizations to drive additional revenue and support the needs of our growing customer base and to take advantage of opportunities that we have identified in EMEA and APAC.

Seasonality. Our revenue from professional services has some degree of seasonality. Many of our customers employ our professional services just before they file their Form 10-K, often in the first calendar quarter. Sales and marketing expense is generally higher in the third quarter since we hold our annual user conference in September. Our transition to a virtual event in September 2020 and September 2021 has mostly mitigated this trend, although we will sponsor a hybrid virtual and in-person event in 2022. In addition, the timing of the payments of cash bonuses to employees during the first and fourth calendar quarters may result in some seasonality in operating cash flow.

Key Performance Indicators

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
		(dollars in thousands)		
Financial metrics				
Total revenue	$ 131,549	$ 105,587	$ 261,223	$ 209,809
Percentage increase in total revenue	24.6 %	25.9 %	24.5 %	23.7 %
Subscription and support revenue	$ 113,353	$ 91,205	$ 220,473	$ 176,141
Percentage increase in subscription and support revenue	24.3 %	29.0 %	25.2 %	26.7 %
Subscription and support as a percent of total revenue	86.2 %	86.4 %	84.4 %	84.0 %

	As of June 30,	
	2022	2021
Operating metrics		
Number of customers	5,381	3,949
Subscription and support revenue retention rate	97.9%	96.0%
Subscription and support revenue retention rate including add-ons	108.0%	111.6%
Number of customers with annual contract value $100k+	1,186	952
Number of customers with annual contract value $150k+	642	500
Number of customers with annual contract value $300k+	194	159

Total customers. We believe total number of customers is a key indicator of our financial success and future revenue potential. We define a customer as an entity with an active subscription contract as of the measurement date. Our customer is typically a parent company or, in a few cases, a significant subsidiary that works with us directly. Companies with publicly-listed securities account for a substantial majority of our customers. As of June 30, 2022, our total customer count includes 850 ParsePort ESEF customers.

Subscription and support revenue retention rate. We calculate our subscription and support revenue retention rate based on all customers that were active at the end of the same calendar quarter of the prior year ("base customers"). We begin by annualizing the subscription and support revenue recorded in the same calendar quarter of the prior year for those base customers who are still active at the end of the current quarter. We divide the result by the annualized subscription and support revenue in the same quarter of the prior year for all base customers.

Our subscription and support revenue retention rate was 97.9% as of June 30, 2022, up from 96.0% as of June 30, 2021. We believe that our success in maintaining a high rate of revenue retention is attributable primarily to our robust technology platform and strong customer service. Customers whose securities were deregistered due to merger or acquisition or financial distress accounted for just over half of our revenue attrition in the latest quarter. Our subscription and support revenue retention rate as of June 30, 2022 does not include ParsePort due to lack of comparable data in the prior year.

Subscription and support revenue retention rate including add-ons. Add-on revenue includes the change in both solutions and pricing for existing customers. We calculate our subscription and support revenue retention rate including add-ons by annualizing the subscription and support revenue recorded in the current quarter for our base customers that were active at the end of the current quarter. We divide the result by the annualized subscription and support revenue in the same quarter of the prior year for all base customers.

Our subscription and support revenue retention rate including add-ons was 108.0% as of the quarter ended June 30, 2022, down from 111.6% as of June 30, 2021. There has been downward pressure on this key performance indicator as the IPO/SPAC market has slowed in 2022 and customers that purchased higher priced capital markets solutions throughout 2021 have transitioned to more moderately priced ongoing solutions in 2022. Our subscription and support revenue retention rate including add-ons as of June 30, 2022 does not include ParsePort due to lack of comparable data in the prior year.

Annual contract value. Our annual contract value ("ACV") for each customer is calculated by annualizing the subscription and support revenue recognized during each quarter. We believe the increase in the number of larger contracts shows our progress in expanding our customers' adoption of our platform. Our ACV metrics as of June 30, 2022 include information related to ParsePort.

Components of Results of Operations

Revenue

We generate revenue through the sale of subscriptions to our cloud-based software and the delivery of professional services. We serve a wide range of customers in many industries, and our revenue is not concentrated with any single customer or small group of customers. For the six months ended June 30, 2022 and 2021, no single customer represented more than 1% of our revenue, and our largest 10 customers accounted for less than 6% of our revenue in the aggregate.

We generate sales directly through our sales force and partners. We also identify some sales opportunities with existing customers through our customer success and professional services teams.

Our customer contracts typically range in length from twelve to 36 months. We typically invoice our customers for subscription fees annually in advance. For contracts with a two or three year term, customers sometimes elect to pay the entire multi-year subscription term in advance. Our arrangements do not contain general rights of return.

Subscription and Support Revenue. We recognize subscription and support revenue on a ratable basis over the contract term beginning on the date that our service is made available to the customer. Amounts that are invoiced are initially recorded as deferred revenue.

Professional Services Revenue. We believe our professional services facilitate the sale of our subscription service to certain customers. To date, most of our professional services have consisted of document set up, XBRL tagging, and consulting to help our customers with business processes and best practices for using our platform. Our professional services are not required for customers to utilize our solution. We recognize revenue for document set ups when the service is complete and control has transferred to the customer. Revenues from XBRL tagging and consulting services are recognized as the services are performed.

Cost of Revenue

Cost of revenue consists primarily of personnel and related costs directly associated with our professional services, customer success teams and training personnel, including salaries, benefits, bonuses, and stock-based compensation; the costs of contracted third-party vendors; the costs of server usage by our customers; information technology costs; and facility costs. Costs of server usage are comprised primarily of fees paid to Amazon Web Services.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of personnel and related costs, including salaries, benefits, bonuses, commissions, travel, and stock-based compensation. Other costs included in this expense are marketing and promotional events, our annual user conference, online marketing, product marketing, information technology costs, and facility costs. We pay sales commissions for initial contracts and expansions of existing customer contracts. When the relevant amortization period is one year or less, we expense sales commissions as incurred. All other sales commissions are considered incremental costs of obtaining a contract with a customer and are deferred and amortized on a straight-line basis over a period of benefit that we have determined to be three years.

Research and Development Expenses

Research and development expenses consist primarily of personnel and related costs, including salaries, benefits, bonuses, and stock-based compensation; costs of server usage by our developers; information technology costs; and facility costs.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel and related costs for our executive, finance and accounting, legal, human resources, and administrative personnel, including salaries, benefits, bonuses, and stock-based compensation; legal, accounting, and other professional service fees; other corporate expenses; information technology costs; and facility costs.

Results of Operations

The following table sets forth selected consolidated statement of operations data for each of the periods indicated:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	(in thousands)			
Revenue				
Subscription and support	$ 113,353	$ 91,205	$ 220,473	$ 176,141
Professional services	18,196	14,382	40,750	33,668
Total revenue	131,549	105,587	261,223	209,809
Cost of revenue				
Subscription and support[(1)]	18,915	14,098	37,448	27,300
Professional services[(1)]	13,322	10,493	25,662	20,967
Total cost of revenue	32,237	24,591	63,110	48,267
Gross profit	99,312	80,996	198,113	161,542
Operating expenses				
Research and development[(1)]	39,177	27,830	75,061	54,464
Sales and marketing[(1)]	64,219	41,525	120,319	82,560
General and administrative[(1)]	24,108	17,384	48,102	34,405
Total operating expenses	127,504	86,739	243,482	171,429
Loss from operations	(28,192)	(5,743)	(45,369)	(9,887)
Interest income	605	255	885	615
Interest expense	(1,512)	(3,502)	(3,030)	(6,987)
Other income (expense), net	668	(156)	503	(540)
Loss before provision for income taxes	(28,431)	(9,146)	(47,011)	(16,799)
Provision for income taxes	430	368	343	39
Net loss	$ (28,861)	$ (9,514)	$ (47,354)	$ (16,838)

(1) Stock-based compensation expense included in these line items was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	(in thousands)			
Cost of revenue				
Subscription and support	$ 912	$ 597	$ 1,702	$ 1,093
Professional services	593	409	1,045	776
Operating expenses				
Research and development	3,148	2,417	5,873	4,848
Sales and marketing	5,646	2,837	9,731	6,386
General and administrative	8,148	4,792	15,405	9,572
Total stock-based compensation expense	$ 18,447	$ 11,052	$ 33,756	$ 22,675

The following table sets forth our consolidated statement of operations data as a percentage of revenue for each of the periods indicated:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Revenue				
Subscription and support	86.2 %	86.4 %	84.4 %	84.0 %
Professional services	13.8	13.6	15.6	16.0
Total revenue	100.0	100.0	100.0	100.0
Cost of revenue				
Subscription and support	14.4	13.4	14.3	13.0
Professional services	10.1	9.9	9.8	10.0
Total cost of revenue	24.5	23.3	24.1	23.0
Gross profit	75.5	76.7	75.9	77.0
Operating expenses				
Research and development	29.8	26.4	28.7	26.0
Sales and marketing	48.8	39.3	46.1	39.4
General and administrative	18.3	16.5	18.4	16.4
Total operating expenses	96.9	82.2	93.2	81.8
Loss from operations	(21.4)	(5.5)	(17.3)	(4.8)
Interest income	0.5	0.2	0.3	0.3
Interest expense	(1.1)	(3.3)	(1.2)	(3.3)
Other income (expense), net	0.5	(0.1)	0.2	(0.3)
Loss before provision for income taxes	(21.5)	(8.7)	(18.0)	(8.1)
Benefit for income taxes	0.3	0.3	0.1	—
Net loss	(21.8)%	(9.0)%	(18.1)%	(8.1)%

Comparison of Three and Six Months Ended June 30, 2022 and 2021

Revenue

	Three months ended June 30,		% Change	Six months ended June 30,		% Change
	2022	2021		2022	2021	
	(dollars in thousands)					
Revenue						
Subscription and support	$ 113,353	$ 91,205	24.3%	$ 220,473	$ 176,141	25.2%
Professional services	18,196	14,382	26.5%	40,750	33,668	21.0%
Total revenue	$ 131,549	$ 105,587	24.6%	$ 261,223	$ 209,809	24.5%

Total revenue increased $26.0 million for the three months ended June 30, 2022 compared to the same quarter a year ago due primarily to a $22.1 million increase in subscription and support revenue. Growth in subscription and support revenue in the second quarter was attributable mainly to strong demand and better pricing for a broad range of use cases. The total number of our customers increased 36.3% from June 30, 2021 to June 30, 2022. Professional services revenue increased $3.8 million for the three months ended June 30, 2022 compared to the same quarter a year ago due primarily to growth in solutions requiring XBRL professional services and some of those services being completed ahead of schedule.

Total revenue increased $51.4 million for the six months ended June 30, 2022 compared to the same period a year ago due primarily to a $44.3 million increase in subscription and support revenue. This growth in subscription and support revenue was attributable mainly to strong demand and better pricing for a broad range of use cases. Additionally, professional services revenue increased $7.1 million due primarily to growth in revenue from XBRL professional services.

Cost of Revenue

	Three months ended June 30,			Six months ended June 30,		
	2022	2021	% Change	2022	2021	% Change
			(dollars in thousands)			
Cost of revenue						
Subscription and support	$ 18,915	$ 14,098	34.2%	$ 37,448	$ 27,300	37.2%
Professional services	13,322	10,493	27.0%	25,662	20,967	22.4%
Total cost of revenue	$ 32,237	$ 24,591	31.1%	$ 63,110	$ 48,267	30.8%

Cost of revenue increased $7.6 million in the three months ended June 30, 2022 compared to the same quarter a year ago due primarily to $5.5 million in higher cash-based compensation and benefits costs due in part to increased headcount, $0.5 million of increased travel costs, $0.5 million of additional stock-based compensation and a $0.7 million increase in the cost of cloud infrastructure services. These increases in headcount and cloud infrastructure services resulted primarily from our continued investment in and support of our platform and solutions. The increase in travel expense was due to a return to travel as travel restrictions and company policies originally implemented in response to the COVID-19 pandemic ease.

Cost of revenue increased $14.8 million during the six months ended June 30, 2022 compared to the same period a year ago due primarily to $11.2 million in higher cash-based compensation and benefits costs due in part to increased headcount, $0.6 million of increased travel costs, $0.9 million of additional stock-based compensation, a $1.3 million increase in the cost of cloud infrastructure services, and a $0.8 million increase in professional service fees. The increases in headcount, cloud infrastructure services, and professional service fees resulted primarily from our continued investment in and support of our platform and solutions. The increase in travel expense was due to a return to travel as travel restrictions and company policies originally implemented in response to the COVID-19 pandemic ease.

Operating Expenses

	Three months ended June 30,			Six months ended June 30,		
	2022	2021	% Change	2022	2021	% Change
			(dollars in thousands)			
Operating expenses						
Research and development	$ 39,177	$ 27,830	40.8%	$ 75,061	$ 54,464	37.8%
Sales and marketing	64,219	41,525	54.7%	120,319	82,560	45.7%
General and administrative	24,108	17,384	38.7%	48,102	34,405	39.8%
Total operating expenses	$ 127,504	$ 86,739	47.0%	$ 243,482	$ 171,429	42.0%

Research and Development

Research and development expenses increased $11.3 million in the three months ended June 30, 2022 compared to the same quarter a year ago due primarily to $5.8 million in higher cash-based compensation and benefits, a $1.8 million increase in travel expense, $0.7 million of additional stock-based compensation, a $0.9 million increase in cloud infrastructure services, a $1.0 million increase in professional service fees, and a $0.9 million increase related to the amortization of acquisition-related intangible assets. The increase in compensation was due to an increase in employee headcount compared to the same quarter a year ago. The increases in cloud infrastructure services and professional service fees were the result of our continued investment in and support of our platform and solutions. The increase in travel expense was due to a return to travel as travel restrictions and company policies originally implemented in response to the COVID-19 pandemic ease.

Research and development expenses increased $20.6 million in the six months ended June 30, 2022 compared to the same period a year ago due primarily to higher cash-based compensation and benefits of $11.8 million, a $2.1 million increase in travel expense, a $1.0 million increase in stock-based compensation, a $2.0 million increase in cloud infrastructure services, a $1.6 million increase in professional service fees, and a $1.4 million increase related to the amortization of acquisition-related intangible assets. The increase in compensation was due to an increase in employee headcount compared to the period a year ago. The increases in cloud infrastructure services and professional service fees were the result of our continued investment in and support of our platform and solutions. The increase in travel expense was due to a return to travel as travel restrictions and company policies originally implemented in response to the COVID-19 pandemic ease.

Sales and Marketing

Sales and marketing expenses increased $22.7 million during the three months ended June 30, 2022 compared to the three months ended June 30, 2021 due primarily to $15.0 million in higher cash-based compensation and benefits, $1.8 million in travel expense, a $2.8 million increase in stock-based compensation, a $1.0 million increase in marketing and advertising costs, a $0.8 million increase in professional service fees, a $0.6 million increase related to the amortization of acquisition-related intangible assets, and a $0.5 million increase in rent expenses. Headcount in sales and marketing increased 40.4% in the quarter ended June 30, 2022 compared to the same quarter a year ago. In the second quarter of 2022, we recognized an additional $0.8 million in stock-based compensation pursuant to severance obligations. The increases in marketing and advertising costs and professional service fees were the result of our continued investment in and support of our platform and solutions. The increase in rent expense was driven by our expansion primarily in the United Kingdom and the Asia-Pacific region. The increase in travel expense was due to a return to travel as travel restrictions and company policies originally implemented in response to the COVID-19 pandemic ease.

Sales and marketing expenses increased $37.8 million during the six months ended June 30, 2022 compared to the same period a year ago due primarily to $27.3 million in higher cash-based compensation and benefits, $2.4 million in travel expense, a $3.3 million increase in stock-based compensation, a $1.3 million increase in marketing and advertising costs, a $0.9 million increase in professional service fees, a $0.8 million increase related to the amortization of acquisition-related intangible assets, and a $0.9 million increase in rent expenses. The increase in compensation was due to an increase in employee headcount. During 2022, we recognized an additional $1.0 million in stock-based compensation pursuant to certain severance obligations. The increases in marketing and advertising cost and professional service fees were the result of our continued investment in and support of our platform and solutions. The increase in rent expense was driven by our footprint expansion primarily in the United Kingdom and the Asia-Pacific region. The increase in travel expense was due to a return to travel as travel restrictions and company policies originally implemented in response to the COVID-19 pandemic ease.

General and Administrative

General and administrative expenses increased $6.7 million during the three months ended June 30, 2022 compared to the three months ended June 30, 2021 due primarily to $0.5 million in higher cash-based compensation and benefits, a $0.6 million increase in travel expense, an additional $3.3 million in stock-based compensation, and a $1.4 million increase in professional service fees. The increase in cash-based compensation was due to increased headcount compared to the same quarter a year ago partially offset by a reduction in our annual bonus accrual. The increase in stock-based compensation was due to increased headcount in addition to the issuance of performance-based stock units to our executives. The increase in professional service fees was related to consulting and recruiting in support of our platform and solutions. The increase in travel expense was due to a return to travel as travel restrictions and company policies originally implemented in response to the COVID-19 pandemic ease.

General and administrative expenses increased $13.7 million during the six months ended June 30, 2022 compared to the same period a year ago. This increase was due primarily to $2.0 million in higher cash-based compensation and benefits, a $1.1 million increase in travel expense, a $5.9 million increase in stock-based compensation, and a $3.0 million increase in professional service fees. The increase in cash-based compensation was due to increased headcount compared to the same quarter a year ago partially offset by a reduction in our annual bonus accrual. The increase in stock-based compensation was due to increased headcount in addition to the issuance of performance-based stock units to our executives. The increase in professional service fees related to consulting and recruiting in support of our platform and solutions. The increase in travel expense was due to a return to travel as travel restrictions and company policies originally implemented in response to the COVID-19 pandemic ease.

Non-Operating Income (Expenses)

	Three months ended June 30,			Six months ended June 30,		
	2022	2021	% Change	2022	2021	% Change
			(dollars in thousands)			
Interest income	$ 605	$ 255	137.3%	$ 885	$ 615	43.9%
Interest expense	(1,512)	(3,502)	(56.8)%	(3,030)	(6,987)	(56.6)%
Other income (expense), net	668	(156)	*	503	(540)	*

(*) Percentage is not meaningful.

Interest Income, Interest Expense and Other Expense, Net

During the three months ended June 30, 2022, interest income increased $0.4 million compared to the same period a year ago due primarily to higher interest rates on investments. Interest expense decreased $2.0 million during the three months ended June 30, 2022 compared to the same period a year ago due primarily to our adoption of ASU 2020-06 in 2022 which resulted in the reduction of non-cash interest expense. Other income (expense), net increased $0.8 million compared to the same period a year ago due primarily to gains on foreign currency transactions.

During the six months ended June 30, 2022, interest income increased slightly compared to the same period in the prior year due primarily to higher interest rates on investments. Interest expense decreased $4.0 million during the six months ended June 30, 2022 compared to the same period a year ago due primarily to our adoption of ASU 2020-06 in 2022 which resulted in the reduction of non-cash interest expense. Other income (expense), net increased $1.0 million compared to the same period a year ago due primarily to gains on foreign currency transactions.

Results of Operations for Fiscal 2021 Compared to 2020

For a comparison of our results of operations for the fiscal years ended December 31, 2021 and 2020, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our annual report on Form 10-K for the fiscal year ended December 31, 2021, filed with the SEC on February 22, 2022.

Liquidity and Capital Resources

Overview of Sources and Uses of Cash

As of June 30, 2022, our principal sources of liquidity were cash, cash equivalents and marketable securities totaling $429.0 million, which were held for working capital purposes. We have financed our operations primarily through the proceeds of offerings of equity, convertible debt, and cash from operating activities. We have generated significant operating losses and negative cash flows from operating activities as reflected in our accumulated deficit and consolidated statements of cash flows. While we expect to continue to incur operating losses and may incur negative cash flows from operations in the future, we believe that current cash and cash equivalents and cash flows from operating activities will be sufficient to fund our operations for at least the next twelve months.

Convertible Debt

In August 2019, we issued $345.0 million aggregate principal amount of 1.125% convertible senior notes due 2026 (the “Notes”). The Notes are senior, unsecured obligations and bear interest at a fixed rate of 1.125% per annum, payable semi-annually in arrears on February 15 and August 15 of each year, commencing on February 15, 2020. Proceeds from the issuance of the Notes totaled $335.9 million, net of initial purchaser discounts and issuance costs.

Cash Flows

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	(in thousands)			
Cash flow provided by operating activities	$ 8,684	$ 12,760	$ 7,747	$ 24,263
Cash flow used in investing activities	(83,125)	(22,374)	(76,614)	(26,363)
Cash flow (used in) provided by financing activities	(645)	325	(3,614)	1,137
Net decrease in cash and cash equivalents, net of impact of exchange rates	$ (76,823)	$ (8,979)	$ (74,133)	$ (637)

Operating Activities

For the three months ended June 30, 2022, cash provided by operating activities was $8.7 million. The primary factors affecting our operating cash flows during the period were our net loss of $28.9 million, adjusted for non-cash charges of $2.7 million for depreciation and amortization of our property and equipment and intangible assets, $18.4 million of stock-based compensation expense and a $15.5 million net change in operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities were a $2.3 million decrease in accounts payable, a $4.8 million increase in accounts receivable, a $2.7 million increase in deferred costs, and a $1.6 million increase in prepaid expenses offset by a $13.2 million increase in deferred revenue and a $13.4 million increase in accrued expenses and other liabilities. Deferred costs increased primarily due to payments made to our sales force related to the direct and incremental costs of obtaining a customer contract. Customer growth accounted for most of the increase in deferred revenue. The decrease in accounts payable as well as the increases in accounts receivable, prepaid expenses, and accrued expenses and other liabilities were attributable primarily to the timing of our billings, cash collections, and cash payments.

For the three months ended June 30, 2021, cash provided by operating activities was $12.8 million. The primary factors affecting our operating cash flows during the period were our net loss of $9.5 million, adjusted for non-cash charges of $1.1 million for depreciation and amortization of our property and equipment and intangible assets, $11.1 million of stock-based compensation expense, $2.3 million for the amortization of our debt discount and issuance costs and a $6.7 million net change in operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities were a $16.1 million increase in accrued expenses and other liabilities, and a $11.9 million increase in deferred revenue partially offset by a $12.1 million increase in accounts receivable, a $9.0 million increase in deferred costs and a $1.2 million decrease in accounts payable. Deferred costs increased due primarily to payments made to our sales force related to the direct and incremental costs of obtaining a customer contract. Customer growth as well as the prior year impact of the COVID-19 pandemic accounted for most of the increase in deferred revenue. The decrease in accounts payable as well as the increases in accounts receivable and accrued expenses and other liabilities, were attributable primarily to the timing of our billings, cash collections, and cash payments.

For the six months ended June 30, 2022, cash provided by operating activities was $7.7 million. The primary factors affecting our operating cash flows during the period were our net loss of $47.4 million, adjusted for non-cash charges of $4.7 million for depreciation and amortization of our property and equipment and intangible assets, $33.8 million of stock-based compensation expense, $0.6 million for the amortization of our debt discount and issuance costs, $1.1 million for the amortization of premiums and discounts on marketable securities, and a $15.1 million net change in operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities were a a $1.3 million increase in deferred costs and a $2.7 million increase in prepaid expenses offset by a $2.1 million increase in accounts payable, a $13.8 million increase in deferred revenue, a $0.9 million increase in accrued expenses and other liabilities, and a $1.7 million decrease in accounts receivable. Deferred costs increased due primarily to the amortization of direct and incremental costs of obtaining a customer contract. Customer growth accounted for most of the increase in deferred revenue. The increase in prepaid expenses as well as the increases in accounts payable and accrued expenses and other liabilities and decrease in accounts receivable, were attributable primarily to the timing of our billings, cash collections, and cash payments.

For the six months ended June 30, 2021, cash provided by operating activities was $24.3 million. The primary factors affecting our operating cash flows during the period were our net loss of $16.8 million, adjusted for non-cash charges of $2.2 million for depreciation and amortization of our property and equipment and intangible assets, $22.7 million of stock-based compensation expense, $4.6 million for the amortization of our debt discount and issuance costs and a $10.4 million net change in operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities were an $8.2 million increase in accrued expenses and other liabilities, a $12.1 million increase in deferred revenue, and a $3.2 million decrease in accounts receivable partially offset by a $3.0 million increase in prepaid expenses, and a $10.1 million increase in deferred costs. Deferred commissions increased due primarily to payments made to our sales force related to the direct and incremental costs of obtaining a customer contract. Customer growth as well as the prior year impact of the COVID-19 pandemic accounted for most of the increase in deferred revenue. The increase in accrued expenses and other liabilities as well as the decrease in accounts receivable, were attributable primarily to the timing of our billings, cash collections, and cash payments. The increase in prepaid expenses was due primarily to the timing of payments relating to annual subscriptions.

Investing Activities

Cash used in investing activities of $83.1 million for the three months ended June 30, 2022 was due primarily to $99.2 million for the acquisition of ParsePort, $23.8 million in purchases of marketable securities, and $0.7 million in purchases of fixed assets partially offset by $40.5 million from maturities of marketable securities. Our capital expenditures were associated primarily with computer equipment in support of expanding our infrastructure and work force.

Cash used in investing activities of $22.4 million for the three months ended June 30, 2021 was due primarily to $51.2 million in purchases of marketable securities partially offset by $30.2 million from maturities of marketable securities.

Cash used in investing activities of $76.6 million for the six months ended June 30, 2022 was due primarily to $99.2 million for the acquisition of ParsePort, $57.9 million in purchases of marketable securities, and $1.2 million in purchases of fixed assets partially offset by $66.8 million from maturities of marketable securities as well as $15.0 million from the sale of marketable securities. Our capital expenditures were associated primarily with computer equipment in support of expanding our infrastructure and work force.

Cash used in investing activities of $26.4 million for the six months ended June 30, 2021 was due primarily to $94.9 million in purchases of marketable securities, $1.7 million in purchases of fixed assets partially offset by $70.8 million from maturities of marketable securities. Our capital expenditures were associated primarily with computer equipment in support of expanding our infrastructure and work force.

Financing Activities

Cash used in financing activities of $0.6 million for the three months ended June 30, 2022 was due primarily to $1.3 million in taxes paid related to net share settlements of stock-based compensation awards partially offset by $1.1 million in proceeds from option exercises.

Cash provided by financing activities of $0.3 million for the three months ended June 30, 2021 was due primarily to $1.5 million in proceeds from option exercises partially offset by $0.7 million in taxes paid related to net share settlements of stock-based compensation awards.

Cash used in financing activities of $3.6 million for the six months ended June 30, 2022 was due primarily to $9.9 million in taxes paid related to net share settlements of stock-based compensation awards and $0.9 million in principal payments on finance lease obligations partially offset by $2.0 million in proceeds from option exercises and $5.2 million in proceeds from shares issued in connection with our employee stock purchase plan.

Cash provided by financing activities of $1.1 million for the six months ended June 30, 2021 was due primarily to $5.6 million in proceeds from option exercises and $4.2 million in proceeds from shares issued in connection with our employee stock purchase plan partially offset by $7.9 million in taxes paid related to net share settlements of stock-based compensation awards and $0.8 million in principal payments on finance lease obligations.

Contractual Obligations and Commitments

There were no material changes in our contractual obligations and commitments from those disclosed in the Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC on February 22, 2022.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, income taxes and related disclosures. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

During the six months ended June 30, 2022, there were no significant changes to our critical accounting policies and estimates as described in the financial statements contained in the Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC on February 22, 2022, other than what is set forth immediately below.

Acquisitions

We account for acquisitions under Accounting Standards Codification 805, *Business Combinations*. In general, the acquisition method of accounting requires companies to record assets acquired and liabilities assumed at their respective fair market values at the date of acquisition. We primarily estimate fair value of identified intangible assets using discounted cash flow analyses based on market participant based inputs. Any amount of the purchase price paid that is in excess of the estimated fair values of net assets acquired is recorded as goodwill in our condensed consolidated balance sheets. Transaction costs, as well as costs to reorganize acquired companies, are expensed as incurred in our condensed consolidated statement of operations.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

For quantitative and qualitative disclosures about market risk, see “Item 7A., Quantitative and Qualitative Disclosures About Market Risk” of our Annual Report on Form 10-K for the year ended December 31, 2021. Our exposures to market risk have not changed materially since December 31, 2021.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has 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) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q.

Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures are designed to, and are effective to, provide assurance at a reasonable level that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Part II. Other Information

Item 1. Legal Proceedings

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that in the opinion of our management, 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.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our 2021 Annual Report on Form 10-K, which could materially affect our business, financial condition or future results. There have been no material changes during fiscal 2022 to the risk factors that were included in the Form 10-K, other than what is set forth immediately below.

Geopolitical conflicts, including the conflict between Russia and Ukraine, may adversely affect our business and results of operations.

We have operations or activities in numerous countries and regions outside the United States, including in Europe. As a result, our global operations are affected by economic, political and other conditions in the foreign countries in which we do business. Specifically, the current conflict between Russia and Ukraine is creating substantial uncertainty about the future impact on global capital markets. Countries across the globe are instituting sanctions and other penalties against Russia. The retaliatory measures that have been taken, and could be taken in the future, by the U.S., NATO, and other countries have created global security concerns that could result in broader European military and political conflicts and otherwise have a substantial impact on regional and global economies, any or all of which could adversely affect our business, particularly our European operations.

Adverse economic conditions or reduced technology spending may adversely impact our business.

Our business depends on the overall demand for technology and on the economic health of our current and prospective customers. Global financial developments and global health crises or pandemics may harm us, including disruptions or restrictions on our employees' ability to work and travel. In general, weakened global economic conditions, including those from the ongoing COVID-19 pandemic, rising interest rates and global inflation, make it difficult for our customers, prospective customers and us to forecast and plan future business activities accurately. Weak global economic conditions or a reduction in technology spending could adversely impact our business, financial condition and results of operations in a number of ways, including longer sales cycles, lower prices for our solutions, reduced bookings and lower or no growth. Additionally, our capital markets business can serve as a point of entry for customers to our platform. The growth of our capital markets and SEC businesses are based in part on the strength of the IPO/special-purpose acquisition company ("SPAC") market, which can fluctuate. A significant decline in the IPO/SPAC market has adversely affected sales of our capital markets solution and potentially other solutions.

In addition, the uncertainty and instability surrounding the implementation and effect of "Brexit," the United Kingdom's decision to leave the European Union, may cause increased economic volatility. The longer term economic, legal, political and social implications of Brexit are unclear at this stage. Changes impacting our ability to conduct business in the U.K. or other E.U. countries, or changes to the regulatory regime applicable to our operations in those countries, may cause disruptions to and create uncertainty surrounding our business in the U.K. and E.U. Brexit has resulted in significant volatility in global stock market and currency exchange rate fluctuations. Further, uncertainty around these and related issues could lead to adverse effects on the economy of the U.K. and the other economies in which we operate. Any of these events could have a material adverse effect on our business operations, results of operations and financial condition.

Item 2. Unregistered Sales of Securities and Use of Proceeds

Sales of Unregistered Securities

Not applicable.

Issuer Purchases of Equity Securities

The following table provides information about purchases of shares of our Class A Common Stock during the three months ended June 30, 2022 related to shares withheld upon vesting of restricted stock units for tax withholding obligations:

Date	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under Program
April 2022	8,256	$ 122.35	—	—
May 2022	3,454	96.51	—	—
June 2022	—	—	—	—
Total	11,710	$ 114.73	—	—

(1) Total number of shares delivered to us by employees to satisfy the mandatory tax withholding requirement upon vesting of stock-based compensation awards.

Item 6. Exhibits

The following exhibits are being filed herewith or incorporated by reference herein:

Exhibit Number	Description
10.1	Workiva Inc. 2014 Equity Incentive Plan (As Amended and Restated June 1, 2022), incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 3, 2022.
31.1	Certification of the Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial information from Workiva Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Comprehensive Loss, (iv) the Consolidated Statements of Changes in Stockholders Equity, (v) the Condensed Consolidated Statements of Cash Flows, and (vi) Notes to the Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on this 9th day of August, 2022.

WORKIVA INC.

By:	/s/ Martin J. Vanderploeg, Ph.D.
Name:	Martin J. Vanderploeg, Ph.D.
Title:	Chief Executive Officer
By:	/s/ Jill Klindt
Name:	Jill Klindt
Title:	Senior Vice President, Chief Financial Officer, Chief Accounting Officer and Treasurer

CERTIFICATION UNDER SECTION 302 OF THE

SARBANES-OXLEY ACT OF 2002

I, Martin J. Vanderploeg, Ph.D., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Workiva 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 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 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.

August 9, 2022	/s/ Martin J. Vanderploeg, Ph.D. Martin J. Vanderploeg, Ph.D. Chief Executive Officer (Principal Executive Officer)

CERTIFICATION UNDER SECTION 302 OF THE

SARBANES-OXLEY ACT OF 2002

I, Jill Klindt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Workiva 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 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 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.

August 9, 2022

/s/ Jill Klindt
Jill Klindt
Senior Vice President, Chief Financial Officer, Chief Accounting Officer and Treasurer
(Principal Financial Officer)

CERTIFICATION UNDER SECTION 906 OF THE

SARBANES-OXLEY ACT OF 2002

I, Martin J. Vanderploeg, Chief Executive Officer of Workiva Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

August 9, 2022

/s/ Martin J. Vanderploeg, Ph.D.
Martin J. Vanderploeg, Ph.D.
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION UNDER SECTION 906 OF THE

SARBANES-OXLEY ACT OF 2002

I, Jill Klindt, Senior Vice President, Chief Financial Officer, Chief Accounting Officer and Treasurer of Workiva Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

August 9, 2022

/s/ Jill Klindt
Jill Klindt
Senior Vice President, Chief Financial Officer, Chief Accounting Officer and Treasurer
(Principal Financial Officer)