

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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(Mark One)

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

**For the quarterly period ended September 30, 2024**

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**

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**WORKIVA INC.**

(Exact name of registrant as specified in its charter)

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**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)**

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of November 1, 2024, there were approximately 51,545,404 shares of the registrant's Class A common stock and 3,845,583 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, 2023, 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 September 30, 2024	As of December 31, 2023
	(unaudited)	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 248,239	\$ 256,100
Marketable securities	528,115	557,622
Accounts receivable, net of allowance for doubtful accounts of \$1,157 and \$1,163 at September 30, 2024 and December 31, 2023, respectively	137,921	125,193
Deferred costs	44,726	39,023
Other receivables	8,646	7,367
Prepaid expenses and other	21,055	23,631
Total current assets	988,702	1,008,936
Property and equipment, net	21,757	24,282
Operating lease right-of-use assets	9,485	12,642
Deferred costs, non-current	43,557	33,346
Goodwill	202,133	112,097
Intangible assets, net	30,278	22,892
Other assets	6,174	4,665
Total assets	<u>\$ 1,302,086</u>	<u>\$ 1,218,860</u>

**WORKIVA INC.**

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

	<b>As of September 30, 2024</b>	<b>As of December 31, 2023</b>
	<b>(unaudited)</b>	
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities		
Accounts payable	\$ 13,346	\$ 5,204
Accrued expenses and other current liabilities	111,029	97,921
Deferred revenue	414,229	380,843
Finance lease obligations	555	532
<b>Total current liabilities</b>	<b>539,159</b>	<b>484,500</b>
Convertible senior notes, non-current	764,281	762,455
Deferred revenue, non-current	27,527	36,177
Other long-term liabilities	236	178
Operating lease liabilities, non-current	8,062	10,890
Finance lease obligations, non-current	13,631	14,050
<b>Total liabilities</b>	<b>1,352,896</b>	<b>1,308,250</b>
Stockholders' deficit		
Class A common stock, \$0.001 par value per share, 1,000,000,000 shares authorized, 51,526,990 and 50,333,435 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	52	50
Class B common stock, \$0.001 par value per share, 500,000,000 shares authorized, 3,845,583 and 3,845,583 shares issued and outstanding at September 30, 2024 and December 31, 2023, 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	645,083	562,942
Accumulated deficit	(698,868)	(652,641)
Accumulated other comprehensive income	2,919	255
<b>Total stockholders' deficit</b>	<b>(50,810)</b>	<b>(89,390)</b>
<b>Total liabilities and stockholders' deficit</b>	<b>\$ 1,302,086</b>	<b>\$ 1,218,860</b>

*See accompanying notes.*

**WORKIVA INC.**

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenue				
Subscription and support	\$ 171,035	\$ 143,421	\$ 486,749	\$ 409,857
Professional services	14,586	14,754	52,042	53,529
Total revenue	185,621	158,175	538,791	463,386
Cost of revenue				
Subscription and support	30,621	24,864	86,493	74,080
Professional services	13,050	13,491	39,873	42,297
Total cost of revenue	43,671	38,355	126,366	116,377
Gross profit	141,950	119,820	412,425	347,009
Operating expenses				
Research and development	48,425	41,747	142,328	130,235
Sales and marketing	89,756	72,576	257,086	215,168
General and administrative	25,551	21,022	76,225	86,660
Total operating expenses	163,732	135,345	475,639	432,063
Loss from operations	(21,782)	(15,525)	(63,214)	(85,054)
Interest income	9,298	7,294	30,089	15,546
Interest expense	(3,199)	(47,437)	(9,668)	(50,437)
Other expense, net	(350)	(71)	(309)	(1,450)
Loss before provision for income taxes	(16,033)	(55,739)	(43,102)	(121,395)
Provision for income taxes	959	530	3,125	1,934
Net loss	\$ (16,992)	\$ (56,269)	\$ (46,227)	\$ (123,329)
Net loss per common share:				
Basic and diluted	\$ (0.31)	\$ (1.04)	\$ (0.84)	\$ (2.28)
Weighted-average common shares outstanding - basic and diluted	55,581,841	54,256,941	55,226,254	53,987,791

*See accompanying notes.*

**WORKIVA INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**(in thousands)**  
**(unaudited)**

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net loss	\$ (16,992)	\$ (56,269)	\$ (46,227)	\$ (123,329)
Other comprehensive income (loss)				
Foreign currency translation adjustment	4,657	(3,189)	1,446	(1,180)
Unrealized gain on available-for-sale securities	2,992	208	1,218	1,471
Other comprehensive income (loss)	7,649	(2,981)	2,664	291
Comprehensive loss	\$ (9,343)	\$ (59,250)	\$ (43,563)	\$ (123,038)

*See accompanying notes.*



**WORKIVA INC.**

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

Nine Months Ended September 30, 2024

	<u>Common Stock (Class A and B)</u>			Accumulated Other Comprehen sive Income (Loss)	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Additional Paid-in- Capital			
Balances at December 31, 2023	54,179	\$ 54	\$ 562,942	\$ 255	\$ (652,641)	\$ (89,390)
Stock-based compensation expense	—	—	23,007	—	—	23,007
Issuance of common stock upon exercise of stock options	19	1	301	—	—	302
Issuance of common stock under employee stock purchase plan	88	—	7,113	—	—	7,113
Issuance of restricted stock units	590	—	—	—	—	—
Tax withholding related to net share settlements of stock-based compensation awards	(91)	—	(8,611)	—	—	(8,611)
Net loss	—	—	—	—	(11,687)	(11,687)
Other comprehensive loss	—	—	—	(3,890)	—	(3,890)
Balances at March 31, 2024	54,785	\$ 55	\$ 584,752	\$ (3,635)	\$ (664,328)	\$ (83,156)
Stock-based compensation expense	—	—	25,402	—	—	25,402
Issuance of common stock upon exercise of stock options	18	—	290	—	—	290
Issuance of restricted stock units	131	—	—	—	—	—
Tax withholding related to net share settlements of stock-based compensation awards	(20)	—	(1,640)	—	—	(1,640)
Net loss	—	—	—	—	(17,548)	(17,548)
Other comprehensive loss	—	—	—	(1,095)	—	(1,095)
Balances at June 30, 2024	54,914	\$ 55	\$ 608,804	\$ (4,730)	\$ (681,876)	\$ (77,747)
Stock-based compensation expense	—	—	27,470	—	—	27,470
Issuance of common stock upon exercise of stock options	208	1	3,273	—	—	3,274
Issuance of common stock under employee stock purchase plan	106	—	6,709	—	—	6,709
Issuance of restricted stock units	160	—	—	—	—	—
Tax withholding related to net share settlements of stock-based compensation awards	(15)	—	(1,173)	—	—	(1,173)
Net loss	—	—	—	—	(16,992)	(16,992)
Other comprehensive income	—	—	—	7,649	—	7,649
Balances at September 30, 2024	55,373	\$ 56	\$ 645,083	\$ 2,919	\$ (698,868)	\$ (50,810)

**WORKIVA INC.**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)**  
**(continued)**

**(in thousands)**  
**(unaudited)**

**Nine Months Ended September 30, 2023**

	<b>Common Stock (Class A and B)</b>						
	<b>Shares</b>	<b>Amount</b>	<b>Additional Paid-in-Capital</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Accumulated Deficit</b>	<b>Total Stockholders' Equity (Deficit)</b>	
Balances at December 31, 2022	52,652	\$ 53	\$ 537,732	\$ (6,686)	\$ (525,116)	\$ 5,983	
Stock-based compensation expense	—	—	38,042	—	—	38,042	
Issuance of common stock upon exercise of stock options	102	—	1,457	—	—	1,457	
Issuance of common stock under employee stock purchase plan	107	—	5,546	—	—	5,546	
Issuance of restricted stock units	449	—	—	—	—	—	
Tax withholding related to net share settlements of stock-based compensation awards	(78)	—	(7,228)	—	—	(7,228)	
Net loss	—	—	—	—	(46,150)	(46,150)	
Other comprehensive income	—	—	—	3,280	—	3,280	
Balances at March 31, 2023	53,232	\$ 53	\$ 575,549	\$ (3,406)	\$ (571,266)	\$ 930	
Stock-based compensation expense	—	—	20,610	—	—	20,610	
Issuance of common stock upon exercise of stock options	47	1	746	—	—	747	
Issuance of restricted stock units	266	—	—	—	—	—	
Tax withholding related to net share settlements of stock-based compensation awards	(12)	—	(1,212)	—	—	(1,212)	
Net loss	—	—	—	—	(20,910)	(20,910)	
Other comprehensive loss	—	—	—	(8)	—	(8)	
Balances at June 30, 2023	53,533	\$ 54	\$ 595,693	\$ (3,414)	\$ (592,176)	\$ 157	
Stock-based compensation expense	—	—	19,377	—	—	19,377	
Issuance of common stock upon exercise of stock options	70	—	1,120	—	—	1,120	
Issuance of common stock under employee stock purchase plan	93	—	6,967	—	—	6,967	
Issuance of restricted stock units	332	—	—	—	—	—	
Tax withholding related to net share settlements of stock-based compensation awards	(9)	—	(984)	—	—	(984)	
Induced conversion of convertible senior notes	—	—	(81,080)	—	—	(81,080)	
Net loss	—	—	—	—	(56,269)	(56,269)	
Other comprehensive loss	—	—	—	(2,981)	—	(2,981)	
Balances at September 30, 2023	54,019	\$ 54	\$ 541,093	\$ (6,395)	\$ (648,445)	\$ (113,693)	

*See accompanying notes.*

**WORKIVA INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	(in thousands) (unaudited)			
	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<b>Cash flows from operating activities</b>				
Net loss	\$ (16,992)	\$ (56,269)	\$ (46,227)	\$ (123,329)
Adjustments to reconcile net loss to net cash provided by operating activities				
Depreciation and amortization	3,006	2,686	8,092	8,353
Stock-based compensation expense	27,470	19,377	75,879	78,029
Provision for (recovery of) doubtful accounts	57	8	(46)	57
Accretion of premiums and discounts on marketable securities, net	(2,638)	(1,930)	(9,543)	(4,530)
Amortization of debt discount and issuance costs	609	472	1,826	1,122
Induced conversion expense	—	45,144	—	45,144
Realized loss on sale of available-for-sale securities, net	—	—	—	708
Deferred income tax	(1)	(14)	(292)	(17)
Changes in assets and liabilities:				
Accounts receivable	(15,187)	(15,234)	(11,507)	7,243
Deferred costs	(4,946)	3,116	(15,140)	6,248
Operating lease right-of-use asset	1,210	1,244	3,808	3,807
Other receivables	(1,745)	(1,556)	2,796	(1,842)
Prepaid expenses and other	344	3,452	2,764	(3,985)
Other assets	464	1,043	(1,191)	1,479
Accounts payable	4,788	(386)	7,630	(1,267)
Deferred revenue	26,606	11,120	22,159	22,225
Operating lease liability	(878)	(750)	(2,831)	(3,129)
Accrued expenses and other liabilities	(3,261)	3,468	5,559	10,217
Net cash provided by operating activities	<u>18,906</u>	<u>14,991</u>	<u>43,736</u>	<u>46,533</u>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(243)	(895)	(554)	(1,732)
Purchase of marketable securities	(158,522)	(144,989)	(310,075)	(322,008)
Maturities of marketable securities	108,993	36,906	345,733	76,811
Sale of marketable securities	—	—	4,609	65,052
Acquisitions, net of cash acquired	187	—	(98,093)	—
Purchase of intangible assets	(44)	(48)	(116)	(167)
Net cash used in investing activities	<u>(49,629)</u>	<u>(109,026)</u>	<u>(58,496)</u>	<u>(182,044)</u>

**WORKIVA INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**

	(in thousands) (unaudited)			
	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<b>Cash flows from financing activities</b>				
Proceeds from option exercises	3,273	1,120	3,865	3,324
Taxes paid related to net share settlements of stock-based compensation awards	(1,173)	(984)	(11,424)	(9,424)
Proceeds from shares issued in connection with employee stock purchase plan	6,709	6,967	13,822	12,513
Proceeds from the issuance of convertible senior notes, net of issuance costs	—	691,113	—	691,113
Payments for repurchase of convertible senior notes	—	(396,869)	—	(396,869)
Principal payments on finance lease obligations	(134)	(127)	(395)	(376)
Net cash provided by financing activities	8,675	301,220	5,868	300,281
Effect of foreign exchange rates on cash	2,390	(1,239)	925	(82)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(19,658)	205,946	(7,967)	164,688
Cash, cash equivalents, and restricted cash at beginning of period	268,412	198,939	256,721	240,197
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 248,754</u>	<u>\$ 404,885</u>	<u>\$ 248,754</u>	<u>\$ 404,885</u>
<b>Supplemental cash flow disclosure</b>				
Cash paid for interest	\$ 4,983	\$ 2,160	\$ 10,085	\$ 4,509
Cash paid for income taxes, net of refunds	\$ 1,387	\$ 604	\$ 4,520	\$ 2,126
<b>Noncash investing and financing activities</b>				
Purchases of property and equipment, accrued but not paid	\$ 259	\$ —	\$ 259	\$ —
<b>Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets</b>				
Cash and cash equivalents at end of period	\$ 248,239	\$ 404,885	\$ 248,239	\$ 404,885
Restricted cash included within prepaid expenses and other at end of period	515	—	515	—
Total cash, cash equivalents, and restricted cash at end of period shown in the consolidated statements of cash flows	<u>\$ 248,754</u>	<u>\$ 404,885</u>	<u>\$ 248,754</u>	<u>\$ 404,885</u>

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”) provides software solutions to bring customers’ financial reporting, Governance, Risk, and Compliance (“GRC”) and Environmental, Social, and Governance (“ESG”) data together in a controlled, secure, audit-ready platform. Our platform simplifies the most complex reporting and disclosure challenges by streamlining processes, connecting data and teams, and ensuring consistency. 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. The condensed consolidated balance sheet data as of December 31, 2023 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 nine months ended September 30, 2024 are not necessarily indicative of the results expected for the full year ending December 31, 2024.

Seasonality affects our revenue, expenses and cash flows from operations. Revenue from professional services is generally higher in the first quarter as many of our customers file their 10-K in the first calendar quarter. Our sales and marketing expense also has some degree of seasonality. Sales and marketing expenses have historically been higher in the third quarter due to our annual user conference in September. In addition, the timing of cash bonus payments 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, 2023 filed with the SEC on February 20, 2024.

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***

None.

### ***New Accounting Pronouncements Not Yet Adopted***

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which expands disclosures about a public entity's reportable segments and requires more enhanced information about a reportable segment's expenses, interim segment profit or loss, and how a public entity's chief operating decision maker uses reported segment profit or loss information in assessing segment performance and allocating resources. The standard is effective for annual periods beginning after December 15, 2023, with early adoption permitted. We do not believe the adoption of this standard will have a material impact on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which expands disclosures in an entity's income tax rate reconciliation table and regarding cash taxes paid both in the U.S. and foreign jurisdictions. The standard is effective for annual periods beginning after December 15, 2024, with early adoption permitted. We are assessing the effect of adopting this standard on our consolidated financial statements and related disclosures.

## 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 September 30, 2024	As of December 31, 2023
Accrued vacation	\$ 18,889	\$ 15,356
Accrued commissions	11,211	11,969
Accrued bonuses	23,195	6,825
Accrued payroll	6,604	7,206
Estimated health insurance claims	2,417	3,462
Accrued interest	1,197	3,510
ESPP employee contributions	4,287	7,540
Customer deposits	25,720	24,763
Operating lease liabilities	4,001	5,256
Accrued other liabilities	13,508	12,034
	<u>\$ 111,029</u>	<u>\$ 97,921</u>

### 3. Cash Equivalents and Marketable Securities

At September 30, 2024, cash equivalents and marketable securities consisted of the following (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
Money market funds	\$ 99,716	\$ —	\$ —	\$ 99,716
Commercial paper	5,953	—	—	5,953
U.S. treasury debt securities	255,229	989	(34)	256,184
U.S. government agency debt securities	92,849	401	(2)	93,248
Corporate debt securities	181,850	874	(14)	182,710
	<u>\$ 635,597</u>	<u>\$ 2,264</u>	<u>\$ (50)</u>	<u>\$ 637,811</u>
Included in cash and cash equivalents	<u>\$ 109,694</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 109,696</u>
Included in marketable securities	<u>\$ 525,903</u>	<u>\$ 2,262</u>	<u>\$ (50)</u>	<u>\$ 528,115</u>

At December 31, 2023, cash equivalents and marketable securities consisted of the following (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
Money market funds	\$ 108,826	\$ —	\$ —	\$ 108,826
Commercial paper	56,115	—	—	56,115
U.S. treasury debt securities	224,136	531	(80)	224,587
U.S. government agency debt securities	110,036	256	(15)	110,277
Corporate debt securities	165,341	497	(187)	165,651
Foreign government debt securities	999	—	(7)	992
	<u>\$ 665,453</u>	<u>\$ 1,284</u>	<u>\$ (289)</u>	<u>\$ 666,448</u>
Included in cash and cash equivalents	<u>\$ 108,826</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 108,826</u>
Included in marketable securities	<u>\$ 556,627</u>	<u>\$ 1,284</u>	<u>\$ (289)</u>	<u>\$ 557,622</u>

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

	As of September 30, 2024
Due within one year	\$ 348,502
Due in one to two years	179,613
	<u>\$ 528,115</u>

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 September 30, 2024, aggregated by investment category and the length of time that individual securities have been in a continuous loss position (in thousands):

	As of September 30, 2024			
	Less than 12 months		12 months or greater	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. treasury debt securities	\$ 39,627	\$ (30)	\$ 7,490	\$ (4)
U.S. government agency debt securities	957	(2)	—	—
Corporate debt securities	17,183	(9)	5,842	(5)
Total	<u>\$ 57,767</u>	<u>\$ (41)</u>	<u>\$ 13,332</u>	<u>\$ (9)</u>

We do not believe the unrealized losses represent credit losses based on our evaluation of available evidence as of September 30, 2024, 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 September 30, 2024, 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):

Description	Fair Value Measurements as of September 30, 2024			Fair Value Measurements as of December 31, 2023		
	Total	Level 1	Level 2	Total	Level 1	Level 2
Money market funds	\$ 99,716	\$99,716	\$ —	\$108,826	\$108,826	\$ —
Commercial paper	5,953	—	5,953	56,115	—	56,115
U.S. treasury debt securities	256,184	—	256,184	224,587	—	224,587
U.S. government agency debt securities	93,248	—	93,248	110,277	—	110,277
Corporate debt securities	182,710	—	182,710	165,651	—	165,651
Foreign government debt securities	—	—	—	992	—	992
	<u>\$637,811</u>	<u>\$99,716</u>	<u>\$538,095</u>	<u>\$666,448</u>	<u>\$108,826</u>	<u>\$557,622</u>
Included in cash and cash equivalents	\$109,696			\$108,826		
Included in marketable securities	\$528,115			\$557,622		

### **Convertible Senior Notes**

As of September 30, 2024, the fair value of our convertible senior notes due in 2026 and 2028 was \$82.4 million and \$659.7 million, respectively. 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**

The following table presents details of our convertible senior notes, which are further discussed below (original principal in thousands):

	<b>Month Issued</b>	<b>Maturity Date</b>	<b>Free Convertibility Date</b>	<b>Redemption Date</b>	<b>Original Principal (including over allotment)</b>	<b>Initial Conversion Rate per \$1,000 Principal</b>	<b>Initial Conversion Price</b>
2026 Notes	August 2019	August 15, 2026	May 15, 2026	August 21, 2023	\$ 345,000	12.4756	\$ 80.16
2028 Notes	August 2023	August 15, 2028	May 15, 2028	August 21, 2026	\$ 702,000	7.4690	\$ 133.89

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 "2026 Notes"). The 2026 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 2026 Notes totaled \$335.9 million, net of initial purchaser discounts and issuance costs.

In August 2023, we issued \$702.0 million aggregate principal amount of 1.250% convertible senior notes due 2028 in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended, including the partial exercise of 77.0 million principal amount by the initial purchasers of their option to purchase up to an additional \$100 million principal amount (the "2028 Notes"). The 2028 Notes bear interest at a fixed rate of 1.250% per annum, payable semi-annually in arrears on February 15 and August 15 of each year, commencing on February 15, 2024. Proceeds from the issuance of the 2028 Notes totaled \$691.1 million, net of initial purchaser discounts and issuance costs.

The 2026 Notes and the 2028 Notes are together referred to as the "Notes".

The Notes were issued pursuant to an indenture and are senior, unsecured obligations of the Company. The 2028 Notes will rank equally with all of the Company's existing and future senior unsecured indebtedness, including the Company's outstanding 2026 Notes.

Holders of the Notes may convert all or a portion of their Notes prior to the close of business on their respective Free Convertibility dates, in multiples of \$1,000 principal amount, only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter in which the respective Notes were issued (and only during such calendar quarter), if the last reported sale price of our Class A common stock, par value \$0.001 per share, 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 relevant indenture.

On or after the relevant Free Convertibility Date, 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.

The Company may redeem for cash all or any portion of the Notes, at its option, on or after the respective Redemption Date, 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 respective Redemption Date.

During the third quarter of 2024 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 September 30, 2024.

Interest expense representing the amortization of issuance costs as well as contractual interest expense is amortized to interest expense at an effective interest rate of 1.5% and 1.6% over the term of the 2026 Notes and 2028 Notes, respectively.

As of September 30, 2024, the remaining life of the 2026 Notes and 2028 Notes were approximately 1.8 years and 3.8 years, respectively.

The net carrying amount of the Notes was as follows (in thousands):

	September 30, 2024		December 31, 2023	
	2026 Notes	2028 Notes	2026 Notes	2028 Notes
Principal	\$ 71,242	\$ 702,000	\$ 71,242	\$ 702,000
Unamortized issuance costs	(508)	(8,453)	(711)	(10,076)
Net carrying amount	\$ 70,734	\$ 693,547	\$ 70,531	\$ 691,924

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Contractual interest expense	\$ 2,394	\$ 1,618	\$ 7,182	\$ 3,558
Amortization of issuance costs	609	472	1,826	1,122
Total interest expense	<u>\$ 3,003</u>	<u>\$ 2,090</u>	<u>\$ 9,008</u>	<u>\$ 4,680</u>

## 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").

On May 30, 2024, stockholders approved an amendment to the 2014 Plan that increased the number of shares available for grant by 3,900,000. As of September 30, 2024, 4,920,079 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cost of revenue				
Subscription and support	\$ 2,164	\$ 1,247	\$ 5,708	\$ 3,732
Professional services	858	623	2,348	1,923
Operating expenses				
Research and development	5,681	4,155	15,474	13,677
Sales and marketing	9,942	7,108	26,470	20,769
General and administrative	8,825	6,244	25,879	37,928
Total	<u>\$ 27,470</u>	<u>\$ 19,377</u>	<u>\$ 75,879</u>	<u>\$ 78,029</u>

***Stock Options***

The following table summarizes the option activity under the Plans for the nine months ended September 30, 2024:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)
Outstanding at December 31, 2023	1,211,619	\$ 14.46	2.3
Granted	—	—	—
Forfeited	—	—	—
Expired	—	—	—
Exercised	(245,202)	15.76	—
Outstanding at September 30, 2024	<u>966,417</u>	\$ 14.13	1.9
Exercisable at September 30, 2024	966,417	\$ 14.13	1.9

***Restricted Stock Units and Performance Restricted Stock Units***

The following table summarizes the restricted stock unit and performance restricted stock unit activity under the Plans for the nine months ended September 30, 2024:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2023	2,198,411	\$ 97.17
Granted	1,490,197	87.53
Forfeited	(166,120)	95.04
Vested <sup>(1)</sup>	(864,693)	95.97
Unvested at September 30, 2024	<u>2,657,795</u>	\$ 92.34

(1) During the nine months ended September 30, 2024, in accordance with our Nonqualified Deferred Compensation Plan, recipients of 3,325 shares elected to defer settlement of their vested restricted stock units and 18,919 shares were released from deferral.

***Employee Stock Purchase Plan***

During the nine months ended September 30, 2024, 194,239 shares of common stock were purchased under the ESPP at a weighted-average price of \$71.16 per share, resulting in cash proceeds of \$13.8 million.

Compensation expense associated with ESPP purchase rights is recognized on a straight-line basis over the vesting period. At September 30, 2024, there was approximately \$1.4 million of total unrecognized compensation expense related to the ESPP, which is expected to be recognized over a weighted-average period of 0.3 years.

**8. Revenue Recognition**

***Disaggregation of Revenue***

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

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Subscription and support	\$ 171,035	\$ 143,421	\$ 486,749	\$ 409,857
XBRL professional services	11,704	11,555	43,324	42,719
Other services	2,882	3,199	8,718	10,810
Total revenues	<u>\$ 185,621</u>	<u>\$ 158,175</u>	<u>\$ 538,791</u>	<u>\$ 463,386</u>

***Deferred Revenue***

We recognized \$153.0 million and \$129.9 million of revenue during the three months ended September 30, 2024 and 2023, respectively, that was included in the deferred revenue balances at the beginning of the respective periods. We recognized \$331.2 million and \$277.8 million of revenue during the nine months ended September 30, 2024 and 2023, 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 September 30, 2024, we expect revenue of approximately \$1,076.1 million to be recognized from remaining performance obligations for subscription contracts. We expect to recognize approximately \$586.0 million of these remaining performance obligations over the next 12 months with the balance substantially recognized in the 24 months thereafter.

## 9. Intangible Assets and Goodwill

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

	As of September 30, 2024				As of December 31, 2023		
	Weighted Average Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Acquired technology	4.7	\$ 26,591	\$ (10,811)	\$ 15,780	\$ 15,949	\$ (7,471)	\$ 8,478
Acquired customer-related	9.7	16,940	(4,020)	12,920	15,427	(2,769)	12,658
Acquired trade names	3.0	2,180	(1,829)	351	2,172	(1,721)	451
Patents	10.0	3,267	(2,040)	1,227	3,150	(1,845)	1,305
Total	6.7	\$ 48,978	\$ (18,700)	\$ 30,278	\$ 36,698	\$ (13,806)	\$ 22,892

Amortization expense related to intangible assets was \$2.0 million and \$1.5 million for the three months ended September 30, 2024 and 2023, respectively, and \$4.8 million and \$4.6 million for the nine months ended September 30, 2024 and 2023, respectively.

As of September 30, 2024, expected remaining amortization expense of intangible assets by fiscal year is as follows (in thousands):

Remainder of 2024	\$ 1,958
2025	7,121
2026	5,801
2027	4,460
2028	4,008
Thereafter	6,930
Total expected amortization expense	\$ 30,278

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

December 31, 2023	\$ 112,097
Acquisition	89,146
Foreign currency translation adjustments	890
September 30, 2024	\$ 202,133

## 10. Net Loss Per Share

Net loss per share is allocated based on the contractual 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.

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):

	<b>Three months ended</b>			
	<b>September 30, 2024</b>		<b>September 30, 2023</b>	
	<b>Class A</b>	<b>Class B</b>	<b>Class A</b>	<b>Class B</b>
<i>Numerator</i>				
Net loss	\$ (15,816)	\$ (1,176)	\$ (52,281)	\$ (3,988)
<i>Denominator</i>				
Weighted-average common shares outstanding - basic and diluted	51,736,258	3,845,583	50,411,358	3,845,583
Basic and diluted net loss per share	\$ (0.31)	\$ (0.31)	\$ (1.04)	\$ (1.04)
	<b>Nine months ended</b>			
	<b>September 30, 2024</b>		<b>September 30, 2023</b>	
	<b>Class A</b>	<b>Class B</b>	<b>Class A</b>	<b>Class B</b>
<i>Numerator</i>				
Net loss	\$ (43,008)	\$ (3,219)	\$ (114,522)	\$ (8,807)
<i>Denominator</i>				
Weighted-average common shares outstanding - basic and diluted	51,380,671	3,845,583	50,132,483	3,855,308
Basic and diluted net loss per share	\$ (0.84)	\$ (0.84)	\$ (2.28)	\$ (2.28)

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

	<b>As of</b>	
	<b>September 30, 2024</b>	<b>September 30, 2023</b>
Shares subject to outstanding common stock options	966,417	1,289,808
Shares subject to unvested restricted stock units and performance restricted stock units	2,657,795	2,273,719
Shares issuable pursuant to the ESPP	125,951	86,000
Shares underlying our convertible senior notes	6,132,025	9,547,320



## 11. Acquisitions

On June 17, 2024, we acquired all of the issued and outstanding equity interests in Sustain.Life, Inc. (“Sustain.Life”), a leading provider of carbon accounting solutions, for \$98.1 million net of cash acquired of \$0.3 million to launch Workiva Carbon. Workiva Carbon is an audit-ready carbon accounting solution that helps organizations measure, manage, track, and report carbon emissions, including data from third-party supply chain partners. Coupled with Workiva's ESG reporting solution, companies can now collect key business data, calculate critical metrics, set data-driven ESG strategy, measure progress, and report results all in the Workiva platform.

The transaction was accounted for as a business combination. 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 goodwill and definite-lived intangible assets acquired in the acquisition were externally estimated primarily based on the replacement cost approach. 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 .....	\$	98,343
Total consideration .....	\$	98,343
Cash	\$	251
Accounts receivable, net		488
Other receivables		4,066
Prepaid expenses and other		239
Intangible assets		11,890
Goodwill		89,146
Accounts payable		(211)
Accrued liabilities		(5,223)
Deferred revenue		(1,042)
Other long-term liabilities		(1,261)
Fair value of assets and liabilities .....	\$	98,343

We incurred costs related to the acquisition of approximately \$1.1 million during the nine months ended September 30, 2024. 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 nine months ended September 30, 2024 were not material.

## **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 20, 2024. 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, 2023, 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 is on a mission to power transparent reporting for a better world. We build and deliver the world's leading cloud platform for assured integrated reporting to meet stakeholder demands for action, transparency, and disclosure of financial and non-financial data. Workiva offers the only unified software-as-a-service (“SaaS”) platform brings customers’ financial reporting, Governance, Risk, and Compliance (“GRC”) and Environmental, Social, and Governance (“ESG”) data together in a controlled, secure, audit-ready platform. Our platform simplifies the most complex reporting and disclosure challenges by streamlining processes, connecting data and teams, and ensuring consistency.

From data to disclosure, the Workiva platform empowers customers by connecting and transforming data from hundreds of enterprise resource planning (“ERP”), human capital management (“HCM”), and customer relationship management (“CRM”) systems, as well as other third-party cloud and on-premise applications. Customers use our platform to create, review and publish data-linked documents, presentations, and reports with greater control, consistency, accuracy, and productivity. Our platform is flexible and scalable, so customers can easily adapt it to define, automate, and change their business processes in real time.

Workiva provides more than 6,200 organizations across the globe with SaaS platform solutions to help solve some of the most complex reporting and disclosure challenges. While our customers use our platform for more than 100 different use cases, across dozens of vertical industries, we organize our sales and marketing resources into three purpose-built solution groups (Financial Reporting, ESG, and GRC) focusing primarily on the office of the Chief Financial Officer (“CFO”), Chief Sustainability Officer (“CSO”), and Chief Audit Executive (“CAE”).

We operate our business on a 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. 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 2,751 at September 30, 2024 from 2,519 at September 30, 2023, an increase of 9.2%.

We have achieved significant revenue growth in recent periods. Our revenue grew to \$185.6 million and \$538.8 million during the three and nine months ended September 30, 2024, respectively from \$158.2 million and \$463.4 million during the three and nine months ended September 30, 2023, respectively. We incurred net losses of \$17.0 million and \$46.2 million during the three and nine months ended September 30, 2024, respectively compared to \$56.3 million and \$123.3 million during the three and nine months ended September 30, 2023, respectively.

We continue to invest for future growth and are focused on several key drivers, including focusing on multi-solution adoption by new and existing customers, further developing our partner program, accelerating international expansion and our fit-for-purpose solutions. These growth drivers often require a more sophisticated go-to-market approach and, as a result, we may incur additional costs upfront to obtain new customers and expand our relationships with existing customers, including additional sales and marketing expenses.

### **Recent Business Developments**

On June 17, 2024, we acquired all of the issued and outstanding equity interests in Sustain.Life, a leading provider of carbon accounting solutions, to launch Workiva Carbon. Workiva Carbon is an audit-ready carbon accounting solution that helps organizations measure, manage, track, and report carbon emissions, including data from third-party supply chain partners. Coupled with Workiva's ESG reporting solution, companies can now collect key business data, calculate critical metrics, set data-driven ESG strategy, measure progress, and report results all in the Workiva platform. See Note 11 to the condensed consolidated financial statements for more information.

### **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”) since fiscal year 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 IPOs and SPACs in fiscal year 2024. 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 distributed teams of contributors and disparate sets of business data. We market our platform to professionals and executives in the areas of financial and non-financial reporting, including regulatory, multi-entity and performance reporting. In addition, we market to teams responsible for ESG reporting, and GRC programs. 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 Europe, the Middle East and Africa ("EMEA") and Asia-Pacific ("APAC") regions.

*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. Our sales and marketing expense also has some degree of seasonality. Sales and marketing expenses have historically been higher in the third quarter due to our annual user conference in September. 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
(dollars in thousands)				
<i>Financial metrics</i>				
Total revenue	\$ 185,621	\$ 158,175	\$ 538,791	\$ 463,386
Percentage increase in total revenue	17.4 %	19.1 %	16.3 %	17.6 %
Subscription and support revenue	\$ 171,035	\$ 143,421	\$ 486,749	\$ 409,857
Percentage increase in subscription and support revenue	19.3 %	20.9 %	18.8 %	20.9 %
Subscription and support as a percent of total revenue	92.1 %	90.7 %	90.3 %	88.4 %
<b>As of September 30,</b>				
	<b>2024</b>		<b>2023</b>	
<i>Operating metrics</i>				
Number of customers	6,237		5,945	
Subscription and support revenue retention rate	97.5%		97.7%	
Subscription and support revenue retention rate including add-ons	110.5%		112.0%	
Number of customers with annual contract value \$100k+	1,926		1,561	
Number of customers with annual contract value \$300k+	383		296	
Number of customers with annual contract value \$500k+	166		130	

*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. Our customer count as of September 30, 2024 does not include Sustain.Life.

*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 97.5% as of September 30, 2024, down slightly from 97.7% as of September 30, 2023. 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 over half of our revenue attrition in the latest quarter.

*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 110.5% as of the quarter ended September 30, 2024, down from 112.0% as of September 30, 2023.

*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.

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Subscription and support revenue from customers with annual contract value of \$100k+ as a percent of total subscription and support revenue	71.8%	67.1%	70.3%	65.6%
Subscription and support revenue from customers with annual contract value of \$300k+ as a percent of total subscription and support revenue	36.0%	32.6%	35.1%	31.2%
Subscription and support revenue from customers with annual contract value of \$500k+ as a percent of total subscription and support revenue	24.3%	21.6%	23.5%	21.3%

## 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 nine months ended September 30, 2024 and 2023, no single customer represented more than 1% of our revenue, and our largest 10 customers accounted for less than 10% 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 one year to three years. 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 up 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, travel, and stock-based compensation; the costs of contracted third-party vendors; the costs of third-party hosting fees for server usage by our customers; information technology costs; and facility costs.

### ***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, travel, and stock-based compensation; costs of third-party hosting fees for 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, travel, 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
(in thousands)				
<b>Revenue</b>				
Subscription and support	\$ 171,035	\$ 143,421	\$ 486,749	\$ 409,857
Professional services	14,586	14,754	52,042	53,529
Total revenue	185,621	158,175	538,791	463,386
<b>Cost of revenue</b>				
Subscription and support <sup>(1)</sup>	30,621	24,864	86,493	74,080
Professional services <sup>(1)</sup>	13,050	13,491	39,873	42,297
Total cost of revenue	43,671	38,355	126,366	116,377
Gross profit	141,950	119,820	412,425	347,009
<b>Operating expenses</b>				
Research and development <sup>(1)</sup>	48,425	41,747	142,328	130,235
Sales and marketing <sup>(1)</sup>	89,756	72,576	257,086	215,168
General and administrative <sup>(1)</sup>	25,551	21,022	76,225	86,660
Total operating expenses	163,732	135,345	475,639	432,063
Loss from operations	(21,782)	(15,525)	(63,214)	(85,054)
Interest income	9,298	7,294	30,089	15,546
Interest expense	(3,199)	(47,437)	(9,668)	(50,437)
Other expense, net	(350)	(71)	(309)	(1,450)
Loss before provision for income taxes	(16,033)	(55,739)	(43,102)	(121,395)
Provision for income taxes	959	530	3,125	1,934
Net loss	\$ (16,992)	\$ (56,269)	\$ (46,227)	\$ (123,329)

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
(in thousands)				
<b>Cost of revenue</b>				
Subscription and support	\$ 2,164	\$ 1,247	\$ 5,708	\$ 3,732
Professional services	858	623	2,348	1,923
<b>Operating expenses</b>				
Research and development	5,681	4,155	15,474	13,677
Sales and marketing	9,942	7,108	26,470	20,769
General and administrative	8,825	6,244	25,879	37,928
Total stock-based compensation expense	\$ 27,470	\$ 19,377	\$ 75,879	\$ 78,029



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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenue				
Subscription and support	92.1 %	90.7 %	90.3 %	88.4 %
Professional services	7.9	9.3	9.7	11.6
Total revenue	100.0	100.0	100.0	100.0
Cost of revenue				
Subscription and support	16.5	15.7	16.1	16.0
Professional services	7.0	8.5	7.4	9.1
Total cost of revenue	23.5	24.2	23.5	25.1
Gross profit	76.5	75.8	76.5	74.9
Operating expenses				
Research and development	26.1	26.4	26.4	28.1
Sales and marketing	48.4	45.9	47.7	46.4
General and administrative	13.8	13.3	14.1	18.7
Total operating expenses	88.3	85.6	88.2	93.2
Loss from operations	(11.8)	(9.8)	(11.7)	(18.3)
Interest income	5.0	4.6	5.6	3.4
Interest expense	(1.7)	(30.0)	(1.8)	(10.9)
Other expense, net	(0.2)	—	(0.1)	(0.3)
Loss before provision for income taxes	(8.7)	(35.2)	(8.0)	(26.1)
Provision for income taxes	0.5	0.3	0.6	0.4
Net loss	(9.2)%	(35.5)%	(8.6)%	(26.5)%

***Comparison of Three and Nine Months Ended September 30, 2024 and 2023***

***Revenue***

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
	(dollars in thousands)					
Revenue						
Subscription and support	\$ 171,035	\$ 143,421	19.3%	\$ 486,749	\$ 409,857	18.8%
Professional services	14,586	14,754	(1.1)%	52,042	53,529	(2.8)%
Total revenue	<u>\$ 185,621</u>	<u>\$ 158,175</u>	17.4%	<u>\$ 538,791</u>	<u>\$ 463,386</u>	16.3%

Total revenue increased \$27.4 million for the three months ended September 30, 2024 compared to the same quarter a year ago due primarily to a \$27.6 million increase in subscription and support revenue. Growth in subscription and support revenue in the third quarter was attributable mainly to strong demand and continued solution expansion across our customer base. Revenue from professional services was relatively flat for the three months ended September 30, 2024 compared to the same quarter a year ago. We continue to transition consulting and other services to our partners and expect the revenue growth rate from subscription and support to continue to outpace revenue growth from professional services on an annual basis.

Total revenue increased \$75.4 million for the nine months ended September 30, 2024 compared to the same period a year ago due primarily to a \$76.9 million increase in subscription and support revenue. Growth in subscription and support revenue was attributable mainly to strong demand and continued solution expansion across our customer base. Revenue from professional services decreased \$1.5 million for the nine months ended September 30, 2024 compared to the same period a year ago. We continue to transition consulting and other services to our partners and expect the revenue growth rate from subscription and support to continue to outpace revenue growth from professional services on an annual basis.

**Cost of Revenue**

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
(dollars in thousands)						
Cost of revenue						
Subscription and support	\$ 30,621	\$ 24,864	23.2%	\$ 86,493	\$ 74,080	16.8%
Professional services	13,050	13,491	(3.3)%	39,873	42,297	(5.7)%
Total cost of revenue	<u>\$ 43,671</u>	<u>\$ 38,355</u>	13.9%	<u>\$ 126,366</u>	<u>\$ 116,377</u>	8.6%

Cost of revenue increased \$5.3 million during the three months ended September 30, 2024 compared to the same quarter a year ago. Subscription and support cost of revenue increased \$5.8 million due primarily to \$3.5 million in higher cash-based compensation and benefits costs and \$0.9 million of additional stock-based compensation. The increase in compensation was primarily driven by a modest increase in employee headcount. Amortization of acquired intangible assets for Sustain.Life was \$0.6 million. Professional services cost of revenue decreased \$0.4 million due primarily to a \$0.5 million decrease in cash-based compensation and benefits costs. The decrease was primarily driven by a decrease in employee headcount as we continue to transition consulting and other services to our partners.

Cost of revenue increased \$10.0 million during the nine months ended September 30, 2024 compared to the same period a year ago. Subscription and support cost of revenue increased \$12.4 million due primarily to \$8.4 million in higher cash-based compensation and benefits costs, \$2.0 million of additional stock-based compensation, and a \$0.5 million increase in travel expense. The increase in compensation was primarily driven by a modest increase in employee headcount. The increase in travel expense was primarily due to a general increase in travel driven by an increase in employee headcount. Amortization of acquired intangible assets for Sustain.Life was \$0.6 million. Professional services cost of revenue decreased \$2.4 million due primarily to a \$2.1 million decrease in cash-based compensation and benefits costs and a \$0.7 million decrease in professional service fees. The decrease was primarily driven by a decrease in employee headcount and staff augmentation as we continue to transition consulting and other services to our partners.

**Operating Expenses**

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
<b>(dollars in thousands)</b>						
<b>Operating expenses</b>						
Research and development	\$ 48,425	\$ 41,747	16.0%	\$ 142,328	\$ 130,235	9.3%
Sales and marketing	89,756	72,576	23.7%	257,086	215,168	19.5%
General and administrative	25,551	21,022	21.5%	76,225	86,660	(12.0)%
<b>Total operating expenses</b>	<b>\$ 163,732</b>	<b>\$ 135,345</b>	<b>21.0%</b>	<b>\$ 475,639</b>	<b>\$ 432,063</b>	<b>10.1%</b>

*Research and Development*

Research and development expenses increased \$6.7 million during the three months ended September 30, 2024 compared to the same quarter a year ago due primarily to \$4.0 million in higher cash-based compensation and benefits, \$1.5 million of additional stock-based compensation and a \$1.0 million increase in professional service fees. The increase in compensation was primarily driven by a modest increase in employee headcount. The increase in professional service fees resulted primarily from our continued investment in and support of our platform and solutions.

Research and development expenses increased \$12.1 million during the nine months ended September 30, 2024 compared to the same period a year ago due primarily to \$8.1 million in higher cash-based compensation and benefits, \$1.8 million of additional stock-based compensation, and a \$2.1 million increase in professional service fees. The remaining increase in compensation was primarily driven by a modest increase in employee headcount. The increase in professional service fees resulted primarily from our continued investment in and support of our platform and solutions.

*Sales and Marketing*

Sales and marketing expenses increased \$17.2 million during the three months ended September 30, 2024 compared to the same quarter a year ago due primarily to \$8.0 million in higher cash-based compensation and benefits, \$2.8 million of additional stock-based compensation, a \$1.9 million increase in travel expense, a \$1.7 million increase in professional service fees, and a \$2.5 million increase in marketing and advertising. During the third quarter of 2024 we recognized an additional \$1.8 million in cash-based and stock-based compensation pursuant to certain severance obligations. The remaining increase in compensation was primarily due to an increase in employee headcount as we continue to invest in our go-to-market activities. The increase in travel expense was primarily due to a general increase in travel driven by an increase in employee headcount and our continued investment in our go-to-market activities. The increases in professional service fees and marketing and advertising was the result of our continued investment in and support of our platform and solutions.

Sales and marketing expenses increased \$41.9 million during the nine months ended September 30, 2024 compared to the same period a year ago due primarily to \$24.3 million in higher cash-based compensation and benefits, \$5.7 million of additional stock-based compensation, a \$4.1 million increase in travel expense, a \$3.6 million increase in professional service fees, and a \$3.5 million increase in marketing and advertising. The increase in compensation was primarily due to an increase in employee headcount and sales commissions as we continue to invest in our go-to-market activities. The increase in travel expense was primarily due to a general increase in travel driven by an increase in employee headcount and our continued investment in our go-to-market activities. The increases in professional service fees and marketing and advertising were the result of our continued investment in and support of our platform and solutions.

*General and Administrative*

General and administrative expenses increased \$4.5 million during the three months ended September 30, 2024 compared to the same quarter a year ago due primarily to a \$0.9 million increase in cash-based compensation and benefits, \$2.6 million of additional stock-based compensation, and a \$0.8 million increase in recruiting and professional service fees. The increase in compensation was primarily due to additional performance-based restricted stock awards issued to executives in the latter part of the first quarter of 2024 and changes in the assumptions associated with the attainment of company-specific performance targets. The remaining increase in compensation was due to a modest increase in employee headcount. The increase in professional service fees was primarily due to costs incurred to acquire Sustain.Life.

General and administrative expenses decreased \$10.4 million during the nine months ended September 30, 2024 compared to the same period a year ago due primarily to a \$12.2 million decrease in stock-based compensation partially offset by a \$2.0 million increase in professional service fees. In addition, during the nine months ended September 30, 2023, we recorded a one-time benefit of \$1.0 million related to a goods and services tax refund as well as one-time fees of \$0.6 million related to the cancellation of certain events which did not recur in 2024. The decrease in compensation during the first nine months of 2024 is primarily due to the recognition of \$1.4 million and \$18.1 million in cash-based and stock-based compensation, respectively, pursuant to certain transition agreements with former executives during the first quarter of 2023 which did not recur in 2024, partially offset by a modest increase in employee headcount and an increase in performance-based restricted stock expense driven by additional performance-based restricted stock awards issued to executives in the latter part of the first quarter of 2024 and changes in the assumptions associated with the attainment of company-specific performance targets. The increase in professional service fees was primarily due to costs incurred to acquire Sustain.Life.

*Non-Operating Income (Expenses)*

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
	(dollars in thousands)					
Interest income	\$ 9,298	\$ 7,294	27.5%	\$ 30,089	\$ 15,546	93.5%
Interest expense	(3,199)	(47,437)	(93.3)%	(9,668)	(50,437)	(80.8)%
Other expense, net	(350)	(71)	*	(309)	(1,450)	*

(\*) Percentage is not meaningful.

*Interest Income, Interest Expense and Other Expense, Net*

During the three months ended September 30, 2024, interest income increased \$2.0 million compared to the same quarter a year ago due primarily to an increase in our investment balance, coupled with higher interest rates. During the three months ended September 30, 2023, we recorded a \$45.1 million loss on induced conversion from the partial repurchase of our convertible senior notes due in 2026 (the "2026 Notes"), which did not recur in 2024 and contributed primarily to the decrease in interest expense compared to the same quarter a year ago. Other expense, net increased \$0.3 million compared to the same quarter a year ago due primarily to losses on foreign currency transactions.

During the nine months ended September 30, 2024, interest income increased \$14.5 million compared to the same period a year ago due primarily to an increase in our investment balance, facilitated by the issuance of our 2028 convertible notes (the "2028 Notes"), coupled with higher interest rates. During the nine months ended September 30, 2023, we recorded a \$45.1 million loss on induced conversion from the partial repurchase of our 2026 Notes, which did not recur in 2024 and contributed primarily to the decrease in interest expense compared to the same period a year ago. Other expense, net decreased \$1.1 million compared to the same period a year ago due primarily to gains on foreign currency transactions as well as losses on the sale of available-for-sale securities from the first nine months of 2023 which did not recur in 2024.

## **Results of Operations for Fiscal 2023 Compared to 2022**

For a comparison of our results of operations for the fiscal years ended December 31, 2023 and 2022, 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, 2023, filed with the SEC on February 20, 2024.

## **Liquidity and Capital Resources**

### ***Overview of Sources and Uses of Cash***

As of September 30, 2024, our principal sources of liquidity were cash, cash equivalents and marketable securities totaling \$776.4 million, which were held for working capital purposes. We have financed our operations primarily through cash generated from operations and issuances of convertible debt. We have generated significant operating losses as reflected in our accumulated deficit on our condensed consolidated balance sheets. 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 2023, we issued \$702.0 million aggregate principal amount of our 1.250% 2028 Notes. Proceeds from the issuance of the 2028 Notes totaled \$691.1 million, net of initial purchaser discounts and issuance costs. We used \$396.9 million of the net proceeds from the 2028 Notes offering to repurchase \$273.8 million principal amount, together with accrued and unpaid interest thereon, of our 1.125% 2026 Notes in separate and individually negotiated transactions with certain holders. As of September 30, 2024, we had outstanding debt relating to our 2026 Notes and 2028 Notes of \$70.7 million and \$693.5 million, with corresponding maturity dates of August 15, 2026 and August 15, 2028, respectively.

### ***Share Repurchase Plan***

On July 30, 2024, our board of directors authorized a share repurchase program for up to \$100.0 million of our outstanding Class A common stock (the "2024 Repurchase Plan"). The repurchases may be made in the open market or through privately negotiated transactions, pursuant to Rule 10b5-1 trading plans or other available means, each in compliance with Rule 10b-18 under the Exchange Act. The timing, manner, price, and amount of the repurchase will be subject to the discretion of the Company's management, and it may be suspended or discontinued at any time. As of September 30, 2024, we have not made any repurchases under the 2024 Repurchase Plan.

## Cash Flows

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	(in thousands)			
Cash flow provided by operating activities	\$ 18,906	\$ 14,991	\$ 43,736	\$ 46,533
Cash flow used in investing activities	(49,629)	(109,026)	(58,496)	(182,044)
Cash flow provided by financing activities	8,675	301,220	5,868	300,281
Net (decrease) increase in cash, cash equivalents, and restricted cash, net of impact of exchange rates	\$ (19,658)	\$ 205,946	\$ (7,967)	\$ 164,688

### Operating Activities

Our largest source of operating cash is cash collections from customers for subscription and support access to our platform. Our primary uses of cash from operating activities are for personnel-related expenditures, marketing activities, and costs of cloud infrastructure services.

Cash provided by operating activities of \$18.9 million for the three months ended September 30, 2024 consisted of a net loss of \$17.0 million adjusted for non-cash charges of \$28.5 million and net cash inflows of \$7.4 million from changes in operating assets and liabilities. The change in operating assets and liabilities was primarily driven by an increase in deferred revenue which was due in part to an increase in large contracts signed in the period coupled with growth in our customer base. The increases in accounts receivable, other receivables, and accounts payable as well as the decrease in accrued expenses and other liabilities were attributable primarily to the timing of cash payments and collections.

Cash provided by operating activities of \$15.0 million for the three months ended September 30, 2023 consisted of a net loss of \$56.3 million adjusted for non-cash charges of \$65.7 million and net cash inflows of \$5.5 million from changes in operating assets and liabilities. The adjustments for non-cash charges included a \$45.1 million loss on induced conversion from the partial repurchase of our 2026 Notes. Customer growth and contract renewals for longer terms accounted for most of the increase in deferred revenue. Deferred costs decreased primarily due to the amortization of direct and incremental costs of obtaining a customer contract. The increases in accounts receivable, other receivables, and accrued expenses and other liabilities as well as the decreases in prepaid expenses and other assets were attributable primarily to the timing of our billings, cash collections, and cash payments.

Cash provided by operating activities of \$43.7 million for the nine months ended September 30, 2024 consisted of a net loss of \$46.2 million adjusted for non-cash charges of \$75.9 million and net cash inflows of \$14.0 million from changes in operating assets and liabilities. The adjustments for non-cash charges included a \$45.1 million loss on induced conversion from the partial repurchase of our 2026 Notes. The change in operating assets and liabilities was primarily driven by an increase in deferred revenue which was due in part to multi-year prepaid customer contracts coupled with growth in our customer base. The increase in deferred costs was primarily due to growth in subscription bookings. The increases in accounts receivable, other assets, accounts payable, and accrued expenses and other liabilities as well as the decreases in other receivables and prepaid expenses were attributable primarily to the timing of our billings, cash collections, and cash payments.

Cash provided by operating activities of \$46.5 million for the nine months ended September 30, 2023 consisted of a net loss of \$123.3 million adjusted for non-cash charges of \$128.9 million and net cash inflows of \$41.0 million from changes in operating assets and liabilities. Customer growth accounted for most of the increase in deferred revenue. Deferred costs decreased primarily due to the amortization of direct and incremental costs of obtaining a customer contract. The increases in other receivables, prepaid expenses, and accrued expenses and other liabilities as well as the decreases in accounts receivable and accounts payable were attributable primarily to the timing of our billings, cash collections, and cash payments.

*Investing Activities*

Cash used in investing activities of \$49.6 million for the three months ended September 30, 2024 consisted of \$158.5 million in purchases of marketable securities and \$0.2 million for the acquisition of Sustain.Life partially offset by \$109.0 million from the maturities of marketable securities.

Cash used in investing activities of \$109.0 million for the three months ended September 30, 2023 consisted of \$145.0 million in purchases of marketable securities and \$0.9 million in purchases of fixed assets partially offset by \$36.9 million from the 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 \$58.5 million for the nine months ended September 30, 2024 consisted of \$310.1 million in purchases of marketable securities, \$98.1 million for the acquisition of Sustain.Life, and \$0.6 million in purchases of fixed assets partially offset by \$345.7 million from the maturities of marketable securities and \$4.6 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 \$182.0 million for the nine months ended September 30, 2023 consisted of \$322.0 million in purchases of marketable securities and \$1.7 million in purchases of fixed assets partially offset by \$65.1 million from the sale of marketable securities and \$76.8 million from the 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 provided by financing activities of \$8.7 million for the three months ended September 30, 2024 consisted of \$6.7 million in proceeds from shares issued in connection with our Employee Stock Purchase Plan ("ESPP") and \$3.3 million in proceeds from option exercises partially offset by \$1.2 million in taxes paid related to net share settlements of stock-based compensation awards.

Cash provided by financing activities of \$301.2 million for the three months ended September 30, 2023 consisted of \$691.1 million in proceeds from the issuance of the 2028 Notes, net of issuance costs, \$7.0 million in proceeds from shares issued in connection with our ESPP, and \$1.1 million in proceeds from option exercises partially offset by \$396.9 million paid for the partial repurchase of our 2026 Notes and \$1.0 million in taxes paid related to net share settlements of stock-based compensation awards.

Cash provided by financing activities of \$5.9 million for the nine months ended September 30, 2024 consisted of \$13.8 million in proceeds from shares issued in connection with our ESPP and \$3.9 million in proceeds from option exercises partially offset by \$11.4 million in taxes paid related to net share settlements of stock-based compensation awards.

Cash provided by financing activities of \$300.3 million for the nine months ended September 30, 2023 consisted of \$691.1 million in proceeds from the issuance of the 2028 Notes, net of issuance costs, \$12.5 million in proceeds from shares issued in connection with our ESPP, and \$3.3 million in proceeds from option exercises partially offset by \$396.9 million paid for the partial repurchase of our 2026 Notes and \$9.4 million in taxes paid related to net share settlements of stock-based compensation awards.

### **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, 2023 filed with the SEC on February 20, 2024.

### **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 nine months ended September 30, 2024, 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, 2023 filed with the SEC on February 20, 2024.

### **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, 2023. Our exposures to market risk have not changed materially since December 31, 2023.

### **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 2023 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 year 2024 to the risk factors that were included in the Form 10-K, other than what is set forth immediately below.

#### **Risks Related to Ownership of Our Securities**

*The amount and frequency of our share repurchases may fluctuate, and we cannot guarantee that we will fully consummate our share repurchase authorization, or that it will enhance long-term shareholder value. Share repurchases could also increase the volatility of the trading price of our stock and will diminish our cash reserves.*

The amount, frequency and execution of our share repurchases pursuant to the 2024 Repurchase Plan may fluctuate based on our operating results, cash flows, priorities for the use of cash for other purposes. These other purposes include, but are not limited to, operational spending, capital spending, acquisitions, and repayment of debt. Other factors, including changes in tax laws, could also impact our share repurchases. Although our board of directors has authorized share repurchases of up to \$100.0 million of our outstanding Class A common stock, the authorization does not obligate us to repurchase any common stock, and we may not ultimately purchase any common stock.

We cannot guarantee that our share repurchase authorization pursuant to the 2024 Repurchase Plan will be fully consummated or that it will enhance long-term shareholder value. The repurchase authorization could affect the trading price of our stock and increase volatility. Price volatility may cause the average price at which we repurchase our common stock in a given period to exceed the common stock’s price at a given point in time. There can be no assurance that the time frame for repurchases under our 2024 Repurchase Plan or that any repurchases will have a positive impact on our stock price or earnings per share. Important factors that could cause us to discontinue or decrease our stock repurchases include, among others, unfavorable market conditions, the market price of our common stock, the nature of other investment or strategic opportunities presented to us from time to time and the availability of funds necessary to fulfill such repurchases.

### **Item 2. Unregistered Sales of Securities and Use of Proceeds**

#### **Sales of Unregistered Securities**

Not applicable.

#### **Issuer Purchases of Equity Securities**

None.

## **Item 5. Other Information**

### **Director and Officer Trading Arrangements**

During the three months ended September 30, 2024, no director or officer of the Company adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

## Item 6. Exhibits

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

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
2.1	Agreement and Plan of Merger, dated as of June 17, 2024, by and among the Company, Sustain, Merger Sub and Sellers Representative, incorporated by reference from Exhibit 2.1 to the Company's Current Report on Form 8-K filed on June 17, 2024.
31.1	<a href="#">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.</a>
31.2	<a href="#">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.</a>
32.1	<a href="#">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.</a>
32.2	<a href="#">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.</a>
101	The following financial information from Workiva Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 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 (Deficit), (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 6th day of November, 2024.

### WORKIVA INC.

**By:** /s/ Julie Iskow

**Name:** Julie Iskow

**Title:** President and Chief Executive Officer

**By:** /s/ Jill Klindt

**Name:** Jill Klindt

**Title:** Executive Vice President, Chief Financial Officer and Treasurer